



Borough Manager's Proposed
2026 Fiscal Year Budget
For the Borough of Chambersburg

Submitted by Jeffrey Stonehill

November 10, 2025

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Chapter 1 - Budget Message

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

This is my sixteenth budget as your Borough Manager, and while the current national economy has created significant challenges, the Borough of Chambersburg is doing quite well. We remain strong, resilient, and our fiscal status is very stable, with a bright future outlook. It remains an honor to prepare this document as a wide-ranging strategy for our community rather than just a financial plan. Our fiscal year and our budget year are the same as the calendar year. Therefore, each fall, the Borough needs to make important decisions to set in motion for the following year. A budget is a strategic plan - it is not an accounting of money, but rather a forecast of how much revenue the Borough anticipates it will collect, and how many expenses it plans on incurring. One might call it a spending plan. The accounting or record of past transactions is called the audit. In Chambersburg, our annual audit or Annual Comprehensive **Financial Report (ACFR) is published each spring. For many years, the Borough’s audit has been award-winning.** Town Council must adopt the budget in December. Therefore, each fall the Borough makes important decisions for the upcoming year based on forecasts, trends, analysis of revenues, and the expenses that are anticipated for the upcoming year.

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

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

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

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

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

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

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

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

Chambersburg is one of 35 Boroughs in Pennsylvania to operate a non-profit public power electric utility. Chambersburg is the largest municipal electric utility in the State, twice as large as the second largest, Ephrata, Lancaster County; and the only one to operate multiple generation stations. Chambersburg is one of two municipalities in Pennsylvania to operate a non-profit public natural gas utility. The other is Philadelphia, which does not operate an electric utility. Chambersburg is one of around 2,000 communities to have its own electric system and one of 1,000 communities to run a natural gas system, but one of only about 100 in the U.S. to operate both systems, out of 89,000 local government units. In addition, Chambersburg operates a regional water system and a regional sanitary sewer system; not through an independent authority or an intermunicipal board, but under Town Council oversight directly. Further, Chambersburg operates a sanitation utility, a traffic utility, an aquatic center, and a storm sewer utility. The Storm Sewer Utility was one of the first such storm sewer utilities to form under the federal mandate to regulate stormwater through the Municipal Separate Storm Sewer System (MS4) program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Further, Chambersburg receives no sales taxes, no liquor taxes, no business taxes, nor hotel taxes. These types of taxes are not an option under State law. In other states, these other types of taxes are the foundation to the fiscal health of local government. In Pennsylvania, the Commonwealth denies them as an option to communities like Chambersburg. Town Council has a toolbox with one tool inside (real estate taxes) and it is a dull and poorly honed tool, but that is the only tool given to them by the laws of the Commonwealth of Pennsylvania.

Municipal Tax Options are Limited to Rules and Rates From 1965

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

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

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

Chambersburg is a member of the Pennsylvania Municipal League.

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

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

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

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

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

Chambersburg Non-Partisan Professional Management is Apolitical

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

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

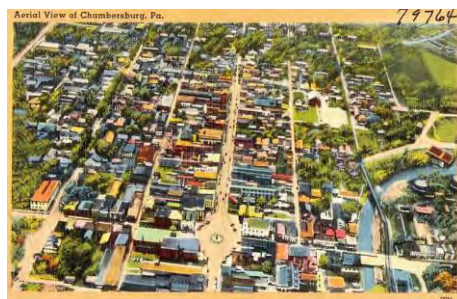
We hope to inform new arrivals of our long-term fiscal planning and well-developed projects within this budget, which reflect years of discussion and strategy. While this budget is adopted by the 2025 Council, we hope the entire community is well aware of these projects and these spending priorities.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

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

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

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

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



Aerial Postcard of Downtown Chambersburg - 1911

Real Estate Tax Unchanged

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

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

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

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

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

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

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

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

Ambulance Fee – A Surcharge on Water Invoices

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

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

With no other options available to Town Council beyond property tax increases, and with 23% of the **town's assessed property value being exempt from paying the Police and Fire real estate tax**, owners of taxable properties must bear the full burden of paying for public safety services. Proportionately, this burden falls most heavily on those least able to afford paying for the services: the elderly and those on fixed incomes who own real estate. Whereas, 100% of water customers pay a fee placed on utility invoices. If there was a more broad-based tax available (i.e., a sales tax), that might be a more appropriate tax to fund an emergency service such as our struggling ambulance service. However, that is not a possibility under State law.

