

BOROUGH OF CHAMBERSBURG
BOROUGH MANAGER'S 2011 BUDGET NARRATIVE
APPROVED BY TOWN COUNCIL 12/13/10

November 1, 2010

To: Town Council

Submitted herewith for your consideration is the Borough Manager's Recommended 2011 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2011 operating budget is balanced; revenues and cash balances cover all necessary expenses with only one necessary change: revenues in the Sewer Fund must increase due to existing debt service obligations. Otherwise, no new taxes or utility charges are requested.

This is my first budget as your Borough Manager. This document is broken down into a variety of sections, which will assist you in deciding whether it meets your needs as our most important planning document for the upcoming year. Within this executive summary, I will summarize the 2010 year-in-review and outline goals and objectives for all the key departments of the Borough. Then, I will review our most significant expense in greater detail, our personnel. I will introduce some organizational changes that I propose we make throughout 2011, which will change the way we conduct some of our operations.

Forever 2010 will be recalled as typical of what is becoming a "lost decade" in municipal government. The fiscal downturn has been catastrophic for towns, cities, and villages across our country. Chambersburg has not been immune. If not but for some wise and conservative planning, our community would be in a much worse place financially than we currently find ourselves. However, if 2011 does not show marked improvement in the local economy, then 2012 will be a harsh and difficult year. This budget is conservative in its realistic planning for 2011. But, the real impact of another year like 2009 and 2010 will be major cuts and/or major revenue increases in 2012.

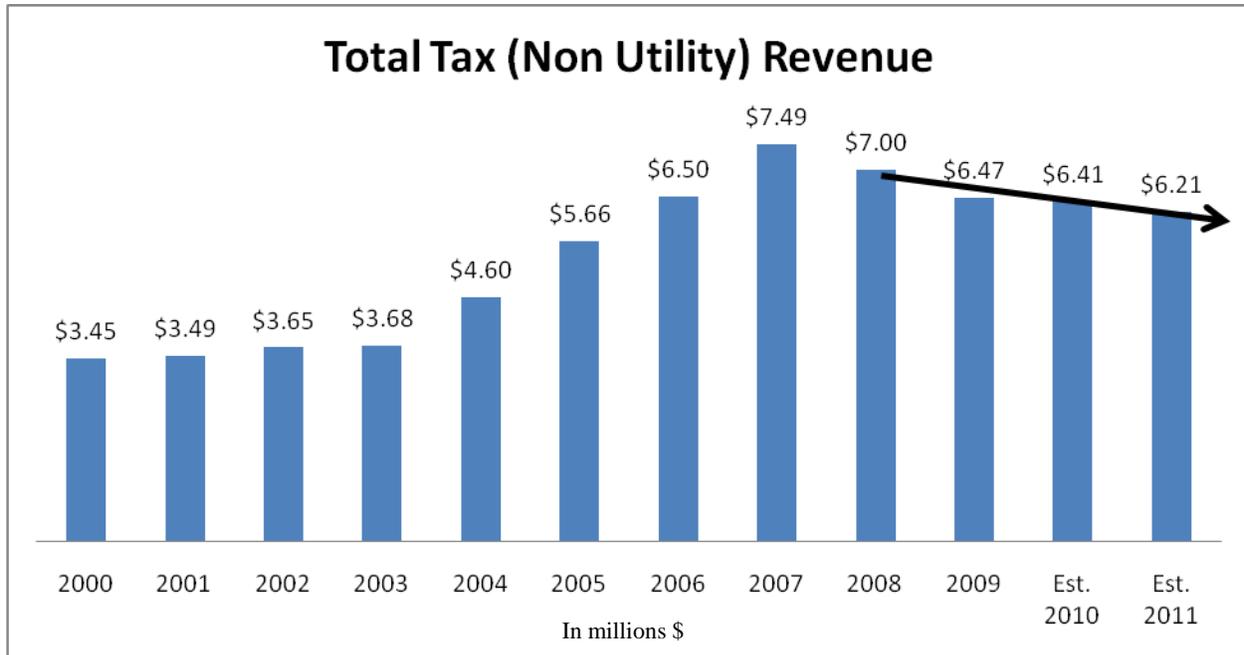
According to the National League of Cities, in 2010, cities' finances continue to weaken under the strain of the recession, resulting in cities being less able to meet their fiscal needs in 2011 and beyond. According to the National League of Cities' annual report on cities' fiscal conditions, financial officers report the largest spending cuts and loss of revenue in the 25-year history of the survey.

