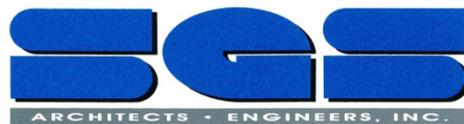


UTILITY ADDITION PRESENTATION

**BOROUGH OF CHAMBERSBURG
100 SOUTH SECOND STREET
CHAMBERSBURG, PENNSYLVANIA**



November 23, 2015





Borough of Chambersburg

*A full service municipality in Franklin County
celebrating over 65 years of consumer owned natural gas service
over 120 years of community electric and a
regional wastewater, water, and municipal solid waste utility*

City Hall Utility Departments Addition

In July and September 2013, the Borough of Chambersburg Water Department took ownership of the properties adjacent to Borough Hall, 220 E Queen Street and 216 E Queen Street respectively. The acquisitions were for the purposes of planning for a potential Utility Departments' addition to Borough Hall.

In 2014, SGS Architects Engineers, Inc. of Carlisle Pennsylvania performed a Needs Analysis where they evaluated City Hall and the Police Annex for future office space needs of the Borough. That Needs Analysis was presented in December 2014. The conclusion of the Needs Analysis was that the Borough utility departments, and more importantly the utility support departments, were clearly out of space in City Hall.

The first part of City Hall, the clock tower, was built in 1830 and survived the Burning of Chambersburg. A series of additions expanded the clock tower by adding pieces onto the building. In modern times, a major renovation was done in 1957, when much of the north part of City Hall was constructed or reconstructed. Then, in 1971, the Police Department and Council Chambers addition was added to the 1957 structure. That addition was 45 years ago. Since then, other than regular maintenance and updating the windows, the building has remained unchanged. Since 1970, the population of the Borough has increased 19% and technology including surveillance cameras, high speed data lines, servers, and many more employees has been stuffed in every nook and cranny of the facility. In addition, the building is definitely not up to modern standards of building codes for light, ventilation or safety standards.

In 2015, a Building Committee of Town Council was formed who met and talked about City Hall and other potential sites or concepts for utility department office space needs. At the conclusion of that discussion, it was recommended by Staff that Town Council proceed with the design of a Utility Departments Addition to City Hall for the Queen Street side of this building. Any talk of renovating this old building would be placed on the back burner while a modern addition was placed on the east side of the existing building and interconnected.

In the summer of 2015, the lot on the east of City Hall was cleared of the homes and their foundations.

SGS Architects Engineers, Inc. of Carlisle, PA presented a project scope to develop a design for the efficient usage of this adjacent property. On June 8, 2015, Town Council approved undertaking the design stage to evaluate the utility departments of the Borough in terms of public access, safety, office needs, technology, parking, etc. The SGS team met and worked with the Building Committee of Town Council to insure that their vision for the addition is being met.

On November 23, 2015, the SGS team will present their recommended vision for a Utility Departments Addition for City Hall. Deliverables for the project will include full design of the addition, layout and construction cost estimates. So far all the planning, like the land itself, has been paid by the Water Department; one of the future tenants for the space.

It is our hope that in January or February 2016, Town Council will authorize staff to move the design process to the next and final stage. The budget includes a subsequent expenditure by the Water Department to do final blueprints and bidding to determine the actual cost of construction.

If this is allowed to proceed, by the end of 2016, Town Council will be faced with the final decision to move ahead with construction of the Utility Departments Addition for City Hall. It is important to contemplate the alternative. If Town Council fails to build the Utility Departments Addition for City Hall, then either the next step would be the gutting and renovation of the various components of the original City Hall building or reviving the search for offsite office space.

The SGS team explored both of these alternatives in depth with the Building Committee. It was determined that any renovation to the existing City Hall would be twice as expensive as building a modern addition. Further, that renovation would bring the building into the 21st Century but provide no additional space. Second, a quick visit to all available sites and buildings in downtown Chambersburg quickly ruled out any relocation for the Borough offices.

