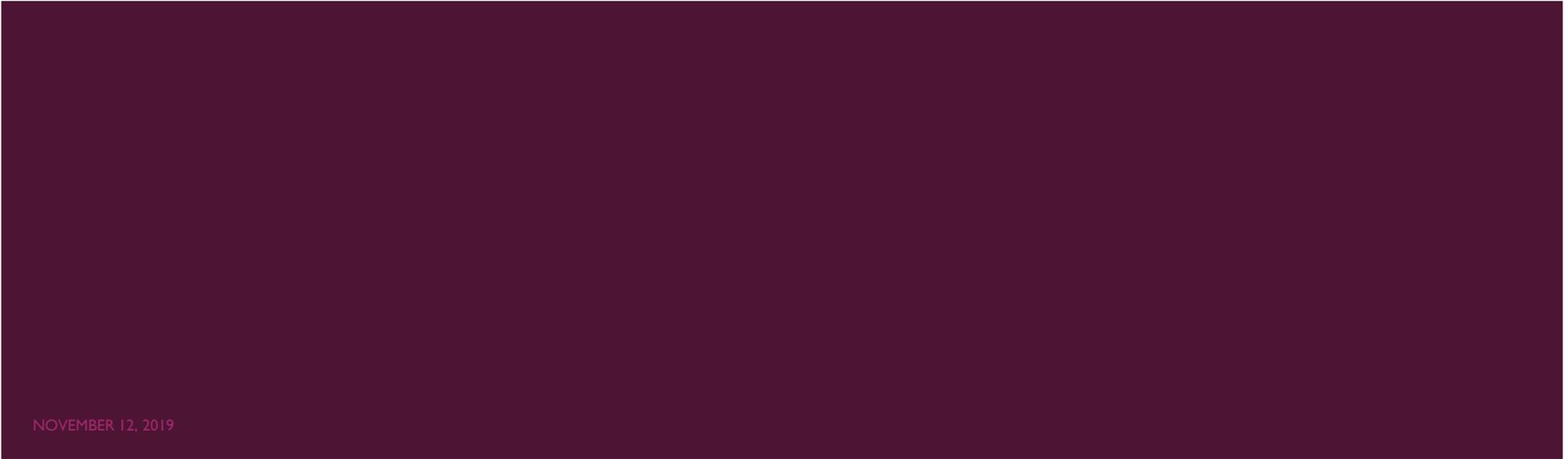




CHAMBERSBURG 2020 BUDGET PRESENTATION

AS PROPOSED BY THE BOROUGH MANAGER



NOVEMBER 12, 2019

Chambersburg's Budget Is Very Unique

- Chambersburg is the only town in Pennsylvania to have an electric, gas, water, sewer, and storm sewer utility
- Chambersburg is one of the only Boroughs in Pennsylvania to have professional paid police and fire
- Chambersburg has the most complex budget in Pennsylvania because of the utility departments
- In 2017, Chambersburg had the 14th largest budget in Pennsylvania (\$) and was the largest borough budget
- Carlisle #47, Waynesboro #265, Gettysburg #286, and Shippensburg #303 in terms of budget size
- Chambersburg's budget is nothing like any other Borough
- Chambersburg budget follows “Cost Based Accounting”, which results in dozens of separate funds and thousands of internal transactions to properly account for costs
- Chambersburg is only town that heavily relies on Internal Service Funds to provide services to other departments

Chambersburg's 2020 Budget Compared To 2019

- In 2020, the Borough will have an ALL FUNDS BUDGET of \$113,856,095. In 2019, the ALL FUNDS BUDGET was \$123,111,370. This represents a 7.5% decrease, resulting from a change in budgeting format, in which the Payroll Fund and Trust Fund & Utility Deposits Fund is no longer included in Operating Budget figures, as it does not accurately reflect unique revenue or expenditures.
- In 2020, the Borough's OPERATING BUDGET will be \$100,287,127. In 2019, the Borough's OPERATING BUDGET was \$104,415,418. This represents a 3.9% decrease, resulting from a change in budgeting format, in which the Payroll Fund and Trust Fund & Utility Deposits Fund is no longer included in Operating Budget figures, as it does not accurately reflect unique revenue or expenditures.
- In 2020, the Borough's GENERAL FUND BUDGET will be \$16,079,970. In 2019, the Borough's GENERAL FUND BUDGET was \$15,157,375. This represents a 6.0% increase, and is likely a realistic gauge of actual growth in the Borough's spending plan, given the expansion of the Emergency Services Department revenue plans.

Key Highlights

- No Tax increase proposed for 2020
- In fact, a small tax decrease with elimination of the Ambulance Tax; and shift to an Ambulance Fee
- In 2020, the Town Council is being asked to adjust some of our historically low utility rates
- In 2020, the Electric Rate will decrease for the fourth time
- In 2020, there will be a new Ambulance Fee and a new way to calculate the Storm Water Pollution Control Fee
- The 2020 Budget includes capital projects, street paving, and a bond to finance Water System Improvements and the initial purchase of the future Public Works Building
- The 2020 Budget includes reintegration of two outsourced functions: Health Code/Restaurant Inspections back into the General Fund and Residential Recycling back into the Sanitation Department

General Fund

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

	2020 Budget	% of the General Fund Budget
Police	\$ 5,379,360	33.5%
Emergency Services	\$ 5,176,245	32.2%
Recreation	\$ 1,351,390	8.4%
General Highway	\$ 1,335,205	8.3%
General Borough	\$ 1,689,135	10.5%
Land Use & Community Development	\$ 831,220	5.2%
Civic and Downtown	\$ 170,200	1.1%
Miscellaneous	\$ 147,215	0.9%
Total Expenditures	\$ 16,079,970	
Total Revenue	\$ 16,079,970	

Taxes (Most Go To The General Fund)

- The Borough receives no sales tax, liquor taxes, business taxes, or any other tax and they are not an option under State law. Township residents pay no taxes to the Borough other than the Local Services Tax if they work inside the Borough
- Local Services Tax – \$52 per worker inside the Borough per year (Set at maximum since 2007)
- Deed Transfer Tax – ½ of 1% (Set at maximum since 1987) on real estate transfers inside the Borough
- Earned Income Tax – ½ of 1% (Set at maximum since 1965) on wages (not retirement/investments) by residents
- Real estate taxes – there are various limits based upon type, on assessed value of property
 - Chambersburg has no recreation tax, no street tax, no utility tax although they are permitted
- Chambersburg real estate taxes remain earmarked only for police and fire operations. No other department or employee is funded through real estate taxes. In fact, the Recreation Bond Tax is specifically for paying off the 2016 Recreation Bond and not Recreation Department operations, so one can reliably say, “no real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire.”