In the research brief, "City Fiscal Conditions in 2010", 87% of city finance officers report their cities are worse off financially than in 2009. Across the country, city officials are cutting back spending, with expenditures declining by -2.3%. These are the largest cutbacks in spending in the history of the survey and the fourth year in a row that revenue declined. *Source: National League of Cities*

In 2010, Chambersburg was able to starve off fiscal calamity by using our accumulated financial reserves, our rainy day funds, to prevent cuts or revenue increases. In fact, other than a sewer rate increase in mid-2010 and the electric rate relief plan, the year

saw no practical changes to revenues or expenses. However, rainy day funds can only last so long.

“The only safe ship in a storm is leadership.” Faye Wattleton



In summary, the above table indicates a clear and prolonged decline in tax (non-utility) revenue for the Borough of Chambersburg. This table includes the following revenues: real estate taxes, earned income tax, real estate transfer tax, and local services/occupational privilege taxes. From 2000 through 2007, these taxes increased annually. 2011 will mark the fourth consecutive year of decline. Meanwhile, the borough’s operating expenses continue to rise. The gap between revenue and expenditure is filled by use of reserves. Such practice cannot continue beyond 2011.

So, in light of these challenges, your staff is proposing a budget that includes the following highlights:

- No real estate tax increase for 2011
- No change to the trash fee
- No change to the electric rate
- No change to the gas rate
- No change to the water rate
- A planned increase of 25% for sewer fees based upon existing debt service obligations

Chambersburg Area Senior High School



In 2010, the Chambersburg Area Senior High School significantly completed its renovations. This major project included partnership with the Borough on traffic improvements and new utility services. In 2011, the ninth grade will move to this facility increasing its population and staff. The Borough has worked with the neighborhood to mitigate these changes.

2010 Year-in-Review

January 4, 2010: Newly appointed Borough Manager Jeffrey Stonehill and newly appointed Solicitor G. Bryan Salzman attend their first official meeting together.

William F. McLaughlin is elected as Council President, Robert A. Wareham, Sr. is elected Vice President, Glenn K. Manns, is elected Finance Chairman/Personnel Representative, and Sharon A. Bigler is appointed Assistant Finance Chairman.

Town Council awarded a new cable television franchise to Comcast. The Town Council began its redevelopment effort with an evaluation by Penn State University.

January 25, 2010: Town Council updated the Civil Service Regulations in anticipation of promoting police officers and fire fighters.

February 8, 2010: Newly appointed Borough Secretary Jamia Wright attends her first meeting in that capacity.

Town Council approved an amended Consent Order and Agreement with the Pennsylvania Department of Environmental Protection with respect to storm flow in our sanitary sewer system.

Town Council approved the concept of requiring traffic studies to be conducted by developers in order to determine their effect on neighborhood traffic.

Town Council directed staff to prepare a plan by 2011, for the installation of sidewalks on the south side of Loudon Street.

Town Council reviewed with staff the Borough's response to snow storms.

February 22, 2010: Representatives of the Pennsylvania Department of Environmental Protection visited with Town Council.

Town Council approved a pilot study of Time of Use Electric Rates.

March 8, 2010: Town Council approved residential buffering standards for new development.

Town Council directed Mill Road area properties to connect to the new sewer line.

March 15, 2010: Town Council met in Executive Session to review legal and personnel issues throughout the Borough organization with the new Borough Manager and new Solicitor.

March 22, 2010: Town Council approved the 2010 CDBG grant projects list.

Town Council discussed issues involving the 717 area code.

Town Council approved updates to the Residential Utility Service Manual.

Town Council approved assuming maintenance of Pioneer Trail North.

April 12, 2010: Town Council authorized changes to the composition of the Police and Fire Departments.

Town Council authorized a zoning change in the area of Grant and Fifth Avenue.

Town Council applied for DCED grant funds.