There is no doubt that building a Utility Departments Addition for City Hall will be expensive. However, if managed properly, this project, which focuses on utility uses, should cause no increase in taxes at all. Further, while it is never a guarantee, financing a building project at today's low interest rates should provide a new facility that will last the Borough at least 50 years (think back to the 1971 decision to build the Police Department and Council Chambers addition) and will be paid back by the utility departments through a mortgage on the building over a twenty-five year time frame.

This is a very significant decision for Town Council; the first such decision in half a century. However, by living with and working in this building, and seeing the explosive growth of the utility departments and their support departments (i.e. finance, information systems, and personnel), it has become clear that this is both the most cost effective strategy and the least cost option for the Borough.

The cost to undertake the next step in this process is \$240,000 and would be fully paid by the Water Department.

The goal is to bid construction by the end of 2016 so that Council can evaluate the total cost of construction along with the 2017 budget. If approved, construction would begin early in 2017 and run through 2018 with a grand opening of the addition in late 2018 or early 2019; or approximately 47 years after the last changes to City Hall.

Summary

- The next step in this process is \$240,000 and would be fully paid by the Water Department
- The goal is to bid construction by the end of 2016 so that Council can evaluate the total cost of construction along with the 2017 budget
- If this is allowed to proceed, by the end of 2016, Town Council will be faced with the final decision to move ahead with construction of the Utility Departments Addition for City Hall
- If managed properly, this project, which focuses on utility uses, should cause **no increase in taxes** at all
- Almost all the employees of the Borough and most of the equipment of the Borough is owned and operated by the utility departments that will be in this addition (Electric, Gas, Water, and Sewer) and our utility support departments (administrative services including information technology and personnel). Your taxes do not support any utility operations, personnel or equipment.
- If approved, construction would begin early in 2017 and run through 2018 with a grand opening of the addition in late 2018 or early 2019; or approximately 47 years after the last changes to City Hall

Financial Impact

- Assumed 25 year tax-exempt bond at 2.85% APR for the full cost of construction and outfit.
- The cost of the project would be \$559,735 in interest and principal per year each year for 25 years
- The total cost of the project, as now conceived, with interest and principal, would be \$13,993,392
- **No real estate taxes** (all real estate taxes collected are used for the Police Dept and for equipment of the Fire Dept) will be used for this project.
- No impact on the Police Tax or Fire Tax or any tax at all.
- No net impact to utility ratepayers - Based on the above assumptions.
- Most customers would see a either 0% change in rates or a small 1% change.
- Water, for example, could see an increase of between \$0 and \$1 per month.

UTILITY ADDITION Initial Financial Determination

- Assumed 25 year tax-exempt bond at 2.85% APR for the full cost of construction and outfit.
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Payment Distribution per Utility / Department

- | | |
|----------------------|-------------------------------------|
| o \$112,000 per year | Electric |
| o \$112,000 per year | Water |
| o \$112,000 per year | Sewer |
| o \$112,000 per year | Gas |
| o \$55,974 per year | Administrative Services - City Hall |
| o \$55,974 per year | General Fund - Admin |

