

Borough Manager's Proposed 2027 Fiscal Year Budget For the Borough of Chambersburg

Submitted by Jeffrey Stonehill

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Chapter 1 - Budget Message 7
Almost no real estate tax increase in 2027 – some utility-rate increases 9
Municipal Tax Options are Limited to Rules and Rates From 1965 12
Chambersburg Non-Partisan Professional Management is Apolitical 13
In 14 of the Last 20 Years, No Real Estate Tax Increase 14
Ambulance Fee – A Surcharge on Water Invoices (a PILOT from the Water Fund) 15
Wrapping Up the Latest of the Debt Financed Projects 16
Labor Unions & Wage Changes 18
Utility Finances 19
Electric Utility 21
Natural Gas Utility 22
Water Utility 23
Wastewater Utility 23
Storm Sewer Utility (CAMA) 24
Sanitation Utility 25
Taxing Limits Permitted 26
What of the Police Tax in 2027? 27
What of the Fire Tax in 2027? 30
How much does 1-mil of real estate tax yield in 2027? 35
Conclusion 37
Size of Budget 2027 40
Use of Fund Balance 2027 41
Use of Real Estate Taxes to Fund 2027 43
Chapter 2 - Mission, Policies, and Organization 47
Budget Calendar 51
Available Types of Taxes 52
Fees vs. Taxes 55
Mission Statement 57
Financial Policy Statement 57
Financial Goals 58

Operating Position Policy 58
Revenue Policy 59
Expenditure Policy 60
Debt Policy 60
Cash Policy 61
Liquid Investments Policy 61
Fund Balance Reporting and Governmental Fund Type Definitions Policy 62
Self-Insurance Cash Balance Policy 64
Post-Issuance Debt Compliance Policy 65
Collections Policies & Procedures 73
Waterfall Payment Policy 83
No Coin Policy 83
Conflict of Interest Policy 84
Procurement Guidelines for Formal Contracts Utilizing Federal Funding 87
Energy Management Policy 93
Glossary 94
2027 Description of Borough Funds 102
2027 Functions and Departments (Sorted by Department) 105
Organization Chart 2027 106
Act 37 of 2014 Revised the Pennsylvania Borough Code 107
Chapter 3 - General Fund Budget 109
General Fund Revenues 111
Who works in the General Fund? 114
General Fund Revenue Options? 115
No General Fund Tax Increase in 2027 116
The Broken Real Estate Tax System 116
Real Estate Taxes for the Police and Fire Department 119
Key General Fund Revenues (Excerpt) 123
General Fund Revenues (Full Detail) 124
Police Department 125

Fire Department 134
Recreation Department 143
Land Use & Community Development Department 152
Highway Division – Public Works 165
General Government 175
Chapter 4 - Enterprise Funds Budgets 177
Electric Utility 178
Natural Gas Utility 223
Water Utility 239
Wastewater Utility 262
Sanitation Utility 280
Municipal Separate Storm Sewer System (MS4) Utility 291
Parking, Traffic and Street Lights Utility 300
Swimming Pool Fund (Aquatic Center) 314
Chapter 5 – Internal Service Funds Budgets 323
Stores/Warehouse Department 324
Administrative Services Group of Offices 328
Finance and Accounting 331
Custodians, Downtown, and City Hall Maintenance 335
Human Resources Office and Personnel/Payroll Services 336
Information Technology Office 351
Clerical Pool 356
Charge Back Calculation to Other Departments 358
Public Works (PW) Services Division 360
Street and Alley Paving Program 2027-2029 362
Storm Sewer Utility Collaboration 367
Motor Equipment (Motor Pool) Division 369
Motorized Equipment Purchases 373
Public Works Complex Operating Division 374
Chapter 6 – Frequently Asked Questions 377

Chapter 7 – Personnel Review & Changes 387
Average AFSCME Employee 388
Average Clerical/Technical Employee 389
Average Supervisory/Administrative Employee 390
Average Police Uniformed Employee 391
Average Fire Department Uniformed Employee 392
Personnel Changes for 2027 393
Chapter 8 – Charts, Graphs, and Data 395
Summary Budget 2027 397
Key General Fund Revenues (Excerpt) 399
Total Revenues, Deposits, Transfers by Fund 401
Revenue by Type 402
Size of Budget 2027 403
Total Operating Budget 2027 404
Legal Debt Limit 405
Debt By Type 406
Performance Measures 407
Demographic and Economic Statistics 408
Relative Size of Borough Departments 409
Relative Size of Utility Operations 410
Overlapping Taxes on Borough Property Owners (2026-2027) 411
Capital Projects 2027 413

Chapter 1 - Budget Message

Submitted herewith for your consideration is the Borough Manager's recommended 2027 budget. As is required by local law, I have prepared this document in a form that can be adopted by the Town Council. The proposed 2027 operating budget is balanced; revenues and cash balances cover all necessary expenses.

This is my seventeenth budget as your Borough Manager, and while the current national economy has created significant challenges, the Borough of Chambersburg is doing quite well. The organization maintains a resilient foundation and a stable fiscal position, leaving us exceptionally well-positioned for sustainable long-term growth. It remains an honor to prepare this document as a wide-ranging strategic financial plan for our community rather than just an annual budget. 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. The Town Council must adopt the budget in December. Therefore, each autumn, 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.

For the purposes of scale, Chambersburg has the largest operating budget of any Borough in the Commonwealth of Pennsylvania. In 2024, the latest year with records, several municipalities failed to report their fiscal status to the State. In 2024, Chambersburg had the 9th largest budget of any municipality and had the largest Borough budget statewide.

2024	Municipality	Municipality Type	County Name	Population	Total Revenues	Total Expenditures
1	Philadelphia City	City	Philadelphia	1,603,797	$12,378,717,000	$12,195,275,000
2	Pittsburgh City	City	Allegheny	302,971	$11,130,837,465	$1,091,324,449
3	Allentown City	City	Lehigh	125,845	$288,536,545	$267,847,506
4	Reading City	City	Berks	95,112	$254,286,256	$231,328,258
5	Lancaster City	City	Lancaster	58,039	$215,465,295	$211,842,603
6	Erie City	City	Erie	94,831	$211,622,935	$189,783,760
7	Bethlehem City	City	Northampton	56,009	$197,407,785	$178,964,416
8	Upper Darby Twp	First Class Township	Delaware	85,681	$159,235,219	$143,046,429
9	Chambersburg	Borough	Franklin	21,903	$118,125,765	$108,325,532
10	Lower Merion Twp	First Class Township	Montgomery	63,633	$115,653,317	$126,799,602
11	Butler Twp	First Class Township	Butler	17,230	$114,284,777	$29,776,746
44	Carlisle	Borough	Cumberland	20,118	$45,083,216	$35,666,855
224	Waynesboro	Borough	Franklin	10,951	$13,923,578	$13,998,965
257	Gettysburg	Borough	Adams	7,106	$12,052,382	$11,710,630
352	Shippensburg	Borough	Cumberland	4,315	$9,085,365	$7,054,132

Note: The table retains the selected municipalities and rankings shown in the original image, rather than filling in the omitted rankings. Chambersburg ranks 9th overall among the municipalities shown and has total revenues of $118.1 million and expenditures of $108.3 million.

Chambersburg is significantly larger in size and complexity compared to nearby communities such as Carlisle, Waynesboro, Gettysburg, and Shippensburg. Of course, Chambersburg's budget size is as a result of the utility operations and additional employees. We are often compared to Carlisle, about the same size as Chambersburg with operations about 66% smaller than our municipality.

This is not merely a flex; it is an illustration of the complexity, issues, responsibilities, and challenges for staff and Council that exist in Chambersburg unlike any other local government in Pennsylvania.

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. Unlike most municipalities that have a straight-forward easy-to-see relationship between revenues and expenses, Chambersburg routinely splits costs and revenues between employees, equipment, supplies, etc., to maximize the value of operating so many utilities, enterprises, and internal services funds. This concept makes Chambersburg a unique government organization, especially in the Commonwealth.

This fiscal complexity often frustrates casual observers who anticipate that our municipal budget would function like a household one. However, this structure ensures that Borough utility customers pay their fair share of costs without unfairly burdening general taxpayers. For example, information technology costs are allocated across more than a dozen distinct funding sources based on specific operational usage. This accounting process is unique to Chambersburg; as unique as our utility operations.

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, and an aquatic center. Finally, this year, for the first time ever, the Borough will operate the Storm Sewer Utility which 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, in joint cooperation with the Chambersburg Area Municipal Authority (CAMA).

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 (public works services, 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 that 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.

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. Our utility customers save so much on their monthly utility bills, and have done so for generations, that they can easily pay the low cost of full-time local police, fire, and EMS services.

This system of exchanging cheap utilities for public safety is our "secret sauce".

Almost no real estate tax increase in 2027 – some utility-rate increases

When Town Council approved the construction of the new Public Works Complex on Wayne Avenue, they planned to phase-in three 1-mil tax increases for that facility. 2027 was estimated to be the second of three. This budget assumes that previously approved 1-mil increase for 2027 for the Public Works Complex Bond Tax, **but no other tax increase is needed to balance the 2027 budget.**

Town Council already pledged the 1-mil tax increase in 2027 as a result of the second of two bond issues in January 2026. That pledge is the only tax increase that is absolutely necessary.

Some folks may want no tax increase or no Public Works Complex. However, as each of the last several budgets indicated, the project was absolutely needed, unable to be avoided any longer, and the plan established to finance the project (24% from real estate taxes, 76% from utilities, and use of federal and state grants) was approved to provide a very low burden on the average customer/taxpayer.

- The facility is almost complete, on-time and on-budget, with all changes within budget parameters.
- The facility replaces a century-old under-sized and dangerous facility where vehicles were being repaired in the parking lot, buildings with shaky foundations, and equipment left outdoors to rust.
- The cost of the taxes (24%) to build this facility will be $35.40 per year per average household.
- It now appears that no third increase, or additional taxes are needed to fund this project. The $35.40 per year price tag appears to be the final cost to the average single-family homeowner.

Chambersburg Borough almost never raises taxes, yet we hear criticism that we raise taxes every year and that all we want to do is raise taxes. This is so discouraging for our amazing team that works so hard and so well to control the rising cost of municipal operations.

While we acknowledge that the cost of the facility impacts utility rates (with 76% paid by the utilities), the net result is continuing outstanding record-low utility costs for Borough homes and businesses. The decision to build the Public Works Complex is not going to force utility rates to match those charged by non-Borough utility companies.

In summary, 2027 is going to be another year for the Borough of Chambersburg without a police, fire, or EMS real estate tax increase. In most years, the Borough does not adopt an increase in taxes for any purpose. When it happens, it is almost exclusively because of Police and Fire expenses increasing, or because of a multi-generational community benefit project. We have a number of extremely important projects in-the-works. Despite there being some very significant challenges in the 2027 budget including an unknown and unsettled compensation for uniformed Fire Department employees, and the continuing finishing of the Public Works Complex. Inflation (especially for fuel, insurance, and equipment costs) 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, and for Information Technology. The economy is forcing difficult choices for each of our department directors.

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 two of the three bond taxes** (the Recreation Bond and the Police Station Bond)**, and very few increases in utility rates.** However, one can easily see that there are a number of approaching issues on the horizon. We can estimate now where the Borough of Chambersburg finances will be in 2028, and the long-term strategy for funding the Police Department and the Fire Department, and with respect to EMS (emergency medical services), is on the verge of being unsustainable.

We have done everything possible to control the Police Tax (almost at its State-mandated maximum) and the Fire Tax (already at its State-mandated maximum) not because these taxes are very high if measured in dollars, but because of the antiquated County-wide assessment system they are measured in **1961**

dollars, which is absolutely unsustainable for any town providing police, fire, and EMS services.

The 2027 budget does include an increase in the ready-to-serve Ambulance Fee from $12.50 per month per water service connection to $13.75 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 in-borough water customers in the Borough, similar to the surcharge on phone bills to fund each county E-911 center. As of 2027, the fee will be $13.75 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, collected by the Water Utility on Borough water service customers only, 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 require 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.

It now appears possible that 2027 may be the year that the Southgate Redevelopment neighborhood redevelopment project reaches its conclusion. While many mistakenly believe Southgate has been a drain on Borough finances, it has not, and neither will the sale of Southgate cause any boon. The old shopping center was purchased with Federal money, renovated with State and Federal money, and at the sale, none of the grants need to be repaid. Therefore, the Chambersburg Area Municipal Authority (CAMA) who owns the shopping center, can consider future redevelopment projects with whatever net proceeds they retain after the sale of the property. At the time of this budget proposal, it seems that a private developer may purchase the remaining parts of the old shopping center over a three-year period from 2027-2029.

The goal for the Southgate Redevelopment project was to displace the absentee landlord who was running the shopping center into the ground, help build parks, healthcare facilities, and market-rate housing, and to sell the shopping center back to the private sector without using Borough tax money for the transaction. All these goals seem to have been met, including increasing the sale of utilities in the new neighborhood.

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 2027 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 police tax, fire tax, or EMS fee 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 are 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 are our biggest investments.

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 2027. 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.

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 mostly earmarked only for police and fire operations. Real estate taxes are not the source of funding for any other department or employee. There are five categories of real estate taxes:

- The Police Tax (general levy), with a maximum rate per State law of 30-mil. 100% of this tax goes to support the Police Department operations only;
- The Fire Tax, with a maximum rate per State law of 3-mil. Further, State law requires a split of the Fire Tax with at least 2-mil for apparatus & 1-mil for firefighting. The Fire Department collects other fees including inspection fees, Ambulance patient fees, and the Ambulance Fee surcharge on water service invoices;
- 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 Complex Bond Tax, a bond to pay for the 2025-2026 construction of about 24% of the cost of the new Public Works Complex. The balance of funding comes from the utilities.

As you can see, almost all of the Borough's taxes go to support public safety services, expenses not shared by our neighbors, who do not pay for full-time police, fire, and EMS services.

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's 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 Anymore – 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 each year.

Those who push to limit Chambersburg from raising taxes are pushing back on police, fire, and EMS services and not saving any taxpayer any money. They are pushing for a less safe situation based on misconceptions and purposeful deceit. If it were not for public safety services, Chambersburg could be like the townships and avoid real estate taxes, but this has never been a realistic option or the policy of generations of elected officials.

Chambersburg Non-Partisan Professional Management is Apolitical

This year is not a municipal election year, with the next election in November 2027 for terms to begin in January 2028. It is important to emphasize that the Borough's professional staff remains strictly apolitical, dedicated to serving whichever Council the electorate selects. We take great pride in our role as servant-leaders who help translate the policy priorities established by Council into reality, and any suggestion that our service is politically motivated is entirely false. Accordingly, this budget reflects financial choices made for the community based on Council direction rather than independent policy decisions, and Council remains fully welcome to refine or adjust those priorities at any point throughout the year.

The newly seated Council from January 2026 has done an excellent job learning about projects, challenges, and the funding system of the Borough.

We hope to work together with all members of Council to develop our long-term fiscal planning and well-developed projects within this 2027 budget, which reflect years of discussion and strategy. We are well aware that many projects and spending priorities come from previous councils and prior decisions. However, 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 Credentialled 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

In 14 of the Last 20 Years, No Real Estate Tax Increase

From time-to-time, the Borough of Chambersburg has adjusted real estate taxes. This budget contemplates almost no adjustment for 2027:

1. The Chambersburg Police Tax will remain at 27-mil for the third fiscal year in a row.
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 Complex Bond Tax will rise as previously approved in January 2026.

Borough Real Estate Tax Increases (Historical)		Increases
2007	20 years ago	No
2008	19 years ago	No
2009	18 years ago	No
2010	17 years ago	No
2011	16 years ago	No
2012	15 years ago	No
2013	14 years ago	No
2014	13 years ago	Yes
2015	12 years ago	No
2016	11 years ago	Yes
2017	10 years ago	No
2018	9 years ago	Yes
2019	8 years ago	No
2020	7 years ago	No (slight decrease)
2021	6 years ago	No
2022	5 years ago	Yes
2023	4 years ago	Yes
2024	3 years ago	No
2025	2 years ago	Yes
2026	Last year's budget	No
2027	This year's budget	Yes

Why do Borough taxes go up every year? They don't. They did not go up in fourteen 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 new 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 Complex project. Of these taxes, most are unchanged in 2027.

The only tax change is the previously approved 1-mil increase for the Public Works Complex. There are no increases proposed for the Act 511 taxes, 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), or the Police Station Bond Tax (2-mil). A previously approved increase in the Public Works Complex Bond Tax (1-mil to 2-mil) from January 2026 is all that is needed (additional $9.91 per year per average household).

Ambulance Fee – A Surcharge on Water Invoices (a PILOT from the Water Fund)

Beginning in 2020, the 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. There are two changes to this year's proposed budget. One, is a larger fee, and the other is an accounting change needed to move this fee from the General Fund, where ambulances services are paid, to the Water Utility Fund, where water fees are collected. Customers will not notice the accounting change whatsoever. **This year there will be a slight increase to the monthly Ambulance Fee which appears on utility bills.** The surcharge, unlike a property tax levy, is broad-based. All water customers inside the Borough will continue to pay is flat fee regardless of tax-exempt status.

The Ambulance Fee will be recommended to go from $12.50 per month per water service connection to $13.75 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. It is a part of the Water Utility Fund's water service fees and remitted to the General Fund as a Payment in Lieu of Taxes (PILOT).

As there is no restriction on the payment of the PILOT by in-town water customers, for legal and accounting reasons, the Borough will begin to describe the Ambulance Fee as a Water Service Fee, remitted to the Water Utility and given as a PILOT to the General Fund. It is for this reason that out-of-town water customers will continue to not pay this fee, nor will water that is sold to the Bear Valley Joint Municipal Authority, as those customers are out-of-town as well.

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 to pay for the services: the elderly and those on fixed incomes who own real estate. Whereas 100% of in-town 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.

The Ambulance Fee (a PILOT from the Water Utility) will go up this year to match the continuing cost increase of providing EMS services in the Borough. Meanwhile, there is no guaranteed or sustainable EMS service in the townships. We have proposed adding an EMS fee to out-of-town water customers to create funding for out-of-Borough EMS services, but that concept has not received support.

If the other water systems in Franklin County (i.e., Guilford Water and Bear Valley JMA) would agree to the same arrangement, a PILOT payment of $13.75 per water service connection per month, the Borough could easily provide professional ambulance service throughout their water service areas. This has been suggested to township leaders, but they have shown no interest.

This fee is an estimate for 2027. There are very significant challenges in the 2027 budget. The labor agreement between the Borough and the International Association of Fire Fighters is unknown and unsettled. As a result, the true cost of the EMS service is unknown. The labor agreement is in Interest Arbitration where a neutral third-party will impose the cost of these employees upon the Borough. If that imposition turns out to be larger than what we have estimated, it remains a possibility that a mid-year adjustment to the Ambulance Fee may become needed.

Recall, the Fire Department has additional tax authority. It is maxed out.

Wrapping Up the Latest of the Debt Financed Projects

Chambersburg Council has been extremely strategic over the years in using debt for multigenerational advantage. If you build a project that will last for generations and charge its full cost to the current taxpayers, you are committing an act of hubris. Chambersburg has used debt successfully for power plants, the sewer treatment plant, the water plant, parks and recreation projects, a newly renovated police station, and the new Public Works Complex on Wayne Avenue.

When the Borough borrows money, like a mortgage, the Borough's financial advisors require the identification of the source of revenue that will be used to pay off the debt.

The 2016 Recreation Bond supplied capital investment in several 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 not dissimilar to a mortgage but guaranteed by taxes, 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 is a good use of debt.

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 dedicates a portion of their income to a mortgage payment. In 2022, the Borough refinanced the Recreation Bond 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. Recently, it was discussed taking a facility improvement loan for the Aquatic Center and restoring the annual debt payment to what it was before the 2022 reduction.

In 2021, Town Council approved a new bond (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, the Town Council approved the first of two new companion bonds associated with the construction of the Public Works Complex. 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 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 for some of the demolition and the clearing of the site.

In 2026, the Town Council approved the second bond associated with the Public Works Complex as was anticipated. This second bond necessitated the increase in the Public Works Complex Bond Tax seen in this budget and was approved by Council as a condition of approving the bond earlier this year.

Town Council pledged to increase the Public Works Complex Bond Tax from 1-mil to 2-mil when they sold the second of two bonds for the project in January 2026. This budget includes the previously approved tax increase and no other real estate tax increase for 2027.

Finally, the entire asset value of the Public Works Complex will be on the Borough's books when the project is completed in 2027.

In addition to Federal grant money, which was designated from the American Rescue Plan Act (ARPA) for this project, Council is also 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 2027, the current cost to the average single-family homeowner in Chambersburg is $35 per year in real estate taxes.

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 Complex 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 various utilities.

In total, the Borough budget assigns 6½-mil of real estate taxes for these three bonds.

Police Station Bond Tax		Recreation Bond Tax		Public Works Complex Bond Tax	
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
2027	2.0 mil	2027	2.5 mil	2027	**2.0 mil**



Old Public Works Facility on Loudon Street



New Public Works Complex on Wayne Avenue

Chambersburg Borough borrowed loans (bonds) for these projects and is using dedicated taxes to make payments

Labor Unions & Wage Changes

One of the major challenges of the 2027 budget is the continued lack of a labor agreement with the International Association of Fire Fighters (IAFF) Local #1813. This collective bargaining agreement expired at the end of 2025. For 2026, the Borough, as required by law, extended the former agreement's rules and attributes, but paid the represented firefighters no additional cost-of-living adjustment (COLA). As a result, they are still earning 2025 payrates.

In 2026, the Borough and the fire union agreed to send their dispute to Interest Arbitration, where a panel including a neutral arbitrator, will make a final decision on wages, benefits, and details of the collective bargaining agreement. It remains a probability that a wage increase will be imposed upon the Borough through the Act 111 Interest Arbitration process, which could be retroactive to January 2026. We cannot reopen 2026 after January 1, and therefore the 2027 budget must include sufficient resources to give unionized firefighters a 2025 and 2026 raise if ordered. We have placed a 2.5% cost-of-living adjustment in the 2026 budget. However, when the year ends, so does the reservation of funding. Therefore, we were forced to set aside an additional 2.9% which would allow a two-year 5.5% COLA, which will be withheld until a contract is established.

This lack of a contract is both frustrating and difficult to financially plan for.

On 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 received Council approval of the Compensation Plan and associated Classification Plan, effective for FY2026. Throughout 2026, the new Pay Plan was implemented for non-bargaining employees only, effective January 2026. As a result of the implementation of the new plan, the 2026 average wage change across all non-bargaining employees was approximately 4.6%. However, the new Classification Plan changed individual position payroll ranges, having a more uneven impact on employee compensation.

Throughout 2026, the new system was implemented and issues were addressed. In the 2027 budget, an additional COLA of 2.25%, effective with the first full pay of 2027, was included for all non-bargaining non-uniform employees.

Starting with 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 in mid-2027 for this labor pact as the Town Council has shown a desire to update this collective bargaining agreement between the union and Council.

In the 2027 budget, a COLA of 2.25% (Line workers will also receive an additional $1.00/hr.), effective with the first full pay of 2027, was included for all employees represented by AFSCME.

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

In the 2027 budget, a COLA of 3%, effective with the first full pay of 2027, was included for all Police uniformed employees represented by CPOA.

The Borough Manager's proposed 2027 budget includes:

- An estimated cost-of-living-adjustment (COLA) for two-years (2026-2027) of 5.5%, for employees represented by the International Association of Fire Fighters (IAFF) Local #1813;
- A contractually required cost-of-living-adjustment (COLA) of 2.25% (Line workers will also receive an additional $1.00/hr.), for employees represented by the American Federation of State, County, and Municipal Employees Local #246 (AFSCME);
- 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

- A proposed increase in non-uniform non-bargaining wages of 2.25%, to be distributed pursuant to the fully implemented Non-Bargaining Pay Plan from 2026.

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

Utility Finances

While low rates should be the default for a non-profit municipal utility, achieving the lowest combined rates in the Commonwealth across generations doesn't happen on autopilot. It is the direct result of decades of tough choices by our utility managers and elected officials—balancing lean operating budgets, navigating volatile wholesale energy markets, and relentlessly reinvesting in aging infrastructure without shifting the burden to ratepayers or selling out to for-profit corporations. Pride in these results isn't about boasting; it's about honoring a long legacy of disciplined public management that protects our community's financial independence every single day.

Chambersburg will continue into the future with the lowest composite utility bill in the Commonwealth of Pennsylvania in spite of the needed and necessary occasional rate increases, such as those proposed in this 2027 budget.

Sometimes customers incorrectly speculate what causes rate increases. The main drivers are:

- Increases in operating expenses, such as the wages and benefits of employees. Recall, even modest increases in union wages and benefits are needed to remain competitive and retain qualified and technical employees.
- Increases in equipment (rental expenses from the motor pool) including the astronomical increase in the cost of trucks and truck maintenance. Recall, even in years where new trucks are not bought, the annual motor pool rental rates are adjusted based on increasing cost of depreciation of existing equipment.
- Increases in fuel and insurance.
- Increases in raw energy costs (electricity and natural gas have been especially volatile).
- Federal and State mandates such as additional recycling services, additional environmental services, permitting, reporting, and their legal and legislative impacts.

Investment into the Borough's new Public Works Complex is a cost, but it is offset by the additional asset value of this new landmark facility. Given the necessity of the facility, its role in service delivery, and the spread-out nature of expenses, this new facility is not a significant driver of utility rate increases. For example, fuel expenses far exceed the impact of the cost of the Public Works Complex on utility budgets.

How low is too low?

When setting municipal utility rates, the primary risk of undercharging customers is not merely failing to cover basic operational costs, but rather neglecting essential maintenance and failing to build capital reserves for future replacements. Because operating a municipal utility requires business-like planning—especially given high equipment costs and ongoing construction inflation for items like gas valves, electric switches, and transformers—rate setting must incorporate annual rate adjustments that build depreciation reserves and fund detailed, proactive maintenance to ensure a fair, sustainable, and equitable rate structure over time.

Depletion of capital reserves is the primary fear of setting rates too low or failing to raise rates.

There are several increases planned for 2027:

Utility	Rate Change	Effective Date
Electric	None	
Natural Gas	None	
Water	From 0.30¢ per unit to 0.33¢ per unit (approx. $2.10 per month)	January 2027
Wastewater	From 0.388¢ per unit to 0.418¢ per unit (approx. $2.10 per month)	January 2027
Sanitation	From $32 per month to $37 per month (residential); and From $17 per cubic yard to $18 per cubic yard (commercial)	January 2027
Storm Sewer (CAMA)	From $6 per ERU per month to $9 per ERU per month*	January 2027
Ambulance Fee	From $12.50 per month per water service connection to $13.75 per month per water service connection**	January 2027

There are two significant accounting changes involved with utility billing, which arise in any discussion on 2027 rates. With respect to the Storm Sewer Fee (*), beginning in 2027, the storm sewer fees will be set by and legally pass through the Chambersburg Area Municipal Authority (CAMA). In response to the Pennsylvania Supreme Court's West Chester stormwater fee case decision, the storm sewer system will be leased to the Chambersburg Area Municipal Authority yet still operated and maintained by the Borough through a management agreement. As a result, this budget no longer sets out the Storm Sewer Fee, nor does Council make that final decision. It will be the CAMA Board. With respect to the Ambulance Fee (**), the fee is being converted into a Payment in Lieu of Taxes (PILOT) from the Water Fund to the General Fund. Beginning with the first billing in January 2027, the funds will flow entirely through a new revenue line item in the Water Fund before transferring to the General Fund.

These two accounting changes will have little impact from the point of view of the customer or their bill.

Recently, Utility Engineers of Drums, Pennsylvania, conducted their annual survey of electric rates. The survey tracked rates across participating municipal electric systems serving a total of 87,072 residential meters. Chambersburg's monthly bill for a residential customer using 1,000 kWh was $123.10. This placed Chambersburg as having the fourth lowest residential rate among participating electric systems in the survey. For small commercial customers (5 kW demand and 1,500 kWh usage), Chambersburg's rate was $176.05, ranking it as the second lowest among the surveyed municipalities. Chambersburg's rates continue to remain highly competitive and significantly lower than investor-owned utilities across Pennsylvania, supported by the Borough's strategic energy portfolio and behind-the-meter generation assets.

Chambersburg electric rates are approximately 40% to 42% less than the all-in rates paid by customers who utilize West Penn Power. Chambersburg rates are approximately 49% less than all-in rates paid by customers across Pennsylvania. Many non-Chambersburg electric customers miscalculate their rates because WPP and other investor-owned utilities use deceptive billing practices including splitting invoices into separate parts or separate providers and adding surcharges and fees not listed in the invoice line items.

It goes without saying that Chambersburg has incredibly low rates and reliable service. In fact, the electric rates are so low, and others keep raising their rates, that the average Borough electric and natural gas customer can save as much as $2,000 per year living or having their business inside the Borough system. These savings can be anticipated in perpetuity and can easily provide enough savings for taxpayers to cover the cost of full-time police, fire, and EMS services and associated property tax expenses.

There is no anticipated Natural Gas increase for Borough customers, and Chambersburg generally charges half of what neighboring gas systems change their customers (50% less).

Our goal isn't to never raise rates; it's to provide the lowest utility rates in Franklin County, and often the lowest or among the lowest in Pennsylvania. We meet this goal every fiscal year by holding ourselves to this strict standard. Compared to every other utility in our region or state, our customers save hundreds of dollars on electric, natural gas, water, wastewater, and sanitation services.

Electric Utility

Chambersburg Electric Utility has invested in local electric 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 ongoing improvements occurring at 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 another 10.3% increase in all fees approved for November 2026. Additionally, the energy-only rate for residential customers increased by a separate 7% on June 1, 2026, resulting in an average total bill impact of approximately $11 to $14 more per month to the total delivered cost by December 31 of this year. Meanwhile, **Chambersburg Borough Electric cancelled the planned 2026 rate increase and therefore did not have one in 2026.**

This one fee alone represents approximately $168 per year in additional savings for Chambersburg Electric Utility customers. This easily covers the needed rate increases by the other utilities, with a leftover balance to cover the additional Public Works Complex Bond Tax increase of $9.91 per year.

In 2027, staff is proposing that the Town Council conduct a new replacement rate study. The last study was based on data from five years ago. Further, the wholesale electric marketplace has changed significantly over the last few years with capacity and transmission crisis in PJM, data centers causing incredibly large load demand on the grid, and the Borough solidifying our role as a market leader in public power. A new rate study would help Council make informed decisions on retail rates for the period 2027 through 2032.

In the meantime, no electric rate increase is scheduled for 2027.

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. However, PJM has been known to force member utilities such as the Borough, through no fault of our own, to also adjust upward the Borough's power supply factor (known as the Power Supply Adjustment or PSA) even though no rate increase is needed.

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 record-breaking clearing price of $329.17/MW-day at the FERC-approved market price cap for the 2026/2027 delivery year, up from $269.92/MW-day in the previous 2025/2026 auction. This upward trajectory is predicted to intensify, with official results for the subsequent 2027/2028 delivery year locking in an even higher record clearing price of $333.44/MW-day as the market continually hits its price cap. The massive, sustained price surge is driven by skyrocketing electricity demand from data centers and artificial intelligence, coupled with accelerated fossil-fuel plant retirements that are vastly outpacing new power generation additions.

Natural Gas Utility

Chambersburg Natural Gas Utility provides the lowest residential natural gas rates in Pennsylvania and that will not change in 2027. 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 2027. 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 South Second Street). These improvements are mostly paid by the Federal government.

Borough residents pay the lowest price for gas in Pennsylvania. Currently 45% lower than average local private utility customers with same usage. While we recognize that future rate increases may be necessary as system transitions to Advanced Metering Infrastructure (AMI), none are needed today. The volume of gas sold in 2025 was 29% higher than 2024, and significantly higher than any previous year - due to increased customer base, colder weather, and increased power plant usage of gas to make electricity. However, the volume of gas sold in 2027 is expected to be 7% lower due to closing of Knouse Foods and power plant engine overhauls. The Natural Gas Utility overhead costs remain very low, in part due to sharing costs with other utilities (the Borough model of shared utility management). Further, Borough pipeline replacement costs are much lower than private companies (approx. $1.5 million per mile for Borough, versus private company average of about $3.0 million per mile). Our lower pipe replacement costs are due to training workers to complete work in-house and due to coordinating work ahead of paving projects (benefit of being part of the municipality).

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 $724 per year. A borough Natural Gas and Electric customer saves approximately $2,000 per year when compared to similar customers in nearby townships with no increases this budget year.

Water Utility

Chambersburg has the lowest water rates in our area, and that is not going to change in 2027. Throughout 2026, 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 2027, the Water Utility needs a rate increase to keep pace with expenses. This will be the ninth small increase in ten 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 costs, 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 2026 rate was $0.30/unit; and a $7.14 r-t-s charge. As a result, in 2026, the average single-family home saw monthly billing of $28.14. The 2027 rate will be $0.33/unit; and a $7.14 r-t-s charge. We anticipate that the average monthly billing for a single-family home will rise from $28.14 to $30.24 per month in January 2027 (an increase of approximately $2.10 per month).

The Chambersburg Water Utility still has some of the lowest rates in the region. This proposed 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 $69 per month or $94 per month for the same quantity of water that the Borough will be charging families $30.24 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 2027. Throughout 2026, 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.

In 2027, the Wastewater Utility needs a small rate increase to keep pace with expenses. This will be the third small increase in ten years. The Wastewater Utility invoices are based upon water use at the same location as the sewer (there are no sewer meters installed in most circumstances).

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 2026 rate was $0.388/unit. As a result, in 2026, the average single-family home's monthly billing was $27.16. The 2027 rate will be $0.418/unit. We anticipate that the average monthly billing for a single-family home will rise from $27.16 to $29.26 per month in January 2027 (an increase of approximately $2.10 per month).

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 (CAMA)

While the accounting will change in 2027, the existence of a Storm Sewer Utility and the work that the staff does to maintain the Storm Sewer System will continue, to be in compliance with our Pennsylvania Department of Environmental Protection NPDES Permit (National Pollutant Discharge Elimination System) which is our federal clean water permit that regulates point-source pollutant discharges into U.S. waters under the Clean Water Act and regulates the Borough's Municipal Separate Storm Sewer System (MS4).

Now, the work will be done on behalf of the Chambersburg Area Municipal Authority (CAMA), but the services provided will hardly change as a result.

On the heels of the utility's most impactful year in 2026, a massive number of projects and improvements to the infrastructure will continue into 2027. Projects funded by grants, loans, and cash have been undertaken, and some are of a size and scope to make them very impactful above and below ground throughout the community.

None of these is more significant than the installation of all new below-ground infrastructure throughout the Southgate neighborhood. Often misunderstood, this project is not 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.

The Southgate infrastructure project is anticipated to be completed after years of planning by the summer of 2027. This is a major project, years in the planning, and mostly funded by the Federal government.

Other recent 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, all of which are complete or almost complete currently. Additional large infrastructure projects are being designed and planned include an upcoming project to address the retaining wall along the Conococheague Creek at S. Franklin Street, the wall along the creek holding up the Water Wheel, and floodplain restoration near the Falling Spring Presbyterian Church.

Unfortunately, the transfer of the back office or administrative operations of the utility from the Borough to CAMA will necessitate a significant increase in the cost of operating the utility. The Borough of Chambersburg's goal is to operate all the utilities with shared services and shared expenses. The division of the Storm Sewer Utility considering the West Chester Stormwater Fee case is antithetical to the Borough's cost-saving ethos.

The rate for the Storm Sewer Utility will continue using the ERU calculation. Single-family residential properties pay one ERU. Commercial, industrial, and institutional customers pay a fee based on impervious surfaces in ERU multiples per month. 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 is 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.

The fees are collected on behalf of CAMA, and most are given to the Borough to manage the utility, although some are retained by CAMA for administrative expenses and future needs. As a result of the Pennsylvania Supreme Court decision and the need to create a duplicate administrative structure in CAMA to administer a Storm Sewer utility that was otherwise operating well under the old system, fees will need to rise significantly in 2027.

The per ERU per month fee will rise in 2027 from $6 per month per ERU to $9 per month per ERU. This increase is as much a result of the change in accounting as anything and is unavoidable, though, some of the fee increase will be used to build capital reserves for storm sewer system maintenance and improvements.

As a result, in 2027, the rate, expressed in single-family home "equivalent residential units" or ERU will still be one ERU per month for each and every residential property ($9 per month) and some multiple of ERU for your commercial, industrial, or institutional building, as in the equivalent of single-family homes, your property may be – a multiple of ERUs.

The Borough of Chambersburg continues to use these fees to maintain and improve the separate storm sewer system, now on behalf of CAMA. It is a complex series of pipes, inlets, channels, and ponds that handle 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.

Sanitation Utility

Operating the Chambersburg Sanitation Utility involves balancing significant operational hurdles, including spiked fleet vehicle replacement costs, labor-intensive programs like weed control and bulky waste events, and mandatory compliance with PA DEP Act 101 green yard waste regulations. To ensure future stability and cover these increasing expenses, we need to decide whether to adjust our utility rates for 2027 by increasing residential rates.

The Chambersburg Sanitation Utility provides significantly more comprehensive services at a substantially lower monthly cost than private haulers in the area. 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.

This year, Council is being asked to make a tough decision on services in order to control the rise in costs for our services. This is a result of specific drivers that are increasing expenses in this fund.

Escalating Fleet and Vehicle Expenses: Market prices and capital costs for heavy-duty trucks and sanitation vehicles have spiked dramatically, requiring the utility to align ongoing operating revenue directly with true equipment operational and maintenance expenses.

High Labor Demands: Operating special community programs—such as bulky waste events, e-waste recycling, and weed control operations—is heavily labor-intensive. Notably, the in-house weed program runs twice as expensive as contracting it out.

State Regulatory Mandates: Compliance with the Pennsylvania Department of Environmental Protection (PA DEP) Act 101 requires costly green yard waste programs, including mandatory once-per-spring and once-per-fall curbside woody yard waste collections, as well as keeping the yard waste facility open at least one day per month during the off-season.

E-Waste Recycling Costs: Absorbing the direct market expenses associated with recycling electronic waste adds financial pressure to the department.

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 more important. The goal is to remain at the lowest cost for solid waste and recycling services in the greater Chambersburg area.

As a result, in 2027, the rates will be adjusted by increasing residential rates by $5.00 per month (moving from $32.00 to $37.00) and commercial rates by $1.00 per cubic yard (moving from $17.00 to $18.00),

while simultaneously streamlining operations by eliminating e-waste events and transitioning bulky waste events to an offsite location.

Under the proposed changes, bulky waste events **will continue as a Borough service**, but they will transition to an offsite location to reduce labor needs and lower operational costs. With the elimination of the Borough's e-waste collection events, customers will need to look to alternative local retail programs, charitable donation drop-offs (such as local participating community donation centers), or private electronics recycling providers to dispose of electronic waste going forward. Under the Pennsylvania Department of Environmental Protection (PA DEP) Act 101 compliance guidelines, the green yard waste mandates require the Borough to implement specific programmatic standards. At least once in the spring and once in the fall curbside collections for woody yard waste will be added to the existing drop-off system at the green yard waste facility on W. Commerce Street in Hamilton Township.

Monthly Sanitation Rates & Service Comparison: Borough Option A vs. Private Area Haulers

Service Provider	Monthly Rate	Key Services Included
Borough Option A (Recommended)	**$37.00 / mo**	7 Comprehensive Services (Trash, Recycling, Bulky Events, Street Sweeping, Weed Control, Yard Waste, Leaf/Tree Collection)
Waste Management	$48.35 / mo	2 Services: Trash + Bi-Weekly Recycling
Waste Connection (IESI)	$50.67 / mo	
Worthy's Refuse	$53.00 / mo	
Patriot Disposal (Parks)	$65.05 / mo	

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 to 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	6.5-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. Efforts to expand this law to Chambersburg have so far failed.

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

Following a June 2026 ruling by the Pennsylvania Supreme Court that classified electronic skill games as illegal, unlicensed slot machines, a 120-day legislative grace period expired on October 14, 2026, without lawmakers agreeing on a tax and regulation framework. Because the General Assembly failed to reach a compromise—such as Governor Josh Shapiro's proposal for a 52% tax on revenue versus Republican-backed flat monthly fees—the machines are now banned outside of licensed casinos and qualifying truck stops, and businesses that fail to remove them face criminal penalties, equipment seizures, and liquor license citations. As a result of the state Supreme Court, ultimately local municipalities cannot currently enforce any local taxes on these machines, unless the state General Assembly explicitly legalizes the games and grants local taxing authority.

There are no other types of taxes allowed under State law. No business taxes, hotel taxes, sales taxes, etc.

What of the Police Tax in 2027?

In our area, Chambersburg is the only municipality with full service, round the clock, local police department. It is a professional and successful law enforcement organization. Our Police Chief, Meredith Dominick, is a highly qualified law enforcement professional. She has brought her own vision and standards to the organization. The challenge is financial management in an era when technology, equipment, and vehicles are growing astronomically more expensive. While each year we document that it remains very expensive to operate a high performing police department, our neighbors have chosen to rely on the free Pennsylvania State Police as an alternative. While the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough, it is hard to calculate the value or worth of such an important service or the dearth or hazard of not having this service in the square miles of township right next door.

If not for the policy decision of choosing public safety over taxes, Chambersburg would have almost no annual tax bill. This decision cannot and should not be reversed.

Chambersburg remains an incredibly safe community with very low crime rates, despite perceptions otherwise. Similarly, 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.

For 2027, there will be no increase in the Police Tax, the second consecutive year that a tax increase has been avoided. This move only serves to kick the can into the next and future fiscal years.

Our goal is to allow room and time for Franklin County to fix their antiquated and broken taxation system. The State allots 30-mil for Borough General Fund Levy. Each mil of tax in Chambersburg brings in very little compared to other surrounding municipalities with modern taxation systems. We are trying to keep the Police Tax below 30-mil as long as possible.

Despite this tax rate increase avoidance, the department is still down at least two (2) officers as others have chosen to resign or retire. These positions are all fully funded, and new hires are anticipated in time for the January 2027 Police Academy.

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 2027, 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.

The Police Department budget will be less than the revenue collected by the Police Tax, and we will need to use resources that could otherwise be used for recreation, street paving, or economic development, to balance the Police Department budget.

It is envisioned that the Police Tax will hit its annual maximum in 2028 or 2029. 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 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 85% 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.

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 over the twenty-one years, that is a growth rate of a little over 2.3% per year. In 2027, it is the Borough Manager's recommendation that the Borough does not increase the Police Tax rate above 27-mil.

The system can be best described as "robbing Peter to pay Paul". As operational demands increase and taxes are prohibited from keeping pace, Council can either cut services in police, fire, and EMS, or cut

services in other General Fund operations such as highway, recreation, street paving, or economic development. This hardly seems like a sustainable proposition.

Here is a historical representation of the slow growth of the Police Tax rate:

			% Change	Cumulative	By Years
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%	22.6%	2.8%
2015	21	0	0.0%	22.6%	2.5%
2016	23	2	9.5%	32.2%	3.2%
2017	23	0	0.0%	32.2%	2.9%
2018	24	1	4.3%	36.5%	3.0%
2019	24	0	0.0%	36.5%	2.8%
2020	24	0	0.0%	36.5%	2.6%
2021	24	0	0.0%	36.5%	2.4%
2022	24	0	0.0%	36.5%	2.3%
2023	25	1	4.2%	40.7%	2.4%
2024	25	0	0.0%	40.7%	2.3%
2025	27	2	8.0%	48.7%	2.6%
2026	27	0	0.0%	48.7%	2.4%
Proposed 2027	27	0	0.0%	48.7%	2.3%

With another fiscal year with no increase in the Police Tax, over the last 21 years, the tax rate has risen at an annualized rate of approximately 2.3% going from 17-mil in 2006 to a steady 27-mil in 2027.

Over the last two decades, the Police Tax has risen 48.7% or about 2.3% per year on average.

In 15 of the last 21 years, there has been no increase in the Police Tax rate, including no increase proposed for FY2027.

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.

As we 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 (a cost-of-living increase), associated benefits, pension contributions, health insurance, vehicle expenses (additional vehicle fuel, insurance, and maintenance costs), information technology expenses, and an increase in Police Liability insurance

premiums. Together, the department's expenses grew $1,215,793 or by 16%- But to be fair, some that increase is through a better and more accurate accounting of expenses rather than just more spending.

While a Police Tax increase may be advisable, I am suggesting a delay until at least 2028. 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 2028 or soon beyond.

Police Department Budget	2025	2026	2027
Estimated Cost of Operations	$7,127,180	$7,637,728	$8,853,521*
Reimbursement from CASD for School Crossing Guards (estimated)	-$34,000	-$32,800	-$35,000
Estimated Yield from Fines and Fees	-$185,000	-$170,000	-$160,000
State Grant for Police Pension Costs (grant shifted from utilities)	-$803,100	-$821,979	-$800,886
Subtotal	$6,105,080	$6,612,958	$7,857,635
Tax Rate	27-mil	27-mil	27-mil
Estimated yield of Police Tax (excluding tax liens & donations)	$5,862,199	$5,953,990	$6,105,960
Police Department Deficit	-$242,881	-$658,968	-$1,751,675

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

The Police Tax will fall short of covering the cost of the department by more than $1.75 million. These funds will be taken from other General Fund operations to benefit the Police Department.

In general, if the Police Department runs a deficit as it is anticipated to do so in 2027, 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 $1,751,675 into context. First, we will see how the 2026 fiscal year ends financially because that helps inform 2027. 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 78% of the Police Department (when including other police related revenues such as the shift in pension subsidy) in 2027. 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 2027?

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 (½-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 ½-mil under State law. In 2020, Town Council repealed the ½-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 are 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 is funding for 34 paid firefighters plus two Fire Chiefs (and one volunteer Fire Chief). The Borough agreed to carry 28 paid firefighters, and we have several vacancies we are not filling until the expired collective bargaining agreement is settled. The department is much younger and less experienced than it was in previous years. With so many inexperienced firefighters, the department is struggling to maintain staffing, and overtime expenses have grown significantly. Some of the improvements requested in the unsettled collective bargaining agreement are to improve the ability to retain firefighters so they do not leave our employment as has been the trend and to balance the growth of overtime expenses by changing some of the staffing rules in the Fire union contract.

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 2027, 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 2027 budget raises the Ambulance Fee, a ready-to-serve fee on water service accounts, to its new level of $13.75 per month per water service.

To accomplish this increase, we have unbound the causal link between the Ambulance Fee and the write-off of expenses associated with Medicaid and Medicare services provided by the EMS service. Instead, in 2027, the Ambulance Fee will become a Payment in Lieu of Taxes (PILOT) from Water Utility customers inside the Borough of Chambersburg only, to help support the EMS services.

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." We were told that the State might raise the Local Services Tax cap to help departments like ours. In the recently approved State budget, despite proposals to do so, the State failed to take action to fix that funding source.

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 for 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 proposed change in the Fire Tax for 2027 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 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 $678,000) 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 $226,800) for all the firefighters' 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 $5.4 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 46% 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.

Fire Department and EMS funding needs to be fixed. We have suggested several ideas including regionalization, higher tax limits, and additional yield from existing taxes. All these concepts require action by others, and no outside action has taken place despite years of advocacy. While cutting of services

is both dangerous and antithetical to our mission of public safety, perhaps only then would citizens and elected officials take seriously the fiscal challenges we all face together.

The cost of operating the Fire Department will rise significantly in 2027, but to what extent is somewhat unknown, as we still have no labor agreement. In addition, higher costs associated with the replacement schedule for fire apparatus are 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, is causing strain on department finances.

In 2027, it is estimated that the Fire Department and EMS will cost $1,981,672 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. 9-mil more) to cover this deficit.

Fire/EMS Department Budget	2025	2026	2027
Estimated Cost of Operations	$6,206,695	$6,327,556	$7,636,536*
Local Services Tax Yield (set at State Maximum)	-$775,000	-$790,000	-$900,000
Fire Code Inspections	-$80,000	-$88,000	-$100,000
Ambulance Patient Fees	-$1,500,000	-$1,605,000	-$1,912,000
Ambulance Fee on Water Service Invoices	-$1,538,868	-$1,738,868	-$1,917,685
State Grant for Fire Pension Costs (grant shifted from utilities)	-$594,400	-$660,238	-$723,659
Subtotal	$1,718,427	$1,445,450	$2,083,192
Tax Rate	3-mil	3-mil	3-mil
Estimated yield of Fire Tax	$621,920	$667,610	$650,510
Less required transfer to the Motor Equipment Fund (State law)	-$536,255	-$560,975	-$548,990
Net Fire Tax Revenue for Operations	$85,665	$106,635	$101,520
Fire/EMS Deficit	-$1,632,762	-$1,338,815	-$1,981,672

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. Beginning in 2027, the Ambulance Fee is changing within the Borough budget. It used to be a fee collected by the General Fund. Beginning in 2027, it is now a part of the Water Rates in the Water Utility. It is now a Payment in Lieu of Taxes (PILOT) between the Water Utility and the General Fund. Customers should not notice any change other than an increase in the fee on their water service invoices from $12.50 per month per water service connection to $13.75 per month.

The Ambulance Fee should generate $1.92 million in 2027, which is already accounted for in the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to $27.96 per month instead of the recommended $13.75 per month as is proposed for 2027. The proposed Ambulance Fee is made necessary by the inability of ambulance patient receipts to come close to paying for the actual cost of the ambulance services provided. Furthermore, Chief Ulrich said we need to increase ambulance services; to maybe double the size and cost of the ambulance service, which cannot already cover its expenses.

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 of 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.



According to research from the Center for Rural Pennsylvania analyzing incident data across the Commonwealth, the average response time for a volunteer fire company in Pennsylvania is 9 minutes, 40 seconds.

According to the Chambersburg Fire Department analyzing incident data and E911 information, the average response time for the Chambersburg Fire Department is:

- Turnout Time (Time of dispatch to unit responding): 57 seconds.
- Total Call Time Average (Dispatched to call closed): 41 minutes and 46 seconds.
- Additionally, for first-due structure fire incidents, response times are noted as:
- First Due House Fire (S. 2nd Street): Arrived within a minute of dispatch.
- First Due Structure Fire (S. Main Street): Arrived in under three minutes.

In conclusion, between the under funding for the Fire Department, its EMS service, and the previously explained underfunding of the Police Department, the Borough's General Fund struggles every year to cover all expenses including its other responsibilities such as parks and recreation, general highway maintenance such as snow removal, and land use & community development.

How much does 1-mil of real estate tax yield in 2027?

The total assessed value of taxable real estate inside the Borough for 2027 is estimated to be $226,146,666, up slightly from last year's assessed value of $220,518,148. However, with respect to the average single-family house, the assessed value of taxable residential property inside the Borough of Chambersburg is estimated, by Franklin County, to have dropped this year at $217,818,000.

As a result, this drop in assessed value, $7.25 per year of the $17.16 increase in the Public Works Complex Bond Tax, is erased by this recalculation of the value of real estate.

Therefore, for budget purposes, 1-mil is equal to approximately $217,818 in cash. The value of a mil is not precise.

	2024	2025	2026	2027
	Actual	Actual	Estimated	Estimated
Police Tax Yield	$5,347,609	$5,815,874	$5,953,990	$6,105,960
Mil	25	27	27	27
Fire Tax Yield	$717,078	$650,295	$667,610	$650,510
Mil	3	3	3	3
Recreation Bond Tax Yield	$534,621	$559,633	$570,505	$560,760
Mil	2.5	2.5	2.5	2.5
Police Station Bond Tax Yield	$424,052	$438,240	$441,810	$441,130
Mil	2	2	2	2
Public Works Complex Bond Tax Yield	-	$209,068	$220,420	$441,070
Mil	-	1	1	2
Value of 1 mil*	$217,161	$215,843	$218,786	$217,818
Police Tax	$438.14	$474.62	$474.86	$469.19↓
Fire Tax	$52.58	$52.74	$52.76	$52.13↓
Recreation Bond Tax	$43.81	$43.95	$43.97	$43.44↓
Police Station Bond Tax	$35.05	$35.16	$35.17	$34.75↓
Public Works Complex Bond Tax	-	$17.58	$17.59	$34.75↑
TOTAL	**$569.58**	**$624.05**	**$624.35**	**$634.26**

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

Even with the 1-mil increase in the Public Works Complex Bond Tax, the average single-family home inside the Borough of Chambersburg will see a total real estate tax bill increase of only $9.91 between 2026 and 2027. That is total. That is for the year.

Every year, the average single-family home value changes. So, regardless of the mil rate, with a changing average, the calculation of the average annual payment will also change. This makes it even more challenging to compare the average annual payment in one year to the next. Tax rates may not change (i.e., no change in the Police Tax rate), but that does not necessarily result in paying more or less taxes.

In addition to that complexity, homeowners often do not pay their full tax bill. 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). People have been told a completely fabricated story about the impact of reassessment on tax bills. It is nothing like it has been explained to you by some.

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 2024 for $309,900 but has an assessed value of $21,680 The next-door house sold in 2020 for $189,000>	

The sample house has an assessed value of $21,680, which is just about the Borough average for a single-family home or $21,782. The next-door house 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 $21,680, 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 $791.32 for 2027 (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.

The actual average house pays $791.32 per year in Borough taxes but thousands more in school taxes. For example, this average house pays $585.36 for the Police Department and $65.04 in taxes for the Fire Department, but $3,032.58 per year in Chambersburg Area School District taxes.

The school district is completely independent of the Borough and sets their own tax rate and sends their own tax invoices.

Police Tax	Fire Tax	School Tax
$585.36	**$65.04**	**$3,032.58**

Just to give folks a real life, real house, average single-family home, 2027 comparison.

Conclusion

Chambersburg stands out as a uniquely distinguished municipality, driven by exceptional employees, a dynamic and supportive community, and an unshakeable commitment to delivering maximum service at minimum cost. Through fiscal challenges, political shifts, socio-economic evolution, and regional growth, our town has repeatedly emerged stronger and more resilient—all while fiercely safeguarding its local autonomy and treasured small-town character.

Given our proven track record in helping families and businesses mitigate rising inflation and living costs through efficient utility management, it is concerning to see how easily these substantial benefits can be overlooked.

Clearly, I have not always communicated well with our uniqueness and our special abilities to the public. In this budget we are proposing an effort to begin proactive communication online and in media to get our messages, especially with respect to utilities, out into the community.

The Public Works Complex is a major accomplishment. The previous facility, wholly inadequate in size and location, and literally falling apart, lasted over a century. This new facility with its cost mitigated by sizable cash contributions from the State and Federal government, is so limited that Chambersburg utilities, who are paying much of the cost, still have lower rates than all the other utilities in Franklin County.

Other than the predetermined 1-mil increase in the Public Works Complex Bond Tax (costing the average homeowner under $10 per year), there are no other tax increases. No increase in the very important Police Tax. No increase in the Fire Tax and none permitted by State law. No increase in any of the Act 511 taxes (earned income tax, deed transfer tax, and local services tax) and none permitted by State law.

Chambersburg collects no business taxes, no liquor taxes, no hotel taxes, and none are permitted by State law.

In many cases, Chambersburg continues to save property owners more money on utilities than they pay for all their Borough real estate taxes. This budget continues with 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.

We can meet our obligations in 2027 with necessary utility-rate increases. This budget includes increases in water, wastewater, storm water, and trash/recycling. These are not small increases, but staff have made sure that they were absolutely necessary. Furthermore, 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.

Other than the previously approved 1-mil for the Public Works Complex, there is no real estate tax increase in this budget.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027 PROPOSED
Police Tax in Mil	21	23	23	24	24	24	24	24	25	25	27	27	27
Fire Tax in Mil	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3	3
Ambulance Tax in Mil	-	-	-	0.5	0.5	0	0	0	0	0	0	0	0
Recreation Bond Tax in Mil	-	-	-	3	3	3	3	3	2.5	2.5	2.5	2.5	2.5
Police Station Bond Tax in Mil	-	-	-	-	-	-	-	1	2	2	2	2	2
Public Works Complex Bond Tax in Mil	-	-	-	-	-	-	-	-	-	-	1	1	2
Total Real Estate Tax Mils	23.5	25.5	25.5	30.5	30.5	30	30	31	32.5	32.5	35.5	35.5	36.5

In December 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 2026 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 although the redevelopment of the Southgate Shopping Center as envisioned, specifically addresses these challenges. Moody's 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.

There are several major projects being undertaken now which will have a foundational impact on Chambersburg:

- Completion and operation of the new Public Works Complex on Wayne Avenue;
- Sale and redevelopment of the remainder of the Southgate Shopping Center;
- Significant and widespread investment in utility infrastructure including Gas, Water, Wastewater, and Storm Sewer systems; and
- Changes to accounting to move out-of-town water customers and the Storm Sewer System to the Chambersburg Area Municipal Authority (CAMA) rather than directly a Borough utility.

In addition, public safety remains 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.

The initiative to convince Franklin County to finally address the broken local tax system is ongoing. Also, 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 overburdens 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 2027 Budget is balanced with the only tax increase, the previously approved 1-mil for the Public Works Complex.

	Utility Rate Changes (Average Single-Family Home)	Monthly increase
Electric	No change	$0.00
Natural Gas	No change	$0.00
Wastewater	$27.16 to $29.26 per month in January 2027	$2.10
Water	$28.14 to $30.24 per month in January 2027	$2.10
Sanitation	$32 per month to $37 per month (residential) in January 2027	$5.00
Ambulance Fee	From $12.50 per month per water service connection to $13.75 per month per water service connection	$1.75
	Total (10.97%)	**$10.95**
For comparison, WPP alone is raising their monthly residential electric rate by $14 per month per customer		

On average, the included utility changes will cost the average single-family household in the Borough around an additional $11.95 per month. Individual results may vary based on many factors.

We must recognize the changing demographics of our community. I do not agree that the government is like a 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 being a bilingual and multilingual 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 2026 were in the street. Construction is loud and disruptive. However, this Borough is unmatched in our ability to use our resources, grants, and talent to upgrade pipes, streets, and infrastructure to make our community better. This does not happen in other towns. Our streets are torn up and under construction not due to neglect, but because of investment and self-improvement. So much of this work is being paid for by Washington and Harrisburg, bringing your tax money home to improve your town, instead of other towns and utilities.

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 in 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 even though 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 governments. 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 an 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 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 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.

Size of Budget 2027

In 2027, the Borough will have an ALL-FUNDS BUDGET of $185,763,040. In 2026, the Borough had an ALL-FUNDS BUDGET of $174,805,411. This represents a 6.3% 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, Wastewater Capital Reserve, Storm Sewer Capital Reserve, and Public Works Complex Funds.

In 2027, the Borough's OPERATING BUDGET will be $158,115,115. In 2026, the Borough's OPERATING BUDGET was $146,331,085. This represents an 8.1% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Electric Capital Reserve, Gas, Water, Wastewater, Sanitation, Public Works Complex, Storm Sewer, 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 2027, the Borough's GENERAL FUND BUDGET will be $23,438,657. In 2026, the Borough's GENERAL FUND BUDGET was $21,972,795. This represents a 6.7% 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.

Use of Fund Balance 2027		2027	2027	
		REVENUES	EXPENSES	DIFFERENCE
GENERAL FUND	TOTAL	$23,438,657		
GENERAL			$970,284	
HIGHWAY			$2,139,275	
FIRE & EMS			$7,636,536	
POLICE			$8,853,521	
RECREATION			$2,070,581	
LAND USE & CODES			$1,286,430	
MISC			$482,030	
GENERAL FUND	TOTAL		$23,438,657	$0
ELECTRIC UTILITY	TOTAL	$41,461,718	$41,461,718	$0
NATURAL GAS UTILITY	TOTAL	$14,079,553	$14,079,553	$0
WATER UTILITY	TOTAL	$9,017,732	$9,017,732	$0
WASTEWATER UTILITY	TOTAL	$9,830,085	$9,830,085	$0
SANITATION UTILITY	TOTAL	$6,700,823	$6,700,823	$0
PARKING TRAFFIC ENTERPRISE	TOTAL	$1,802,878	$1,802,878	$0
STORM SEWER UTILITY	TOTAL	$4,200,064	$4,200,064	$0
AQUATIC CENTER ENTERPRISE (1)	TOTAL	$1,544,100	$1,709,800	($165,700)
MOTOR EQUIP INTERNAL SERVICE FUND (2)	TOTAL	$6,889,737	$5,753,737	$1,136,000
PW SERVICES INTERNAL SERVICE FUND	TOTAL	$1,374,666	$1,374,666	$0
STORES/WAREHOUSE/CALL CNTR	TOTAL	$2,023,839	$2,023,839	$0
PUBLIC WORKS COMPLEX FUND (3)	TOTAL	$5,388,911	$6,111,911	($723,000)
ADMIN SERVICES INTERNAL SERVICE FUND	TOTAL	$12,389,900		
CUSTODIAL SERVICES			$1,277,369	
PERSONNEL & PAYROLL			$1,405,188	
INFO TECHNOLOGY			$1,891,535	
FINANCE & ACCOUNTING			$1,575,209	
CUSTOMER SERVICE & CITY HALL			$2,175,977	
CLERICAL POOL			$1,713,719	
GENERAL & ADMINISTRATIVE			$1,340,403	
ADMIN FUND CAPITAL PROJECTS			$1,010,500	
ADMIN SERVICES INTERNAL SERVICE FUND	TOTAL		$12,389,900	$0
GEN FUND CAP RESERVE (4)	TOTAL	$2,923,268	$4,209,268	($1,286,000)
STORM SEWER CAPITAL (5)	TOTAL	$4,542,755	$6,916,755	($2,374,000)
ELECTRIC CAPITAL (6)	TOTAL	$3,361,250	$5,250,000	($1,888,750)
GAS CAPITAL (7)	TOTAL	$6,137,300	$5,635,000	$502,300
WATER CAPITAL (8)	TOTAL	$560,000	$900,000	($340,000)
WASTEWATER CAPITAL (9)	TOTAL	$1,362,000	$2,800,000	($1,438,000)
SANITATION CAPITAL (10)	TOTAL	$16,050	$-	$16,050
PARKING/TRAFFIC CAPITAL (11)	TOTAL	$163,000	$45,000	$118,000
SELF INSURANCE TRUST	TOTAL	$11,117,543	$11,117,543	$0
WORKERS COMP TRUST (12)	TOTAL	$809,820	$674,820	$135,000
SPECIAL REVENUE TRUST	TOTAL	$2,724,680	$2,724,680	$0
POLICE STA TAX FUND HOLDING	TOTAL	$441,130	$441,130	$0
RECREATION TAX FUND HOLDING	TOTAL	$560,760	$560,760	$0
PUBLIC WORKS COMPLEX TAX FUND HOLDING	TOTAL	$441,070	$441,070	$0
FIRE TAX HOLDING	TOTAL	$664,390	$664,390	$0
LIQUID FUELS STATE GRANT HOLDING (13)	TOTAL	$639,226	$710,000	($70,774)
SISTER CITY	TOTAL	$2,000	$2,000	$0
PROJECT H.E.A.T.	TOTAL	$94,660	$94,660	$0
ANTICIPATED CASH CONTRIBUTION 2026 (14)	TOTAL			$1,000,000
Net Difference Between Expenses and Revenue	TOTAL	$176,703,565	$183,082,439	($5,378,874)

Notes

1. The Aquatic Center Enterprise Fund is scheduled to use $165,700 of accumulated cash balance to undertake capital projects and maintenance at the facility in 2027 and 2028.
2. The Motor Equipment Internal Service Fund is scheduled to accept additional accumulated equity on motorized equipment in the amount of $1,136,000 for future purchases.
3. The Public Works Complex Fund is scheduled to use $723,000 accumulated cash balances to undertake capital projects to complete construction in 2027.
4. The General Capital Reserve Fund is scheduled to use $1.286 million accumulated cash balances to undertake capital projects in 2027. As reflected in #14, the plan to use 2026 fund balance to help reduce this amount.
5. The Storm Sewer Capital Reserve Fund is scheduled to use $2.374 million accumulated cash balances to undertake capital projects in 2027.
6. The Electric Capital Reserve Fund is scheduled to use $1.8875 million accumulated cash balances to undertake capital projects in 2027.
7. The Gas Capital Reserve Fund is scheduled to make a deposit of $502,300 for future projects.
8. The Water Capital Reserve Fund is scheduled to use $340,000 accumulated cash balances to undertake capital projects in 2027.
9. The Wastewater Capital Reserve Fund is scheduled to use $1.438 million accumulated cash balances to undertake capital projects in 2027.
10. The Sanitation Capital Reserve Fund will earn $16,050 in interest against no projects in 2027.
11. The Parking Traffic and Streetlights Capital Reserve is scheduled to make a deposit of $118,000 for future projects.
12. The Workers Compensation Trust Fund will receive more deposits than claims in the amount of $135,000 in 2027.
13. The Liquid Fuels State Tax Fund will spend $70,774 from accumulated grant funding for eligible expenses in street paving in 2027.
14. It is anticipated that Town Council will transfer $1,000,000 to the General Capital Reserve in FY2026 to offset all but $286,000 of the needed withdrawal for capital projects in 2027.

Each year, Town Council makes a contribution to the General Capital Reserve of excess funds from conservative and careful budgeting in the current year's General Fund. In this budget, we anticipate the FY2026 deposit to be $1 million.

Use of Real Estate Taxes to Fund 2027

In 2027, it is the Borough Manager's recommendation that most Borough tax rates do not change except for the previously approved Borough real estate tax for the Public Works Complex Bond. As a result, real estate taxes, which will cost the average single-family home approximately $624.35 per year in 2026, will cost the average single-family home approximately $634.26 in 2027.

	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 Complex 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	35.5
2026	27	3	0	2.5	2	1	35.5
2027 Proposed	27	3	0	2.5	2	2	36.5

For comparison, the school tax alone is now equal to 139.8793 mil in comparison to the Borough 36.5 mil

As a result, if approved, as measured from 2006 through 2027:

- The Police Tax would have increased 58.8% in twenty years or about 2.9% per year.
- The Fire Tax would have had no increase since 2018.
- The entire real estate tax levy would have increased 5.1% on average over the last twenty years, with no increase at all in 14 of the last 20 years.

Over the same period, from 2006 to 2026, cumulative U.S. inflation has grown by approximately 67.13% based on the Consumer Price Index (CPI), representing an average annual inflation rate of about 2.60% per year. If adjusted for inflation (the value of a dollar), Chambersburg Borough real estate taxes only outpaced inflation by 1% over the same period. For example, a dollar in 2006 is only worth about 60¢

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 with this request. In the fall of 2026, after years of urging, representatives from the boroughs voted to authorize legal action against Franklin County if they continue to refuse to update their tax rolls.

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 lacks 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."

In 2027, it is the hope of all that the County Commissioners fix this issue once and for all. Total taxes:

2026	2027
$624.35	**$634.26**

The Average Single-Family Home in the Borough has a 2027 assessed value of $17,377. They will see on average an increase in their tax bill of $9.91 per year, which will be approximately $634.26 per year, or $52.855 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 $17,377, and half have an assessed value lower. Commercial, industrial, and multi-family homes have different values.

The average fair market value for a home in Chambersburg, PA, so far in 2026, is approximately $288,177, according to the Zillow Home Value Index, with a median sale price of $285,471 reported through 2026 and the overall market showcases stark variance by neighborhood, with homes in the 17201 ZIP code holding a more accessible typical value of $253,678, while properties in the 17202 ZIP code trend significantly higher with a median closing price of $325,000. We wonder why assessed values are not proportionally different?

Over the three months ending September 2026, Chambersburg home prices were down 2.3% compared to the same period last year, selling for a median price of $240,000. On average, homes in Chambersburg sell after 12 days on the market compared to 19 days last year. There were 67 homes sold in September this year, up from 58 last year.

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 $2,657.34 per year in Police Taxes versus $469.19 paid by the average single-family home. Further, that home has a Fair Market Value of $3,450,000, according to a Zestimate from Zillow (with a Franklin County assessed valuation of $98,420) and is therefore a unique Borough property. Of all the single-family homes inside the Borough, half pay more than $469 per year in Borough taxes, and half pay less.

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

Est. Single-Family House Tax	2023	2024	2025	2026	2027	Difference
Police Tax	$434	$438.14	$474.62	$474.86	$469.19	-5.67 less
Fire Tax	$52	$52.58	$52.74	$52.76	$52.13	-0.63 less
Recreation Bond Tax	$43	$43.81	$43.95	$43.97	$43.44	-0.53 less
Police Station Bond Tax	$35	$35.05	$35.16	$35.17	$34.75	-0.42 less
Public Works Complex Bond Tax	-	-	$17.58	$17.59	$34.75	$17.16 more
TOTAL	$564	$569.58	$624.05	$624.35	$634.26	$9.91 more

In most categories, the average single-family real estate tax bill is less in 2027 than in 2026.

The average single-family house inside the Borough of Chambersburg will pay $9.91 more in taxes in 2027. Your tax bill at your house is based upon your assessed value. This is for the average house.