- April 26, 2010: The new Smart Board presentation system was unveiled in the Council Chambers.
- The Electric Department received their Reliable Public Power Provider designation from the APPA.
- Town Council authorized a zoning change in the area of Hood and Commerce Streets.
- Town Council authorized GEO Lite Services as the Borough's reverse 9-1-1 provider.
- May 10, 2010: Town Council approved the planned extension of the Cumberland Valley Rails-to-Trails project south from South Street to S. Main Street.
- Town Council authorized a zoning change with regard to building heights, demolitions, and changes in the area of Wayne and Cumberland Avenues, and along Progress Road.
- May 17, 2010: The Penn State University Economic Study was reviewed.
- Town Council authorized the Chambersburg Police Department Chaplain Program.
- May 24, 2010: The Elm Street Neighborhood Program was reviewed.
- June 14, 2010: Town Council approved an Electric Rate relief plan for citizens and businesses of the Borough.
- Town Council approved an expansion of the pedestrian signal project at Mike Waters Park.
- Town Council approved a JAG grant for the Police Department.
- Town Council approved a PA Department of Community and Economic Development HOME Investment Partnership Program Grant.
- Town Council approved correspondence to Franklin County regarding traffic impacts associated with development at the Jennings property.
- June 28, 2010: Lance Anderson, PE, was hired as Assistant Sewer and Water Superintendent.

Bernie Washabaugh II and Paul Cullinane made a presentation to Council regarding the relocation of the Franklin County Courthouse project.

July 12, 2010: The South End Storm Water Pipe Installation Project was reviewed by Town Council.

The Mill Creek Acres Park construction project was reviewed by Town Council.

Town Council approved standardizing all the parking meters in the borough to accept U.S. Quarters only and made some other parking regulation changes.

July 26, 2010: Town Council approved the vacation of Central Avenue.

Town Council approved the formation of a new Recreation Advisory Committee (RAC) to replace the Recreation Board.

August 9, 2010: Town Council approved the appointment of new Police Sergeants and Corporals.

Town Council resolved issues related to the accepting of Montgomery Avenue west of Fifth Avenue, including sidewalks and curbs.

August 16, 2010: Department reports by Codes and Finance.

August 23, 2010: Town Council approved the appointment of new Fire Captains.

Town Council accepted a grant from West Penn Power for energy sustainability.

Town Council approved the CASHS revised bus traffic pattern.

Department reports by Planning/Community Development and Engineering/Public Works

The Mayor made a presentation about rental apartment issues.

Town Council approved a 20% sewer rental rate increase.

September 13, 2010: Town Council approved a landmark intermunicipal sewer agreement with the surrounding townships concluding years of negotiations.

Town Council approved a new engineering firm to manage upgrades at the Wastewater Treatment Plant.

Town Council approved Phase II of the Mill Creek Acres Park construction project.

Department reports by the Fire Department and the Police Department.

September 20, 2010: Presentation of the Mike Waters Citizen of the Year award.

Department reports by the Electric, Gas, and Water/Sewer Departments.

September 27, 2010: Reports were presented by the volunteer Committees and Boards.

Town Council approved a second change to the Borough's electric rate calculation that provides additional relief to citizens and businesses.

October 11, 2010: Department report by the Recreation Department.

Town Council approved a fee schedule for the Eugene C. Clarke Jr. Community Center.

Town Council approved a plan in response to the Norland Avenue and Wilson Avenue Traffic Calming Study.

Town Council approved a new engineering firm to manage the sewer collection and conveyance system.
Town Council reviewed the 2011-2015 Capital Improvements Plan.

October 25, 2010: Town Council approved a leash law for dogs in the Borough.

2011 Goals

General Administrative Department

The mission of Borough Administration is to obtain the highest levels of citizen communication, customer services, and professional management; all while effectively

and efficiently managing limited resources through fiscal control and policy implementation.

1. Organization of time, resources, and personnel: better practices to organize materials, files, calendars, resources; and procedures to make better use of people and organizational talent.
2. Citizen outreach and communication: timely, effective, and abundant communication utilizing new technology including the Internet and e-mail to supplement newsletters, advertisements, and interoffice correspondence to elected officials, citizens, and other employees.
3. Continue to pursue grant opportunities from various sources to supplement Borough operations.
4. Expand financial administration through the adoption of new standardized policies for purchasing, contracts, requests for professional services, and bids. Expand on budgeting to include performance measurement or performance reporting. Link performance to budget.
5. Purchase, install, train, and utilize a document management system.
6. To work with Franklin County to seat the new court facility or whatever other improvements the county selects in our historic downtown and to utilize that anchor to expand economic development downtown.
7. To work with community partners to focus on community redevelopment.