Continuing Use of Dedicated Bond Taxes for Debt Financed Projects

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

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

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

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



Former Buildings Demolished

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

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

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



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

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

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

Labor Unions & Wage Changes

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

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

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

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

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

The Borough Manager's proposed 2026 budget includes:

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

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

Utility Finances

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

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

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

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

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

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

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

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

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

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

Electric Utility

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

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

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

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

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

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

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

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

Natural Gas Utility

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

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

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

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

Water Utility

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

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

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

The average single-family home customer uses 170 gallons of water per day. This usage equates to 70 “units” per month (1 “unit” = 74.8 gallons). The 2025 rate was \$0.27/unit; and a \$7.14 r-t-s charge. As a result, in 2025, the average single-family home saw monthly billing of \$26.04. The 2026 rate will be \$0.29/unit; and a \$7.14 r-t-s charge. We anticipate that the average monthly billing for a single-family home will rise from \$26.04 to \$28.14 per month in January 2026 (an increase of approximately \$2.10 per month).

The Chambersburg Water Utility still has some of the lowest rates in the region. This 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 \$64 per month or \$86 per month for the same quantity of water that the Borough will be charging families \$28 per month to use. This has a significant impact on the cost of living inside the Borough of Chambersburg.

Wastewater Utility

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

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

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

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

Storm Sewer Utility

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

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

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

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

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

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

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

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

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

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

Sanitation Utility

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

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

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

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



Borough Personnel use toters for Commingled Single Stream Recycling

RATE COMPARISON

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

*limited number of items

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

Total Residential Utility Rates 2026

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

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

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

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

Taxing Limits Permitted

Types of Taxes Allowed for Boroughs under State law:

Real Estate taxes

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

Police Tax	30-mil permitted	27-mil is levied in Chambersburg
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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
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Of the 3-mil permitted, the State requires no less than 2 mil be used for equipment and not firefighter wages or benefits.

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

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

Act 54 of 2024

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

Act 511 Taxes

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

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

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

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What of the Police Tax in 2026?

In our area, Chambersburg is the only municipality with a full service, round the clock, local police department. It is a professional and successful law enforcement organization. In 2025, Town Council appointed a new Police Chief, Meredith Dominick; a highly qualified law enforcement professional. She has brought her own vision and standards to the organization. Also in 2025, Council supplemented the Police Department leadership by promoting a second Police Sergeant to Police Lieutenant and backfilling many of the supervisory and organizational needs in the Police Department staff.

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

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

Many township residents have no idea that they have no local police in their community despite these actors easily crossing municipal lines. I have nothing but respect for the Pennsylvania State Police, but they are not a local police force and they cannot provide the exact same response or services as the Chambersburg Police Department does in the Borough.

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

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

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

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

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

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

Department. While the Police Tax rate grew in 2025, this remains the sole operational use of real estate taxes. Perhaps this explains why Greene, Guilford, Letterkenny, and Antrim townships have no local real estate tax. In 2022, the separate Police Station Bond Tax was added. This special bond tax does not cover any of the cost of the operation of the Police Department. All of the money collected by the bond tax goes to pay for the annual debt payments for the renovation and expansion of the Borough Police Station, which reopened on S. Second Street in 2023. So while this bond tax is another tax to be paid by the taxpayers, it is not associated with any public safety services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

What of the Fire Tax in 2026?

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

In 2018, the Borough added a small (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 is expressed in mil. Therefore, as a result of having an out-of-date taxation system, the Borough of Chambersburg can only raise the total Fire Tax to a maximum of 3-mil as it has done in 2014. Henceforth, there is no practical way to raise the Fire Tax rate.

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

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

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

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

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

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

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

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

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

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

The long-term funding issue of the Fire Department is not identical to the issue of the Police Department. The main difference is that the Fire Department brings in significant revenue. Specifically, the Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. The Borough only collects 50% of ambulance invoices that are billed (and mostly from private insurance), those payments are significant. In addition, the Fire **Department acts as the Borough's Fire Code safety inspection service. Done on a tri-annual basis** for most commercial businesses (and annual basis for some types of businesses), this service results in fewer fires or loss of life, and provides some income for the Fire Department. While we would like to expand the EMS operations to other parts of the County, that would not be practical unless their municipalities provide a subsidy equal to the ready-to-serve Ambulance Fee, a service fee on water services, to help pay for that expansion.