No government buildings, schools, charities, churches, or township property owners pay any Police, Fire, Police Station Bond Tax, Recreation Bond Tax, or Public Works Complex 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 about its elimination from Federal tax policy, understand the impact.

No changes in other State-set taxes

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 all our 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, Eric Day, Interim 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 the 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 Bill Everly and Vice-President Chadwick Hare.

I recommend that Town Council authorize advertisement of this Proposed Budget when they meet on November 9, 2026. In addition, I suggest that the Town Council receive public comments on the Proposed Budget on November 16, 2026.

Finally, I would suggest that the Council adopt the proposed budget on December 14, 2026, which is scheduled to be their last meeting of the year. I promise the Borough staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community, and as we plan for its future.

Sincerely,

Jeffrey Stonehill
Borough Manager/Director of Utilities

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 Borough-owned 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 the 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.

In 2027, responding to the West Chester stormwater fee case, the Borough of Chambersburg is leasing its storm sewer system to the Chambersburg Area Municipal Authority (CAMA) and entering into a management agreement where CAMA assumes responsibility for establishing the Equivalent Residential Unit (ERU) fee (set to increase from $6 to $9 per month), managing the fee and credit program, and holding capital reserves, while the Borough collects fees through its standard utility billing process and continues to operate and maintain the system. Under this pass-through arrangement, estimated 2027 revenue will total $2,450,908, with CAMA retaining $900,000 for its operating expenses and capital reserves, and paying $1,550,908 to the Borough for operation, maintenance, and debt service.

Begun in 2015, Chambersburg's Storm Sewer utility, 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.

Now with this change, the utility accounting will change again, and the system will be operated on behalf of the Chambersburg Area Municipal Authority and not as a Borough-owned-and-operated utility.

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 2026 population (U.S. Census Bureau: State and County QuickFacts) of 23,375 residents, up from 17,862 in 2000; a 32.48% increase in twenty-six 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 2027. 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. Currently Bill Everly is Council President and Chadwick Hare is Council Vice-President.

The next municipal election will be held in November 2027. In this upcoming election, seats held by Sharon Coffman, Ward ; John Huber, Ward 2; Chadwick Hare, Ward 3; Jamie Boden, Ward 4; and Bill Everly, Ward 5, will be up for election.

The continuity of municipal operations continues unchanged regardless of elections. For those who will soon be 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 seeking to come 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 support to the Council as they work very hard to accomplish good things for our community with little thanks or compensation. There is a lot of work to be done, and I am glad I can count on all of you to participate. The 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 by policy. 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 the 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, voters must approve the issue in a referendum. Cities with a population that drops 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 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 drafting 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, the 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 second week in November, Council already has a 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. 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

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 – *Even numbered years only* (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 the 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

1. Act 54 of 2024, Section 8031, allows any borough located in Bucks, Delaware, or Montgomery Counties to levy an *Enhanced Fire Services Tax* not exceeding 10 mills.

2. Act 54 of 2024, Section 8032 allows any borough located in Bucks, Delaware, or Montgomery Counties to levy an *Enhanced Emergency Services Tax* not exceeding 5 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 carning 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. e 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%. School 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* **Act 21 of 2026 prohibits a municipality receiving state funds from imposing an amusement tax on complimentary or resort-sponsored admissions to resort places of amusement, as conditioned.*	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 jake boxes, pinball machines, vending machines, etc.	10%*

Source: Pennsylvania State Association of Boroughs

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. the Pennsylvania State System of Higher Education and West Chester University of Pennsylvania (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. In 2026, the PA Supreme Court issued a decision in the Borough of West Chester v PASSHE, wherein the Court found that the Borough’s Stormwater Fee is a tax. This decision raises questions on what degree the Court’s findings are applicable to each borough’s individual stormwater management fee ordinance.

The analysis does not end with the majority opinion. As one member of the majority, Justice Mundy, issued a Concurring Opinion, which includes some critical reservations. She expressly stated, “I reserve judgment as to stormwater charges in other municipalities where the proceeds are directed solely to stormwater remediation and measures needed for remediation, such as ameliorating stream erosion or filtering out toxins carried by runoff.” Justice Mundy also said she “would not foreclose concluding a stormwater charge is a fee where the amount of the charge is calculated in substantial part according to the benefit accruing to each property based on the amount of runoff from nearby properties.”

The takeaway? There is more grey than bright lines. With Justice Mundy’s reservations, could a stormwater fee be adopted pursuant to general police powers that demonstrate an individualized benefit to each property assessed as a fee be considered a fee and not a tax? It’s possible. Do stormwater fees imposed by a municipal authority under the express authorization for such fees constitute a fee for service? Maybe; the Court didn’t address municipal authorities.

Considering this unclear legal decision, in 2027, Chambersburg is migrating the fee-making authority from the Town Council to the Chambersburg Area Municipal Authority (CAMA). As a result, beginning with this budget and in the 2027 fiscal year, it will be CAMA and not the Borough creating a fee for service associated with the individualized benefits to property owners associated with storm sewer management. As such, customer utility bills will display “AUTHORITY STORM SEWER” rather than “POLLUTION STORM SEWER”.

Ambulance Fee

In 2020, the Borough of Chambersburg adopted a monthly, per water service utility invoice ready-to-serve fee 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.

Effective with the 2027 budget, the Borough is converting the Ambulance Fee into a Payment in Lieu of Taxes (PILOT) transferred from the Water Fund to the General Fund. Prompted by legal constraints impacting the direct collection of the fee, the charge will be incorporated into water utility operations—collected as a distinct item on water service invoices and transferred to support EMS services. For specific qualifying properties like the Franklin County Housing Authority, the fee is integrated into the water rates to accommodate external utility reimbursement rules, while standard customer utility bills will continue to display "AMBULANCE FEE" with revenues flowing directly to the new Water Fund line item beginning in January 2027.

Because municipal utilities are government-owned, their physical properties and operations are typically tax-exempt from local or state taxes. A utility PILOT acts as a substitute for those missed taxes or as a return on the city's investment in the utility value. In this case, the Water Utility will ask only in-Borough customers to make an extra payment to cover this existing fee. Customers will notice a little difference from the way the accounting was for this fee.

In 2027, this budget recommends a change to this fee to $12.50 per month per water service customer to $13.75 per month per water service connection.

Attempted framework to test fee vs. tax

Factor	Service Fee 🟢	West Chester's Stormwater Charge 🔴
Payer Intent	**Voluntary:** Entered into via contract or elective service use.	**Involuntary:** Imposed on all developed property regardless of choice.
Primary Beneficiary	**Individualized:** Provides a specific, discrete benefit to the payer's property.	**General Public:** Driven by federal/state environmental mandates for community welfare.
Fund Allocation	**Segmented:** Limited strictly to the direct remediation of the specific user's impact.	**Public Duty:** Used broadly to support municipal infrastructure and Clean Water Act compliance.
PASSHE Status	**Liable:** Must pay for concrete services rendered.	**Immune:** Tax-exempt state entity immune from local taxation.

By this logic, public water lines, sanitary sewers, and electrical grids also benefit the general public and public health. Yet, tax-exempt entities still pay water and sewer bills.

It is abundantly clear that the Pennsylvania Supreme Court has made a mess of the fee versus tax issue and additional legal challenges are needed to correct their flawed interpretation.

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

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:
    1. 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.
    2. 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).
    3. 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.
    4. 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.
    5. The anticipated revenue/expenditures through the remainder of the year will be added to the Fund's fund balance at the end of the most recently closed month, in order to determine the anticipated year-end fund balance.
- If this anticipated year-end fund balance is less than the previously determined required fund balance, contributions to the Fund will be budgeted for the following year, in order to bring the fund balance to an amount equal to, or greater than, the required fund balance. Regardless of the amount of excess fund balance present, or anticipated, in the Fund, the fund balance shall not be drawn down to satisfy expenses other than those that are reasonably determined to be consistent with the intended purposes of the Fund.

Borough of Chambersburg

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.

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.

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.

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.

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.

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.

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.

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.

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.

Responsibilities of the Team include:
Investment of Proceeds.
Project completion, and other expenditure of proceeds, if applicable.
Post-completion final tax allocation, if any.
Rebate compliance.
State law allocations and reporting.
Bond financed property and other bond issue inventory.

Private use monitoring.
Arbitrage/ sinking fund/ replacement proceeds monitoring.
Development of comprehensive annual monitoring, reporting, and testing schedule.
Rating agency and bond insurer surveillance.
Project change of use or project disposition.
Record retention policies.
Tax returns.
Continuing disclosure.
Annual covenant compliance review, including tax covenants.
Of these responsibilities, certain ones are more fully described below.

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.

Identifying Required Monitoring Activity and Schedule Reviews

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.")

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:

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.

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.

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.

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.

Record Retention Program
It is the policy of the Issuer that written records (which may be in electronic form) will be maintained with respect to each issue of tax-exempt bonds or notes for as long as such bonds remain outstanding, plus six years. For this purpose, such bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.
The Coordinator (or designate) shall create a file for each series.
The following records shall be collected and maintained with each file, whether in unified form or by separate members of the Team:

- The official Transcript of Proceedings for the original issuance of the bonds.
- 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.

- All documents (if any) regarding bidding for GICs, bidding for open market escrow securities, or bidding for any other investments.
- 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).
- All records pertaining to project draw schedules, construction contracts, contracts regarding acquisitions of property or equipment.
- Depreciation schedules regarding bond financed property or equipment.
- All documents relating to security for the bonds.
- All documents relating to any swap or other hedge or derivative agreements, including the bidding thereof.
- All documents regarding periodic interest rates on variable rate bond issues.
- All trustee records and reports.
- All documents relating to yield calculations.
- 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.
- Records regarding payment of debt service on the bonds.
- 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.

Tax Requirements Associated with Sale and Issuance of Bonds or Notes

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.

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.

An estimated average economic life of the expected bond-financed projects will be documented at the time of issuance.

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.

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.

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.

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.

Investment earnings on sale proceeds of the bonds or notes will be tracked and will be requisitioned only for appropriate expenditures.

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.

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.

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).

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.

Expenditure of bond or note proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:

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.
If the 18-month spending exception to rebate applies, expenditure of bond or note proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable.
15% within 6 months
60% within 12 months
100% within 18 months
If the 2-year spending exception to rebate applies, expenditure of "available construction proceeds" will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:
10% within 6 months
45% within 12 months
75% within 18 months

100% within 24 months.

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.

Arbitrage Yield Restriction and Rebate Requirements
The Coordinator, or the designated Team Member, shall create and maintain records of:

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.

The final allocation of the proceeds (including investment earnings on bond or note proceeds), of obligations issued by the Issuer.

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.

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.

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.

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.

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.

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.

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).

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).

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.

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.

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.

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.

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.

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.

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.

Other investments will be purchased only in market transactions.

Calculations of rebate liability will be undertaken as set forth above in numbered paragraph VII.
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:

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.

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.

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)).

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.

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).

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.

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 of 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:

Failure to purchase 0% SLGs at the appropriate time.

Non-exempt use of bond-financed property resulting in overall non-exempt use in excess of the 5% de minimis limit.

Failure to pay rebate in a timely manner.

Improper reimbursement of expenditures (too old or not capital).

Continuing Disclosure Activity

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:

Determine the applicability of the continuing disclosure undertaking.

Identify all “obligated persons” for purposes of Rule 15c2-12.

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.

Periodically determine that required filings have been prepared, sent to, and received by a Nationally Recognized Municipal Securities Information Repository (“NRMSIR”).

Disclose events listed below within 10 days of occurrence, including:

Principal and interest payment delinquencies.

Non-payment related defaults, if material.

Unscheduled draws on debt service reserves reflecting financial difficulties.

Unscheduled draws on credit enhancements reflecting financial difficulties.

Substitution of credit or liquidity providers, or their failure to perform.
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.
Modifications to rights of holders of the bonds, if material.
Bond calls, if material.
Defeasances.
Release, substitution or sale of property securing repayment of the bonds, if material.
Rating changes.
Tender offers.
Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person.
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.
Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material.

Determine if it is in the best interest of the Issuer to retain a third-party dissemination agent to facilitate post-issuance of continuing disclosure/filing and other requirements.

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 necessary.

Other Required Reporting
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.

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 necessary.

Determine what, if any, state and local requirements are applicable to any issue.
Provide proof of filing UCC statements, as applicable.
Monitor continuation of statements as necessary.
Provide proof of filing recorded mortgages, deeds of trust, et cetera, with appropriate authorities.
Provide proof of insurance coverage, as necessary.
Monitor compliance with rate covenants or other financial covenants.
Monitor compliance with restrictions on transfers of property, including liens and encumbrances.
Ensure compliance with restrictions on types of investments, in addition to any limitations imposed by applicable tax code restrictions.
Ensure compliance with restrictions on derivative and swap contracts.

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 a 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.
- 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 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 of $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).
- 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 monitory 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).
- 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 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.

No Coin Policy

Borough of Chambersburg

Applicability

Effective January 1, 2027, the Borough will no longer provide coin as change for cash transactions towards utility billing. Instead, all coins that would have been returned as change will be credited to that customer's utility account to apply towards future utility billings. Paper currency will still be provided in exchange for cash transactions. Additionally, coins will still be accepted for customers paying with cash.

Credits on utility accounts will not earn interest.

Exceptions to Policy

This policy will not affect other payment methods, including but not limited to checks, bank transfers, debit/credit cards, or digital wallets.

This policy will not affect non-utility billings including but not limited to ambulance billings, parking tickets, merchandise and jobbing invoices, permit fees and inspection fees.

Borough of Chambersburg

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.

DEFINITIONS
The Ethics Act shall mean the Public Official and Employee Ethics Act, 65 Pa.C.S.A. § 1101 *et seq*.
The Borough shall mean the Borough of Chambersburg.
A 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.
Confidential information shall mean information not obtainable from reviewing a public document or from making an inquiry to a publicly available source of information.
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.
De minimis economic impact shall mean an economic consequence, which has an insignificant effect of less than $1,000.00.
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.
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.
Immediate family shall mean a parent, parent-in-law, spouse, child, spouse of a child, brother-in-law, sister, sister-in-law, or the domestic partner of a parent, child, brother or sister.

DELEGATION OF RESPONSIBILITY
Each Borough employee, elected official, and Town Council member shall be responsible for maintaining 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.

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.

<u>Disclosure of Financial Interests</u>
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.

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

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.

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.

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.

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 provided by the Borough Solicitor are herein exempt.

Improper Influence

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

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

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.

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.

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.

For employees, contactors, or volunteers, the Borough Manager, or their designee, shall have the sole right to impose, or not impose, disciplinary action, which is deemed to be a reasonable response to enforcement of this policy.

Borough of Chambersburg

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 regulations at 2 CFR §§ 200.300 - 200.345.

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:

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 a lower monetary threshold to trigger competitive bidding than federal regulations, the Borough will use the lower threshold.

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]

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 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.

Proposed procurements must be reviewed to avoid duplicative or unnecessary purchases. This review should include an analysis of the following considerations:

- whether breaking out or consolidating procurements would be more economical,
- whether a purchase or lease would be more economical,
- 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,

- whether use of Federal excess or surplus property in lieu of purchasing new equipment is feasible and economical,
- 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.
- 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.
- 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 of 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.

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.

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 its own risk.

The Borough shall maintain a financial and records management system that allows it to connect any federal funds received to goods or services purchased with those funds. For any such purchases, the Borough should maintain records that sufficiently detail the relevant history of the procurement including but not limited to: (a) the rationale for the method of procurement; (b) the selection of contract type; (c) the contractor selection or rejection; and (d) the basis for the contract price.

COMPETITION

All procurement transactions utilizing federal funding must provide full and open competition for the procurement of goods and services.[18] Some of the situations considered to be restrictive of competition include but are not limited to:

Placing unreasonable requirements on firms in order for them to qualify to do business,

Requiring unnecessary experience and excessive bonding,

Noncompetitive pricing practices between firms or between affiliated companies,

Noncompetitive awards to consultants that are on retainer contracts,

Organizational conflicts of interest,

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

Any arbitrary action in the procurement process.

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.

The Borough will have written selection procedures for procurement transactions that utilize 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 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.

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.

METHODS OF PROCUREMENT TO BE FOLLOWED

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

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.

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.

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.

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 ensure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps shall include:

Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

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;

Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

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

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 Threshold, including contract modifications, including independent estimates before receiving bids or proposals. 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.

Price and Cost Analysis is required for all proposals submitted by offerors for evaluation and negotiation. The Borough should make independent estimates before receiving bids or proposals. 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.

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.

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

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:

Delegations of administrative responsibility to designated personnel who are selected for their technical and administrative capability to administer the contract effectively.

Inspection and acceptance of all contractor deliverables.

Demand for and review progress reports to determine whether contract delivery milestones are being met or appropriate for corrective action.

Invoice processing.

Subcontracting review and consent procedures.

Contract close-out procedures and administration.

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

BONDING REQUIREMENTS

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, 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. If such a determination has not been made, the minimum requirements shall be as follows:

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.

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 ensure performance as required by law of all persons supplying labor and materials in the execution of the work provided for the contract.

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 ensure payment as required by law of work provided for the contract.

Ultimately, the Borough Manager is empowered to make the final decision on the form, quantity, term, and rules associated with all securitizations.

CONTRACT PROVISIONS

Federal regulations require that contracts awarded by grantees contain statutorily mandated clauses for 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:

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.

All contracts in excess of $10,000.00 must address termination for cause and convenience by the Borough, including the manner by which it will be affected and the basis for settlement.

Equal Employment Opportunity—Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

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.

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.

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.

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).

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.

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 take place in connection with obtaining any Federal award. Such disclosures are forwarded from tier-to-tier up to the non-Federal award.

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.

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 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 the Town Council herein and may be updated from time to time. It is available for review.

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 $217,817,550 as of 11/1/2026.

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 $3.999, which equals three 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 at40 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.

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 Complex Bond Tax Fund is used to account for real estate tax revenue levied to pay for debt service associated with the Public Works Complex 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.

Wastewater & Wastewater 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 operations and capital investment on behalf of the leaseholder, the Chambersburg Area Municipal Authority (CAMA) who leases the storm sewer system from the Borough of Chambersburg and then pays the utility to manage stormwater on behalf of the Authority, 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.

Public Works Services Fund –This fund, formerly known as Engineering, supports the activities of the Public Works Department, which is responsible for furnishing civil engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects. In 2028, it is anticipated to assume the Building & Grounds maintenance operations.

Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.

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 Complex Fund – This fund supports the activities of the Public Works Complex, which includes vehicles and equipment storage and maintenance, office facilities for Motor Equipment, Sanitation, Public Works Services, 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.



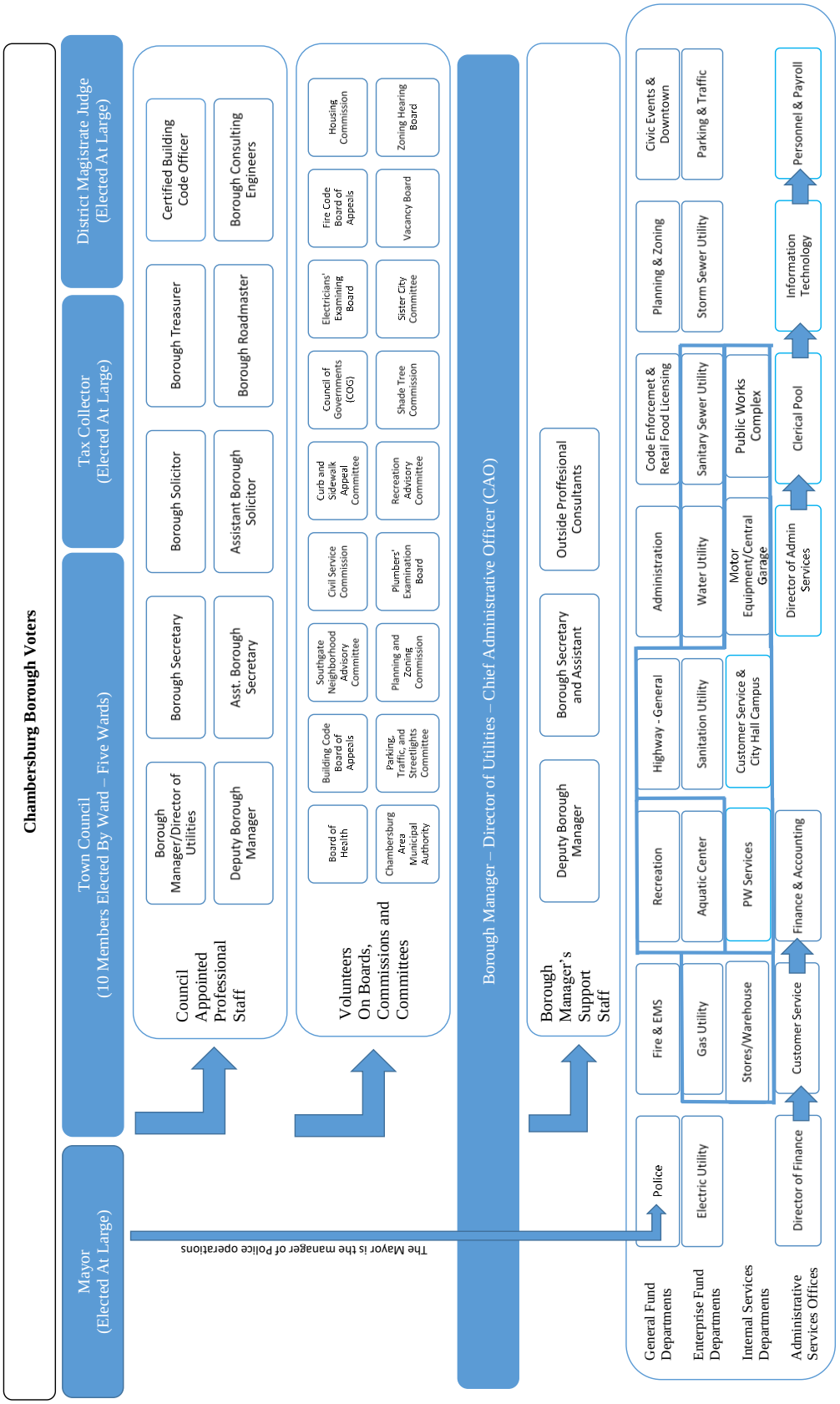
The City of Gotemba, Japan, sits at the base of Mt. Fuji, and has a connection to Chambersburg dating back to the 1920s when Ms. Tsunako Negami from Gotemba studied at Wilson College. In 2025, a delegation led by the Mayor and Council President visited Japan.





2027 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	Tyler Fairchild
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 Complex Interdepartmental Construction & Operation	Public Works Complex Fund	Internal Services Fund	Tyler Fairchild
Public Works Services	PW Services Fund	Internal Services Fund	Tyler Fairchild
Administrative Services - Building Grounds & 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	Eric Day
Administrative Services - Customer Service	Administrative Services Fund	Internal Services Fund	Eric Day
Administrative Services - Capital Projects	Administrative Services Fund	Internal Services Fund	Eric Day
Administrative Services - General & Administrative	Administrative Services Fund	Internal Services Fund	Eric Day
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	Eric Day
Self-Insurance Trust	Self-Insurance Fund	Internal Services Fund	Eric Day
Special Revenue Grants Holding Fund	Grant Programs Fund	Special Revenue Fund	Eric Day
Public Works Complex Bond Tax Holding Fund	Public Works Complex Bond Tax Fund	Special Revenue Fund	Eric Day
Police Station Bond Tax Holding Fund	Police Station Bond Tax Fund	Special Revenue Fund	Eric Day
Recreation Bond Tax Holding Fund	Recreation Bond Tax Fund	Special Revenue Fund	Eric Day
Fire Tax Holding Fund	Fire Tax Fund	Special Revenue Fund	Eric Day
Liquid Fuels State Grant Holding Fund	Liquid Fuels Fund	Special Revenue Fund	Eric Day
Sister City Account	Sister City Fund	Trust Fund	Eric Day
Project H.E.A.T. Account	Project HEAT Fund	Enterprise Fund	Eric Day



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

Act 37 of 2014 Revised the Pennsylvania Borough Code

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

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

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

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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 Public Works Services 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-most 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	Payments In Lieu of Taxes - Water
Fire Department	Ambulance Service Charges
Fire Department	Ambulance Club Membership Fees
Highway Department	No earmarked revenue
Highway Department	Street Excavation Permits
Highway Department	Curb & Sidewalk Permits
Highway Department	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 2027)
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.

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, the Natural Gas Utility, and now the Water Utility pay taxes (similar to private companies) into the General Fund. Beginning in 2027, an accounting change is needed to move the Ambulance Fee from the General Fund, where ambulances services are paid, to the Water Utility Fund, where water fees are collected. Customers will not notice the accounting change whatsoever. **This year there will be a slight increase to the monthly Ambulance Fee which appears on utility bills.** The surcharge, unlike a property tax levy, is broad-based. All water customers inside the Borough will continue to pay is flat fee regardless of tax-exempt status.

The Ambulance Fee will be recommended to go from $12.50 per month per water service connection to $13.75 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. It is a part of the Water Utility Fund's water service fees and remitted to the General Fund as a Payment in Lieu of Taxes (PILOT).

As there is no restriction on the payment of the PILOT by in-town water customers, for legal and accounting reasons, the Borough will begin to describe the Ambulance Fee as a Water Service Fee, remitted to the Water Utility and given as a PILOT to the General Fund. It is for this reason that out-of-town water customers will continue to not pay this fee, nor will water that is sold to the Bear Valley Joint Municipal Authority, as those customers are out-of-town as well.

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 that3-mil, State law requires no more than 1-mil be used for Fire Department operations, wages, and benefits 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 $217,818 in cash. Consequently, due to actions by the State and Franklin County, the Fire Tax can raise only about $217,818 against the over $5.4 million in annual firefighter wages and benefit costs incurred 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. It is hard to explain how the State and county can keep our tax yield at $217,818 per year against an annual reoccurring expense of $5.4million; but this is a purposeful action that forces sacrifice throughout the budget.

Beginning with the 2020 Budget, Town Council repealed and eliminated the ½-mil Ambulance Tax as insufficient and likewise capped. 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 cost of 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 2027, Chambersburg Town Council will levy three (3) dedicated bond taxes. In addition to the Bond Taxes for the 2016 Recreation Bond and the 2022 Police Station Bond, the Council added a dedicated bond tax for a part of the cost of construction of the new Public Works Complex, which began in 2025. The Public Works Complex 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. In this way, these tax-supported departments do not need to use some of their meager yield, under the State tax caps, to fund their responsibilities to the Public Works Complex costs.

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 2027 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 (PW Services, 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.

There is no longer a General Fund Ambulance Fee in the sense that it once existed. Just as with the Electric Utility Payment in Lieu of Taxes (PILOT) and the Natural Gas Utility Payment in Lieu of Taxes (PILOT) the Water Utility Payment in Lieu of Taxes is no longer a fee, which collected funding from water customers to cover the write-off of ambulance patient fees forgiven so that the Borough can bill Medicaid and Medicare for ambulance expenses. This is now a PILOT payment from the Water Utility, a surcharge on Water Utility invoices, which is given to the General Fund to help cover the cost of the Fire Department's Ambulance service. The Ambulance Fee is a Water Utility PILOT used to support the General Fund.

Beginning in 2020, Town Council repealed the short-lived 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). Given recent court decisions, it was unclear whether the Ambulance Fee was permitted by State law. So, beginning in 2027, the Water Utility will collect a flat $13.75 per month per water service connection, per residential or commercial unit, a surcharge, unlike a real estate tax. Water customers inside the Borough will all continue to pay this flat fee. Even tax-exempt property owners.

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 clerical staff, who work for Administrative Services.

In the Recreation Department, many employees split their payroll. The Recreation Director and the Assistant (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 retail 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 PW Services 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 staff 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 added a Corporal to the detectives' unit, known as the Criminal Investigation Division (CID). There is no staffing change proposed for 2027 – status quo and any new hires are filling vacant positions. By the end of 2027, 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, a shrinking portion of the cost is being borne by the Police Tax with miscellaneous undesignated taxes paying a larger share of this important General Fund operation.

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 firefighter slots, although we have left several unfilled awaiting the new Fire union labor contract, which would allow us to calculate costs. There are also two Fire Chiefs (and one volunteer Fire Chief). The Borough agreed to carry 28 paid firefighters in

the expired collective bargaining agreement. As a result, we will be hiring no more at this time or in the budget. We are unsure, given the fragile funding system, 31 or 32 firefighters are an affordable option despite the need to hire even more.

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 (Public Works Services, 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, three of which are paying Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these three operations 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:
    - Police Tax to the General Fund
    - Fire Tax with 83% shared with the Motor Equipment Fund and
    - 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;
- The special Ambulance PILOT collected by the Water Utility as a fee on each water service;
- 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 2027

While this budget includes a tax increase (the Public Works Complex Bond Tax going from 1-mil to 2-mil or an increase of $9.91 per year on the average single-family house in the Borough), that tax increase does not pass through the General Fund.

- 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 Complex 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 15 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 $3.999, which equals three 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 deicide 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.

Municipality	Type	County	Value of 1-mil
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
Salisburg	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	$217,818
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 you can see, the State law uses mil as the yardstick to set the yield of real estate taxes, but since the value of a mil is dependent on so many other factors, such as the wealth of real estate in the county, it is inherently unfair.

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 for the Police and Fire Department

This is the only fiscal challenge for the Borough. In 2027, it is estimated that the Chambersburg Police Department will cost $1.75 million 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 over 8-mil more in order for the Police Tax to be sufficient – but of course that is not possible and not recommended. State law limits the Police Tax to 30-mil so 35-mil is impossible. Of course, each mil could yield its fair share of revenue (rather than 1961 dollars). Regardless, we should be rightly concerned about this impact in 2028.

There is one important note about the budgets in the General Fund. Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Police Department. To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

Actual increasing costs for the Police Department include wages (a cost-of-living increase), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs which have increased greatly), information technology expenses, and an increase in Police Liability insurance premiums. Between the Admin. Services transfer and actual department expenses, the cost of the Police Department appears to grow $1,215,796 but really it only grew $553,956 or 7.3%.

While a Police Tax increase may be advisable, I am suggesting a delay until at least 2028. 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 2028 or soon beyond.

Police Department Budget	2025	2026	2027
Estimated Cost of Operations	$7,127,180	$7,637,728	$8,853,521*
Reimbursement from CASD for School Crossing Guards (estimated)	-$34,000	-$32,800	-$35,000
Estimated Yield from Fines and Fees	-$185,000	-$170,000	-$160,000
State Grant for Police Pension Costs (grant shifted from utilities)	-$803,100	-$821,979	-$800,886
Subtotal	$6,105,080	$6,612,958	$7,857,635
Tax Rate	27-mil	27-mil	27-mil
Estimated yield of Police Tax (excluding tax liens & donations)	$5,862,199	$5,953,990	$6,105,960
Police Department Deficit	-$242,881	-$658,968	-$1,751,675

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

In general, if the Police Department runs a deficit as it is anticipated to do so in 2027, 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 2028, 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 2027, it is the Borough Manager's recommendation that the Borough not increase the Police Tax rate, currently at 27-mil.

Police Tax	Mil Rate	Change	% Change
2023	25	1	4.2%
2024	25	0	0.0%
2025	27	2	8.0%
2026	27	0	0.0%
Proposed 2027	27	0	0.0%

In contrast, the Chambersburg Fire Department is in financial crisis right now. In the 2026 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 $1,981,672 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 Water Fund's PILOT payment (the Ambulance Fee). There is no way permitted to raise the Fire Tax (approx. 9-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.

Fire/EMS Department Budget	2025	2026	2027
Estimated Cost of Operations	$6,206,695	$6,327,556	$7,636,536*
Local Services Tax Yield (set at State Maximum)	-$775,000	-$790,000	-$900,000
Fire Code Inspections	-$80,000	-$88,000	-$100,000
Ambulance Patient Fees	-$1,500,000	-$1,605,000	-$1,912,000
Ambulance Fee on Water Service Invoices	-$1,538,868	-$1,738,868	-$1,917,685
State Grant for Fire Pension Costs (grant shifted from utilities)	-$594,400	-$660,238	-$723,659
Subtotal	$1,718,427	$1,445,450	$2,083,192
Tax Rate	3-mil	3-mil	3-mil
Estimated yield of Fire Tax	$621,920	$667,610	$650,510
Less required transfer to the Motor Equipment Fund (State law)	-$536,255	-$560,975	-$548,990
Net Fire Tax Revenue for Operations	$85,665	$106,635	$101,520
Fire/EMS Deficit	-$1,632,762	-$1,338,815	-$1,981,672

**To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

There is one important note about the budgets in the General Fund. Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Fire Department. To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

Actual increasing costs for the Fire Department include estimated wages (a cost-of-living increase for 2026 and 2027 based on an estimated Fire union contract and more employees to fill all the leftover vacancies), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs which have increased greatly), and these new technology expenses. Between the Admin. Services transfer and actual department expenses, the cost of the Fire Department appears to grow $1,308,980 but really it only grew $730,060 or 11.5%; and much of that is estimated wage increases for 2026 and 2027.

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. Beginning in 2027, the Ambulance Fee is changing within the Borough budget. It used to be a fee collected by the General Fund. Beginning in 2027, it is now a part of the Water Rates in the Water Utility. It is now a Payment in Lieu of Taxes (PILOT) between the Water Utility and the General Fund. Customers should not notice any change other than an increase in the fee on their water service invoices from $12.50 per month per water service connection to $13.75 per month.

This method of budgeting scarce revenues is not sustainable. As of today, there are insufficient available miscellaneous revenue, such as from Act 511 taxes, to fill all the holes in the General Fund. If expenses grow even a little (for example, a larger cost-of-living increase for the fire union or an unforeseen expense such as a large number of snowstorms this winter) or just that the Borough finishes the 2027 fiscal year in not a strong cash position, then there will be no more 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 2028. 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%
2026	2.5	0.5	3	0	0.0%
Proposed 2027	2.5	0.5	3	0	0.0%

In 2027, 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 Water Utility PILOT (the Ambulance Fee), the Fire Department is anticipated to run a deficit requiring the use of general revenues to cover additional expenses. All three, Police, Fire, and EMS, are draining all the revenue out of the General Fund.

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 $217,818 in 2027. 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, an assessed value of $21,782 is close to the average home in the Borough. 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.

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

Est. Single-Family House Tax	2023	2024	2025	2026	2027	Difference
General Fund Taxes						
Police Tax	$434	$438.14	$474.62	$474.86	$469.19	-5.67 less
Share of Fire Tax for the General Fund	$18	$17.35	$17.40	$17.41	$17.20	
Share of Fire Tax for Fire Truck Rentals	$34	$35.23	$35.34	$35.35	$34.93	
Fire Tax (Total)	$52	$52.58	$52.74	$52.76	$52.13	-0.63 less
Taxes for Debt						
Recreation Bond Tax	$43	$43.81	$43.95	$43.97	$43.44	-0.53 less
Police Station Bond Tax	$35	$35.05	$35.16	$35.17	$34.75	-0.42 less
Public Works Complex Bond Tax	-	-	$17.58	$17.59	$34.75	$17.16 more
TOTAL	$564	$569.58	$624.05	$624.35	$634.26	$9.91 more

In most categories, the average single-family real estate tax bill is less in 2027 than in 2026.

The average single-family house inside the Borough of Chambersburg will pay $9.91 more in taxes in 2027. Your tax bill at your house is based upon your assessed value. This is for the average house, but none of that increase helps the Police, Fire, EMS or the General Fund.

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 Water PILOT payment (the Ambulance fee), the General Fund would be out of balance by over $1.912 million. What if that is not an option in the future?

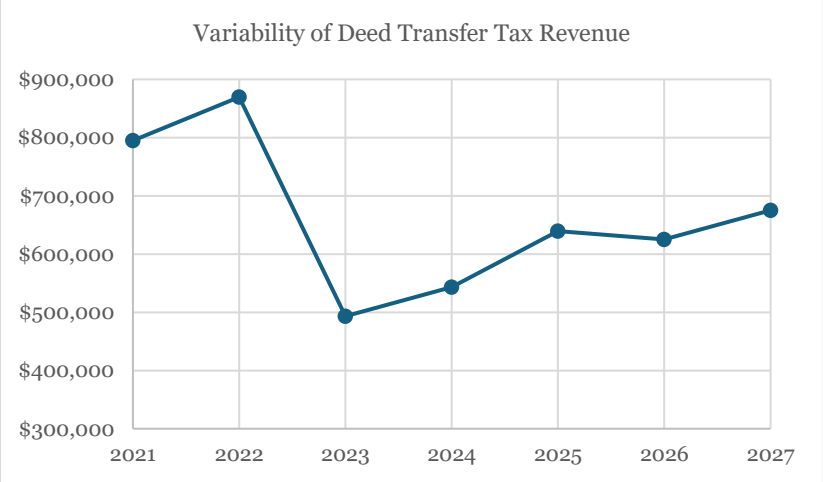
There are very limited funding options for this extremely important fund going forward.

Key General Fund Revenues (Excerpt)

2027 General Fund Revenues (Excerpt)	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 ACTUAL	2026 BUDGET	2027 PROPOSED
Police Tax (From 25-Mil In 2023, to 27-Mil In 2025)	$5,067,454	$5,060,555	$5,229,081	$5,347,609	$5,815,874	$5,953,990	$6,105,960
Fire Tax (½-Mil)	$106,208	$102,299	$105,078	$119,513	$109,999	$112,423	$109,798
Local Services Tax (LST) Tax on Workers	$787,302	$785,273	$774,095	$799,226	$828,441	$790,000	$900,000
Deed Transfer Tax on Real Estate Sales	$795,061	$869,660	$493,324	$543,200	$639,541	$625,000	$675,000
Wage & Earned Income Tax on Residents	$2,426,441	$2,745,152	$2,836,387	$3,100,100	$3,417,732	$3,400,000	$3,900,000
Payments In Lieu Gross Receipts Tax - Electric	$1,350,000	$1,350,000	$1,470,000	$1,870,000	$2,033,000	$2,500,000	$2,550,000
Payments In Lieu Gross Receipts Tax - Gas	$650,000	$650,000	$750,000	$900,000	$910,000	$975,000	$1,001,116
Payment in Lieu of Taxes Water (Ambulance Service)	$971,785	$974,749	$1,244,182	$1,511,166	$1,546,767	$1,738,868	$1,917,685
Police Fines & Fees	$129,978	$132,141	$219,153	$119,438	$148,939	$170,000	$160,000
Ambulance Patient Fees & Charges	$1,217,343	$1,314,329	$1,399,772	$1,609,044	$1,709,568	$1,605,000	$1,912,000
Motor Equipment Fund Rebate to General Fund	$585,320	$575,815	$612,735	$594,260	$586,255	$209,430	$260,225

In most categories, the key revenues in the General Fund are not keeping pace with increasing costs.

Typically, the only revenue categories that can be increased are the Police Tax and the PILOT payments.



It is extremely difficult to count upon the revenue from deed transfer tax, but encouraging real estate sales always helps drive up that income.

General Fund Revenues (Full Detail)

	Year	($)	MIL
2027 General Fund Revenues (Detail)			
Police Tax Revenue (70002. 70003, 70008, 70011)	Est 2027	$6,105,960	27
	Budget 2026	$5,953,990	27
	2025	$ 5,815,874	27
	2024	$5,347,609	25
	2023	$ 5,229,081	25
	2022	$5,060,555	24
	2021	$5,067,454	24
Deed Transfer Tax Revenue (70009)	Est 2027	$675,000	
	Budget 2026	$625,000	
	2025	$639,541	
	2024	$543,200	
	2023	$493,324	
	2022	$869,660	
	2021	$795,061	
Earned Income Tax Revenue (70010)	Est 2027	$3,900,000	
	Budget 2026	$3,400,000	
	2025	$3,417,732	
	2024	$3,100,100	
	2023	$2,836,387	
	2022	$ 2,745,152	
	2021	$ 2,426,441	
LST (or EMST) Tax Revenue (70005)	Est 2027	$900,000	
	Budget 2026	$790,000	
	2025	$828,441	
	2024	$799,226	
	2023	$774,095	
	2022	$785,273	
	2021	$787,302	
Police Fines Revenue (70031, 70034)	Est 2027	$160,000	
	Budget 2026	$170,000	
	2025	$148,939	
	2024	$119,438	
	2023	$219,153	
	2022	$132,141	
	2021	$129,978	
Ambulance Billing Revenue (70046,70047)	Est 2027	$1,912,000	
	Budget 2026	$1,605,000	
	2025	$1,709,568	
	2024	$1,609,044	
	2023	$1,399,772	
	2022	$1,314,329	
	2021	$1,217,343	

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 (CPD) 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

Police Operations	2025 Actual		2026 Budget		2027 Budget	
	$6,657,526		$7,637,728		$8,853,521	
Earmarked Revenue						
Police Tax	$5,815,874		$5,953,990		$6,105,960	
Police Fines & Other	$148,939		$170,000		$160,000	
Subtotal	$5,964,813		$6,123,990		$6,265,960	
Excess (Deficit)	($692,713)	Deficit	($1,513,738)	Deficit	($2,587,561)	Deficit

Police Operations	2025 Actual	2026 Budget	2027 Budget
Non-Personnel Costs	$1,267,688	$1,554,753	$2,670,655
Personnel Costs	$5,389,839	$6,082,975	$6,182,866

The deficit in this snapshot, $2.6 million, is further reduced by the Reimbursement from CASD for School Crossing Guards (estimated), and the State Grant for Fire Pension Costs (grant shifted from utilities).

First, it may be more accurate to call the shortfall in Police Department funding $1,751,675 rather than $2,587,561. Not that it is sustainable but we regularly count the two payments from CASD and the shift of the pension grant from the utilities to the General Fund, towards meeting this burden.

Second, to be fair, actual increasing costs for the Police Department include wages (a cost-of-living increase), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs which have increased greatly), information technology expenses, and an increase in Police Liability insurance premiums. Between the Admin. Services transfer and actual department expenses, the cost of the Police Department appears to grow $1,215,796 but really it only grew $553,956 or 7.3%.

That is still a very significant growth for one fiscal year and given the lack of funding options, unsustainable.

This 2027 Budget includes hiring one (1) replacement patrol officer due to a resignation.

Looking ahead to 2027, the Police Department anticipates another year of continued growth, building on the successful achievement of their 2026 operational goals. As of January 2027, the agency carries one vacancy resulting from the mid-2026 resignation of a probationary officer. Continuous recruitment efforts throughout 2026 allowed the filling of allocated positions—hiring one candidate for the July 2026 police academy class and another for the January 2027 class to backfill the vacancy. While unexpected personnel changes from retirements and resignations are an ongoing challenge, the continued support of Borough Council in authorizing timely vacancy fills as the Police Department strives toward a fully staffed complement by the end of 2027.

The Department continues to be recognized as one of the top agencies with Crime Watch, the online police community, 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 demonstrated ongoing excellence in law enforcement standards by earning its Year 3 accreditation through the Pennsylvania Law Enforcement Accreditation Commission. To deliver high-quality, compassionate public safety services, the Department also fulfills the IACP One Mind Campaign Pledge by fully certifying all agency personnel 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.

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.

Quarterly Crime Stats Comparison

2025 Clearances

1st Quarter January through March	***3d Quarter July through September***
Part I Offenses 106, 48% Clearance Rate	Part I Offenses 128, 49% Clearance Rate
Part II Offenses 138, 69% Clearance Rate	Part II Offenses 186, 66% Clearance Rate
2nd Quarter April through June	***4th Quarter October through December***
Part I Offenses 106, 54% Clearance Rate	Part I Offenses 104, 40% Clearance Rate
Part II Offenses 173, 72% Clearance Rate	Part II Offenses 151, 64% Clearance Rate

2026 Clearances

1st Quarter January through March	***3d Quarter July through September***
Part I Offenses 82, 57% Clearance Rate	Part I Offenses 507, 54% Clearance Rate
Part II Offenses 158, 53% Clearance Rate	Part II Offenses 804, 73% Clearance Rate
2nd Quarter April through June	***4th Quarter October through December***
Part I Offenses 96, 57% Clearance Rate	*Not available at time of print*
Part II Offenses 191, 60% Clearance Rate	

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

Year	Crimes Reported	Part 1 Crimes Cleared	Clearance Rate	Crimes Reported	Part 2 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%
2025	419	213	51%	581	425	73%

Highlights for 2026

As the result of a generous donation from the Chambersburg Area Development Corporation, the CPD purchased five (5) portable radios for Special Event Monitors (SEMs). SEMs are the hardworking individuals who work the special events in the downtown business district and other locations here in Chambersburg; directing traffic, answering questions, and providing directions to those who attend. The Department anticipates the purchase of five (5) more in 2027.

As the result of another donation, the CPD was able to purchase additional License Plat Reading Cameras (LPRs) and install them at two other locations in the Borough. Chambersburg has had LPRs since 2016, and have used them professionally and in accordance with policy and law. These LPRs have helped officers solve crimes in a quicker manner. LPRs serve solely as investigative leads and do not replace an officer's duty to independently verify facts and establish legal justification for any enforcement action. While the technology flags potential areas of interest, human judgment, oversight, and constitutional decision-making remain the foundation of all stops, searches, and arrests. LPRs provide law enforcement with a valuable investigative tool while maintaining strict human accountability. Since their inception, there have been zeros instances of misuse by the CPD and the program has been continuously audited.

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. The cost in late 2026 for body armor was $2,000. Since returning to the grant in 2023, the CPD has purchased and received offsetting costs for over 25 vests!

The remaining larger purchase for the police department in 2026 will be our drones. Between 1,400 and 1,500 public safety agencies utilize drones to assist with policing efforts. Drones will equip CPD officers with rapid emergency response capabilities through real-time aerial video streaming. By allowing officers to visually assess high-risk environments prior to entry, this technology delivers critical tactical

advantages that directly enhance both officer and public safety. Beyond law enforcement applications, CPD intends to operate this program as a shared municipal resource, assisting other Borough departments with aerial operations upon request.

Enforcement Strategy

The Chambersburg Police Department is dedicated to keeping the community safe. Deterring crime and ensuring safe travel are their primary goals, but the community partnership is essential to their success. The CPD encourages the public to help them by reporting suspicious activity or traffic offenses. Reports can be made anonymously via 911, or the non-emergency dispatch line (717-263-1611). The Crime Watch website is an asset for providing tips regarding various crimes. Please use 911 or the non-emergency to report in progress incidents. You can also assist investigations by registering your home or business security cameras with CPD through Crime Watch.

While the Department has a long-term goal of a dedicated traffic unit, traffic enforcement is currently a shared duty across the department. Despite rising call volumes, all officers work hard to balance their time between answering calls for service, conducting criminal investigations, and performing proactive traffic details such as speed enforcement, DUI patrols, and citizen complaints.

Traffic Efforts
All of 2025 and 2026 (Through September 15, 2026)

- DUI Arrests
  - 2025-80
  - 2026-40
- Collisions
  - 2025-1045
  - 2026-678

Criminal Efforts

- Arrests
  - 2025-1768 (142 Felony; 274 Misdemeanor; 715 Summary; 469 Non-Traffic Citations)
  - 2026-912 (71 Felony; 184 Misdemeanor; 409 Summary; 398 Non-Traffic Citations)
- Foot Patrols
  - 2025-272
  - 2026-136
- Call volume
  - 2025-10,223
  - 2026-9,948

The Department has developed 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 2026, the borough staff and the Police Department heard the frustration from our citizens regarding “e-bikes.” The Borough is responding regarding borough-controlled properties. An ordinance regarding their use on Borough owned properties is on the horizon. The Department is working toward a public service announcement as well to educate the community on what an e-bike is and what is not, and how the law addresses each type of these micro mobility devices. There are laws for each and we must always obey the rules of the road. The CPD does not want to see anyone injured.

Capital Project Needs

2027 Projects	Total Cost
New (Replacement) TASERs Phase 2	$62,005
Body Worn & In-Car Replacement	$230,000
New (Replacement) Portable Radios- SEMs	$20,000 Donation Anticipated

2028-2029 Projects	
Mobile Radio (In-Car) Replacement	$160,000
New (Replacement) Portable Radios SEMs	$20,000 Donation Anticipated
New (Replacement) Mobile License Plate Readers (Vehicles)	$110,000
New (Replacement) Portable Radios- Officers	$492,000

Accreditation

On June 28, 2026 the department successfully completed its third follow-up year of accreditation with an on-site visit. Assessors from three Pennsylvania police agencies came to the CPD and toured our facility, viewed many types of police equipment, conducted ride-a-longs, and interviews. Over these last three years, CPD has continuously been tested on our policies and standards, ensuring the department maintained its professionalism through transparency and trust. 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.

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 and Trojan Football

Community Policing

The Chambersburg Police Department is deeply committed to the philosophy of community policing. In 2026, officers dedicated significant time to building public partnerships and attending community events. Key initiatives included the annual National Night Out, led by Mental Health Co-Responder and Community Liaison Jennifer Ewing, as well as the upcoming Holiday with Heroes event, co-sponsored with the Borough Fire Department in December. Additionally, a major highlight of community involvement this year was partnering with Habitat for Humanity, where officers helped construct a new home for a new resident. These hands-on outreach efforts continue to be a resounding success, making 2026 another excellent year for community relations.







Training, Education and Wellness

The Chambersburg Police Department upholds the philosophy that every officer is a leader in our community. Comprehensive training equips our officers with the essential tools to serve the Borough effectively while promoting the highest levels of professionalism. Utilizing software platforms like Lexipol and Police One, CPD efficiently delivers daily, weekly, and monthly training modules. This ensures all personnel remain current on evolving case law, policy updates, and nationwide best practices. In 2025, CPD proudly maintained its gold level achievement with Lexipol—marking the sixth consecutive year being recognized for excellence in policy management—and they are on track to earn this distinction for a seventh consecutive year.

Throughout 2026, CPD leadership prioritized advanced education. Lieutenant Fegan, Sergeants Iversen and McGhee, and Corporals Sgrignoli, Shockey, and Hinds completed a comprehensive Internal Affairs Investigations course. Additionally, Sergeant Iversen attended the prestigious FBI LEEDS program in Princeton, NJ, while several supervisors participated in a two-day seminar focused on frontline command, decision-making, and leadership development. Furthermore, numerous officers, supervisors, and all command staff attended "Building a Resilient Agency." The CPD were fortunate to host this impactful resilience training right here in Chambersburg, extending the opportunity to our regional law enforcement partners with outstanding results.

Complementing their professional training, CPD remains deeply committed to a department wellness program. This year, the Wellness Committee introduced quarterly incentive challenges for all personnel to promote holistic health:

- Quarter 1: Fitness and physical workouts.
- Quarter 2: Self-care activities.
- Quarter 3: Intentional family time and connection.
- Quarter 4: Improved nutritional habits.

Building on the success of these initiatives, we are actively developing expanded wellness programs for the future.

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, working on investigations, and patrolling when possible. At times, this leaves little time for proactive policing.

- The Chambersburg Police Department averages approximately 1000 calls for service each month.
- The total calls for service in 2025 were 10,233.
- An average of 35 calls for service occur each day; with shift staffing between 4-5 officers on duty per shift, including a supervisor, who has separate duties to running calls.

The COPS Community Policing grant that was awarded in 2024 continues to pay up to about $125,000 total of one officer's salary and benefits for one more year.

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

The Chambersburg Police Department strives to be fully staffed by year's end of 2027.

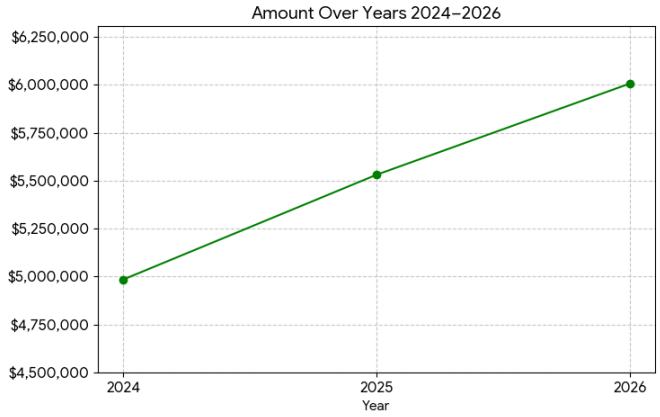
	Chief	Inspector	Lieutenant	Clerical	CSO/Co-Responder	Officers
2007	1	-	-	3	-	33
2008	1	-	-	3	-	33
2009	1	-	-	3	-	33
2010	1	-	-	3	-	33
2011	1	-	-	3	-	33
2012	1	-	1	2	-	31
2013	1	-	1	2	-	33
2014	1	-	1	2	-	33
2015	1	-	1	2	-	34
2016	1	-	1	2	-	32
2017	1	-	1	2	-	32
2018	1	-	1	2	-	32
2019	1	-	1	2	-	32
2020	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
2026	1	0	2	3	1	36
2027	1	0	2	3	1	36

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

Through the support of Borough Council, the approved 2026 budget allowed the Department to increase its complement of officers by one (1), bringing our total sworn strength to 39. An officer was hired in the summer of 2026 and is scheduled to complete police academy training in December 2026; however, as noted previously, the Department remains down by one officer due to a current vacancy.

The Chambersburg Police Department has grown its sworn personnel by five officers (a 15% increase) over the past two decades. We are approaching a critical staffing transition. Within the next five years, seven veteran officers—representing nearly 20% of our force—will reach retirement eligibility. To maintain operational capabilities and public safety standards, CPD must remain highly competitive in both recruitment and retention.

Delivering these high-quality public safety services requires significant financial investment. Driven by rising wage and benefit costs, the total annual personnel expense for the Department now exceeds $6 million, highlighting the vital relationship between public safety needs and the Borough's tax and revenue planning.



The ongoing commitment of Borough and the community directly supports the goal of maintaining a highly professional, well-equipped law enforcement agency. Managing the rising costs of essential equipment—including police vehicles, body-worn cameras, Tasers, radios, and technology infrastructure—presents a significant financial challenge over the coming years. Capital expenditures for these critical tools are projected to exceed $1 million annually, representing the equivalent of approximately 4 mills in police tax.



Officer Formal Education is a Continuing Priority

- 60% of the Department holds a Bachelor's Degree (30% is Nationwide Avg.)
- 11% of the Department earned a Master's Degree (5% is Nationwide Avg.)
- 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.

Fire Department

The Chambersburg Fire Department (CFD) remains committed to providing exceptional service to our community while continuously working toward our mission of answering every call with professionalism, compassion, and all with excellence. As an all-hazards response agency, CFD provides a comprehensive range of services, including fire prevention, fire suppression, rescue operations, hazardous materials response, and emergency medical services. Our highly trained personnel respond to both emergency and non-emergency situations where the skills, resources, and dedication necessary to protect the lives, property, and well-being of everyone who lives, works, and visits the Borough of Chambersburg are expertly delivered. Through ongoing training, community engagement, and strong partnerships, the department strives to enhance emergency preparedness, reduce risk, and deliver rapid, reliable, and effective responses to meet the evolving needs of our community.

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

Fire Department Operations	2025 Actual		2026 Budget		2027 Budget	
	$5,959,339		$6,327,556		$7,636,536	
Earmarked Revenue						
Fire Tax Transfer	$555,629		$560,975		$548,990	
Local Services Tax	$828,441		$790,000		$900,000	
Fire Code Inspections	$107,203		$88,000		$100,000	
Ambulance Fees	$3,256,335		$3,343,868		$3,829,685	
Subtotal	$4,747,608		$4,782,843		$5,378,675	
Excess (Deficit)	$(1,211,731)	Deficit	$(1,544,713)	Deficit	$(2,257,861)	Deficit

Police Operations	2025 Actual	2026 Budget	2027 Budget
Non-Personnel Costs	$1,295,148	$1,031,618	$2,157,958
Personnel Costs	$4,664,191	$5,295,938	$5,478,578

The deficit in this snapshot, $2.26 million, is further reduced by the State Grant for Fire Pension Costs (grant shifted from utilities).

First, it may be more accurate to call the shortfall in Fire Department funding $1,981,672 rather than $2,257,861. Not that it is sustainable but we regularly count the shift of the pension grant from the utilities to the General Fund, towards meeting this burden.

There is one important note about the budgets in the General Fund. Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Fire Department. To be fair, some of the increase in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

Actual increasing costs for the Fire Department include estimated wages (a cost-of-living increase for 2026 and 2027 based on an estimated Fire union contract and more employees to fill all the leftover vacancies), benefits including health insurance, vehicle expenses (additional vehicle maintenance costs which have increased greatly), and these new technology expenses. Between the Admin. Services transfer and actual department expenses, the cost of the Fire Department appears to grow $1,308,980 but really it only grew $730,060 or 11.5%; and much of that is estimated wage increases for 2026 and 2027.

That is still a very significant growth for one fiscal year and given the lack of funding options, unsustainable.

Staffing

The Chambersburg Fire Department is comprised of a dedicated team of highly trained professionals committed to protecting the lives, property, and well-being of the community. The Department currently employs twenty-six full-time firefighters and five part-time firefighters, all whom are cross trained as firefighters and Pennsylvania Emergency Medical Technicians (EMTs). Leadership in the department consist of the Fire Chief & EMS Director, Assistant Fire Chief & EMS Director, four Fire Captains, and a volunteer Deputy Fire Chief.

The Department's effectiveness is built upon preparedness, professionalism, and a commitment to providing a rapid and effective emergency response. Through continuous training, operational readiness, and teamwork, the firefighters are prepared to respond to a wide range of emergencies. Even with the substantial growth over the past ten years in the Borough, a fire or EMS unit can typically arrive on the scene of an emergency incident in approximately four minutes after dispatch.

Career Staff

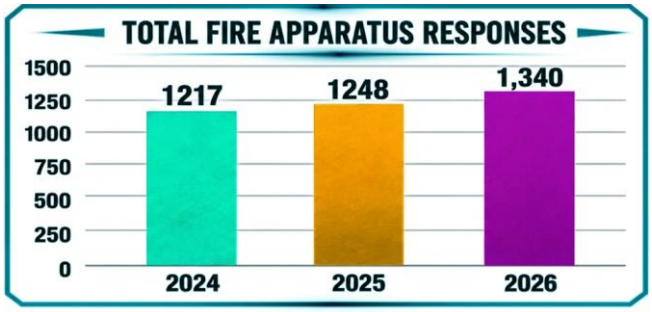
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Chief	2	2	2	2	2	2	2	2	2	2	2	2	2
Clerical	2	2	1	1	1	1	1	1	2	2	2	2	2
Firefighters	21	21	21	24	25	25	25	27	25	27	31	26	26

Fire Services

The Department continued in 2026 to expand on the fire and rescue services provided to the community by personnel taking additional technical training and adding new tools to the apparatus. As with the past years, overall call volume continued to increase, as did the number of mutual aid requests for structural fire incidents in surrounding jurisdictions. Fire apparatus responded to over 1,300 emergency incidents during the year and assisted on over fifty mutual-aid structure fires. These trends reflect the growing demands placed on the Department and the need for continued operational readiness, as well as the ever-changing volunteer fire Department services which are very prevalent in this county.

Today's fire service is changing more rapidly than ever before. Community growth, evolving construction practices, new technologies, alternative-fuel vehicles, new technologies in data, changing incident trends, and increasingly complex emergencies expand the responsibilities of our modern-day Department.

The Chambersburg Fire Department recognizes that meeting these challenges requires continued adaptation and investment in the future of the organization. As call volume grows and these trends change, the personnel spend countless hours training on new techniques to minimize risks and maximize efficiency. Staff met the challenge of building on their training foundation with over 10,000 personnel training hours in 2025 and over 10,250 hours in 2026. Training was focused on live-fire training, elevator rescue, low and high angle rope rescue, and emergency medical skills. To capstone the Department's commitment to continuous training and staff professional development, it received Lexipol recognition in distinguished training in 2025. This is the fourth consecutive year that the Department was recognized at some degree for training accomplishments.



TOP CALL TYPES

FIRE QRS (QUICK RESPONSE SERVICE) EMS	36%
FIRE ALARMS	25%
STRUCTURE FIRES	5%
HAZMAT	4%
WIRES/POLES	3.5%
VEHICLE ACCIDENTS	3%

FIRE RELATED REVENUE

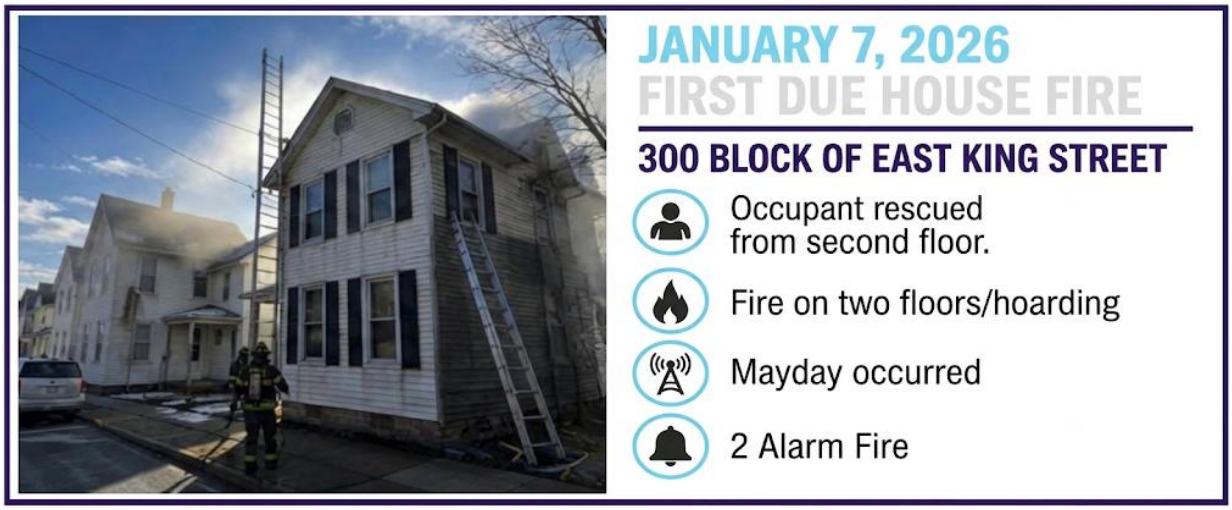
YEAR	FIRE TAX REVENUE
2024	$613,055
2025	$619,852
2026	$608,324 (1/1-7/31)

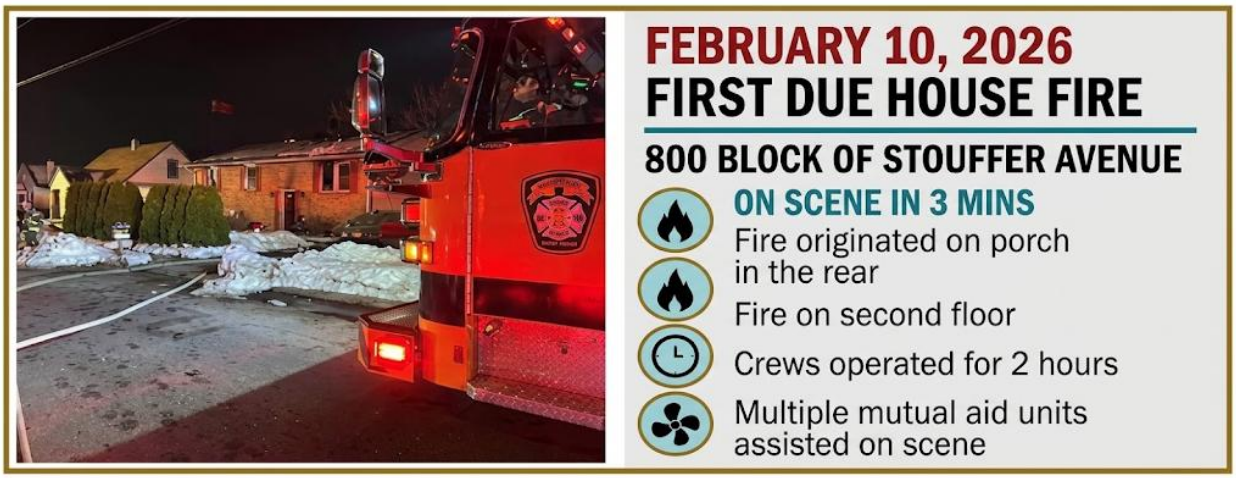
LOCAL SERVICES TAX REVENUE

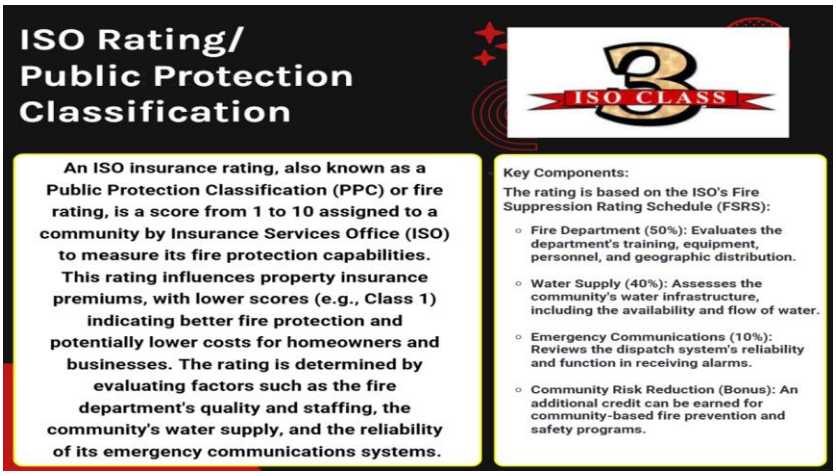
YEAR	LOCAL SERVICES TAX REVENUE
2024	$799,225
2025	$828,441
2026	$429,907 (1/1- 7/31)

BUSINESS PERMIT INSPECTION REVENUE

YEAR	BUSINESS PERMIT INSPECTION REVENUE
2024	$59,283
2025	$84,102
2026	$46,097 (1/1-7/31)







The Chambersburg Fire Department is rated an ISO Class 3 Department



Firefighters training at the York Fire School

Emergency Medical Services

The Chambersburg Fire Department continues to serve as a cornerstone of area safety, providing Basic Life Support (BLS) ambulance services to the Borough and surrounding townships. Revenue generated from ambulance billing remains an indispensable funding stream, directly subsidizing the department's broader emergency service operations budget. However, this model nationwide continues to show a substantial strain, not just here locally. In 2026, personnel answered more than 5,300 EMS calls, most with just a single EMS unit.

Very similar to fire related responses, this localized volume in emergency medical calls is heavily driven by community development and the steady expansion of healthcare, assisted living homes, and nursing facilities in the area. As these complexes multiply and their vulnerable patient populations grow, they in return generate daily requests for service.

Compounding these operational hurdles is a deeply flawed ambulance reimbursement structure that penalizes local departments. Because a significant portion of Chambersburg's responses involve patients from medical and nursing facilities, a large percentage of transports fall under Medicare. When a call fails to meet rigid federal definitions of "medical necessity," the department receives little to no compensation, forcing it to write off over $1.4 million annually in unrecoverable costs. At the same time, private insurance payouts consistently fall short of covering the actual, rising costs of modern emergency care, fuel, and medical equipment. Despite these severe financial headwinds, the Chambersburg Fire Department remains unyielding in its commitment to protecting the community. Securing sustainable funding and stabilizing the local workforce will be paramount to ensuring residents can continue to depend on professional, timely emergency care.

EMS BILLING & REVENUE OVERVIEW

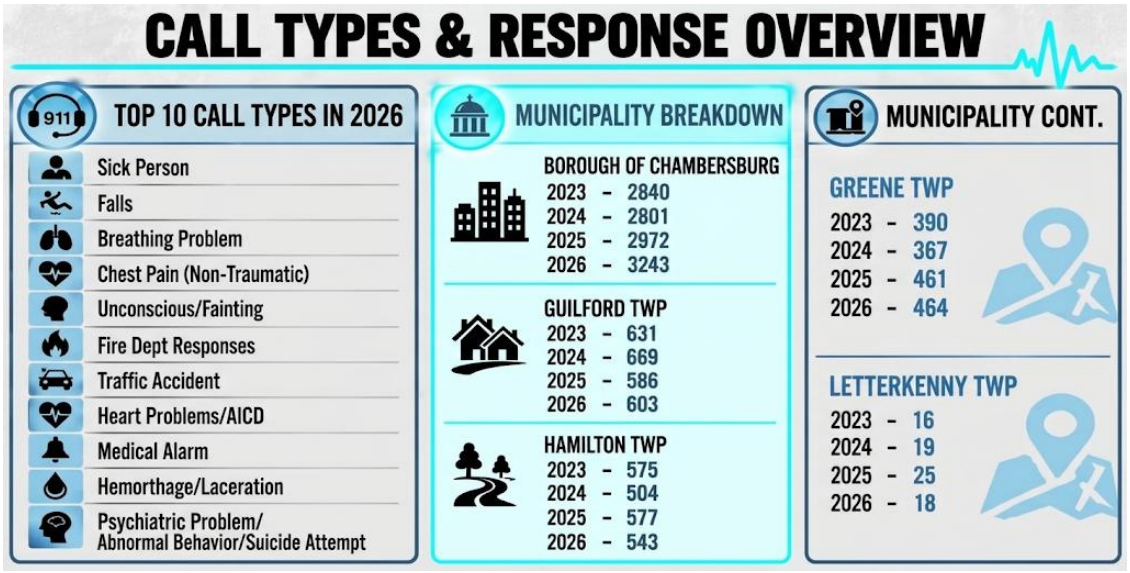
YEAR	BILLED (TOTAL CHARGES)	PAYMENTS RECEIVED (REVENUE)	CONTRACTUAL ALLOWANCE ADJUSTMENT (WRITTEN-OFF)	TRIPS BILLED
2024	$3,284,452	$1,514,521	$1,499,389	3,889
2025	$3,511,656	$1,588,358	$1,456,271	4,181
2026 (1/1 - 8/31)	$2,417,272	$1,129,378	$1,133,961	2,678

AMBULANCE SERVICE FEE REVENUE

YEAR	AMBULANCE SERVICE FEE REVENUE	NOTES
2024	$1,609,044	RECEIVED
2025	$1,709,568	RECEIVED
2026 (ESTIMATED)	$1,816,831	PROJECTED

The Ambulance Fee will be recommended to go from $12.50 per month per water service connection to $13.75 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. It is a part of the Water Utility Fund's water service fees and remitted to the General Fund as a Payment in Lieu of Taxes (PILOT).