In 2010, the Borough completed redecoration of the Town Council Chamber, which includes a new representation of the Borough's Seal affixed to the rear wall behind the dais.



In 2010, the Borough completed construction of the new Police Annex Building adjacent to City Hall to ease overcrowding in the Police Station; interior shown here.

Police Department

The vision statement of the Chambersburg Police Department is to work hand in hand with members of the community in order to improve and enhance the richness of our quality of life consistent with the following principles: Respect for human rights, reduction of crime and disorder, employee personal and professional well being, community safety, high standards for excellence and continuous improvement.

1. To complete work in the Police Annex and fully occupy the space by the Crime Impact Team and one or two work stations for patrol officers to work at and complete their reports.
2. To continue our efforts with the US Marshall's Franklin County Warrant Task Force.
3. To continue our efforts through the Aggressive Driver Program including use of the Enradd Speeding Detection System.
4. To continue and enhance our Neighborhood Watch Program.
5. To perfect and fully utilize the new Landlord Notification system for informing landlords of arrests on their residential properties via letter.
6. To recruit (end of 2010) and train at least one new officer, possibly two, and to integrate the new officers into the rank and file.
7. To purchase and install new office equipment and possibly new security cameras.
8. To purchase and equip three new patrol vehicles.



Fire/Ambulance/Fire Codes Department

The mission of the Chambersburg Fire Department, an “all- hazard incident management” department, is to deliver superior fire prevention / suppression and emergency medical service to protect the lives and property of the citizens that live, work or visit the Borough of Chambersburg. Those services will be delivered utilizing a combination of paid and volunteer personnel.

1. To continue Fire Prevention activities such as fire drills, public displays, major industry training, fire station tours, and fire prevention educational presentations.
2. To continue our Juvenile Firesetter Intervention Program and the Junior Firefighter Academy Program.
3. To continue, enhance, and target Fire Code investigations and inspections.
4. To perform animal rescue, flood assistance, vehicular accident, HAZMAT mitigation, fire suppression, and emergency medical service response.
5. To perform Borough safety inspections, tactical medical support to the police, assist with light pole inspections, power wash, and to provide CPR Classes and Fire Extinguisher Training to Borough Employees.
6. To complete renovations of McKinley Street Station and begin Phase One of renovations to Headquarters.
7. To enhance the web site: www.chambersburgfire.com
8. To enhance and encourage Volunteer Recruitment efforts.
9. To promote, in earnest, Fire College Live-In Program; free housing for college students who volunteer and participate with Fire Department.



In 2010, the Borough undertook the extensive reconstruction of streets in the north end of town

Highway/Traffic/Street Lights Department

1. To continue and expand on the Borough's Municipal Stormwater System maintenance program (MS4), to work with a consulting engineer on updating our stormwater permits, and enhance stormwater management.
2. To overlay streets and alleys throughout the Borough.
3. To efficiently and effectively collect solid waste and recycling throughout the Borough.
4. To conduct line painting, traffic studies, and traffic control to enhance traffic circulation and safety.
5. To prepare notices for and monitor the proper installation of sidewalks throughout the community.
6. To continue the revised bulky waste program.
7. To assist other departments through the proper management of the Borough's Central Garage and motor fleet.
8. To provide effective snow and storm response operations.



Despite the economic downturn some development continued throughout the Borough as typified by these three projects; from left-to-right FAM Group LLC's construction of the new La Quinta Inn and Suites, PIRHL Developers and Chambersburg Family Townhomes LLC's construction of the Redwood Park Townhomes, and Summit Health's expansion of Chambersburg Hospital

Planning/Zoning Department

The mission of the Planning, Zoning and Community Development Department is to be responsible for effective and efficient community planning through community interaction, community development projects and efficient management of the Subdivision and Land Development code, the Zoning code, and the various comprehensive plans of the Community.

