

Borough Manager's Proposed 2027 Fiscal Year Budget Executive Summary

Submitted by Jeffrey Stonehill

To the Borough of Chambersburg on

November 9, 2026

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