As there is no restriction on the payment of the PILOT by in-town water customers, for legal and accounting reasons, the Borough will begin to describe the Ambulance Fee as a Water Service Fee, remitted to the Water Utility and given as a PILOT to the General Fund. It is for this reason that out-of-town water customers will continue to not pay this fee, nor will water that is sold to the Bear Valley Joint Municipal Authority, as those customers are out-of-town as well.



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 early detection of fires. As the saying goes, "An ounce of prevention is worth a pound of cure," and this philosophy guides the efforts.

Two vital, life-saving initiatives continue to protect our community through 2027: the carbon monoxide/gas detector program and the smoke detector program. In collaboration with the Borough Gas Department, the CO and gas detector program provides free detectors to all local residences in the Borough. Simultaneously, the smoke detector program is celebrating its 10th year in the community; funded by the American Red Cross, this cooperative effort provides free smoke detectors specifically for owner-occupied homes within the Borough.

Grants

Office of the State Fire Commissioner - State Grants awarded in 2026

- The Office of the State Fire Commissioner (OSFC) granted $16,136 to the CFD fire for the purchase of new firefighting turnout gear.
- The OSFC granted $15,000 to CFD EMS for the purchase of CPR device.
- The OSFC granted $12,158 to the Cumberland Valley Fire Co. No. 5 for thermal imaging equipment.
- The OSFC granted $11,872 to the Junior Hose & Truck Co. No. 2 for firefighting nozzles.
- The OSFC granted $10,546 to Goodwill Fire Co. No. 3 for hose testing equipment.

Office of the State Fire Commissioner – Municipal Grant awarded in 2026

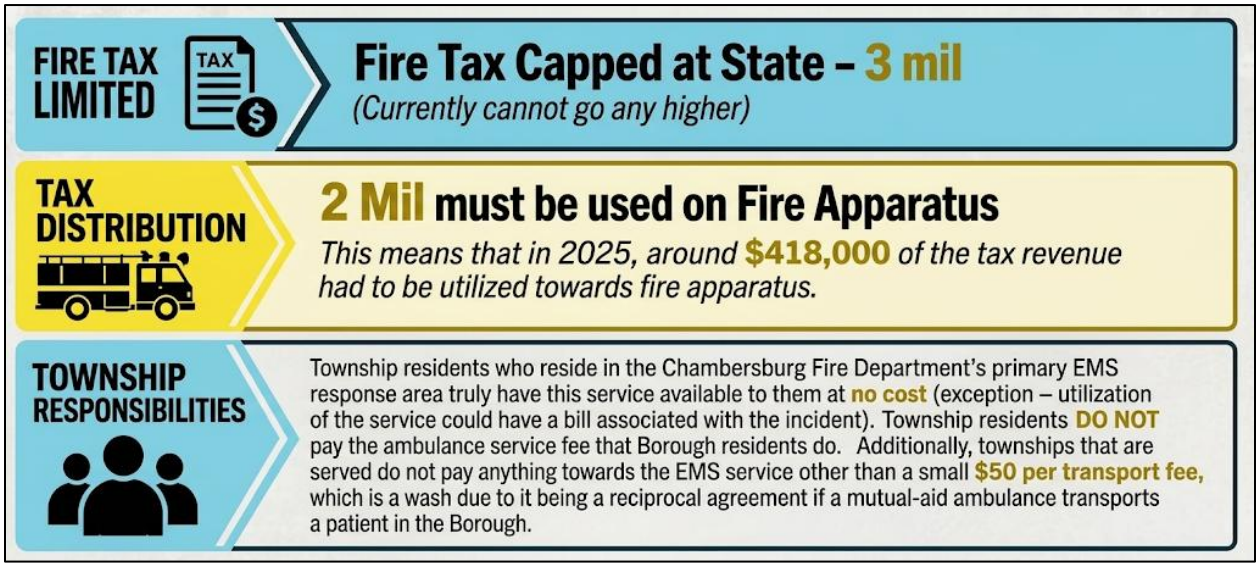
- The Office of the State Fire Commissioner (OSFC) Municipal Grant was awarded to the department for $62,318 towards the replacement of an emergency station generator at Headquarters Fire Station. This will require an additional $52,682 in Borough match.

LSA grant awarded in 2026

- LSA grant awarded $273,000 to purchase four (4) Stryker LifePak 35 Cardiac Monitors.

2026/2027 Challenges

- Mil Tax capped – Tax re-assessment needs to be completed.
- Municipalities who are provided CFD EMS services pay minimally for services – funding needs evaluated.
- Heavy call volume for both EMS and Fire apparatus.
- 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.
- Retention of personnel due to significant call volume and burnout.



The Department's finances and regional staffing could both be solved if other municipalities would make some of the same commitments to professional firefighting and EMS services already made in the Borough of Chambersburg. We talk to our friends and neighbors in the townships and they are rarely well informed on the true crisis in public safety occurring in their communities as a result of trying to save money.

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 fire 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.



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.

Department Director: Matt Hutchison, AFO, CPRP, CPSI

Recreation Operations	2025 Actual		2026 Budget		2027 Budget	
	$1,427,276		$2,131,843		$2,070,581	
Earmarked Revenue						
Recreation Tax	-		-		-	
Recreation Fees	$269,518		$247,000		$268,000	
Subtotal	$269,518		$247,000		$268,000	
Excess (Deficit)	($1,157,758)	Deficit	($1,884,843)	Deficit	($1,802,581)	Deficit

**To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.*

We have been forced to reduce the size and scope of the Recreation Department budget as a result of shifting additional resources to Police, Fire, and EMS. To accomplish this task, the Borough undertook a year-long accounting of actual expenses and was able to find appropriations best left in other categories, especially the Chambersburg Aquatic Center, which has its own set of accounts.

Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Recreation Department. To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

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 2027, the Recreation Department is anticipated to incur $1,802,581 more expenses than the revenue it will collect. With the cost of goods, services, and staffing increasing, this trend will continue unless a dedicated tax is someday created.

This is therefore the annual subsidy to run the Recreation Department (not the Aquatic Center which has its own accounts).

In general, if the Recreation Department runs a deficit, as it is anticipated to do in 2027, 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.

For fiscal management purposes, the General Fund may be seen as operating as one large department even though operations are split between these functional areas.

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 $2.1 million in 2027). 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 9.6-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 2026

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	
	2026 Budget	Through of 9/30/2026
Recreation Center	$185,000	$60,693
Memorial Park	$150,000	$67,729
Other Park Areas Including the Rail Trail	$173,000	$134,431
All other expenses for O&M	$1,520,441	$747,440

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.

RECREATION (NON-CAC) REVENUE & EXPENSES	2026 ACTUAL YTD*	ROLLING 12 MONTH TOTAL	2026 BUDGET	2027 BUDGET
70037 - Recreation Department Receipts	$144,475	$237,815	$235,000	$250,000
70038 - Recreation Vending, Concession & Consignment	$15,179	$20,145	$12,000	$18,000
Expenditures - Operating Expenses	$1,232,500	$1,568,925	$2,028,746	$2,016,411
Expenditures - Non-Operating Expenses	$0	$0	$1,000	$1,000
Expenditures - Interfund Transfers (Workers Compensation & Capital Improvements)	$10,347	$14,981	$102,097	$67,600
Total	($1,083,193)	($1,325,946)	($1,884,843)	($1,832,011)

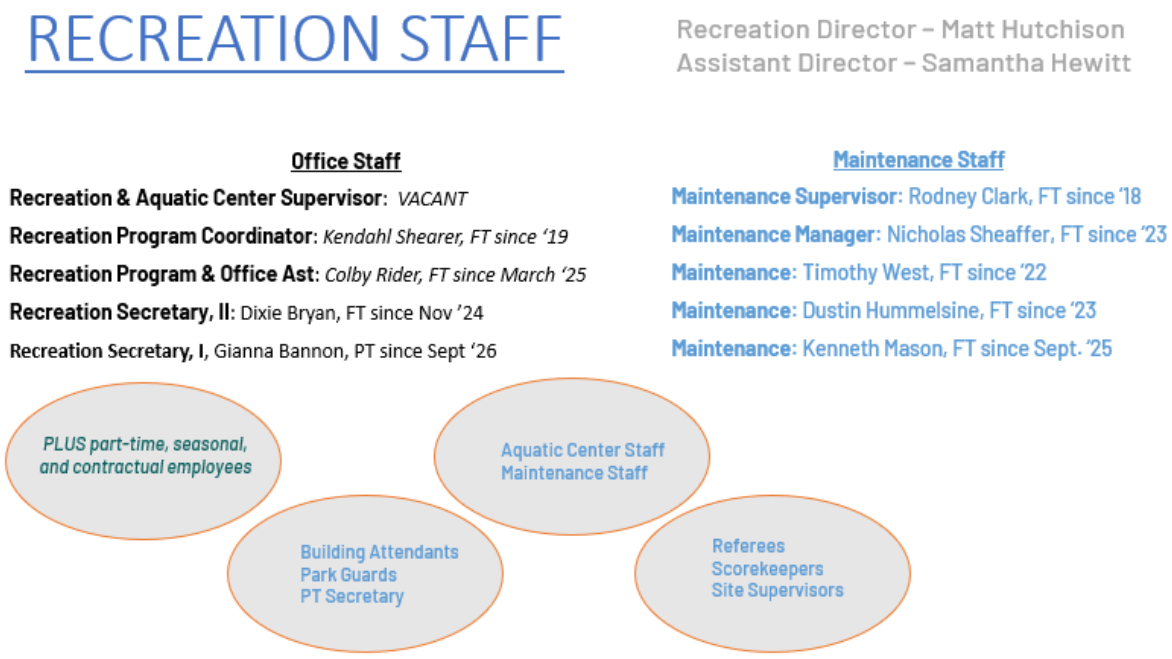
*(*Year to Date actuals from 9/30/2026)*

Regardless of what revenues and expenses are included in any analysis, the department will obviously require a subsidy to operate in 2027.

Changes in Personnel and What the Recreation Department Accomplishes

In 2027, there is an expectation that the Recreation Department will be fully staffed for the first time since 2024. In that window of time, a Recreation Director change has occurred and the addition of a newly-funded Assistant Director of Recreation position was hired from an internal candidate, former Recreation & Aquatics Supervisor Samantha Hewitt. As this new position matures into the organization, we expect to see some necessary growth in programs, operations, and workflow.

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.





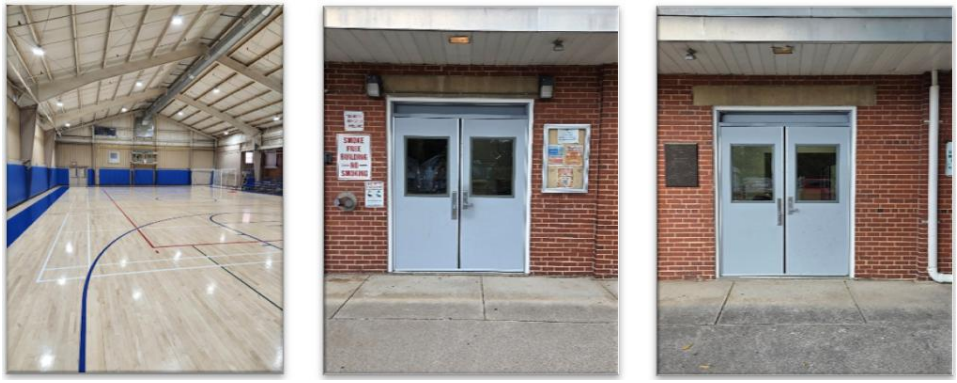


The Chambersburg Recreation Department must continue to evolve as the times change – both in organized team sports and community engagement. Pickleball programs continue to become more popular and demand grows for space both indoors an outside in the parks. Renting or building new recreation facilities is not fiscally possible on the disproportionate amount of revenue the department collects for these programs, but demand keeps increasing. Rates for programs, facility use and availability of space continues to be a limiting factor in the department's growth potential to both serve patrons and collect the necessary revenue to help offset some of these costs.

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:

- Refurbishment of the Gym 2 courts inside the Recreation Center;
- Replacement of exterior security doors at the Recreation Center;
- Stormwater and Parking lot improvements at the Recreation Center;
- Timber and Retaining Wall replacement on the Chambersburg Rail Trail.



Projects completed at the Recreation Center include floor refurbishment and new exterior doors

Additionally, strategic planning continues as the Recreation Department will benefit from a joint endeavor between Borough Departments in the finalization of planning for a Linear Park in decommissioned area of Water Street, near Southgate Shopping Center. Borough Utility departments are completing a full stormwater management plan which includes infrastructure upgrades to the area followed by placement of a Linear Park on top of the former street between West Catherine and Washington Streets.

Also, the Chambersburg Rail Trail will see additional planning and opportunity for expansion as the Borough has undertaken a study with consultants to best prioritize future expansion of the Trail. As Chambersburg was once a thriving railroad town, abandoned areas of track or other through-ways may be possible and future connection points may be possible. This continued assessment of the Rail Trail will ensure development and opportunities are not missed for future expansion to the benefit of the community surrounding the current route.



Early Concept Plan for the Chambersburg Linear Park, formerly located on Water Street

Capital Projects Planned

The Recreation Department received two grants which are tied to the corresponding Capital Projects which are planned for the 2026 year. A grant, which is intended to fund the Water ST. Linear Park, is part of a 3-agency grant which features funding received from PennDot, DCNR, and CFA. These funding sources are essential for the pre-planning and eventual execution of the build plan for the Park. Additionally, Recreation received LSA funding for the first phase of a 2-part project at the Recreation Center. Those LSA funds are intended to be used for new windows and a climate control HVAC system which will make portions of the building usable year-round.

The remaining four Capital Improvement Projects for 2026 are listed below:

Stormwater Drainage Replacement and Pave Lower-Level Parking Lot Next to Bard Hall	$80,000
Zero-Turn Mowers (4)	$50,000
Replace Railroad Tie Retaining Wall Along Rail Trail, Located Near Texas Lunch	$25,000
Leaf Vacuum for Dump Truck	$ 6,000

The Parks employees have utilized the Zero-Turn mowers in lawn management throughout the Spring of 2026, as they were purchased early in the budgeting year. The other tangible equipment item, the Leaf Vacuum, will serve as an essential upgrade with the volume of leaves collected throughout the park system in the Fall seasons.

The remaining two projects are yet to be finalized, but anticipate completion by the end of the 2026 budget year.

LOOKING AHEAD…… Future CIPs

Light Bollards at Mike Waters Park

Itemization	Estimate
Replacement	$30,000





Restroom Renovation Memorial Playground

Itemization	Estimate
Partitions	$3,200
Epoxy Floors	$2,200
Replace Doors	$5,000
Epoxy Paint	$4,200
Total Project	$19,400



Restroom Renovation Memorial Bandshell

Itemization	Estimate
Partitions	$2,800
Epoxy Floors	$2,200
Replace Doors	$9,000
Epoxy Paint	$4,200
Total Project	$18,200



Future Capital Improvement Projects may 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; and
- Memorial Park Tennis/Pickleball Court Light Pole Replacement.

Future smaller, yet beneficial projects may include:

- Gym floor refurbishment for both Gym 1 & Gym 2 in the Recreation Center;
- New gym scoreboard for Gym 1 in the Recreation Center;
- Bathroom refurbishments at the Recreation Center;
- Chambersburg Park Rules sign replacement & enhancement;
- New volleyball apparatus for Gym 2 at the Recreation Center; and
- Security Camera system upgrades throughout the Chambersburg Parks system.

Many recreational improvements for the Southgate neighborhood are planned, including:

- Water Street Linear Park;
- Meeting Place Plaza; and
- Creekside park in the area of the Maranatha Cold Weather Shelter.



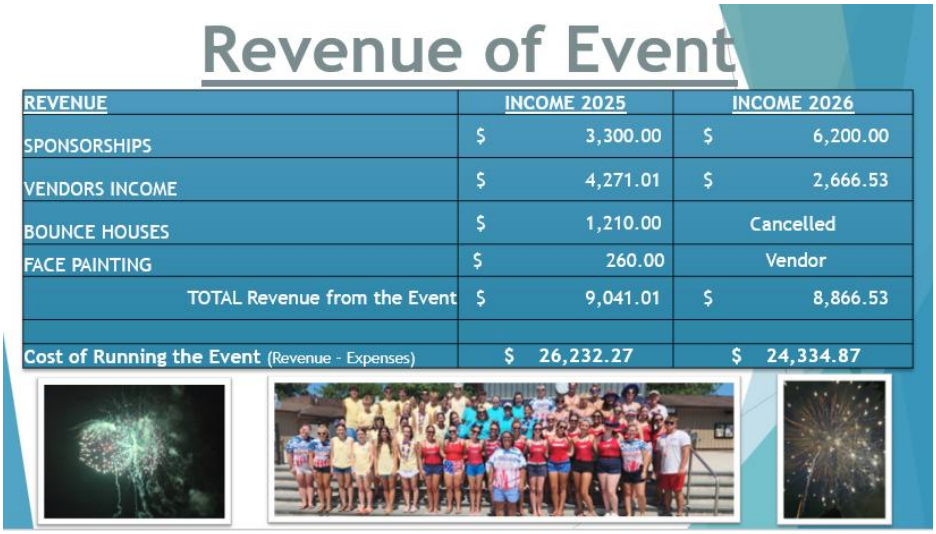
Rochester, New York, Frederick Douglass Statute

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 2026

The Chambersburg Recreation Department continues to organize and host the Independence Day Celebration for the community. In 2026, 15 different food vendors, two local breweries, three bands, face painting, and an incredible fireworks display. Unfortunately extreme heat and thunderstorms limited attendance at the most recent edition of this event, despite the 250th Centennial Celebration.





The 2026 celebration generated an income of $8,866.53 to offset the expenses of $33,201. Fortunately, the increase in sponsors for the 2026 year helped the Recreation Department recover some of the expected revenue that was lost due to poor weather. 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. The department continues to seek sponsors to offset the cost of the event. Continued dialogue and feedback will be discussed throughout the planning year to better prepare for inclement weather at this outdoor event.



2026 4th of July Event at the Kiwanis Band Shell



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

	2025 Actual	2026 Budget	2027 Budget
Operations	$840,355	$1,260,351	$1,286,430

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 2027, 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.

We have been forced to reduce the size and scope of the Land Use & Community Development Department budget as a result of shifting additional resources to Police, Fire, and EMS. To accomplish this task, the Borough undertook a year-long accounting of actual expenses and was able to find appropriations best left in other categories, especially the Public Works Services Fund, which has its own set of accounts.

Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Land Use & Community Development Department. To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

In 2027, the Department staff will continue to support the Board of Health, Construction Code Board of Appeals, Housing Commission, Planning and Zoning Commission, Southgate Neighborhood Advisory Committee and the Zoning Hearing Board.

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.

Codes

Codes 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 Codes.

Codes goals and challenges for 2027 include:

- Leave the Quality-of-Life Local Code Enforcement Officer position unfilled, 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;
- Implement software for code enforcement, permits and licensing, with cost to be shared by departments using software;
- Host more ServSafe courses at Borough Hall for restaurant managers and food handlers, including the free course for volunteers; and
- Work with Chambersburg Police Department to use drone for code enforcement.

Software Payment System Recommended for Code Enforcement, Permits and Licensing

The Land Use and Community Development Department is working with the IT Infrastructure Steering Committee, Public Works Department and Utility Departments to review, analyze and recommend to Council a vendor to provide a software and a 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. In 2027, the department goal will be to coordinate with the software provider to start the multi-year process 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 close to 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. The Borough collects fees for licensing and inspections; however, those fees do 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, indicating that the General Fund subsidized 80% of the program cost. In 2026, Town Council approved a simplified fee schedule and increased fees to lessen subsidization, which reduced the amount from 80% to 60%. No additional fee changes are proposed for 2027.

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. These training sessions are well attended and will continue in 2027, to include courses offered in English and Spanish.

Chambersburg prides itself on its large civic events and the Borough takes a teamwork approach to facilitating their success. In 2026, all major events, like the Christmas Parade, IceFest, Old Market Day and AppleFest, as well as smaller events, were held and well attended. More than 80 events were issued

Special Event Permits, generating revenue for food vendor inspections conducted by Borough staff in compliance with Food Code Enforcement and playing a major role in the preparation for events.

Residential Rental Unit Inspections	2024	2025	9/30/2026
Systematic Inspections	1,182	924	644
Systematic Follow-Up Inspections	1,144	1,396	1,596
Complaint Based Inspections	115	165	243

Property Maintenance	2024	2025	9/30/2026
Property Maintenance Code	72	112	129
Brush, Grass and Weeds Code	237	287	220



Chambersburg AppleFest 2026

Residential Rental Inspection Enforcement and the Effect on the Codes Budget

Codes is responsible for enforcing the Property Maintenance Code and Rental Property Code. PMCA personnel conduct inspections associated with the Rental Property Code with administrative support from Codes.

In 2026, 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, PMCA continued inspection services as contracted at $75,000

per year with no change to the per unit program fee of $25, however, through discussion with Council leadership, staff and the Solicitor, the following is proposed for 2027:

Continue PMCA inspection contract at $75,000 per year with no change to the per unit program fee of $25, plus the following program changes:

- Amend Rental Property Code to adjust 36-month inspection period to 48-months, clarify purpose of the per unit program fee and remove the invoice distribution timeframe of September 30;
- Amend Rental Property Code to include a free Administrative Review procedure, allowing property owners to request code violations cited by PMCA to be reviewed by a Borough Property Maintenance Code Enforcement Officer to provide a secondary determination;
- Waive the $35 reinspection fee for the first reinspection but charge the fee for all subsequent re-inspections;
- Amend the International Property Maintenance Code, Section 104.6, Department records, to allow property owners to submit photographs as proof of code compliance, providing an option to avoid in-person re-inspections;
- Amend the International Property Maintenance Code, Section 305.3, Interior surfaces, to clarify that only "substantial areas" of peeling, chipping, flaking or abraded paint constitute a violation;
- Produce checklist document outlining code compliance items to be inspected, which will help property owners prepare for inspections.

Community & Economic Development

Community & Economic Development provides outreach and technical assistance for a variety of downtown and Borough-wide community and economic development projects. Staff from this department also administer the Community Development Block Grant (CDBG) and HOME Investment Partnership Programs. Expenses are paid through the Planning Department budget, as supported by the General Fund. No changes proposed for 2027.

Community & Economic Development goals and challenges for 2027 include:

- Continue day-to-day management of Southgate Shopping Center and implementation of redevelopment project;
- Continue work with Luminest Community Development to administer $1,518,270 grant from state HOME Investment Partnership Program for the South Main Commons Project;
- Continue work with Chambersburg Police Department and Franklin County Homeless Coalition to assist homeless people;
- Continue work with Urban Design Ventures to administer CDBG and HOME contracts;
- Complete Middle Street Improvements Project to be funded with 2026 CDBG;
- Work with PennDOT and Borough representatives to plan for PennDOT project to replace W. King St. bridges over Falling Spring Creek, estimated to start in 2028.



The Downtown Flower Basket Program



Downtown Festivals Like IceFest





Decorating Downtown for America's 250th Celebration

Planning & Zoning

Planning & Zoning coordinates review and approval of subdivision and land development plans to include fee collection, review and analysis, meeting facilitation, street addressing, document recordation, and public works security administration. They also process Land Use Permit Applications and Zoning Hearing Board Appeals and provide technical assistance regarding the Comprehensive Plan and other planning-related issues. Expenses are paid through the Planning and Zoning Department budgets, as supported by the General Fund. No changes proposed for 2027.

Planning & Zoning goals and challenges for 2027 include:

- Implement Software for code enforcement, permits and licensing, with cost to be shared by departments using software;
- Finish work with Town Council, Planning and Zoning Commission and Environmental Planning & Design to update Subdivision and Land Development Code and Zoning Code;
- Continue work with WellSpan Health to process plans for Summit Health Campus Expansion Project, to be partially funded with grant from Pennsylvania Redevelopment Assistance Capital Program.

	2024	2025	9/30/2026
Plans	19	10	12
Land Use Permits	481	542	407
Building Permits	263	262	222
ZHB Appeals	11	19	11

Land Use Codes Update Advanced in 2026

In 2025, Town Council hire Carolyn Yagle from Environmental Planning and Design to work with staff, the Solicitors, Planning and Zoning Commission and Town Council to update the Subdivision and Land Development Code and Zoning Code. A comprehensive review and update of these codes has not been completed in many years, however, in 2026, substantial progress was made to present to Council in 2027 simplified and modernized code regulations that will serve the Borough well for many years to come.

B.1 Low Density Residential District (LDR)

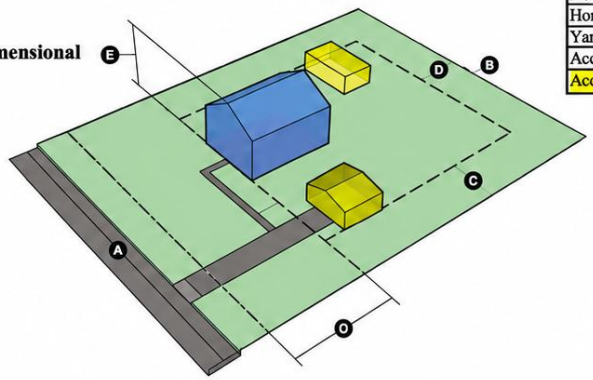
Table 1. Low-Density Residential District (LDR)		
A - Minimum Lot Width		60ft.
Minimum Lot Yard	**B** - Front	25 ft.
	C - Side*	10 ft.
	D - Rear	25 ft.
E - Height	Nonresidential	Maximum 40 ft.
	Residential	Maximum 35 ft.
	All Dwellings	Minimum 1 Story
Minimum Lot Area (per dwelling unit for: Single-family detached dwelling. Single-family semidetached dwelling. Two-family dwelling)		5,000 SF
Maximum Lot Coverage**		35%
Uses not Permitted		Storage and/or parking of trailers not currently licensed by the Motor Vehicle Code.

*On a corner lot, the side yard abutting the street shall be a minimum of 10 feet but may be increased in order to ensure clear visibility at the intersection of the two streets. There shall be one side yard for each single-family semidetached dwelling which shall be not less than 10 feet in width.

**permitted dwellings shall have not less than 900 square feet of floor area, not including any basement area.

Table 2 - Land Uses (LDR)A	
Non - Residential Uses	
Agriculture and Animal Husbandry	P
Churches or similar places of worship, parish houses and convents.	P
Municipal Use/ Public Service Facility	P
Place of Assembly	P
Public parks and playgrounds and municipal recreation areas.	P
Public, parochial or private school or institution for higher education.	P
Tower-based wireless communications facilities in the rights-of-way.	P
Residential uses	
Bed-and-breakfast residential use.	SE
Day care center	SE
Day-care home	SE
Single Family Semidetached Dwelling	P
Single-Family Detached Dwellings	P
Two Family Dwellings	P
Accessory uses	
A GARAGE THAT IS accessory TO A RESIDENTIAL USE CANNOT BE USED FOR automotive service stations or PUBLIC garages for the repair of motor vehicles.	P
No-impact home based business.	P
Home Occupation	SE
Yard sale	P
Accessory Solar Energy Storage Systems	P
Accessory Dwelling Unit	P

Figure 1 – LDR District lot dimensional diagram



10/06/2026

INTERNAL WORKING DRAFT
2

New Development in Chambersburg Tapers Off in 2026

In 2026, permits for new development decreased substantially. While site work for the new Orchard Drive Apartments development was completed in 2025, construction of the buildings to be occupied by 156 dwelling units did not commence. Only two permits were issued for new single-family detached dwellings. Non-residential development entailed one permit for the new Sunnyway Early Learning Center at 410 Cedar Street. Based on land development plans approved in 2026, we are hopeful permitting for new development increases in 2027.

- Borough Plan RE-1629, a Final Land Development Plan for Jagannath Property, LLC to construct two buildings on Walker Road to be occupied by restaurant uses.;
- Borough Plan RE-1630, a Final Land Development Plan for Makailey Properties, LLC to construct one building on Blanchard Avenue to be occupied by Right Choice Roofing.
- Borough Plan RE-1636, a Final Land Development Plan for Derek Manikas to construct a building addition at 500 Broad Street to be occupied by a day-care facility;
- Review and discuss Borough Plan RE-1637, a Final Land Development Plan for REX KAJ, LLC to construct a building addition at 185 Industrial Drive to be occupied by an automotive sales and repair garage.



New Dwelling Under Construction on Stonegate Circle



Sunnyway Early Learning Center, Cedar Street

Downtown Maintenance

Staff from Community and Economic Development 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 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)

As you know, DCI's mission is to drive economic development through business recruitment and retention, as well as administering programs that positively affect the look, feel and perception of Main Street thereby attracting investment. In 2024, Town Council began financially supporting DCI to administer the downtown partnership marketing program at a rate of $30,000, with the condition that the partnership annually raise cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners or economic development agencies. In 2027,our 2027 budget again includes funding requested by DCI 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. **A request to increase the subsidy from $30,000 to $42,000 is enclosed with the 2027 budget.** If adopted, the change would take effect in 2027.



In 2025, Town Council authorized purchase of 64 banners and 32 flags for the 250th anniversary of the United States from Gates Flag & Banner Co., Clifton, NJ, for a price to not exceed $8,864.80, to be mounted and displayed on Borough-owned light fixtures and utility poles on Main Street and Lincoln Way in the downtown area for the year of 2026-2027.

Through a partnership with the Borough, Downtown Chambersburg, Inc. approves content for banners and flags to be mounted on Borough-owned light fixtures and utility poles on Main Street and Lincoln Way in the downtown area. To celebrate the 250th anniversary of the United States, DCI approved.

America 250 banners and flags to replace the existing Borough, DCI and Wilson College banners for the year of 2026. DCI authorized banners for the Borough, DCI, and Wilson College to be returned in 2027.

Southgate Redevelopment Initiative

In 2026, storm sewer system improvements associated with the Southgate Redevelopment Initiative began. Town Council hired Scott's Hauling & Excavating to complete the following improvements:

- Demolish building formerly occupied by Chambersburg Beauty School on corner of W. Washington St. and Cedar St.
- Remove existing Rail Trail and Water St., between W. Washington St. and W. Catherine St., with vehicle access permanently prohibited.
- Remove existing storm sewer system under shopping center parking lot.
- Construct new storm sewer system under Water St., between W. Washington St. and W. Catherine St., and under W. Washington St., between Water St. and existing outfall at Conococheague Creek.
- Construct stormwater bio-retention area on corner of W. Washington St. and Cedar St.
- Construct cul-de-sac on W. Liberty St. at Water St.
- Construct Cedar St., between W. Washington St. and W. Catherine St., as a public street, to include storm sewer system, curbs and sidewalks.

Not considering change orders approved after this writing, the total project cost is $3,381,088 with $2,535,816 funded by a grant from the U.S. Army Corps of Engineers and $845,272 funded by a Storm Sewer Utility bond. The project is expected to be completed in 2027, providing new public infrastructure to support redevelopment of the Southgate Shopping Center.







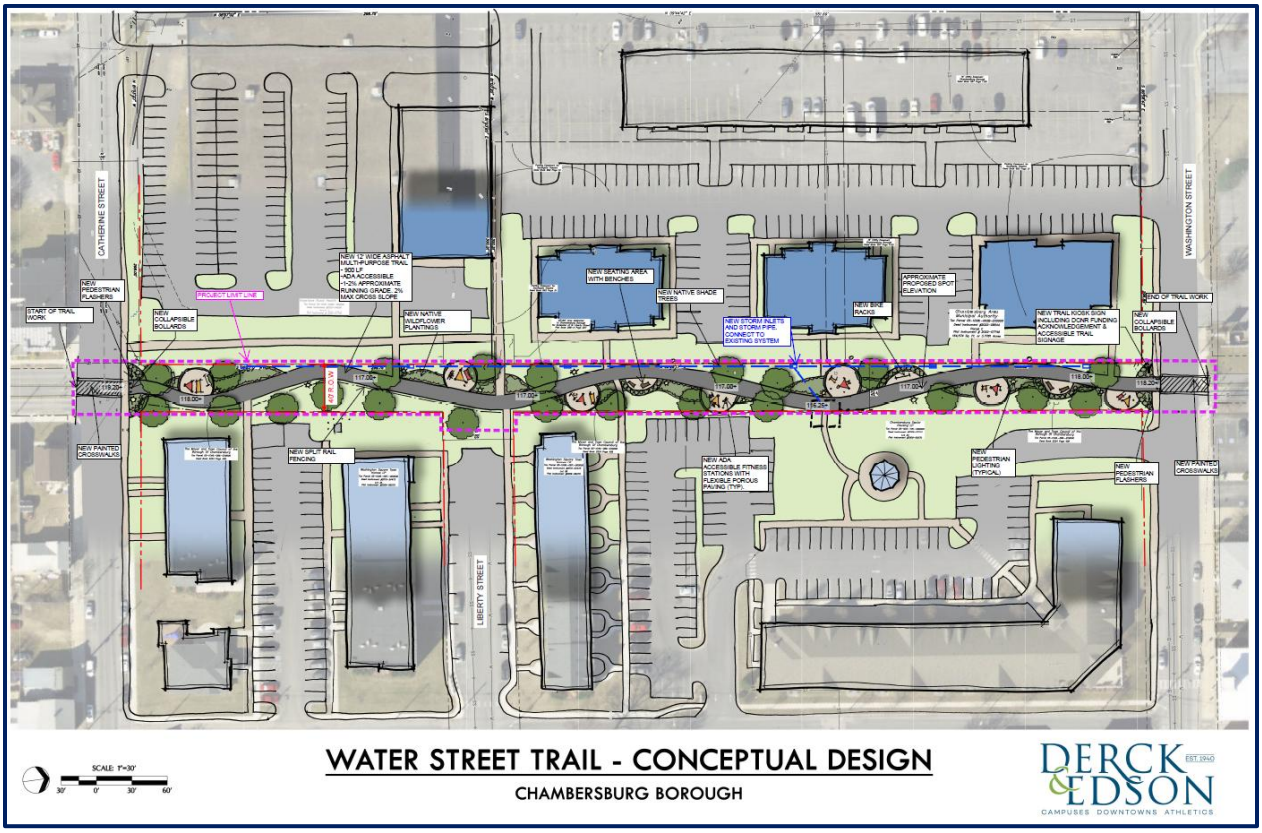
Underground Infrastructure Under Water Street

Water Street Linear Park

In conjunction with the storm sewer system improvements associated with the Southgate Redevelopment Initiative, Water Street, between West Washington Street and West Catherine Street, was permanently closed to vehicle access. What will follow is construction of the Water Street Linear Park, to include the following:

- Construct a new, enhanced Rail Trail with a 12-foot-wide asphalt multi-purpose trail and associated storm sewer system connections;
- Construct seating areas with benches, trash receptacles and bike racks;
- Retain pole lights and bollards at street intersections;
- Establish grass and landscaped areas along the trail, to include native wildflower plantings and shade trees;
- Potentially install fitness stations along the trail.

The project is funded with a $734,871 grant from PennDOT and a $650,000 grant from the Commonwealth Financing Authority. Construction is expected in 2028 with a temporary asphalt trail to be constructed at the completion of the storm sewer system improvements.



Meeting Place Plaza Project

In 2027, the Borough 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.

Maranatha Ministries Cold Weather Shelter

In 2026, Town Council approved an agreement to receive $637,500 from the federal Flood Mitigation Assistance Grant Program, to be used to acquire the building at 195 West Loudon Street, relocate the Maranatha Ministries Cold Weather Shelter, demolish the building and establish passive park along the Conococheague Creek. The project is expected to be completed in 2027 along with a separate project to improve the adjacent streambank and floodplain.



Highway Division – Public Works

The Highway Division of the Public Works Department operates out of the General Fund.



Public Works Mission: Dedicated to Supporting Chambersburg's Residents and Municipal Departments Through Proactive Technical Services, Modern Fleet Care, Maintained Facilities, Clean Environments, and Safe Streets. Building a Strong and Resilient Foundation for our Entire Community.

Public Works: One Department, Five Divisions:

Sanitation Utility	Enterprise Fund	Sanitation Fund
Motor Equipment	Internal Services Fund	Motor Equipment Fund
Public Works Services	Internal Services Fund	PW Services Fund
Facilities & Grounds	Internal Services Fund	Admin. Services Fund
Highway Division	**General Governmental Operation**	**General Fund**

Department Director: Tyler Fairchild

The Highway Division 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.

	2025 Actual	2026 Budget	2027 Budget
Operations	$1,629,585	$1,738,319	$2,139,275

Until this year, all the administrative expenses in the General Fund were paid under Miscellaneous Expenses. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Highway Department. To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just more spending.

The Highway Department generates very little revenue. 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 funding sources whatsoever.

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.

In general, if the Highway Department runs a deficit, as it is anticipated to do in 2027, 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 PW Services 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 $1,089,000 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.

Daily Operations

The Public Works Highway Division remains charged with maintaining the Borough's streets and rights-of-way. This includes core operations such as pothole repair, full-depth street patching, crack sealing, and the labor-intensive process of winter snow and ice removal.

Besides maintaining streets, the Public Works Highway Division provides significant operational support to other Borough departments and utilities. Key examples include:

- Code Enforcement: Mowing non-compliant lawns and removing illegal signs from public rights-of-way.
- Storm Sewer Utility: Constructing and maintaining stormwater infrastructure.
- Sanitation Utility: Assisting with bulk disposal events, seasonal leaf collection, and street sweeping operations.
- Fire Department: Assisting with hazardous spill containment and fuel cleanups following motor vehicle accidents.
- Electric, Water, Gas & Wastewater Utilities: Providing equipment and operational support as needed.
- Downtown & Borough Facilities: Repairing damaged cannon posts, maintaining municipal parking lots, painting metered parking spaces, and refreshing crosswalk striping.
- Public Landmarks: Maintaining Memorial Square and the Glen Street Fountain.

While many of these tasks fall outside traditional road maintenance, supporting our partner agencies and maintaining overall Borough operations remains a core priority for this Division.

The core operational activities undertaken by the Public Works Highway Division have become increasingly expensive. Specific escalating cost drivers include:

- Equipment Rentals: Rental rates for heavy trucks and specialized machinery managed by the Motor Equipment Fund.
- Pavement Markings: Painting materials and labor for street crosswalks, lane lines, and municipal parking stalls.
- Street Maintenance: Crack sealing compounds and asphalt for temporary patching of non-utility street ditches.
- Winter Operations: Purchasing, hauling, and storing road salt and cinders for winter weather response.
- Traffic Regulation Signage: Materials and labor for fabricating, installing, and maintaining street signage.



Fountain Maintenance



Vegetative Management

Operating with no dedicated revenue source, the Highway Division relies on a very small, multi-skilled crew to execute these functions.



Street Marking & Signs



Maintenance of the Borough Farm

In addition to routine operations, the Division supervises the annual road and alley paving program. Funding for this program is limited to the State Liquid Fuels grant (Highway Aid), occasional General Fund cash balances from previous years, and targeted utility contributions. However, for major capital projects, such as the replacement of the Limekiln Drive bridge (successfully completed in 2026), no dedicated funding structure exists. Consequently, the Borough must rely on available General Fund cash balances to finance major infrastructure work. This practice directly drains financial reserves needed to support Police and Fire operations, reinforcing the urgent need for a sustainable funding solution.

Snow & Ice Removal

The Borough's snow removal expenses are among the most unpredictable General Fund line items to budget for, as they depend entirely on winter weather, which varies greatly in frequency and severity from year to year. The 2025–2026 winter season proved particularly challenging, highlighted by a major winter storm in January 2026 where cleanup operations extended far beyond normal timeframes. Consequently, while $95,000 was budgeted for snow and ice removal across streets, alleys, and public parking areas, $113,000 has been expended to date.

As we close out 2026 and enter 2027, the constant threat of severe winter weather risks placing the General Fund in a precarious fiscal position at the very start of the year. For this reason alone, Council should give serious consideration to establishing a dedicated Highway Tax in the near future.

Alternatively, as noted earlier, a countywide property reassessment and millage reset by Franklin County would modernize real estate assessment values and restore long-term structural balance across the General Fund, which would in turn stop drawing resources from highway maintenance to public safety.





Non-Utility Patching

An increased emphasis on patching streets—from minor potholes to large structural patches—is reflected in the "Patching of Paved Streets and Alleys" line item. This is set at $350,000 in the 2027 budget, representing a $40,000 increase driven by rising material costs. This amount is still well below the funding required to fully address annual patching needs, but the Borough remains constrained by competing public safety needs within the General Fund. Current real estate tax allocations do not cover the costs needed to stay ahead of street deterioration. Furthermore, state Highway Aid grant funds are fully utilized for street and alley reconstruction and cannot be diverted to routine patching.

Street and Alley Paving

In 2026, the Borough reconstructed and paved 9 streets and 7 alleys, while applying preservation treatments to 8 additional streets. Pavement preservation represents a proactive approach to pavement management, utilizing modern methods such as Microsurfacing. Microsurfacing is a fast-setting polymer-modified asphalt layer spread over existing roadways to seal and protect the surface, significantly extending its service life. This strategy "keeps good streets good" while maximizing taxpayer dollars—industry research demonstrates that every $1 invested in surface preservation saves up to $10 in full roadway reconstruction costs. However, preservation will never fully replace the need for traditional street and alley paving. Building on this success, in 2027 the Borough plans to perform preservation treatments on 9 streets, alongside the full reconstruction of 7 streets and 10 alleys.



The Borough funds its street and alley paving program primarily through the state Highway Aid Grant (funded via PennDOT Liquid Fuels Tax allocations) and General Fund cash balances from previous years. Without this State Highway Aid grant, the paving program would place an overwhelming burden on the Borough's General Fund. However, the Borough must closely monitor state-level trends: long-term Liquid Fuels revenue faces growing uncertainty due to the increasing market adoption of electric vehicles, which reduces gallon-based gasoline sales tax collections statewide.

Regarding back alleys, the Borough maintains more alleys than typical municipalities of comparable size. Following a 2022 Alley Analysis Report, Council authorized a collaborative funding framework where the Sanitation Utility and Storm Sewer Utility each contribute toward alley paving, as these rights-of-way serve as primary transit corridors for refuse collection vehicles and stormwater conveyance channels. In 2027, both utilities will continue supporting this program with a combined contribution of $200,000 ($100,000 from each utility).



Street Reconstruction Process

Capital Projects & Bridges

In 2026, the Borough successfully replaced the Limekiln Drive bridge. Budgeted at $700,000, this major project was made possible solely through the allocation of prior-year General Fund cash balances. The project replaced a 1984 style structure, that was flagged by PennDOT to be replaced, with a new concrete box culvert engineered for a 100-year service life. To minimize overall contractor expenses, the Highway Division actively supported construction by providing labor and heavy trucks to haul debris and materials to and from the site. The project also showcased extensive multi-departmental coordination, requiring Borough utilities to relocate water and electric lines and redesign stormwater infrastructure within the new bridge footprint.



New Limekiln Bridge Being Installed Over the Falling Spring



New Limekiln Bridge Fully Complete and Reopened to Traffic

In 2027, the Highway Division will commission a comprehensive bridge evaluation report covering the 8 bridges owned and maintained by the Borough. This assessment will identify critical maintenance tasks needed to extend structural lifespans while establishing a clear timeline for long-term capital replacements. The next major structure on the horizon requiring full replacement is the bridge on Dump Road. This bridge serves as the sole entrance and exit to the Borough Farm—a vital facility utilized by all utilities for equipment and material storage, and the primary access route for the Wastewater Treatment Plant. Because preliminary replacement costs are estimated in the millions of dollars, the Borough must begin multi-year financial planning for this project immediately.

New Public Works Complex

At the end of 2019, the Borough acquired a vacant commercial property at 366 Wayne Avenue to plan the consolidation and relocation of municipal public works operations. This project brings together the Sanitation, Motor Equipment, and Highway divisions from the outdated Loudon Street facility, relocates the Public Works Services (formerly Engineering) and Facilities & Grounds divisions from City Hall, and establishes a dedicated operational base for Water and Wastewater maintenance and construction crews.

As part of a broader neighborhood revitalization effort, the Chambersburg Sanitation Utility acquired an abandoned cold storage building on South Fourth Street. Demolished in 2023 using American Rescue Plan Act (ARPA) grant funding, this blighted site was cleared and incorporated into the footprint of the future Public Works Complex. Beyond supporting municipal operations, this site will co-locate future stormwater infrastructure to alleviate chronic flooding along South Fourth Street and may provide a trailhead for a future extension of the Borough Rail Trail past its current terminus at South Main Street.

Ground was broken on this milestone facility in early 2025 to replace the existing Loudon Street garage—built in 1921 and now over 100 years old. Construction is now advancing through a phased completion and move-in schedule. Buildings 1 (Water and Wastewater) and 7 (Public Works Services and

Administration) will be completed at the end of 2026, with staff beginning relocation efforts late this year to achieve full occupation by early 2027. Construction on Buildings 2 through 6 will conclude in the spring of 2027. By mid-2027, all five divisions of the Public Works Department (Highway, Public Works Services, Sanitation Utility, Motor Equipment, and Facilities & Grounds) alongside Water and Wastewater crews will fully occupy the new facility.

With full Complex operations established in mid-2027, the Borough will decommission the historic Loudon Street site. Plans are underway to subdivide the property, dedicating one portion to create a neighborhood green space park, while selling the remaining parcel to return the land to productive use and generate offsetting revenue for the Borough.



The Current Public Works Facility on Loudon Street is Little Changed Since 1921

Funding for the Public Works Complex combines Federal ARPA grant funds, utility contributions via internal service uses, and taxpayer support. Together, these sources fund a transformative community investment that modernizes operations and secures municipal service delivery for generations.

To finance construction, Council authorized a two-stage borrowing strategy through a dedicated interdepartmental Public Works Complex Fund. This included an initial $10 million bond issued in 2025, followed by a second $10 million bond executed in 2026 to fulfill obligated construction contracts. Strategic timing of the 2026 bond reduced overall interest expense while allowing the Borough to refinance a 2024 taxable bridge loan (originally used for property acquisition) into lower-cost, tax-exempt financing, yielding substantial overall project savings.

In 2027, meeting scheduled debt service obligations for these construction bonds requires adjusting the Public Works Complex tax rate to 2 mils. This adjustment will cost the average single-family homeowner in Chambersburg approximately $34.75 per year in real estate taxes.





Almost Complete Public Works Complex on Wayne Avenue

Conclusion

In 2027, the Public Works Highway Division will continue to execute its core daily operations with a steadfast commitment to high-quality customer service. The Division takes great pride in delivering efficient service to Chambersburg residents. For instance, when pothole reports are received during standard working hours, crews are typically dispatched to complete repairs on the same day. Additionally, the Division maintains 24/7 emergency response capabilities—whether clearing fallen trees blocking cartways or re-erecting compromised stop signs, crews respond immediately regardless of the hour. Looking ahead, the Highway Division remains dedicated to upholding this high standard of service while actively exploring new efficiencies to best serve the community.

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 appointed and 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

	2025 Actual	2026 Budget	2027 Budget
General Operations*	$1,993,460	$2,508,398	$970,284
Civic & Downtown Activities	$386,439	$368,600	$482,030
Transfer to Capital Reserve	$2,500,000	-	-

**To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just less spending.*

Until this year, all the administrative expenses in the General Fund were paid under this cost center. That was not very accurate. So, this year that expense was redistributed to each subordinate department, including the Police, Fire, EMS, Recreation, and Highway. To be fair, some of the change in size of the budget is as a result of better and more accurate accounting of expenses rather than just less spending.

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 has been increased to $80,000. Maintenance of Landscaped Areas has been lowered to $61,000 per year from $70,000 as a result.

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 $2,500,000 in 2025; 2026 remains unclear, but we are hoping for a $1 million to support all the capital projects planned in the General Capital Reserve in 2027.

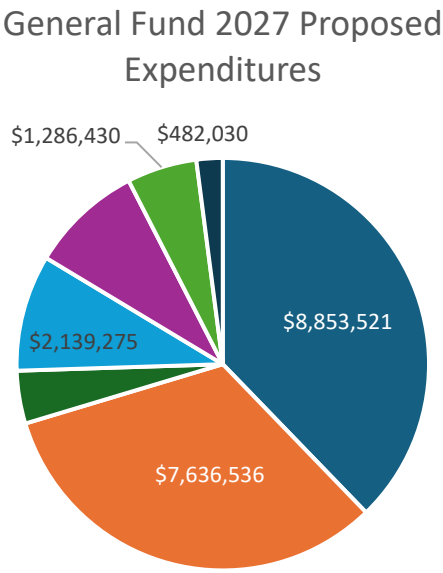
This Cost Center includes compensation for elected officials (including the Tax Collector) as well as money for insurance, safety expenses, printing, advertisement and the costs associated with the Wage Tax Bureau. This Cost Center includes money for the Solicitor's general activities (rather than utility 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 2027:

- 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. Another decision can be made for compensation to go into effect in 2028 after the next election.

- Borough Solicitor compensation will rise 2.25% in 2027. In addition, the Solicitor has made a request to not increase the January lump sum payment received for administrative back-office operations.
- This budget increases the **Shade Tree Commission funding to $80,000** to support the work of the Commission, but does not include the additional discussion of $200,000 to $300,000 in tree maintenance. That discussion at a Council meeting seemed implausible as there was not a positive reaction to a Shade Tree Tax, which would have been necessary to fund this level of activity.
- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed $15,000.
- There was a request to increase **funding for Downtown Chambersburg**, Inc. This budget includes a change in the financial partnership from $30,0000 to $40,000 per year for 2027 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.

The request for funding from Downtown Chambersburg, Inc. was addressed by the increase of their annual subsidy from $30,000 per year to $40,000 per year. The request for funding for the Shade Tree Commission was only partially addressed by changing funding from $20,000 per year to $80,000 per year – but not the $200,000 to $300,000 originally discussed. This does not solve the long-term issue for the Shade Tree Commission and the preponderance of dead or dying street trees in our community. However, a loan program to help with the cost of tree removal and right-of-way restoration for adjacent property owners is contemplated for 2027.



	2027 Budget	
Police	$8,853,521	37.77%
Fire & EMS (Emergency Services)	$7,636,536	32.58%
General Borough	$970,284	4.14%
General Highway	$2,139,275	9.13%
Recreation	$2,070,581	8.83%
Land Use & Community Development	$1,286,430	5.49%
Civic and Downtown	$482,030	2.06%
Total Expenditures	$23,438,657	
Total Revenue	$23,438,657	

When combined, Police, Fire, and EMS make up 70.35% 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 geospatial and civil 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.

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

	2025 Actual	2026 Budget	2027 Budget
Revenue	$39,682,025	$38,867,000	$41,461,718
Expenses	$37,402,475	$38,867,000	$41,461,718
Excess (Deficit)	$2,279,550 Excess	- Balanced -	- Balanced -

The fiscal 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 2025, the results reflected three years of rate increases as the retail electric rates and the value of the Borough's generation assets, which mitigate wholesale electric costs, finally reached that mark.

As a result, the fourth consecutive rate increase, originally scheduled for 2026, was cancelled.

No rate increase is currently planned for 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.

The 2026 budget included estimates of the new revenue generated by the already-approved retail electric rate increases implemented by the rate increase scenario adopted by Council. When it came time to implement, staff recommended Council defer this while positions could be better evaluated. At this point, depleted reserves have been recollected and the financial position of the Utility is back in much better shape as planned. Significant, record-breaking generation performance over 2025-2026 have significantly

aided in the rapid improved state which made it hard to plan for. Rates can be re-evaluated going forward to account for the current landscape with the ever-changing wholesale electricity 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. Rates are so low that they often confused with the "Price to Compare" rate of IOU customers which is only the Energy supply portion of a bill that a customer can shop for in their operating environment. 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 326,377,096 kWh in 2025, the last full year with records.

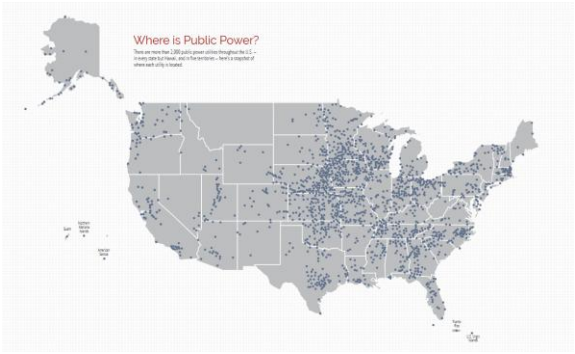
Chambersburg is unique in that the utility has a significant summer peak for power supply as well as a growing demand for energy in the winter season as well.



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.

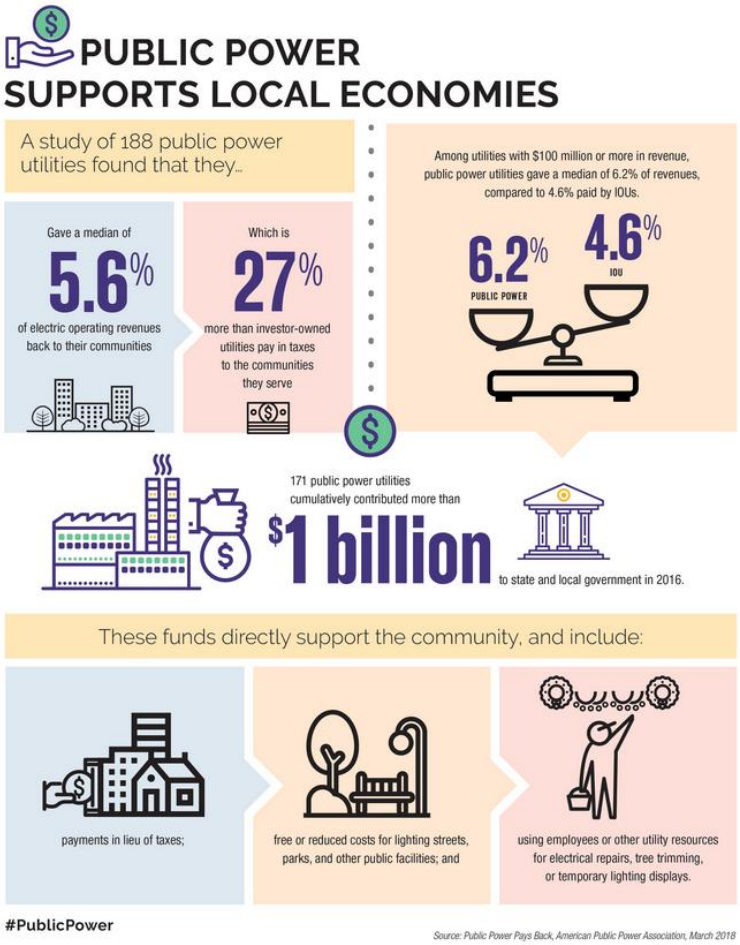
Chambersburg is the largest public power system in Pennsylvania. The Borough owns most of the poles and supplies electricity on a non-profit basis to a majority of homes and businesses within Chambersburg. It is more typical than many know that a local municipality may be an electric supplier. There 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.

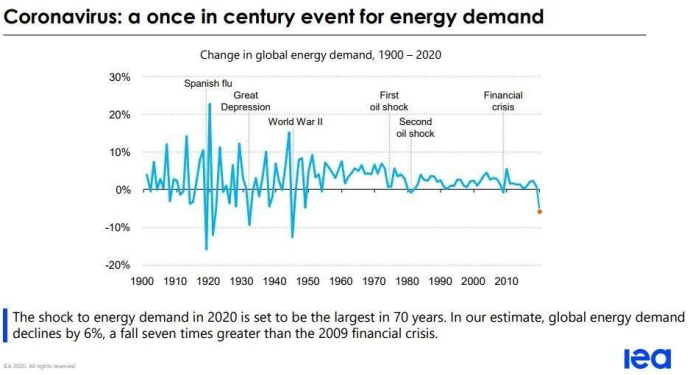


The Borough has a portfolio of wholesale power options in addition to our own generation assets. Management of the portfolio is intended to provide Chambersburg homes and businesses with the lowest possible energy rates while maintaining a high level of reliable electric delivery.



Load Demand

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.



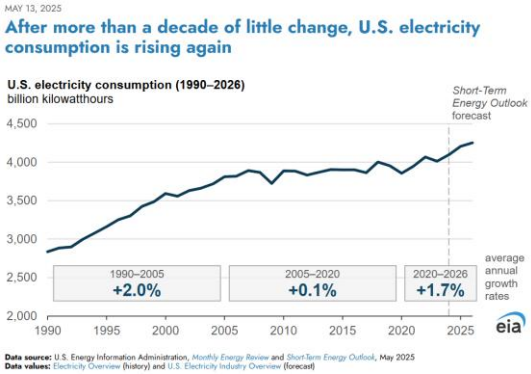
Added to the Pandemic-related electricity consumption reductions from budget in 2020, there were some weather-related effects. The months of January, February, and March had significantly fewer heating degree-days (a measure of how much heating energy might be needed for heating) than the prior year, 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.

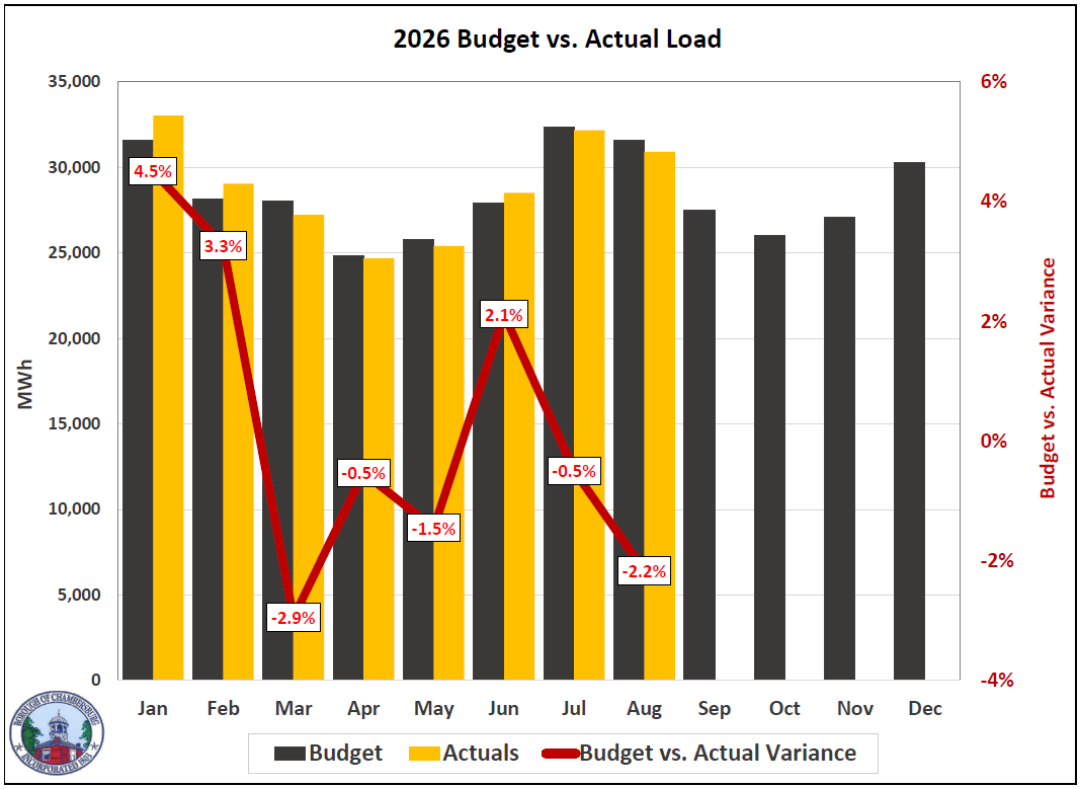
The 5% below budget outcome was balanced on both the revenue and expenditure side of 2020, with no long-term net impact on Electric Utility finances.

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 trended upward again throughout 2024 and now into 2026.

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, 2026 is tracking

just slightly over budget overall with monthly variances mainly due to the cold weather in the beginning of the year.





Through September of 2026, the overall Electric Utility operating cash, cumulative revenues minus expenses for the year, is showing a positive position of $3,900,467, due mainly to the effects of rate increases to build back depleted funds coupled with favorable years 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 though they were on the rise again through 2026. The Borough seems well hedged to take advantage of many of the possible market fluctuations for the ultimate benefit of its residents, but there are still uncertainties that the Utility is watching during 2026 into 2027. 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. They intend to increase usage in 2027 as we face a drop off in load from one of the top 10 users with the Knouse Foods closer at the end of 2026.

Looking forward to the 2027 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 fully 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, while expecting some [possibly major] increased volatility, Chambersburg also evaluates and remains actively involved with watching progress of 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 recently. Further, a tree re-planting project occurred with assistance of the Shade Tree Commission.



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 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 camera and 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 victorious, and engine equipment has cooperated in successfully hitting all of the annual peak hours to reduce our grid reliance and charges.



Falling Spring Generation Station – Engines & Controls

In 2026, 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.

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.

Beginning in 2026 and planned to be completed in 2027, staff is carrying our major overhaul maintenance on the 4 engines at the OPGS plant after their 23 years of service. They are due for and in great need of the maintenance so that they can continue to operate and bring in revenue for the ratepayers. In order to keep the majority of the plant online at any given time, they are being completed just one unit at a time with the 3 three mostly available to the grid. The bulk of the work is being completed by contracted services that specialize in this work both onsite and in their workshop with induvial component refurbishment.





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 envisioned as 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 for the energy and approved maintenance and operating costs when the generator units are called to run. 2025, was and now 2026, is surpassing as a record year of generation hours in the life of the plant. 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 carrying out 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.

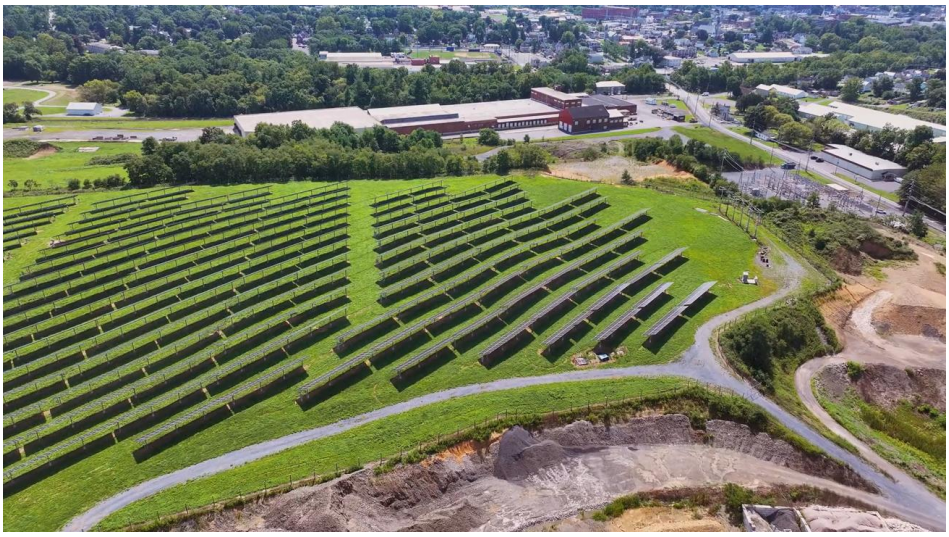


Community Solar Initiative

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. In late 2026, fuses were upgraded by Aspen to allow the existing facility as built to increase output to 16.2 MW of power to the Borough.



Upgraded Commerce Street Substation Transformers



Chambersburg Solar Center Connects to the Commerce Street Substation

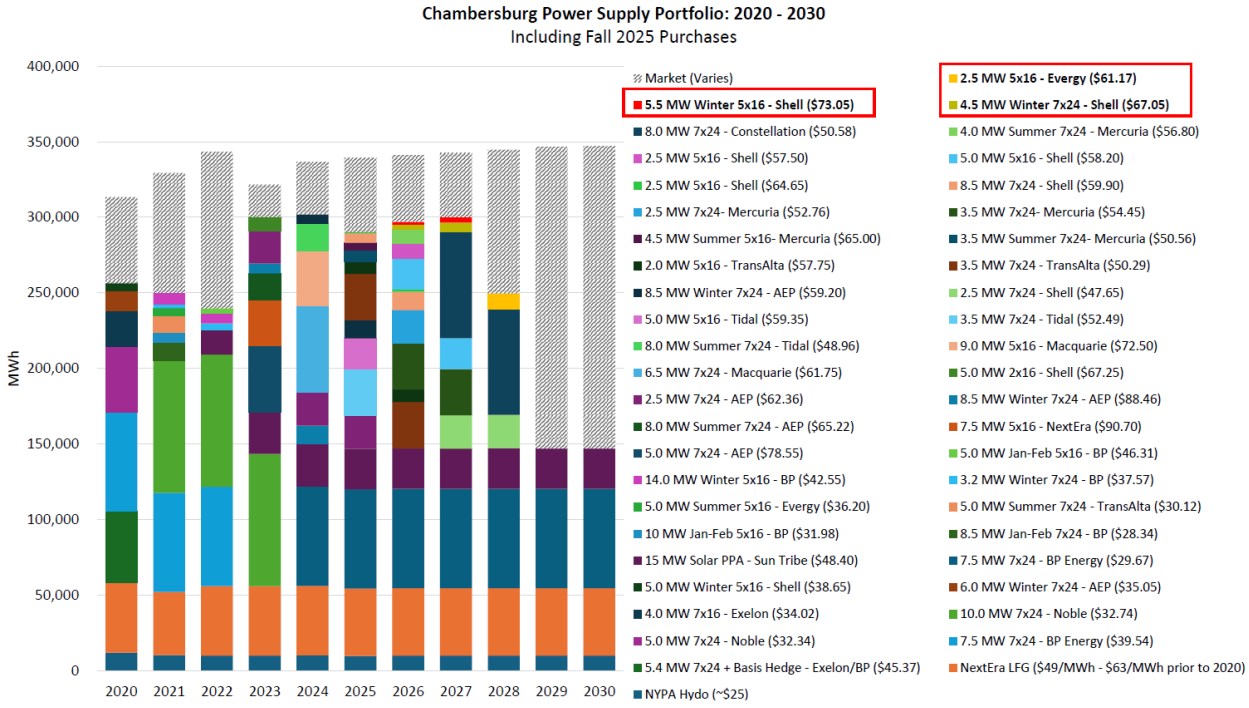


Chambersburg Solar Center Ceremonial Plaque

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-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. In 2026, Council entered a contract through AMP to purchase an additional 5.1 MW of solar power that is expected to be online by the end of 2027.

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

2026 Block Energy Transactions

Executed	Supplier	Product Description	Term	Delivery	Price ($/MWh)
Spring 2020	BP	7.5 MW, 7x24	2024-2030	APS Zone	$29.67
Fall 2023	Transalta	3.5 MW, 7x24	2025-2026	APS Zone	$50.29
Fall 2023	Transalta	2 MW, 5x16	2025-2026	APS Zone	$57.75
Spring 2024	Mercuria	2.5 MW, 7x24	2026	APS Zone	$52.76
Spring 2024	Mercuria	3.5 MW, 7x24	2026-2027	APS Zone	$54.45
Fall 2024	Shell	8.5 MW, 7x24	Dec 2025-Feb 2026	APS Zone	$59.90
Fall 2024	Shell	2.5 MW, 5x16	Dec 2025-Feb 2026	APS Zone	$64.65
Fall 2024	Shell	5 MW, 5x16	2026-2027	APS Zone	$58.20
Fall 2024	Shell	2.5 MW, 5x16	2026	APS Zone	$57.50
Spring 2025	Mercuria	4 MW, 7x24	Jun-Aug 2026	APS Zone	$56.80

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.

