



2015 BUDGET
AS APPROVED BY THE
TOWN COUNCIL

DECEMBER 8, 2014

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**BOROUGH OF
CHAMBERSBURG**

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11/3/2014



2015 Budget Message

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2015 Budget Message

As Proposed for 2015

To: Town Council

Submitted herewith for your consideration is the Borough Manager's Recommended 2015 Budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2015 operating budget is balanced; revenues and cash balances cover all necessary expenses.

I am proud that Chambersburg is once again growing both in economic vitality and by our indicators. We saw approximately 3% growth over the last year. This is demonstrated by additional earned income tax revenue because our residents are earning more money, in our deed transfer tax revenue because real estate is once again selling, and marginal growth in the Local Services Tax, which is an indication that more people are working within the corporate boundaries of the Borough of Chambersburg.

Unfortunately, expenditures once again are outpacing revenue growth. We have labor agreements that mandate wage increases for all municipal workers and the minimum obligation deposits to our pension accounts grow significantly due to poor investment earnings three years ago, which is when the pension accounts were last reconciled by law. Further, our community needs in non-utility infrastructure (specifically our streets, our storm sewer system, our parks, and our downtown) are putting added pressure on the 2015 budget.

The forecast for 2015 is continued economic growth but our needs will grow even larger.

It is with that in mind that I suggest we look somewhat past 2015 towards 2016 and what this community and Town Council must do to invest more in the infrastructure of our aging community.

This budget includes significant investment in street projects, in our storm sewer system, and a continuing commitment to Downtown Chambersburg including a new parking facility on S. Third Street and a significant upgrade of police and security cameras downtown and at municipal facilities.

This budget does NOT include a real estate tax increase for the Police Tax or the Fire Tax but, it does seriously recommend reconsidering funding for streets projects and attempts to draw a link between the Police Department, the Emergency Services Department, and street paving projects in the future.

This budget does NOT include utility rate increases for water, sanitary sewer, electric, natural gas or trash service. It does envision the beginning of a new storm sewer utility and a corresponding \$3 per month service fee for pollution control, to insure compliance with State and Federal laws, and to keep the creeks and waterways clean.

This is my fifth budget as your Borough Manager and, although recent fiscal history has been challenging, it is an honor to prepare this document as a strategic plan for our community. Our fiscal year, our budget year, is 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 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 Comprehensive Annual Financial Report (CAFR) is published each spring. However, the budget is adopted each 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.

The budget is a spending plan, a roadmap for the upcoming year. Unlike the federal budget which is wildly confusing and out of balance, your local township, city or borough budget must be in balance, cannot use gimmicks or tricks, is published before adoption for all to read, and thoroughly debated in open public meetings so that Council can hear a variety of opinion. Yet because of its openness, the local budget is honest and therefore somewhat sobering. The number one question we get from those who review the budget is “isn’t there some other pot of money, some other trick to balance the budget that I am not seeing?” Chambersburg’s budget is fairly straightforward - money in versus money out. The utility departments are what make our budget large and complex because the balance of our governmental operation is fairly simple.

The vast majority of our budget is the utilities; general government operations such as police, fire, recreation and highway are kept separate from electric, water, sewer, natural gas, and trash. Chambersburg Borough is unique in both organization and complexity because of our utilities, which account for the vast majority of our budget, resources, organization, employees, and challenges.

The utilities, the enterprise funds of the Borough, account for the preponderance of the Borough annual expenditures. Further, the Electric Department alone eclipses all other operations of the Borough. We are fortunate that these business models are sound; further, the utilities face challenges but nothing as significant as the General Fund. Enterprise fund challenges are:

- Significant infrastructure needs in water and sewer
- Limited service areas and customer base upon which to expand
- Inelastic rates; when they rise encourage less use of utilities
- Anecdotal pressure from regional utilities; they market their rates (often not comparing apples to apples) to our customers, who often fail to grasp the cooperative nature of our venture and the many benefits of operating our own community systems
- The pool; the strength of our utilities is the pool nature of our users. The more users and the more use by the users the less everyone pays; conversely, when the economy is bad and users’ use is less, everyone feels the effect
- Overreaching state and federal agencies who look to impose big utility mandates on our small independent community systems

However, the future remains bright. Our utilities are well managed, leaders in their fields, the biggest such municipal utilities in Pennsylvania, and well positioned to address these challenges.