Undesignated Taxes – General Fund



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

Value Of The Electric & Gas PILOTS To The General Fund

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

These are not arbitrary figures. They are based upon the actual tax the utility would pay to the Commonwealth in gross receipts taxes were they taxable private utilities.

Real Estate Taxes (11th Year Of Last 14 Years With No Tax Increase)

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

No Tradition Of Raising Taxes

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

What Of The Police Tax In 2020?

- Chambersburg continues its commitment to a full service, round the clock, local police department. It is a professional and successful law enforcement organization led by Chief Camacho
- In 2020, it will continue to be very expensive to operate a high performing police department, but unlike our neighbors who have chosen to rely on the Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough
- Until 2014, 100% of the real estate taxes collected by the Borough of Chambersburg were used exclusively to support the Police
- In December 2017, Town Council raised the Police Tax from 23 mil to 24 mil. **In this 2020 Budget, Council is not being asked to raise it at all**
- Overall, since December 2006, the Police Tax rate has risen from 20 mil to 24 mil. When averaged out over the fourteen years, that is a growth rate of a little over 1.4% per year

Police Tax Will Likely Not Cover Cost Of Police In 2020

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

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

- The Borough will use undesignated revenues in the General Fund to close the funding gap for the Police

Police Tax

- In 2019, for the first time in decades, the Police Tax generated enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues). As was pointed out in this budget, it will be impossible to avoid a future Police Tax rate increase as police costs continue to rise.
- Please keep in mind that we are operating the Police Department with very little margin for error. Unforeseen costs such as a major detective caseload, a major public safety event, additional unforeseen overtime, additional training, or adding more employees in advance of other future retirements can easily throw the Police Department budget into a more unstable place.
- **In 2020, it is the Borough Manager's recommendation that the Borough not change the Police Tax rate, currently at 24 mil.**

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

Police Tax Impact

Police Tax 2020 – No change

There is no proposed change in the Police Tax

In 2020, the rate will continue to be 24 mil for the third year

100% of this tax goes to support the Police Department

	2015	2016	2017	2018	2019	2020	
Police	21	23	23	24	24	24	mil

Avg. Single-Family House in the Borough	Per Year	Per Month
Police Tax	\$410.34	\$34.20

Commercial and industrial property owners may pay more tax

Government, educational, nonprofit and township property owners pay none

What Of The Fire Tax In 2020?

- Chambersburg started the Fire Tax in 2014 in response to an arbitration decision
- The original tax was 2.5 mil with 2 mil going to support apparatus costs and ½ mil for wages/benefits
- After the 2017 labor agreement, Council raised the tax to 3.5 mil
 - 2.5 mil for apparatus, ½ mil for wages/benefits, and ½ mil for ambulance (known as the Ambulance Tax)
 - This is the maximum allowed under State Law
- **This proposed 2020 Budget, therefore, includes a decrease to the Fire Tax. It will drop from the State Maximum of 3.5 mil for 2019 to 3.0 mil for 2020.** This is because the Borough Solicitor advises us that we should not have both an Ambulance portion of the Fire Tax and an Ambulance Fee; and this budget proposes an Ambulance Fee.

The Fire Department Generates Revenue For General Fund

- The long term funding issue of the Chambersburg Emergency Services Department is not identical to the issue of the Chambersburg Police Department. The main difference is that the Emergency Services Department brings in relatively higher revenue. Specifically, the Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. While less than 50% of ambulance invoices get paid (and mostly by insurance), those payments are a good revenue source.

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

- The revenue from the ambulance service and the Fire Code safety inspections is not enough to pay for the cost of operating the Emergency Services Department. Even with the new Ambulance Fee, the total revenue is insufficient.

Fire Department Runs A Deficit Despite Revenues

	<u>2019</u>	<u>2020</u>
Estimated cost of operations	\$4,781,705	\$5,176,245
Local Services Tax Yield (set at State Maximum)	-\$835,000	-\$840,000
Fire Code Inspections	-\$65,000	-\$60,000
Ambulance Fees	-1,262,000	-2,402,100
State Grant for Fire Pension Costs	-\$234,219	-382,800
Subtotal	\$2,385,486	\$1,491,345
Tax Rate	3.5 mil	3.0 mil
Estimated yield of Fire/Ambulance Tax (excluding tax liens & donations)	\$713,660	\$618,580
Less required transfer to the Motor Equipment Fund (State Law)	-\$504,860	-\$510,00
Net Fire Tax Revenue for Operations	\$208,800	\$108,580
Emergency Services Department Deficit Before New Ambulance Fee	-\$2,176,686	-\$1,310,765
New \$7 PER UTILITY INVOICE AMBULANCE FEE	N/A	\$847,000
Emergency Services Department Deficit	-\$2,176,686	-\$463,765

Fire Department Runs A Deficit

- Even with the new Ambulance Fee, the Emergency Services Department will run an anticipated deficit of \$463,765, requiring the use of undesignated revenues to cover additional expenses. We are lucky that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. The system is truly broken.
- **There is no way to rely only on undesignated revenue rather than Ambulance fees, to cover these costs.** Further, Ambulance billing, though increasing, is insufficient to pay for the ambulance. This is as a result of the over \$1.6 million in annual ambulance billing we are required to forgive.
- The General Fund must receive the proceeds from the new Ambulance Fee in order to close the deficit

PROPOSED AMBULANCE FEE

In 2020, the Borough will begin collecting a \$7 per month per utility invoice fee to support Borough Ambulance Services

- A fee may be charged in exchange for this service under State Law. The Borough Fire Department provides basic lifesaving ambulance services with Borough employees in Borough apparatus.
- There is a significant costs to having an ambulance staffed around the clock and ready to serve the residents, employees, and visitors in the Borough. The ambulance fee helps defray the costs of the ambulance service being ready to serve.
- For example, in 2018 the Borough had to “write-off” as uncollectible, due to Federal Law related to **Medicaid/Medicare**, bills worth \$1,759,628; and \$1,757,116 in 2017 in accounts receivable; for legitimate ambulance billing expenses.