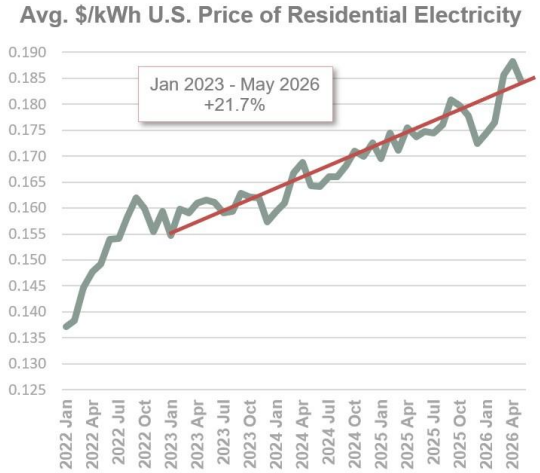
Municipal electric utilities, such as Chambersburg, can operate within the bounds of the best of both wholesale and retail electric utility worlds, gathering the benefits from the wholesale market and passing those directly back to the owners of the system, its ratepayers, the residents and businesses. 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 contracted 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 90% 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 base 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.



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."

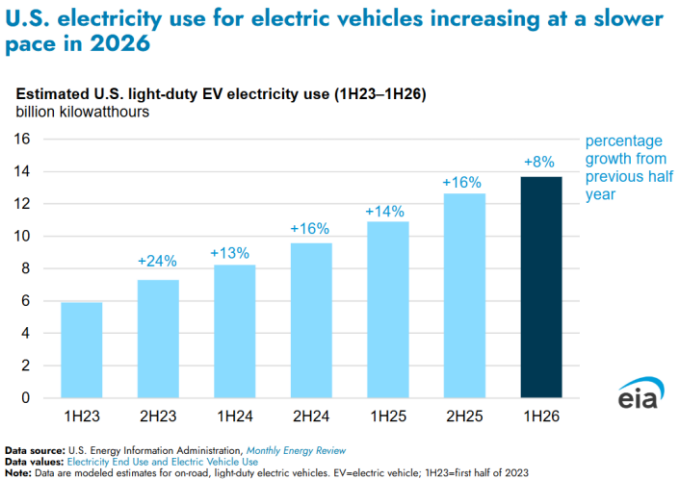
Chambersburg Borough desires to be a good steward of the environment, evidenced by the way we maintain and operate our utilities. The Borough has long advocated for energy efficiency in our community, believing public natural gas utilities and the existing pipeline infrastructure should continue to play 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.

The EIA estimates light-duty electric vehicles in the United States consumed 8% more electricity during the first six months of 2026 from last half of 2025 (2H25). This is down from the 13–24% growth seen in six-month periods in recent years. The slowing electric vehicle electricity consumption growth followed a decline in sales after U.S. federal tax credits expired in September 2025.



In its 2026 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 253,077 MW in 2046, with an average annual growth rate of 2.4% over the 20-year period. The winter peak load is forecasted to reach around 236,693 MW by 2045/46, reflecting a 2.7% average annual growth rate over 20 years.

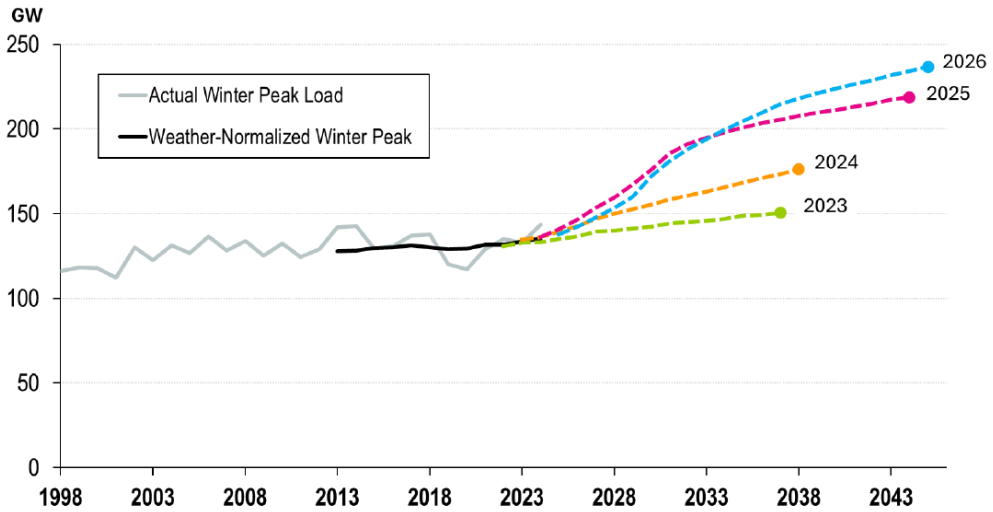
For specific comparisons:

The 2026 long-term forecast for the summer peak projects higher growth (2.4% annualized over 20 years) compared to the 2024 forecast (2.0%).

The 2026 winter peak forecast also shows higher growth (2.7% annualized over 20 years) than the 2025 forecast (2.4%).

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.

Figure 1. Historical and Projected Winter Peak Load Growth in PJM



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.

The initial 11.3% overall rate increase impacted different types of electric customers in a variety of 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 2024-2026 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 2027. There and 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 2026 when it came time to implement the annual increase staff recommended Council defer that increase with overall Utility position in a sufficient place already with record generation performance of the past 2 years.

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, prices rose back up with another 16% increase in 2025 and 10% further in 2026. The increases in 2025-2026 were tied primarily to the steep PJM Capacity market increase now in effect coupled with increasing energy market prices

through 2026. This latest increase put their Residential Price to Compare Energy Only rate over 12 cents at 12.075¢ which is nearly the same as 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 2027, rates remain lower than they were back in 2010.

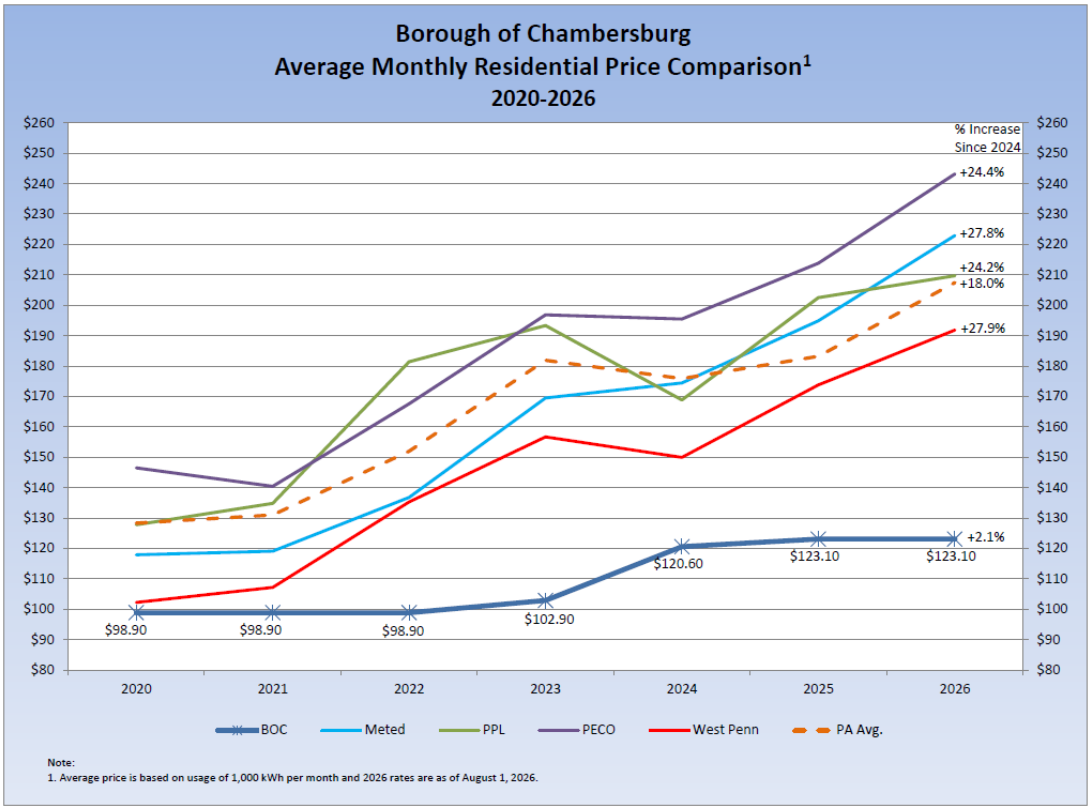
It is unrealistic to expect electricity to be less expensive when adjusted for inflation than a decade ago.

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 2027.



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" 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.

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 at the time. 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 modifications 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 utility while replenishing and maintaining adequate reserves. While keeping rates low, the utility 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.

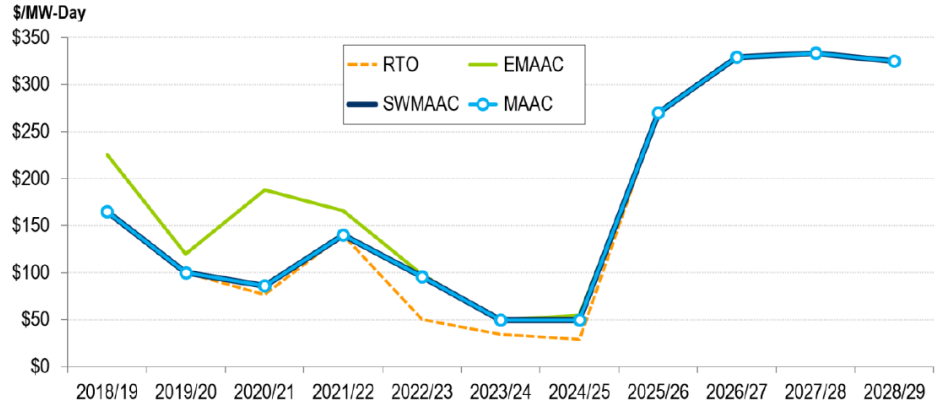
This 2027 Budget includes the continuation of rate management originally approved by Town Council in 2023 while continuing to monitor the ever-changing market landscape.

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.

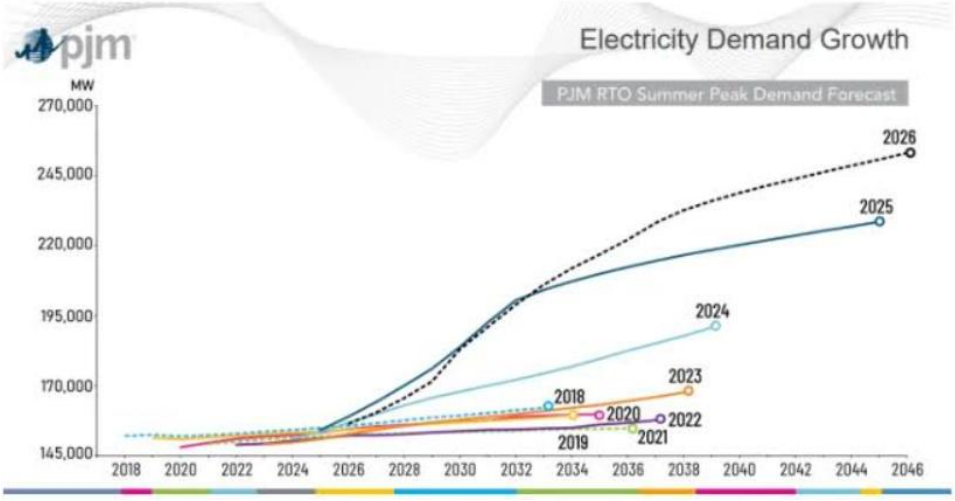
The impacts are different for each utility depending on factors such as behind the meter generation, type of power purchase agreement, etc. but there was an impact for all systems beginning the 2025/2026 delivery year which commenced on June 1, 2025. After several years of near record low PJM market 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.

Figure 1. BRA Clearing Prices by Delivery Year for Major LDAs



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.

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 increased 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. Fortunately, we have invested significantly in generation resources which greatly cushion the impacts of these substantial fee increases to our customer load. Without these resources, like most other utilities, Borough rates would have had to go up by a much greater amount.

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 2027 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 new 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 safely back to historical position after the conclusion of the major 2019 Bond project spending coupled now with rates increased having re-built the fund.
- Training and professional development in 2027 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.

2027 Preparations/Goals

The approach that we will apply in 2027:

- 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 relationships with those who manage and supply the power coming in, to those of the smiling faces of its users.

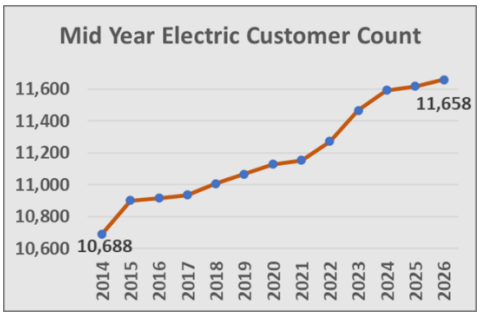
Chambersburg has a three-pronged approach:

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 of 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 yet found to make financial sense. Battery Storage options will be further investigated as we enter 2027 until they may someday be wise to invest in.

Major Accomplishments

With all of the challenges of day-to-day operations, Chambersburg Electric Utility logged much success in 2025 into 2026:

	2025	2026 Mid
Meters set or changed	113	39
Services Replaced	215	65
New/Temp Services	38	45
Street Light Re-lamp	222	87
Transformers Install/Replaced	14	12
Poles Installed	17	15
UG Cable Installed (ft.)	4,416	8,093
OH Cable installed (ft.)	14,630	11,934
Cable/Communication Messenger (ft.)	290	210



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 2025 SAIDI	38 Minutes
	(appeared 46% better than "Small EDC")
	(appeared 81% better than WPP)
Small EDC (PUC), 2025 Avg SAIDI	70 Minutes
(Citizens, Pike UGI, Wellsboro)	(appeared 65% better than "Large")
Large Investor-Owned Utilities 2025 AVG SAIDI	198 Minutes
(Duquesne, PECO, PPL, Met Ed, Penelec, Penn Power, WPP)	
West Penn Power	248 Minutes or an average 4.13 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.)

https://www.puc.pa.gov/media/4049/2025-electric-reliability-report-final_sep_2026.pdf

APPA BOC 2025 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 38 minutes in 2025. 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 248 minutes or 4 hours and 8 minutes per year (PAPUC-Annual Electric Service Reliability Report, 2025). 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.

2027 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. Most recently renewed in 2026 as Platinum.

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 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. By 2028 we will have the addition of the 5.1 MW Bright Mountain Solar from AMP.

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

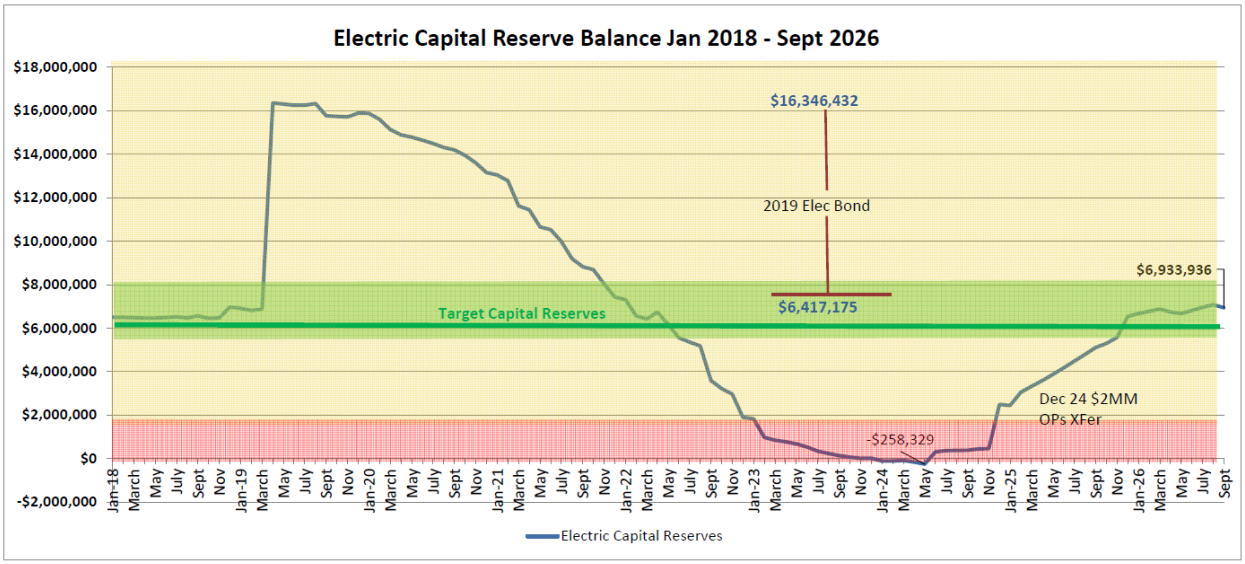
“Tools” often referenced in the Electric Utility are generally referring to the sum of Borough-owned generation asset revenue values, net benefits of the previously purchased portfolio products, other Borough-participating variable capacity, and energy market revenue/cost/hedge influences.

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. Transfers to replenish the depleted capital reserve were re-instituted in 2024 and were increased in the 2025 budget. As we enter

2027, thanks to many pieces including generation performance, fund balances have fully 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 couple years through mid-2026.



Clearly indicates the impact of no rate increases while investing in capital needs and now rebuilt healthy fund balance

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 again 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 hitting a negative balance in May 2024 prior to recent years of rebuilding.

The following table is proposed for the overall 2027 Electric Capital Improvements Plan:

2027 PROJECTS					
Funding Source	Acct No.	Project	Total Cost	Grant	Borough Cash
Capital Reserve	92794	AMI Project	$2,040,000	$ -	$ 2,040,000
Grant/ Match	92794	Transmission System Switching and Protection Upgrades- Resilience Grant	$1,075,000	$806,250	$ 268,750
Capital Reserve	92794	Geiman Sub – 4kV Indoor 1950s vintage Switchgear Overhaul	$ 540,000	$ -	$ 540,000
Capital Reserve	92794	Rework and Harden Grant/2nd Transmission Poles	$ 220,000	$ -	$ 220,000
Capital Reserve	92794	Orchard Park Transmission Relay and Transformer Control Replacements	$ 210,000	$ -	$ 210,000
Capital Reserve	92792	Ops Center Maintenance Roof Replacements	$ 150,000	$ -	$ 150,000
Capital Reserve	92794	Convert Park Sub Distribution from 4 to 12 kV	$ 130,000	$ -	$ 130,000
Capital Reserve	92794	Transmission/Distribution Substation Equipment & Engineering	$ 75,000	$ -	$ 75,000
Capital Reserve	92794	Transmission/Distribution System Upgrades, Extensions, New OH/UG Customers	$ 60,000	$ -	$ 60,000
Capital Reserve	92794	Engine/Generator Major Maintenace Items/Parts	$ 60,000	$ -	$ 60,000
Capital Reserve	92794	Build out Feeder 273 toward Downtown	$ 30,000	$ -	$ 30,000
Capital Reserve	92794	Distribution Capacitor Engineering, Deployement, and Control	$ 55,000	$ -	$ 55,000
Grant?	92794	Replace and upsize Solar transformer and integrate Capacitor bank- Initial Eng	$ 40,000	$ -	$ 40,000
Capital Reserve	92794	BTM Gen/Battery Interconnection Eng	$ 30,000	$ -	$ 30,000
			$4,715,000	$806,250	$ 3,908,750

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 16 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 utility has made notable progress each year toward the continuous improvement goals. Utility staff has again received 2026 renewal at the Platinum level just falling 1 point short of Diamond.

RP3 Designation: From 2023 and beyond, the RP3 Goals have been 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 has been 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 261 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 healthy split among those customer types, and for decades, is a measure of the community's diversity, strength, and abilities to weather the financial storms.

Smart Energy Provider Program

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.

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 2027:

- 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 ass the first and only entity out of the 35 municipal electric utilities in Pennsylvania to have acquired the SEP Certification in October 2021.

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 Sprenkle
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 in 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 has been 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

5 of 31	= 16%	Eligible for Medicare age 65 in next 5 years, 63 in 3 years
+1 of 31	= 19%	Eligible for full Borough retirement age 63 in next 5 years
+4of 31	= 32%	Eligible for early retirement age 60 in next 5 years
+2 of 31	= 39%	Eligible for full Borough retirement age 63 in next 10 years
19 of 31	= 61%	Beyond 10 years until Normal Borough Age 63 Retirement

1 Open Positions

In conclusion, roughly 40% of the department personnel may be expected leave for retirement by 2036. This is an improvement from last year's review where we were at 50%. The decrease of normal Borough retirement age from 65 to 63 has further increased this effort.

Personnel changes in 2027

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. Multiple more entry level line workers have been hired to continue the plan of bolstering the crew as numerous entry employees have now not been retained through the process. Over the past few years, the efforts have been made to hire some entry to mid-level line workers. There has been some success and toward the end of 2026 all slots have currently been filled. 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 multiple employees. In mid to late 2026, steps have begun to continue these efforts by hiring 1 or 2 additional interim level positions in preparation for future replacements. These highly skilled and specialized craft positions are not jobs that can be picked up in minimal timeframes. Personnel work on multi-million-dollar generation plants, substations, and various other Electric Utility facilities.

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 33 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:

- E-Reliability 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 rely on AMP primarily for power supply purchases, contracting, or delivery. As has been established, the Borough has 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 primarily 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, Lineworker Apprenticeship was one of the first services utilizes. AMP Peak notifications have proven helpful in again allowing operations staff to successfully hit all of the annual peak hours with FSGS BTM operation. The next major consideration will be in AMP's AMI program.

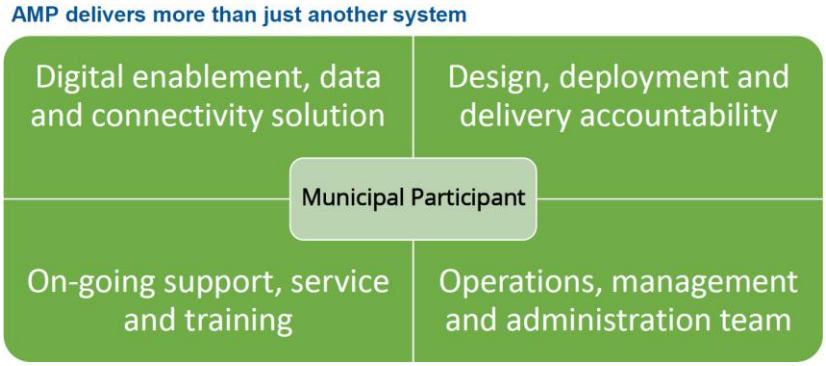
Over the past year, both the Borough Manager and Director of Electric Utility have been engaged in worthwhile marketing campaigns carried out by AMP. Jeffrey Stonehill was a guest on AMP's podcast, The Public Power Line, for an episode about how Public Power is Good for Business. While Jeff Heverley was part of a video piece through the Public Power Is Community Focused multimedia campaign that also featured Wilson College. These initiatives, viewed across the country, are part of the many benefits of being part of a Joint Action Agency like AMP.

In 2026, upon evaluation and recommendation from the Power Team, Council elected to proceed with a portion of an upcoming Solar power project that AMP was soliciting member interest in. The 80 MW Bright Mountain project is to come online by 2028 and will supply an additional 5.1 MW source of Solar supply that will be integrated with the rest of the Borough's diverse portfolio. This will serve as the first Power Supply product from AMP to Chambersburg which we are excited to be part of with numerous other municipal members.

AMP Advanced Metering Infrastructure (AMI) program

Throughout 2025 and 2026, 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 16+ municipal participants, and they have over 130,000 electric meter devices managed with more coming soon.

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.





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 has allowed us to more fully check out their system as we consider moving forward with this major modernization project into 2027 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 regularly 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.

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 2027 once the equipment is fully determined and secured to be installed.



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 – Borough of Chambersburg "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 utilities.
- Large number of slices and variety of power sources.
- Use all that are technically proven/financially viable technologies.

American Public Power Association

In September 2026, officials from approximately 26 of our 35 municipalities that make up Pennsylvania Municipal Electric Association (PMEA) (including Jeffrey Stonehill, Jeff Heverley, Tyler Kimble, and others) gathered at the 2026 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 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.



The Board of Directors of the Pennsylvania Municipal Electric Association hosted the annual conference again this year in Bedford, Pennsylvania where 21 of the 35 boroughs with municipal electric gathered to discuss issues and network.

Following the conference, the PMEA and Chambersburg received some news from the American Public Power Association.

In its most recent election at its fall board meeting in Asheville, North Carolina, the American Public Power Association (APPA) elected four new members to its Board of Directors; including a local delegate from Chambersburg Borough, the first to represent Pennsylvania at the national level. The APPA Board of Directors comprises utility leaders and policymakers from public power communities across the nation. These utility leaders provide strategic guidance and governance for the association and help shape APPA's advocacy, education, and member service priorities.

The APPA Board confirmed among their new directors was appointed, Jeffrey M. Stonehill, Borough Manager and Director of Utilities for the Borough of Chambersburg, to represent Region 8.

The Borough of Chambersburg Electric Utility stands out as the largest of the 35 municipal electric systems in Pennsylvania, serving over 11,000 customers. It holds the unique distinction of being the only municipal electric utility in the state that benefits from its own generation assets, including a 23-megawatt dual-fuel peaking plant and a green energy landfill gas facility. Because it operates as a customer-owned, not-for-profit entity, it consistently provides some of the lowest residential electricity

rates in the Commonwealth. Furthermore, the utility boasts exceptional grid stability, having earned a Diamond-level Reliable Public Power Provider (RP3) designation for maintaining average annual outage times of under 20 minutes per customer, significantly outperforming major commercial utilities. Finally, its operations make Chambersburg the only municipality in Pennsylvania to simultaneously offer both a community-owned electric and natural gas utility system.

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. It represents public power before the federal government to protect the interests of the more than 55 million people that public power utilities serve across the United States and its territories. APPA advises on electricity policy, grid technology and operations, and workforce development in support of safe, modern, and resilient utilities.

Mr. Stonehill, who also is currently President of the Pennsylvania Municipal Electric Association (PMEA) Board of Directors, will serve in this additional capacity without compensation.



Jeffrey Stonehill with APPA Executive Director Scott Corwin and AMP Executive Director Jolene Thompson

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 30 electric customers who are still thriving in Chambersburg. There was a new leader as of 2024 continuing into 2026.

1 Curaleaf – Further Expansion coming
2 Ventura Foods
3 TB Woods HV Melting, Foundry/Fabrication
4 WellSpan Chambersburg Hospital
5 WellSpan Health Other Facilities/Offices
6 CASD Facilities
7 Americold (Chambersburg Cold Storage)
8 Borough of Chambersburg Regional WWTP
9 Knouse Foods- Closing EoY 2026
10 Wilson College
11 Ecore International (Edge Rubber)
12 Menno Haven Facilities
13 Keystone Health Facilities
14 Borough of Chambersburg Electric Facilities
15 BWise Manufacturing
16 Catch-up Logistics
17 Franklin County Facilities
18 Giant Food Stores – Norland
19 Giant Food Stores - Wayne
20 BJ's Wholesale Club
21 Weis Markets
22 Target
23 Brightspeed Facilities
24 Tesla @ Norland Sheetz – On the Rise!
25 YMCA
26 Rural King
27 NestFresh
28 Shook Home
29 Butcher Shoppe
30 Cburg Skilled Nursing and Rehab Center

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.

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget
PILOT:	$1,350,000	$1,470,000	$1,870,000	$2,033,000	$2,500,000	$2,550,000

Borough of Chambersburg Finance Department
Electric Gross Receipts Tax
For Tax Year: 2026

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	2,230,000	$2,230,000
20015	Revenues - Merchandise & Jobbing	100,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
20019/20024/20028	Interest & Dividend Income	353,950	
20016/20017	Miscellaneous Nonoperating Income	600,000	
	Gain/Loss on Disposition of Property		
20011	Residential/Commercial/Industrial Sales	37,000,000	37,000,000
	Public Street & Highway Lighting		0
	Other Sales to Public Authorities		0
	Sales to Railroads & Railways		0
20012	Sales for Resale	800,000	800,000
	Interdepartmental Sales		
	Other Sales, Nonmajor Only		0
	Provision for Rate Refunds		0
	Forfeited Discounts		0
20022	Miscellaneous Service Revenues	0	0
	Sales of Water and Water Power		0
20023	Rent from Electric Property	60,000	60,000
	Interdepartmental Rents		
20013	Other Electric Revenues	0	
	Revenues from Transmission of Electricity of Others		0
	Regional Transmission Service Revenues		0
20014/20025/20026	Miscellaneous Revenues	150,000	150,000
20027	All Other Sources	1,000	1,000
	Totals of each column	**$41,294,950**	**$40,241,000**
	Tax at the rate of 59 mills Gross Receipts Tax		**$2,374,219**
	Town Council Adopted Multiplier		**107.40374%**
	Payment in Lieu of Gross Receipts Tax		**$2,550,000**

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

	2025 Actual	2026 Budget	2027 Budget
Revenue	$13,484,850	$13,030,000	$14,079,553
Expenses	$12,147,091	$13,030,000	$14,079,553
Excess (Deficit)	$1,337,759 Excess*	- Balanced -	- Balanced -

* - Includes a $775,000 transfer for future capital projects which was balanced by a surplus in the previous fiscal year.

The fiscal goal is to produce approximately $750,000 per year in excess revenue, as the necessary maintenance of the distribution utility costs approximately that much per year in investment. In 2025, the results reflected an increase in the distribution rate as well as the value of the Federal grants helping pay for capital improvements to the gas distribution system.

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 2027 and the fiscal operations of the utility, with the lowest gas rates in Pennsylvania,

Chambersburg residents pay the lowest price for natural gas in Pennsylvania. We are happy to say there is no rate increase recommended for 2027. 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 40 years.



Chambersburg Gas Department, Safety Recognition Lunch, February 26, 2026. L-R: Roy Schweizer, Jimarez Barragan, Devin Todd, D'Laina Houser, Cory Lynch, Brandon Helman, Raymond Sheaffer, Patrick Adams, Jon Mason, Blake Becker, Jonathan Stambaugh, and John Leary

In 2025, the Borough delivered a record high 1,829,000 Dekatherms (DTH) of natural gas to our customers, with gas sales totaling $13.3 million. These volumes were a 29% increase from 2024, and were 15% higher than our previous record year, primarily due to an increased customer base and increased power plant usage.

2026 gas sales volumes are expected to exceed 1,700,000 DTH, which would be a small decrease from 2025, but still larger than the previous sales volume record year. 2026 has seen the Borough power plants suffer from engine breakdowns, keeping their gas usage lower than it would be otherwise. With that said, 2026 has still been a strong year for gas sales. High gas sales volumes help new, and existing, customers benefit, by keeping rates low, and by using clean and efficient gas for their energy source.

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 has only had two rate increases in the past 25 years. Our customers continue to pay about half the price for natural gas as local private utility customers do for the same usage.

In 2026, the Natural Gas Utility has continued to work aggressively to replace old pipe, including completing the replacement of one mile of cast iron gas mains and steel services on Garfield St., S. 2nd St., Nelson St., and N. 7th St.

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 important for safety and the future.



Operating Equipment is a Daily Task in Natural Gas

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.

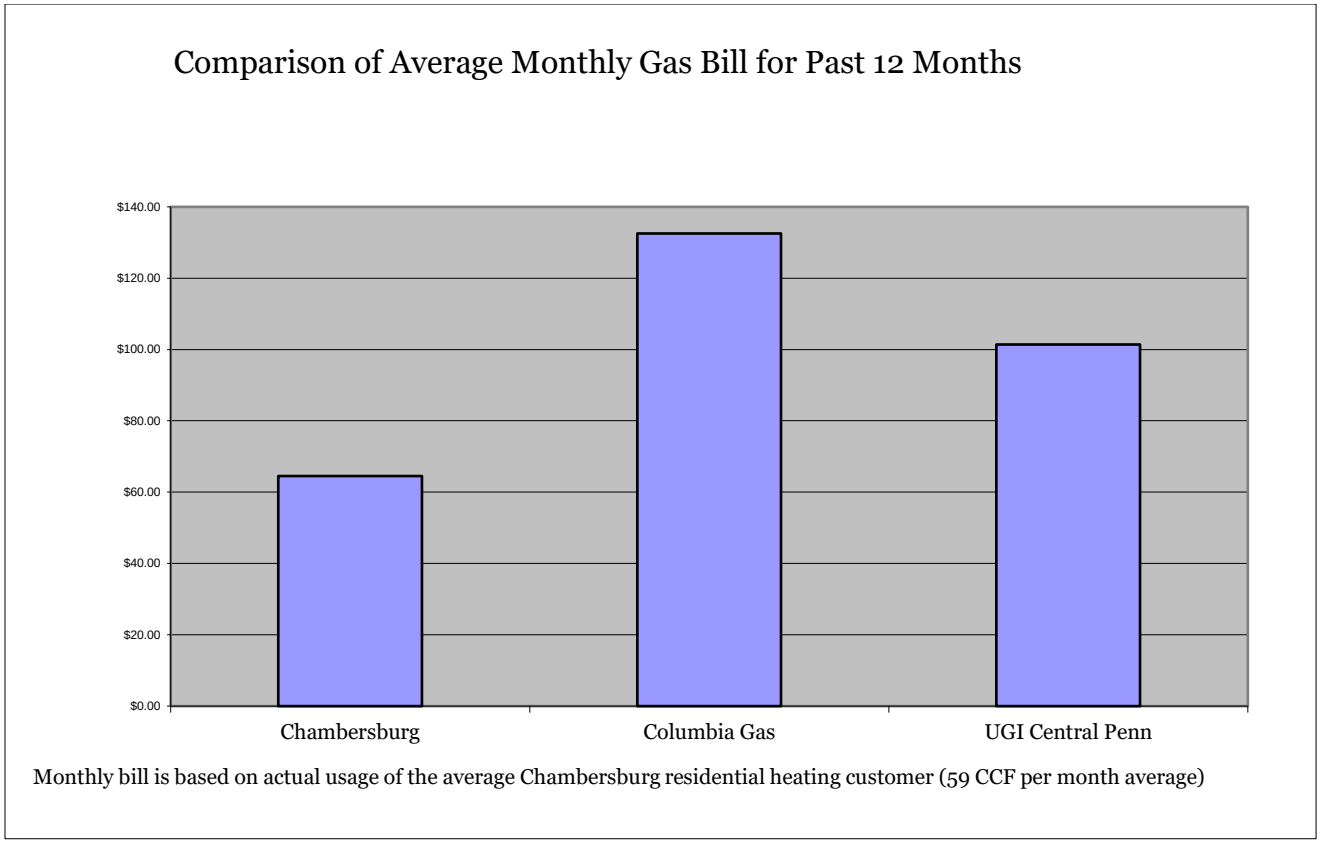
The Borough is a member of American Municipal Power (AMP). AMP has a proven AMI system they use and administer, which we are currently testing. Should the AMP system prove to be a good match, we will be able to implement a proven system, with potentially less risk of failure, and potentially lower total costs.

Natural Gas Rates

The 2027 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 45% lower than prices charged by local private gas companies. An average Chambersburg residential bill was $774 for the past twelve months vs. $1,403 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 customer 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 $.05). 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 per CCF, 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 Oct. 2025 through Sep. 2026

Staff is recommending an no rate increase for 2027. Our neighboring systems are seeking a rate increase.

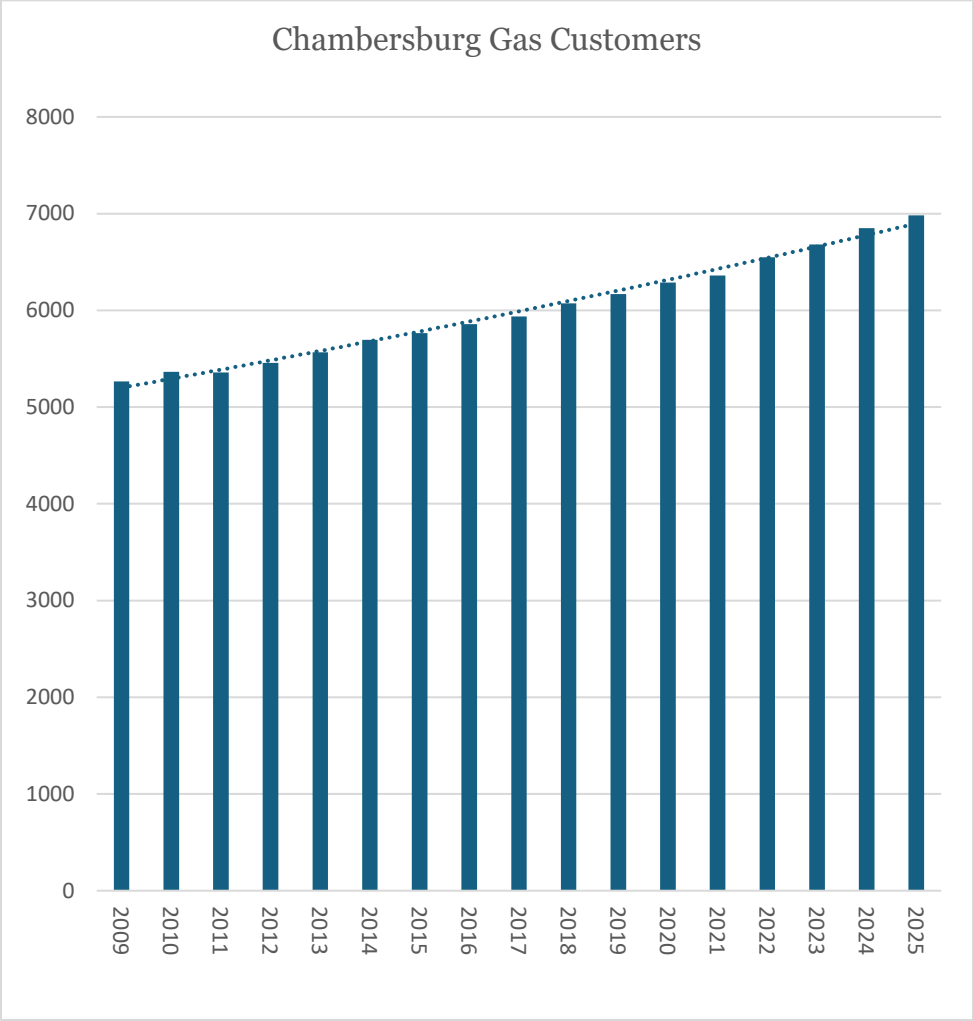
- The proposed budget includes $5,635,000 in capital improvements to the Natural Gas Utility infrastructure; including the replacement of old gas mains and services, the relocation of some of our high-pressure mains to facilitate the I-81 Exit 12 project, and the extension of gas service to new areas 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 is intended to reserve approximately $500,000 for future capital improvements to the distribution system; to build a capital reserve for the future.
- The proposed budget includes the hiring 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.



Operating Equipment is a Daily Task in Natural Gas

Chambersburg Gas provides the lowest residential natural gas rates in Pennsylvania and that will not change in 2027. 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, Wars in Iran and Ukraine, and the desire of Natural Gas producers to export US Natural Gas overseas.

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 volatility in the wholesale gas market.



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.

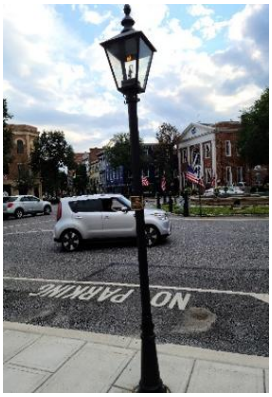
We are very excited to have significantly added to our customer base. Twenty-five years ago, the Borough had less than 5,000 gas customers. This number remained relatively stagnant for a number of years, until about 15 years ago. From that time on, we have added an average of over 100 customers per year, bringing our current total to 7,000.

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 spread out for 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 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, 2023, and 2026, Chambersburg was awarded SOAR at the Gold level - the highest possible level. The award is for a three-year period, so the Borough had to 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 2026 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.

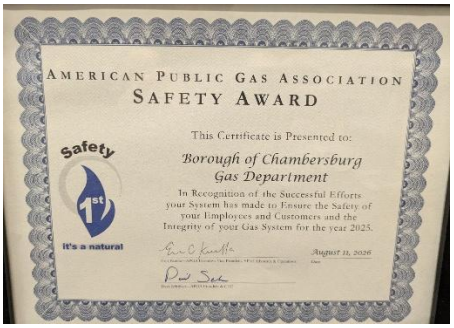


Receiving the SOAR Award are Jon Mason, John Leary, and Roy Schweizer

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 40 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 2026 APGA Safety Award. This is the 13th straight year Chambersburg has been presented this award, a sign of consistent commitment to safe operation.


AMERICAN PUBLIC GAS ASSOCIATION
SAFETY AWARD

This Certificate is Presented to:

Borough of Chambersburg
Gas Department

In Recognition of the Successful Efforts your System has made to Ensure the Safety of your Employees and Customers and the Integrity of your Gas System for the year 2025.

August 11, 2026

Safety 1st
it's a natural

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 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)), 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. Independent Government data also shows that Americans are 50 times more likely to die from an electric fire or electrocution than from a gas explosion.

Gas explosions are big news items when they happen, but data shows that the threat of gas explosions for Americans is minimal.

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 40 years.

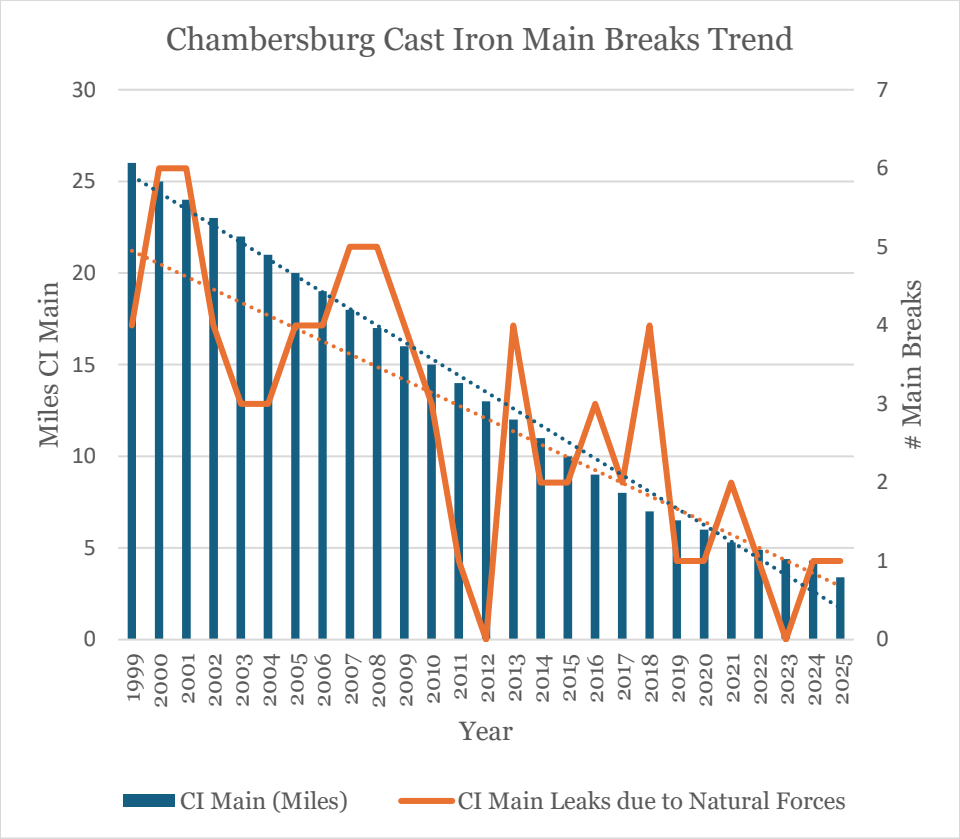
The Natural Gas Utility was awarded approximately $5.2 million in 2022 from the USDOT's Pipeline and Hazardous Materials Safety Administration's Natural Gas Distribution Infrastructure Safety and Modernization Grant Program to replace three miles of old gas mains and services. In 2023, we were awarded a second grant 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. 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 have replaced 23 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 are 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 have replaced Cast Iron pipe).



Cast Iron Gas Leak Trend due to Replacement with Plastic Pipe (through 2025)

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 its 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 is 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.

Assistant Director of Natural Gas Utility, Jon Mason, is 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.

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 86 Members in Georgia, Alabama, Florida, Pennsylvania, and Tennessee, who meet the gas needs of approximately 280,000 customers.

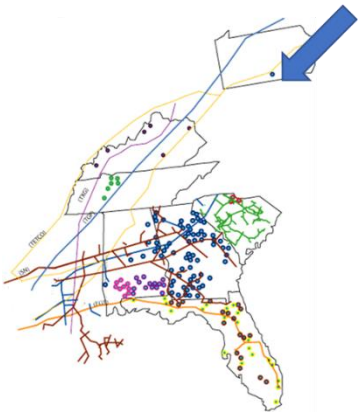
The Gas Authority meets the Borough's full natural gas supply requirements, and provides scheduling services for gas delivery.

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.

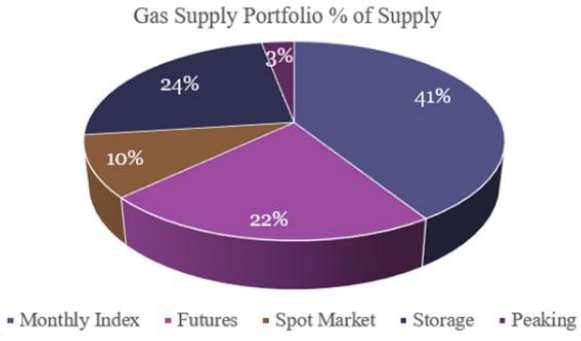
Through our membership in the Gas Authority, all Chambersburg gas is purchased. By means of the Texas Eastern pipeline, all Chambersburg gas is delivered. The "take-point" is on Guilford Springs Road, South of the Borough. The Authority's pool of member purchases provides significant savings and there 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's purchasing portfolio consists of:

- First of Month Index;
- Futures Market;
- Spot Market;
- Storage;
- Peaking.

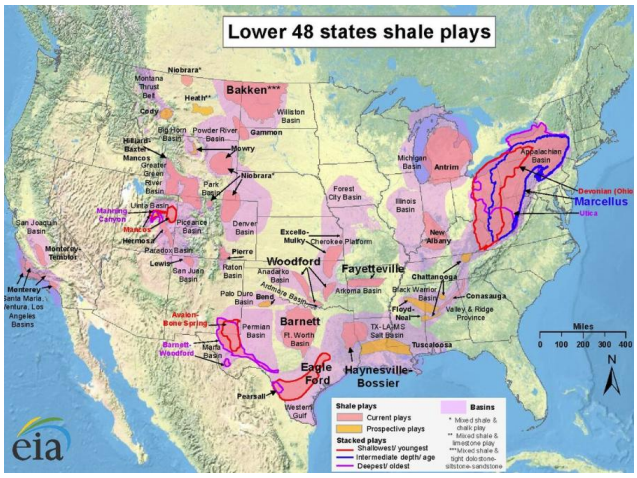
The Borough uses the Gas Authority for many members services including training, advocacy, and natural gas wholesale supply.



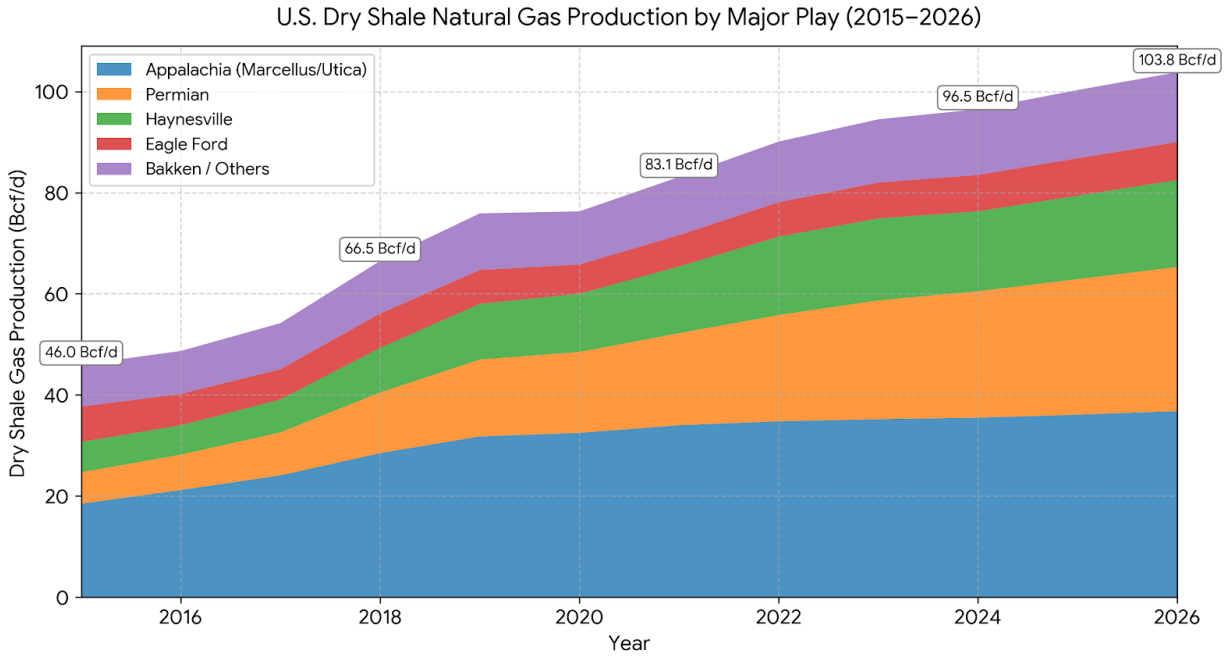
The Municipal Gas Authority of Georgia Service Territory



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. Borough staff also directs the Gas Authority on the utilization of the Commodities markets to hedge gas purchases for the future, reducing volatility.



Shale gas is not the only gas consumed but it does set the benchmark on cost.



Gas Transportation Arrangement with UGI Gas Utilities

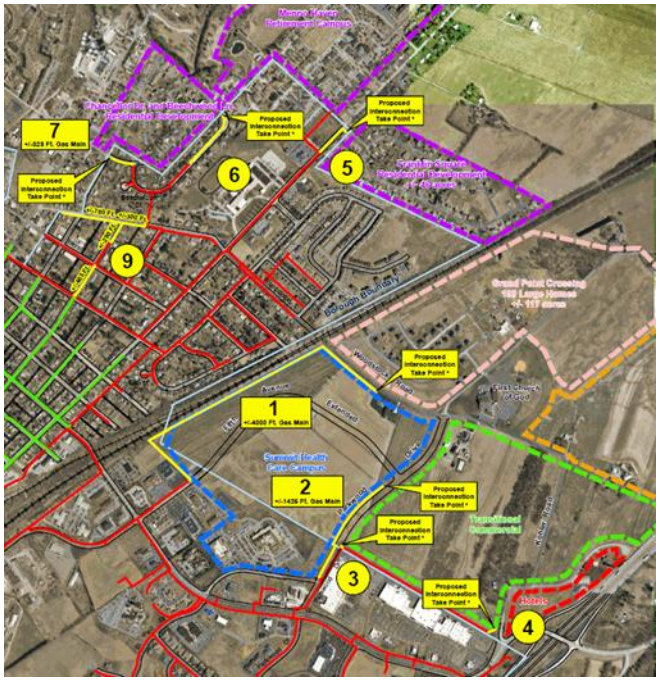
The Borough has been transporting natural gas to UGI Gas for the past seven years. The Borough is generally prohibited from serving customers outside of the Borough. Significant development is pending in Greene Township, just outside the Borough limits, which requires low-cost natural gas. This development 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.

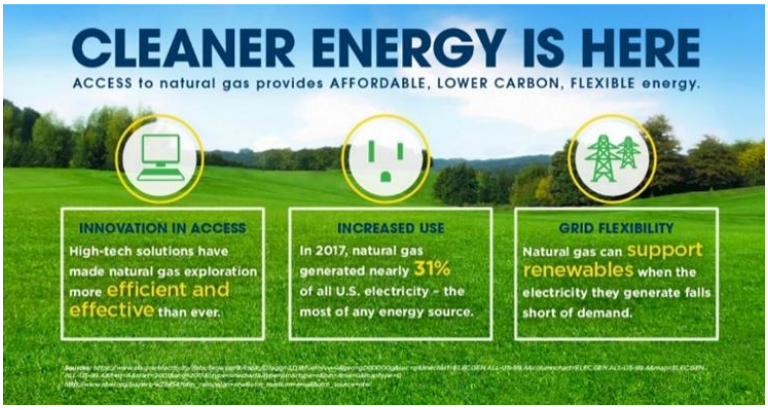
In discussions between Menno Haven and UGI Gas, the two decided to approach the Borough and request a transportation arrangement. The concept was, UGI Gas would buy its own gas supply and have it transported to the Borough's natural gas interconnection on the Texas Eastern pipeline. Chambersburg would 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.





2027 Department Goals

- Begin implementation of AMI system.
- Continue to have zero reportable gas safety incidents.
- Zero lost time injuries to employees.
- Replace one mile of CI gas mains.
- 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. Borough owned electric generation dwarfs the other large gas customers in usage. The Borough owned power plants also pay the lowest rate for electricity, benefiting electric customers to the greatest extent possible. The bottom line - Borough electric generation using Borough gas benefits all residents. A true "win-win" for residents.

2025 Largest Customers By Volume	Units (Ccf)	Amount ($)
Orchard Park Generating Station	4,390,980	$ 2,411,780
Keystone Sheets LLC	1,210,325	$ 911,630
Chambersburg Hospital	1,056,645	$ 857,458
Knouse Foods Co-Op Inc	896,995	$ 652,202
Ventura Foods LLC	687,964	$ 516,973
T B Woods Incorporated	639,027	$ 480,300
American Trailer World	307,120	$ 248,345
Chambersburg Area Senior High	303,256	$ 239,447
Wilson College	238,036	$ 191,821
AES Compassion Care LLC	185,076	$ 150,537

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.



Natural Gas Generation

Environmental Benefits of Natural Gas

It is important for the Borough to continue to support responsible production 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 CO_2 than oil or electric.





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.

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2027 Budget
PILOT:	$650,000	$750,000	$900,000	$910,000	$975,000	$1,001,116

Borough of Chambersburg Finance Department
Gas Gross Receipts Tax
For Tax Year: 2026

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	350,000	350,000
30015	Revenues - Merchandise & Jobbing	7,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
30019/30024	Interest & Dividend Income	124,990	
30014/30016/30017/30027	Miscellaneous Nonoperating Income	1,210,000	
	Gain/Loss on Disposition of Property		
30011/30026	Residential/Commercial/Industrial Sales	12,332,200	12,332,200
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	40,000	
	Revenues from Transmission of Electricity of Others		0
	Regional Distribution Service Revenues		0
30025	Miscellaneous Revenues	2,500	2,500
	All Other Sources		0
	Totals of each column	**$14,101,690**	**$12,719,700**
	Tax at the rate of 59 mills Gross Receipts Tax		**$750,462**
	Town Council Adopted Multiplier		**133.3999%**
	Payment in Lieu of Gross Receipts Tax		**$1,001,116**

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

	2025 Actual	2026 Budget	2027 Budget
Revenue	$5,979,003	$6,469,000	$9,017,732*
Expenses	$6,937,037	$6,469,000	$9,017,732*
Excess (Deficit)	($958,034) Deficit	- Balanced -	- Balanced -

* - There is a significant accounting change in 2027, which will not increase resources for the Water Utility, but fundamentally changes the size of the operation:

Beginning this year, the **Ambulance Fee** will be a part of the Water Utility Fund's water service fees and remitted to the General Fund as a Payment in Lieu of Taxes (PILOT). It is not a tax because tax-exempt property owners pay it on their monthly water bills. There is no restriction on the payment of the PILOT by in-town water customers, for legal and accounting reasons, the Borough will begin to describe the Ambulance Fee as a Water Service Fee, remitted to the Water Utility and given as a PILOT to the General Fund. It is for this reason that out-of-town water customers will continue to not pay this fee, nor will water that is sold to the Bear Valley Joint Municipal Authority, as those customers are out-of-town as well.

This results in $1,876,600 passing through the Water Utility from customers and transferred as a PILOT to the General Fund to support EMS operations. It is balanced as what comes in for this fee is also transferred out.

When looking at the results for 2025, you will notice a transfer of $1,050,000 out of accumulated Water Utility cash fund balance, moved to the Water Utility Capital Reserve. This is good accounting practice as excess cash should not be retained in the utility's operating fund. However, as a result, you will note $958,034 deficit was posted for the year in the operating side of the ledger. The fiscal goal is to produce approximately $350,000 per year in excess revenue, as the necessary maintenance of the distribution utility costs approximately that much per year in investment.

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, 2025, and 2026.

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 through 2027 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.

Chambersburg has one of the lowest water rates in Franklin County.

This 2027 budget recommends another small water rate increase (3¢ per unit) plus a 25% fire service rate increase to keep pace with rising expenses. Chambersburg has the lowest water rates in our area, and that is not going to change in 2027.



Water leaking from a flange seal

Water Rates

In recent years, 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 2027, the Water Utility needs a small rate increase to keep pace with expenses. This will be the nineth increase in ten 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.

Additionally, a 25% increase in fire service rates is also proposed. Larger commercial/industrial facilities, as well as some apartment complexes are charged a monthly service fee for private fire protection service connections (such as private hydrants or sprinkler lines). A monthly 6” fire service rate would increase from $17.03 to $21.29, for example.

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 2026 rate was $0.30/unit; and a $7.14 r-t-s charge. As a result, in 2026, the average single-family home saw monthly billing of $28.14. The 2027 rate will be $0.33/unit; and a $7.14 r-t-s charge. We anticipate that the average monthly billing for a single-family home will rise from $28.14 to $30.24 per month in January 2027 (an increase of approximately $2.10 per month).

2026 usage charge: $.30/unit; $7.14 r-t-s

2026 average monthly billing: $28.14



2027 usage charge: $.33/unit; $7.14 r-t-s

2027 average monthly billing: $30.24

Municipality	Rate	Monthly Billing
Borough of Chambersburg (Current)	30¢	$28.14
Borough of Chambersburg (Future)	33¢	$30.24
Borough of Chambersburg (Outside)*	10¢	*$11.96
Bear Valley Water Authority		$94.73
Capital Region Water		$69.06
Greencastle		$67.11
Washington Township		$49.61
Carlisle		$52.78
Gettysburg		$44.64
Waynesboro		$42.68
Shippensburg		$34.83
Guilford Water Authority		$34.33

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 2026, the Water Utility has reserves of $5,500,000 in capital funds for future capital projects. In addition, the Water Utility also has reserves of $1,400,000 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. In 2026, a 4,800 linear feet water main extension was completed in support of this initiative.



The Interconnection Pump Station at Sollenberger Road between

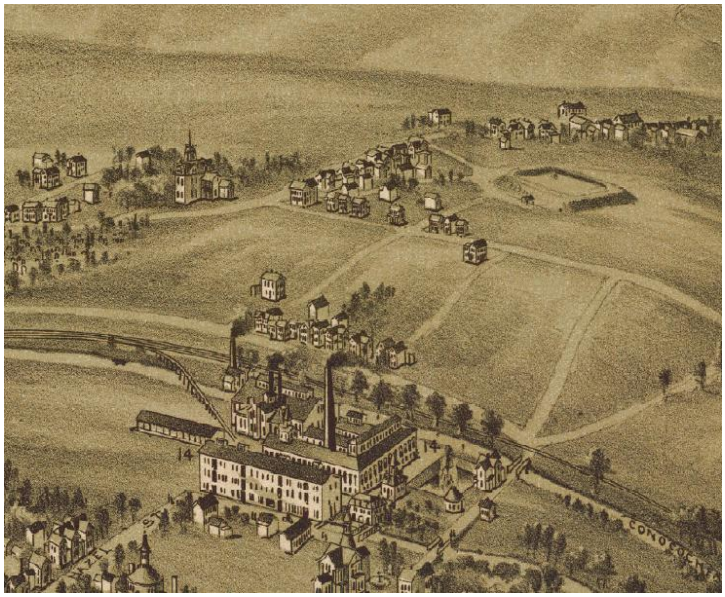
the Chambersburg Water System and the Bear Valley Joint Intermunicipal Authority

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 where 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 – May 2026

2025-2026 Drought

For 12 consecutive months, beginning in October 2025, Franklin County has been under active Pennsylvania Department of Environmental Protection (DEP) drought watch or warning declarations. Initially, below average rainfall and groundwater deficits were the primary factors leading to the declaration. As of October 2026, precipitation levels have returned to normal, but slow groundwater recovery has kept Franklin County under a drought water declaration.



Long Pine Run Reservoir – 2024-2025 Drought, April 2025



Long Pine Run Reservoir – 2025-2026 Drought, May 2026

What is the current status of Chambersburg's reservoir?

Fortunately, the recent drought was not as severe as the 2024-2025 drought and had minimal impact on Long Pine Run Reservoir. Currently, the Long Pine Run Reservoir is at 82% of the spillway capacity which is above 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 8, 2026

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 (2025, last full year)

- Water supply, treatment, transmission, and distribution;
- Treated 1.430 billion gallons of water in 2025;
- Operation and maintenance of the water production and distribution facilities;
- 15 water main breaks repaired in 2025 (National average - 33 breaks);
- 19 total water distribution repairs in 2025;
- 21% unaccounted water lost in the system in 2025;
- 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 7 fire hydrants in 2025;
- Plumbing inspection and meter replacements;
- In-house plumbing inspection is performed by Pennsylvania Municipal Code Alliance;
- However, exterior inspections as well as other types of in-house inspection services, such as sewer system inspections, are performed by Borough personnel;
- Inspected 1 water/sewer main extension projects in 2025;
- Replaced 1,185 water meters in 2025.



Julio D. Lecuona Water Treatment Plant

Greene Township

6.0 Million Gallons per Day Capacity



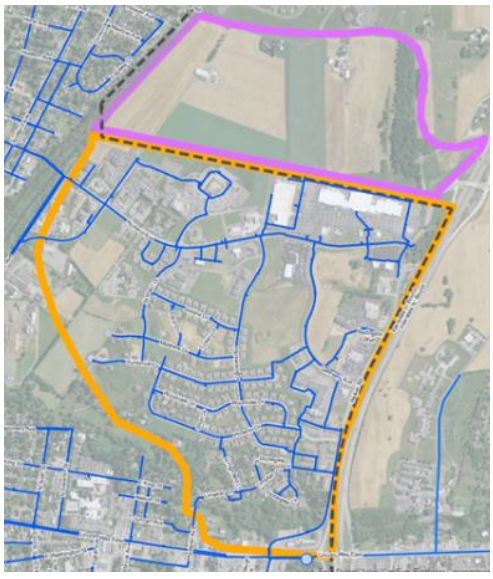
Water Transmission System from Caledonia

Capital Projects

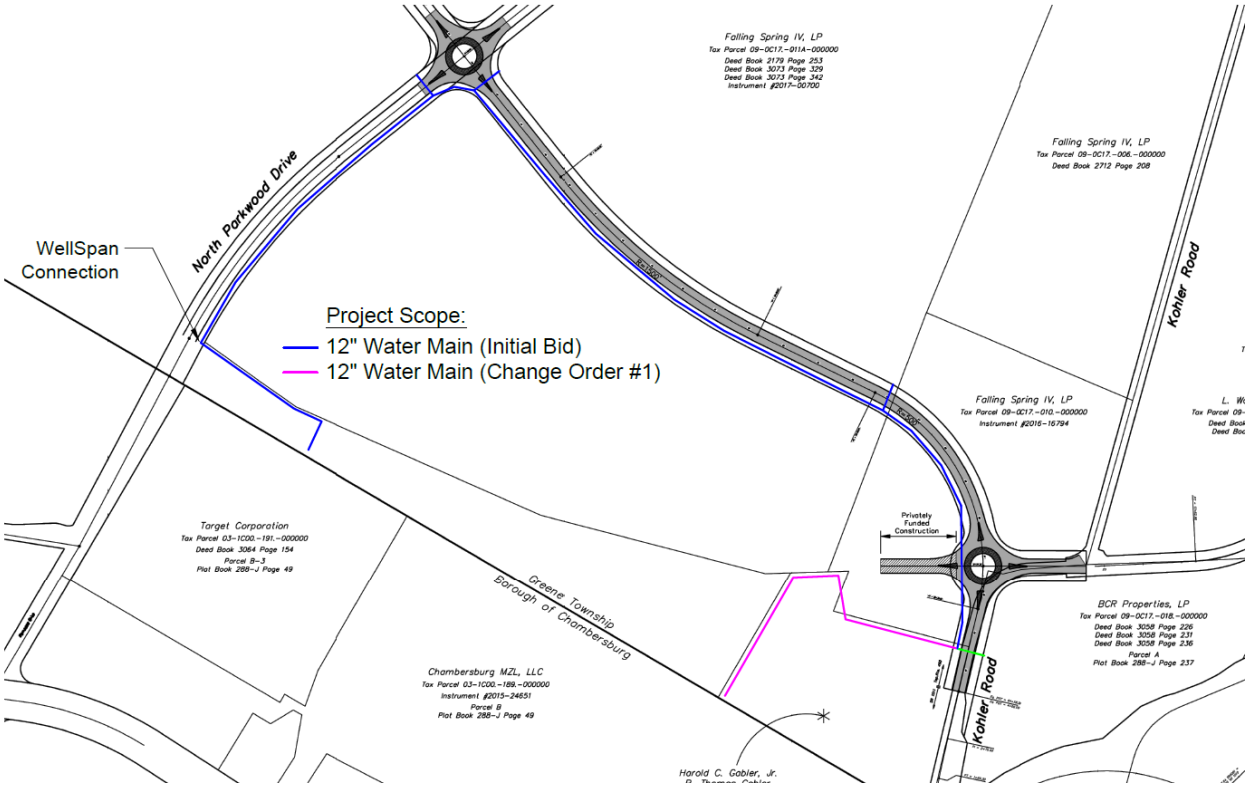
A. 2026 Street Repair Projects: $200,000 projected per year dedicated to infrastructure and paving projects.

B. Grand Point Water District Service: $927,951

- The project supports future development and water service in Greene Township;
- 4,800 linear feet extension of 12-inch, ductile iron water mains;
- Water service will be through the Borough's Authority, CAMA;
- With the assistance of GMS, the Water Utility received a $578,875 H2O grant to support funding of the project;
- Total Borough Cost: $349,076;
- Project Completion: August 2026.



Grand Point Water District (Magenta Outline)



Layout of new water service in the Grand Point District of Greene Township



Grand Point Water Main Installation

C. Water Treatment Plant Roof Replacement: $227,700

- The project included 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 included upgrading insulation where possible and installing EPDM rubber roofing;
- The project was completed in July 2026.

D. Water Treatment Plant Sludge Upgrades: $500,000

- Clarifier and filter operations create a "sludge" waste that has a high aluminum concentration.
- Project objectives:
- Separation of concentrated sludge from stormwater;
- Discharge concentrated sludge directly to sanitary sewer;
- Timeline: Bids were rejected February 23, 2026
- Current Status: Redesign.