As a result of proper fiscal planning and oversight, our citizens enjoy the lowest composite utility rates in Pennsylvania. Further, this year we are recommending **NO changes in utility rates** other than the important creation of a new utility, the Storm Sewer Utility, with its corresponding \$3 per month fee.

Macroeconomic Factors

This budget talks a great deal about services. I believe that local government must find ways to explore alternative delivery of services. We have always prided ourselves on being a business-like municipal government and using entrepreneurial methods from our utility operations to encourage private investment and private economic growth in Chambersburg and the surrounding region.

I want to see our downtown blossom with private investment, real estate redevelopment, more stores, more offices, more places to live; all as a result of making Chambersburg a safe, clean, green, and healthy place to live and work. I embrace the growing diversity of our community and the economic and cultural excitement that this can bring to our hometown.

I know that these aspects are all interrelated. That the fiscal stability of our municipal government is directly related to the macroeconomic factors that influence the local economy; that the local economy is directly related to our entrepreneurial methods of managing local government; that our utility operations encourage private investment and private economic growth; that our downtown will blossom with private investment; and that we will continue to explore ways to expand this success in a regional way.

Chambersburg remains a unique community both in the complexity of our impact on our local economy as well as the size of our municipal government. No other local government plays as significant a role in the macroeconomic factors that influence the local economy as Chambersburg Borough. This is because our utility departments drive the cost of operating for local businesses and other government units throughout the Borough and also the regional area. It is not always appreciated but our sound fiscal management not only frees our citizens from the burden of high utility rates but also frees our local employers to hire more workers and our local institutions, such as the Chambersburg Area School District and Chambersburg Hospital, to control their cost of operations and their need for revenues.

I am often shocked when others decided to locate or build facilities outside of Chambersburg Borough. I think they are missing much in the calculation. Not only do we provide outstanding and professional police and fire services to protect homes, business, schools, and medical facilities, but also we have the lowest composite utility rates in Pennsylvania. This is not to insult our neighbors because we support them and encourage them in every way possible. The volunteer fire companies and Pennsylvania State Police are all fine organizations. Further we are both the water supplier and sanitary sewer receiver of much of the regional flow. However, in a purely economic comparison, placing a facility inside Chambersburg is likely to provide better, more reliable, and more cost effective municipal services than anywhere else in Pennsylvania. We do not do a good enough job delivering this message.

This budget contains several 2015 goals, as reflected in a number of attributes of this budget, to work to expand our outstanding services, to upgrade our community and to expand regional cooperation.

A. Expanding Municipal Services for the Mutual Benefit of the Townships

B. A Safe, Clean, Green and Healthy Community

C. A Big Year of Infrastructure Needs and Improvements

D. New Personnel and New Spaces

Goal A - Expanding Municipal Services for the Mutual Benefit of the Townships

1. Work With Townships to Provide Expanded Sewer and Water Services

There are a number of projects and concepts we need to explore for the Chambersburg's Borough-owned sanitary sewer and water systems, but also for the mutual benefit of the systems in the townships. First, in 2015, the Borough will work with Greene Township to not only build the North Chambersburg Transportation Improvements Project, which includes a new connection at Parkwood Drive, but also to seek to encourage development just north of Norland Avenue. This neighborhood, which is currently zoned agriculture, has the potential to provide significant mixed use development including more retail, commercial, health services, and residential uses. The challenge was that there were no connections to Parkwood and Fifth Avenue (being addressed) and inadequate sanitary sewer service. I want Chambersburg and Greene Township to explore ways to encourage smart growth in this area and use our extensive sewer capacity to make it happen.

Second, in 2015, we need to work with Guilford Township to satisfy the needs of growing development in the Route 30 corridor. Unbeknownst to many, Chambersburg Water now serves some 100 to 200 water customers along US 30 in Guilford Township. This is because our main transmission line from Caledonia runs right down US 30. We do not want to maintain two water utilities in the same geographic area; that is not cost effective. There has to be a way for Guilford and Chambersburg to explore cooperation, to deliver inexpensive water to as many homes and businesses in this area, and not duplicate services.

Third, in 2015, we need to work with the Bear Valley Joint Municipal Authority, our largest water customer, to satisfy the growing demands in Hamilton and St. Thomas townships by cooperating on a mutually beneficial future. Chambersburg has so much we can offer in terms of capital investment management, infrastructure management, and financial management, that it seems there must be a way to lower water rates in their system by a closer and more integrated working relationship.