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

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

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

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

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

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

In addition, the future of EMS throughout Pennsylvania is in a state of flux. As a result, we do not see any reason to change EMS services right now rather than give the process another year to unfold. Many believe the entire EMS system is on the verge of catastrophic failure. More concerning than our Fire Department’s fiscal distress, or the challenges in regularly operating a second ambulance, is the abject failure of volunteer ambulance companies (and some paid companies) to find employees/volunteers to staff ambulances and answer life-saving calls. We often wonder if residents and businesses in the townships are aware how close the system is to failure. If such a prophecy comes to fruition, Chambersburg would remain in a strong and safe position. As a result of our commitment to professionalism, our use of firefighter personnel, and our willingness to use taxes and fees to supplement EMS operations, our community and our citizens are somewhat insulated from, what may turn out to be, a breakdown in emergency medical operations regionally or statewide.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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



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

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

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

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

Conclusion

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

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

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

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

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

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

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

Chambersburg citizens and businesses deserve more and better services.

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

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

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

There is no real estate tax increase in this budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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Size of Budget 2026

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

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

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

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Use of Fund Balance 2026

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

Notes on Use of Fund Balance Table:

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

Use of Real Estate Taxes to Fund 2026

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The other state-set taxes are established by State law and cannot be changed year-to-year. They include the Local Services Tax, which is a \$1 per week tax on workers inside the Borough; the Earned Income and Wage Tax, which is a ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues. As a result, the General Fund (rather than most of the Borough) is always in a precarious state, with very limited revenue options and severely limited in growth by the State and the County regardless of need for things like inflation or union agreements.

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

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

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially, Ben Hayhurst, Finance Director, Eric Day, Assistant Finance Director, Melinda Thompson/Administrative Services Director, Phil Wolgemuth/Deputy Borough Manager, Jamia Wright/Borough Secretary, Tanya Sisk/Assistant Borough Secretary, and our amazing management staff.

I would also like to thank those members of Town Council who provided ideas and guidance through this process. I could not have successfully managed the community this year without the support of Council,

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

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

Finally, I would suggest that Council adopt the proposed budget on December 15, 2025, which is scheduled to be their last meeting of the year. **I promise staff's full cooperation as we try, together, to be** fiscally prudent with the finances of our community, and as we plan for its future.