1. Continue Zoning Ordinance/Map review project.
2. Continue staff support for the Elm Street Program.
3. Administer Habitat for Humanity HOME grant for housing rehabilitation for resale program.
4. Administer Valley Community Housing Corporation HOME grant for housing redevelopment project at the corner of Hollywell Avenue/Catherine Street.
5. Improve Housing Rehabilitation Program by implementing measurable energy efficiency standards and education for contractors in conjunction with PA Home Energy.
6. Administer WPPSEF grant for Community Clean Energy Summit.
7. Apply for HOME grant funding for a rental-unit rehabilitation project.
8. Conduct low and moderate income survey at Nicholson Square Village.
9. Coordinate with the Engineering Department to prepare bid specifications for CDBG-funded street overlay projects and ADA curb ramp installation in the Third Ward.
10. Administer grant program to help homeowners repair/install curbs and sidewalks.
11. Administer DEP and Penn DOT grants for Lincoln Way East/Coldbrook Avenue and Walker Road/Norland Avenue intersection improvements.



In 2010, the Borough's Electric Department received recognition through the American Public Power Association as an RP3, Reliable Public Power Provider. Chambersburg is one of only two community power systems in Pennsylvania with such an honorable designation.

Electric Department

The mission of the Chambersburg Electric Department is to provide to our customers valuable energy products and services that are safe, reliable, and competitively priced. The Electric Department will produce economic and other benefits to the Borough, its citizens, its employees, and its customers while operating in a professional and courteous manner within a structure of local accountability and local control.

Safety

1. Finish appropriate arc flash labeling of metal clad switchgear.
2. Implement a required "near miss" reporting procedure.
3. Acquire APPA and other safety training aides.
4. Implement recognition for department work groups with zero-incident safety records.

Reliability

5. Update the electric emergency restoration plan.
6. Complete and publish in hard copy and on web page, the Borough's "Rules for Electric Meters and Service Installations".
7. Explore >10 kW Inverter based (Solar) Interconnection issues and ensure interconnections of larger customer owned generation systems.
8. Complete Commerce Street Substation and alternate supply to the Hospital.
9. Extend connections from Commerce Substation to Reservoir Hill in anticipation of the new Wastewater Treatment Plant upgrades.

Workforce Development

10. Acquire training necessary for managing work and budgets to include less engineering and management consulting and use/develop more in-house support services.
11. Implement System Operator Training/Certification.

12. Continue revising job descriptions/expectations as necessary to include higher minimum (field/book) training qualifications for basis of promotions/advancement instead of seniority or time.
13. Advancement based on skills, training and merit.
14. All Managers and supervisors maintain IWP and IDP.

System Improvement

15. Assess environmental impact of new clean air and carbon legislation RICE NESHAP.
16. Extend system from Commerce Street to Broad Street for 12 kV tie to Cree Substation.
17. Voltage Conversion - finish F163, 4 kV conversion to 12 kV along I81 to SE Borough area.
18. Voltage Conversion - F112 along Stanley from Orchard Dr to S 4th and S 4th up to CASHS.
19. Extend F261 from Orchard Park to Wayne Ave to begin reducing load on 140 circuits out of Park Substation.

Council President William Mclaughlin along with Electric Department Superintendent Ronald Pezon, PE, Jeff Heverly, Electric Department Assistant Superintendent and Borough Manager Jeffrey Stonehill announcing the relief plan to reduce customer's electric bills on June 9, 2010.



Gas/Stores (Warehouse) Department

The mission of the Chambersburg Gas Department is to provide our customers with prompt, professional service; a reliable and safe system with reasonable and stable rates. We exist to generate benefits for the community we serve.

The mission of the Stores (Warehouse) Department is to provide all the utility operations with an efficient and effective warehousing system.

Operations

1. Replace old gas mains and services
 - a. 70 Miles of main (cast iron 15 miles; 9 miles of cast iron replaced in past 10 years).
 - b. 33 miles of services (5.5 miles bare steel; 13 miles of bare steel replaced in past 10 years).
 - c. Leaks reduced by more than 50% in past 10 years.
2. Operator Qualification Testing (Required every three years).
3. Public Awareness
 - a. Effectiveness phone survey (Required every three years).
 - b. Training of Fire and Police Departments.

Overall

4. Continue to enhance customer service at Service Center.
5. Replace gas main and services on Wilson Avenue.
6. Replace gas services and portion of main on Rt. 11.
7. Ensure gas prices remain low for future.