Finally, we need to continue to grow our intermunicipal cooperation. In 2014, Chambersburg and Greencastle Borough entered into a mutual aid agreement to provide municipal services for the Greencastle Water Department in case of need or emergency. This is the best way to share services. We need more intermunicipal agreements between more agencies to share knowledge, expertise, personnel, and services. In doing so, we break down the provincial boundaries between our agencies and save everyone time and money.

2. Work With Townships to Provide Post-Construction Stormwater Management Services

2015 will mark the first year of existence of a Municipal Separate Storm Sewer System (MS4) utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

A storm sewer utility will allow Chambersburg to better manage stormwater by creating a designated fund for stormwater management. The storm sewer utility will provide personnel to be responsible for compliance with the MS4 Permit's "Minimum Control Measures". Secondly, beyond MS4 Permit administration, there are other important program components that our new department will offer. Like a water or sewer utility, a storm sewer utility generates revenue through user fees that will eventually be based upon the amount of stormwater generated on a property.

The last thing we need in Franklin County is three, four, or five separate storm sewer utilities. We do not need to have as many storm sewer utilities as we currently have water systems or sanitary sewer systems. We need to encourage intermunicipal cooperation. I propose those townships that have, or will someday have, MS4 permits, contract with Chambersburg for stormwater management services.

These services include: public education and outreach on stormwater impacts, illicit discharge detection and elimination, post-construction stormwater management in new development and redevelopment, pollution prevention and good housekeeping, development of storm sewer system maintenance needs and establishment of capital improvement plans, and monitoring and modeling of stormwater system flows to the Conococheague Creek and Falling Spring Creek.

One staff, one set of consultants, one set of maps, and not three, four, or five.

3. Work With Townships to Provide Additional Recreation Services for Their Residents

Chambersburg has one of the most robust and significant recreation programs in Franklin County. This now includes programming at multiple facilities, sports, youth leagues, indoor classes, clubs, events and concerts. We also have a magnificent municipal pool and the inclination to expand our options and our programming.

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents are asked to pay a little more than Borough residents. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system.

In 2015, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Recreation Department, their residents could enjoy the lower tier rates and we could start programming activities at township facilities. Our recreation professionals can set up programs, manage volunteers and arrange seasonal help without adding the burden of new staff to township budgets. The last thing we need in Franklin County are three, four, or five separate Recreation Departments each with staff, consultants, programming, and fees.

4. Work With Townships to Provide Commercial Fire Code Inspection Services

In 2015, we should explore my proposal that Hamilton, Guilford, and Greene Townships adopt the International Fire Code and contract with the Borough ES Department as a third party Code Agency for Commercial Fire Code Inspection Services. This would be just like when the townships adopted the Uniform Construction Code in 2004 and contracted with Commonwealth Code Inspection Services (CCIS) to provide third party Code Agency services for those codes.

Currently, no one agency in the townships are providing commercial fire code inspection. The Volunteer Fire Companies generally are unequipped to do inspections. Although CCIS can do these inspections, we have discussed letting our fire department, where every firefighter is a certified code inspector, do these inspections on a systematic basis. I believe that CCIS would support this plan.

By the end of 2014, the Borough will update our local Fire Law, written by Assistant Solicitor Welton Fischer, which adopts the new International Fire Code. In the Borough, businesses must be inspected (some annually & some tri-annual) for code violations. We believe that this is a big fire prevention program, in that it actual prevents fires, saves lives, and property. In the Borough, the ES Department charges businesses for this important inspection program (revenue goes to support only inspections and prevent fires). In many cases, the businesses' property insurance may be reduced because of these inspections.

It is our hope and desire that the townships will contract with the Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

We cannot believe that the townships would not support the adoption of systematic Fire Code inspection with the goal of preventing fires, saving lives, and property. In addition, part of the inspection fee would be shared with the local volunteer fire company responsible for protecting each business. That provides a further incentive to establish this program.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. The portion of revenue collected, which would be shared with the townships, can be decided during discussions. This important new ES Department program will begin with a meeting with stakeholders and exploring how this program may function.