Sincerely,

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

Jeffrey Stonehill
Borough Manager/Director of Utilities

Summary Budget

BOROUGH OF CHAMBERSBURG BUDGET IN SUMMARY
2026 REVENUES & EXPENDITURES BY FUND

2026 Revenues Proposed Budget		2026 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$21,324,170	Gen Borough Operating Expenses	\$2,481,448
Interfund Transfers to Gen Borough	\$648,625	Interfund Transfers from Gen Borough	\$0
		Highway	\$1,738,319
		Emergency Services	\$6,327,556
		Police	\$7,637,728
		Recreation	\$2,131,843
		Planning	\$147,113
		Zoning	\$49,696
		Property Maintenance Code	\$1,063,542
		Miscellaneous	\$395,550
		Special Interfund Transfers	\$0
Total Gen Operating Fund Revenues	\$21,972,795	Total Gen Operating Fund Expenditures	\$21,972,795
Gen Capital Reserve Fund:	\$3,697,000	Gen Capital Reserve Fund:	\$6,505,000
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$2,482,940	Special Revenue Fund	\$2,482,940
Fire Tax Fund	\$688,770	Fire Tax Fund	\$688,770
Recreation Bond Tax Fund	\$570,505	Recreation Bond Tax Fund	\$570,505
Police Station Bond Tax	\$441,810	Police Station Bond Tax	\$441,810
Liquid Fuels Tax	\$650,000	Liquid Fuels Tax	\$1,000,000
Public Works Campus Bond Tax	\$220,420	Public Works Campus Bond Tax	\$220,420
Surplus Operating Fund	\$0	Surplus Operating Fund	\$0
Total	\$5,054,445	Total	\$5,404,445
Total Trust and Agency Funds:	\$2,448,223	Total Trust and Agency Funds:	\$2,408,663
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$38,867,000	Electric Department	\$38,867,000
Gas Department	\$13,030,000	Gas Department	\$13,030,000
Water Department	\$6,469,000	Water Department	\$6,469,000
Sewer Department	\$8,846,000	Sewer Department	\$8,846,000
Sanitation Department	\$6,177,000	Sanitation Department	\$6,177,000
Parking, Traffic & St. Lighting	\$1,416,000	Parking, Traffic & St. Lighting	\$1,516,000
Storm Sewer	\$1,852,250	Storm Sewer	\$1,852,250
Swimming Pool	\$1,551,325	Swimming Pool	\$1,658,325
Total	\$78,208,575	Total	\$78,415,575
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$2,946,995	Electric Capital Reserve	\$2,946,995
Gas Capital Reserve	\$4,428,380	Gas Capital Reserve	\$3,853,380
Water Capital Reserve	\$1,047,680	Water Capital Reserve	\$2,350,000
Wastewater Capital Reserve	\$1,272,585	Wastewater Capital Reserve	\$5,250,000
Sanitation Capital Reserve	\$10,000	Sanitation Capital Reserve	\$210,000
Parking Capital Reserve	\$630,600	Parking Capital Reserve	\$530,600
Storm Sewer Capital Reserve	\$3,808,452	Storm Sewer Capital Reserve	\$9,961,452
Total	\$14,144,692	Total	\$25,102,427
Internal Service Funds:		Internal Service Funds:	
Stores	\$1,913,902	Stores	\$1,998,902
Motor Equipment	\$6,531,097	Motor Equipment	\$4,573,847
Public Works Campus	\$11,621,253	Public Works Campus	\$13,976,253
Engineering	\$1,063,774	Engineering	\$1,353,774
Workers Compensation Fund	\$738,065	Workers Compensation Fund	\$1,803,490
Administrative Services	\$10,566,000	Administrative Services	\$10,566,000
Self-Insurance Fund	\$1,803,490	Self-Insurance Fund	\$724,240
Total	\$34,237,581	Total	\$34,996,506
Total 2026 Budget Revenues	\$159,763,311	Total 2026 Budget Expenditures	\$174,805,411
		Difference between Rev & Exp	(\$15,042,100)
		Use of Bond Funds on Hand	\$10,772,021
		Net Decrease of Cash Reserves	(\$4,270,079)

2026 Budget Summary Notes:

1. General Fund Capital Reserve Fund: \$2,808,000 from Fund Balance
2. Liquid Fuels Fund: \$350,000 from Fund Balance
3. Swimming Pool Department Enterprise Fund: \$107,000 from Fund Balance
4. Parking, Traffic and Street Light Enterprise Fund: \$100,000 from Fund Balance
5. Water Department Capital Reserve Enterprise Fund: \$1,302,320 from Fund Balance
6. Wastewater Department Capital Reserve Enterprise Fund: \$3,977,415 from Fund Balance
7. Sanitation Department Capital Reserve Enterprise Fund: \$200,000 from Fund Balance
8. Storm Sewer Department Capital Reserve Enterprise Fund: \$6,153,000 from Fund Balance
9. Stores Internal Service Fund: \$85,000 from Fund Balance
10. Public Works Campus Internal Service Fund: \$2,355,000 from Fund Balance
11. Engineering Internal Service Fund: \$290,000 from Fund Balance
12. Workers Compensation Internal Service Fund: \$1,065,425 from Fund Balance
13. Capital Investment: \$31,607,427
14. Difference between Rev. and Exp. before Bond Sinking funds applied: **(\$15,042,100)**
15. Difference between Rev. and Exp. after Bond Sinking funds applied: **(\$4,270,079)**
16. \$18,793,160 of \$174,805,411 budget or 10.75% of budget funded by cash reserves

BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

2026 General Fund Revenues (Excerpt)	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 BUDGET	2026 BUDGET
Police Tax (rose to 25-mil in 2023, 27-mil proposed in 2025)	\$5,035,978	\$5,067,454	\$5,060,555	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
Ambulance Tax (lowered to 0-mil in 2020)	\$5,490	-	-	-	-	-	-
Fire Tax (½-mil)	\$111,821	\$106,208	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
Local Services Tax on Workers	\$816,309	\$787,302	\$785,273	\$774,095	\$799,226	\$775,000	\$790,000
Deed Transfer Tax on Real Estate Sales	\$600,003	\$795,061	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
Wage & Earned Income Tax on Residents	\$2,303,983	\$2,426,441	\$2,745,152	\$2,836,387	\$3,100,100	\$2,900,000	\$3,400,000
Payments In Lieu Gross Receipts Tax - Electric	\$1,350,000	\$1,350,000	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
Payments In Lieu Gross Receipts Tax - Gas	\$570,000	\$650,000	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
Ambulance Service Fee	\$778,980	\$971,785	\$974,749	\$1,244,182	\$1,511,166	\$1,498,868	\$1,738,868
Police Fines & Fees	\$143,345	\$129,978	\$132,141	\$219,153	\$119,438	\$185,000	\$170,000
Ambulance Fees & Charges	\$1,147,111	\$1,217,343	\$1,314,329	\$1,399,772	\$1,609,044	\$1,500,000	\$1,605,000
Motor Equipment Fund Rebate (Includes 2.5-Mil of Fire Tax)	\$573,355	\$585,320	\$575,815	\$612,735	\$594,260	\$586,255	\$209,430