PROPOSED AMBULANCE FEE

In 2020, the Borough will begin collecting a \$7 per month per utility invoice fee to support Borough Ambulance Services

Year	Ambulance Runs (All Calls & Not Just Billable Ones)	Write-Off Uncollectible
2013	3772	\$924,483
2014	3992	\$1,385,497
2015	4113	\$1,507,027
2016	4167	\$ 1,617,681
2017	4260	\$ 1,757,116
2018	4211	\$ 1,759,628

Since 2013, \$8,951,432 in legitimate ambulance fees not collected due to write-offs

PROPOSED AMBULANCE FEE

In 2020, the Borough will begin collecting a \$7 per month per utility invoice fee to support Borough Ambulance Services

- The Borough is required to provide ambulance services.
- Every ambulance company in Franklin County is suffering trying to stay in business. There is an extreme crisis in both the availability of emergency medical services and the funding; that is not being well addressed.
- Town Council's responsibility is to fund properly the ambulance service pursuant to State Law.
- We all need EMS at some point; likely on the worst day of our life.
- Chambersburg must act to protect and preserve this important life saving service in Chambersburg.

PROPOSED AMBULANCE FEE

In 2020, the Borough will begin collecting a \$7 per month per utility invoice fee to support Borough Ambulance Services

- A flat, per invoice fee, is very fair when compared to a tax, which is not representative of the entire Borough.
- A tax can only be charged to the assessed value of property; and which approximately 40% of property owners are exempt from paying.
- A tax can be no more than ½ mil (which might pay for 1 employee or 1 ambulance and no employees).
- Commercial & industrial owners, government, educational, and nonprofit customers will all pay the same \$7 per month per invoice.
- Not dissimilar to the E-9-1-1 fee that the State placed on telephone bills in Act 12 of 2015

Ambulance Crisis In Pennsylvania

- If you have more questions about the ambulance system crisis in Pennsylvania, call Dustin Ulrich, Fire Chief, at (717) 263-5872

NOVEMBER 12, 2019

Fire And Police Both Scheduled To Run Deficits In 2020

- Undesignated revenue will be used to balance Police & Fire operations in 2020.
- This will result in:
 - Less availability for other functions that could use these resources instead
 - Less street paving in 2020 (although there will be some)
 - Unlikely to have money leftover at end of 2020 for 2021 capital projects (although only time will tell)
 - Less availability for investment in other programs in the General Fund (i.e. economic development or fixing alleys)
- There is no alternative offered to avoid this fee other than a painful large real estate tax increase, to support other General Fund operations, other than Ambulance, in order to than shift more undesignated revenue to support the Ambulance services. That is not a recommended course of action, would be confusing to taxpayers, would not be broad-based, and is not be recommended.

Taxes

- No Tax Increase in 2020 – In fact, a small tax decrease with elimination of the Ambulance Tax; and shift to an Ambulance Fee
 - \$7 fee per month on each utility invoice of the Borough to be more fair and more broad-based than a tax
- **The Borough's real estate tax pays only for Police and Fire services; no other department, operation or employee**
- The 2016 Recreation Bond, which paid to build the Aquatic Center, playgrounds, and other park improvements, such as the Nicholson Square Park, and new tennis courts in 2019, required a dedicated tax and, will be collected for the third time in 2020
- The Recreation Bond Tax does not pay to run the Recreation Department. It is earmarked to pay the debt service from the bond only. Therefore, this tax does not help run the Borough or Borough operations.

Recreation Bond Tax

Recreation Bond Tax 2020 – No change

Approved in 2016, earmarked to pay off the bond only, tax does not pay for any of the operations of the Recreation Department.

2015	2016	2017	2018	2019	2020
-	-	-	3	3	3

mil

Avg. Single-Family House in the Borough	Per Year	Per Month
Recreation Bond Tax	\$51.29	\$4.27

Commercial and industrial property owners may pay more tax
 Government, educational, nonprofit and township property owners pay none

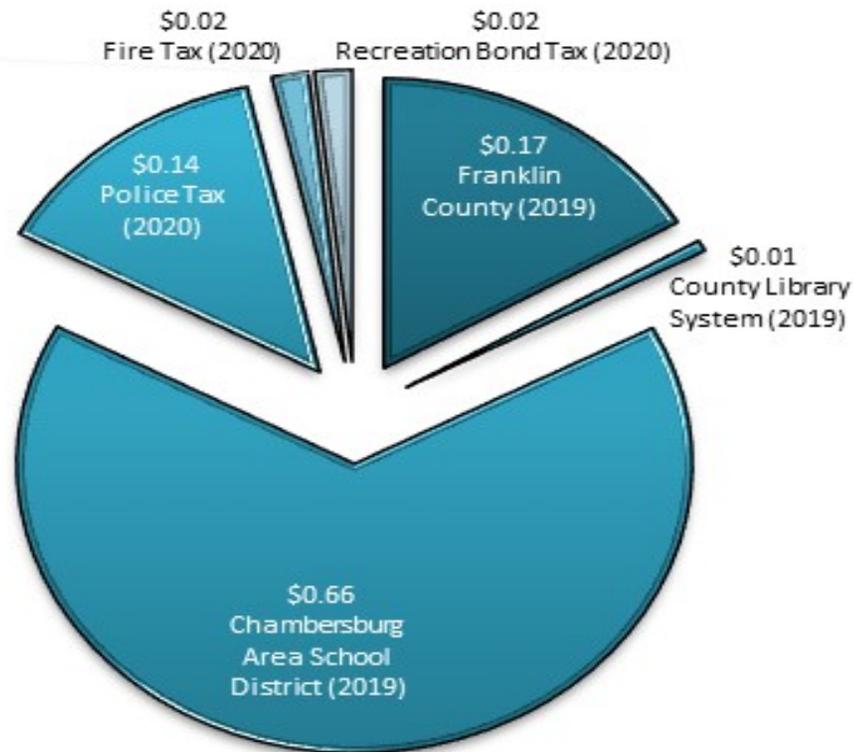
Summary Of Real Estate Taxes In 2020 (The Typical Single-Family Home)

	2019	2020	2019	2020
Recreation Bond Tax	3 mil	3 mil	\$50.77	\$51.29
Fire/Ambulance Tax	3.5 mil	3 mil	\$59.26	\$51.29
Police Tax	24 mil	24 mil	\$406.14	\$410.34

- The average house changes every year, but your assessed value generally stays the same. The assessed value of your home is set by Franklin County and the Borough uses that value to determine your property tax bill.
- The average single-family homeowner pays **\$512.92** per year in Borough taxes; half of all homes pay less.
- The Council has no say on school taxes, county taxes, or the library tax. Yet, low utility rates help everybody in Chambersburg.
- An electric and gas customer inside the Borough system may save as much as \$1,000 per year per household for having Borough utilities.
- Even with imposition of new Ambulance Fee, utility bill payments save more money per family than is paid in taxes.