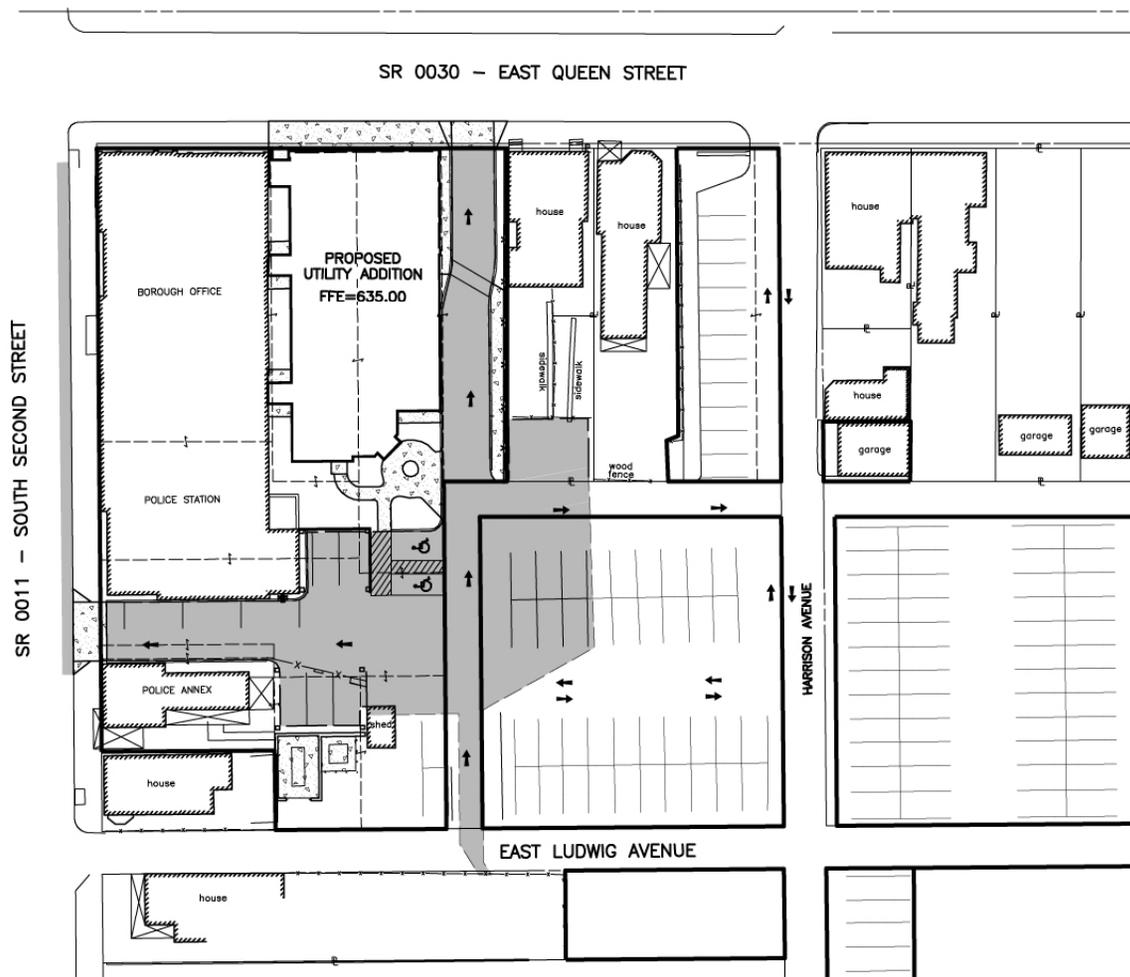
No net impact to utility rate payers - Based on the above assumptions:

- Most customers would see a water rate increase of between 0% and 1% per month
- Water, for example, could see an increase of between \$0 and \$1 per month.