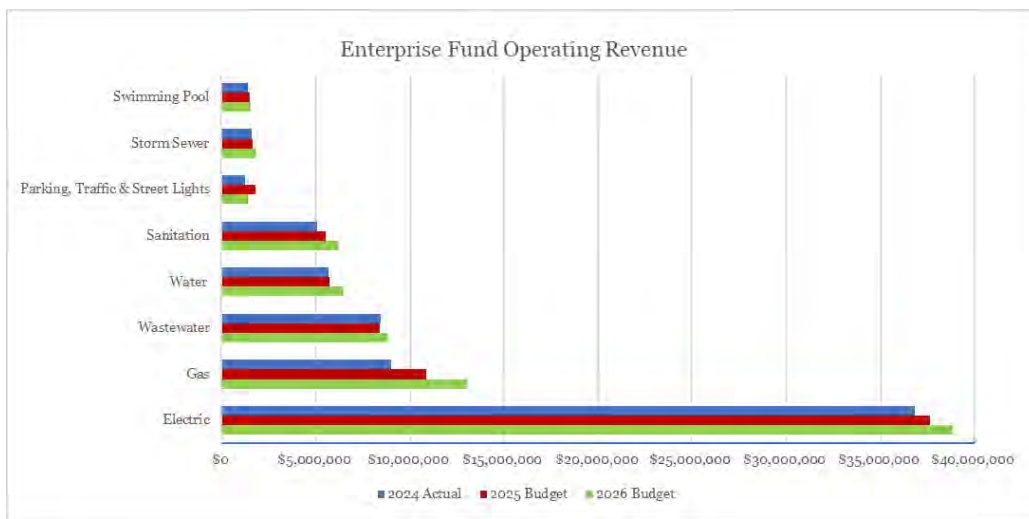
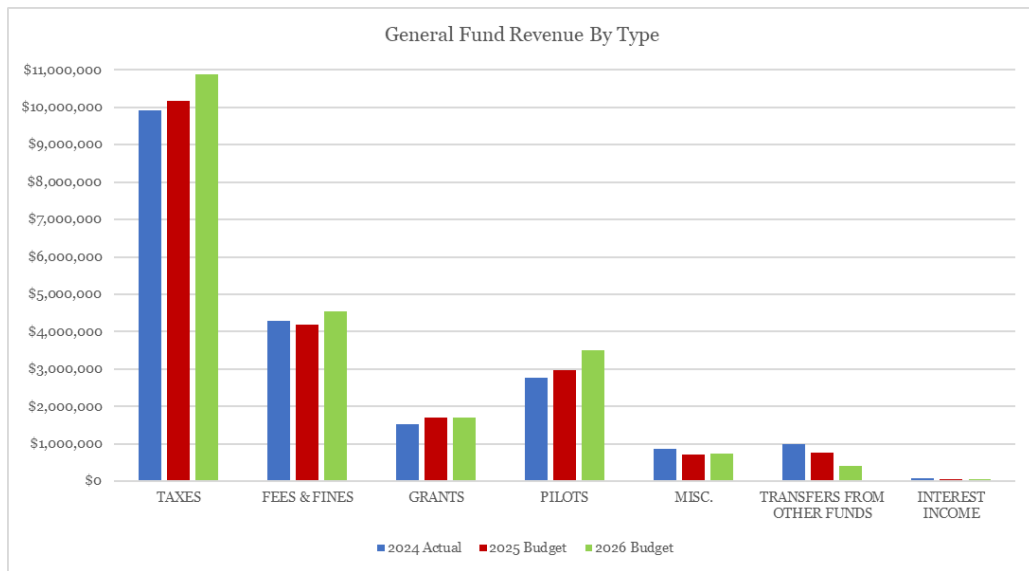
2026 General Fund Revenues (Proposed)	2022 ACTUAL	2023 ACTUAL	2024 ACTUAL	2025 BUDGET	2026 BUDGET
Police Tax (rose to 25-mil in 2023, 27-mil proposed in 2025)	\$5,060,556	\$5,229,081	\$5,347,609	\$5,862,199	\$5,953,990
Fire (½-mil) Tax (Ambulance Tax Eliminated In 2020)	\$102,299	\$105,078	\$119,513	\$109,840	\$111,268
Local Services Tax On Workers	\$785,273	\$785,273	\$799,226	\$775,000	\$790,000
Deed Transfer Tax On Real Estate Sales	\$869,660	\$493,324	\$543,200	\$525,000	\$625,000
Wage & Earned Income Tax On Residents	\$2,745,152	\$2,836,387	\$3,100,100	\$2,900,000	\$3,400,000
Federal Receipts	-	-	-	-	-
State Pension Grant	\$1,301,112	\$1,476,373	\$1,477,816	\$1,637,415	\$1,647,997
Other Inter-Governmental Grants	\$40,276	\$19,988	\$20,598	\$25,000	\$25,000
Invoiced Work	\$78,689	\$256,169	\$118,487	\$135,000	\$135,000
Misc. State Sales Tax	-	-	-	-	-
Interest Income	\$30,703	\$56,930	\$69,871	\$49,560	\$56,825
Street Excavation Permits	\$19,478	\$13,256	\$42,069	\$25,000	\$30,000
Curb & Sidewalk Permits	\$390	\$465	\$1,724	\$1,500	\$3,000
Snow/Ice Removal Fines	\$5,288	\$6	\$1,550	\$1,200	\$1,500
Payments In Lieu Gross Receipts Tax - Electric	\$1,350,000	\$1,470,000	\$1,870,000	\$2,033,000	\$2,500,000
Payments In Lieu Gross Receipts Tax - Gas	\$650,000	\$750,000	\$900,000	\$910,000	\$975,000
Payments In Lieu Gross Receipts Tax -Water	-	-	-	-	-
Payments In Lieu Of Ambulance Fees	-	-	\$8,217	\$32,868	\$32,868
Unrealized Gains	\$298,362	\$473,205	\$395,120	\$300,000	\$319,900
Police Fines & Fees	\$130,744	\$122,750	\$119,438	\$185,000	\$120,000
False Police & Fire Calls	\$15,050	\$12,925	\$7,925	\$13,000	\$80,000
Other Police Department Fees	\$1,397	\$96,404	\$64,311	\$1,500	\$50,000