Tax Burden On Households

Only 16¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 84¢ will go to support the school district, the county, and the library system.



In fact, 66¢ of every dollar goes to the Chambersburg Area School District. They send their own tax bill.

Utility Rates In 2020

- Chambersburg historically has extremely low utility rates
- This is the mission of providing the utility services to our residents and businesses
- Even with proposed 2020 adjustments, even with levy of a new Ambulance Fee, our utility bills are very low
- In 2019, Chambersburg had lowest residential electric, gas heat, water, sewer and trash rate in Franklin County
- In 2020, Chambersburg will have a lower electric rate
- In 2020, Chambersburg will have a slightly higher water and trash rate, but still lowest rates in area
- In 2020, Chambersburg is being asked to change the way the Storm Water Pollution Control Fee is calculated

Electric Rate To Slightly Decrease In 2020

- Electric Rate to DROP Again for Fourth Time
- A 1.98% decrease to the electric rate. Fourth drop since 2014
 - 2019: Avg. household electric bill: \$100.90 per month
 - 2020: Avg. household electric bill: \$98.90 per month
- See your electric bill drop around \$2 per month
- This may only be temporary depending on result of Gross Receipts Tax legislation proposal
- Working on extending Landfill Gas Generation project and Community Solar project for 2020

NOVEMBER 12, 2019



Anticipated Land Fill Gas Project
Extension will Save Money

Natural Gas And Sanitary Sewer Rates Unchanged 2020

- No change to the natural gas rate since 2013
(Avg. Residential \$804 per year)
 - Natural Gas rate is the lowest residential heat rate in Pennsylvania
- No change to the sanitary sewer rate since 2012
(Avg. Residential \$29.50 per month)
 - According to recent survey Chambersburg rate one of lowest in region →

Other Sanitary Sewer Systems:

Shippensburg: \$37.33/month
Gettysburg: \$42.68/month
Lower Paxton: \$51.00/month
Manheim: \$95.07/month

Per GHD 2019 Survey

A 1 Cent Increase In The Water Rate



- The Water Department needs a very small rate increase this year; as envisioned and presented to Town Council in previous years, this will be the third small increase in consecutive years, and the series of small increases will likely continue for several years as water infrastructure improvements are made.
- The Water Department envisions a 1¢ per unit increase for 2020
- The average residential customer uses 185 gallons of water per day
- This usage equates to 75 “units” per month (1 “unit” = 74.8 gallons)
- 2019 usage charge: \$.14/unit - 2019 average monthly billing: \$16.50
- 2020 usage charge: \$.15/unit - 2020 average monthly billing: \$17.25
- Water rate remains historically low in 2020

Chambersburg (2019): \$16.50/mo
Chambersburg (2020): \$17.25/mo

Other Water Systems:
Shippensburg: \$30.39/mo
Guilford Water: \$30.86/mo
Waynesboro: \$32.37/mo
Washington Twp: \$36.59/mo
Greencastle: \$53.43/mo
Bear Valley: \$69.06/mo
LIDA: \$78.00/mo

Trash Rate Requires 1st Adjustment In 3 Years

- In the 2019 Budget, the Sanitation Department discussed a rate increase
- Every few years, the Sanitation Department has needed an increase because of rising costs for personnel, vehicles, and bulky waste/e-waste
- This year also includes a small payment for the new public works building
- While we anticipate the new residential recycling plan may save money (or breakeven), it cannot be counted upon to balance budget
- The Borough's Sanitation Department rates remain some of the lowest in our region, but an 11% increase in fees is required.
- A required 11% increase will raise the average residential trash fee from \$18.75 per month since 2016 to \$20.81 per month in 2020 (an increase of \$2.06 per month).

Chambersburg (2019): \$18.75/mo
Chambersburg (2020): \$20.81/mo

Other Trash Systems:
Waste Management (2019):
\$46.55/mo
Progressive Waste (2019):
\$29.33/mo
Parks (2019):
\$25.33/mo

Changes To Storm Water Pollution Control Fee

- What is storm water? The water running off developed properties
- What is an MS4? In Chambersburg, a separate system of pipes, inlets, ponds, and channels that handle storm water from where it lays to our creeks is called a municipal separate storm sewer system or MS4
- How big is this system? 110+ miles of pipe/channel, 2758 inlets, 225 basins/rain gardens/storage
- Much of it has reached end of serviceable life? The Borough is very concerned about the condition of the system, so is DEP, and one of the primary goals is to dispatch engineers to evaluate its condition and necessary repairs
- How is an MS4 regulated? The Pennsylvania Department of Environmental Protection based upon Federal Law issued a permit. It requires the Borough to do many things including public education, maintenance, spill response, housekeeping, and implement a plan to hit certain targeted goals for our share to clean up the Chesapeake Bay.
- What is our required Chesapeake Bay targeted clean up? By 2023, Chambersburg Borough must reduce from our storm water 10% of the sediment, 5% of the phosphorus, and 3% of the nitrogen being sent into the creeks, by building six projects costing about \$8.6 million. This is in addition to system maintenance.
- Since 2015, the Borough has collected a Storm Water Pollution Control Fee to pay for maintenance/upgrades to storm sewers
- A citizen committee recommended to Council to change the way the Pollution Control Fee is calculated beginning in July 2020
- From 2015 until July 2020, fee was flat (first \$3 then \$4) per sanitary sewer connection (has nothing to do with stormwater)

Changes To Storm Water Pollution Control Fee

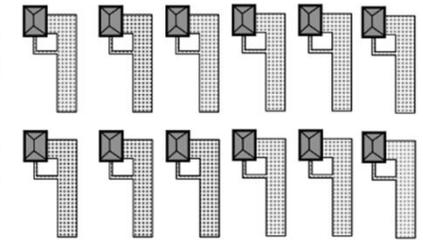
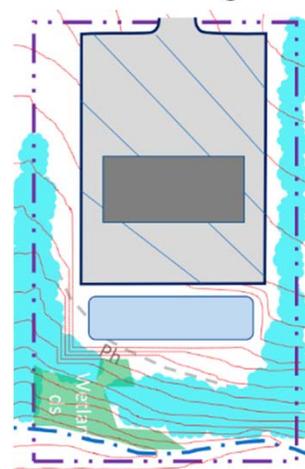
- No changes until July 2020
- Beginning in July 2020, fee will be calculated on quantity of impervious area (pavement & buildings) on each tax parcel (not sidewalks or curbs)
- Every tax parcel has been measured and mapped in anticipation of the switch
- Beginning in July 2020, each single-family house (owned or rented) will pay \$5 per month, called an ERU.
- Beginning in July 2020, each multifamily house (owned or rented)(duplex, townhouse, apartments) will pay \$5 per unit*
- Beginning in July 2020, every non-residential property (business, industrial, commercial, or institutional) will pay \$5 per equivalent single-family home actual impervious area. Called an ERU, each non-residential parcel will be measured against the average Chambersburg house, and then invoiced a multiple of ERUs based on actual impervious surfaces.