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION



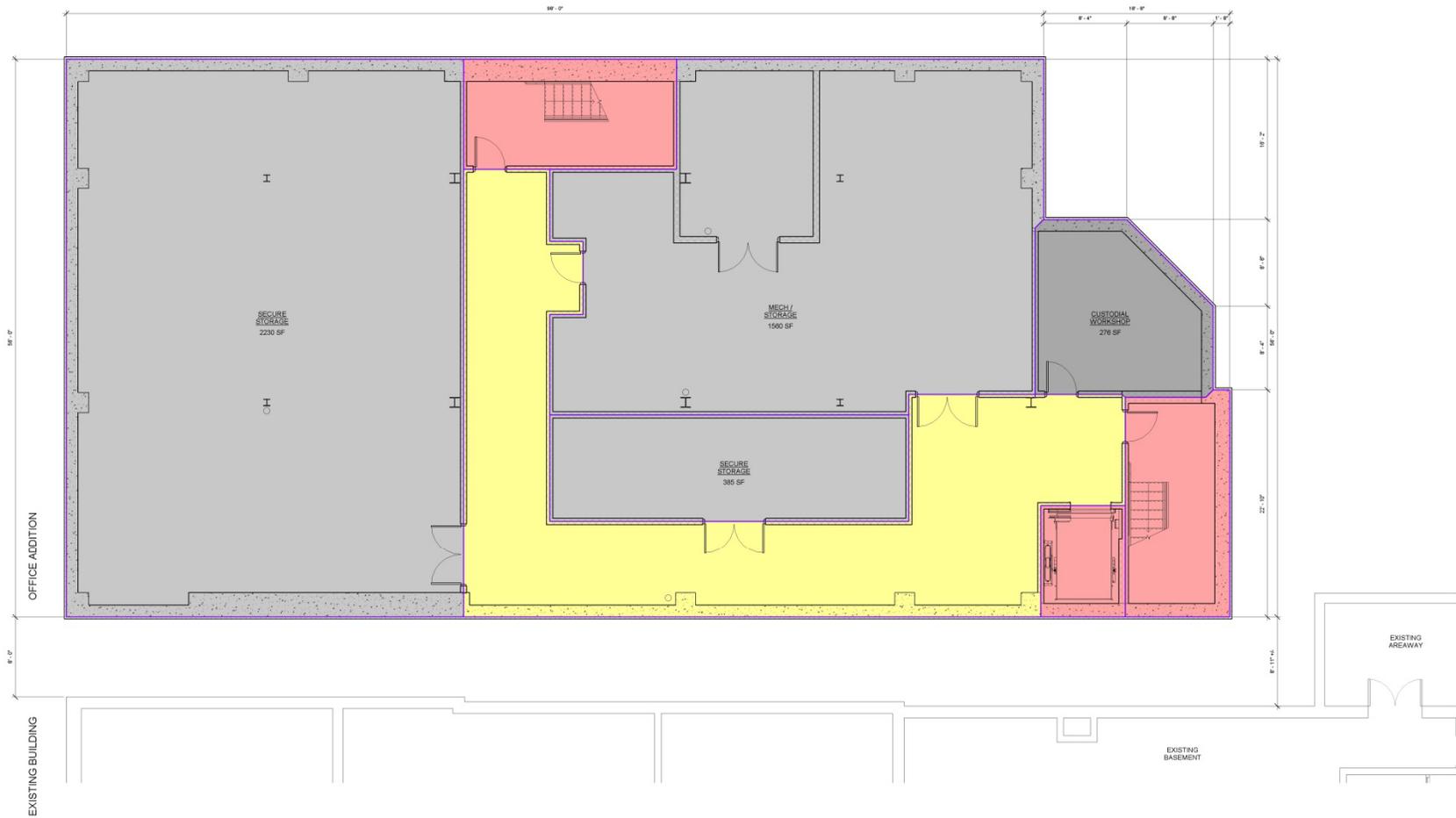


OVERALL PROPOSED SITE PLAN



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION





ENLARGED BASEMENT FLOOR PLAN



EXISTING BUILDING	5,344 SF
EXISTING POLICE ANNEX	1,010 SF
UTILITY ADDITION	6,180 SF



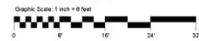
BOROUGH OF CHAMBERSBURG
UTILITY ADDITION





- BUILDING COLOR LEGEND**
- BOROUGH COUNCIL MEETING ROOM
 - CIRCULATION
 - COMMUNITY ROOM
 - CUSTODIAL WORKSHOP
 - FINANCE
 - FINANCE FRONT COUNTER CUSTOMER SERVICE
 - FLEXIBLE OFFICE SPACE
 - IT DEPARTMENT
 - MAIN LOBBY
 - MAYOR OFFICE
 - MECH / STORAGE
 - PERSONNEL, PAYROLL, SAFETY
 - PUBLIC CIRCULATION
 - RESTROOMS
 - SECURE STORAGE
 - SHARED BREAK ROOM
 - SHARED CONFERENCE ROOM
 - SHARED COPY / WORK ROOM
 - UTILITY DEPARTMENT
 - VERTICAL CIRCULATION
 - WAITING AREA