Water Treatment Plant Waste Processing Facilities

E. Alternative Sources of Raw Water: $400,000

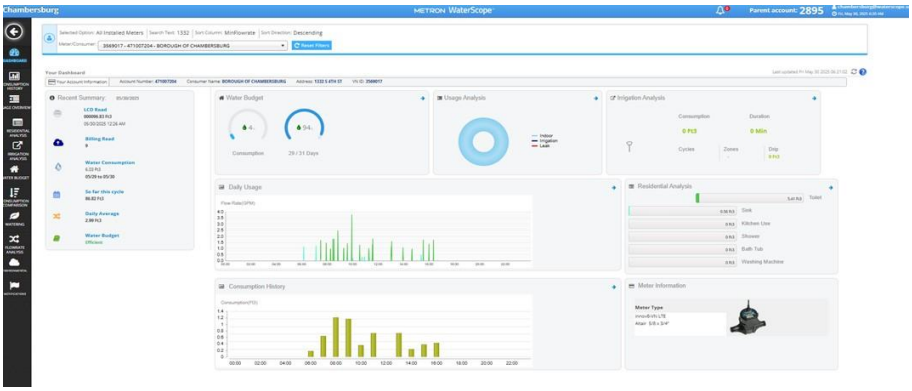
- Currently, the Borough has one source for drinking water - Long Pine Run Watershed in the Michaux State Forest;
- Shippensburg University professors Dr. Christopher Woltemade and Dr. Thomas Feene performed the initial evaluation of locations;
- In 2021, an evaluation of the hydrogeology in the Chambersburg 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 2025-2027, 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 1650 total water meters installed that use some form of a smart or remote reading technology. Initially, most of the units were located east of I-81, but in 2026, more than 1000 new water meters were installed within the Borough. All new meters 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 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 began the full transition to the Waterscope AMI platform. In 2027, the transition continues, and the 2027 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
762 fire hydrants
2284 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 – 8,627
Commercial – 1,031
Industrial – 17
Municipal – 1

Total – 9,676





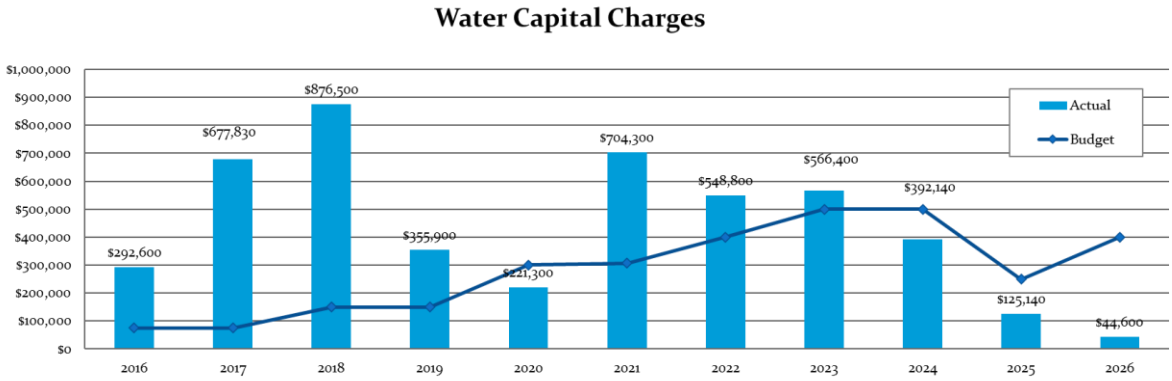
Birkinbine Tank Last Re-Painted in October 2015 – New WTP Clearwell 2 at 2.5 MG

New Water Connections (Act 57)

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 2027 Capital Project List

- 2027 Street Repair Projects: $140,000 per year dedicated to fixing water infrastructure before streets are paved;
- Water Treatment Plant Sludge Upgrades: $500,000 (2027 costs: $450,000);
- Allows for the direct discharge of clarifier sludge to the sanitary sewer;
- Alternate Source of Water Supply: $400,000 (2027 costs: $100,0000);
- Continue property evaluation and discussions with Guilford Water;
- Tools and Equipment: $50,000;
- Tools and equipment necessary for operational improvements;
- Water Treatment Plant SCADA Replacement: $700,000 (2027 costs: $300,0000);
- Evaluation and replacement of the existing SCADA system including computer hardware, computer software, PLCs, code, and connecting infrastructure;
- Improve cyber security through investments in hardware and software.



WTP SCADA Computer



WTP PLC Cabinet

<u>Future (2028+) Capital Projects</u>

- Intake Screening Improvements: $400,000;
    - 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

Turbidity of Water – Iced Tea

Turbidity is the measure of the relative clarity of a liquid. It quantifies how cloudy, murky, or hazy a fluid is due to the presence of suspended particles that are generally invisible to the naked eye.

Turbidity 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 2026, because of the new coagulant use, there were no prolonged shutdowns due to Iced Tea raw water.

Finding the right way to treat the turbidity is the key.



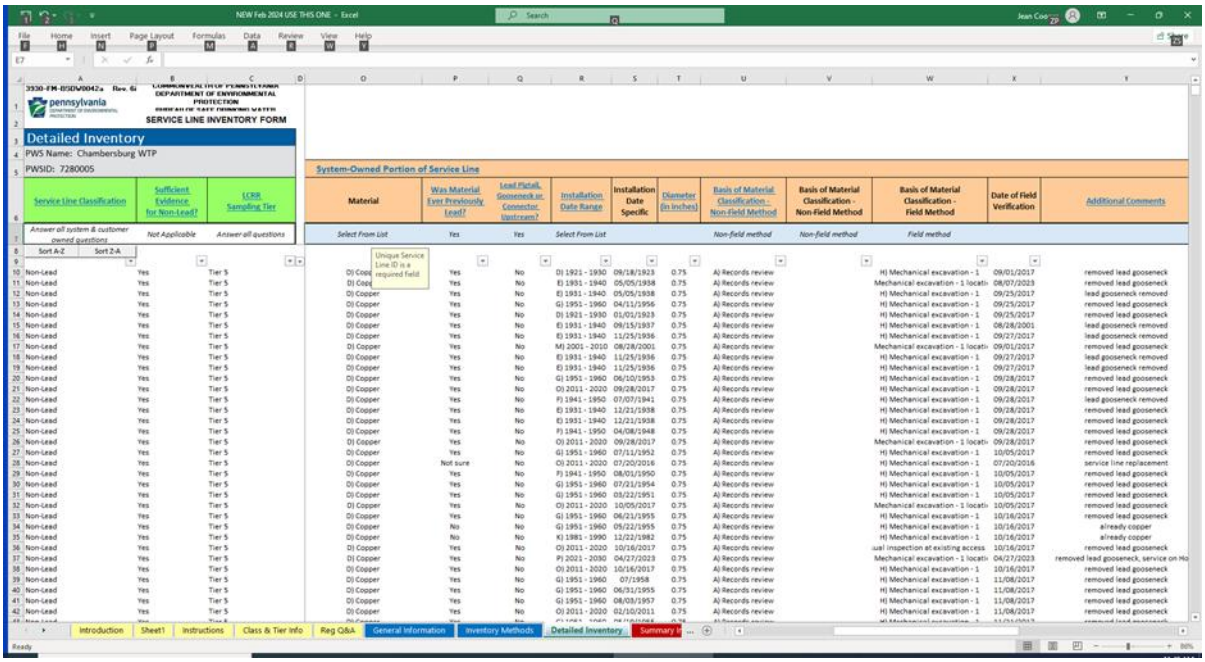
"Iced Tea" Raw Water – Conococheague Creek

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:
- Field verification of service line materials; 8,310 total service lines;
- Submission of a Service Line Inventory annually beginning October 16, 2024;
- Public notifications (annually) to residents beginning November 2024 to those with lead, galvanized, and unknown service lines. 2,053 customers receive an annual notification;
- Service line materials require verification - in progress;
- Annual reporting to DEP;
- New sampling and testing requirements are currently on hold by the EPA.
- PFAS (also known as forever chemicals) Regulations:
- 2024 Quarterly testing of PFOA and PFOS (all tests have been non-detect);
- Additional testing currently on hold by the EPA: PFHxS, PFNA, HFPO-DA (GenX), and PFBS;
- Unregulated Contaminant Monitoring Rule (UCMR) 5 sampling;

In 2027, no additional Water Treatment Plant personnel are proposed.

Service Line Inventory



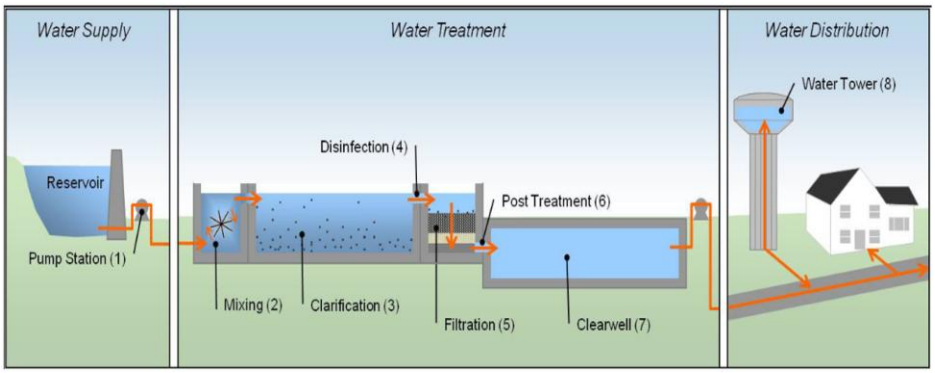
The Water Utility Maintains a Comprehensive Service Line Inventory Spreadsheet

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, a 4,800 linear feet extension of 12" water main in Greene Township, as well as the removal of up to 1,968 lead goosenecks from the service lines of water customers.

Major items for 2027

The proposed budget includes $900,000 in capital improvements to the Water Utility infrastructure including:

- WTP upgrades - sludge processing;
- Alternate sources of water supply;
- WTP SCADA replacement;
- Street Infrastructure;
- Tools and equipment.



Largest Customers (in units used)

	Customer	Units Used	Net Amount	Daily Avg. (Gallons)
1	Bear Valley Authority (Intermunicipal)	4,300,481	$1,490,129	881,304
2	Ventura Foods LLC	751,411	$192,945	153,988
3	Knouse Foods Co-op Inc.	387,905	$98,892	79,494
4	Martin's Famous Pastry (Guilford)	200,137	$18,583	41,014
5	Tommy's Express Car Wash	135,215	$34,232	27,710
6	Luberski Inc.	130,102	$33,612	26,662
7	HTI Recycling	116,284	$32,539	23,830
8	Menno Haven Penn Hall	112,000	$50,032	22,952
9	Keystone Sheets LLC	106,274	$30,735	21,779
10	TB Woods Inc	90,956	$26,381	18,640
11	AES Compassion Care LLC	81,867	$24,380	16,777
12	Chambersburg Hospital	78,162	$42,447	16,018



Nitterhouse Tank

Payment In Lieu of Taxes is Now the 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 PW Services, Motor Equipment, Self-Insurance, and Administrative Services; for services rendered to support the utility's operations.

Unlike the Gas Utility and the Electric Utility, the PILOT (Payment in Lieu of Taxes) that is paid by the Water Utility to the General Fund is not calculated as a percentage of a State tax that would need to be paid if the utility were a private company.

Instead, the PILOT is calculated using a flat cost per water service connection in the Borough rate, and charged on water service invoices as a customer service fee.

Although the revenue will now flow directly into a new line item in the Water Fund before being transferred to the General Fund, the text on customer utility bills will remain unchanged as "AMBULANCE FEE," and customers should notice no changes to their billing experience.

The Pennsylvania Supreme Court's decision in the West Chester stormwater case determined that municipal fees imposed under general police powers without a direct, individualized service benefit constitute a tax rather than a valid fee for service. Because the Borough's direct Ambulance Fee shared a similar legal structure, it faced potential legal vulnerability and challenges regarding its enforceability. To navigate these risks and ensure continued funding for the Borough's emergency medical services, the Borough decided to convert the ambulance fee into a Payment in Lieu of Taxes (PILOT) transferred from the Water Fund to the General Fund.

In 2027, the first year when the Ambulance Fee becomes a PILOT payment, the total amount passing through the Water Utility will be $1,876,600 from customers and transferred as a PILOT to the General Fund to support EMS operations. It is balanced as what comes in for this fee is also transferred out.

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

	2025 Actual	2026 Budget	2027 Budget
Revenue	$8,677,150	$8,846,000	$9,830,085
Expenses	$7,866,230	$8,846,000	$9,830,085
Transfer to Capital	-4,000,000	- 0 -	- 0 -
Excess (Deficit)	($3,189,080) Deficit*	- Balanced -	- Balanced -

* - Includes a one-time $4,00,000 transfer for future capital projects which was balanced by a surplus in the previous fiscal year.

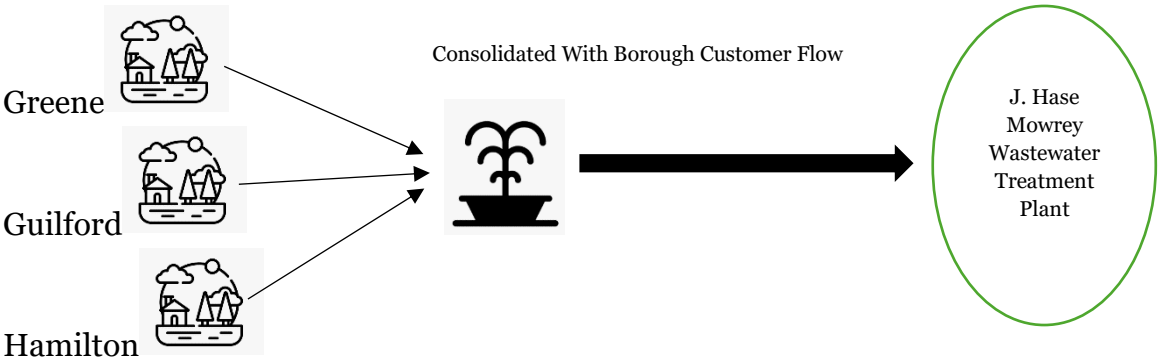
When looking at the results for 2025, you will notice a transfer of $4,000,000 out of accumulated Wastewater Utility cash fund balance, moved to the Wastewater Utility Capital Reserve. This is good accounting practice as excess cash should not be retained in the utility's operating fund. However, as a result, you will note -$3,189,080 deficit was posted for the year in the operating side of the ledger. In a typical year, the utility makes no transfer to capital, so this one-time $4,000,000 transfer definitely skews the results of 2025.

The finances of the Wastewater Utility are being significantly impacted the division of capital projects between the Borough and our municipal sewer partners in Greene, Guilford, and Hamilton. The partners are supporting much of the operating costs as well as local investment in capital upgrade of facilities, paying for expenses that would normally be the responsibility of the Chambersburg rate payers alone.

Finally, 2025 saw the first wastewater rate increase in eleven years. No increase occurred in 2026, but there is a small increase planned for 2027.

Chambersburg will continue to have the lowest retail rates in the region with an average residential sewer bill of $29.26 per month. The 2027 budget recommends a 7.7% rate increase to keep pace with rising expenses and the increased investment in equipment and facilities. With the rate increase, Chambersburg will still have one of the lowest sewer retail rates in the region.

It is likely that future capital improvements, including planned upgrades to the Wastewater Treatment Plant (WWTP), as well as increases operational costs will require future rate increases in the upcoming years.



Sewer bills are calculated using metered water usage with a minimum usage set based on the size of the water meter. For residential customers, the average single-family home uses 170 gallons of water per day. This usage equates to 70 "units" per month (1 "unit" = 74.8 gallons). The 2026 rate was $0.388/unit which results in an average single-family home monthly bill of $27.16. The 2027 rate will be $0.418/unit. We anticipate that the average monthly billing for a single-family home will rise from $27.16 to $29.26 per month in January 2027 (an increase of approximately $2.10 per month).

How do rates compare to area wastewater utilities?

Municipality	Rate	Monthly Billing
Borough of Chambersburg (Current)	38.8¢	$27.16
Borough of Chambersburg (Future)	41.8¢	$29.26
Borough of Chambersburg (Outside)	52.25	$36.58
Gettysburg		$77.39
Hamilton Township		$70.00
Capital Region Water		$59.85
Waynesboro		$54.35
Carlisle		$53.62
Greene Township		$53.00
Greencastle		$50.68
Antrim Township		$47.00
Guilford Township		$46.00
Shippensburg		$43.00
Washington Township		$32.62

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 Wastewater employee. In total, projected through 2026, the added operation has saved more than $250,000 since 2023.

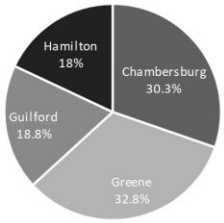


WWTP Sludge Hauling Truck – Purchased 2023

In recent years, the Wastewater Utility has addressed the need to replace its most experienced workers due to retirement. In 2022, the department added and filled an Assistant WWTP Supervisor position and a Water and Sewer Inspector Trainee position. Filling these positions have allowed current employees in their new roles to develop their management skills and learn more about Wastewater Utility operations 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, and a Water and Sewer Maintenance Crew employee was promoted to Lead Person in 2025. The additional personnel have allowed 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 2027 Wastewater Utility budget reflects no further changes in staffing, but future staffing changes and/or additional capital investments may require future rate increases.



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:

Interceptor	Contributing Municipalities
East Conococheague	Chambersburg, Guilford
West Conococheague	Chambersburg, Greene, Guilford, Hamilton
Falling Spring	Chambersburg, Guilford
South End	Chambersburg, Guilford

Capacity in each of the interceptors is distributed based on peak instantaneous flow and all associated costs are shared subject to the provisions of a separate 2015 Intermunicipal Agreement.

Currently, staff is also working on a cooperative initiative with Greene Township to assist in providing sewer service to 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;
- 2,307 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);
- 5 Borough pump stations (Pennsylvania Ave. SPS, Laurich Meadows SPS, Chambers 5 SPS, Progress Village SPS, East Conococheague SPS (to be completed in 2027)).

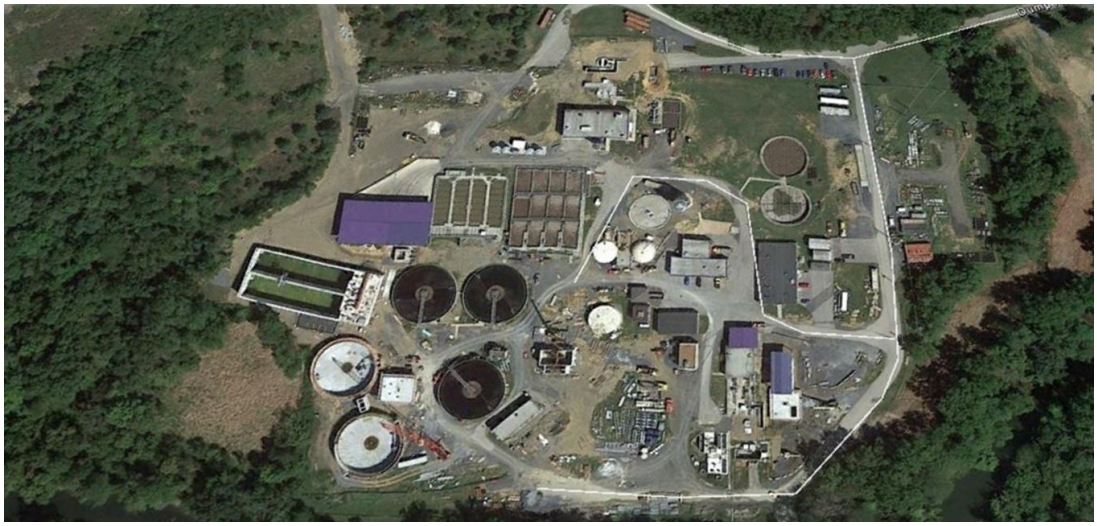
J. Hase Mowrey Regional Wastewater Treatment Facility



2022



2026



2015 – Under Construction



2017 – After Project Completion

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 – in 2013 dollars. 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



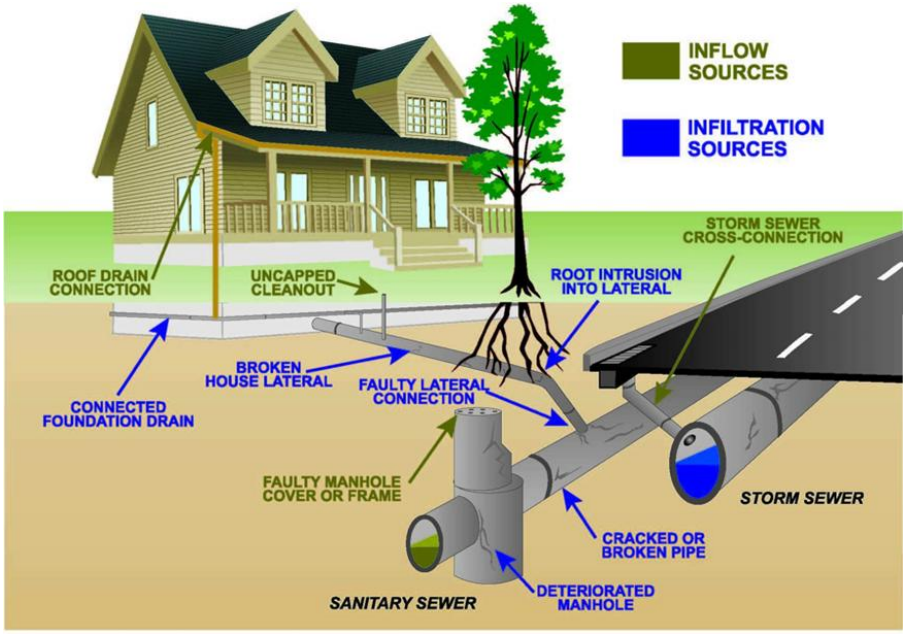
Biosolids Treatment Facilities



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 2025, more than 28,000 linear feet of sewer was televised for defects, and more than 11,000 linear feet of terra cotta sewer main was replaced with modern PVC sewer main by Wastewater Utility personnel and contractors.

Wastewater Utility Services

- Regional wastewater conveyance and treatment:
- Treated 2,138,000,000 gallons of wastewater in 2025;
- Average daily wastewater treatment plant flow: 5.858 mgd;
- Decrease from 2024 of 4.8%.
- Sewer customers
    - Residential 8,058
    - Commercial 967
    - Industrial 18
    - Municipal 3
- Operation and maintenance of the collection and conveyance facilities:
- Replaced 2,643 feet of sewer main in 2025;
- 116 wastewater maintenance repairs in 2025;
- 6,736 feet of mains televised in 2025;
- 0 feet of contractor installed sewer main extensions were completed in 2025;
- Operation of the Wastewater Treatment Plant laboratory:
- Perform regulatory and control testing for the WWTP.
- Plumbing Inspections:
- 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: $2,100,000;
- Laurich Meadows Pump Station:
- Includes the abandonment of a section of the East Conococheague Interceptor between King Street and Chambers Street;
- Includes the complete relocation and replacement of the pump station;
- Currently in construction (beginning October 2026);
- WWTP SCADA Replacement: $2,000,000;
- Currently in design with computer replacements taking place in 2026;
- WWTP Solids Processing Improvements: $400,000;
- Installation of valve actuators with SCADA integration in order to meet operational goals
- WWTP Equipment Upgrades: $15,000,000;
- 2026 scope: Basis of Design Report;
- Street Repair Projects 2026: Approximately $500,000 dedicated to fixing infrastructure before streets are paved.

East Conococheague and Laurich Meadows Pump Stations Project

- Total cost: $2,100,000; total construction cost: $1,757,882;
- Awarded February 9, 2026 to Doli Construction Corporation;
- Construction starts in October 2026; and
- Anticipation completion: Summer 2027.

East Conococheague Pump Station: 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.

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.





Pump Station Location - Chambers Street

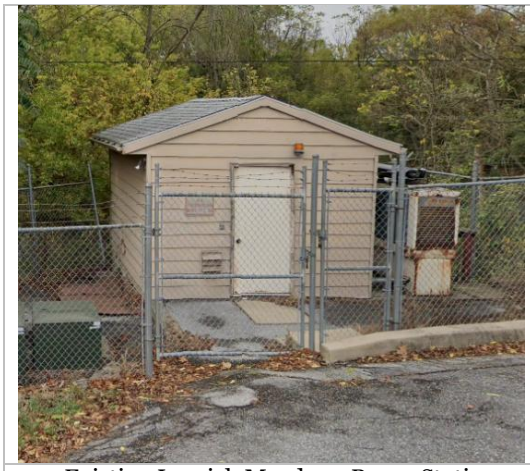
If possible, following construction, it would be the goal of the Wastewater Utility to maintain creek access at the end of Chambers Street.

Laurich Meadows Pump Station: The project will allow the replacement of the existing pump station. The pump station was constructed in the early 1980s to provide sewer service to the Laurich Meadows development.

The project also requires the relocation of the pump station

- Site cannot support a replacement project;
- Stream erosion is undermining the foundation;
- Land acquisition was required and completed in 2024.

Anticipated construction years: 2026-2027.



Existing Laurich Meadows Pump Station



Pump Station Relocation

Recommended 2027 Capital Projects

- Street Repair Projects 2027: $400,000 per year dedicated to fixing sewer infrastructure before streets are paved.
- WWTP solids processing improvements: $400,000 (2027 costs: $100,000)
    - Improve processing to reduce sludge production and make all sludge available for land application.
    - Cost sharing: 30.32% Borough share; 69.68% Township share.
- East Conococheague and Laurich Meadows pump stations: $2,100,000 (2027 costs: $1,200,000)
    - Construction of a pump station in order to abandon a section of the East Conococheague Interceptor between King Street and Chambers Street.
    - Relocation and construction of a pump station that supports sewer service for Laurich Meadows.
    - Anticipated construction years: 2026-2027.
- WWTP equipment evaluation and upgrade: $15,000,000 (2027 costs: $750,000).
    - Evaluation of aging WWTP equipment for future replacement and/or upgrade.
    - Equipment includes UV disinfection, belt press, old headworks, grit removal, and solids building.
    - 2027 scope: engineering design.
    - Construction timeline: 2028 – 2029 construction.
    - Cost sharing: 30.32% Borough share; 69.68% Township share.



Aging Equipment – UV Disinfection



Aging Equipment – Belt Press

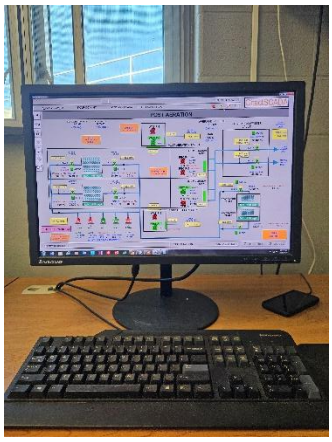


Aging Equipment – Grit Removal

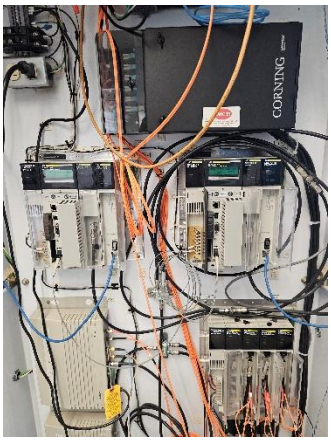


Aging Equipment – Old Headworks

- WWTP SCADA replacement: $2,000,000 (2027 costs: $500,000):
    - Evaluation of the existing SCADA system including computer hardware, PLCs, code, connecting infrastructure, and connected panels.
    - 2026/2027 scope includes Engineering Report, computer replacements, and design with construction to follow.
    - Cost sharing: 30.32% Borough share; 69.68% Township share.



SCADA Computer

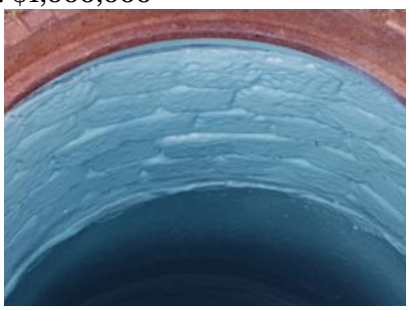


SCADA PLC

- WWTP roof replacements: $500,000 (2027 costs: $200,000):
    - Replacement includes upgrading insulation where possible and installing EPDM rubber roofing on multiple buildings.
    - Cost sharing: 30.32% Borough share; 69.68% Township share.
- Sewer equipment and tools: $50,000.
- Future (2028+) Capital Projects
- Manhole rehabilitation/sewer lining: $60,000
- Rehabilitation of existing sewer infrastructure when replacement is not feasible.
- WWTP Roof Replacement: $300,000
- Grandview Avenue Sewer Replacement: $1,000,000



Sewer Main Installation



Manhole After Rehabilitation

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 scheduled completion for this section of the Public Works Complex Project is late 2026. The new Water and Wastewater utilities maintenance crew offices are currently located across S. Fourth Street at the previously purchased site at 1332 S. Fourth Street. The new facility will house Water and Wastewater maintenance vehicles, maintenance tools and parts, as well as piping for repairs and replacement of water and sewer mains.



Old Cold Storage Building on S. Fourth Street Before Demolition



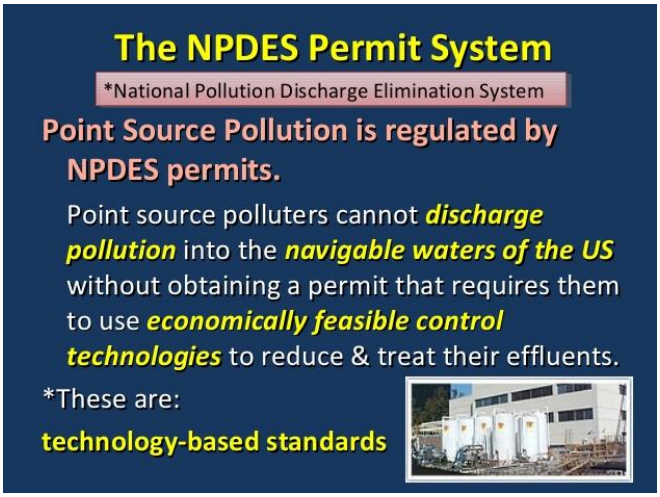
Water and Sewer Maintenance Storage Facility Under Construction – October 2026



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.

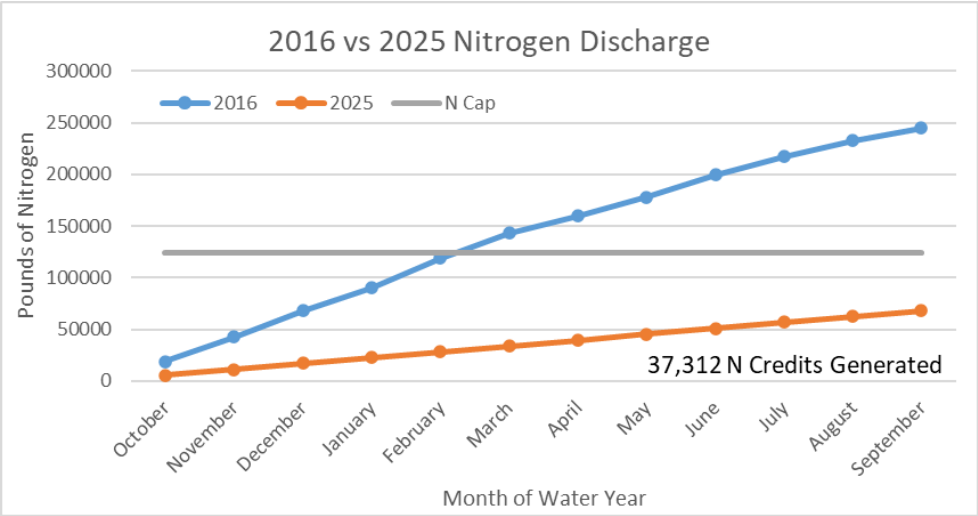
Regulatory requirements and laboratory functions, as required by the NPDES permit, will continue to increase for wastewater, water, and storm sewer functions in the upcoming years.

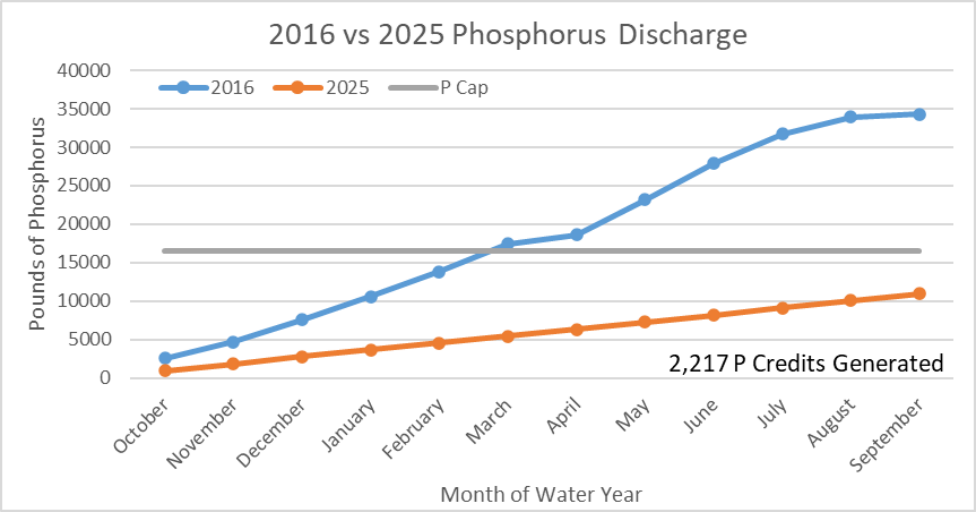




Lance Anderson at the Headworks

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

Pursuant to the Pennsylvania Sewer Rental Act (Act of Jul. 18, 1935, P.L. 1286, No. 402), the 2027 budget is proposing a 3¢ or 7.7% rate increase. Even after the rate increase, Chambersburg will still have one of the lowest retail rates in the region with an average residential sewer bill of $29.26 per month. This rate increase is 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 will 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 (2026 – final year)	140,000 gallons
IESI Blue Ridge Landfill	100,000 gallons
Martin's Famous Pastry Shoppe	52,000 gallons
BWise Manufacturing	4,000 gallons



East Conococheague Sewer Interceptor

Sanitation Utility



The Sanitation Utility Division of the Public Works Department, under the leadership of Sanitation Utility Supervisor Trevor Doell, is committed to providing a safe, efficient, and effective municipal solid waste collection and disposal operation. Serving 8,080 residential customers and 652 commercial accounts, the Division protects the natural environment, supports Chambersburg businesses, and preserves the quality of life for citizens today and in the future.

The Division's core operational goals include:

- Safely and efficiently collecting residential and commercial solid waste for landfill disposal.
- Safely and efficiently collecting residential recyclable materials for processing and reuse.
- Safely and efficiently collecting leaf and yard waste to reduce sediment from entering local waterways and processing the material for beneficial reuse.
- Providing general cleanliness across the Chambersburg community.

Utility Director: Tyler Fairchild

	2025 Actual	2026 Budget	2027 Budget
Revenue	$5,711,747	$6,177,000	$6,700,823
Expenses	$5,192,283	$6,177,000	$6,700,823
Transfer to Capital	-$431,710	- 0 -	- 0 -
Excess (Deficit)	($519,464) Deficit*	- Balanced -	- Balanced -

* - Includes a one-time $431,710 transfer for future capital projects which was balanced by a surplus in the previous fiscal year.

When looking at the results for 2025, you will notice a transfer of $431,710 out of accumulated Sanitation Utility cash fund balance, moved to the Sanitation Utility Capital Reserve. This is good accounting practice as excess cash should not be retained in the utility's operating fund. However, as a result, you will note -$519,464 deficit was posted for the year in the operating side of the ledger. In a typical year, the utility makes no transfer to capital, so this one-time $431,710 transfer definitely skews the results of 2025. If not for the transfer, the utility would have only posted a $87,754 deficit, which would represent 1.7% deficit spending.

The finances of the Sanitation Utility are being significantly impacted by the growing cost of operations. A significant rate increase was applied in 2025, with the hope that future increases could be deferred. That is not the case. The sanitation rate did not increase in 2026. For 2027, Council had a long and detailed discussion about this utility and what type of increase or cut in services would be appropriate.

In the end, Council made the tough choice of a rather significant increase for 2027, with an adjustment in services, cutting one service, changing another to save money, and adding a completely new service as a result of a State-mandate.

Despite the impending rate increase, Chambersburg will continue to have the one of the lowest trash and recycling rates in the region with an average residential sanitation bill of $37.00 per month for residential customers and a rate of $18.00 per cubic yard for commercial customers.

The 2027 budget recommends this 15.6% rate increase to keep pace with rising expenses and the increased investment in equipment and facilities. With the rate increase, Chambersburg will still have one of the lowest trash and recycling rates in the region.

The finances of the Sanitation Utility have historically been strong. However, the Division has quietly faced mounting operational realities that have compounded in recent years. Chambersburg continues to offer one of the lowest average sanitation rates in Franklin County and the surrounding region for similar levels of service, with an average residential trash bill of $32 per month.

Despite maintaining low rates, existing revenues are no longer sufficient to cover mounting operational challenges:

- Equipment Escalation: Acquisition costs for sanitation vehicles have almost doubled, and vehicle replacement costs have likewise doubled.
- Labor Intensity: Operations remain highly labor-intensive.
- Regulatory Requirements: Mandates from the Pennsylvania Department of Environmental Protection (PA DEP) require additional recycling programs within the Borough.

The Sanitation Utility Division has been experiencing a persistent financial drain, and Town Council will need to act in 2027 to restore long-term fiscal stability. Under new supervision and department leadership, the Public Works Department has committed to analyze, optimize, and modernize the Division, but needs time to do so.

Rates

In the 2027 budget, Council has authorized a plan to reset the baseline rate in 2027 to be $37.00. The 2027 rate is sufficient to cover basic operations, but as costs continue to rise and capital investment in equipment remains necessary, cutting services (as private trash haulers in the region have done) remains a viable way to avoid rate increases if rates are not to be adjusted in the future. Nevertheless, the rates charged by the Sanitation Utility remain significantly below private sector competition in the region. The 2027 rate increase will reset the baseline, make way for predictable and incremental increases, and allow new leadership to change the direction of the department.

The E-Waste events will be eliminated, while Bulk Waste events will continue as a Borough service but transition to an offsite location to reduce labor needs and lower operational costs. To support these updated operations, residential utility rates would increase by $5.00 per month, moving from $32.00 in 2026 to $37.00 per month in 2027, and commercial rates would increase by $1.00 per cubic yard, going from $17.00 in 2026 to $18.00 per cubic yard in 2027. These rate adjustments are driven by two primary factors: escalating fleet vehicle replacement and maintenance costs, as well as rising labor expenses across bulky waste, e-waste, and weed programs. Reallocating these labor funds will allow the Borough to cover the costs of meeting Act 101 curbside yard waste pickup requirements mandated by the Pennsylvania Department of Environmental Protection (PA DEP).

Service Provider	Monthly Rate	Services Included
Borough of Chambersburg 2027	**$37.00**	**10 Services**
Waste Management	$48.35	2 Services (Trash + Recycling)
Waste Connection (IESI)	$50.67	2 Services (Trash + Recycling)
Worthy's Refuse	$53.00	2 Services (Trash + Recycling)
Patriot Disposal (Parks)	$65.05	2 Services (Trash + Recycling)

Borough Services Included:

1. Trash | 2. Recycling | 3. Bulky Events (x2) | 4. E-Waste Event | 5. Street Sweeping | 6. Weed Control | 7. Green Yard Waste (Punch Pass) | 8. Christmas Collection | 9. Fall Leaf Collection | 10. Curbside Yard Waste Pick Up (x2)

Fee Also Contributes To:

1. Maintenance of Borough Farm | 2. Alley Paving Program | 3. Public Works Complex Project

To carry out these services, the Sanitation Utility is primarily responsible for residential and commercial trash pickup, residential and small commercial recycling collection, leaf collection in the fall, annual Christmas tree collection, an annual electronic waste drop-off event, semi-annual bulky item drop-off events, and municipal street sweeping.

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 Complex 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.



Toters work well in suburban neighborhoods



Standarized containers are a challenge in urban areas

Currently, the Borough of Chambersburg does not require any standardized container, and bags are acceptable although lifting of large bags is a safety concern.



Current procedures require manual staffing and heavy lifting to accomplish collection

Sanitation Utility

Operational Realities & Mandates

Labor Intensive Programs

- Hosting Bulk Events is labor intensive
- E-Waste Events is labor intensive and the cost to recycle e-waste.
- Weed Program Operations are 2x more expensive then contracting.

Fleet Replacement Inflation

- Market Prices for heavy trucks and vehicles have spiked dramatically.
- Requires aligning ongoing operating revenue directly with true equipment operational costs.

PA DEP Act 101 Compliance

- State Regulations Mandate Green Yard Waste Programs:
  1) 1x Spring & Fall curbside woody yard waste collection.
  2) Yard waste facility open at least 1 day per month during off-season.

Major Activities of the Sanitation Utility

After significant discussion, the Borough of Chambersburg will eliminate the e-waste drop off event, relocate the bulky drop-off events to an out-of-borough location, and add curbside collection of green yard waste, at least twice per year, to accommodate the mandate from the State.

- Residential Trash Pick-Up and Disposal;
- Commercial Trash Pick-Up and Disposal;
- Recycling Collection and Disposal;
- Green Yard Waste drop-off;
- Curbside Yard Waste Semi-Annual Pick Up;
- Leaf Collection and Disposal;
- Bulky Item Semi-Annual Drop-off Event at New Location;
- Christmas Tree Collection;
- Street Sweeping;
- Paving Alleys Used for Trash Collection.



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 bags of refuse per week unless they purchase an additional tag for any extra bags. 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 set monthly rate. 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

The Borough will now hold its bulk waste collection events at Chambersburg Waste Paper on Loop Road in Chambersburg, PA. Relocating the event reduces overall costs while maintaining bulky item drop-off services for residents. Bulky items will not be charged directly at the event, as disposal costs remain covered by standard sanitation fees. In addition, the new location enables residents to dispose of electronics, tires, and paper on-site for a direct fee to the customer.

Please note that property owners are responsible for ensuring illegal dumping does not occur on their property. Any bulky waste dumped illegally in public areas, such as sidewalks or streets, will be removed by Borough employees, and the adjacent property owner will be assessed a special disposal fee of $75 per hour to cover actual costs. Additionally, violators caught illegally dumping face fines of up to $1,000 pursuant to Chapter 248 of the Code of the Borough of Chambersburg.



Bulky Item Collection at the Borough Farm, September 2025

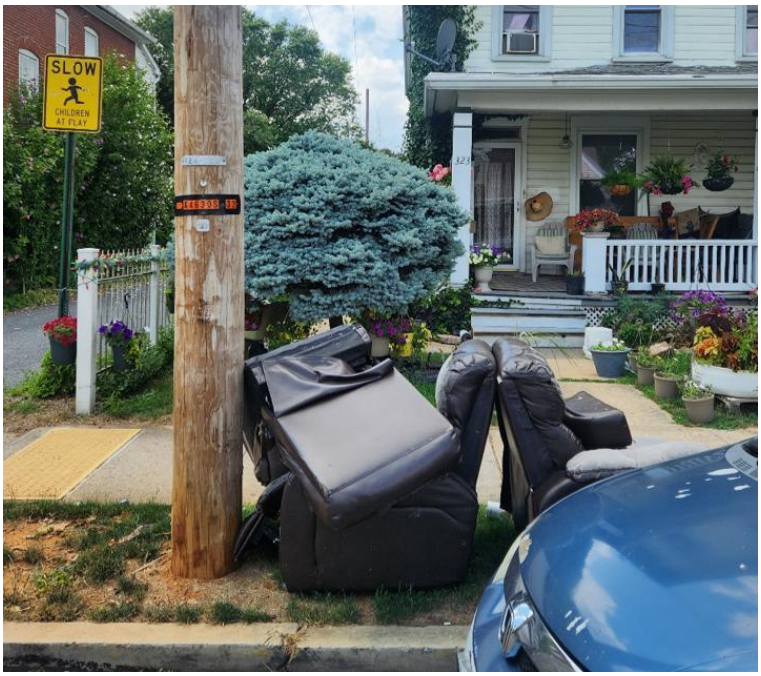
Air Conditioners	Freezers	Rugs
Bathtubs	Furnaces	Screens
Beds	Furniture	Sheds (metal)
Bicycles-Tricycles	Heaters	Sinks
Bookcases	High Chairs	Speakers
Box Springs	Ladders	Spouting
Carpet	Lamps	Stands (wire, wood, plastic)
Chairs	Landscape Logs	Stoves
Commodes	Lawn chairs	Stools
Couches	Lawn Mowers/Sweepers	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 of recycling is the proper disposal of electronic waste (e-waste), as state law prohibits placing electronics in household trash. Please note that the Borough will no longer offer a free electronic waste event. Instead, residents are encouraged to utilize local recycling companies to dispose of e-waste items for a fee.

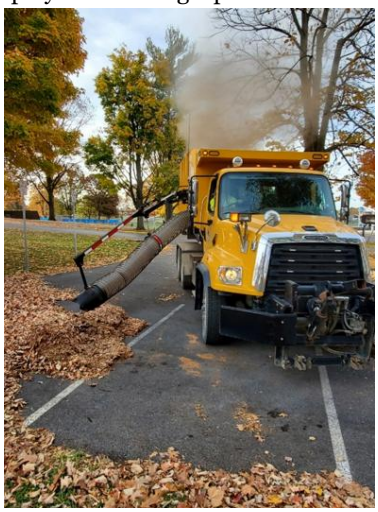
Green Yard Waste Recycling Center

Beginning in April 2015, the Borough's Green Yard Waste Recycling Center opened on W. Commerce Street in Hamilton Township following a PA Department of Environmental Protection (PA DEP) directive to relocate the former site. The center continues to operate with dedicated Sanitation staff, with expanded hours during warm-weather months and debt service reduced to $101,795 per year following a 2021 refinancing.

In addition to operating the recycling center, the Borough is required by the PA DEP to offer a semi-annual curbside yard waste collection. Curbside pickup of green, woody yard waste will occur during designated weeks in the spring and fall. Residents should look for additional information and schedule details in upcoming utility bills.



Borough Employees Cleaning Up Green Yard Waste Center



Leaf Vacuum Truck

New Wayne Avenue Public Works Complex Will House Sanitation

At the end of 2019, the Borough acquired a vacant commercial property at 366 Wayne Avenue to plan the consolidation and relocation of municipal public works operations. This project brings together the Sanitation, Motor Equipment, and Highway divisions from the outdated Loudon Street facility, relocates the Public Works Services (formerly Engineering) and Facilities & Grounds divisions from City Hall, and establishes a dedicated operational base for Water and Wastewater maintenance and construction crews.

As part of a broader neighborhood revitalization effort, the Chambersburg Sanitation Utility acquired an abandoned cold storage building on South Fourth Street. Demolished in 2023 using American Rescue Plan Act (ARPA) grant funding, this blighted site was cleared and incorporated into the footprint of the future Public Works Complex. Beyond supporting municipal operations, this site will co-locate future stormwater infrastructure to alleviate chronic flooding along South Fourth Street and may provide a trailhead for a future extension of the Borough Rail Trail past its current terminus at South Main Street.

Ground was broken on this milestone facility in early 2025 to replace the existing Loudon Street garage–built in 1921 and now over 100 years old. Construction is now advancing through a phased completion and move-in schedule. Buildings 1 (Water and Wastewater) and 7 (Public Works Services and Administration) will be completed at the end of 2026, with staff beginning relocation efforts late this year to achieve full occupation by early 2027. Construction on Buildings 2 through 6 will conclude in the spring of 2027. By mid-2027, all five divisions of the Public Works Department (Highway, Public Works Services, Sanitation Utility, Motor Equipment, and Facilities & Grounds) alongside Water and Wastewater crews will fully occupy the new facility.

With full campus operations established in mid-2027, the Borough will decommission the historic Loudon Street site. Plans are underway to subdivide the property, dedicating one portion to create a neighborhood green space park, while selling the remaining parcel to return the land to productive use and generate offsetting revenue for the Borough.



The Current Public Works Facility on Loudon Street is Little Changed Since 1921

Funding for the Public Works Complex combines Federal ARPA grant funds, utility contributions via internal service uses, and taxpayer support. Together, these sources fund a transformative community investment that modernizes operations and secures municipal service delivery for generations.

To finance construction, Council authorized a two-stage borrowing strategy through a dedicated interdepartmental Public Works Complex Fund. This included an initial $10 million bond issued in 2025, followed by a second $10 million bond executed in 2026 to fulfill obligated construction contracts. Strategic timing of the 2026 bond reduced overall interest expense while allowing the Borough to refinance a 2024 taxable bridge loan (originally used for property acquisition) into lower-cost, tax-exempt financing, yielding substantial overall project savings.

In 2027, meeting scheduled debt service obligations for these construction bonds requires adjusting the Public Works Complex tax rate to 2 mils. This adjustment will cost the average single-family homeowner in Chambersburg approximately $34.75 per year in real estate taxes.



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 l8 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.

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.

After 10 years of existence of the Storm Sewer Utility, one of the first such municipal utilities in the Commonwealth of Pennsylvania, 2027 will mark a major change in the program.

Department Head: Phil Wolgemuth, Deputy Borough Manager
Storm Sewer Utility Manager, Andrew Stottlemyer

	2025 Actual	2026 Budget	2027 Budget
Revenue	$1,808,845	$1,852,250	$4,200,064*
Expenses	$1,534,525	$1,852,250	$4,200,064
Transfer to Capital	-$400,000	- 0 -	- 0 -
Excess (Deficit)	$274,320 Surplus	- Balanced -	- Balanced -

* - there are several changes occurring in 2027, including the large FEMA grant pass-through, which impacts both revenue and expenses as well as a significant increase in fees associated with moving the accounting of the utility operations from the Borough of Chambersburg to the Chambersburg Area Municipal Authority (CAMA). More details below.

When looking at the results for 2025, you will notice a transfer of $400,000 out of accumulated Storm Sewer Utility cash fund balance, moved to the Storm Sewer Utility Capital Reserve. This is good accounting practice as excess cash should not be retained in the utility's operating fund. Regardless, in addition, you will note a $274,320 surplus was posted for the year in the operating side of the ledger. In the past, the utility made regular transfers to capital, so this $400,000 transfer skews the results of 2025. In addition, the reimbursement of the upcoming two large grants, the US Army Corps of Engineers (USACE) Southgate Infrastructure Grant and the US Federal Emergency Management Agency (FEMA) Flood Mitigation Grant for the Maranatha Ministries property on Loudon Street, both further skew the 2027 budget.

The finances of the Storm Sewer Utility are being significantly changed in 2027 and are reflected in the numbers above.

With respect to the Storm Sewer Fee, beginning in 2027, the storm sewer fees will be set by and legally pass through the Chambersburg Area Municipal Authority (CAMA). In response to the Pennsylvania Supreme Court's West Chester stormwater fee case decision, the storm sewer system will be leased to the Chambersburg Area Municipal Authority yet still operated and maintained by the Borough through a management agreement. As a result, this budget no longer sets out the Storm Sewer Fee, nor does Council make that final decision. It will be the CAMA Board.

On the heels of the utility's most impactful year in 2026, a massive number of projects and improvements to the infrastructure will continue into 2027. Projects funded by grants, loans, and cash have been undertaken, and some are of a size and scope to make them very impactful above and below ground throughout the community.

None of these is more significant than the installation of all new below-ground infrastructure throughout the Southgate neighborhood. Often misunderstood, this project is not 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.

The Southgate infrastructure project is anticipated to be completed after years of planning by the summer of 2027. This is a major project, years in the planning, and mostly funded by the Federal government.

Other recent 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, all of which are complete or almost complete currently. Additional large infrastructure projects are being designed and planned include an upcoming project to address the retaining wall along the Conococheague Creek at S. Franklin Street, the wall along the creek holding up the Water Wheel, and floodplain restoration near the Falling Spring Presbyterian Church.

Unfortunately, the transfer of the back office or administrative operations of the utility from the Borough to CAMA will necessitate a significant increase in the cost of operating the utility, though, some of the fee increase will be used to build capital reserves for storm sewer system maintenance and improvements. The Borough of Chambersburg goal is to operate all the utilities with shared services and shared expenses. The division of the Storm Sewer Utility considering the West Chester Stormwater Fee case is antithetical to the Borough's cost-saving ethos.

With the adoption of this budget, the Borough of Chambersburg will make these administrative changes to the Storm Sewer Utility, having already been approved in principle by the CAMA Board.

MS4 Permit

Environmental Protection NPDES General Permit No. PAG 133704, of which coverage commenced on June 1, 2018 and will be renewed tentatively in the fall of 2027.

In 2018, the Pennsylvania Department of Environmental Protection (DEP) approved a new NPDES General Permit, along with a Chesapeake Bay Pollutant Reduction Plan requiring the Borough to achieve pollutant-loading reductions for sediment, total nitrogen, and total phosphorous.

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, a the ERU system became accurate to the actual cost to process stormwater on all types of properties.

Storm Sewer Pollution Control Fee Rate -> CAMA Storm Sewer Fee Rate

Beginning in 2027, the name of the fee will be changing from Pollution Control Fee to Authority Storm Sewer Fee to reflect the rate-setting and administrative control by the Chambersburg Area Municipal Authority.

In the CAMA 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 2026, 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 ERU fee by the total impervious area on their property. That decision is now left to the CAMA Board. 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.

It is proposed that the per ERU per month fee will rise in 2027 from $6 per month per ERU to $9 per month per ERU. This increase is as much a result of the change in accounting as anything and is unavoidable.

As a result, in 2027, the rate, expressed in single-family home "equivalent residential units" or ERU will still be one ERU per month for each and every residential property ($9 per month) and some multiple of ERU for your commercial, industrial, or institutional building, as in the equivalent of single-family homes, your property may be - a multiple of ERUs.

The Borough of Chambersburg continues to use these fees to maintain and improve the separate storm sewer system, now on behalf of CAMA. It is a complex series of pipes, inlets, channels, and ponds that handle 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.

Storm Sewer Pollution Control Fee and Credit Program

Authority Storm Sewer 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 7,306 single-family residential and 745 non-single-family residential customers paying for 22,601 ERUs encompassing 65,994,920 square feet of impervious area. Of the 22,601 ERUs, 7,306 are for single-family residential customers and 15,295 are for non-single-family residential customers.

		2026
Customers	ERUS	Revenue
Single-family	7,306	$526,032
Non-single-family with credit	2,730	$196,560
Non-single-family without credit	12,565	$904,680
Total	22,601	$1,627,272

Three different credits are offered by CAMA 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.

The Storm Sewer Credit manual, rules for credits, will be reapproved by CAMA in 2026.

Chambersburg Area Municipal Authority

Through a case entitled Borough of West Chester v. Pennsylvania State System of Higher Education and West Chester University, in 2026, the Pennsylvania Supreme Court found that a Borough stormwater management fee is a tax, exempting government-owned properties from paying the fee.

In the Borough of Chambersburg, like electric, gas, water and sanitary sewer systems, since 2015, a Storm Sewer Pollution Control Fee has been charged as a service fee for all properties, whether privately owned, non-profit owned or government owned, including Borough-owned properties, which in 2025 paid $59,688.

As municipal authorities are permitted to charge service fees, like other municipalities in Pennsylvania, in 2027, the Borough will partner with the Chambersburg Area Municipal Authority to operate and maintain the utility and storm sewer system. While appointed by Town Council, the authority is independent and makes its own organizational and financial decisions. It's governed by a five-member Board:
Eric Oyer
Chris Snavely
Sharon Bigler
Greg Lambert
Lucinda Butler

In 2025, Council approved a Water System Management Agreement and Water System Facility Lease Agreement for CAMA to lease a water system serving customers in Guilford, Greene and Hamilton Townships and for the Borough Water Utility to operate and maintain the system. Similarly, in 2027, the same approach is proposed for the storm sewer system, with CAMA to consider increasing the per ERU fee from $6 to $9 to cover their operating expenses and to support the existing capital reserve account.



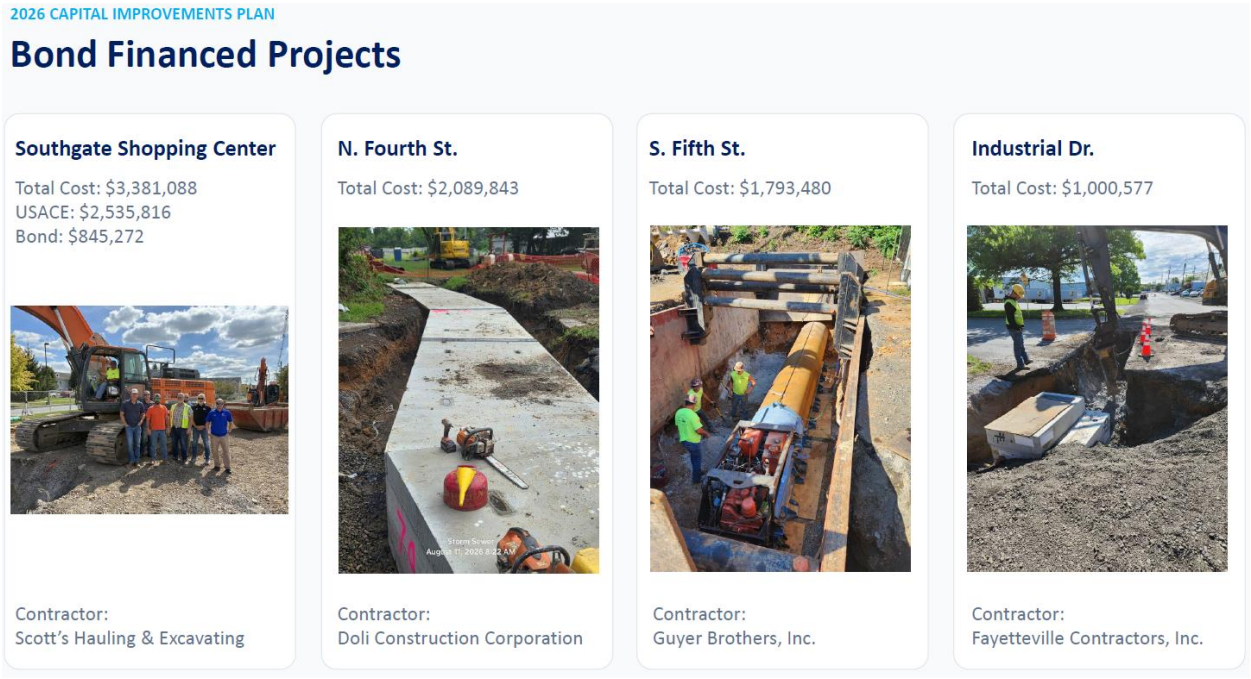
Transfers Between the Borough and CAMA

- Total estimated 2027 revenue will be $2,450,908 for CAMA and the Borough.
- $900,000 will be retained by CAMA for their operating expenses and capital reserve account.
- $1,550,908 will be paid by CAMA to the Borough for operation and maintenance, including $418,972 for bond payments and annual $100,000 transfer to the Public Works Department alley maintenance.
- The Borough will coordinate with CAMA to award construction contracts for capital improvement projects funded by the 2024 Borough bond balance ($580,616) and CAMA capital reserve account.

To support this structure and cover CAMA's additional operating expenses and reserve, the fee per ERU is budgeted to increase from $6 to $9 per month in 2027.

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 were used to design and prepare bid specifications for four projects that were constructed in 2026. The Southgate Shopping Center project replaced 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 Meeting Place Greenway. The N. Fourth St. project improved 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 alleviated 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 replaced an old and dilapidated storm sewer system before the street was reconstructed by the Public Works Department.



Capital Improvements for 2027

In 2027, any remaining bond funds, as well as funds from the Storm Sewer Capital Reserve, will be used to replace the East Catherine Street storm sewer system, from the railroad highline to its terminus. Also, $254,255 from a FEMA Hazard Mitigation Grant will be used to demolish the building at 195 West Loudon Street after it is vacated by the Maranatha Cold Weather Shelter. Design and permitting will continue for the South Franklin Street retaining wall replacement project, 195 West Loudon Street Conococheague Creek floodplain restoration project, Chambers Fort retaining wall project and Falling Spring Presbyterian Church floodplain restoration project, with each of those projects being considered for grant funding from various sources.

2027 CAPITAL IMPROVEMENTS PLAN

Capital Reserve and Grant Funded Projects

E. Catherine St. Storm Sewer System Improvements
Complete before 2027 street reconstruction. Estimated construction cost $1,300,000.

195 W. Loudon St. Building Demolition
Estimated cost $254,255 to be paid with FEMA grant.

S. Franklin St. Retaining Wall Replacement
Complete design and seek funding. Estimated construction cost $1,396,893.

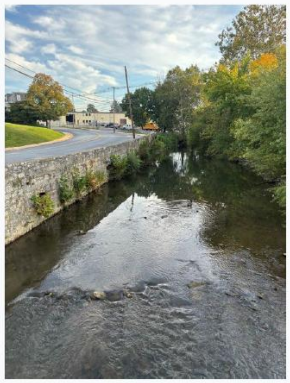
195 W. Loudon St. Conococheague Creek Floodplain Restoration
Complete design and seek funding. Estimated construction cost $541,647.

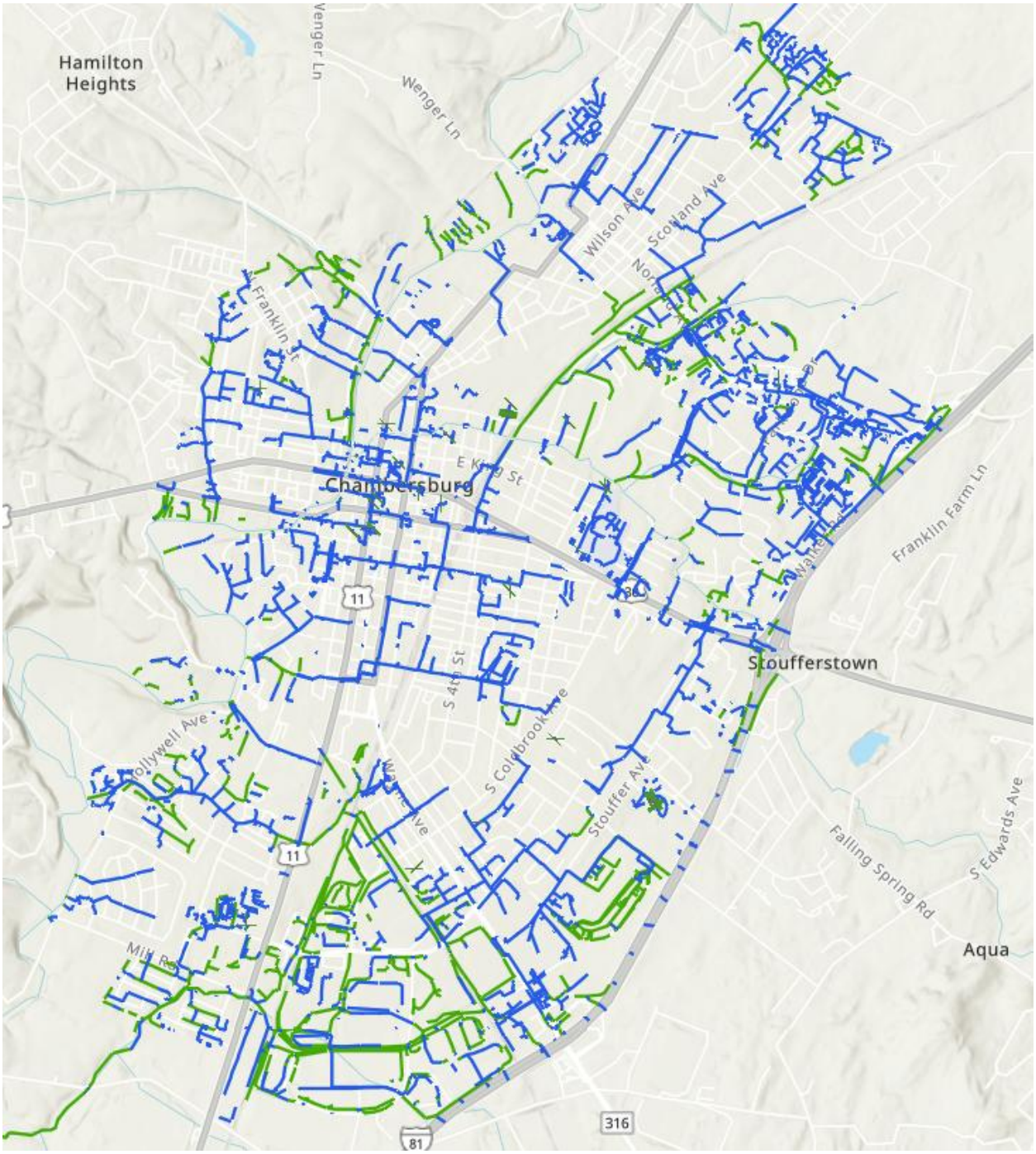
Chambers Fort Park Retaining Wall
Complete design and seek funding. Estimated construction cost $2,500,000.

Falling Spring Presbyterian Church Floodplain Restoration
Complete design with grant funds. Estimated construction cost $383,626.

CCTV Project
Use data to work with GHD to establish better capital improvements planning program.







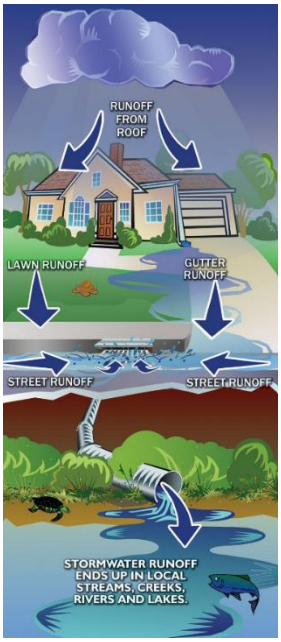
Storm Sewer System



The Goats are Still Used to Trim Weeds and Growth on the Rail Trail



This Year a Borough Street Sweeper was Wrapped in a Clean Streets Advertisement



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.

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 PW Services Department, the Director of the Electric Utility, the Finance Director, the Police Chief, and the Traffic Signal Maintenance Supervisor support the Committee.

Utility Director: Tyler Fairchild, Director of Public Works

	2025 Actual	2026 Budget	2027 Budget
Revenue	$1,726,250	$1,416,000	$1,802,878
Expenses	$1,670,998	$1,516,000	$1,802,878
Transfer to Capital	-$468,250	-$100,000	-$100,000
Excess (Deficit)*	$55,252 Surplus	-$100,000 Deficit	- Balanced -

* - Includes annual transfers to Parking Traffic and Street Light Capital

When looking at the results for 2025, you will notice a transfer of $468,250 out of accumulated Sanitation Utility cash fund balance, moved to the Sanitation Utility Capital Reserve. This is good accounting practice as excess cash should not be retained in the utility's operating fund. Regardless, as a result, you will note a $55,252 surplus was posted for the year in the operating side of the ledger. In a typical year, the utility makes a transfer to capital of $100,000, so this one-time $468,250 transfer definitely skews the results of 2025. If not for the transfer, the utility would have posted a $523,502 surplus. In addition, the annual ongoing reimbursement of the large multiyear grant, the Pennsylvania Department of Transportation (PennDOT) federally funded Congestion Mitigation and Air Quality (CMAQ) grant to upgrade the Borough's traffic signals has now been going on for years. It is anticipated to finally end in 2027, but it has skewed the utility's finances with some spending in one year and reimbursement in another.

Ultimately, this operation is heavily subsidized by the Electric Utility, helping to pay for streetlights and traffic signals. Of the $1,802,878 planned for 2027, the Electric Utility is supplying $985,000 in cash.

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¢. However, after much discussion, in addition to coins, the Borough will introduce an app in 2027.

A major change is coming in early 2027, when the Borough is introducing the ParkMobile app as an alternative way to pay for on-street parking meters.

- Implementation Fees: $0.00 (Includes setup, implementation, and custom development)
- Additional Fees: $0.00 across all categories, including call center and customer support, client support and maintenance, hosting, enforcement and reporting portals, marketing and advertising, promotional codes, and validations
- User Fees: A Variable On Demand User Fee of 15% of the parking fee, with a minimum amount of $0.65 per transaction. This fee is passed onto the parker, as electronic payment is entirely optional.

Council approved this arrangement, and while it impacts the cost of parking, for those who choose the app, the implementation has no impact on the Borough or its budget. It costs the Borough nothing and the Borough does not enjoy a share of the extra fees and surcharges an app user will pay for parking. All the meters will continue to accept 25¢ quarters.

DESCRIPTION	2024 ACTUAL TOTAL	2025 ACTUAL TOTAL	2026 BUDGET	2027 BUDGET
Residential Parking Permits	$868	$1,148	$1,000	$1,000
Parking Meter Receipts	$69,783	$75,664	$70,000	$70,000
Parking Permit Receipts	$49,901	$40,398	$40,395	$42,000
Parking Meter Fines	$36,151	$47,098	$30,000	$32,000
Interfund Transfers*	$1,100,000	$1,343,290	$1,131,000	$1,520,000
Other Income	$247,915	$218,247	$143,605	$137,878
Total Revenues	$1,504,618	$1,725,845	$1,416,000	$1,802,878
Expenses - Metered Parking Operation & Maintenance	$237,725	$155,480	$218,150	$182,843
Expenses - Parking & Traffic	$571,971	$597,533	$664,414	$890,633
Expenses - Street Lights	$256,339	$245,043	$267,850	$273,131
Expenses - General & Administrative	$210,221	$202,037	$261,596	$349,271
Expenses - Transfer To Parking Capital Fund For Projects	$158,715	$468,250	$100,000	$100,000
Expenses - Interfund Transfers (Workers Comp & Self Insurance & Public Works Complex)	$820	$2,655	$3,990	$7,000
Total Expenses	$1,435,791	$1,670,998	$1,516,000	$1,802,878
Surplus (Deficit)	$68,827	$54,847	($100,000)	$0

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 2025, the last full year, the revenue included subsidies of $1,343,290 to support $1,670,998 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

As a result of staffing concerns, Police Department targeted traffic enforcement slowed in 2026:

- The CPD outlined the goals of this unit;
- Enforcement remains the number one request by citizens;
- Signs, rules, traffic patterns, etc., are irrelevant without enforcement;
- The CPD to add additional police officers in 2026 to assist;
- 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.

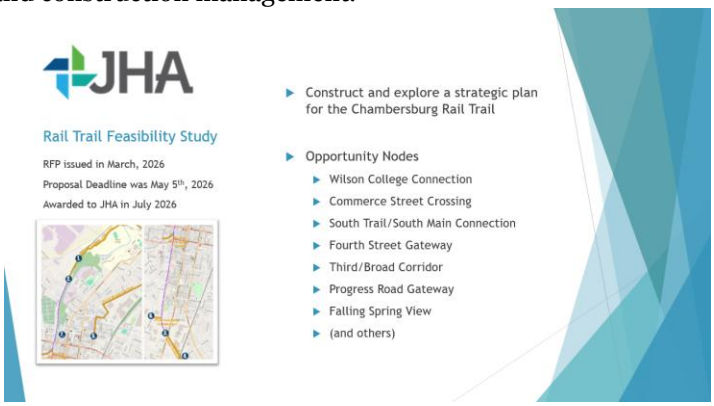
Multi-Modal Projects for Future

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):

Rail-Trail Expansion Feasibility Analysis

1) Acquire land for trails, trailhead, and new streets;
2) Design project components;
3) Construction and construction management.