Changes To Storm Water Pollution Control Fee

- Does not every property have a different amount of impervious area? Yes, but for single-family homes (regardless of whether rental or owner occupied) the Borough will use the typical (or average house) instead of measuring each house. For non-single family homes, the Borough will measure every lot.
- Why should every house pay the single-family residence (SFR) IA calculation whereas commercial, industrial, and institutional uses pay actual IA? First, 80% of utility customers will pay the same rate as each other, making it simpler to figure things out and reduce the administrative cost of program. Second, most homes in Chambersburg are actually almost the average, so there is little to be gained by breaking SFR into tiers or measuring their actual IA.
- What do you call the average SFR IA? In storm sewer system terminology, one calls the average single-family residential impervious area one ERU. An ERU is the IA of an average house; which in Chambersburg is 2920 sq feet. We use the ERU to measure all properties.

Changes To Storm Water Pollution Control Fee

- ERU is just the measurement, the yardstick that utilities use to distribute costs fairly. This system does not provide an extra benefit to homeowners. The ERU is just the ruler, like a foot was the king's foot.
- In example, this non-single family residential property (maybe a bank or similar) is the actual equivalent of 12 homes. Therefore, it should be 12 x the ERU rate.
- If you are responsible for a property's utilities and that property is not a single-family residential property call the Storm Sewer Utility and obtain your ERU value for your property.
- Finally, the Budget recommends that the July 2020 ERU rate be set to \$5 per ERU per month; but that requires Council action.



Building =	8,000 sf
Parking Lot =	27,040 sf
Total Impervious Area =	<u>35,040 sf</u>
IA per ERU =	2,920 sf
TOTAL ERU's =	12 ERUs

Changes To Storm Water Pollution Control Fee

No change to \$4 per sanitary sewer connection fee until July 2020.

In July 2020, the new per ERU fee to be issued; single family homes will pay one (1) ERU and all other types of property will pay some multiple ERUs based on calculations.

\$5 per ERU in July 2020.

Utility Rates 2020

In 2020, the Town Council is being asked to adjust some of our historically low utility rates

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

HEADLINES

- Chambersburg Borough budget proposal holds the line on taxes, offers small decrease
- Chambersburg Electric rate to drop for fourth time in five years
- Small increases for trash and water rates, but still lowest in the region
- Chambersburg natural gas and sanitary sewer rates remain unchanged and very low
- Chambersburg budget proposes different way to calculate storm water fee in 2020
- Chambersburg budget proposes flat \$7 per month per utility invoice fee to fund ambulance service
- Chambersburg continues to have lowest composite utility rates in Commonwealth

NOVEMBER 12, 2019

Summary Of Balanced Budget

2020 General Fund		Revenue	Expenditures
	TOTAL	\$ 16,079,970	
GENERAL			\$ 1,689,135
HIGHWAY			\$ 1,335,205
FIRE			\$ 5,176,245
POLICE			\$ 5,379,360
RECREATION			\$ 1,351,390
LAND USE			\$ 831,220
MISC			\$ 317,415
GEN FUND	TOTAL		\$ 16,079,970

Summary Of Balanced Budget

2020 Enterprise Funds		Revenue	Expenditures
ELECTRIC*	TOTAL	\$ 29,711,437	\$ 29,711,437
GAS	TOTAL	\$ 9,218,080	\$ 9,218,080
WATER*	TOTAL	\$ 4,234,390	\$ 4,234,390
SANITARY SEWER	TOTAL	\$ 6,563,825	\$ 6,563,825
SANITATION*	TOTAL	\$ 3,574,140	\$ 3,574,140
PARKING TRAFFIC	TOTAL	\$ 1,850,840	\$ 1,850,840
STORM SEWER*	TOTAL	\$ 1,007,090	\$ 1,007,090
AQUATIC CENTER*	TOTAL	\$ 1,153,125	\$ 1,203,125

Aquatic Center budget includes moving the remaining \$50,000 from the 2016 Recreation Bond to the Gen Cap Reserve for 2020 projects

* - Includes 2020 rate adjustments

Summary Of Balanced Budget

2020 Internal Service Funds		Revenue	Expenditures
MOTOR EQUIP ¹	TOTAL	\$ 4,007,725	\$ 2,977,725
ENGINEERING ²	TOTAL	\$ 539,040	\$ 739,040
STORES/WAREHOUSE	TOTAL	\$ 1,287,150	\$ 1,287,150

1 –Includes \$1,030,000 deposit to fund balance for future equipment purchases

2 – Includes a one-time transfer of \$200,000 from fund balance to the General Fund for engineering projects

Summary Of Balanced Budget

2020 Admin Services		Revenue	Expenditures
	TOTAL	\$ 6,892,940	
UTILITY ADDITION OPERATIONS			\$ 626,825
PERSONNEL PAYROLL			\$ 470,675
INFO TECHNOLOGY			\$ 993,575
FINANCE/ACCOUNTING/CUST SERVICE			\$ 775,400
CLERICAL POOL			\$ 1,532,725
GENERAL ADMIN & SUPPLIES			\$ 1,115,325
ADMIN CAP PROJECTS			\$ 1,378,415
ADMIN SERVICES FUND	TOTAL		\$ 6,892,940

NOVEMBER 12, 2019

Administrative Services Charge-Back for 2020

Based Upon 2018 Actual	%
Electric	32.13
General Fund	19.56
Gas	11.63
Sanitary Sewer	10.23
Water	9.67
Motor Equipment	6.90
Sanitation	3.51
Parking Traffic & Street Lights	2.78
Stores/Warehouse	1.02
Engineering	0.91
Storm Sewer (MS4)	0.87
Aquatic Center*	0.78
TOTAL	100%