In 2010, the Gas Department purchased a new 2011 Case 580SM3PK Loader Backhoe as a replacement to a broken 1990 unit.



Wastewater Treatment

Kelly, received the Operator Excellence Award, Large Plant, at the 2010 CPWQA Awards on June 25, 2010.

Plant Operator, Ronald

Water/Sewer Department

The mission of the Water/Sewer Department is to provide high quality drinking water, fire protection flow, and public sewer service for Borough customers through cost effective operation and maintenance of our infrastructure while meeting the ever-changing challenges of continual growth and environmental protection.

Water

1. Initiate capital investment projects design and engineering:
 - a. Long Pine Reservoir Improvements
 - b. "Ice Tea" Water Treatment
 - c. Design of Intake Facility Repairs
 - d. Construction and Rating of Weirs
 - e. Street Overlay Projects
2. Complete startup of new WTP SCADA system.

Sewer

3. Initiate capital investment projects design and engineering:
 - a. Wastewater Treatment Plant upgrades
 - b. Evaluation of the collection and conveyance system for upgrade
4. Consent Order and Agreement
 - a. Flo-Dar flow meter installations
 - b. Smoke and dye testing of sewer lines
 - c. Basement surveys
 - d. Manhole inserts – add waterproof seals
 - e. CCTV inspection of sewer system
5. To expand and enhance our relationship with our municipal partners.



In 2010, new floor surfaces were installed at the Eugene Clarke, Jr. Community Center.

Recreation

The mission of the Chambersburg Recreation Department is to provide quality recreation experiences for our community through well organized and diverse programs, as well as, a properly maintained park system.

1. To fund developing new parks – capital funds, grants, in lieu of fees, donations....
2. To develop labor to maintain our park system as it increases in size and scope.
3. To identify staff as our programming increases to develop and lead the events/classes.
4. To improve the marketing and advertising of our events/programs.
5. As our parks age quickly, solve the issue of major maintenance problems (i.e. Henninger Field, Eugene Clarke, Jr. Community Center, Mike Waters Memorial Park, Municipal Pool and many of our smaller parks could all use improvements.).
6. To continue to improve our programming with more diversity for all age groups.
7. To proactively maintain our existing park system.
8. To improve the marketing and advertising of our events/programs.
9. To offer more services to our daily users.
10. To respond quickly to requests/services/complaints and do it all with a smile.
11. To continue to sponsor and participate in community events:
 - a. Health Fair
 - b. Kid's Party in the Park
 - c. Serafini Memorial Coed Softball Tournament

In 2010, the Borough had significant snow falls on February 8, February 12-13, and February 22-23, to make 2010 one of the snowiest years on record.

Codes

The mission of the Chambersburg Code Enforcement Department is to protect the safety of the public through the enforcement of the building, health, and property maintenance codes.

1. To assure adherence to the ICC through use of Commonwealth Code Inspection Services (CCIS) as private third-party compliance officer.
2. To assure adherence to Restaurant Inspections through use of CCIS.
3. To support the Health Board and their activities
4. To continue the systematic inspection process for residential rental properties.
5. To support community organizations (such as the Elm Street Program) as they address codes issues from a proactive Safe, Clean, and Green approach.
6. To continue the sidewalk snow inspection and enforcement program.
7. To create and maintain a culture that improves citizens' experiences within the Borough by enhancing beautification efforts and reducing debris.
8. To support the initiation of corrective measures and establish a systematic process supported and agreed to by the Fire Codes review to monitor progress in resolving building deficiencies.
9. To solicit customer feedback through focus groups.

Budget Organization

During 2011 the Borough's Budget will continue to be divided into separate operating budgets, each with different sources of revenues and different expenditure needs.

General Fund: the major governmental fund, home of the Police Department, the Fire/Ambulance/Fire Codes Department, the Highway/Traffic/Street Lights Department, the Recreation Department, General Administrative Department, Planning/Zoning Department and miscellaneous projects.

The Enterprise (or business) Funds: the Electric Fund, the Gas Fund, the Water Fund, the Sewer Fund, the Sanitation Fund, and the Parking Fund.

The Internal Service Funds: the Administrative (Financial) Services Fund, the Motor Equipment Fund, the Stores (Warehouse) Fund, the Engineering Fund, and the Self Insurance/Workers' Compensation Fund.