FIRST FLOOR PLAN

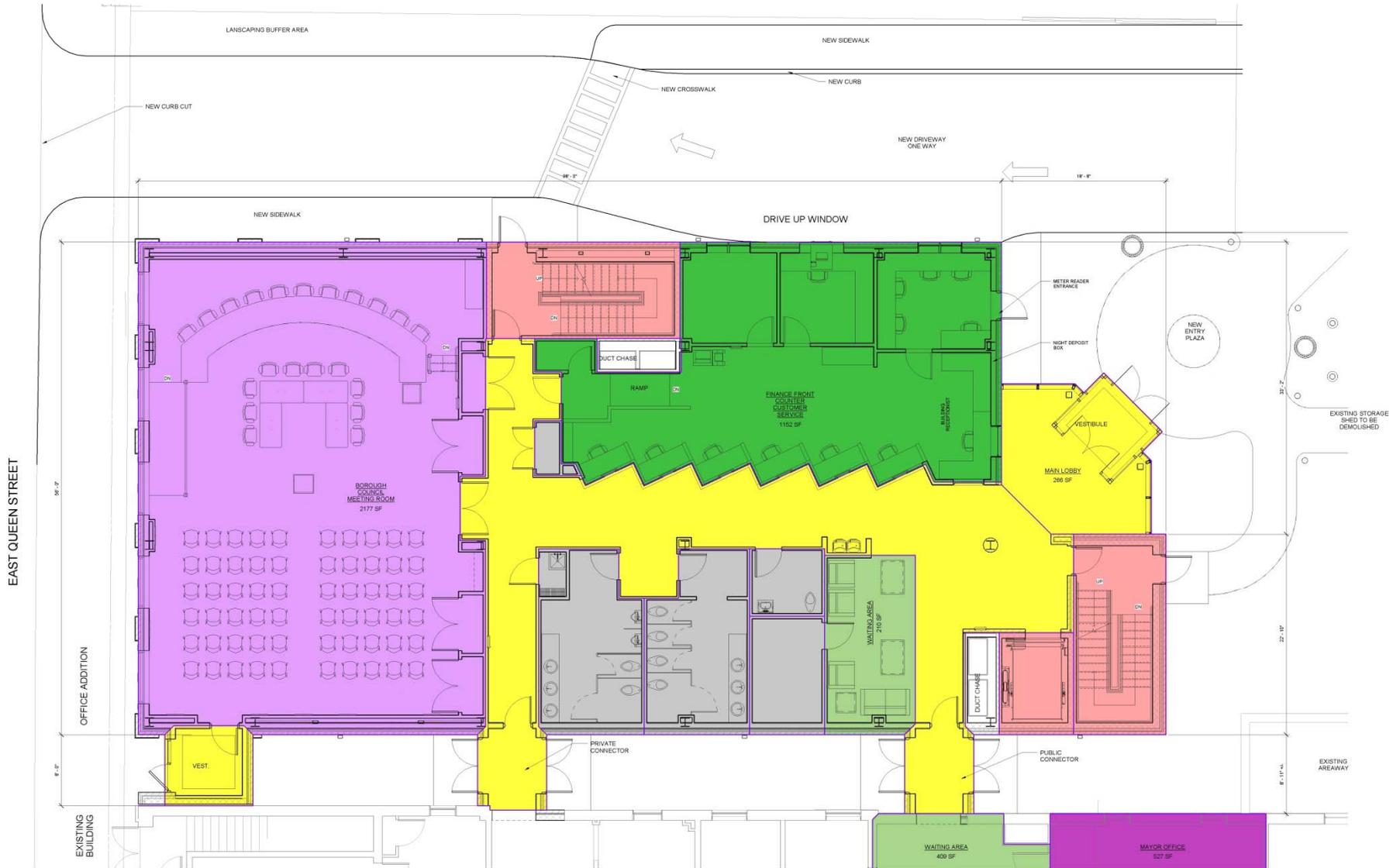


EXISTING BUILDING	10,776 SF
EXISTING POLICE ANNEX	1,010 SF
UTILITY ADDITION	6,410 SF

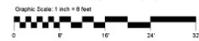


**BOROUGH OF CHAMBERSBURG
UTILITY ADDITION**





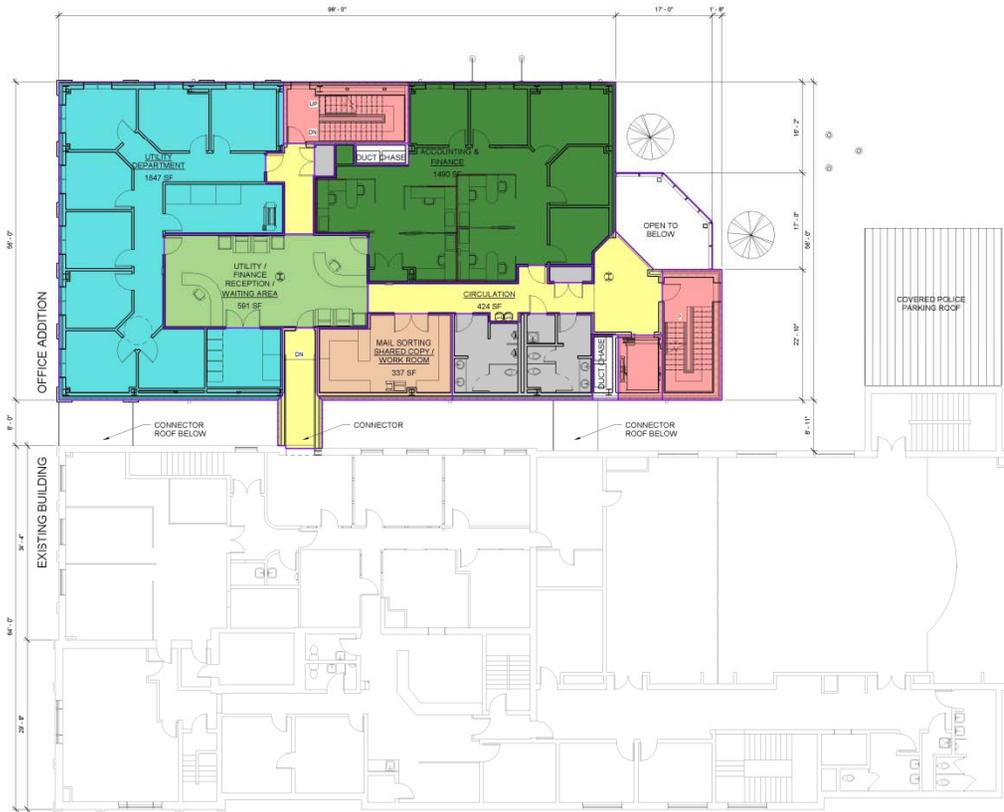
ENLARGED FIRST FLOOR PLAN



EXISTING BUILDING	10,776 SF
EXISTING POLICE ANNEX	1,010 SF
UTILITY ADDITION	6,410 SF



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION

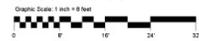


- BUILDING COLOR LEGEND**
- BOROUGH COUNCIL MEETING ROOM
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 - SHARED BREAK ROOM
 - SHARED CONFERENCE ROOM
 - SHARED COPY / WORK ROOM
 - UTILITY DEPARTMENT
 - VERTICAL CIRCULATION
 - WAITING AREA