* - First year of Aquatic Center participation in Admin Services charge-back

Summary Of Balanced Budget

2020 Capital Reserve Funds	Revenue	Expenditures	Difference
GEN CAP RESERVE ¹	\$ 1,306,640	\$ 2,686,640	\$ (1,380,000)
STORM SEWER CAPITAL ²	\$ 684,140	\$ 693,173	\$ (9,033)
ELECTRIC CAPITAL ³	\$ -	\$ 6,782,860	\$ (6,782,860)
GAS CAPITAL ⁴	\$ 1,365,330	\$ 2,015,000	\$ (649,670)
WATER CAPITAL ⁵	\$ 10,383,090	\$ 5,012,000	\$ 5,371,090
SEWER CAPITAL ⁶	\$ 1,028,730	\$ 575,000	\$ 453,730
SANITATION CAPITAL ⁷	\$ 890	\$ 1,312,000	\$ (1,311,110)
PARKING CAPITAL ⁸	\$ 3,362,750	\$ 3,442,750	\$ (80,000)

1 – Offset by a transfer from Gen Fund to Gen Cap Reserve of \$1 million at end of 2019

2 – Withdrawal of available resources in fund balance for current projects

3 – Withdrawal of available resources in fund balance from 2019 Electric Capital Bond Issue

4 – Withdrawal of available resources in fund balance for current projects

5 – Deposit of additional resources into fund balance from 2020 Water/Sewer Bond Issue

6 – Deposit of additional resources into fund balance from Sewer Operating Fund

7 – Withdrawal of resources from fund balance from 2020 Water/Sewer Bond Issue

8 – Withdrawal of available resources in fund balance for Pedestrian Signal Upgrades & Camera Trailer

Budget Ready to be Advertised and Allow for Public Comment

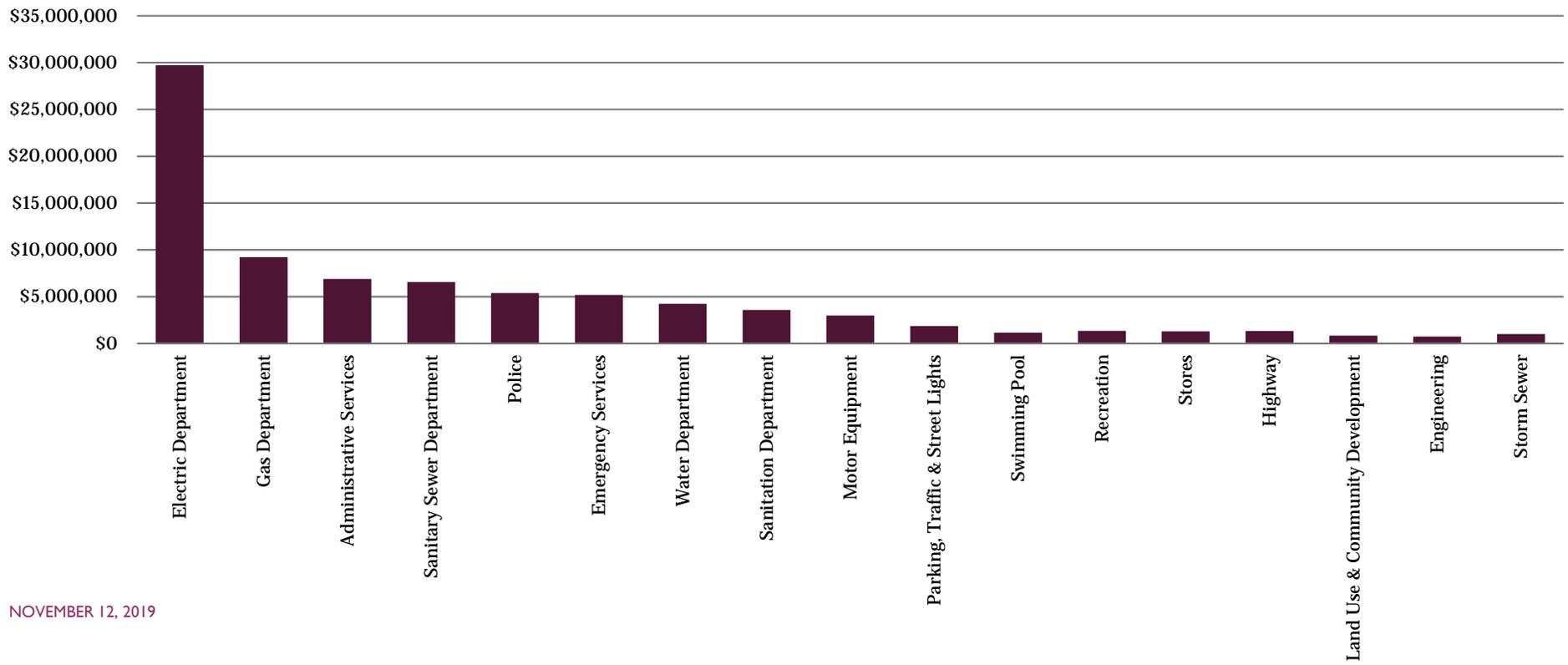
2020 REVENUES & EXPENDITURES BY FUND			
2020 Revenues Proposed Budget		2020 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$15,198,035	Gen Borough Operating Expenses	\$1,688,5
Interfund Transfers to Gen Borough	\$881,935	Interfund Transfers from Gen Borough	\$8
		Highway	\$1,335.3
		Emergency Services	\$5,176.2
		Police	\$5,379.3
		Recreation	\$1,351.8
		Planning	\$344.3
		Zoning	\$42.7
		Property Maintenance Code	\$444.1
		Miscellaneous	\$170.2
		Special Interfund Transfers	\$147.2
Total Gen Operating Fund Revenues	\$16,079,970	Total Gen Operating Fund Expenditures	\$16,079.9
Gen Capital Reserve Fund:	\$1,306,640	Gen Capital Reserve Fund:	\$2,686.6
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$352,125	Special Revenue Fund	\$352.1
Fire & Ambulance Tax Fund	\$621,080	Fire & Ambulance Tax Fund	\$621.0
Recreation Bond Tax Fund	\$595,100	Recreation Bond Tax Fund	\$595.1
Liquid Fuels Tax	\$625,685	Liquid Fuels Tax	\$625.6
Surplus Operating Fund	\$200	Surplus Operating Fund	\$2
Total	\$2,194,190	Total	\$2,194.1
Total Trust and Agency Funds:	\$1,838,340	Total Trust and Agency Funds:	\$1,838.3
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$29,711,437	Electric Department	\$29,711.4
Gas Department	\$9,218,080	Gas Department	\$9,218.0
Water Department	\$4,234,390	Water Department	\$4,234.3
Sewer Department	\$6,563,825	Sewer Department	\$6,563.8
Sanitation Department	\$3,574,140	Sanitation Department	\$3,574.1
Parking, Traffic & St. Lighting	\$1,850,840	Parking, Traffic & St. Lighting	\$1,850.8
Storm Sewer	\$1,007,090	Storm Sewer	\$1,007.0
Swimming Pool	\$1,153,125	Swimming Pool	\$1,153.1
Total	\$57,312,927	Total	\$57,312.9
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$0	Electric Capital Reserve	\$6,782.8
Gas Capital Reserve	\$1,365,530	Gas Capital Reserve	\$2,015.0
Water Capital Reserve	\$10,383,090	Water Capital Reserve	\$5,012.0
Sewer Capital Reserve	\$1,028,730	Sewer Capital Reserve	\$575.0
Sanitation Capital Reserve	\$890	Sanitation Capital Reserve	\$1,312.0
Parking Capital Reserve	\$3,362,750	Parking Capital Reserve	\$3,442.7
Storm Sewer Capital Reserve	\$684,140	Storm Sewer Capital Reserve	\$699.1
Total	\$16,824,930	Total	\$19,832.7
Internal Service Funds:		Internal Service Funds:	
Stores	\$1,287,150	Stores	\$1,287.1
Motor Equipment	\$4,007,725	Motor Equipment	\$2,977.7
Engineering	\$339,040	Engineering	\$739.0
Workers Compensation Fund	\$471,935	Workers Compensation Fund	\$428.9
Administrative Services	\$6,892,940	Administrative Services	\$6,892.9
Self Insurance Fund	\$700,855	Self Insurance Fund	\$1,585.8
Total	\$13,899,745	Total	\$13,911.3
Total 2020 Budget Revenues	\$109,456,742	Total 2018 Budget Expenditures	\$113,856.0
		Difference between Rev & Exp	(\$4,399.3)