Property Maintenance Code Violation Fines & Fees	\$37,335	\$37,959	\$52,202	\$41,500	\$51,000
Recreation Department Receipts	\$192,257	\$227,279	\$263,270	\$235,000	\$235,000
Recreation Vending, Concession & Consignment	\$15,928	\$13,054	\$11,733	\$12,000	\$12,000
Property Maintenance Inspection Fees	\$127,280	\$133	\$114,150	\$132,000	\$117,000
Land Use And Development Permit Fees	\$945	\$2,743	\$2,240	\$2,500	\$2,500
Fire Code Permits & Fees	\$79,225	\$85,910	\$88,442	\$80,000	\$88,000
Zoning Permits & Fees	\$3,000	\$2,000	\$2,500	\$2,000	\$2,000
Contributions For Ambulance Service	\$1,019,574	\$1,291,367	\$1,502,949	\$1,506,000	\$1,706,000
Ambulance Service Charges	\$1,209,749	\$1,306,032	\$1,517,964	\$1,400,000	\$1,500,000
Ambulance Club Membership Fees	\$104,580	\$93,740	\$91,080	\$100,000	\$105,000
School Crossing Guard Grant	\$28,872	\$29,948	\$35,218	\$34,000	\$32,800
Comcast Television Franchise Fee	\$334,199	\$305,493	\$279,151	\$320,000	\$300,000
Refunds Prior Year Payments	\$61,243	\$61,899	\$30,140	\$45,000	\$40,000
Real Estate Property Rentals	\$284,821	\$412,420	\$371,866	\$320,000	\$320,000
Contributions From Private Sources	\$602	\$8,350	\$9,640	\$5,000	\$5,000
Miscellaneous	\$1,321,025	\$362,013	\$57,679	\$45,000	\$44,790
Sale Of Scrap	\$2,128	\$670	\$3,745	\$2,000	\$2,000
Transfers From Other Funds	\$6,193,663	\$328,957	\$300,000	\$100,000	\$100,000
Transfers From Highway Aid (Liquid Fuels Grant)	-	-	-	-	-
Transfers From Engineering Department	\$138,550	\$90,000	\$90,000	\$90,000	\$110,000
Motor Equipment Fund Rebate (2.5-mil Of Fire Tax)	\$575,815	\$612,735	\$594,260	\$586,255	\$209,430
Total Estimated General Fund Revenue	\$25,215,218	\$19,832,389	\$20,425,003	\$20,580,337	\$21,839,868