**BOROUGH OF CHAMBERSBURG
UTILITY ADDITION**

SECOND FLOOR PLAN

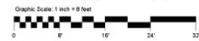


EXISTING BUILDING	10,805 SF
EXISTING POLICE ANNEX	1,010 SF
UTILITY ADDITION	6,002 SF





ENLARGED SECOND FLOOR PLAN



EXISTING BUILDING	10,805 SF
EXISTING POLICE ANNEX	1,010 SF
UTILITY ADDITION	6,002 SF



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION

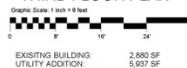


- BUILDING COLOR LEGEND**
- BOROUGH COUNCIL MEETING ROOM
 - CIRCULATION
 - COMMUNITY ROOM
 - CUSTODIAL WORKSHOP
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 - UTILITY DEPARTMENT
 - VERTICAL CIRCULATION
 - WAITING AREA



**BOROUGH OF CHAMBERSBURG
UTILITY ADDITION**

THIRD FLOOR PLAN





ENLARGED THIRD FLOOR PLAN

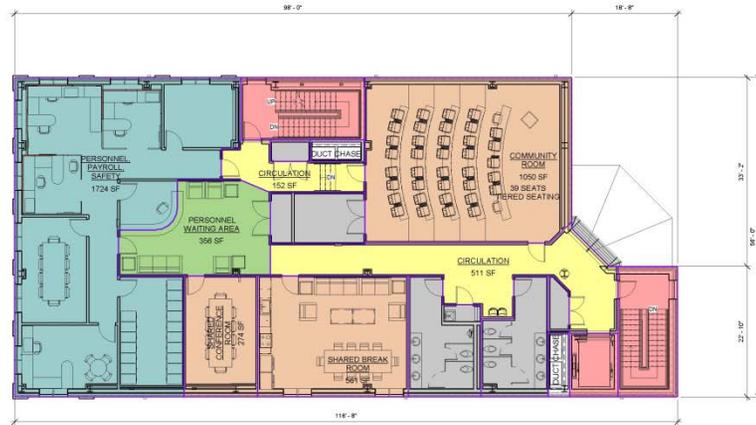


EXISTING BUILDING 2,880 SF
 UTILITY ADDITION 5,937 SF



BOROUGH OF CHAMBERSBURG
 UTILITY ADDITION





BUILDING COLOR LEGEND

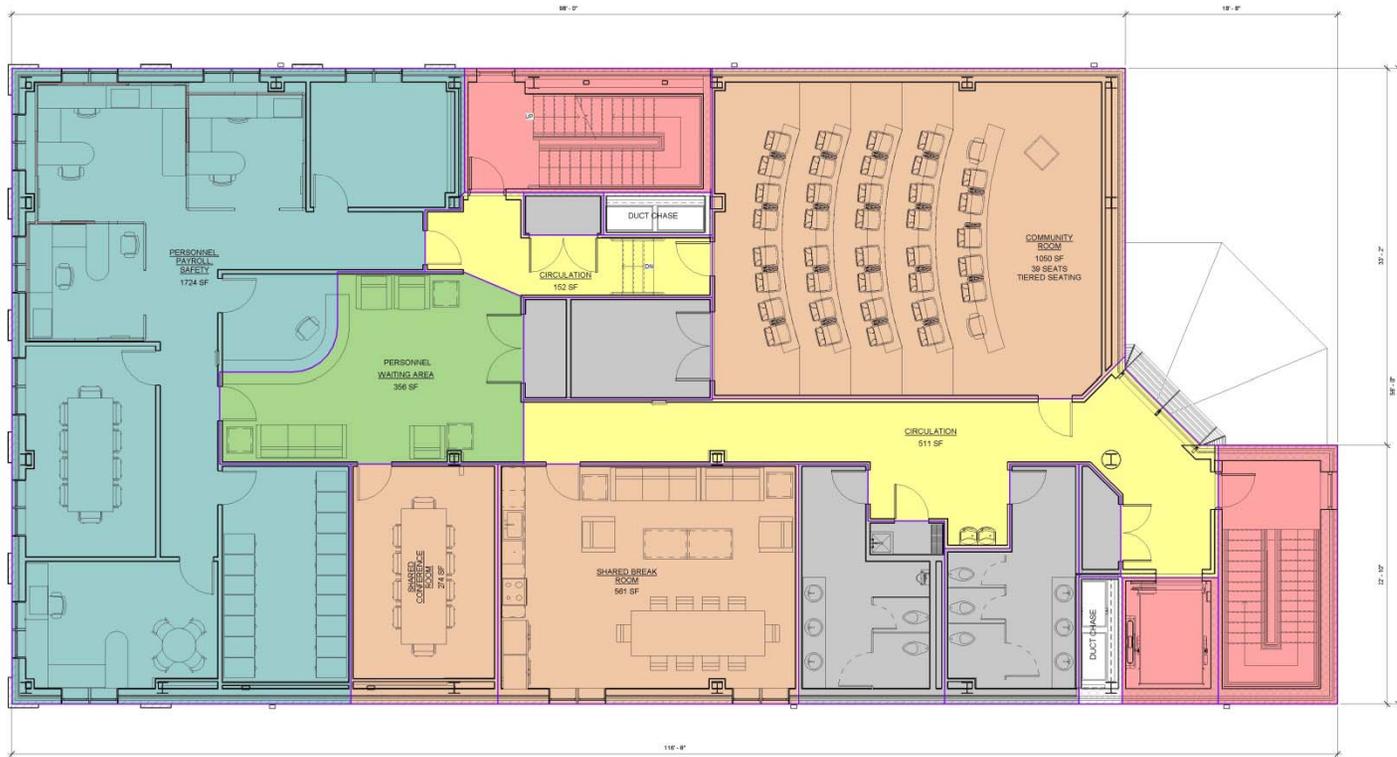
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**BOROUGH OF CHAMBERSBURG
UTILITY ADDITION**

FOURTH FLOOR PLAN





ENLARGED FOURTH FLOOR PLAN



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION



Utility Addition - Gross Building Square Footage

• Basement	6,166 SF
• First Floor	6,410 SF
• Second Floor	6,002 SF