Schedule to appear in legal advertisements

Available for review at Borough offices during business hours

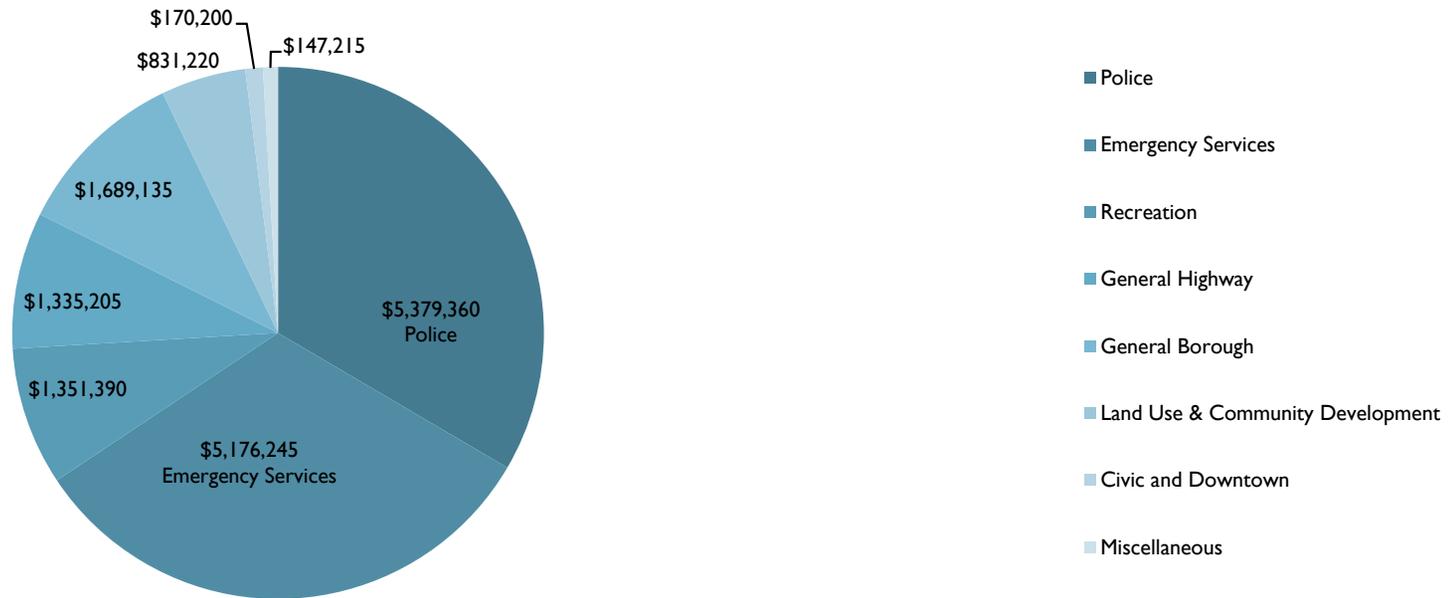
Available for review at County Law Library