Broad Street Greenway & New Kennedy Street Extended



From Concept Image to Construction
The 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.

Engineering Cost: $50,000 - $70,000

Construction Cost: $300,000 - $400,000



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.





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 - $60,0000

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.

Rendering to the right prepared by Dark & Edson (Source: Downtown Master Plan)



McKinley Street Healthy Communities and Complete Street Concept

6.0 DESIGN GUIDELINES

Design guidelines will contribute to creating a safe, accessible and interconnected Borough-wide network for pedestrians and bicyclists.

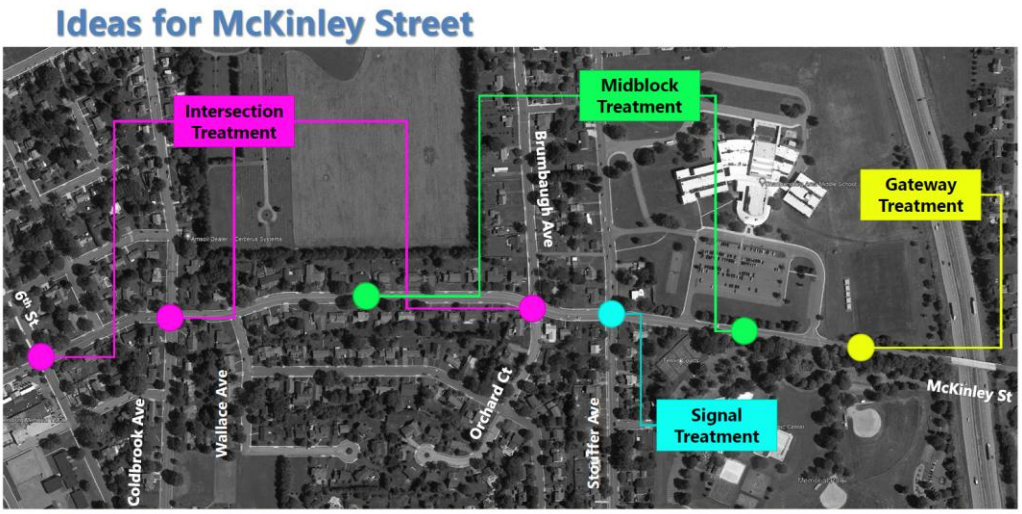
If properly designed, pedestrian and bicycle facilities can play an important role in the overall health of the community as well as the overall transportation network of the Borough with connections to the region. Integration of design standards and modification of Borough regulations will allow for 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 environmental 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 location 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.





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. With this property, the Borough was able to resubmit to PennDOT a grant for this important transportation project.



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 that 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 past 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 that 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.

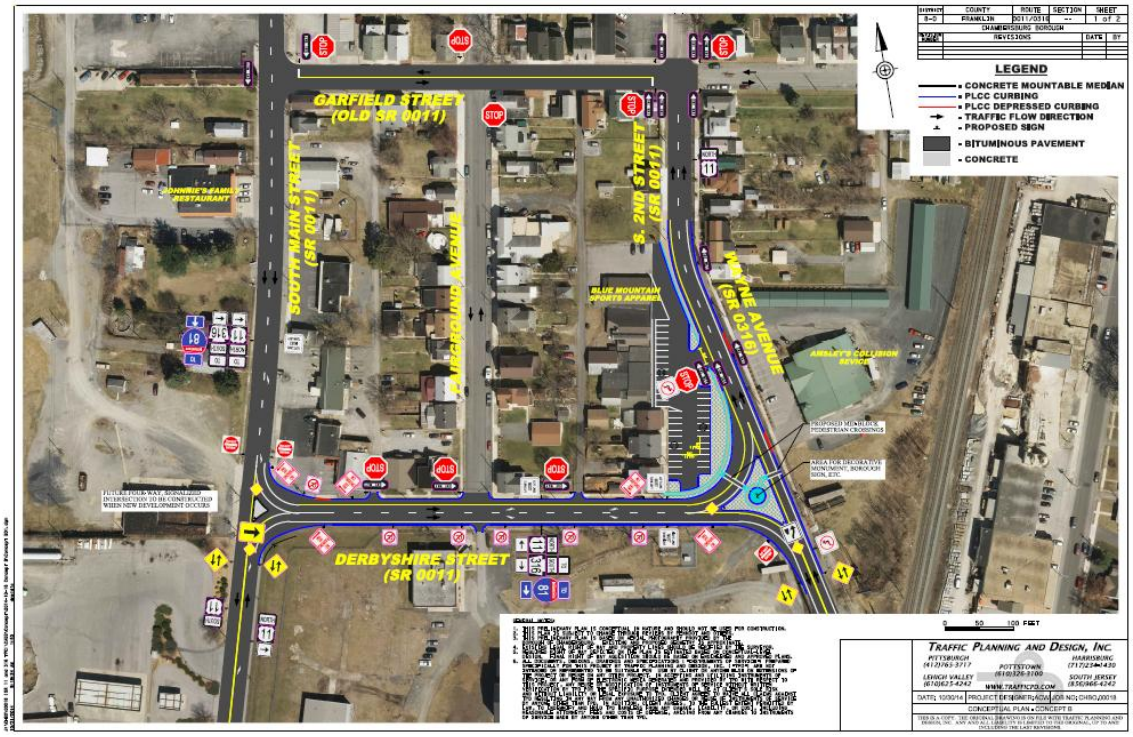
Derbyshire Street is one block south of Garfield Street and runs parallel to it. Derbyshire Street is also a local street owned by the Borough of Chambersburg. Currently it is a two-way street (unlike one-way eastbound Garfield Street) and it is underutilized. Many motorists use it as an alternate route 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, an automotive repair business on Wayne Avenue; Johnnie's Family Restaurant, an eating establishment on Main Street; and, the Fox Family, owner of Chambersburg Engineering and the Gaumers Chassis Engineering abandoned site at the intersection of Derbyshire and Main Street.



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 1,000 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:

"…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.



The proposed building in these conceptual drawings could be a mixed-use office building or just a County office building.



Pennsylvania police can pull over speeders, but they still can't use speed radar; as of now.

That restriction, the last State in the USA to permit local police to use radar, could soon change. But giving local police radar raises a bigger question: Can the state crack down on dangerous speeding without turning into a cash machine?

Pennsylvania is now the only state that bars local police from using radar to enforce speed limits. Since 1961, that tool has been reserved for the Pennsylvania State Police only.

Local officers have had to find other ways to check speeds. One method uses a stopwatch or analog speed counters. Officers time how long a vehicle takes to travel between two points to estimate how fast it is going.

As of last month, the PA Senate backs radar bill with limits on ticketing:

The Pennsylvania Senate voted 49-1 to advance a bill that would let local police use speed radar. But the proposal comes with rules designed to keep enforcement focused on safety, not revenue.

Under the bill, radar evidence generally could not be used to convict a driver going less than 10 mph over the posted speed limit.

On roads with speed limits above 55 mph, that cutoff would drop to 6 mph over the limit.

For example, on a road with a 65-mph speed limit, radar evidence generally could not support a conviction for driving 70 mph. The threshold would be 71 mph, or 6 mph over the limit, on roads where the posted speed limit is above 55 mph.

These rules would set limits on when radar evidence could support a conviction. They would not change posted speed limits or give drivers permission to speed.

School zones and active work zones would have different rules.

The proposal aims to stop radar from becoming a cash grab. Sen. Greg Rothman, R-Mechanicsburg, added safeguards to SB509 to address a key concern: Could local police use radar to write more tickets and bring in more money?

For the first 90 days, local police would have to issue written warnings instead of radar-based tickets.

Officers could use radar only from clearly marked law enforcement vehicles.

The bill would also cap how much money departments could keep from speeding tickets. They could not keep more than they collected from speed enforcement the previous year. Any money above that limit would go to the state's Motor License Fund.

The goal is to make radar a tool for safer roads, not a way to boost department budgets. But rules alone do not guarantee fair enforcement. How the state checks compliance could matter just as much as the bill's wording.

Rothman said Pennsylvania should give local police the tools they need to join every other state in allowing them to use radar.

"Law enforcement is under more pressure than ever, and we owe it to them to give them the tools they are asking for," Rothman said.

Towns and cities would also have to pass an ordinance before their police could use radar. The Delaware River Port Authority would be allowed to use the technology, too.

SB509 now moves to the House. If lawmakers approve it there, the bill would head to the governor.

But the radar debate raises questions about safety and fairness.

Pennsylvania State Police officials say radar is the most effective and accurate tool for controlling speed.

But some groups worry that giving local police access to radar could lead to more tickets and higher revenue for police departments.

The National Motorists Association argues that speed limits should reflect how drivers normally travel when traffic is moving freely.

The group supports the "85th percentile" rule. Under this approach, speed limits are based on the speeds at which 85% of drivers travel in free-flowing traffic.

That puts two issues at the center of the debate. Can radar help police catch dangerous speeding? And what safeguards will keep ticketing focused on safety instead of money?

The bill tries to address both concerns. But the real test will come if it becomes law. How officials enforce the rule could shape whether drivers see radar as a safety tool or a way to raise money.

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-seven years.

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.

In the end, PennDOT declined to add the discussion on the future of Loudon Street to this project.

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. However, in 2026, after a traffic study, PennDOT rejected this proposed traffic signal. They concluded that there is insufficient traffic volume.
- 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.

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.

Enterprise Director: Matt Hutchison, AFO, CPRP, CPSI

	2025 Actual	2026 Budget	2027 Budget
Revenue	$1,347,863	$1,551,325	$1,544,100
Expenses	$1,379,747	$1,658,325	$1,709,800
Capital Expenses	-$32,678	-$107,000	-$90,700
Excess (Deficit)*	-$31,884 Deficit	-$107,000 Deficit	-$165,700 Deficit

* - After investments in maintenance and capital, the facility is running a deficit.

First, the revenues and expenditures are balanced with respect to debt service and taxes. For example, in 2027, real estate taxes will contribute $449,865 to the fund against a debt service payment of $449,865. While this money flows through the fund, it has no impact.

Second, most of the deficit, as demonstrated above is as a result of maintenance and capital projects. For example, in 2025, the facility ran a deficit of $31,884 against $32,678 invested in projects. In 2026, the facility was scheduled to run a deficit of $107,000 against $107,000 in projects. In 2027, the facility will be scheduled to run a deficit of $165,700 against an estimated spend of $90,700 in projects. Clearly, the issue is the cost of maintenance and capital spending. The revenue is not keeping pace.

It is estimated that the facility will need future investment of $100,000 to $300,000 per year. Revenue at the gate is about $1 million. This is insufficient to reserve money for investment in maintenance and capital 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.

Unfortunately, weather conspired to hold down revenue for a second straight swim season.

Strategic Planning



Entering its tenth 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 the 2026 operational season, the Recreation staff have spent considerable time and resources on infrastructure projects. These projects will serve as corrective measures, but ultimately additional funds will be needed in the near future to

address milestone projects such as replacement of the plaster pool liner. In 2027, Council and the Recreation Department will need to establish planning processes to fund the upcoming projects as the fund reserve cannot sustain both an operational shortfall and planned maintenance needs.

Currently, it is estimated that the facility may need as much as $1 million in investment over the next four to five years.

Financially, the 2026 season was the second consecutive season where a net profit was not achieved. Staff have spent the duration of the 2026 fiscal year inventorying all expenses accurately to best plan how to operate the pool in future seasons. While the financial outlook was not favorable for 2026, it should serve as a baseline for understanding the full cost of operating this community asset.

9th Year of Operation, 2026

Each Aquatic Center season brings anticipation of weather, number of guests, and operational successes. In the 9th year of operation, the Aquatic Center had lower attendance than the season prior. To begin the season, weather brought cooler temperatures during Memorial Day weekend which inhibited guest and member attendance. In an unprecedented run of poor holiday weather, the Memorial Day weekend saw "high" temperatures of 53, 63, and 77 degrees over the three first days of the pool season. Throughout the month of May, we did not see a single day with air temperatures above 80 degrees and hit that milestone for the season on June 11th. Despite the cooler weather to start the summer, the facility opened to the public 86 of the 90 available pool days. Full day closures throughout the season are rare but necessary when either extremely poor weather occurs over the span of the whole day (twice), or dangerous air quality conditions present themselves (twice).

Due to the late occurrence of Labor Day in 2026, the pool gained another operating weekend as that date serves as the last day of the annual pool season. Late season typically sees less volume of patrons, despite the warmer weather as many local and school activities begin for the Fall. Seasonal Pool staff also resign to pursue other interests, as many are involved in social and school clubs, sports, and other August activities. As a result of staff availability, this past August we were closed 13 days throughout the month, which is typical and expected.

A full weather breakdown of Chambersburg, Pennsylvania between Memorial Day & Labor Day, as recorded by the National Weather Service

Summer Year	Total Calendar Days	Below 80° Days	80°-89° Days	90°+ Days	Thunderstorm Days*	"Prime Pool Days" - Over 80° with no Thunderstorms	% Prime Pool Days
2024 (May 25-Sept 2)	101	23	45	33	16	78	77.2%
2025 (May 24-Sept 1)	101	35	48	18	12	66	65.3%
2026 (May 23-Sept 7)	108	42	42	15	15	66	61.1%

** A calendar date was counted as a "Thunderstorm Day" if the local automated weather station in Hagerstown, MD logged at least one explicit meteorological code—specifically TS (Thunderstorm), TSRA (Thunderstorm with Rain), or VCTS (Thunderstorm in the Vicinity)—during the daytime window of 10AM-7PM.*

As shown in the chart above, the overall weather conditions in Chambersburg, Pennsylvania were less favorable for swimming in 2026 than in the 2025 season when we encountered our first financial shortfall (loss). Conversations are had each offseason about expanding or altering the pool season to ideally receive revenue from patrons utilizing the facility, however, this shows that is not the obvious solution. The Chambersburg Aquatic Center employs over 130 staff annually with an operation of 66 weekend staffing shifts, or approximately $3,200 per day. As a result, opening without sufficient patron flow actually costs

the enterprise net proceeds - essentially, the business must pay its employees and expenses regardless of crowd size. While not a popular decision (to close), reducing the minimum crowd size to be open should be considered in the future summers.



Operationally, the management team comprised of three full time Pool Managers and one Part-Time. Staff retention in each of the five staffing roles 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 2026 pool season saw the facility hire, train, and oversee 133 seasonal employees. The demand for seasonal help is high in Chambersburg, so competitive wages and working conditions are essential to keeping our operation fully staffed.

Daily walk-throughs and evaluations of the facility helps to maintain and address areas of concerns. Regular patron interactions, work flow issues, and minor equipment and mechanical issues consumed most of the management time this past summer. Staff highlights for the 2026 summer include first aid for minor patron injuries, Frog Slide removal/repairs, and many meals served at the concession stand.

A Capital Improvements Plan for the Aquatic Center was implemented and three projects were completed in 2026. The continual planning and execution of the Capital Improvements Plan will help the enterprise organize and visualize long-term goals and development for future projects.

2026 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 2026 season a few notable improvements were completed:

- During the pre-season tiles across multiple pools had suffered displacement and "popped" from the pool shell due to the freeze/thaw cycles over the winter. A contracted company performed these repairs before the pool opened for the season, in early Spring.
- Before opening the facility for the season, a full refurbishment of the Men's and Women's restrooms occurred to include new epoxy flooring, new locker systems, and refinished wood benches. Additional lockers are now located outside on the deck for our ADA & Family Restroom users, also.
- Replacement of the wavy spinnaker splash pad feature, which had deteriorated to poor condition.
- In the concession stand, a commercial freezer required a new control board, which was necessary but unexpected.
- Replacement of floating obstacle pads for the Activity Pool.

Unfortunately, due to most funding being attributed to the infrastructure and repair of systems, no new facility enhancements were made in 2026.

Between the end of the 2025 season and the 2026 season opening, multiple items need repaired or replaced due to deterioration and safety concerns. These items included:

- 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.

As evident in the statistic outline below, the Chambersburg Aquatic Center saw an increase in "non-Borough" admissions both in the form of daily passes and season memberships. Before the season began, Borough Council received feedback from an Ad Hoc committee which saw the removal of the "Franklin County" discount, as residents of the County do not fund the pool in any capacity. The original intent of this discount, when it was conceived when the pool opened, was to attract neighboring tourism to the facility. As the Ad Hoc committee recommended, however, the discount served as reward for living near the pool, not paying in on the bond tax which only Borough Residents contribute. Patron education was important with this change, and ultimately altered the reporting outcome and revenue associated with less discounts being issued.

Snapshot Review of the Season	**2025**	**2026**	**Difference**
Number of Daily Borough Patrons Served	9,905	8,046	-1,859
Number of Daily "Outside Discount Areas"	10,199	18,207	-8,008
Number of Daily Uncategorized/Other Attendees	6,172	5,417	+755
Total Daily Attendance	35,701	31,670	-4,031
Total Member Attendance	26,658	22,386	-4,272
Total People Served in all admission Categories	62,359	54,056	-8,303
Number of Memberships Issued	**840**	**825**	**-15**
Number of Borough Employee Memberships Issued	**81**	**93**	**+12**
Total Number of Memberships Issued	**921**	**918**	**Similar**
Percentage of Borough Memberships Issued	43%	40%	-3%
Percentage of Outside CASD Memberships Issued	30%	60%	+60%
Number of "Basic" Parties	21	18	Similar
Number of Parties w/Upgrades (Pavilion or Picnic Pad)	125	100	-25
Number of Rentals w/o Parties (Pavilion or Picnic Pad)	42	44	Similar
Number of Full Facility Rentals (After-hours, 8-10 PM)	28	25	Similar

Daily Paid Categories	**2025**	**2026**
*5 Pass Punch Card (prev. 10 Pass Entry)	279	Removed
Camp Group Attendees	659	893
Party Participants, Additional Fee	905	667
Special Events (Adult / Teen Night) *Adult / Family Night '25	179	215
Water Walking	249	329
CAC Employee Entry	44	31
TOTAL	2,315	2,135

Daily Free Categories	**2025**	**2026**
Child Under 1	405	343
Member Guest Punches (5 Pass)	1809	1826
Party Participants (Included in Rental)	1346	1026
Rec Program Participants	251	13
Super Swimmer (16th Visit Free)	46	41
TOTAL	3,857	3,282

Membership generally stayed consistent between the last two summers, while the daily admission rate decreased by almost 14%. This reduced flow of guests was felt at times throughout the Aquatic Center, but days of peak activity around the 4th of July, Juneteenth, and others was still encouraging. However, days of max capacity were down this summer, 12 days in 2026 comparative to the past summer of 2025. This, despite the comparable amount of swimming days, is a strong indicator to support the data and fact that we saw less patrons this summer. This pattern of attendance is worth monitoring as the revenue of the enterprise will show strong correlation to the visitors who patronize the pool.

Category	2025 (Through 9/30)	2026 (Through 9/30)	2026 End-Of-Year Budget
Entry Fees & Admission	$612,861.93	$606,628.24	$750,750.00
Concessions & Vending	$122,357.94	$112,392.85	$193,000.00
Rental Fees	$45,164.55	$38,587.60	$45,000.00
Program Fees	$46,805.60	$38,908.20	$40,000.00
Other Income	$50,630.28	$52,311.95	$74,225.00
*Transfers – Recreation Tax	$450,520.00	$448,350.00	$448,350.00

Category	2025 (Through 9/30)	2026 (Through 9/30)	2026 End-Of-Year Budget
Salaries (all Staff)	$370,100.29	$454,099.21	$439,100.00
Supplies - Pool	$60,621.71	$63,741.76	$65,000.00
Supplies - Concessions	$51,663.39	$50,978.81	$70,000.00
Supplies - Swim Lesson Program	$595.91	$623.59	$500.00
Utilities	$29,790.80	$44,232.59	$30,000.00
Maintenance - Pool	$24,423.70	$85,968.50	$40,000.00
Maintenance - Concessions	$5,259.06	$4,451.16	$6,000.00
Operating Equipment - Pool	$9,645.50	$24,788.46	$8,000.00
Operating Equipment - Concessions	$2,925.24	$1,272.23	$3,000.00
Additional Operational Expenses	$3,338.55	$1,743.31	$7,000.00
*General, Admin, Non-Op & Transfers	$717,211.23	$684,698.45	$862,118.00
Capital Expenses	$26,677.99	$84,154.02	$107,000.00
Total Expenses	$1,302,243.37	$1,500,752.09	$1,658,325.00

Financial Challenges

Concluding the 2025 season, an Ad Hoc Committee was formed and referred pricing changes to Council. Those changes were made and standardized the rates for both daily admission and memberships, proportional to the "Borough Rate." As we continue to assess pricing and flow of guests throughout the facility, we should be wise to not alter our fee structure too frequently or outside the established cost for regional amusement activities. While the Chambersburg Aquatic Center possess the best amenities and facilities in the region, we desire for a repeat customer as-evident in the 9-visit cost justification for members on their memberships.

As we look to the closure of the first decade of operation, consideration must be made for the next decade and future success of the Chambersburg Aquatic Center. Recent guest visits and membership data does not suggest strong trends; however, it can be also acknowledged the past two summers have seen sub-optimal weather conditions. The borough understands that while weather is a factor which cannot be controlled, it also directly ties to the success of this seasonal facility.

Recommended Facility Improvements for 2027 Utilizing the Operating Budget:

- Continue to address and monitor the wear and tear of the facility. Keep an aesthetic and appearance of a top-tier Aquatic Facility.
- 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.

The facility is no longer a new attraction. With aging and completion of its ninth 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. Core components and infrastructure are approaching industry understood timelines where failures may be observed if corrective action is not planned and acted upon. Most notably, pool shell maintenance must be prioritized in both the decking and pool liner to prevent water loss or soil disruption around the pool substructure. While the expense for such upkeep is significant, it is expected and well within the facility timeline.

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, amenities, and features show strong dedication to Borough and non-Borough pool guests. A clear line must be drawn and prioritize between upkeep of all the facility items we have while also keeping the experience fresh and exciting year-after-year. The 2027 and 2028 Capital Improvement Plan should prioritize the selective enhancement or new features while investing in the infrastructure that needs attention.

Year	Funding Source Account No.	Project	Total Cost
2027	Capital Reserve 86932	Deposit - Main Pool re-plaster	$ 21,500
2027	Capital Reserve 86932	Deposit - Main Pool Tile Replacement	$7,400
2027	Capital Reserve 86932	Deposit - Re-Caulk around all pools	$10,200
2027	Capital Reserve 86932	VGBA Drain Replacement	$26,600
2027	Capital Reserve 86933	Lounge Chair 1:1 Replacement (Qty 70)	$25,000
		Subtotal	$90,700
2028	Capital Reserve 86932	Balance - Beach Entry Tile Replacement	$30,277
2028	Capital Reserve 86932	Balance - Main Pool re-plaster	$45,000
2028	Capital Reserve 86932	Balance - Main Pool tile replacement	$14,500
2028	Capital Reserve 86932	Balance - Re-Caulk around all pools	$16,000
		Subtotal	$105,777
2029	Capital Reserve 86932	Pool Entrance Flooring	$15,000
		Subtotal	$15,000
2030+	Capital Reserve 86933	Refurb. Play Structure	$40,000
2030+	Capital Reserve 86933	Refurb. Slide Structure	$80,000
2030+	Capital Reserve 86933	Gutters (Garage & Pump Houses)	$9,000
		TOTAL	$129,000

2026 Season's Operating Challenges

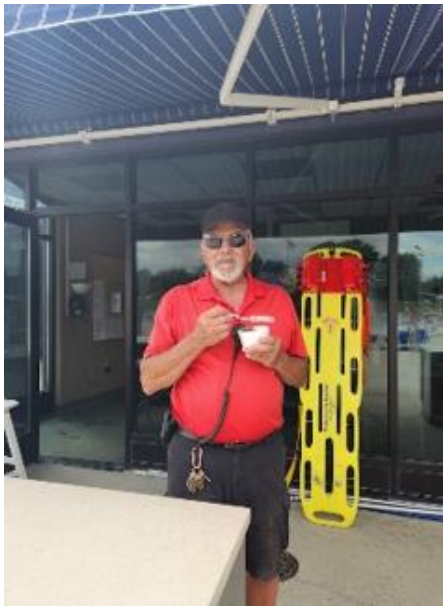
- Weather related delays or closures.
- Inefficient operations; relative to staffing costs and guest revenue.
- Scheduling employees to provide sufficient coverage in all positions through the end of the season, Labor Day weekend.
- Hiring certified lifeguards and retaining lifeguards for future seasons.
- Cleanliness of the facility such as locker rooms and bathrooms; as many staff cleaning these locations are lifeguards and/or young adults.

Recommended Changes to Improve Operations in 2027

- Removal of the majority of employee incentives in an effort to improve the hourly rate for staff.
- Provide new programming opportunities that generate revenue.
- Evaluate the entire food vending and concession operation; resulting in efficiencies or 3rd party vendors to take over the food operation for a commission fee.
- Continue to Advertise and promote facility although explore digital messaging aside from usual methods of paper distribution (pamphlets, etc.).



2026 Puppy Paddle



Staff enjoying a concession item



2026 Lifeguard Appreciation Day Event



Patrons enjoying the Lazy River

2027 Recommendations

Reduction of Staff Incentives in Lieu of Higher Hourly Rate

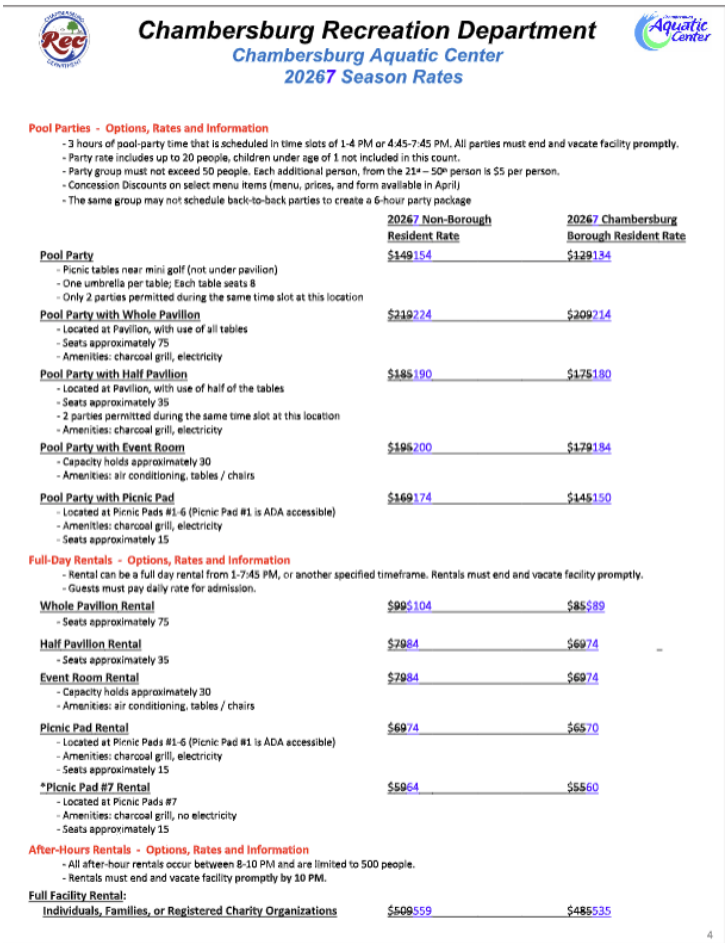
As staff continues to assess the market for seasonal laborers, the discrepancy between our hourly rate and those whom we compete with continues to grow. Recreation staff see value in providing some incentives to staff regarding training or certification requirements, as they are an added barrier for employment with lifeguards. Additionally, offering incentives for loyalty/retention are important as it rewards those who work multiple seasons. Lastly, undesirable days such as the 4th of July cleanup and late season incentives offer reward for those days where we need help, and availability is poor for most of our staff. Beyond these small incentives, staff recommends discontinuing other incentives for the 2027 season and pushing those funds to a higher hourly wage.

Alteration of the "After Hours Rental" Fee

A full breakdown was performed for the "after hours rental" which is reserved and completed after the pool day ends, from 8PM-10PM. Staff believe the product to be undervalued, proportional to the staffing expenses which we expend. For 2026 pool season, there was 25 'regular' 8-10 PM rentals at the Aquatic Center. Two had to be cancelled due to inclement weather, and we received a total sale of $11,312.50 (after those cancellations). On average it cost us a staffing expense of $523.75 for these two-hour rentals that we collected $509 for each event.

Using this information, and the fact that our staffing model is changing again, staff recommends to Town Council to increase the rental rate for this opportunity by $50 to $559. This change in pricing, assuming the same quantity of renters, would net the Borough an additional $1,525 which we believe will offset the expenses we incur. A more thorough analysis should be performed in the winter of 2027 after staffing expenses are known and stabilize.

Additionally, as staffing costs have increased, we should incrementally increase all of our rentals to match the increase in facility expenses.



Chambersburg Recreation Department

Chambersburg Aquatic Center

2026~~6~~7 Season Rates

Pool Parties - Options, Rates and Information

- 3 hours of pool-party time that is scheduled in time slots of 1-4 PM or 4:45-7:45 PM. All parties must end and vacate facility promptly.
- Party rate includes up to 20 people, children under age of 1 not included in this count.
- Party group must not exceed 50 people. Each additional person, from the 21st – 50th person is $5 per person.
- Concession Discounts on select menu items (menu, prices, and form available in April)
- The same group may not schedule back-to-back parties to create a 6-hour party package

	2026~~6~~7 Non-Borough Resident Rate	2026~~6~~7 Chambersburg Borough Resident Rate
Pool Party - Picnic tables near mini golf (not under pavilion) - One umbrella per table; Each table seats 8 - Only 2 parties permitted during the same time slot at this location	~~$149~~154	~~$129~~134
Pool Party with Whole Pavilion - Located at Pavilion, with use of all tables - Seats approximately 75 - Amenities: charcoal grill, electricity	~~$219~~224	~~$209~~214
Pool Party with Half Pavilion - Located at Pavilion, with use of half of the tables - Seats approximately 35 - 2 parties permitted during the same time slot at this location - Amenities: charcoal grill, electricity	~~$185~~190	~~$175~~180
Pool Party with Event Room - Capacity holds approximately 30 - Amenities: air conditioning, tables / chairs	~~$195~~200	~~$179~~184
Pool Party with Picnic Pad - Located at Picnic Pads #1-6 (Picnic Pad #1 is ADA accessible) - Amenities: charcoal grill, electricity - Seats approximately 15	~~$169~~174	~~$145~~150

Full-Day Rentals - Options, Rates and Information

- Rental can be a full day rental from 1-7:45 PM, or another specified timeframe. Rentals must end and vacate facility promptly.
- Guests must pay daily rate for admission.

Whole Pavilion Rental - Seats approximately 75	~~$99~~104	~~$85~~89
Half Pavilion Rental - Seats approximately 35	~~$79~~84	~~$69~~74
Event Room Rental - Capacity holds approximately 30 - Amenities: air conditioning, tables / chairs	~~$79~~84	~~$69~~74
Picnic Pad Rental - Located at Picnic Pads #1-6 (Picnic Pad #1 is ADA accessible) - Amenities: charcoal grill, electricity - Seats approximately 15	~~$69~~74	~~$65~~70
***Picnic Pad #7 Rental** - Located at Picnic Pads #7 - Amenities: charcoal grill, no electricity - Seats approximately 15	~~$59~~64	~~$55~~60

After-Hours Rentals - Options, Rates and Information

- All after-hour rentals occur between 8-10 PM and are limited to 500 people.
- Rentals must end and vacate facility promptly by 10 PM.

Full Facility Rental: **Individuals, Families, or Registered Charity Organizations**	~~$509~~559	~~$485~~535

4

Chambersburg Recreation Department

Chambersburg Aquatic Center

20267 Season Rates

- *Registration is Proof of IRS Form 990 from Prior Tax Year

Businesses or Unregistered Organizations	~~$549~~599	~~$525~~575
Activity Area Only Rental	$149	$129

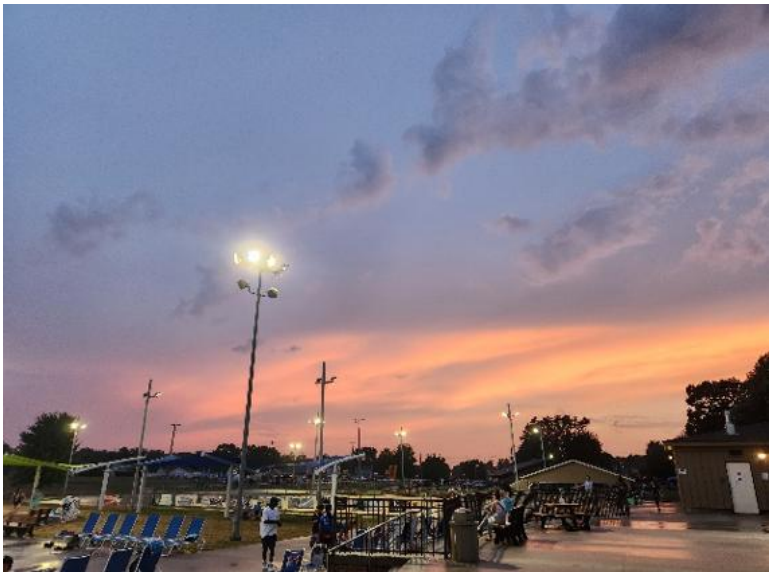
Summer Camps Group Rates

Summer Camp Groups may schedule time between the hours of 1-3:30 PM, Monday through Thursday. The Aquatic Center will not accept more than 200 total campers in any one calendar day. You must call in advance to determine if space is available and be placed on the schedule.

	Rates
Summer Camps that charge their participants	$7.50 / person (camper/counselor)
Summer Camps that do not charge their participants	$4.50 / person (campers only)

No charge for group chaperones/counselors for camps that do not charge their participants





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, PW Services, 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.
    - The first part is responsible for the complete financial management, utility meter reading (which includes parking meter maintenance and enforcement), and customer service.
    - 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.
    - In 2024, the operation and maintenance of the City Hall campus was transferred to Public Works.
- PW Services Fund – This fund supports the activities of the PW Services 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 Complex Fund – This fund supports the construction and operation of the new Public Works Complex. 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 Complex Fund. The balances of these funds are covered in statistical format only.

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

	2025 Actual	2026 Budget	2027 Budget
Revenue	$1,551,706	$1,913,902	$2,023,839
Expenses	$899,215	$1,998,902	$2,023,839
Capital Expenses	-0-	-$330,000	-$275,000
Excess (Deficit)*	$652,491 Surplus	-$85,000 Deficit	- Balanced -

* - After a two-year plan to investment in maintenance and capital, the facility is no longer running a deficit.

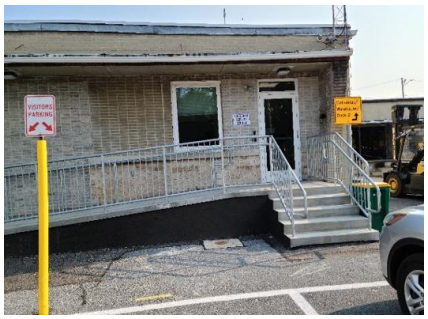
Most of the deficit, as demonstrated above, is as a result of maintenance and capital projects for the facility. For example, in 2026, the facility ran a deficit of $85,000 against $330,000 invested in projects. In 2027, the facility was scheduled to break-even against $275,000 in projects.

As with most internal service funds, the Warehouse/Stores operation typically is break-even. Passing its expenses along to its internal customers, such as the utilities and the General Fund. The uneven performance as witnessed recently was as a result of the modernization project, replacing the call center offices, and warehouse facility upgrades.

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 $1.6 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 2026. This includes:

- Engaged in a major modernization project for the Warehouse
- Hired and trained 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. The level of usage does vary by Department, however, due to the operation being funded by a mark-up on items acquired through the Warehouse. The Borough auditors have expressed a desire to see the Warehouse be utilized to an even greater extent as the Borough's centralized purchasing agent. In order to further encourage utilization of the Warehouse for centralized purchasing, staff is recommending the 2027 budget modify funding of operations. We recommend that the Warehouse be funded going forward with Departmental transfers, and eliminate the mark-up on items purchased from the Warehouse. This will eliminate concerns about higher costs from items acquired through the Warehouse.



Warehouse Modernization Project

The Warehouse is a critical parts acquisition and distribution function for Borough operations, but much of it had operated 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 have been processed by handwritten cards;
- The shelving in the building was decades old, with much of it requiring ladders to reach; we have now replaced it with modern racking and bins;
- The Borough IT Department created a new software program to process inventory automatically, with implantation beginning September 2026;

- Acquired QR code readers to interface with new software;
- Implemented new procedures this year for utility turn-ons and call processing.



Warehouse Supervisor George Weis Demonstrating New QR Reader Gun

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.

2027 Goals

- Finalize implementation of warehouse modernization project;
- Warehouse items needed for Borough utility emergencies and normal operations – $1.6 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers;
- In 2027, we expect to purchase approximately $620,000 of material, much of it consisting of small dollar purchases;
- Eliminate mark-up of items purchased through the Warehouse for other Departments;
- We have a goal of identifying and adding new ways to benefit the Borough.



Warehouse Dispatcher Emma Medina



Gas Pipe Fittings in the Warehouse

Warehouse/Stores Capital Request

Year	Funding Source Account No.	Project	Total Cost
2027	Capital Reserve 19893	Warehouse Modernization Project	$50,000
2027	Capital Reserve 19892	Replace Service Center/Warehouse Roof	$150,000
2027	Capital Reserve 19892	Warehouse HVAC Improvements	$75,000
		Subtotal	$275,000
2028	Capital Reserve 19893	Camera Upgrades	$50,000
2028	Capital Reserve 19892	Building Addition	$200,000
		Subtotal	$250,000
2029	Capital Reserve 86932	Replace Forklift	$150,000
2029	Capital Reserve 19892	Building Addition Phase 2	$200,000
		Subtotal	$350,000
2030+	Capital Reserve 86932	Facility Fence Replacement	$100,000
		TOTAL	$975,000

The roof replacement project is a majority priority. In addition to preserving the warehouse building, it will improve climate control and preserve inventory from damage from heat, cold, and humidity.



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.

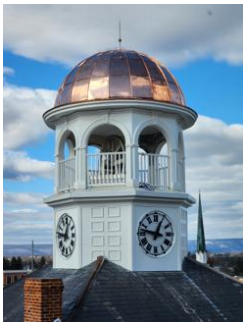
Our Goals:

- 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.

	2025 Actual	2026 Budget	2026 Budget
Revenue	$9,665,081	$10,566,000	$12,389,900
Expenditures			
Custodial Services	$770,291	$587,400	$1,277,369*
Personnel/Payroll	$914,979	$1,123,886	$1,408,188
Information Tech	$1,165,478	$1,777,627	$1,891,535
Finance/Accounting	$826,791	$1,017,203	$1,575,209
Customer Service	$1,271,945	$2,063,556	$2,175,977
Clerical Pool	$879,581	$1,624,200	$1,713,719
General & Administrative	$1,222,279	$1,152,804	$1,040,263
Misc./Township EMS	$130,938	$120,000	$121,000
Transfers for Insurance, etc.	$289,705	$325,280	$179,140
Capital & Equipment	$632,046	$774,044	$1,010,500
Total	$8,104,033	$10,566,000	$12,389,900
	$1,561,048 Surplus	- Balanced -	- Balanced -

Beginning in 2025, the collective corrected previous deficits, which had been accumulating for a few years, with a surplus that resulted in an error in the funding formula being corrected going forward.

**To be fair, some of the increase in size of the custodial budget is as a result of better and more accurate accounting of expenses rather than just more spending.*






Chambersburg Town Council Chambers in 1957 in what is today the PW Services 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:

- Public Works Custodial Operations;
- 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 Complex 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. They serve 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 Acting Director of Finance is Eric Day. Eric serves at the pleasure of the Borough Manager and was appointed as Borough Treasurer by Town Council in 2026. The Assistant Director of Finance is currently vacant.

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. Nicole Weber serves 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. As of September 2026, about 40% of the residents use the Customer Portal to pay their utility bill with more residents using it to view their utility activity.

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 2026 personnel changes for Accounting, Customer Service and Meter Reading were:

- Hired to fill vacant positions for Front Counter Teller I;
- Hired to fill vacant Utility Meter Technician positions as staff took positions elsewhere in the Borough;
- Promoted a temporarily fill for Secretary II to regular part-time;
- Hired to fill a Staff Accountant due to a departure;
- Hired temporary CO-OP students.

In 2026, the Borough is proud to have once again received the Government Finance Officers Award for the publication of the 2024 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, 2026, the Borough has investments under management with a valuation of $59.9 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 2027 include:

- Implement ambulance billing company;
- Review accounting policies and procedures;
- Implement a corporate purchase card alternative;
- Accounting Team Succession Planning & Internship;
- Research Enterprise Resource Planning (ERP) in-house and off-the-shelf software systems.

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

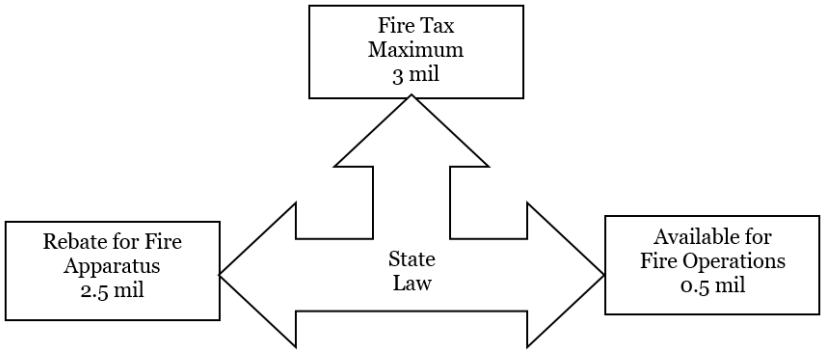
disconnections. This office also supervises the parking enforcement program: writing tickets, maintaining the parking meters, accepting payments, and handling all of the logistics of Borough parking.

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.

2027 Fire Tax Yield	$627,890	3 mil
2027 Fire Tax Revenue	$664,390	includes prior year delinquency, liens, interest, and PILOTs
2027 Fire Tax Transfer	$109,800	to the General Fund for ES Department Salaries
2027 Fire Tax Transfer	$548,990	to the Motor Equipment Fund for ES Department Equipment
2027 General Fund Transfer	$260,225	to reimburse ES Department for motor equipment costs
2027 Budget	$664,390	



Beginning in 2025, State law allowed the split to be 2-mil and 1-mil but retained the 3-mil maximum for boroughs like Chambersburg. There is little benefit to that amendment.

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 2026 rate of $12.50. In 2027, the fee was raised to $13.75 and will be converted from a stand-alone fee collected by utility billing to a PILOT payment from the Water Utility.

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 2027 Budget.

2027 Recreation Tax Yield	$523,240	2.5 mil
2027 Recreation Tax Revenue	$551,760	includes prior year delinquency, liens, interest, and PILOTs
2027 Recreation Bond Payment	$67,935	to pay down the Recreation Department's portion of the 2016 General Obligation Bond, refinanced in 2021
2027 Recreation Tax Transfer	$449,865	to the Swimming Pool Fund, to pay down the Fund's portion of the 2016 General Obligation Bond, refinanced in 2021
2027 Recreation Expenses & Fund Balance	$33,960	expenses and addition to the fund balance
2027 Budget	$560,760	

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 2027 Budget.

2027 Police Station Bond Tax Yield	$418,590	2-mil
2027 Police Station Bond Tax Revenues	$438,330	includes prior year delinquency, liens, interest, and PILOTs
2027 Police Station Bond Payment	$416,550	to pay down the General Fund's portion of the 2022 Bonds
2027 Police Station Bond Expenses & Fund Balance	$21,780	expenses and addition to the fund balance
2027 Budget	$441,130	
2027 Police Station Bond Tax Yield	$418,590	2-mil

Public Works Complex Bond Tax Fund

The "Chambersburg Public Works Complex 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 Complex; 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 Complex 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 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 PW Services 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 Complex Fund, which will establish the accounting for expenses and revenues associated with the Public Works Complex development and operation;
- The move of those assets and liabilities associated with the Public Works Complex development project to the Public Works Complex Fund effective January 2025;
- The Public Works Complex 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 Complex; and
- The establishment of a separate Public Works Complex Bond Fund, a holding fund, to collect those real estate taxes associated with the Public Works Complex Bond, and transfer them to the Public Works Complex Fund.

This bond tax is increased to 2 mils in the 2027 Budget. In the 2026 Budget, the bond tax was 1 mil.

2027 Public Works Complex Bond Tax Yield	$427,130	2-mil
2027 Public Works Complex Bond Tax Revenues	$438,670	includes prior year delinquency, liens, interest, and PILOTs to pay down the General Fund's share of the Public Works Complex Fund for the 2024 Bonds, 2024 Note, 2025 Bonds, and 2026 Bonds
2027 Public Works Complex Tax Transfer	$440,070	
2027 Public Works Complex Bond Expenses & Fund Balance	$0	expenses and addition to the fund balance
2027 Budget	$441,070	
2027 Public Works Complex Bond Tax Yield	$427,130	2-mil

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%
PW Services 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 oversight 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

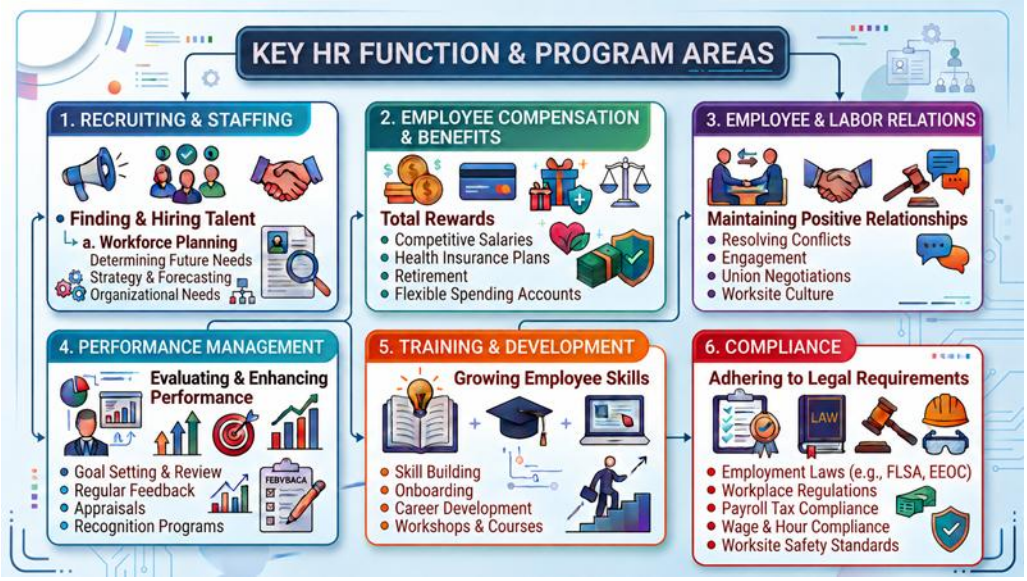
In 2027, the Borough will add a Floating Custodian position. This staff member will ensure consistent, high-quality maintenance and cleaning standards across all municipal facilities. This individual will be responsible for performing routine custodial duties, including sanitizing high-touch areas, managing inventory of cleaning supplies, and addressing immediate maintenance needs that arise between scheduled deep cleans. They will also make sure new spaces such as the Public Works Complex and the new Sewer & Water Street Crew maintenance facility will remain up to our standards.



Lobby in New Public Works Complex

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 six (6) full-time staff serve as an integral part of the Borough's internal services, whose day-to-day activities are directly supervised by Nicole Weber, Human Resources Supervisor, and with general oversight by Melinda Thompson, the Director of Administrative Services.



Human Resources: Supporting Our Employees and Organization



Team members from left to right, front to back: Sophia Suarez, Nicole Weber, Linda Hess (Clerical), Melinda Thompson, Steve Hampton, Paul Flohr, and Suzanne Upperman

The Human Resources Department team serves as a central resource for employment-related information, acting as a vital bridge connecting Administration, management, employees, vendors, and service providers. Our HR team takes the "human" in Human Resources seriously, recognizing that our greatest asset is our employees. We are committed to being accessible, responsive, and supportive, providing guidance, resources, and services throughout every stage of the employee experience and career cycle, and at every level of the organization.

The HR team supports more than 280 full-time and part-time employees, along with approximately 150 additional seasonal employees during the summer pool season. Our responsibilities extend beyond recruiting qualified talent. We help new employees successfully transition into the organization, foster professional growth and development, and ensure employees have the tools, resources, and support necessary to succeed throughout their careers.

The Borough provides a diverse range of essential services to its residents, from public safety through our Police and Fire Departments to five municipal utilities: Electric, Natural Gas, Water, Wastewater, and Storm Sewer. Our services also include Parks and Recreation, featuring a state-of-the-art Aquatic Center. This broad range of municipal operations requires an equally diverse workforce, encompassing specialized technical professionals, skilled tradespeople, administrative personnel, and employees who provide critical operational and organizational support.

In 2026, the Borough's workforce reflected this diversity of services and expertise. Approximately 13% of employees served in the Police Department, 10.4% in Finance—including parking operations, customer service, accounting, and utility meter reading—10% in the Fire Department, and 9.4% in the Electric Department. The remaining 57.2% served across the Borough's other utility operations, internal services, enterprise operations, and General Fund departments.

2026 - Full Time Equivalent Positions		
General Government Administration	2	0.7%
Clerical	16	5.5%
Code Enforcement	6	2.1%
Community Development	0	0.0%
Engineering	7	2.4%
Finance /Parking	31	10.7%
Information Technology	9	3.1%
Human Resource	6	2.1%
Public Works Administration	6	2.1%
Central Garage (Motor Equip.)	5	1.7%
Labor/Maintenance (Highways)	5	1.7%
Sanitation	18	6.2%
Recreation Administration	3	1.0%
Labor/Maintenance	7	2.4%
Fire Administration	2	0.7%
Fire Personnel	29	10.0%
Police Administration	2	0.7%
Police Personnel	38	13.1%
Utilities Administration	8	2.8%
Electric Distribution	12	4.2%
Electric Plant Generation	15	5.2%
Gas Distribution	13	4.5%
Stores/Warehouse/Call Center	7	2.4%
Water Distribution	2	0.7%
Water Treatment Plant	9	3.1%
Sewer Collection/Conveyance	10	3.5%
Sewer Treatment Plant	16	5.5%
Traffic Signal/Street Lights	3	1.0%
Storm Water Department	2	0.7%
Totals	289	100.0%

2026 Chambersburg Aquatic Center Seasonal Staff		
Position	**Total**	**Percentage**
Assistant Manager	7	5%
Activity Attendant	26	17%
Concessions	27	18%
Lifeguard	43	28%
Manager	4	3%
Seasonal Maintenance	2	1%
Swim Aide	32	21%
Swim Instructor	10	7%
Grand Total	151	100%

While our employees bring a wide variety of skills, backgrounds, and expertise to their respective roles, they share a common purpose: delivering quality services to the residents of our community. Human Resources is proud to support the dedicated individuals who make those services possible.

Together, we are one dynamic Borough team, working to serve our community with professionalism, dedication, and pride!

The year 2026 was an extraordinary one for the Human Resources Department. We entered the year facing significant challenges and ambitious goals, determined to make meaningful progress. As the year draws to a close, we are proud to reflect on our accomplishments, having met the majority of the objectives we set out to achieve. Through dedication, collaboration, and perseverance, we transformed challenges into opportunities and strengthened our ability to support the Borough and its employees.



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 the Borough Manager/Personnel Officer, HR staff manage recruitment, retention, and succession planning. We partner with department management to assess staffing needs, resource efficiencies, and required knowledge, skills, and abilities (KSAs). When filling a vacancy, HR coordinates internal and external advertisements, target audiences, application screening, interview schedules, candidate selection, reference checks, contingent offer letters, pre-employment screenings, and onboarding orientation.

With the implementation of Paycom in 2025, the Borough's third-party payroll system, staff spent this year preparing for the transition of our current applicant tracking system (ATS) to Paycom, further realizing our goal of a single-source system for employment needs. The target date for this transition is November 21.

As of October 8, staff have managed 59 vacancies this year (33 filled externally and 18 through internal movement). Despite a record number of retirements, our succession planning enabled seamless transitions with minimal disruption to operations. We appreciate the Town Council's continued support of these initiatives.

In 2027, staff plan to further support succession planning and general operations by requesting Town Council approval of new positions, continued funding for positions approved during the mid-year 2026 budget, and the reclassification of select roles.



A statistic we are particularly proud of is our turnover rate, currently at 7.5% which is 2.5-7.5% lower than industry standard for municipal governments in Pennsylvania! Through recruitment and hiring initiatives, minority representation stands at 16% amount our full-time equivalent positions. Our goal at the Borough is to effectively serve our diversified community population by meeting their communication needs.



Comparative to the industry standard for municipal and local government of 10-15% annually, per BLS.

Over the past several years, the Recreation Department management team and HR staff have successfully collaborated on onboarding seasonal staff for the Chambersburg Aquatic Center. This cooperation has been vital to managing a smooth and efficient process for the approximately 150 seasonal employees hired each year between Memorial Day and Labor Day. Planning and recruitment begin months before opening day, and post-season debriefing continues months after closing, with continuous efforts to improve the experience for both employees and patrons.

Borough departments have benefited greatly from streamlined hiring, virtual onboarding, and timely promotions and transfers. Over the past four years, we shifted the entire recruitment and onboarding process from a manual, inconsistent exercise to a 100% online system, improving efficiency and accuracy across the board. In 2027, HR will focus on measuring the time-to-hire cycle to identify further opportunities for efficiency.

Additionally, for four years, the Borough has partnered with IDEMIA to provide an onsite IdentoGO FBI Fingerprinting location at the Recreation Center. This service streamlines Borough onboarding while serving local and regional employers. Staffed by Borough employees and open five days a week, the location processed 5,673 appointments by the start of Q4 2026—an increase of 300 from the same period in 2025. Processing fees help support service operations and facility use, and the location maintains a 4.4 out of 5-star rating. In 2027, IDEMIA plans to transition to a kiosk-based model. We are awaiting further details and will monitor the transition to ensure it continues to serve our community effectively.

Finally, in partnership with Chambersburg Police Department leadership, staff successfully petitioned the Chambersburg Civil Service Commission to update its Rules and Regulations to support recruitment efforts. Following the Commission's approval and recommendation, Town Council authorized the implementation of these changes.

Outreach

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 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.

In 2026, our staff actively participated in various career events across local educational institutions, including Shippensburg University, Wilson College, Chambersburg Area School District, Franklin County Career Tech, James Buchanan High School, Greencastle-Antrim School District, and Waynesboro Area School District. These engagements included mock interviews, job fairs, and facility tours.

Additionally, the Borough hosted a college intern, two high school co-op students, and provided job-shadowing opportunities within our Water, Finance, and Electric departments. We also continued to deliver our Storm Sewer utility presentation to elementary and high school students in neighboring districts.



In August of this year, the Borough entered into an affiliation agreement with Shippensburg University as a host for field-based internships for University students. The two organizations are also exploring the possibility of translating real-world work experience into college credits toward the University's Master of Public Administration program, similar to the initiative recently implemented at the state level. We remain excited about all the possibilities!

We look forward to expanding these initiatives in 2027 to serve our community and build a strong pipeline of local talent for future Borough opportunities. Staff are currently working on formalizing our programs to ensure the most effective experience for participants, the Borough organization, and our community partners.

Compensation

The Human Resource Office is responsible for managing the Borough's compensation plans, including bargaining and non-bargaining pay tables, schedules, pay policies, and rates for all full-time, part-time, and seasonal staff. Our team manages an annual payroll budget of over $23 million across 26 payroll cycles each year. Key duties include auditing timesheets, processing mandatory and voluntary deductions (such as taxes and benefits), reporting, and ensuring timely submissions to the bank.

Additionally, staff coordinate performance evaluations, step and merit increases, and cost-of-living adjustments (COLAs) upon Town Council approval. This encompasses all pay-related transactions, including promotions, transfers, demotions, separations, and position classification changes.

This work is critical to our department—not only to guarantee accurate and timely payments to staff, elected officials, and business partners, but also to maintain the Borough's legal compliance regarding payroll and benefits.

At the request of Jeffrey Stonehill, Borough Manager/Personnel Officer, staff created a monthly Personnel Action Report. To encourage continued transparency and utilize our reporting capabilities with Paycom, this report captures any pay changes from the previous month.

The year 2026 was a year of significant change for both our HR/payroll staff and employees. This marked our first full calendar year using Paycom as our third-party payroll provider, as well as the first year operating under the new non-bargaining classification system approved by the Town Council in 2025 and implemented in January of this year.

Paycom

To address the growing complexity of our payroll needs, the Borough transitioned from our legacy system to Paycom in 2025, following Town Council approval on April 29, 2025. Thanks to the significant effort from the Administrative Services Department, our first payroll was successfully processed on August 15, 2025, with full implementation continuing into 2026.

This new system allowed the Borough to consolidate vendors, save money, and enhance administrative efficiency while offering employees direct access to their personal data on computers and mobile devices. Through Employee Self-Service (ESS), staff can now manage direct deposits, view W-2s and accrual balances, submit time-off requests, and update benefits during open enrollment or qualifying life events.

For the 2026 Aquatic Season, we implemented timeclock terminals to replace our previous pen-and-paper sign-in process. Previously, seasonal staff signed in manually, and management entered those hours into our legacy payroll system. With our transition to Paycom and the new timeclocks, staff now clock in directly, automatically recording their punches on their timecards. This update streamlined our tracking process and improved overall efficiency. Given its success, we are considering rolling out this system to other Borough facilities and shops.

While we spent much of the past year refining modules to fit our organization's specific needs, we are now in a strong position to continue rolling out available features for our everyday operations, including the applicant tracking and performance management modules.

Non-Bargaining Compensation and Classification

In response to long-standing recruitment and retention challenges, the Borough initiated a classification and compensation study in July 2023 with GovHR USA (now MGT). This comprehensive project, which was last performed over 20 years ago, evaluated approximately 180 internal jobs through Job Analysis Questionnaires (JAQs) and employee interviews, while surveying over 50 municipal organizations to assess our market competitiveness.

MGT released its final report in March 2025, providing valuable market and position evaluation data that restructured our position hierarchy based on a job analysis completed on each position. Concurrently, staff worked with the Borough Manager/Personnel Officer to develop an updated non-bargaining compensation plan. Following review and positive feedback from Town Council, administrative staff, and solicitors, the Town Council officially approved the new Compensation Plan on October 13, 2025. Staff subsequently implemented the plan and communicated the individual impacts to affected employees, with the new pay structure taking effect the first full pay period of 2026.

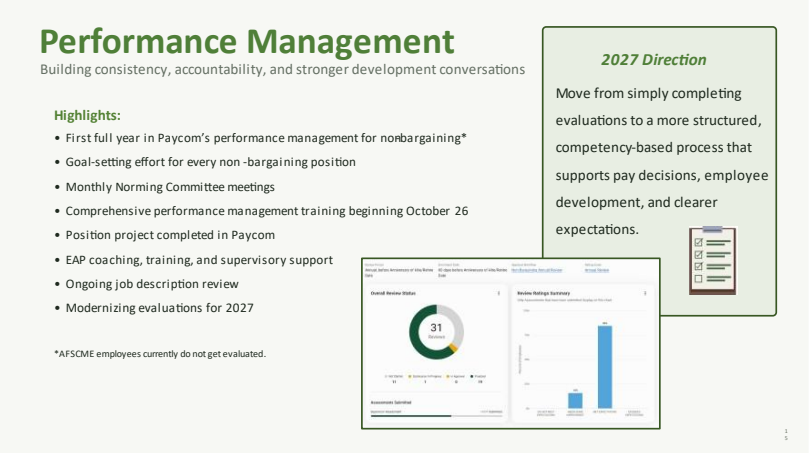
Our goal as a department is to continue to assess compensation-related programs and policies, in a fair and consistent manner and more frequently than the past, so the Borough's services, initiatives, and municipal programs can continue to be delivered by talented personnel resources, our employees.

With the implementation in January of this year, performance evaluations were completed more regularly for non-bargaining staff. Evaluations underwent a multi-review process where an employee's management team at every level contributed to the narrative, including feedback on successes and constructive elements, as well as goals for the employee to accomplish over the next evaluation period.

A Norming Committee was established to review evaluations each month to ensure consistency across the organization. Upon the committee's review and recommendation, merit increases were processed for employees whose performance warranted them.

In cases where improvement was needed, impacted employees were placed on a formal improvement plan managed by their supervisor to support improved performance. The goal of this program is to encourage performance that meets the Borough's expectations, reward employees whose performance exceeds expectations, and address performance that needs improvement.

Human Resources staff provide frequent feedback to supervisors completing evaluations, as well as formal training, to ensure supervisor confidence and consistent application across the organization. This will prepare us for 2027, when the organization will move from simply completing evaluations to a more structured, competency-based process that supports pay decisions, employee development, clearer expectations, and a dependable process our employees can trust.



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.

Human Resources staff are 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.

While the Finance Director 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 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 2025 claim year, the Borough surplus claim fund is at over $950,000. These surplus monies are considered in the premium share calculation for the next benefit year.

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.

For the 2027 benefit year, the Borough will see a 7.8% increase in our health premiums. While any increase is non-ideal, this rate is nearly half of what other PMHIC members are receiving. We attribute this lower rate to a decrease in high-cost medical claims over the past year, as well as our employees proactively prioritizing their health care. Additionally, although rising pharmacy costs continue to be a broader trend, the Borough remains in close communication with Benecon to evaluate options for reducing these expenses.

Department staff recently oversaw several implementations to support a more accessible online environment for benefits management, including:

- Dependent Care Flexible Spending Account.
- WhiteBirch: Electronically transfers FSA updates to Benecon, our Third-Party Administrator.
- SIMON: Electronically transfers updates to Benecon, our Third-Party Benefits Administrator.

Additionally, staff are collaborating with Finance and IT to develop a Pension Calculator, which will allow employees to generate their own pension estimates based on individual plan guidelines. Staff also facilitated educational opportunities with third-party vendors for employees to learn more about 457(b) investments and pension options.

Finally, the Borough saw a nearly 10% increase in employee utilization of its confidential Employee Assistance Program (EAP), provided through Mazzitti & Sullivan EAP Services. Areas with heightened

engagement included counseling sessions, elder care, legal and financial consultations, work/life resources, and management support.

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 continuously looking for ways to engage staff and foster a holistic employee experience through a thriving community culture.



In 2026, we continued several key initiatives:

- Employee Quarterly Events: Replaced the traditional annual holiday function to allow staff to network more frequently throughout the year.
- Food Trucks: Hosted in the City Hall parking lot for both employees and the public.
- Employee Canteen Program: Borough-provided refreshments focused on wellness, morale, and productivity.
- The Cross Road Newsletter: Sharing key information and celebrating employee milestones.

We also introduced several new features this past year:

- Wellness Room: Created in compliance with the PUMP Act.
- Free Library: A dedicated space for employees to donate and borrow books.
- Engagement Survey Module: Integrated into Paycom to gather employee feedback and measure organization success.

We look forward to continuing these events in 2027!

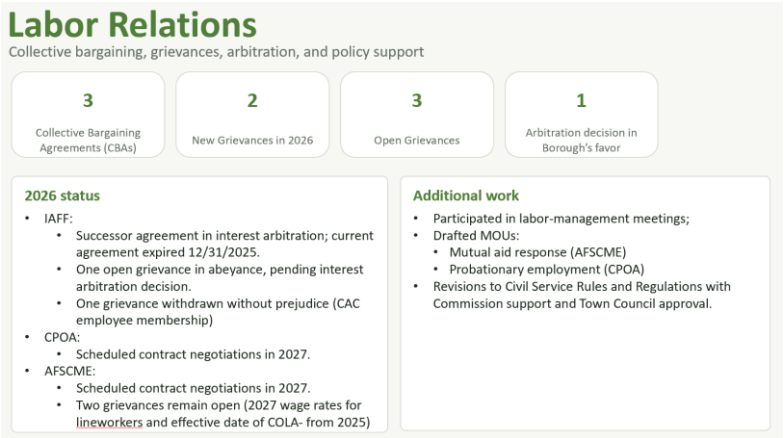
Looking ahead to 2027, staff will focus on expanding these engagement surveys to gather real data to inform future decision-making.

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).

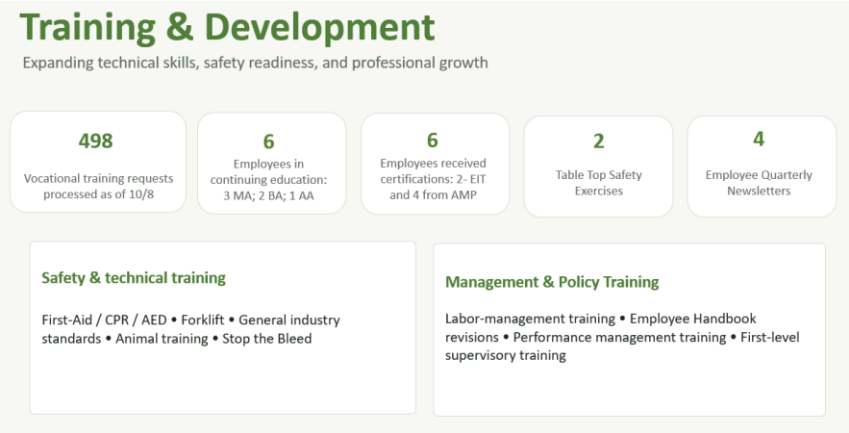
Outside of formal contract negotiations, Borough management and union management teams have been willing to discuss matters as they relate to terms and conditions of employment for respective staff at the Borough, settling any matters in dispute and maintaining open communication between the parties. 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.

The year 2026 has been particularly busy for labor relations regarding negotiations and disputes. As of this writing, we are awaiting the arbitrator's decision from the June 2026 interest arbitration between representatives for the Borough of Chambersburg and the International Association of Fire Fighters (IAFF). Additionally, we look forward to negotiating two successor collective bargaining agreements in 2027 with the American Federation of State, County, and Municipal Employees (AFSCME) and the Chambersburg Police Officer's Association (CPOA). Both contracts are scheduled to expire on December 31, 2027.



Training and Development

The Borough promotes individual employee professional development. On behalf of the organization, department staff process 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. We currently have three employees in a job-related Master's Program, two in a Bachelor's, and one in an Associates program. Additionally, this year, we had two employees of the Electric Department receive their Engineer In Training (EIT) certifications and four-line worker employees complete their journeyman apprenticeship through AMP. As an organization, we are very proud of these endeavors and accomplishments of Borough staff!



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.

Finally, department staff are currently undergoing a job description review and update for each position at the Borough of Chambersburg. A job description reflects the core duties, responsibilities, knowledge, skills, and abilities required for a role. While the Borough currently has a job description for each position, our goal is to transfer all existing descriptions into the new template format approved in 2023. At the same time, we are reviewing each document to ensure its relevance and usefulness. It is best practice to review job descriptions annually and whenever a position becomes vacant. Ensuring that employees are clear on the parameters, essential functions, and responsibilities of their roles helps support their overall success as well as identify opportunities for enhancing and growing individual skill sets.

2026 ICMA Williamsburg Leadership Institute: My experience

By Melinda Thompson, Director of Administrative Services



In March of this year, I had the privilege of representing the Borough of Chambersburg at ICMA's Williamsburg Leadership Institute. The curriculum focused on timeless lessons from America's Founding Era, blending tours of historic institutions—such as Bruton Parish Church, the Public Gaol, the Courthouse of 1770, the Governor's Palace, and the Wythe House—with presentations from guest speakers portraying Thomas Jefferson, James

Madison, and George Wythe, alongside the President and CEO of the Colonial Williamsburg Foundation.

The program drew powerful parallels between modern challenges and those faced by our Founding Fathers. We explored our personal leadership defaults past and present, navigated value tensions between equally desirable goals, and participated in a reenactment of a historical property rights legal challenge at the courthouse. Additional sessions examined whether our individual leadership styles lean toward a revolutionary, traditionalist, disruptor, satisficer, or observer approach. We were prompted to reflect on which leadership qualities we most admire and least admire in the founders we encountered, and which traits we most want to cultivate in ourselves.
Beyond the rigorous coursework, we enjoyed lunch at Shield Tavern, featuring locally grown Colonial Williamsburg fare. Unquestionably, the highlight of the institute was reading the Declaration of Independence on the front lawn of the Governor's Palace following our tour of the estate and George Wythe's residence.