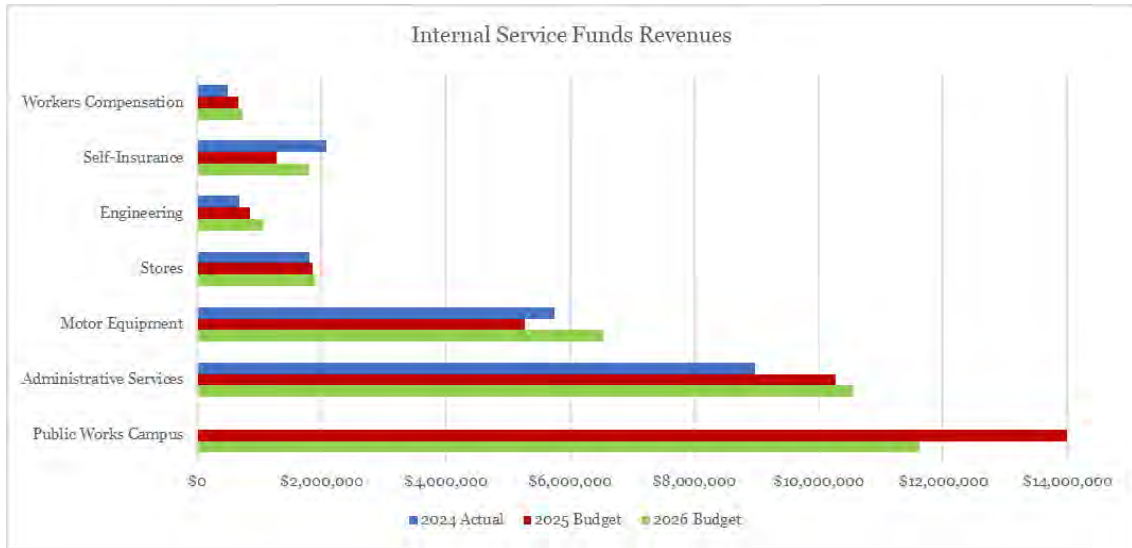
Percent Change -4.67% -0.75% -5.77%

Total Revenues, Deposits, Transfers by Fund

	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Utility Operating Fund Revenue</u>				
Electric Operating	\$33,046,771	\$36,833,398	\$37,633,610	\$38,867,000
Gas Operating	\$12,680,211	\$9,003,679	\$10,881,095	\$13,030,000
Wastewater Operating	\$7,984,226	\$8,456,176	\$8,422,731	\$8,846,000
Water Operating	\$5,121,734	\$5,694,280	\$5,738,804	\$6,469,000
Sanitation Operating	\$4,374,677	\$5,049,491	\$5,542,975	\$6,177,000
Parking Traffic Street Lights	\$1,459,977	\$1,240,841	\$1,818,855	\$1,416,000
Storm Sewer	\$1,225,738	\$1,606,940	\$1,665,542	\$1,852,250
Swimming Pool	\$1,350,685	\$1,405,449	\$1,492,150	\$1,551,325
<u>Governmental Taxes, Fines & Fees</u>				
General Fund	\$19,832,389	\$20,434,301	\$20,558,837	\$21,972,795
<u>Internal Services Fees</u>				
Public Works Campus	-	-	\$13,997,595	\$11,621,253
Administrative Services	\$8,606,634	\$8,982,642	\$10,271,795	\$10,566,000
Motor Equipment	\$5,385,720	\$5,746,932	\$5,266,420	\$6,531,097
Stores/Warehouse	\$2,101,211	\$1,809,595	\$1,866,610	\$1,913,902
Engineering	\$625,547	\$685,083	\$850,168	\$1,063,774
<u>Special Revenue Receiving</u>				
Special Revenue Receiving Acct	\$1,513,086	\$131,155	\$2,999,638	\$2,482,940
Fire Tax Receiving Account	\$646,700	\$745,678	\$661,095	\$688,770
Highway Aid Receiving Account	\$644,652	\$668,110	\$641,225	\$650,000
Recreation Bond Tax Receiving Account	\$553,422	\$574,302	\$561,015	\$570,505
Police Station Bond Tax Receiving Account	\$415,748	\$436,076	\$433,840	\$441,810
Public Works Campus Bond Tax Receiving Account	-	-	\$206,455	\$220,420
<u>Deposits to Self-Insurance</u>				
Self-Insurance Holding Account	\$1,403,055	\$2,083,075	\$1,278,415	\$1,803,490
Workers Comp Holding Account	\$755,499	\$490,038	\$667,670	\$738,065
<u>Deposits for Capital Projects</u>				
Electric Capital Reserve	\$71,242	\$4,173,502	\$4,894,050	\$2,946,995
Storm Sewer Capital Reserve	\$1,230,341	\$6,547,006	\$3,567,480	\$3,808,452
Gas Capital Reserve	\$1,776,772	\$1,846,852	\$3,178,200	\$4,428,380