Relative Size Of Borough Departments



NOVEMBER 12, 2019

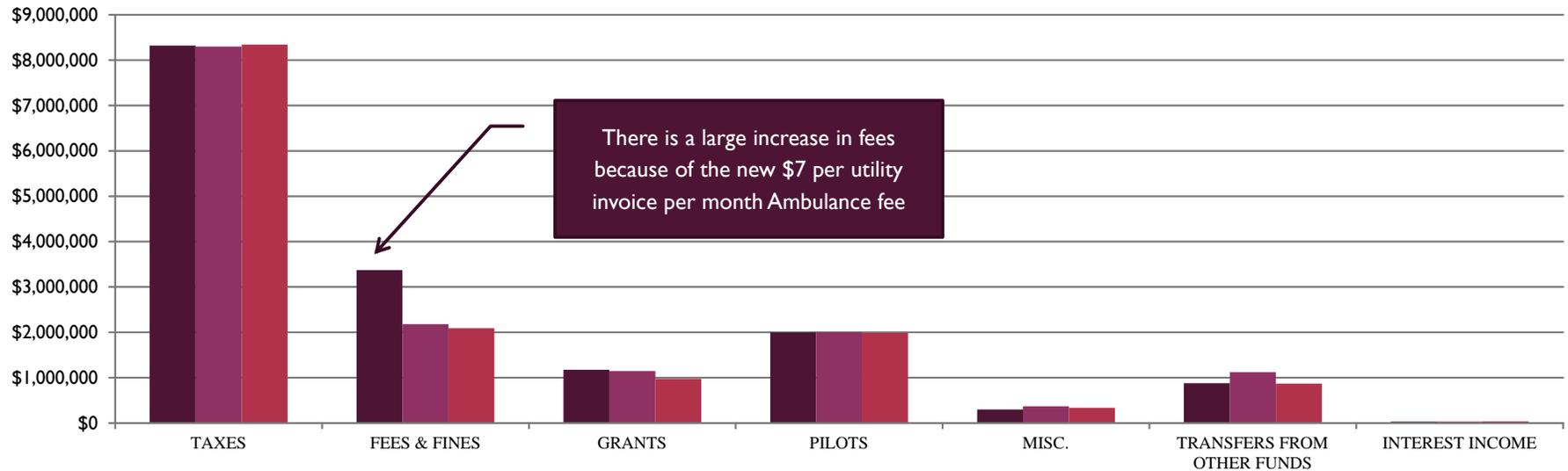
General Fund 2020 Proposed Expenditures



NOVEMBER 12, 2019

General Fund Revenue By Type 2018 Actual To 2020 Budget

General Fund Revenue By Type 2018 Actual to 2020 Budget



Real Estate Tax Summary

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

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

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

Fire Tax Rate	2006-2013	2014	2015	2016	2017	2018	2019	2020
Fire	0	2.5	2.5	2.5	2.5	3.0	3.0	3.0
Ambulance	0	0	0	0	0	0.5	0.5	0
Total	0	2.5	2.5	2.5	2.5	3.5	3.5	3.0

2020 will be the third year of the Recreation Bond Tax. It was approved by Council in 2016.

Recreation Bond Tax Rate	2006-2017	2018	2019	2020
Mil	0	3	3	3

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
17	20	20	20	20	20	20	20	23.5	23.5	25.5	25.5	30.5	30.5	30

The Value Of A Mil Is Not Precise

With the elimination of the Ambulance Tax, the Average Single Family Home in Chambersburg will see a cumulative decrease of about \$5 per year or 42¢ per month in real estate taxes. There is a \$3 increase because of the increased value of assessed property, which also increases the assessed value of the Average Single Family Home, offset by an \$8 reduction because of eliminating the Ambulance Tax. Of course, your payment of taxes for your property, rather than the average home, is based on Franklin County's determination of your home's assessed value.

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

NOVEMBER 12, 2019

The Value of a Mil Is Not Precise

- Total assessed value of taxable real estate inside the Borough for 2020 is estimated to be \$205,607,440.
- Therefore, the cash value of 1 mil would equal \$205,607. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$201,929. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.
- Therefore, for budget purposes, **1 mil is equal to approximately \$205,353 in cash.** As explained, if you assume the standard percentage of taxpayers will fail to pay their taxes, 1 mil would equal \$201,929 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2020, 1 mil might equal \$205,353 in cash.
- You will note that when we discussed the elimination of the ½ mil Fire Tax, we estimated the loss of \$99,000, because some of the Fire Tax levied for 2018 and 2019, which was not paid on time, might be paid in 2020.
- The value of 1 mil is not precise.

Our Typical Chambersburg House As An Example



Real life example of average Borough home we use every year:

0.15 acre lot with a single family home

Estimated value: \$127,700

Sold in 2019: \$130,000

Assessed value: \$16,330 (amended in 2019)

Borough average home: \$17,083 (2019)

	2020	2019
Police Tax	\$391.92	\$419.88
Fire Tax	\$48.99	\$51.23
Ambulance Tax	0	\$8.54
Recreation Bond Tax	\$48.99	\$51.23
Total Per Year	\$489.90	\$520.88

Personnel Changes

- The Total Borough workforce is scheduled to rise by 9.5 employees, but only 1.5 are funded in part by taxes (Food Inspector and Quality of Life Code Inspector)
- **Add 1 new position to the Water Department:** Due to laboratory requirements from the Department of Environmental Protection add one WTP Lab Technician/Operator.
- **Add 1 new position to the Electric Department – Electric Supply Maintenance:** Due to the increasing difficulty in recruiting young people, we have included the opportunity to recruit an additional Electric Facilities Maintenance Technician, with the hope they become a successful System and Generation Operator someday.
- **Add 2 new positions to the Sanitation Department:** Due to the assumption of the residential recycling program, the Sanitation Department requires one additional Sanitation Loader and an additional Sanitation Driver/Loader in order to supplement its team in 2020.
- **Add 1 new position to Code Enforcement and upgrade 1 part-time position to full-time:** Due to the assumption of the enforcement of the Health Code and Restaurant Inspections, the 2020 Budget includes the addition of a full-time Food Inspector as well as an upgrade of the part-time Quality of Life Code Enforcement Officer from part-time to full-time to provide a 24/7 backup for health code issues.
- **Add 2 new position to the Administrative Services – Secretarial Pool:** Due to the assumption of the enforcement of the Health Code and Restaurant Inspections, the 2020 Budget includes the addition of a Secretary II, who will coordinate enforcement of the Health Code as well as Special Events. A Secretary I will be added as well to assist with enforcement of the Health Code as well as the Storm Sewer Utility administration.
- **Upgrade 1 part-time position to full-time in the Storm Sewer Utility:** Due to increasing duties to measure and catalogue impervious coverage and inspect Best Management Practices in the Storm Sewer Utility, the existing part-time Storm Sewer System Inspector will be upgraded to full-time.
- **Add 1 new position to the Administrative Services – Finance & Accounting:** Due to increasing complexity of our general bookkeeping and internal control functions, a full time Accounting Technician is being added to the Finance Department.
- **Add 1 new part-time position to the Administrative Services – City Hall & Customer Service:** Due to increasing demands on parking enforcement around the Borough, a part-time parking enforcement officer will be added to cover different areas or different shifts when the primary enforcement officer is unavailable.

Personnel Changes

- **Cost of living increases pursuant to existing collective bargaining agreements:** Employees represented by AFSCME Local #246, the International Association of Fire Fighters (IAFF) Local #1813, and the Chambersburg Police Officers Association, are due to receive 1.95% cost of living increases. It is anticipated in this budget that non-bargaining employees will receive the same 1.95% cost of living increases.
- In 2020, the Borough and AFSCME Local #246 will begin negotiations on a new agreement to begin in 2021.

QUESTIONS?

- Town Council is asked to approve this budget for advertisement and public inspection.
- Town Council will hold a public hearing on this budget on Monday, November 18
- If necessary, Town Council can schedule a second public hearing on Monday, November 25 (not scheduled)
- Town Council will hold a Special Meeting, only on the Curb & Sidewalk Master Plan, and not the budget, on Monday, December 9
- Town Council is scheduled to adopt the Budget and the Tax Ordinance on Monday, December 16
- If necessary, Town Council can schedule a special meeting on Monday, December 23 (not scheduled)
- Budget and Tax Ordinance must be adopted by December 31
- Council can amend Budget (not Tax Ordinance) after January 1