This was an unforgettable experience—one I will both cherish and carry forward as I continue my leadership responsibilities with the Borough. I am deeply grateful to Borough Manager Jeffrey Stonehill and Town Council for providing me with this incredible opportunity.



Health and Safety

The Health and Safety Program is also managed by department staff. 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.

Below is an overview of the key functions, initiatives, and accomplishments within the Health and Safety office:

Workers' Compensation Program

These core functions are vital to the Borough and include:

- Medical attention based on injury severity and medical authorizations.
- Medical billing and repricing per Medicare Part B.
- Coordination with third-party insurance companies (Inservco and Mid-West Casualty).
- Assisting employees through the injury recovery process from start to finish.
- Administering the Return to Work (RTW) program for light-duty assignments.
- Directing legal claims and filing Commonwealth of Pennsylvania paperwork with Inservco.

Safety and Wellness Committees

- Safety Committee: Chaired by the program administrator, this committee includes bargaining and non-bargaining members from all departments, including CPD and CFD. The committee

conducts monthly meetings and site tours to identify potential safety issues, engineering controls, and training needs.
- Wellness Committee: Focuses on employee health education, annual flu shots, physicals, and hydration, collaborating with partners to share health tips.

Risk Management & Safety Improvements

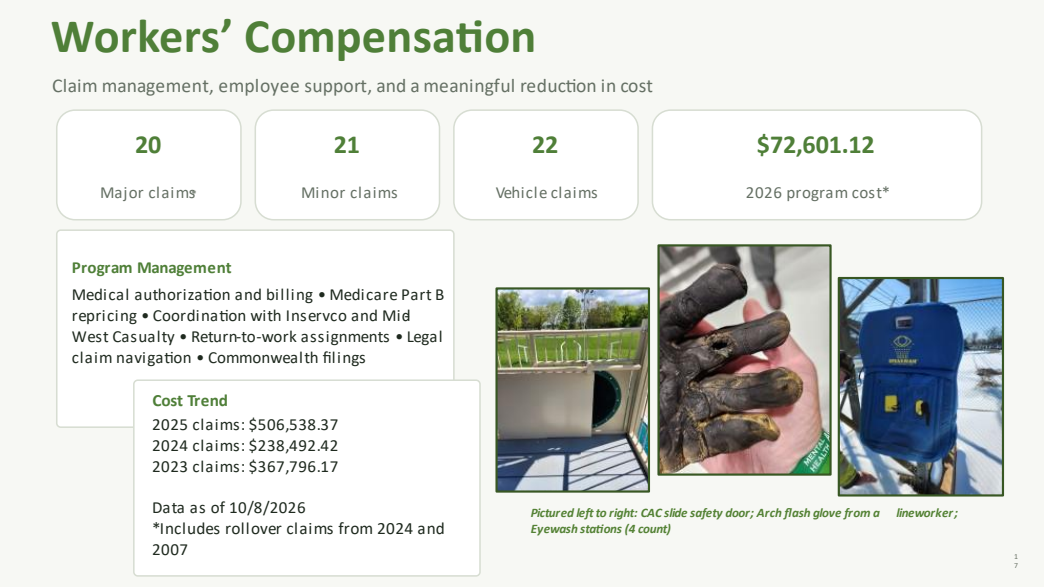
- Risk Management: focuses on risk identification, assessment, response planning, and control measures to minimize losses and legal exposure. Key examples include active shooter training, emergency gate installations at the Aquatic Center, and facility security enhancements for the second-floor customer service area.
- Property Safety: In 2026, the Health and Safety Administrator worked across departments to resolve structural hazards (basements, stairs, decks) at utility work sites, reducing costs and employee risk.

Training & Emergency Preparedness (2026)

- Delivered online, classroom, and hands-on training, including First-Aid/CPR/AED, forklift operation, online general industry standards, animal handling, and Stop the Bleed. Supported setup for department-specific association trainings.
- Facilitated two tabletop safety exercises involving utility departments, EMS, Police, and ancillary systems to improve critical response capabilities.

Ongoing Strategic Focus

The Health and Safety office remains focused on accident reduction, lowering workers' compensation expenses, and minimizing loss experience ratios. By fostering strong employee and vendor relationships and using an "athletes first" approach to injury treatment, the office supports faster returns to work, boosts morale, and controls lost wages and overtime costs.



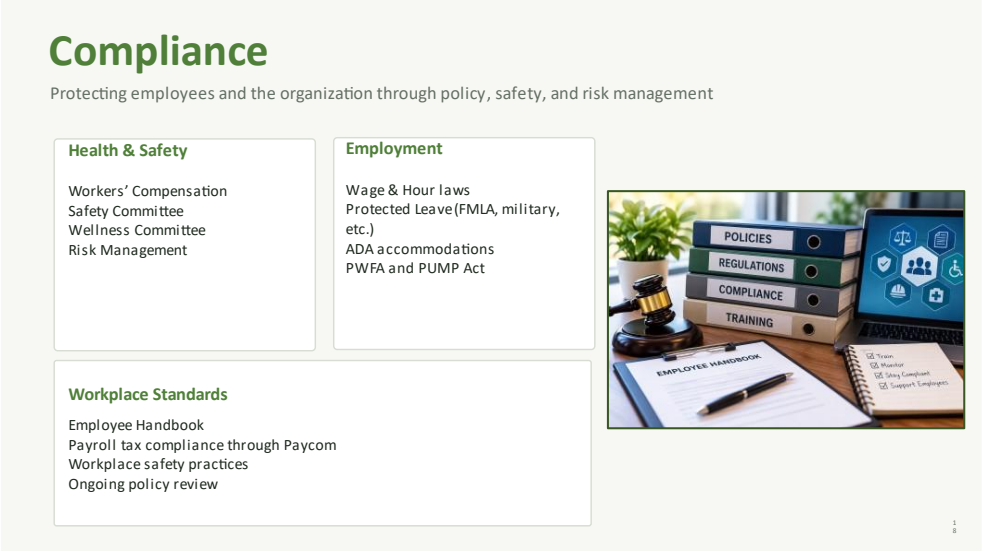
Compliance

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,), Unemployment Compensation program, managed by Interstate Tax Services, Inc.; as well as our confidential Employee Assistance Program (EAP), contracted through Mazzitti & Sullivan EAP. In July of 2024, the Town Council authorized the appointment of Melinda Thompson as the Borough's HIPAA Privacy Officer.

This year we were excited to announce the completion of our comprehensive review and updating of the Borough's Personnel Manual(s), now consolidated into a single document retitled 'Borough of Chambersburg Employee Handbook. The newly revised and now published document serves as a reference for both bargaining and non-bargaining employees regarding employment matters with the Borough of Chambersburg, with some exceptions for union-represented employees. This is a big change for the Borough. Before this consolidation, there were four versions of a Personnel Manual: one for IAFF-covered employees, one for COPA-covered employees, one for AFSCME-covered employees, and one for non-bargaining Administrative, Technical, and Clerical employees. After discussions with the Borough's attorneys, they determined that moving to one document was possible. The project took several years to complete due to its comprehensive nature.

The document was published and released in April of this year, and employees were able to acknowledge receipt via Paycom, where it remains available to them. This is another benefit of utilizing such a system, as opposed to the manual process required in the past.



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 2026. 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.

HR Goals for 2027

From implementation to standardization, analytics, and succession planning

Employee Relations and Development

- Implement revised Paycom evaluations with performance-to-pay metrics and employee assessment
- Develop an organization-wide succession plan
- Fully implement Paycom engagement surveys and use the data in decision-making
- Create voluntary employee focus groups
- Offer resume-building workshops and mock interviews for employees

Recruitment and Outreach

- Standardize the internship program and expand affiliations

Compliance

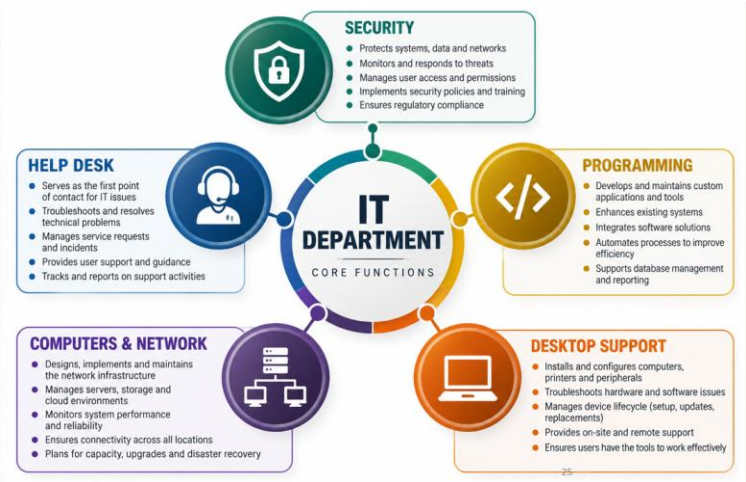
- Complete an FLSA study
- Standardize job titles
- Continue job description review project, updating and modernizing
- Health and Safety
- Continue accident reduction, policy enhancement, and accountability
- Reduce workers' compensation expense and loss experience ratio

Labor Relations

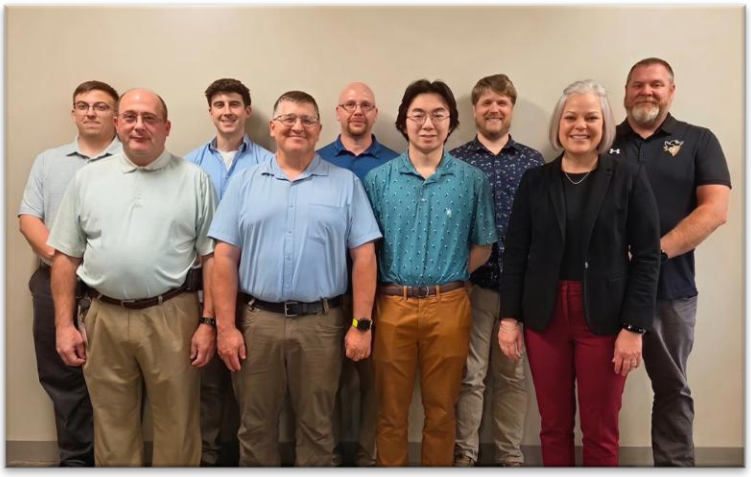
- Successfully negotiation AFSCME and CPOA contracts

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 seven (7) 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.



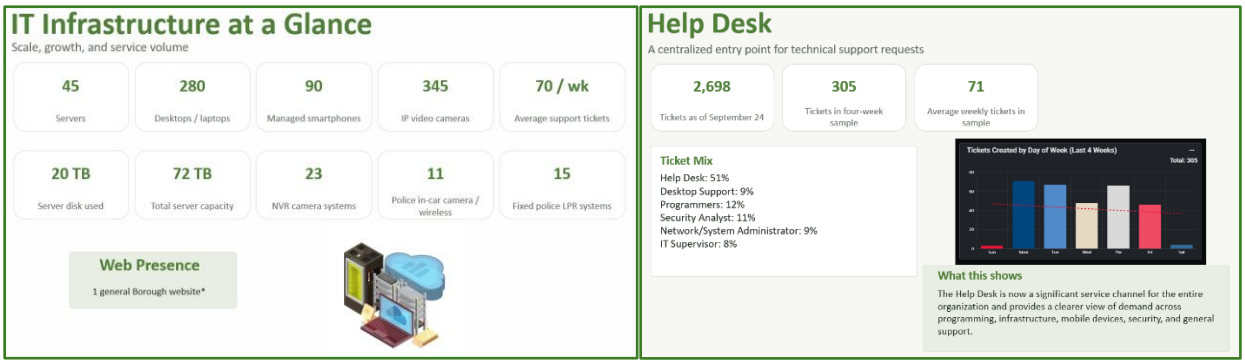
Information Technology (IT): Supporting Our Employees and Organization



Team members from left to right, front to back: Josh Burleigh, Pete Kolva, Wyatt McMullen, Melinda Thompson, Josh Noll, Brent Myers, Cory Stine, Thomas Dunn, and Shawn Chilcote

The department saw a few key updates regarding our department's staffing and operations this year:

- Supervision Transfer: Supervision of the two full-time technical staff responsible for transposing utility meter reading data into the utility billing system has been transferred to the Finance Department. This change better aligns their role with our Customer Service functions.
- HelpDesk Position: Upon the retirement of a long-tenured clerical employee assigned to the IT department; management converted the position into a HelpDesk position to provide enhanced support for our field office operations.



A few years ago, the Borough launched the internal IT helpdesk initiative to streamline technical support requests, and it has proven to be a success. The primary responsibility of this role is to handle initial requests from end-users, either by troubleshooting the issue directly or escalating it to the appropriate technical support tier. Requests are submitted through ticket system software and assigned to department staff based on program area—including systems and network, programming, utility billing, or information security. The helpdesk processes an average of 71 tickets per month. This represents a 15% increase over the previous year, reflecting the Borough's ongoing transition from manual processes to system-based operations. Ticket requests vary widely, ranging from password resets and new employee account setups to device upgrades, programming enhancements, and major software changes.

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 the System & Network Administrators and the Senior Application Programmers 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 2026 include: 51% HelpDesk; 12% programming; 9% systems and network; 11% cyber security; and 8% handled directly by the IT Supervisor.

In this past year, IT staff have performed major projects, upgrades, and accomplishments listed below.

2026 Major IT Projects & Accomplishments

- Network penetration testing
- CIS compliance manager: 86% compliance with IG v1
- Third-party risk assessment (part of contingency planning)
- Warehouse software and Wi-Fi deployment
- New IT hardware budget accounts
- Continued Customer Portal support
- Onboarded two new IT staff
- Began Power 11 upgrade
- Fiber replacement and upgrades at targeted facilities with Electric Department
- Water Plant firewall upgrade
- Google Mobile Device Management
- SAML implementation on applications
- DataDog implementation (analytics)
- Veeam contingency-planning work (storage)

2026 Goals Met

- ✓ Fiber project
- ✓ Firewall upgrade
- ✓ IT infrastructure projects
  - Backup gateway
- ✓ Power 10 / 11 upgrade
  - Revamp Borough website
- ✓ Develop computer replacement policy
- ✓ Cybersecurity framework
- ✓ Migrate MaaS360 to Google MDM
- ✓ Redefine Borough cell phone program and policies
  - Finalize Borough Operations Contingency Plan

Cybersecurity, infrastructure modernization, and operational enablement

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.

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. IT staff are encouraged to attend training, including classroom and hands-on training, and attend conferences to improve on their knowledge and skill-sets in a fast-advancing filed.

Cybersecurity

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. This program area continues to see big improvements.

Programming

Programming is integral to connecting off-the-shelf software and systems with the Borough's data. Additionally, our programming staff works diligently to understand the operational and administrative needs of each department to assess whether solutions can be accomplished in-house. Most notably this year, the team created an inventory system for the Borough's Warehouse operations, saving tens of thousands of dollars. Staff also assisted internal service departments by developing a pension calculator for Human Resources and are currently helping the Finance department plan a future AR rebuild, and will remain directly involved in department software implementations and upgrades to ensure all changes align with the Borough's data structure and feasibility.

Systems and Network Administration

Keeping our computer systems, networks, and aging hardware replacements up to date is a significant undertaking. This past year, our staff worked diligently to upgrade core systems and plan for contingencies. Additionally, we collaborated with Borough department management and staff to upgrade mobile devices. In the fourth quarter of this year and continuing into 2027, staff will be fully involved in transitioning Borough staff to the new Public Works Complex. Our focus will be on ensuring both IT hardware and software are connected and fully functioning with minimal disruption to operations.

To assist with the systems and network workload, management identified the need to have a dedicated technical position for the Borough's camera and camera infrastructure program, the proposed 2027 Budget includes a full-time IT Camera/Camera Network Technician position. To fund this role, staff has reallocated funds from the vacant Administrative Services Project Manager position budgeted in 2026. Also, the Electric Utility Department previously chose not to backfill a Traffic Signal Camera Technician role, relying instead on IT support. While this provided temporary relief, the model is no longer sustainable. This position addresses a critical sustainability gap. The primary responsibilities for this role include: installing, configuring, maintaining, troubleshooting, and supporting camera systems and supporting network infrastructure, ensuring system availability, security, documentation, and compliance with organizational standards, manufacturer specifications, cybersecurity requirements, and applicable regulations; coordinating with security, IT, facilities, vendors, and other stakeholders to maintain reliable video operations; and serving as the networking specialist for traffic signal communication networks,

managing daily network operations, monitoring throughput, and collaborating with PennDOT to maintain system security.

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 meet to discuss their respective project areas.

1. The Customer Service Portal Steering Committee

While the Customer Service Portal was launched in July oof 2025, it continues to gain momentum with customers, as it is a convenient way to access customer data and pay online. The Steering Committee continues to meet, focusing on enhancements and upgrades where possible.

2. IT Infrastructure Steering Committee

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.



IT Infrastructure Steering Committee Recommendations for 2027

Four (4) projects focused on controls, customer experience, and digital service delivery

Accounts Receivable Rebuild

Rebuild non-utility accounts receivable controls and add a non-utility AR interface to the Customer Portal for better customer experience and more efficient processing.

Customer Portal Enhancements

Improve the existing Customer Portal to strengthen customer experience and make better use of platform capabilities for staff.

LUCOMDEV

Implement software for code enforcement, permits, licensing, applications, and online payments.

***Borough Website**

Municipal websites must comply to the WCAG 2.1 Level AA technical standards under title II of the Americans with Disabilities Act (ADA).

- As a small entity (under 50,000 population), the Borough of Chambersburg must be in compliance by April of 2028
- Key requirements include: perceivable, operable, understandable, robust, and scope.
- We have placed money in the budget to account for this project, which likely will include hiring a third-party consultant to assist Borough staff with the design.

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.

2027 IT Goals – Next Phase

Security, resilience, wireless expansion, and modernization

- Quarterly penetration testing
- Wireless Rollout to Targeted Borough Facilities
- Compliance Manager (Phase 2)
- Failover Internet Configuration (internet contingency)
- Website ADA Compliance
- Cloud Storage of Immutable Backups
- New Network Core (Backup Gateway)
- Software solution for LUCOMDEV
- Support new Public Works Campus
- Training for IT staff

Focus Areas

Cybersecurity
Resilience
Connectivity
Digital service delivery
Staff capability

2027 Capital Improvement Project Requests

- Council Chambers Technology Upgrade
- Security Upgrades
- Network Switches
- Website improvements and ADA compliance

Total: $630,000



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 2026, 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 2026.

A few big changes to the clerical pool this year was 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 2027, we will have the opportunity to onboard the replacement of a long tenured clerical staff member. With every vacancy, management will assess the continued need for the position. There may be opportunities next year to not backfill certain roles which will result in a positive impact to the Administrative Services fund.

With over 20 years of service at and to the Borough of Chambersburg, Jackie Umberger announced her retirement to be effective in January of 2027. Jackie will spend her remaining months with the Borough training her replacement. We wish Jackie the very best with her retirement and thank her for her years of dedicated service as a Firefighter and more recently as the Office Manager in the Fire 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.

Borough Clerical Pool Full Time and Regular Part Time Staff Includes:

Borough Secretary	Jamia Wright (Borough Manager's Office)
Assistant Borough Secretary	Tanya Sisk (Borough Manager's Office)
Officer Manager	Jackie Umberger (Fire Department)*
	Laura Middlekauff (Police Department)
	Amber Kelly (Public Works)
	Jamie Foose (LUCOMDEV)
Secretary II	Dixie Bryan (Recreation)
	Penny Morrison (Utilities)
	Kathy Jo Bard (Finance)
	Onaida David-Hernandez (Codes)
	Wendy Arispe (Police Department)
Secretary I	Marshall Warden (Fire Department)
	Linda Hess (Human Resources)
	Irene Sosa (Rental Inspections & Retail Food Licensing and Inspections)
	Gianna Bannon (Recreation)
	Donna Van Winkle and Vacant (Front Counter)
Receptionist	Cathy Boyle (Borough Manager's Office)
	Maria Basile (Police Department)

* - Jamie Foose will be transitioning into the Fire Department to replace Jackie Umberger, who is seeking retirement soon.

Clerical Pool Team



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 2027 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

		Allocated Percentage
Electric Utility	General and Administrative	26.29%
General Fund	Operating Expenses	19.36%
Wastewater Utility	General and Administrative	12.52%
Natural Gas Utility	General and Administrative	9.43%
Motor Equipment	General and Administrative	9.01%
Water Utility	General and Administrative	8.54%
Storm Sewer Utility	General and Administrative	5.24%
Sanitation Utility	General and Administrative	4.60%
PTSL Enterprise Fund	General and Administrative	1.86%
Stores/Warehouse	General and Administrative Expenses	1.41%
Aquatic Center Enterprise Fund	General and Administrative	1.25%
PW Services	General and Administrative	0.49%
	SUM OF ALL CONTRIBUTIONS	100.00%

This budget the allocation changed slightly. Instead of doing a one-year look-back to see the proportional size of department/functional use to determine the distribution percentages, staff is proposing a three-year blended look-back. This percentages represent the analysis of FY2023, FY2024, and FY2025.

This should prevent unintended outlier variations in financial activity from exaggerating contribution percentages.



Clock Tower being restored in 2022



Clock Tower finish in 2023



1921





1941

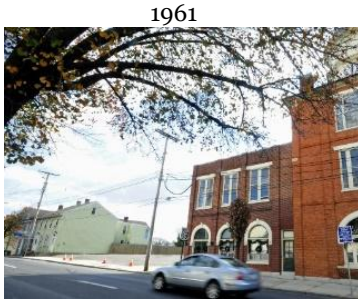


1961





2005



2014



2017



2020



2022

Public Works (PW) Services Division



Formerly the Engineering Department: The PW Services Division of Public Works, 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, PW Services has two areas of function: Geo-Spatial Services and Civil Engineering. In 2028, it is anticipated that Building & Grounds Maintenance will move to PW Services in the next budget cycle.

Director: Tyler Fairchild

	2025 Actual	2026 Budget	2027 Budget
Revenue	$683,640	$1,063,774	$1,374,666
Capital Contribution	+$185,000	- 0 -	- 0 -
Expenses	$887,098	$1,353,774	$1,374,666
Excess (Deficit)*	-$18,458 Deficit	-$290,000 Deficit	- Balanced -

* - After a two-year plan to fix the charge-back mechanism for this internal services fund, the operation will no longer be running a deficit.

Most of the deficit, as demonstrated above, is as a result of a poorly calculated charge-back methodology. As you know, all internal services funds (including Admin. Services, Stores/Warehouse, Motor Equipment, and PW Services) are balanced by the internal transactions that occur throughout the year with other funds; mostly utilities. The PW Services Fund was not functioning correctly and in the 2027 budget year, changes have been made to prevent the fund from running future deficits. In 2025, a capital contribution helped, but that one-time cash infusion will not be needed in the future.

As with most internal service funds, the PW Services operation typically is break-even. Passing its expenses along to its internal customers, such as the utilities and the General Fund. The uneven performance as witnessed recently was as a result of the accounting, and the chargeback formula, and never resulted in any costs for taxpayers.

The PW Services Division will be relocating shortly to the new Public Works Complex.

This department provides several services including 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 planning process or land development review, or other engineering studies in Land Use & Community Development.

The PW Services Division 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.



Old Engineering Office in City Hall

Public Works Services Division 2026 Accomplishments

- Pavement Management: Worked with Town Council and the Director of Public Works to advance initiatives relating to the Borough's Pavement Management Program, establishing a Preservation Program to extend the life of Borough streets.
- GIS Upgrade: Upgraded the GIS system to better assist utility departments and emergency services, which included acquiring new aerial imagery of the Borough footprint and all easements outside of the Borough boundary.
- Line Painting Map: Assisted in restructuring the pavement line painting program by creating a GIS map of all lines, helping shift the line painting contract from a reactive to a proactive model.
- Patching Streamlining: Assisted in restructuring the Borough street and alley patching contract and advised on a plan to eliminate a backlog of utility patches. Created a GIS field application to streamline the reporting and recording of patching needs for the Utilities and Highway Division.
- Gas Utility Assistance: Assisted the Gas Utility with mapping and identifying valves.

Public Works Services Division 2027 Goals

- Utility Network Launch: Build a Utility Network GIS platform for Electric, Gas, Water, and Sewer. This smart digital map acts like a live blueprint of the city's infrastructure, showing exactly how utilities connect and interact throughout the Borough.
- Infrastructure Planning: Prepare plans/bid specifications and conduct curb/sidewalk inspections for streets scheduled to be reconstructed during 2027.
- Base Station Replacement: Replace the outdated base station used to set elevations for surveying equipment within the Borough.
- Succession Planning: Implement the succession plan for the Public Works Services Supervisor.

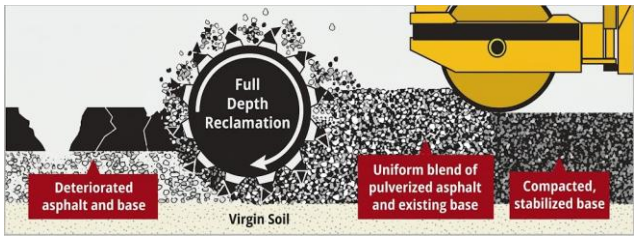


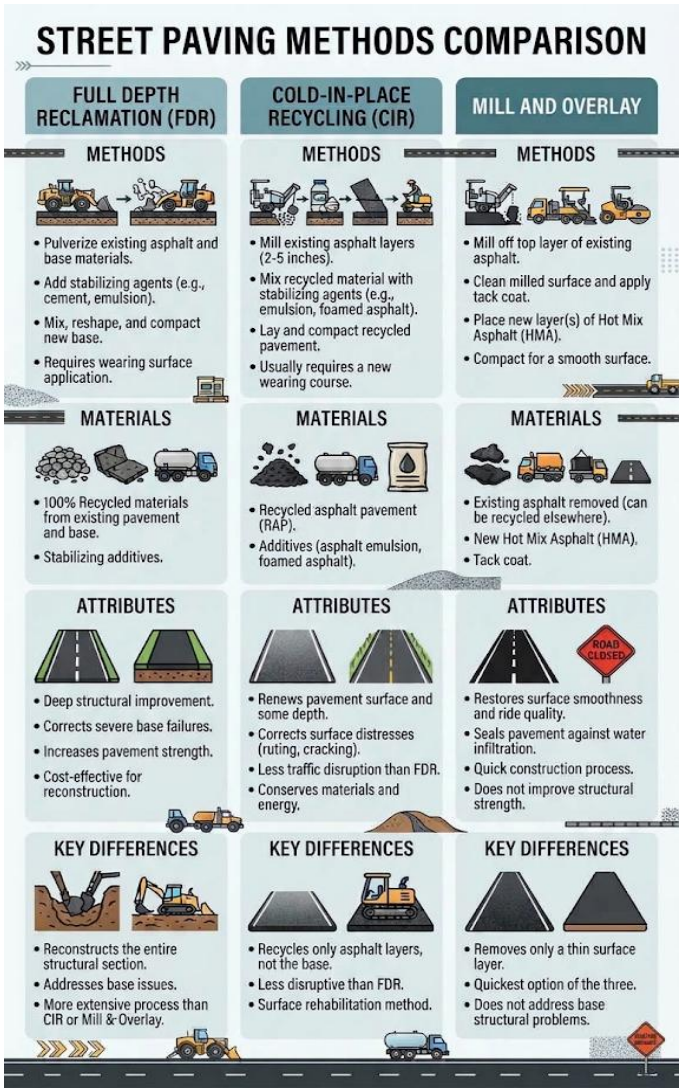
Issued Permits and Utility Calls Marked

Year	Curb & Sidewalk	Excavation
2020	46	115
2021	39	76
2022	18	14
2023	25	22
2024	84	131
2025	109	78
2026 (thru 10/1/2026)	96	79

Utility Locator Calls Year	Calls
2020	3,915
2021	4,095
2022	4,324
2023	4,780
2024	5,219
2025	1,966
2026 (thru 10/1/2026)	1,900

Street and Alley Paving Program 2027-2029







Micro-Surface Slurry Application

The Public Works Services Division also helped prepare the street improvement project lists for 2027-2029 and beyond, which now includes the paving of alleys. This initiative stems from 2022, when the division participated in preparing an Alley Analysis Report to outline better ways to finance ongoing maintenance. In 2023, the Director of Public Works presented a plan of action to Town Council to advance those findings. This presentation outlined a comprehensive Pavement Management Program, established a tentative annual budget, and offered potential funding options for Council's consideration. Council elected to phase in this approach starting in 2024, with the Sanitation Department increasing its collection and disposal fee for refuse as the initial step. In 2025, both the Sanitation Department and the Storm Sewer Utility contributed additional resources. This combined effort now provides an additional $200,000 of annual funding dedicated exclusively to alley renovations, where $100,000 comes from the Sanitation Department and $100,000 comes from the Storm Sewer Utility.

To maximize the impact of this funding and extend the overall lifespan of the Borough's infrastructure, the division is introducing advanced pavement preservation methods, specifically microsurfacing. Microsurfacing applies a thin, tough engineered layer of polymer-modified asphalt emulsion blended with finely crushed stone aggregate directly over the existing pavement surface. Implementing this proactive preservation strategy provides several critical operational and financial benefits to the Borough. By treating streets and alleys that are still in relatively good condition, microsurfacing can extend their usable lifespans by 7 to 10 years at a fraction of the cost of a full mill-and-overlay reconstruction. Furthermore, this specialized coating seals minor cracks and irregularities to block UV oxidation and prevent surface water from penetrating into the subbase, effectively halting structural degradation before severe potholes can form. In addition to preserving the pavement structure, the crushed stone aggregate restores tire friction and skid-resistance to enhance driver safety under wet weather conditions. Finally, because microsurfacing uses fast-acting chemical additives rather than heat to cure, treated routes can be reopened to heavy vehicular traffic shortly after installation, minimizing disruption to residents and municipal service routes. By shifting the Borough's pavement program from a reactive approach to a proactive preservation model, the division ensures that both neighborhood streets and utility alleys remain functional, safe, and fiscally sustainable.

To ensure that street paving projects are executed efficiently, the Public Works Department has significantly enhanced its planning and coordination efforts by implementing regular joint planning meetings with the Borough's utility departments. Rather than addressing road resurfacing and underground infrastructure as isolated tasks, these collaborative sessions allow the department to align multi-year capital improvement lists directly with the project pipelines of the electric, gas, water, and sewer utilities. By reviewing street reconstruction lists alongside utility infrastructure needs in a single room, the Borough can systematically schedule and complete necessary subsurface upgrades before final paving begins. This proactive approach protects the life of the new asphalt, eliminates the costly and

inefficient practice of cutting into newly paved roads, and minimizes construction disruptions for residents by synchronizing both surface and underground modernizations.

Street Capital Improvements 2027 & Beyond

2027 Street Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	N. Seventh St. (Lincoln Way East to Montgomery Ave.)	$ 175,511.00
Storm Sewer Bond	Cedar St. (W. Catherine St. to W. South St.)	$ 34,659.00
USACE	Cedar St. (W. Washington St. to W. Catherine St.)	$ 410,400.00
Liquid Fuels/Capital Reserve	E. Catherine St. (S. Third St. to Terminus)	$ 379,574.00
Liquid Fuels/Capital Reserve	Nelson St. (N. Fourth St. to Fifth Ave.)	$ 173,877.00
Storm Sewer Bond	N. Fourth St. (Lincoln Way East to E. King St.)	$ 73,894.00
Liquid Fuels/Capital Reserve	N. Fourth St. (Queen St. to Lincoln Way East)	$ 80,112.00
Liquid Fuels/Capital Reserve	Prince Street (Lincoln Way East to Nelson St.)	$ 114,650.00
Liquid Fuels/Capital Reserve	S. Fourth St. (E. McKinley St. to Queen St.)	$ 286,016.00
Liquid Fuels/Capital Reserve	S. Fourth St. (Wayne Ave. to Terminus)	$ 171,390.00
Liquid Fuels/Capital Reserve	Tolbert Ave. (S. Fourth St. to S. Fifth St.)	$ 25,000.00
Liquid Fuels/Capital Reserve	Parkwood Drive (Norland Dr. to Terminus)	$ 84,025.00
Liquid Fuels/Capital Reserve	Justine Drive (St. Paul Dr. to Parkwood Dr.)	$ 18,141.00
Liquid Fuels/Capital Reserve	Tobin Dr. (Justine Dr. to Matthew Dr.)	$ 8,471.00
Liquid Fuels/Capital Reserve	Tucker Dr. (Justine Dr. to Matthew Dr.)	$ 7,093.00
Liquid Fuels/Capital Reserve	Matthew Dr. (St. Paul Dr. to Parkwood Dr.)	$ 18,093.00
Liquid Fuels/Capital Reserve	Phoenix Dr. (St. Paul Dr. to Walker Rd.)	$ 101,501.00
Liquid Fuels/Capital Reserve	Sunbrook Dr. (St. Paul Dr. to Terminus)	$ 25,339.00
Liquid Fuels/Capital Reserve	Woodvale Dr. (Phoenix Dr. to Phoenix Dr.)	$ 29,295.00
Liquid Fuels/Capital Reserve	Short Dr. (Woodvale Dr. to Phoenix Dr.)	$ 4,557.00
	Total	$ 2,221,598.00

2028 Street Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	Hemlock Cir. (Redwood St. to Redwood St.)	$ 29,674.00
Liquid Fuels/Capital Reserve	W. Catherine St. (Water St. to W. Washington St.)	$ 203,884
Liquid Fuels/Capital Reserve	Birch St. (W. Catherine St. to Larch Ave.)	$ 36,424
Liquid Fuels/Capital Reserve	Larch Ave. (W. Catherine St. to W. Washington St.)	$ 35,243
Liquid Fuels/Capital Reserve	Linden Ave. (W. Catherine St. to W. Washington St.)	$ 43,591
Liquid Fuels/Capital Reserve	N. Hackberry Dr. (W. Catherine St. to Terminus)	$ 22,144
Liquid Fuels/Capital Reserve	S. Hackberry Dr. (W. Catherine St. to Terminus)	$ 22,144
Liquid Fuels/Capital Reserve	W. Washington St. (W. Catherine St. to Larch Ave.)	$ 124,690
Liquid Fuels/Capital Reserve	W. Irva Dr. (W. Washington St. to Terminus	$ 24,223
Liquid Fuels/Capital Reserve	E. Irva Dr. (W. Washington St. to Terminus)	$ 23,214
Liquid Fuels/Capital Reserve	Butternit Ln. (W. Washington St. to Terminus)	$ 2,604
		$ 567,835

2029 Street Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	Nicholson Blvd. (Scotland Ave. to Clinton Ave.)	$ 12,189
Liquid Fuels/Capital Reserve	Clinton Ave. (Woodstock Dr. to Powell Dr.)	$ 26,157
Liquid Fuels/Capital Reserve	Ashley Dr. (Clinton Ave. to Powell Dr.)	$ 16,824
Liquid Fuels/Capital Reserve	Powell Dr. (Woodstock Rd. to Clinton Ave.)	$ 21,611
Liquid Fuels/Capital Reserve	Bracken Drive (Powell Dr. to Clinton Ave.)	$ 10,210
Liquid Fuels/Capital Reserve	Bassest Dr. (Sienna Dr. to Clinton Ave.)	$ 2,382
Liquid Fuels/Capital Reserve	Bassestt Dr. (Clinton Avenue to Sienna Dr.)	$ 82,082
Liquid Fuels/Capital Reserve	Ramsey Ave. (Edgar Ave. to Terminus)	$ 143,865
Liquid Fuels/Capital Reserve	Broad St. (N. Second St. to Scotland Ave.)	$ 342,325
		$ 657,645

Future Street Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	US 11 Relocation (Garfield St. to Derbyshire St.)	$ 2,500,000
Liquid Fuels/Capital Reserve	Grandview Ave. (Lincoln Way West to N. Frankling St.)	$ 790,053
Liquid Fuels/Capital Reserve	Byers Ave. (Long Ln. to Cumberland Ave.)	$ 79,719
Liquid Fuels/Capital Reserve	Long Ln. (Orchard Dr. to Wallace Ave.)	$ 81,064
Liquid Fuels/Capital Reserve	Cypress St. (Long Ln. to Wallace Ave.)	$ 65,411
Liquid Fuels/Capital Reserve	Wallace Ave. (E. McKinley St. to Terminus)	$ 50,500
CDBG	Middle St. (Stanley Ave. to Wallace Ave.)	$ 102,704
Liquid Fuels/Capital Reserve	Bender Avenue (Middle St. to S. Coldbrook Ave.)	$ 53,531
Liquid Fuels/Capital Reserve	Wallace Avenue (Stanley Ave. to Highland Ave.)	$ 138,424
Liquid Fuels/Capital Reserve	Orchard Ct. (E. McKinley St. to Terminus)	$ 79,113
Liquid Fuels/Capital Reserve	Leidig Drive (Stanley Ave. to Wallace.)	$ 183,590
Liquid Fuels/Capital Reserve	Dewberry Court (Wallace Ave. to Terminus)	$ 38,507
Liquid Fuels/Capital Reserve	Summer St. (Stouffer Ave. to Brumbaugh St.)	$ 12,727
		$ 4,175,343

Alley Capital Improvements 2027 & Beyond

2027 Alley Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	East Point Ave. (E. Liberty St. to Lincoln Way East)	$ 184,640.00
Liquid Fuels/Capital Reserve	Cove Ct. (Broad St. to E. Commerce St.)	$ 25,446.00
Liquid Fuels/Capital Reserve	Stanley Ct. (E. McKinley St. to E. Leberty St.)	$ 150,861.00
Liquid Fuels/Capital Reserve	Rutherford Alley (S. Fourth St. to Stanley Ct.)	$ 16,445.00
Liquid Fuels/Capital Reserve	Montgomery Alley (Prince St. to N. Seventh St.)	$ 61,510.00
Liquid Fuels/Capital Reserve	Vanburen Ct. (Meade Ct. to Alpine Ct.)	$ 17,055.00
Liquid Fuels/Capital Reserve	Vanburen Ct. (Calvert Ct. to N. Seventh St.)	$ 30,276.00
Liquid Fuels/Capital Reserve	Meade Ct. (E. King St. to Vanburen Ct.)	$ 8,240.00
Liquid Fuels/Capital Reserve	Alpine Ct. (E. King St. to Terminus)	$ 46,248.00
Liquid Fuels/Capital Reserve	Arthur Ct. (Calvert Ct. to N. Sixth St.)	$ 44,432.00
Liquid Fuels/Capital Reserve	Hubbard Ct. (N. Sixth St. to N. Seventh St.)	$ 20,817.00
		$ 605,970

2028 Alley projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	Douglas Ct. (W. Queen St. to W. Loudon St.)	$ 6,751
Liquid Fuels/Capital Reserve	Manila CT. (Drapper Ct. to Terminus)	$ 8,677
Liquid Fuels/Capital Reserve	W. Burkhart Ave. (Conner Ave. to Sumac Ct.)	$ 67,451
Liquid Fuels/Capital Reserve	W. Burkhart Ave. (Black Ave. to Terminus)	$ 11,087
Liquid Fuels/Capital Reserve	Haas Alley (Lincoln Way West to W. Queen St.)	$ 17,171
Liquid Fuels/Capital Reserve	Longfellow Ct. (High St. to Bishop Avenue)	$ 31,429
Liquid Fuels/Capital Reserve	Cementary Ct. (Hood St. to N. Franklin St.)	$ 14,648
Liquid Fuels/Capital Reserve	Shasta Ct. (Garber St. to Hood St.)	$ 28,999
Liquid Fuels/Capital Reserve	Swan Ct. (Shasta Ct. to Miller St.)	$ 20,583
		$ 200,045

2029 Alley Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	Cambridge Ct. (Ohio Ave. to Borough Limit)	$ 28,552
Liquid Fuels/Capital Reserve	Dakota Ct. (Park Ave. to Hudson Avenue)	$ 55,750
Liquid Fuels/Capital Reserve	Delware Ct. (Park Ave. to Pennsylvania Ave.)	$ 26,371
Liquid Fuels/Capital Reserve	Belvidare Ct. (Columbia Ct. to Pennsylvania Ave.)	$ 51,311
Liquid Fuels/Capital Reserve	Meridian Alley (Newport Ct. to Belvidare Ct.)	$ 8,218
Liquid Fuels/Capital Reserve	Newport Ct. (Park Ave. to Ohio Ave.)	$ 35,689
Liquid Fuels/Capital Reserve	Columbia Ct. (Belvidare Ct. to Ohio Ave.)	$ 39,245
Liquid Fuels/Capital Reserve	Gresham Ct. (Columbia Ct. to Terminus)	$ 13,976
Liquid Fuels/Capital Reserve	Geiman Ct. (Belvidare Ct. to Columbia Ct.)	$ 13,530
Liquid Fuels/Capital Reserve	Daphine Ct. (Columbia Ct. to Terminus)	$ 14,247
Liquid Fuels/Capital Reserve	Seiple Alley (Philadelphia Ave. to Broad St.)	$ 9,182
Liquid Fuels/Capital Reserve	Car Shop Alleu (Philadelphia Ave. to Terminus)	$ 23,104
Liquid Fuels/Capital Reserve	Horner Alley (Duke Alley to Broad St.)	$ 4,028
		$ 323,203

Future Alley Projects

Funding Source	Project	Estimated Cost
Liquid Fuels/Capital Reserve	Pierce Ct. (S. Fourth St. to Cleveland Ave.)	$ 21,477
Liquid Fuels/Capital Reserve	Harvard Ct. (E. Garfield St. to Orleans Ct.)	$ 19,472
Liquid Fuels/Capital Reserve	Orleans Ct. (Cleveland Ave. to Harvard Ct.)	$ 4,860
Liquid Fuels/Capital Reserve	Bancroft Ct. (S. Fourth St. to Terminus)	$ 47,872
Liquid Fuels/Capital Reserve	Moon Ct. (S. Fourth St. to S. Seventh St.)	$ 46,573
Liquid Fuels/Capital Reserve	E. Carolina Ct. (S. Coldbrook St. to S. Seventh St.)	$ 20,816
Liquid Fuels/Capital Reserve	Maryland Ave. (S. Fifth St. to S. Seventh St.)	$ 41,103
Liquid Fuels/Capital Reserve	Harrison Ave. (E. Garfield St. to E. McKinley St.)	$ 8,515
Liquid Fuels/Capital Reserve	Filmore Ct. (E. McKinley St. to Taft Ct.)	$ 4,702
Liquid Fuels/Capital Reserve	Taft Ct. (Filmore Ct. to Fairground Ave.)	$ 4,674
		$ 220,064

Storm Sewer Utility Collaboration

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.

The Public Works Services Division and Storm Water Utility must work closely together to ensure that surface infrastructure and drainage systems are perfectly aligned. Designing the grade of streets and alleys directly correlates with storm water utility improvements, making close coordination vital. The division must work hand-in-hand with our consulting engineers and utilities to ensure that storm water conveyance systems are built correctly to match the finished grade of the street, and vice versa. Proper street and alley grading acts as the primary mechanism for directing surface runoff into catch basins and

management facilities. If the road grade and storm infrastructure are not precisely calibrated together, it can lead to localized pooling, premature pavement failure, or inadequate drainage capacity. By integrating storm water engineering directly into the initial roadway grading and design phase, the Borough guarantees that the final asphalt surface and the underlying drainage networks function as a single, cohesive system.



Maintenance Projects Along the Conococheague Creek



Maintenance Projects Along the Falling Spring



Design for the Installation of New Storm Sewer Inlets

Motor Equipment (Motor Pool) Division



The Motor Equipment Division of Public Works 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, under the Motor Equipment Supervisor, Cole Stull.

Director: Tyler Fairchild

	2025 Actual	2026 Budget	2027 Budget
Revenue	$6,340,227	$6,531,097	$6,889,737
Expenses	$5,809,766	$4,573,847	$5,753,737
Excess (Deficit)	+$530,461 Deposit	+$1,957,250 Deposit	+$1,136,000 Deposit

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 into the 2026 budget. In 2027, we anticipate a $1,136,000 deposit into accumulated equity in the fund.

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.

With the total 2026 purchases and the additional 2027 budget purchases:

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Actual	2027 Budget
Equipment Purchases	$323,665	$1,824,725	$1,306,036	$1,188,042	$3,428,000	$2,647,400	$2,096,500

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. Additionally, heavy duty trucks, such as sanitation trucks and electric bucket trucks have to be order one to two years in advance, where fire vehicles need to be order 3-5 years in advance. This is a reality that the Motor Equipment Division is now facing, which is another example of how important and self-sustaining the Borough is with the established Motor Equipment Fund. We can do what most municipalities cannot.

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 motor equipment division has implemented 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 that have been installed, which allows the division to be notified when the check engine light comes on, receive routine maintenance notifications, and tracks fuel purchases and mileage more efficiently.

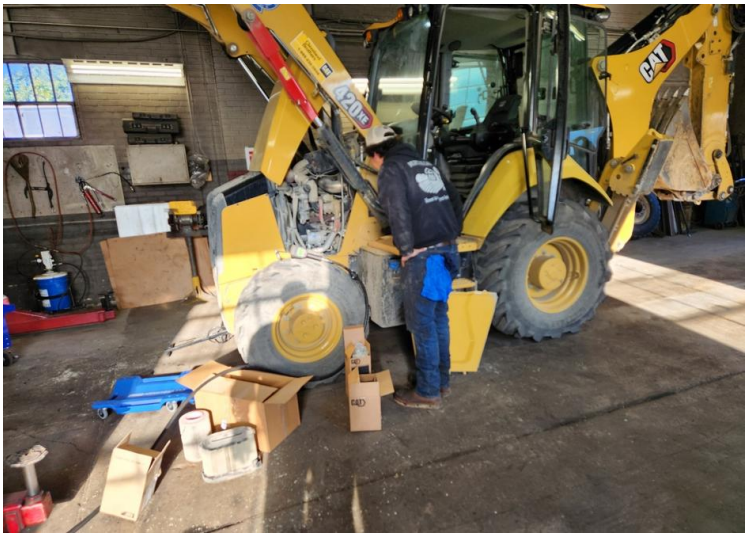
Ultimately, this motor pool accounting formula is a financially responsible method that would require significant capital investment to start today. We are fortunate that past Borough leadership established this replacement model.



Cole Stull and Dirk Lautenslager,
Borough Mechanics at Work

The Public Works Motor Equipment Division 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 division. 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 Division 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 does not own any ladder trucks. All Borough vehicles (with very few exceptions) are actually owned by the Public Works Motor Equipment Division.

Each Department pays the Motor Equipment Division 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. In 2027, Departments will change from a bi-weekly "rental rate" to a monthly "rental rate". This change is to improve efficiencies between the Motor Equipment Division and the Finance Department in the way we bill the "rental rate" to the departments.



Current 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 monthly 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 25 monthly 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:

$$X = (\$20{,}000-\$10{,}000) / 25) + \$100$$

$$X= (\$10{,}000/25) + \$100$$

$$X= \$400 + \$100$$

$$X = \$500$$

The department will have to set aside $500 every month 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 Division, payments have to be made for overhead costs such as new tools, employee training, etc. This was calculated to be approximately 25%, so that the formula is now: X= (((R-E)/N) +O)) +(OH%+X), where OH = 25%; so in the equation above, X=$625.

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 Division 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 began to be factored into the equation, thereby insuring they arrive in the year they are needed.



New Parks & Recreation Truck



New Police Patrol Vehicle



New Sewer Department Loader

Motorized Equipment Purchases

2027

Department	New Vehicle	Replace Vehicle	Est. Cost
Admin Services	Ford Maverick (No. 8811)	2008 Ford Escape (No. 8807)	$31,000
Admin Services	2016 Chevrolet Colorado (No. 8812)	Additional Vehicle	$4,000
Fire	Pierce Enforcer Pumper (No. 7316)	2018 Pierce Enforcer Pumper (No. 7304) - 10% deposit	$130,000
Fire	Ford F550 Ambulance (No. 7315)	2020 Ford F550 Ambulance #1-8 – Re-chassis (No. 7306)	$277,000
PW Services	Ford Transit Van T150 (No. 8304)	2007 Chevy Express Cargo Van (No. 7)	$60,000
Gas	Dump Truck (No. 314)	2008 Ford F550 Dump Truck (No. 871)	$130,000
Gas	Utility Truck (No. 315)	2015 Chevrolet Utility Truck (No. 558)	$80,000
Gas	2016 Ford Explorer (No. 316)	Additional Vehicle	$5,000
Police	Ford Expedition (No. 7423)	2016 Ford Police Explorer (No. 7401)	$81,000
Police	Ford Police Explorer (No. 7424)	2022 Ford Police Explorer (No. 7411)	$74,500
Recreation	Aerovator (No. 7511)	1993 Aerator (No. 387)	$19,000
Sanitation	Recycling Truck - 80% grant reimbursement (No. 613)	2019 Freightliner Recycling Truck (No. 608)	$272,000
Sanitation	Freightliner Side Load Commercial Refuse Truck (No. 618)	2017 Freightliner Side Load Commercial Refuse Truck (No. 603)	$368,000
Sanitation	Freightliner Side Load Commercial Refuse Truck (No. 619)	2017 Freightliner Side Load Commercial Refuse Truck (No. 604)	$368,000
Sanitation	Ford Ranger (No. 617)	2016 Chevrolet Colorado Truck (No. 605)	$40,000
Water/Sewer	Caterpillar Backhoe (No. 419)	2014 Caterpillar Backhoe (No. 479)	$157,000
			$2,096,500

Vehicles to be ordered for future delivery due to lead times

Department	New Vehicle	Replace Vehicle	Delivery Year
Electric	Traffic Signal Bucket Truck (No. 218)	2016 Ford F550 Traffic Signal Bucket Truck (No. 2015)	2028
Electric	Freightliner Bucket Truck (No. 220)	2016 Freightliner Bucket Truck (No. 672)	2029
Fire	Pierce Enforcer Pumper (No. 7316)	2018 Pierce Enforcer Pumper (No. 7304)	2031
Sanitation	Freightliner Rear Load Refuse Truck (No. 621)	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 601)	2028
Sanitation	Freightliner Rear Load Refuse Truck (No. 622)	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 602)	2028

2028

Department	New Vehicle	Replace Vehicle	Est. Cost
Admin Services	Ford Maverick	2016 Ford Escape (No. 2016)	$33,300
Electric	Ford F350 Utility Truck	2020 Ford F350 Utility Truck (No. 205)	$72,800
Electric	Backyard Digger Derrick w/ Trailer	2005 Backyard Dueco Digger Derrick w/ Trailer (No. 500)	$286,000
Electric	Traffic Signal Bucket Truck	2016 Ford F550 Traffic Signal Bucket Truck (No. 2015)	$221,000
Fire	Pierce Engine Ladder Truck	2017 Pierce Engine Ladder Truck (No. 7304) - 10% deposit	$227,700
Gas	Ford F250 SD Truck	2011 Ford F250 SD Truck (No. 311)	$66,600
Police	Ford Police Interceptor	2023 Ford Explorer (No. 7413)	$77,500
Police	Ford Police Interceptor	2023 Ford Explorer (No. 7414)	$77,500
Sanitation	Freightliner Tri-Axle Rear Load Refuse Truck	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 601)	$368,000
Sanitation	Freightliner Tri-Axle Rear Load Refuse Truck	2017 Freightliner Tri-Axle Rear Load Refuse Truck (No. 602)	$368,000
Sanitation	Street Sweeper (No. 611)	2017 Elgin Pelican Street Sweeper (No. 606)	$301,600
			$2,100,000

Vehicles to be ordered for future delivery due to lead times

Department	New Vehicle	Replace Vehicle	Delivery Year
Electric	Ford F550 Bucket Truck	2017 Ford F550 Bucket Truck (No. 202)	2030
Fire	Pierce Engine Ladder Truck	2017 Pierce Engine Ladder Truck (No. 7304)	2034
Fire	Ford F550 Ambulance	2022 Ford F550 Ambulance #1-7 – Re-chassis (No. 7309)	2029
Sanitation	Freightliner Leaf Vac Truck	2014 Freightliner Leaf Vac Truck (No. 612)	2029

2029

Department	New Vehicle	Replace Vehicle	Est. Cost
Electric	Freightliner Bucket Truck	2016 Freightliner Bucket Truck (No. 672)	$350,000
Fire	Ford F550 Ambulance	2022 Ford F550 Ambulance #1-7 - Rechassis (No. 7309)	$310,500
Gas	John Deere Backhoe	2017 John Deere Backhoe (No. 302)	$162,300
Police	Ford Expedition	2018 Ford Police Explorer (No. 7405)	$87,600
Police	Ford Expedition	2022 Ford Police Explorer (No. 7410)	$93,000
Sanitation	Freightliner Recycling Truck	2019 Freightliner Recycling Truck (No. 608)	$318,000
Sanitation	Freightliner Leaf Vac Truck	2014 Freightliner Leaf Vac Truck (No. 612)	$433,000
Water/Sewer	Freightliner Vac Truck	2018 Freightliner Vac Truck (No. 403)	$649,000
			$2,403,400

Public Works Complex Operating Division



The Public Works Complex Operating Division of Public Works is the department responsible for the construction and maintenance of the new Public Works Complex on Wayne Avenue. The facility is home to the Motor Equipment Department, Public Works Services, the Sanitation Utility, General Highway Maintenance, and the Borough's Water/Wastewater Street Crew.

Director: Tyler Fairchild

	2025 Actual	2026 Budget	2027 Budget
Revenue	$18,460,681	$11,621,253	$5,388,911
Expenses	$477,031	$1,287,253	$2,061,911
Construction Costs	$13,514,044	$12,689,000	$4,050,000
Excess (Deficit)*	+$4,469,606 Deposit	-$2,355,000 Deficit	-$723,000 Deficit

**- As construction continues, money previously deposited from the sale of the Public Works Complex Bond is drawn out of reserves and used to finish the project.*

Obviously, the timing of borrowing money and then building the facility skews the annual financials through and included 2027.



Project Timeline

Final Projection Completion **Spring 2027**

- 58 weather days to date, which will result in a minor schedule change. No cause for concern as minor schedule changes are common in construction.

Building #1 (Water/Sewer) **Winter 2026**
Building #7 (Public Works Administration) **Winter 2026**
Building #2 through #6 **Spring 2027**

Total Construction Project Budget

Construction/Engineering Furniture/	$20,500,000
Equipment	$1,000,000
Security/IT	$500,000
Contingency	$1,000,000

Total $22,000,000

2026 Construction Budget

Planned Spending

Construction/Engineering	$11,189,000
Furniture/Equipment Security/IT	$1,000,000
Contingency	$500,000
Remaining	$640,000

Total $13,329,000

Available Resources

2025 Bond Proceed Remaining $1,900,000

2026 Bond Proceeds Bond	$8,130,000
Interest	$500,000
RACP Reallocation	$1,000,000
Borough Cash	$1,799,000

Total $13,329,000

Public Works Complex Tax Bond

- General Fund Obligation for the Public Works Complex Tax Bond is currently 1-mil
  - $18 per average single-family home per year
- Scheduled to rise in 2027
  - Increase to $34 per average single-family home per year.

Public Works Campus Bond Tax	
2022	-
2023	-
2024	-
2025	1.0 mil
2026	1.0 mil

In 2026, the Town Council approved the second bond associated with the Public Works Complex as was anticipated. This second bond necessitated the increase in the Public Works Complex Bond Tax seen in this budget and was approved by Council as a condition of approving the bond earlier this year.

Town Council pledged to increase the Public Works Complex Bond Tax from 1-mil to 2-mil when they sold the second of two bonds for the project in January 2026. This budget includes the previously approved tax increase and no other real estate tax increase for 2027.

Finally, the entire asset value of the Public Works Complex will be on the Borough's books when the project is completed in 2027.

In addition to Federal grant money, which was designated from the American Rescue Plan Act (ARPA) for this project, Council is also 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 2027, the cost to the average single-family homeowner in Chambersburg is $35 per year in real estate taxes.

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 Complex 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 various utilities.

Public Works Complex Cost Breakdown

In 2024, Council authorized a separate internal services fund (ISF) to be called the Public Works Complex Fund, which established the accounting for expenses and revenues associated with the Public Works Complex development and operation.

That debt service breakdown based upon the analysis shall be:

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%
PW Services Fund	0.006%
	100.000%

Chapter 6 – Frequently Asked Questions

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

In 15 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, 2025, and 2027. 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 Complex Bond Tax does not pay to support the Public Works Department.

2. Why do I pay so much in taxes?

In 2027, 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 (public works services, 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. The Borough is not planning on building new schools and the Borough is not involved in school decisions.

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. The Borough did not build a new courthouse and the Borough is not involved in County decisions.

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 85% 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.

Beginning in 2027, the Water Utility is going to start to collect and pass-through the Ambulance Fee from Borough water customers. The Borough can only charge this fee to Borough water customers but it has been suggested that if every water customer in Franklin County paid this same fee, there could be much better EMS service in our county.

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 2027, 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 Water Utility fee. If it were a tax, it could not be associated with water service and many customers would be exempt.

The Borough cannot create a fee that works like a tax. If it does, it would be a tax.

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.

What you may think are poor street conditions are really just **streets in a multiple step process of being fixed with all the pipes and connections being fixed by the different utilities.**

For example, in 2026 the Gas Utility is replacing all the pipes under South Second Street, near Garfield and McKinley Street. We have received a dozen complaints that the street needed to be paved. Of course it does. We are in the process of an 18-month cycle of replacing underground infrastructure. For months the street will bumpy and uneven. Then, in the summer of 2027, 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. This year we received tons of complaints about Commerce Street, a sewer project being done by Hamilton Township in Hamilton Township, but dozens of people called the Borough to complain.

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 2027 Budget, the Borough will spend almost $2.8 million in street paving and patching including over $600,000 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 five or six 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 2027, 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 Complex 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 2027:

- 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 Complex Bond Tax, a bond to pay for the 2025-2026 construction of about 24% of the cost of the new Public Works Complex. A second bond is scheduled for sale in January 2026 to complete this construction project financing. The balance of funding comes from the utilities.

In 2027, the Public Works Complex Bond Tax is scheduled to go from 1-mil to 2-mil. The cost of the taxes (24%) to build this facility will be $35.40 per year per average household. It now appears that no third increase, or additional taxes are needed to fund this project. The $35.40 per year price tag appears to be the final cost to the average single-family homeowner.

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 Complex 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 Complex 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 Complex 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. Beginning in 2027, we have converted the monthly Ambulance Fee into a PILOT payment from the Water Utility so that is the third type of PILOT. Also, all the utilities pay their fair share of operating expenses for the internal services such as personnel, accounting, information technology, and more.

27. How can the Borough buy the Southgate Shopping Center without affecting taxes?

In 2027, the Borough's partner, the Chambersburg Area Municipal Authority (CAMA), will likely begin the process to return the shopping center to private ownership with a recent deal approved by all the parties.

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 COVD-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.

At their regular meeting on Monday, November 2nd, Chambersburg Town Council endorsed the sale of the remainder of the Southgate Shopping Center to Inch and Co. of York, Pennsylvania.

The project conceived and proposed by Inch and Co., would bring six market rate apartment buildings to the site, demolish the former Big Lots department store, preserve the existing retail at the location, and end the six-year-long project where Chambersburg Borough and the Chambersburg Area Municipal Authority (CAMA) bought a code deficient rundown local shopping center in downtown Chambersburg to turn it around as a catalyst for redevelopment.

The deal has rules and covenants including a prohibition on subsidized housing, certain types of retail, such as adult oriented businesses or smoke shops, and no data centers.

To be constructed in three phases over the upcoming three years, the first phase should begin as early as January or February 2027, as Joe Eisenhauer, VP of Development, Inch & Co., explained to Town Council.

On October 28, 2026, the Southgate Neighborhood Advisory Committee and the Chambersburg Area Municipal Authority, who owns the shopping center, met and formally endorsed the development plan.

Much of the presentation focused on the history of the project including comments about the land seizures decades ago that led to the shopping center's construction, Chambersburg's move to use federal COVID money from the American Rescue Plan Act to acquire the facility from Paran Management, and the planning process that identified a new mixed-use neighborhood of stores, healthcare, parks and homes for this location. No local tax money was ever used to buy or operate the shopping center. Only state and federal grants and the revenue from store rents paid the full cost of buying and managing the facility.

A portion of the land was carved off for Keystone Health to build their new community healthcare building which opened last year. Much of the original land will be retained by the Borough for two new parks, a community plaza and a new street. The sale of the balance is about 69% of the original purchase. The purchase price is $1.45 million to be paid in installments, including interest to CAMA over the next decade. The purchase price may turn out to be more. An upcoming designation as a Federal Opportunity Zone may provide the developer with additional savings and the agreement calls for splitting that tax savings with CAMA.

The developer also plans to demolish the old JCPenney store, most recently a Big Lots, at their own expense. A recent grant for that demolition will be reprogrammed with the cooperation of the State for another use in the area.

There is no money to repay for the purchase and operations of the shopping center, so all the money earned is found money for the Borough and CAMA. The Borough and CAMA can now use this new money as an economic development revolving loan account to address other needs in the community.

The next step, according to Mr Eisenhauer, is the formal submission of a land development plan for Borough approval.

An economic impact study prepared for the Borough indicated a combined recurring fiscal and utility impact of $421,720 annually ($151,720 in estimated Borough EIT and occupation tax revenue plus $270,000 in estimated gross utility sales) as a result of the development project.

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 (Public Works Services, motor equipment, administrative services, which includes information technology, finance, and personnel); Chambersburg would be destitute.

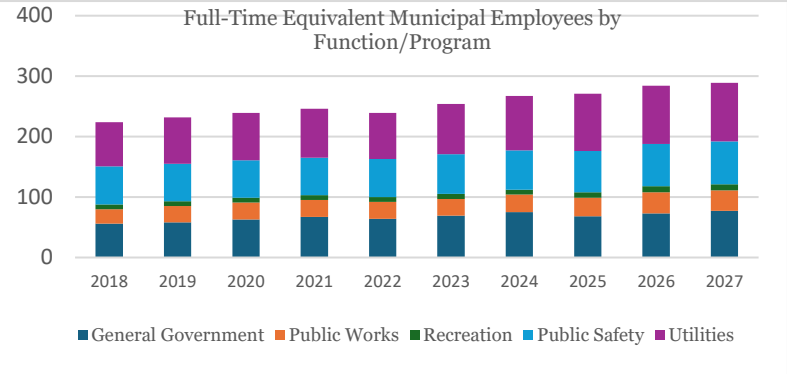
Just remember, we are lucky to have strong, well operating, local utilities, which are paying Payment in Lieu of Gross Receipts Taxes (PILOTs) to the General Fund. If these two departments were private corporations, they would pay taxes to the Commonwealth instead.