In 2010, the Highway Department erected a new salt storage shed off dump road in the vicinity of the closed Borough landfill. This facility replaces the outdated storage shed at the Falling Spring Generating Station off Light Avenue.

Personnel

The most significant expense of the Borough is the wages and benefits of our personnel. This is understandable given that the delivery of services, our main objective, is primary a product of human resources. The Borough is proud of our staff. They work diligently and effectively. The Borough's work teams are spread amongst many departments and budgetary funds. Therefore, for proper accounting, it is not always clear how many persons are authorized to work in each function of the Borough. This section will attempt to clarify what is requested in the 2011 budget.

**BOROUGH OF CHAMBERSBURG
PERSONNEL ALLOCATION (REGULAR POSITIONS)**

CATEGORY	2011	2010	2009	2008	2007	2006	2005
Administration	4	4	5	4	4	4	4
Finance							
Administration	2	2	2	2	2	2	2
Mgt Information System	5	5	5	5	5	5	5
Finance Operations	21	21	21	21	21	21	21
Community Development:							
Administration	1	1	1	1	1	1	1
Economic Develop/Planning	1	1	1	1	1	0	0
Code Inspection	3	3	3	3	3	3	3
Secretarial	1	1	1	1	1	1	1
Public Works:							
Administration	4	4	4	4	4	4	4
Maintenance Operations	13	13	13	12	12	9	9
Secretarial	1	1	1	1	1	1	1
Public Safety:							
Administration	3	3	3	3	3	3	3
Police Officers	33	33	33	33	33	30	30
Police - Secretarial	3	3	3	3	3	3	3
Fire	21	21	21	22	21	21	18
Fire - Secretarial	1	1	1	1	1	1	1
Recreation:							
Administration	2	2	0	0	0	0	0
Maintenance Operations	4	4	4	4	4	4	4
Secretarial	1	1	1	1	1	1	1
Utilities (5):							
Administration	12	12	12	16	13	13	13
Secretarial	1	1	1	1	1	1	1
Maintenance/Operations							
Electric Department	19	19	19	20	20	20	20
Gas Department	13	13	13	8	8	8	8
Water Department	13	13	13	10	10	10	10
Waste Water Treat. Plant	9	9	9	15	15	15	15
Sanitation	10	10	10	10	10	10	10
Totals	201	201	200	202	198	191	188

- For 2011, the Borough proposes leaving one full-time position in Codes unfilled and adding a new part-time position to the Planning/Zoning Department

It is recommended that one staff position that is currently open (that of the Systematic Rental Inspection Officer) remain unfilled, that a second open position (that of the Sewer/Water Department Superintendent) be filled, and that a new part time position of Community and Economic Development Assistant be created (a function that was conducted previously by the Greater Chambersburg Chamber of Commerce in exchange for a subsidy, which will now be done on-staff at no additional cost).

- Systematic Rental Inspection Officer: to remain unfilled and the work to be conducted under contract with CCIS
- Water & Sewer Department Superintendent: to be filled through recruitment
- Community and Economic Development Assistant: to be established using funds previously paid to the Greater Chambersburg Chamber of Commerce

In addition, in 2011, I am proposing that the Town Council investigate the establishment of an early retirement window. Such an act would accelerate the opportunity for members of the non-uniform (not police or fire) pension plan to receive somewhere between one and two years of service credit to allow full retirement in 2011 of those employees who may not have been otherwise eligible until 2012 or 2013. The purpose of this proposal is to accelerate the departure of senior employees whose positions can either be eliminated through attrition or reduced in salary in the 2012 budget year. Such a step is commonplace in municipal government but has not been done in Chambersburg.

An early retirement window will become very useful in 2012 when Town Council may be forced to make challenging budget decisions due to economic circumstances.

At this point, the cost of this proposal is unknown and therefore Council cannot reasonably make a decision. It is my intention, should Town Council approve this proposed budget, to move expeditiously with our pension consultants towards a proposal for Council's approval at the earliest possible time.

Current Labor Contract Status

	<u>Expiration Date</u>	<u>Scheduled 2011 Wage Increase</u>
Members of AFSCME	January 10, 2013	4% cost of living increase
Members of the Police Assoc.	December 31, 2010	*Borough offered 1.5% increase
Members of the IAFF	January 16, 2012	4% cost of living increase
All other employees	Not applicable	4% cost of living increase

* currently in negotiations

Proposed Organization Changes in 2011

“Life is like a cobweb, not an organization chart.” H. Ross Perot

The Borough's organization chart is reviewed by staff each year. This year, staff reviewed various Ordinances and made some resulting changes.