General Capital Reserve	\$1,339,777	\$1,854,564	\$2,837,310	\$3,697,000
Water Capital Reserve	\$1,955,365	\$1,268,408	\$945,900	\$1,047,680
Parking Traffic Capital Reserve	\$11,019	\$260,208	\$875,230	\$630,600
Wastewater Capital Reserve	\$1,168,878	\$878,304	\$841,100	\$1,272,585
Sanitation Capital Reserve	\$961,491	\$4,414,238	\$265,570	\$10,000

Revenue by Type





BOROUGH OF CHAMBERSBURG – PROPOSED 2026 BUDGET

Total Operating Budget 2026

	Revenues	Less Interfund Transfers	Operating Budget
Stores	\$1,913,902	\$1,022,000	\$891,902
Electric	\$38,867,000	\$0	\$38,867,000
Gas	\$13,030,000	\$0	\$13,030,000
Water	\$6,469,000	\$0	\$6,469,000
Wastewater	\$8,846,000	\$0	\$8,846,000
Sanitation	\$6,177,000	\$200,000	\$5,977,000
General Fund	\$21,972,795	\$648,625	\$21,324,170
Motor Equipment	\$6,531,097	\$1,150,550	\$5,380,547
Public Works Campus	\$11,621,253	\$1,187,443	\$10,433,810
Engineering	\$1,063,774	\$0	\$1,063,774
Parking, Traffic, & Street Lights	\$1,416,000	\$1,131,000	\$285,000
Storm Sewer	\$1,852,250	\$0	\$1,852,250
Swimming Pool	\$1,551,325	\$448,350	\$1,102,975
Workers Compensation	\$738,065	\$695,705	\$42,360
Administrative Services	\$10,566,000	\$0	\$10,566,000
Self-Insurance	\$1,803,490	\$148,575	\$1,654,915
Special Revenue	\$2,482,940	\$0	\$2,482,940
Trust Funds & Utility Deposits	\$39,560	\$0	\$39,560
Citizens' Reward	\$685	\$0	\$685
Recreation Bond Tax	\$570,505	\$0	\$570,505
Fire Tax	\$688,770	\$0	\$688,770
Police Station Tax	\$441,810	\$0	\$441,810
Public Works Campus Tax	\$220,420	\$0	\$220,420
Liquid Fuels	\$650,000	\$0	\$650,000
Sister City	\$3,000	\$0	\$3,000
Project Heat	\$90,000	\$90,000	\$0
Surplus Operating	\$0	\$0	\$0
Subtotal			\$132,884,393
Electric Capital	\$2,946,995	\$2,000,000	\$946,995
Gas Capital	\$4,428,380	\$1,015,000	\$3,413,380
Water Capital	\$1,047,680	\$0	\$1,047,680
Sewer Capital	\$1,272,585	\$0	\$1,272,585
Sanitation Capital	\$10,000	\$0	\$10,000
General Capital	\$3,697,000	\$1,280,000	\$2,417,000
Parking, Traffic, & Street Lights Capital	\$630,600	\$100,000	\$530,600
Storm Sewer Capital	\$3,808,452	\$0	\$3,808,452
Subtotal			\$13,446,692
Total			\$146,331,085