Tax Equivalent of Electric and Gas Utility PILOT Payments

The Value of the Electric & Gas PILOT Payments	2027	Property Tax Equivalent
Electric Department Payment in Lieu of Gross Receipts Tax	$2,550,000	11.71 mils
Gas Department Payment in Lieu of Gross Receipts Tax	$1,001,116	4.6 mils
Subtotal	$3,551,116	16.3 mils*
Percent of General Fund Budget Supported by PILOT Payments (2027)	10.2%	
How much more would the avg. single family house pay without PILOT	$283.25	More per year in taxes

*State law limits tax levy to 3 more additional mils so this is impossible

Chapter 7 - Personnel Review & Changes

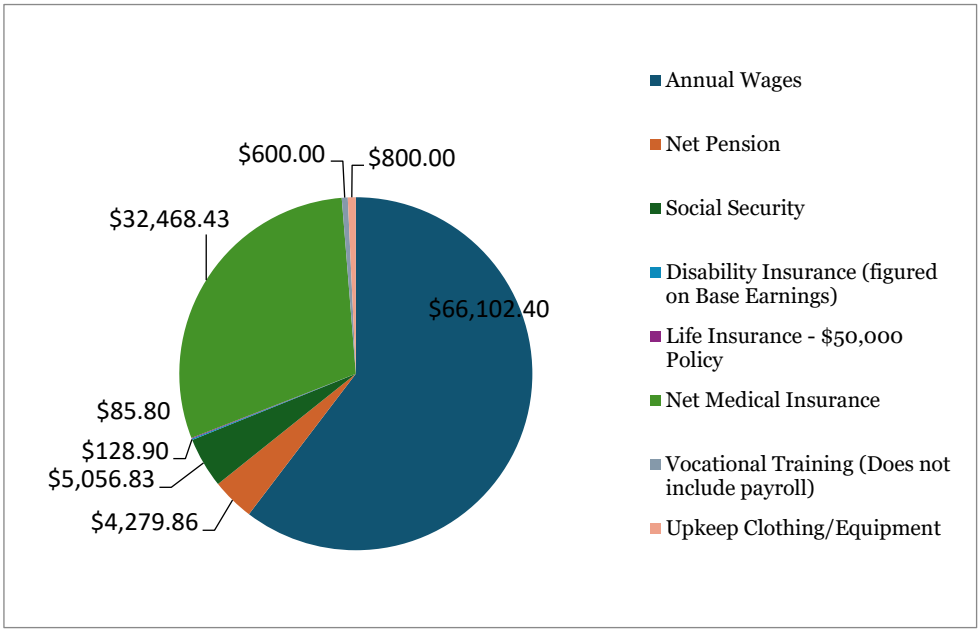


Schedule 20
Borough of Chambersburg, PA
Full-Time Equivalent Municipal Employees by Function/Program
Last Ten Years

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
General Government	56	58	63	67	64	69	75	68	73	77
Administration	2	3	3	3	3	2	2	2	2	2
Clerical	13	13	15	15	15	16	17	14	16	16
Code Enforcement	2	2	4	4	4	5	5	4	6	6
Community Development	1	1	1	1	1	1	1	1	0	0
Engineering	5	5	5	5	5	5	8	5	7	7
Finance /Parking	23	24	25	27	24	27	26	27	26	31
Information Technology	5	6	6	7	7	8	9	9	9	9
Personnel	4	4	4	5	5	5	7	6	7	6
Planning/Zoning	1	0	0	0	0	0	0	0	0	0
Public Information	0	0	0	0	0	0	0	0	0	0
Public Works	24	27	28	28	28	28	29	31	35	34
Administration	3	4	4	4	4	5	6	6	7	6
Central Garage (Motor Equip.)	4	4	4	4	4	4	4	4	5	5
Labor/Maintenance (Highways)	6	6	6	6	5	5	5	6	5	5
Sanitation	11	13	14	14	15	14	14	15	18	18
Recreation	8	8	8	8	8	8	8	9	10	10
Administration	2	2	2	2	2	1	2	2	3	3
Labor/Maintenance	6	6	6	6	6	7	6	7	7	7
Public Safety	63	62	62	62	63	66	65	68	70	71
Fire Administration	2	2	2	2	2	2	2	2	2	2
Fire Personnel	25	25	25	25	26	28	27	27	31	29
Police Administration	1	1	1	1	1	1	2	2	2	2
Police Personnel	35	34	34	34	34	35	34	37	35	38
Utilities	73	77	78	81	76	83	90	95	96	97
Administration	6	6	6	6	6	8	7	7	8	8
Electric Distribution	9	12	12	12	10	12	12	12	12	12
Electric Plant Generation	12	12	12	12	12	13	13	13	14	15
Electric System Maintenance	1	1	1	1	0	0	0	0	0	0
Gas Distribution	8	8	8	8	8	8	10	14	13	13
Stores/Warehouse/Call Center	6	6	6	6	6	6	9	7	7	7
Water Distribution	2	2	2	2	2	3	2	2	2	2
Water Treatment Plant	8	8	9	9	9	8	8	9	9	9
Sewer Collection/Conveyance	6	7	7	7	6	7	10	10	10	10
Sewer Treatment Plant	12	12	12	14	12	13	14	16	16	16
Traffic Signal/Street Lights	2	2	2	3	3	3	3	3	3	3
Storm Water Department	1	1	1	1	2	2	2	2	2	2
Totals	224	232	239	246	239	254	267	271	284	289

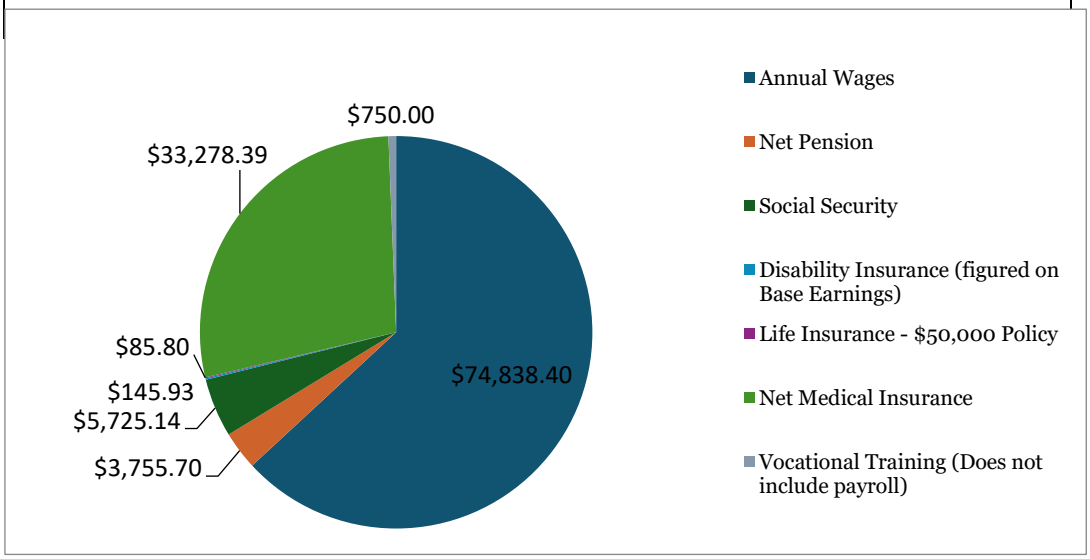
Average AFSCME Employee

AVERAGE AFSCME EMPLOYEE 2027		
	Estimate	
Pay Rate	$31.78	
Annual Wages	2080	$66,102.40
Benefits		
Pension (from Actuarial Valuation)		$8,246.00
Employee Pension Contribution	6.00%	-$3,966.14
Net Pension		$4,279.86
Social Security	7.65%	$5,056.83
Disability Insurance (figured on Base Earnings)	0.00195	$128.90
Life Insurance - $50,000 Policy	.000143*50,000 = $7.15 * 12 Months = $85.80	$85.80
Medical Insurance	7.8% Increase	$31,377.64
Medical Insurance Contribution		-$1,822.77
HRA		$2,913.56
Net Medical Insurance		$32,468.43
Vocational Training (Does not include payroll)		$600.00
Upkeep Clothing/Equipment		$800.00
Total Benefits		$43,419.82
Total Earnings and Benefits		$109,522.22



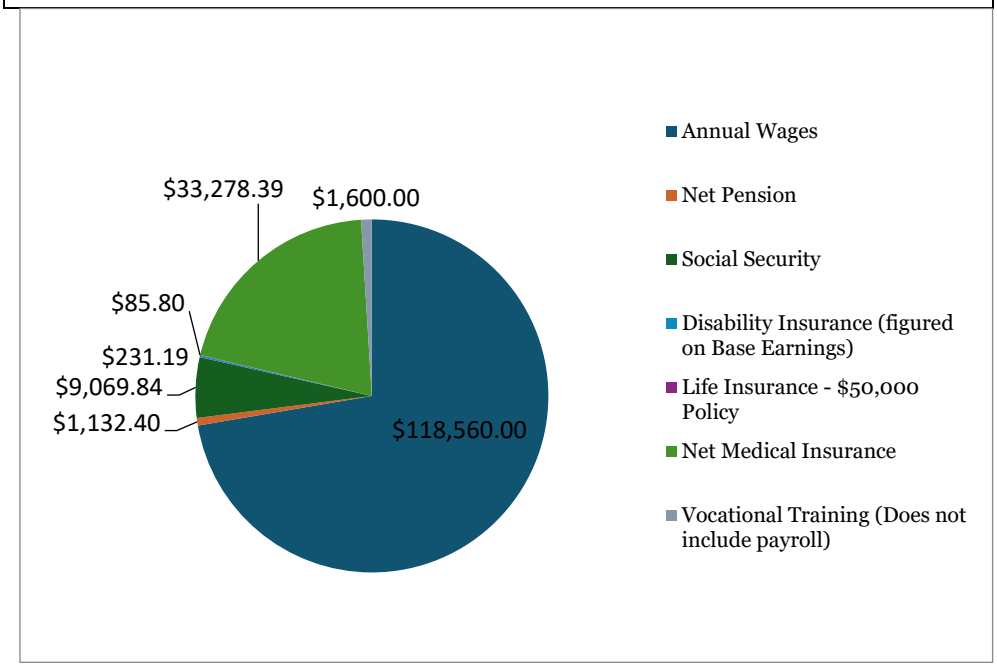
Average Clerical/Technical Employee

AVERAGE CLERICAL/TECHNICAL EMPLOYEE 2027		
	Estimate	
Pay Rate	$35.98	
Annual Wages	2080	$74,838.40
Benefits		
Pension (from Actuarial Valuation)		$8,246.00
Employee Pension Contribution	6.00%	-$4,490.30
Net Pension		$3,755.70
Social Security	7.65%	$5,725.14
Disability Insurance (figured on Base Earnings)	0.00195	$145.93
Life Insurance - $50,000 Policy	.000143*50,000 = $7.15 * 12 Months = $85.80	$85.80
Medical Insurance	7.8% Increase	$31,377.64
Medical Insurance Contribution		-$1,822.77
HRA		$2,913.56
Dental Insurance	No Increase	$809.96
Net Medical Insurance		$33,278.39
Vocational Training (Does not include payroll)		$750.00
Total Benefits		$43,740.96
Total Earnings and Benefits		$118,579.36



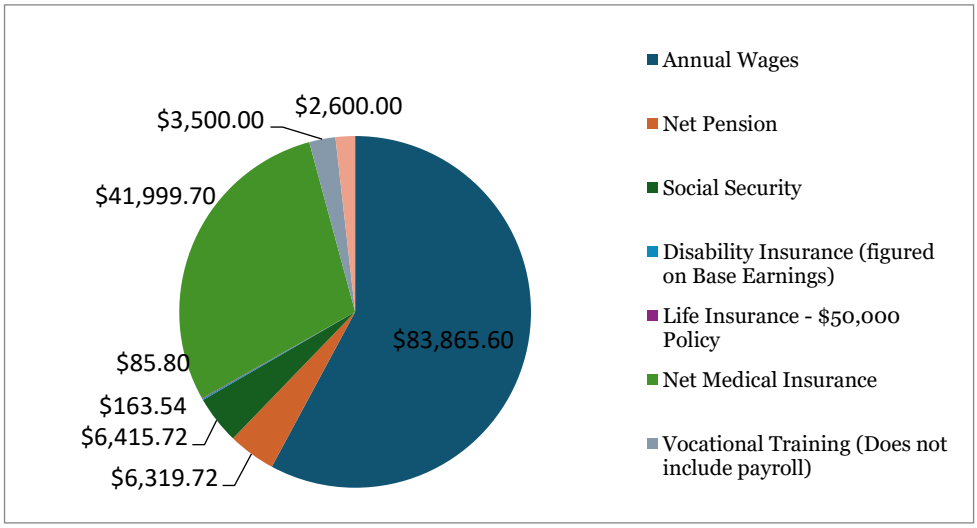
Average Supervisory/Administrative Employee

AVERAGE SUPERVISORY/ADMINISTRATIVE EMPLOYEE 2027		
	Estimate	
Pay Rate	$57.00	
Annual Wages	2080	$118,560.00
Benefits		
Pension (from Actuarial Valuation)		$8,246.00
Employee Pension Contribution	6.00%	-$7,113.60
Net Pension		$1,132.40
Social Security	7.65%	$9,069.84
Disability Insurance (figured on Base Earnings)	0.00195	$231.19
Life Insurance - $50,000 Policy	.000143*50,000 = $7.15 * 12 Months = $85.80	$85.80
Medical Insurance	7.8% Increase	$31,377.64
Medical Insurance Contribution		-$1,822.77
HRA		$2,913.56
Dental Insurance	No Increase	$809.96
Net Medical Insurance		$33,278.39
Vocational Training (Does not include payroll)		$1,600.00
Total Benefits		$45,397.62
Total Earnings and Benefits		$163,957.62



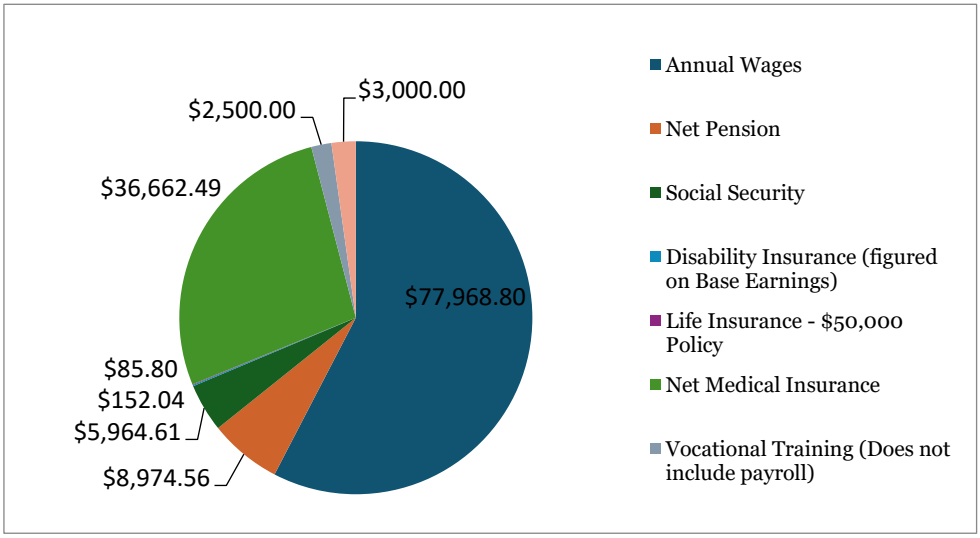
Average Police Uniformed Employee

AVERAGE POLICE EMPLOYEE 2027		
	Estimate	
Pay Rate	$40.32	
Annual Wages	2080	$83,865.60
Benefits		
Pension (from Actuarial Valuation)		$10,513.00
Employee Pension Contribution	5.00%	-$4,193.28
Net Pension		$6,319.72
Social Security	7.65%	$6,415.72
Disability Insurance (figured on Base Earnings)	0.00195	$163.54
Life Insurance - $50,000 Policy	.000143*50,000 = $7.15 * 12 Months = $85.80	$85.80
Medical Insurance	7.8% Increase	$43,771.94
Medical Insurance Contribution		-$2,582.20
Dental Insurance	No Increase	$809.96
Net Medical Insurance		$41,999.70
Vocational Training (Does not include payroll)		$3,500.00
Upkeep Clothing/Equipment		$2,600.00
Total Benefits		$61,084.48
Total Earnings and Benefits		$144,950.08



Average Fire Department Uniformed Employee

AVERAGE FIRE EMPLOYEE 2027		
	Estimate	
Pay Rate (Estimate 3.5% - No Contract)	$35.70	
Annual Wages	2184	$77,968.80
Benefits		
Pension (from Actuarial Valuation)		$12,873.00
Employee Pension Contribution	5.00%	-$3,898.44
Net Pension		$8,974.56
Social Security	7.65%	$5,964.61
Disability Insurance (figured on Base Earnings)	0.00195	$152.04
	.000143*50,000 = $7.15 * 12 Months =	
Life Insurance - $50,000 Policy	$85.80	$85.80
Medical Insurance	7.8% Increase	$38,096.76
Medical Insurance Contribution		-$2,244.23
Dental Insurance	No Increase	$809.96
Net Medical Insurance		$36,662.49
Vocational Training (Does not include payroll)		$2,500.00
Upkeep Clothing/Equipment		$3,000.00
Total Benefits		$57,339.50
Total Earnings and Benefits		$135,308.30



Personnel Changes for 2027

Electric Department (Supported by Electric Utility Revenue)

- The 2027 Budget includes a recommendation to continue to fund a Diesel Mechanic Trainee position previously approved mid-year FY 2026. On August 10, 2026, Town Council approved a Diesel Mechanic Training position for succession purposes. The Borough has two long-tenured Generation Station Mechanics who anticipate retirement within the next three years. This position was created to begin the process of onboarding a trainee position to theoretically replace one of the two senior staff members, with the goal of requesting a second position with the 2027 Budget. Staff is recommending approval to continue to fund this Trainee position. The position is supported by Electric Department revenue and will have no negative impact on utility rates.
- The 2027 Budget includes a recommendation to fund a second Diesel Mechanic Trainee position to address succession planning within the Electric Department. The Electric Utility has many highly technical skilled positions necessary for the continued reliable operation of the system and generation resources. These skill sets take substantial time to develop working under existing staff and through technical training. This is an opportune time to begin to onboard new mechanics as the Borough is in a time of significant generation operation and maintenance. Major overhaul work is being performed at the Orchard Park Plant over the coming year that only happens every couple of decades, offering a great opportunity for new mechanics to participate and learn through this work. This entry-level position will train alongside current Generating Station Mechanic (GSM) staff who intend to retire within the next three years. When that occurs, the entry-level position will have advanced through the training and development plan to work independently at the level necessary to continue operations. This training period is imperative to the operation's success. The generation has brought in significant revenue this year through operations which makes this position even more important for the department to maintain this operating capacity. The position will be supported by Electric Department revenue and will have no negative impact on rates.

Gas Department (Supported by Natural Gas Utility Revenue and Grant Funding)

- This 2027 Budget includes a recommendation to continue 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 2027 Budget. The second Assistant Director position will be eliminated upon the retirement of the incumbent Borough employee, whenever that time comes. Recruitment for the position is scheduled to begin in the fourth quarter of 2026.

Administrative Services Department (Supported by Charge for Services by Other Departments)

Clerical Pool Division:

- The 2027 Budget includes continued funding for the second full-time Office Manager - Emergency Services position, which was previously approved by Council through a mid-year FY 2026 budget amendment. This position was created as part of a succession planning initiative to transition responsibilities ahead of an incumbent employee's retirement in January 2027, following over twenty years of service with the Borough. Upon the incumbent's retirement, the second position will be eliminated. The remaining position will continue to be funded through Administrative Services, supported by service charges from other departments.

Finance/Customer Service Division:

- The 2027 Budget includes a recommendation to fund a full-time Utility Meter Technician position. Management recently realigned the Lead Parking Technician's duties to focus primarily on parking and enforcement initiatives alongside the Borough Manager's office, using them to

assist with meter reading only during short-staffed periods. Additionally, we are preparing for the upcoming 2027 retirement of a long-tenured Lead Utility Meter Technician. Approving this position will ensure proper succession planning and align our staffing with the growth of new utility meters across the Borough. While our ongoing shift to Automated Meter Reading (AMR) and Automated Meter Infrastructure (AMI) technology will allow us to reassess staffing needs with future vacancies, this position is necessary to meet our immediate operational requirements. Management recommends Council's approval of this new position. The position will be funded through Administrative Services, supported by service charges from other departments.

- This 2027 budget includes a recommendation to continue to fund the Assistant Training Manager/Customer Service Representative, previously approved mid-year FY 2026. As part of the Borough's continual succession planning efforts, staff identified the need to add a Finance Assistant Training Manager position to assist with developing and implementing training programs and materials for the department. These duties include assessing, developing, coordinating, delivering, and evaluating trainees and programs within the Finance Department, a critical internal service that supports all Borough departments and serves Borough utility customers. The Finance Training Manager position is unique and nuanced, requiring specific expertise in the processes and systems used by the Finance Department—particularly Front Counter operations. No other position at the Borough performs these duties. To preserve this institutional knowledge, the Finance Assistant Training Manager is mentored by the current Finance Training Manager to eventually succeed them. They also work alongside the Finance Training Manager to execute required training programs. Additionally, this role functions as a floating position for front counter operations to ensure continuity. The Borough historically experiences turnover in front counter roles, as some view them as entry-level positions. During transitions, this position fills operational gaps while onboarding new staff. Finally, the position assists with implementing new systems across the Finance Department as needed. An adequate training period is essential for this position to master these responsibilities while supporting daily office operations. Funding for this position will be supported by Administrative Services, an Internal Service Fund.

Administration Division:

- The 2027 Budget includes a request for a full-time Communications Assistant to support the Borough Manager's Office with public information, marketing, promotion, and branding initiatives. Under the direction of the Borough Manager, this position will serve as the Borough's dedicated communications specialist, photographer, and videographer across all departments. Key responsibilities include: Managing written and visual communications for Borough activities; assisting with in-house and third-party publications; participating in social media campaigns; and contributing to website design, content updates, and compliance initiatives. This position marks the first phase of a broader effort to establish a dedicated communications team for the Borough of Chambersburg. Funding will be provided through Administrative Services and supported by interdepartmental service charges.

Facilities Management Division (Facilities and Grounds)

- The 2027 Budget includes a request to fund a full-time Custodian floater position. The position will provide the department with environmental service, including the responsibility for performing a variety of cleaning, sweeping, and general light maintenance duties at multiple Borough facilities. Work involves primarily a variety of simple duties, generally routine in nature, requiring some care in performance to effectively maintain desired cleanliness and safety. The position will be funded through Administrative Services, supported by service charges from other departments.

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.



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Summary Budget 2027

Summary Budget
BOROUGH OF CHAMBERSBURG BUDGET IN SUMMARY
2027 REVENUES & EXPENDITURES BY FUND

2027 Revenues Proposed Budget		2027 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	$22,868,632	Gen Borough Operating Expenses	$970,284
Interfund Transfers to Gen Borough	$570,025	Interfund Transfers from Gen Borough	$0
		Highway	$2,139,275
		Emergency Services	$7,636,536
		Police	$8,853,521
		Recreation	$2,070,581
		Planning	$198,275
		Zoning	$60,098
		Property Maintenance Code	$1,028,057
		Miscellaneous	$482,030
		Special Interfund Transfers	$0
Total Gen Operating Fund Revenues	$23,438,657	Total Gen Operating Fund Expenditures	$23,438,657
Gen Capital Reserve Fund:	$2,923,268	Gen Capital Reserve Fund:	$4,209,268
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	$2,724,680	Special Revenue Fund	$2,724,680
Fire Tax Fund	$664,390	Fire Tax Fund	$664,390
Recreation Bond Tax Fund	$560,760	Recreation Bond Tax Fund	$560,760
Police Station Bond Tax	$441,130	Police Station Bond Tax	$441,130
Liquid Fuels Tax	$639,226	Liquid Fuels Tax	$710,000
Public Works Complex Bond Tax	$441,070	Public Works Complex Bond Tax	$441,070
Surplus Operating Fund	$0	Surplus Operating Fund	$0
Total	$5,471,256	Total	$5,542,030
Total Trust and Agency Funds:	$2,826,751	Total Trust and Agency Funds:	$2,777,261
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	$41,461,718	Electric Department	$41,461,718
Gas Department	$14,079,553	Gas Department	$14,079,553
Water Department	$9,017,732	Water Department	$9,017,732
Wastewater Department	$9,830,085	Wastewater Department	$9,830,085
Sanitation Department	$6,700,823	Sanitation Department	$6,700,823
Parking, Traffic & St. Lighting	$1,802,878	Parking, Traffic & St. Lighting	$1,802,878
Storm Sewer	$4,200,064	Storm Sewer	$4,200,064
Swimming Pool	$1,544,100	Swimming Pool	$1,709,800
Total	$88,636,953	Total	$88,802,653
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	$3,361,250	Electric Capital Reserve	$5,250,000
Gas Capital Reserve	$6,137,300	Gas Capital Reserve	$5,635,000
Water Capital Reserve	$560,000	Water Capital Reserve	$900,000
Wastewater Capital Reserve	$1,362,000	Wastewater Capital Reserve	$2,800,000
Sanitation Capital Reserve	$16,050	Sanitation Capital Reserve	$0
Parking Capital Reserve	$163,000	Parking Capital Reserve	$45,000
Storm Sewer Capital Reserve	$4,542,755	Storm Sewer Capital Reserve	$6,916,755
Total	$16,142,355	Total	$21,546,755
Internal Service Funds:		Internal Service Funds:	
Stores	$2,023,839	Stores	$2,023,839
Motor Equipment	$6,889,737	Motor Equipment	$5,753,737
Public Works Complex	$5,388,911	Public Works Complex	$6,111,911
Engineering	$1,374,666	Engineering	$1,374,666
Workers Compensation Fund	$809,820	Workers Compensation Fund	$674,820
Administrative Services	$12,389,900	Administrative Services	$12,389,900
Self-Insurance Fund	$11,117,543	Self-Insurance Fund	$11,117,543
Total	$39,994,416	Total	$39,446,416
Total 2027 Budget Revenues	$179,433,656	Total 2027 Budget Expenditures	$185,763,040
		Difference between Rev & Exp	($6,329,384)
		Use of Bond Funds on Hand	$3,000,000
		Net Decrease of Cash Reserves	($3,329,384)

Budget Summary Notes:
1. General Fund Capital Reserve Fund: $1,286,000 from Fund Balance
2. Liquid Fuels Fund: $70,774 from Fund Balance
3. Swimming Pool Department Enterprise Fund: $165,700 from Fund Balance
4. Water Department Capital Reserve Enterprise Fund: $340,000 from Fund Balance
5. Wastewater Department Capital Reserve Enterprise Fund: $1,438,000 from Fund Balance
6. Storm Sewer Department Capital Reserve Enterprise Fund: $2,374,000 from Fund Balance
7. Public Works Complex Internal Service Fund: $723,000 from Fund Balance
8. Capital Investment: $31,097,213
9. Difference between Rev. and Exp. before Bond Sinking funds applied: ($6,381,384)
10. Difference between Rev. and Exp. after Bond Sinking funds applied: ($3,381,384)
11. $8,326,224 of $186,248,040 budget or 4.47% of budget funded by cash reserves

Key General Fund Revenues (Excerpt)

Deed Transfer Tax		Amount	Growth Rate Since 2021
2026	Est.	$602,283	-24.2%
2025		$639,541	
2024		$543,200	
2023		$493,324	
2022		$869,660	
2021		$795,061	
Earned Income Tax		**Amount**	**Growth Rate Since 2021**
2026	Est.	$3,487,937	43.7%
2025		$3,417,732	
2024		$3,100,100	
2023		$2,836,387	
2022		$2,745,152	
2021		$2,426,441	
Local Services Tax		**Amount**	**Growth Rate Since 2021**
2026	Est.	$828,960	5.3%
2025		$828,441	
2024		$799,226	
2023		$774,095	
2022		$785,273	
2021		$787,302	

Police Wages over same period = +35%

Fire Wages over same period = +15%

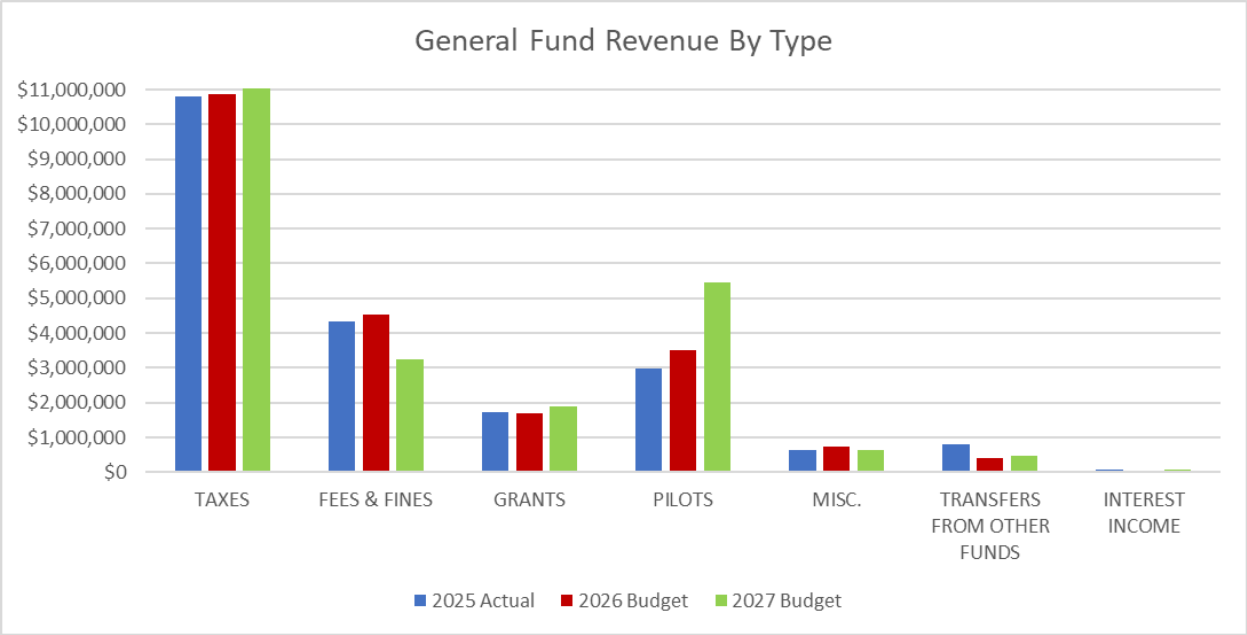
2027 General Fund Revenues (Excerpt)	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget
POLICE TAX (Rose To 25-Mil In 2023, Rose to 27-Mil In 2025)	$5,067,454	$5,060,555	$5,229,081	$5,347,609	$5,815,874	$5,953,990
AMBULANCE TAX (Lowered To 0-Mil In 2020)	0	0	0	0	0	0
Fire Tax (½-Mil)	$106,208	$102,299	$105,078	$119,513	$109,999	$112,423
Local Services Tax On Workers	$787,302	$785,273	$774,095	$799,226	$828,441	$790,000
Deed Transfer Tax On Real Estate Sales	$795,061	$869,660	$493,324	$543,200	$639,541	$625,000
Wage & Earned Income Tax On Residents	$2,426,441	$2,745,152	$2,836,387	$3,100,100	$3,417,732	$3,400,000
Payments In Lieu Gross Receipts Tax - Electric	$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	$650,000	$650,000	$750,000	$900,000	$910,000	$975,000
Ambulance Service Fee	$971,785	$974,749	$1,244,182	$1,511,166	$1,546,767	$1,738,868
Police Fines & Fees	$129,978	$132,141	$219,153	$119,438	$148,939	$170,000
Ambulance Fees & Charges	$1,217,343	$1,314,329	$1,399,772	$1,609,044	$1,709,568	$1,605,000
Motor Equipment Fund Rebate (Includes ½-Mil Of Fire Tax)	$585,320	$575,815	$612,735	$594,260	$586,255	$209,430

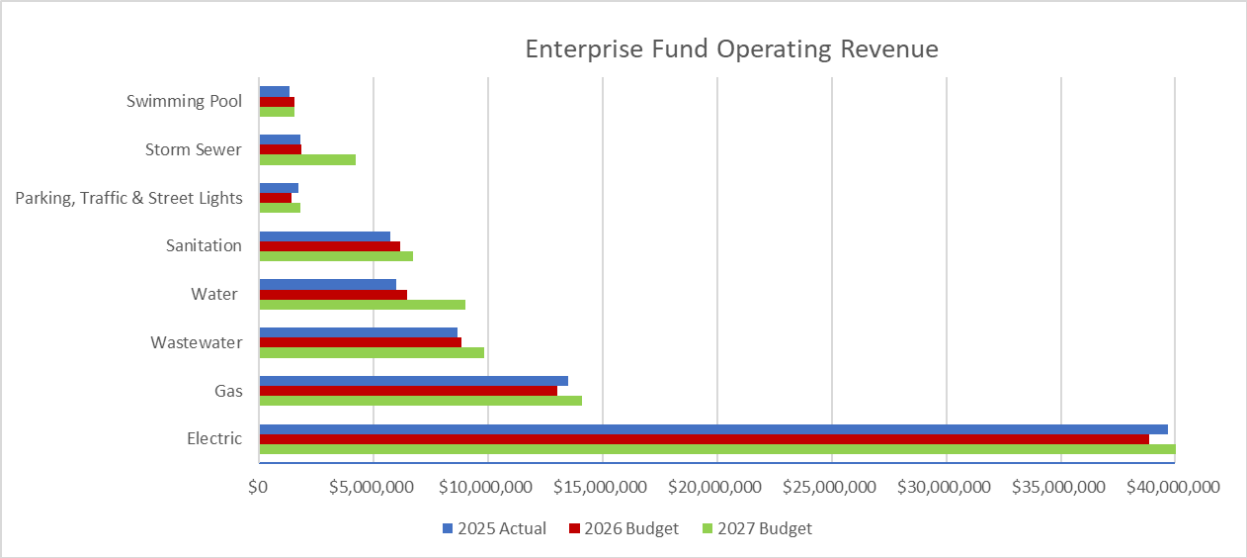
	Year	($)	MIL
2027 General Fund Revenues (Detail)			
Police Tax Revenue (70002. 70003, 70008, 70011)	Est 2027	$6,105,960	27
	Budget 2026	$5,953,990	27
	2025	$5,815,874	27
	2024	$5,347,609	25
	2023	$5,229,081	25
	2022	$5,060,555	24
	2021	$5,067,454	24
Deed Transfer Tax Revenue (70009)	Est 2027	$675,000	
	Budget 2026	$625,000	
	2025	$639,541	
c	2024	$543,200	
	2023	$493,324	
	2022	$869,660	
	2021	$795,061	
Earned Income Tax Revenue (70010)	Est 2027	$3,900,000	
	Budget 2026	$3,400,000	
	2025	$3,417,732	
	2024	$3,100,100	
	2023	$2,836,387	
	2022	$2,745,152	
	2021	$2,426,441	
LST (or EMST) Tax Revenue (70005)	Est 2027	$900,000	
	Budget 2026	$790,000	
	2025	$828,441	
	2024	$799,226	
	2023	$774,095	
	2022	$785,273	
	2021	$787,302	
Police Fines Revenue (70031, 70034)	Est 2027	$160,000	
	Budget 2026	$170,000	
	2025	$148,939	
	2024	$119,438	
	2023	$219,153	
	2022	$132,141	
	2021	$129,978	
Ambulance Billing Revenue (70046,70047)	Est 2027	$1,912,000	
	Budget 2026	$1,605,000	
	2025	$1,709,568	
	2024	$1,609,044	
	2023	$1,399,772	
	2022	$1,314,329	
	2021	$1,217,343	

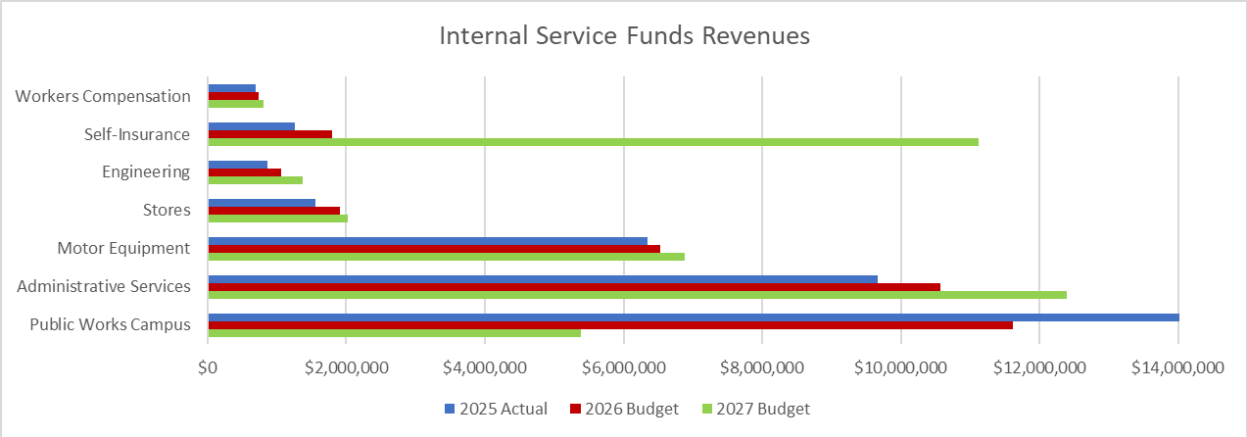
Total Revenues, Deposits, Transfers by Fund

	2024 Actual	2025 Actual	2026 Budget	2027 Budget Proposed
Utility Operating Fund Revenue				
Electric Operating	$36,833,398	$39,682,025	$38,867,000	$41,461,718
Gas Operating	$9,003,679	$13,484,850	$13,030,000	$14,079,553
Wastewater Operating	$8,456,176	$8,677,150	$8,846,000	$9,830,085
Water Operating	$5,694,280	$5,979,003	$6,469,000	$9,017,732
Sanitation Operating	$5,049,491	$5,711,747	$6,177,000	$6,700,823
Parking Traffic Street Lights	$1,504,618	$1,726,250	$1,416,000	$1,802,878
Storm Sewer	$1,606,940	$1,808,845	$1,852,250	$4,200,064
Swimming Pool	$1,405,449	$1,347,863	$1,551,325	$1,544,100
Governmental Taxes, Fines & Fees				
General Fund	$20,434,301	$21,477,956	$21,972,795	$23,438,657
Internal Services Fees				
Public Works Complex	$0	$18,460,681	$11,621,253	$5,388,911
Administrative Services	$8,982,642	$9,665,081	$10,566,000	$12,389,900
Motor Equipment	$5,746,932	$6,340,227	$6,531,097	$6,889,737
Stores/Warehouse	$1,809,595	$1,551,706	$1,913,902	$2,023,839
Engineering	$685,083	$868,640	$1,063,774	$1,374,666
Special Revenue Receiving				
Special Revenue Receiving Acct	$131,155	$1,756,042	$2,482,940	$2,724,680
Fire Tax Receiving Account	$745,678	$666,821	$688,770	$664,390
Highway Aid Receiving Account	$668,110	$668,232	$650,000	$639,226
Recreation Bond Tax Receiving Account	$574,302	$559,633	$570,505	$560,760
Police Station Bond Tax Receiving Account	$436,076	$438,240	$441,810	$441,130
Public Works Complex Bond Tax Receiving Account	$0	$209,068	$220,420	$441,070
Deposits to Self-Insurance				
Self-Insurance Holding Account	$2,083,075	$1,263,427	$1,803,490	$11,117,543
Workers Comp Holding Account	$490,038	$702,037	$738,065	$809,820
Deposits for Capital Projects				
Electric Capital Reserve	$4,173,502	$5,096,508	$2,946,995	$3,361,250
Storm Sewer Capital Reserve	$6,547,006	$922,959	$3,808,452	$4,542,755
Gas Capital Reserve	$1,846,852	$2,418,355	$4,428,380	$6,137,300
General Capital Reserve	$1,854,564	$6,930,925	$3,697,000	$2,923,268
Water Capital Reserve	$1,268,408	$1,355,404	$1,047,680	$560,000
Parking Traffic Capital Reserve	$260,208	$634,595	$630,600	$163,000
Wastewater Capital Reserve	$878,304	$4,370,421	$1,272,585	$1,362,000
Sanitation Capital Reserve	$4,414,238	($3,726,271)	$10,000	$16,050

Revenue by Type







Size of Budget 2027

In 2027, the Borough will have an ALL-FUNDS BUDGET of $185,763,040. In 2026, the Borough had an ALL-FUNDS BUDGET of $174,805,411. This represents a 6.3% 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, Wastewater Capital Reserve, Storm Sewer Capital Reserve, and Public Works Complex Funds.

In 2027, the Borough's OPERATING BUDGET will be $158,115,115. In 2026, the Borough's OPERATING BUDGET was $146,331,085. This represents an 8.1% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Electric Capital Reserve, Gas, Water, Wastewater, Sanitation, Public Works Complex, Storm Sewer, 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 2027, the Borough's GENERAL FUND BUDGET will be $23,438,657. In 2026, the Borough's GENERAL FUND BUDGET was $21,972,795. This represents a 6.7% 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.

Total Operating Budget 2027

	Revenues	Less Interfund Transfers	Operating Budget
Stores	$2,023,839	$1,347,400	$676,439
Electric	$41,461,718	$0	$41,461,718
Gas	$14,079,553	$0	$14,079,553
Water	$9,017,732	$0	$9,017,732
Wastewater	$9,830,085	$0	$9,830,085
Sanitation	$6,700,823	$0	$6,700,823
General Fund	$23,438,657	$570,025	$22,868,632
Motor Equipment	$6,889,737	$798,990	$6,090,747
Public Works Complex	$5,388,911	$1,948,667	$3,440,244
Engineering	$1,374,666	$0	$1,374,666
Parking, Traffic, & Street Lights	$1,802,878	$1,520,000	$282,878
Storm Sewer	$4,200,064	$0	$4,200,064
Swimming Pool	$1,544,100	$449,865	$1,094,235
Workers Compensation	$809,820	$793,570	$16,250
Administrative Services	$12,389,900	$0	$12,389,900
Self-Insurance	$11,117,543	$5,000	$11,112,543
Special Revenue	$2,724,680	$15,000	$2,709,680
Trust Funds & Utility Deposits	$49,490	$0	$49,490
Citizens' Reward	$425	$0	$425
Recreation Bond Tax	$560,760	$0	$560,760
Fire Tax	$664,390	$0	$664,390
Police Station Tax	$441,130	$0	$441,130
Public Works Complex Tax	$441,070	$0	$441,070
Liquid Fuels	$639,226	$0	$639,226
Sister City	$2,000	$0	$2,000
Project Heat	$90,000	$90,000	$0
Surplus Operating	$0	$0	$0
Subtotal			$150,144,680
Electric Capital	$3,361,250	$355,000	$3,006,250
Gas Capital	$6,137,300	$1,600,300	$4,537,000
Water Capital	$560,000	$350,000	$210,000
Sewer Capital	$1,362,000	$0	$1,362,000
Sanitation Capital	$16,050	$0	$16,050
General Capital	$2,923,268	$960,000	$1,963,268
Parking, Traffic, & Street Lights Capital	$163,000	$100,000	$63,000
Storm Sewer Capital	$4,542,755	$0	$4,542,755
Subtotal			$15,700,323
Total			$165,845,003

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 %
2025	$ 89,511,124	$ 223,777,810	$ 67,504,602	$ 156,273,208	69.83%
2024	87,106,822	217,767,054	59,646,819	158,120,235	72.61%
2023	82,091,822	205,229,556	50,639,687	154,589,869	75.33%
2022	77,132,281	192,830,702	52,894,321	139,936,381	72.57%
2021	69,694,249	174,235,622	43,806,006	130,429,616	74.86%
2020	67,407,971	168,519,928	46,639,280	121,880,648	72.32%
2019	65,870,111	164,675,278	39,922,705	124,752,573	75.76%
2018	64,522,316	161,305,789	32,376,971	128,928,818	79.93%
2017	62,572,053	156,430,133	27,731,696	128,698,437	82.27%
2016	62,459,273	156,148,183	27,148,600	128,999,583	82.61%

(1) Legal Debt Margin: (12/31/2025)

a	Average revenues past 3 yrs	$ 89,511,124	($268,612,410 / 3)
b	Legal debt limit (2.5 time average rev)	223,777,810	
c	Debt outstanding @ 12/31/2025	(67,504,602)	
	Legal Debt Margin (b-c)	**$ 156,273,208**	

Source: Borough of Chambersburg Finance Department

Debt By Type

Schedule 13
Borough of Chambersburg, PA
Ratios of Outstanding Debt by Type — Last Ten Years

Debt Type / Category	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Administrative Services - GO Bonds	$7,663,361	$7,950,492	$8,229,999	$8,502,544	$1,137,797	$1,177,460	$1,222,613	$1,266,583	$2,524,117	$2,526,457
Administrative Services - GO Notes	1,725,542	2,257,026	2,001,294	2,026,530	2,129,324	2,458,894	2,333,531	2,432,984	736,651	—
General Lease Liabilities	6,776	13,336	6,948	227,822	—	—	—	—	—	—
IT Subscription Liabilities	1,975	17,397	28,352	—	—	—	—	—	—	—
Public Works Complex Bonds	2,983,328	—	—	—	—	—	—	—	—	—
Public Works Complex Notes	390,258	—	—	—	—	—	—	—	—	—
Business-Type Activities										
Electric Department - GO Bonds	9,119,907	9,602,446	9,496,346	9,945,066	11,882,008	12,635,624	14,429,310	5,885,427	7,290,599	8,996,973
Electric Department - GO Notes	—	—	—	—	—	1,101,101	1,161,435	1,221,769	1,282,103	1,342,437
Electric Department - Lease Liabilities	4,378,982	4,481,999	4,582,837	4,720,406	—	—	—	—	—	—
Sewer Treatment Plant - GO Bonds	3,536,686	3,828,205	4,116,073	4,396,663	4,669,903	—	—	—	—	185,081
Sewer Treatment Plant - GO Notes	—	—	—	—	—	4,738,899	4,998,565	5,258,231	5,517,897	5,777,562
Water Plant - GO Bonds	6,181,737	6,490,516	6,787,356	7,049,660	8,051,155	8,345,029	—	—	—	—
Sanitation Department - GO Notes	2,063,930	4,775,257	2,297,914	2,410,031	1,792,084	1,193,905	773,511	849,160	922,420	993,365
Sanitation Department - GO Bonds	—	1,677,057	—	—	—	693,010	7,988,188	8,264,034	7,319,938	7,326,725
Swimming Pool - GO Bonds	6,321,156	6,639,966	6,941,400	7,229,802	7,535,580	7,704,219	—	—	—	—
Storm Sewer - GO Notes	6,382,928	6,397,189	—	—	—	—	—	—	—	—
Administrative Services - GO Notes	5,667,526	5,483,119	6,078,215	6,385,797	6,608,155	6,591,139	7,015,552	7,198,783	2,137,971	—
Public Works Complex Bonds	9,798,710	—	—	—	—	—	—	—	—	—
Public Works Complex Notes	1,281,799	—	—	—	—	—	—	—	—	—
IT General Subscription Liabilities	—	32,814	72,953	—	—	—	—	—	—	—
Total Primary Government	$67,504,602	$59,646,819	$50,639,687	$52,894,321	$43,806,006	$46,639,280	$39,922,705	$32,376,971	$27,731,696	$27,148,600
Percentage of Personal Income	9.657%	8.138%	6.933%	8.258%	7.830%	8.004%	7.066%	6.337%	5.962%	6.296%
Per Capita	$2,968	$2,602	$2,264	$2,370	$2,000	$2,164	$1,888	$1,540	$1,328	$1,312

GO: General Government Obligation backed by the full faith and credit of the Borough

In 2027, the Borough has no additional debt scheduled to be issued.

Performance Measures

Schedule 20
Borough of Chambersburg, PA
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government:										
Lien letter & tax certification requests	40	52	24	52	52	77	94	81	227	244
Community development:										
Building permits issued	262	263	490	511	563	534	606	578	533	556
Estimated value of construction	$ 43,292,695	$ 44,380,800	$ 76,766,125	$ 39,819,837	$ 68,182,066	$ 6,982,255	$ 8,295,541	$ 15,134,264	$ 10,996,818	$ 52,166,922
Occupancy permits issued	283	308	344	340	299	200	180	269	130	156
Number of planning commission Agenda items	47	23	18	11	15	15	19	24	22	29
Public works:										
Roads resurfaced (linear feet)	9,194	15,701	5,529	151	359	0	989	13,995	7,630	3,795
Roads reconstructed (linear feet)	4,964	7,366	6,637	6,710	4,904	0	8,744	3,592	7,115	16,495
Tons of snow melting salt used	1,043	733	204		291	174	664	648	347	223
Recreation										
Pool attendance	62,359	67,018	62,999	66,335	59,785	38,167	75,000	68,448	0	26,000
Number of utilization events (1)	3,853	3,530	18,027	16,822	14,368	8,675	19,570	15,000	1,681	1,720
Number of consumers served	162,609	162,890	5,133	152,004	125,023	81,203	137,816	111,480	105,337	90,000
Number of seasonal programs	202	181	173	152	143	99	205	201	229	278
Police:										
Calls for service	18,572	19,759	17,393	16,613	14,082	18,639	22,304	23,548	20,784	19,784
Total arrests	1,500	2,129	1,868	1,599	1,162	1,012	1,119	1,177	1,139	1,214
Part I offenses reported (major offenses)	444	509	482	482	590	669	763	898	906	1,002
Part I offenses cleared (percentage)	48.0%	48.0%	45.0%	42.0%	45.0%	52.0%	47.0%	41.0%	41.0%	42.0%
Part II offenses reported (major offenses)	668	797	734	746	687	1,455	1,615	1,704	1,758	1,906
Part II offenses cleared (percentage)	64.0%	59.0%	66.0%	65.0%	60.0%	43.0%	37.0%	39.0%	33.0%	36.0%
DUI arrests	80	77	85	92	92	115	181	116	128	157
Fire:										
Total number of responses	1,217	1,217	1,341	1,362	1,153	878	995	1,238	926	1,044
Responses involving loss	21	12	12	11	4	4	7	1	5	37
Structure fires	56	52	47	40	33	26	44	36	30	37
Volunteer hours	185	75	45	205	1,301	54,788	62,367	71,420	73,093	72,989
False alarms/false calls	305	294	275	240	231	110	131	165	118	115
Total calls for assistance	6,254	5,933	4,939	4,624	4,576	4,302	4,351	4,211	4,260	4,167
Utilities:										
Electric department										
Units billed (kwh)	326,377,096	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
Billed revenue	$ 35,523,156	$ 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
Gas department										
Units billed (100 cu. ft.)	13,021,682	11,048,825	11,025,089	11,751,733	11,642,164	10,611,581	11,267,743	12,071,013	10,152,671	9,905,831
Billed revenue	$ 11,140,175	$ 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
Water department										
Units billed (10 cu. ft.)	14,788,049	14,679,981	14,195,443	13,686,404	13,936,575	13,938,621	13,627,727	13,720,268	13,428,778	13,869,496
Billed revenue	$ 5,574,013	$ 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
Sewer treatment plant department										
Units billed (10 cu. ft.)	26,315,914	26,477,270	24,101,980	21,303,138	24,979,346	21,667,641	20,368,267	27,974,900	24,569,839	23,806,582
Billed revenue	$ 8,164,086	$ 7,525,338	$ 7,302,400	$ 6,711,299	$ 6,956,556	$ 6,657,706	$ 6,270,847	$ 6,432,192	$ 6,122,330	$ 6,064,837
Storm sewer department										
Fees billed	97,418	96,598	96,018	95,953	102,170	109,929	100,510	99,909	99,036	98,362
Billed revenue	$ 1,618,677	$ 1,326,780	$ 1,109,684	$ 1,102,584	$ 510,780	$ 405,825	$ 402,039	$ 399,544	$ 395,872	$ 295,134
Sanitation department										
Units billed (cu. yds.)	163,673	162,568	162,669	159,703	154,268	150,368	150,917	147,474	144,863	142,116
Billed revenue	$ 525,000	$ 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) Recreation center usage only
Source: Borough of Chambersburg Designated Departments

Demographic and Economic Statistics

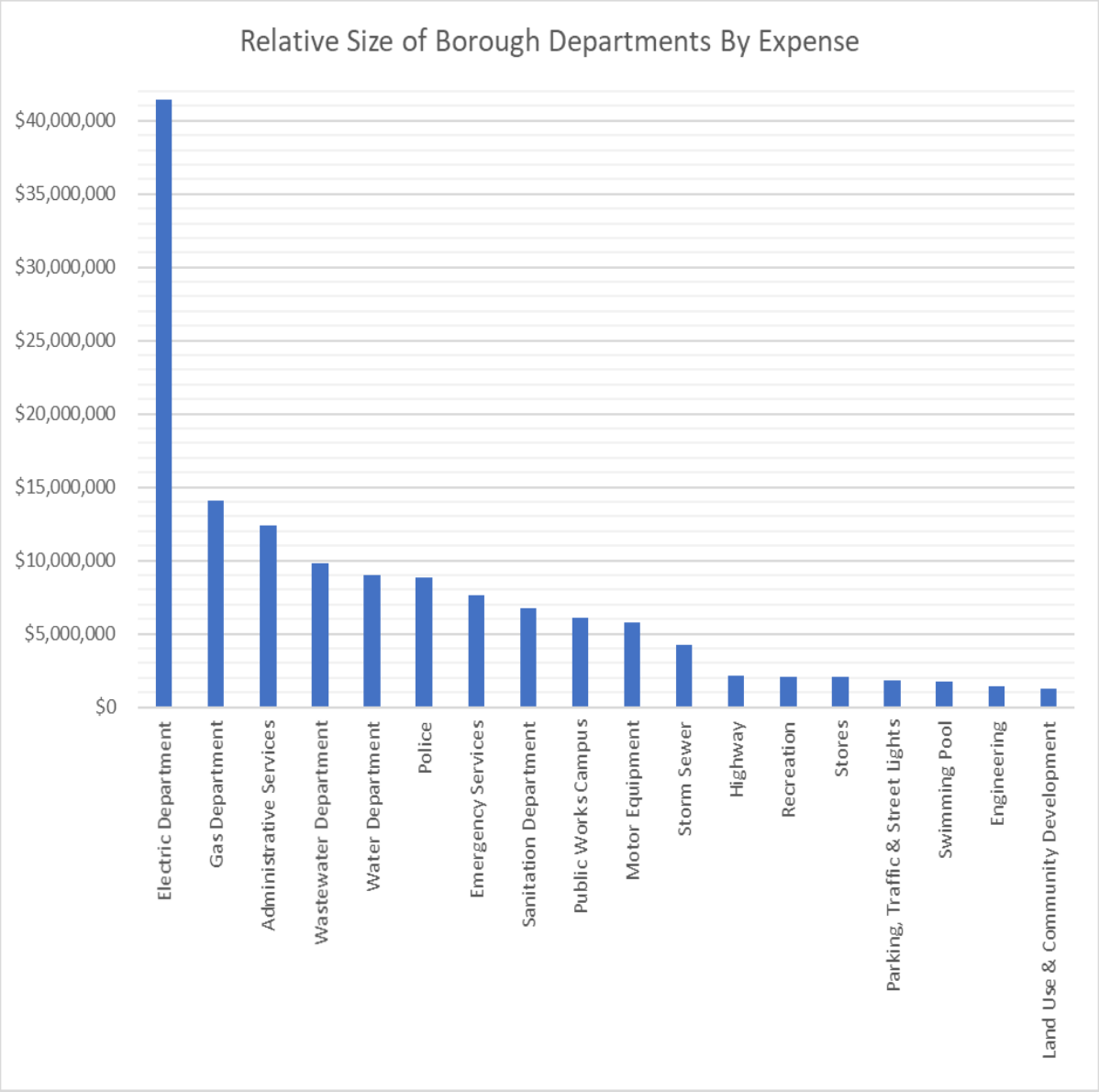
Schedule 17
Borough of Chambersburg, PA
Demographic and Economic Statistics
Last Ten Years

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)
2025	22,742	$ 30,736	$ 74,286	$ 57,650	(6)	(6)	5958	3.80%	$ 226,801	$ 217,119,410	(6)
2024	22,923	31,975	77,078	53,833	39.6	27.30%	5,556	3.10%	219,778	$ 213,937,620	302,433,110
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

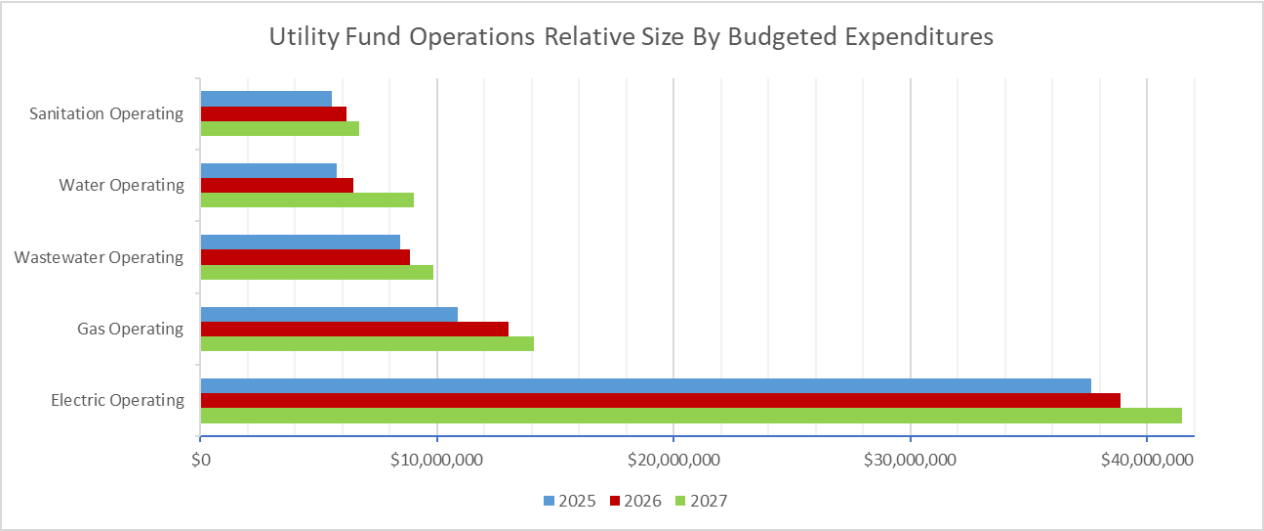
(1) HomeTownLocator based on latest information available
(2) Chambersburg Area School District
(3) U.S. Bureau of Labor and Statistics
(4) Franklin County Assessor's Office
(5) Franklin County Area Tax Bureau
(6) Information for 12/31/2025 not yet available

https://pennsylvania.hometownlocator.com/pa/franklin/chambersburg.cfm

Relative Size of Borough Departments



Relative Size of Utility Operations



Excluding Capital Investments

Overlapping Taxes on Borough Property Owners (2026-2027)

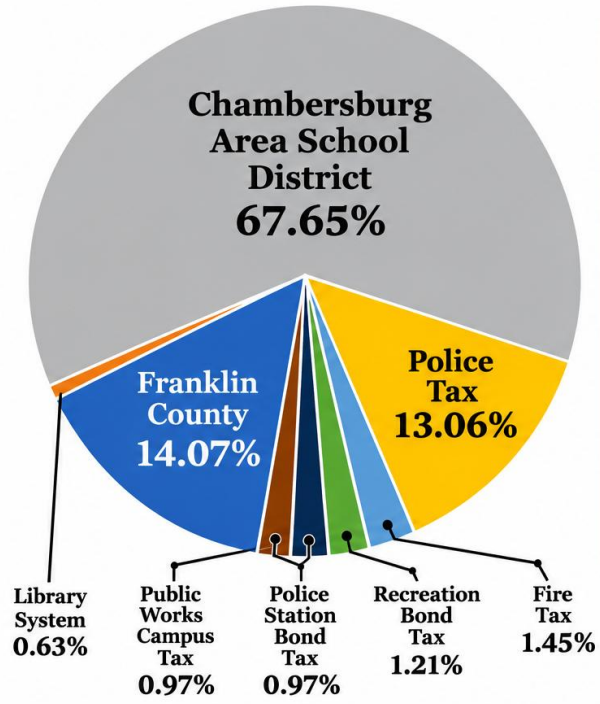
Average Single-Family House Inside The Borough	2026	2027
Police Tax (All to the General Fund)	$474.86	$469.19
Fire Tax (Shared with most going to the Motor Equipment Fund) Only	$52.76	$52.13
Recreation Bond Tax All revenue goes to paying the Recreation Bond and not the Recreation Department	$43.97	$43.44
Police Station Bond Tax All revenue goes to paying the Police Station Bond(s) and not the Police Department	$35.17	$34.75
Public Works Complex Bond Tax All revenue goes to paying for construction of the Public Works Complex and not the Highway Department	$17.59	$34.75
Total (per year)	$624.35	$634.26

Taxing Burden on Borough Homeowners		**2027**		**Per Dollar**
Non-Borough Property Taxes	Mil Rate	Annual Avg. Home	Percentage	Rounded
Franklin County (2026)	29.10 mil	$505.68	14.07%	14¢
Library System (2026)	1.3 mil	$22.59	0.63%	1¢
Chambersburg Area School District (2026)	139.8793 mil	$2,430.71	67.65%	67¢
Borough Taxes				
Police Tax	27.0 mil	$469.19	13.06%	13¢
Fire Tax	3.0 mil	$52.13	1.45%	1¢
Recreation Bond Tax	2.5 mil	$43.44	1.21%	1¢
Police Station Bond Tax	2.0 mil	$34.75	0.97%	1¢
Public Works Complex Tax	2.0 mil	$34.75	0.97%	1¢
Borough Property Tax Total	36.5 mil	$634.26	17.65%	18¢
Total Tax Burden on Property Owners	206.7793 mil	$3,593.24	100%	$1.00

Median Assessed Value of a Single-Family Home inside the Borough Per Franklin County is Around $21,782

Average burden on a single-family type home inside the Borough of Chambersburg based on assessed value as decided by County

Overlapping Tax Liability



Taxing Entity	Share of Total Tax Liability
Chambersburg Area School District	67.65%
Police Tax	13.06%
Franklin County	14.07%
Fire Tax	1.45%
Recreation Bond Tax	1.21%
Police Station Bond Tax	0.97%
Public Works Campus Tax	0.97%
Library System	0.63%
Total	**100.00%**

ELECTRIC UTILITY

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Debt	92793	AMI Project	$2,000,000	$0	$2,000,000	$0
Grant/ Capital Reserve	92794	Transmission System Switching and Protection Upgrades Resilience Grant	$1,075,000	$806,250	$0	$268,750
Capital Reserve	92794	Geiman Sub – 4kV Indoor 1950s Vintage Switchgear Overhaul	$540,000	$0	$0	$540,000
Capital Reserve	92794	Rework and Harden Grant/Second St. Transmission Poles	$220,000	$0	$0	$220,000
Capital Reserve	92794	Orchard Park Transmission Relay and Transformer Control Replacements	$210,000	$0	$0	$210,000
Capital Reserve	92792	Operation Center Maintenance and Roof Replacement	$150,000	$0	$0	$150,000
Capital Reserve	92794	Convert Park Substation Distribution from 4 to 12 kV	$130,000	$0	$0	$130,000
Capital Reserve	92794	Transmission/Distribution Substation Equipment and Engineering	$75,000	$0	$0	$75,000
Capital Reserve	92794	Engine/Generator Major Maintenance Items/Parts	$60,000	$0	$0	$60,000
Capital Reserve	92794	Transmission/Distribution System Upgrades, Extensions, New OH/UG Customers	$60,000	$0	$0	$60,000
Capital Reserve	92794	Distribution Capacitor Engineering, Deployment, and Control	$55,000	$0	$0	$55,000
Grant	92794	Replace and Upsize Solar Transformer and Integrate Capacitor Bank Engineering	$40,000	$40,000	$0	$0
Capital Reserve	92794	BTM Generation/Battery Interconnection Engineering	$30,000	$0	$0	$30,000
Capital Reserve	92794	Build Out Feeder 273 Toward Downtown	$30,000	$0	$0	$30,000
			$4,675,000	$846,250	$2,000,000	$1,828,750

NATURAL GAS UTILITY

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/ Capital Reserve	93794	Replace Gas Mains and Services	$2,500,000	$2,100,000	$0	$400,000
Grant/ Capital Reserve	93794	Gas Line Relocation for I-81 Guilford Springs Rd. Exit (PennDOT)	$1,410,000	$1,390,000	$0	$20,000
Capital Reserve	93793	AMI Metering Project	$1,000,000	$0	$1,000,000	$0
Capital Reserve	93794	Upgrade Guilford Springs Regulator Station	$300,000	$0	$0	$300,000
Capital Reserve	93794	Installation of New Gas Services	$125,000	$0	$0	$125,000
Capital Reserve	93794	Replace/Upgrade Norland Ave. and Vine St. Regulator Stations	$100,000	$0	$0	$100,000
Capital Reserve	93794	Upgrade Cathodic Protection System	$100,000	$0	$0	$100,000
Capital Reserve	93794	Extend Gas Mains to Serve New Customers	$100,000	$0	$0	$100,000
			$5,635,000	$3,490,000	$1,000,000	$1,145,000

WATER UTILITY

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	94464	Water Treatment Plant Sludge Upgrades (Total Project $500,000)	$450,000	$0	$0	$450,000
Capital Reserve	94464	Water Treatment Plant SCADA Replacement (Total Project $700,000)	$300,000	$0	$0	$300,000
Capital Reserve	94461	Alternative Source of Water Supply (Property Evaluation) (Total Project $400,000)	$100,000	$0	$0	$100,000
Capital Reserve	94463	Tools and Equipment	$50,000	$0	$0	$50,000
			$900,000	$0	$0	$900,000

WASTEWATER UTILITY

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	95793	East Conococheague and Laurich Meadows Pump Stations (Total Project $2,100,000 with $1,200,000 in 2027)	$1,200,000	$0	$0	$1,200,000
Townships/ Capital Reserve	95794	Wastewater Treatment Plant Equipment Evaluation and Upgrade (Borough Share 30.32%/Township Share 69.68%) (Total Project $15,000,000)	$750,000	$522,600	$0	$227,400
Townships/ Capital Reserve	95794	Wastewater Treatment Plant SCADA Replacement (Borough Share 30.32%/Township Share 69.68%)(Total Project $2,000,000)	$500,000	$348,400	$0	$151,600
Townships/ Capital Reserve	95792	Wastewater Treatment Plant Roof Replacement (Borough Share 30.32%/Township Share 69.68%)(Total Project $500,000)	$200,000	$139,360	$0	$60,640
Townships/ Capital Reserve	95794	Wastewater Treatment Plant Solids Processing Improvements (Borough Share 30.32%/Township Share 69.68%)(Total Project $400,000)	$100,000	$69,680	$0	$30,320
Townships/ Capital Reserve	95793	Tools and Equipment (Borough Share 30.32%/Township Share 69.68%)	$50,000	$34,840	$0	$15,160
			$2,800,000	$1,114,880	$0	$1,685,120

STORM SEWER UTILITY

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/Debt	91124	Southgate Storm Sewer Improvements	$4,600,000	$3,300,000	$1,300,000	$0
Capital Reserve	91124	E. Catherine St. Stormwater Improvements	$1,300,000	$0	$0	$1,300,000
Grant	91125	Purchase and Relocate Cold Weather Shelter at 195 W. Loudon St. and Demolish the Building	$765,414	$765,414	$0	$0
			$6,665,414	$4,065,414	$1,300,000	$1,300,000

WAREHOUSE/STORES DEPARTMENT

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	19893	Replace Forklift	$150,000	$0	$0	$150,000
Capital Reserve	19893	Warehouse HVAC Improvements	$75,000	$0	$0	$75,000
Capital Reserve	19892	Warehouse Modernization Project	$50,000	$0	$0	$50,000
			$275,000	$0	$0	$275,000

ADMINISTRATIVE SERVICES DEPARTMENT

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Information Technology	88995	Network Switches	$380,000	$0	$0	$380,000
Facilities and Grounds	88992	Police Station Elevator	$200,000	$0	$0	$200,000
Information Technology	88995	Council Chambers Technology Upgrade	$150,000	$0	$0	$150,000
Facilities and Grounds	88992	City Hall HVAC Replacement	$120,000	$0	$0	$120,000
Information Technology	88995	Network Security Upgrades	$70,000	$0	$0	$70,000
Customer Service/HR	88992	City Hall Office Space Renovations	$50,000	$0	$0	$50,000
Information Technology	88995	Website Project (ADA Compliance)	$30,000	$0	$0	$30,000
Customer Service	88993	Commercial Transaction Drawer	$10,500	$0	$0	$10,500
			$1,010,500	$0	$0	$1,010,500

PUBLIC WORKS COMPLEX

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	82932	Public Works Complex Construction	$3,000,000	$0	$3,000,000	$0
Capital Reserve	82933	Furniture, Fixtures, Equipment	$750,000	$0	$0	$750,000
Capital Reserve	82933	Security, Access, Cameras, IT	$300,000	$0	$0	$300,000
			$4,050,000	$0	$3,000,000	$1,050,000

PARKING, TRAFFIC AND STREET LIGHTS

2027 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)	$30,000	$30,000	$0	$0
Grant/ Capital Reserve	98085	Installing Handicap Accessible Signals on Main St.	$15,000	$12,000	$0	$3,000
			$45,000	$42,000	$0	$3,000

AQUATIC CENTER

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	86932	VGBA Drain Replacement	$26,600	$0	$0	$26,600
Capital Reserve	86933	Lounge Chair 1:1 Replacement (Qty 70)	$25,000	$0	$0	$25,000
Capital Reserve	86932	Main Pool Re-Plaster	$21,500	$0	$0	$21,500
Capital Reserve	86932	Re-Caulk Around All Pools	$10,200	$0	$0	$10,200
Capital Reserve	86932	Main Pool Tile Replacement	$7,400	$0	$0	$7,400
			$90,700	$0	$0	$90,700

RECREATION DEPARTMENT

2027 PROJECTS						
Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97596	Recreation Center LSA Improvements Phase 1 (Renovate Gym 2, offices, kitchen and locker rooms to bathrooms)	$750,000	$750,000	$0	$0
Capital Reserve	97596	Recreation Center LSA Improvements Phase 2 (New HVAC system, air conditioning and windows in old gym)	$400,000	$400,000	$0	$0
Capital Reserve	97596	Mike Waters Park Light Bollards	$30,000	$0	$0	$30,000
Capital Reserve	97597	Memorial Park Pavilion Restroom Renovation	$19,400	$0	$0	$19,400
Capital Reserve	97597	Memorial Park Bandshell Restroom Renovation	$18,200	$0	$0	$18,200
			$1,217,600	$1,150,000	$0	$67,600

POLICE DEPARTMENT

2027 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97498	Body-Worn and In-Car Camera Replacement & Cloud Migration	$230,000	$49,000	$0	$181,000
Capital Reserve	97498	Balance X2 TASER Phase 2	$62,005	$0	$0	$62,005
Capital Reserve	97498	New (Replacement) Portable Radios Special Event Monitors	$20,000	$20,000	$0	$0
			$312,005	$69,000	$0	$243,005

FIRE DEPARTMENT

2027 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Capital Reserve	97397	Headquarters Fire Station Generator Replacement (CFD was awarded a $62,318 grant for this project)	$115,000	$62,318	$0	$52,682

STREET IMPROVEMENTS

2027 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Grant/Storm Sewer Bond	97299	Cedar St. (W. Washington St. to W. Catherine St.)	$626,731	$626,731	$0	$0
Liquid Fuels/ Capital Reserve	97299	E. Catherine St. (S. Third St. to Terminus)	$379,574	$0	$0	$379,574
Liquid Fuels/ Capital Reserve	97299	S. Fourth St. (E. McKinley St. to Queen St.)	$286,016	$0	$0	$286,016
Liquid Fuels/ Capital Reserve	97299	N. Seventh St. (Lincoln Way East to Montgomery Ave.)	$175,511	$0	$0	$175,511
Liquid Fuels/ Capital Reserve	97299	Nelson St. (N. Fourth St. to Fifth Ave.)	$173,877	$0	$0	$173,877
CDBG/ Capital Reserve	97299	Middle St. (Stanley Ave. to Wallace Ave.)	$170,000	$114,317	$0	$55,683
Storm Sewer Bond	97299	N. Fourth St. (Lincoln Way East to E. King St.)	$73,894	$0	$73,894	$0
Liquid Fuels/ Capital Reserve	97299	N. Fourth St. (Queen St. to Lincoln Way East)	$80,112	$0	$0	$80,112
Liquid Fuels/ Capital Reserve	97299	Prince St. (Lincoln Way East to Nelson St.)	$114,650	$0	$0	$114,650
Liquid Fuels/ Capital Reserve	97299	Industrial Dr. and Progress Rd. Intersection Correction	$35,000	$0	$0	$35,000
Liquid Fuels/ Capital Reserve	97299	Cedar St. (W. Catherine St. to W. South St.)	$34,659	$0	$0	$34,659
Liquid Fuels/ Capital Reserve	97299	Tolbert Ave. (S. Fourth St. to S. Fifth St.)	$25,000	$0	$0	$25,000
			$2,175,024	$741,048	$73,894	$1,360,082

ALLEY IMPROVEMENTS

2027 PROJECTS

Funding Source	Account No.	Project	Total Cost	Outside Funding	Debt Funding	Borough Cash
Liquid Fuels/Capital Reserve	97299	East Point Ave. (E. Liberty St. to Lincoln Way East)	$184,640	$0	$0	$184,640
Liquid Fuels/Capital Reserve	97299	Stanley Ct. (E. McKinley St. to E. Liberty St.)	$150,861	$0	$0	$150,861
Liquid Fuels/Capital Reserve	97299	Montgomery Alley (Prince St. to N. Seventh St.)	$61,510	$0	$0	$61,510
Liquid Fuels/Capital Reserve	97299	Alpine Ct. (E. King St. to Terminus)	$46,248	$0	$0	$46,248
Liquid Fuels/Capital Reserve	97299	Arthur Ct. (Calvert Ct. to N. Sixth St.)	$44,432	$0	$0	$44,432
Liquid Fuels/Capital Reserve	97299	Vanburen Ct. (Calvert Ct. to N. Seventh St.)	$30,276	$0	$0	$30,276
Liquid Fuels/Capital Reserve	97299	Cove Ct. (Broad St. to E. Commerce St.)	$25,446	$0	$0	$25,446
Liquid Fuels/Capital Reserve	97299	Hubbard Ct. (N. Sixth St. to N. Seventh St.)	$20,817	$0	$0	$20,817
Liquid Fuels/Capital Reserve	97299	Vanburen Ct. (Meade Ct. to Alpine Ct.)	$17,055	$0	$0	$17,055
Liquid Fuels/Capital Reserve	97299	Rutherford Alley (S. Fourth St. to Stanley Ct.)	$16,445	$0	$0	$16,445
Liquid Fuels/Capital Reserve	97299	Meade Ct. (E. King St. to Vanburen Ct.)	$8,240	$0	$0	$8,240
			$605,970	$0	$0	$605,970