The Borough's organization is similar to most Council-Manager forms of government. Due to the large number of appointed advisory boards and commissions, the Borough's organization may appear "top heavy." This is not the case, as the boards and commissions are advisory to Town Council only and therefore wield influence rather than authority. The exceptions to that rule are the Planning and Zoning Commission and the Zoning Hearing Board, which are both appointed by Town Council, but wield authority under the Municipal Planning Code. Finally, the Civil Service Commission, under state law, does retain authority with respect to the recruitment and some discipline of uniformed fire and police officers.

The Town Council remains the preeminent authority in most cases. This, of course, is not the case when it comes to the Police Department. As laid out by the Borough Code, the Mayor, rather than Town Council or their delegate, the Borough Manager, supervises the Police Chief and the Police Department. As the Borough Manager is responsible for much of the fiscal oversight and personnel administration of the Police Department, the Manager has some connection to their function.

In 2011, I am proposing the following organizational changes:

- I. Over the course of the year, the following offices and functions will be merged into one operational department, to be effective January 1, 2012: Community Development (Energy Efficiency, Housing Rehab, CDBG, Elm Street and Main Street), Personnel (Payroll, Benefits, Loss Prevention/Safety, and Labor Relations), Codes (Property Maintenance, Health Board, Systematic Inspection, Landlord Relations), Plan Review (Zoning, Comprehensive Planning, Land Development, Economic Development), and Other (Capital Projects Planning, Emergency Management, Intergovernmental Relations, PA State Grant Administration). The tentative name of this new combined department will be Administration.
- II. Over the course of the year, the following assets will be transferred from the Borough to the Borough's Municipal Authority, to be effective January 1, 2012: municipal parking facilities, borough-owned parking meters, borough owned street lights, and borough operated traffic signals. The Municipal Authority shall be utilized as a financing authority, to hold the assets, to finance improvements to the assets, and to lease the use of the assets back to the Borough in the form of a Management Agreement. The purpose of this organizational change is to better account for these assets in the budget and to consider improvements to these assets using one financing mechanism.

Summary

In 2010, Chambersburg was able to stave off fiscal calamity by using our accumulated financial reserves, our rainy day funds, to prevent cuts or revenue increases. However,

rainy day funds can only last so long. If 2011 does not show marked improvement in the local economy, then 2012 will be a harsh and difficult year.

Staff is proposing a budget that includes the following highlights:

- No real estate tax increase for 2011
- No change to the trash fee
- No change to the electric rate
- No change to the gas rate
- No change to the water rate
- A planned increase of 25% for sewer fees based upon existing debt service obligations

The current average residential sewer user pays \$19.00 - \$20.00 per month, with a 25% increase; the average residential user would pay \$23.75 – \$25.00 per month. The average increase will be \$3.75 – \$5.00 per month or \$45.00 - \$60.00 per year.

For 2011, the Borough proposes leaving one full-time position in Codes unfilled and adding a new part-time position to the Planning/Zoning Department. In addition, in 2011, I am proposing that the Town Council investigate the establishment of an early retirement window for members of the non-uniform (not police or fire) pension plan. Over the course of the year, a number of offices and functions will be merged into one new combined department, the tentative name of this which will be Administration. Over the course of the year, the municipal parking facilities, borough-owned parking meters, borough owned street lights, and borough operated traffic signals will be transferred from the Borough to the Borough's Municipal Authority.

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jamia Wright, Borough Secretary, Jody Mayer, Assistant Borough Secretary, Janine Shoap, Budget Analyst, Cas Rzomp, Finance Director, and Brian Fogal, Engineering Supervisor – our photographer, all of whom were instrumental in this work. I would also like to thank those members of Town Council who provided ideas and guidance through this process.

I propose that Town Council authorize advertisement of this Proposed Budget on November 8, 2010. Once the public has had adequate time to review the document, I propose Council adopt it on December 13, 2010. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community as we plan for its future.

Sincerely,



Jeffrey Stonehill, Borough Manager