• Third Floor	5,937 SF
• Fourth Floor	5,937 SF
• Roof Access	<u>282 SF</u>
• TOTAL	30,734 SF

Existing Building - Gross Building Square Footage

• Basement	5,344 SF
• First Floor	10,776 SF
• Second Floor	10,805 SF
• Third Floor	<u>2,880 SF</u>
• TOTAL	29,805 SF

Existing Police Annex - Gross Building Square Footage

• Basement	1,010 SF
• First Floor	1,010 SF
• Second Floor	<u>1,010 SF</u>
• TOTAL	3,030 SF





BOROUGH OF CHAMBERSBURG
UTILITY ADDITION

UTILITY ADDITION - CHAMBERSBURG BOROUGH

*VIEW FROM CORNER OF QUEEN AND SOUTH 2ND STREET
TOWARD EXISTING AND PROPOSED BUILDINGS*





BOROUGH OF CHAMBERSBURG
UTILITY ADDITION

UTILITY ADDITION - CHAMBERSBURG BOROUGH

VIEW OF NEW MAIN PUBLIC ENTRANCE



UTILITY ADDITION
Design Development Cost Estimate

Cost Estimate consists of the following items:

- Material
- Labor
- Fees, Permits, Bonds
- Contingency
- Insurance

Based on a Construction start date of September 2016

Design Development Construction Cost Estimate:

\$8,903,336.00



BOROUGH OF CHAMBERSBURG
UTILITY ADDITION



UTILITY ADDITION Initial Financial Determination

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| o \$55,974 per year | Administrative Services - City Hall |
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