5. Work With Townships to Provide Additional Police Patrols in Commercial Areas

The Chambersburg Police Department is an outstanding professional police force with knowledge and experience in a variety of law enforcement skills. While we have great respect for the Pennsylvania State Police and a close working partnership with their agency, the State budget always limits what services can be provided in municipalities that do not have their own police departments. The fiscal reality is that the Pennsylvania State Police cannot provide the same level of service to the townships that the Borough enjoys. Of course, much of the townships are still rural and in residential neighborhoods crime, other than domestic crimes, is still very rare. There is however a growing trend of crime in commercial strips such as along US 30 east and west of Chambersburg and along US 11 north of Chambersburg.

While it may be unrealistic to provide overall police services to the townships without a vast increase in the number of officers and the budget of the Police Department, it is less of a stretch to consider safety patrols on US 30 and US 11 beyond the borders of the Borough. With the arrival of a new Wal-Mart store on Radio Hill and the existing commercial growth north and east of the Borough, perhaps Greene, Guilford, and Hamilton townships may all find this public safety initiative interesting.

I believe that township business owners in these commercial areas would welcome the additional patrols. In fact, they may like it so much they might be willing to underwrite the cost of the service. In 2015, we should explore whether, in exchange for the townships' boards contribution directly to our Borough Police Department, their commercial corridors could enjoy the benefit of local police patrols.

Expanding Municipal Services

Expanded Sewer and Water Services, Stormwater Management Services, Recreation Services, Commercial Fire Code Inspection Services, and Additional Police Patrols in Commercial Areas.

Goal B – A Safe, Clean, Green and Healthy Community

1. Borough-Wide Camera and Security Project

In 2015, Chambersburg will install new technology as one tool to assist the Police Department with making Chambersburg a safer community. While we have few incidents of violent crime, resources to have sufficient police officers available to canvas all the hot spot areas of the community are not available. A single police officer can cost the Borough well over \$1 million in wages and benefits over their career. Technology does not solve crimes but it does provide an additional cost efficient tool in the arsenal of crime prevention, deterrence, and investigation tools. Since 2007, the Borough of Chambersburg has invested in security cameras connected through our fiber optic computer network. These cameras are installed at several facilities and public places. They are not live monitored but rather they are recorded using digital computer technology for playback as needed.

The Camera and Security Project is a vast expansion of that security network. This budget includes three types of additional video technology to assist the Police Department in their mission:

1. A significant upgrade to the type and number of downtown static cameras
2. A significant upgrade to the type and number of public facility cameras
3. A new installation of pole mounted car license plate identification cameras with limited facial recognition
4. A new installation of mobile police car mounted license plate identification camera
5. A trial installation of one FLASHCAM-880SX anti-vandalism camera
6. Associated expansion of fiber optic and electric systems to interconnect this technology

The goal of this expanded use of technology is to assist the Chambersburg Police Department with new tools to: prevent, deter and investigate crime. Chambersburg would greatly expand and modernize our public space surveillance network in order to provide our citizens and business with the level of security and quality of life that they have come to expect. This technology, in concert with Mayor Darren Brown's proposal to expand and enhance community policing is anticipated to directly affect a number of nuisance and street level crime patterns in our community including: strong arm assaults and robberies, retail theft, drug dealing, and vandalism.

In addition, in 2015, the Police Department will increase walking assignments on shifts and seek additional part time officers for additional walking downtown. The Police Department is currently training a part time officer and anticipates that he will be ready for downtown walking by 2015. Also, the Mayor and the Police Chief are actively looking for a property either in the Southgate area or South Main Street area as a new store front location for a new police substation.

2. Downtown Custodian and Maintenance Worker

As you know, the Borough owns a house at 38 W. Queen Street. Pursuant to the Borough Code, the house can be sold only through auction and might end up going to the highest bidder or landlord; not providing much revenue and another potential nuisance apartment house. Therefore, as an alternative proposal, this budget creates a new unique job in 2015: that of a Live In Residence Downtown Custodian and Maintenance Worker.

This employee will live and work in Downtown Chambersburg and be responsible for a variety of public maintenance tasks involving cleaning, sweeping and general maintenance duties. They will work with

local civic agencies such as DCI and the DBC as well as maintenance contractors assigned by the Borough and DCI. This employee will be responsible to perform general, regular and light maintenance and repair tasks necessary to provide safe streets, alleys, walkways, plazas, parks and municipal facilities for the public. As of today, there is not one go-to maintenance person for these complex tasks. Many of the tasks performed are of a skilled nature such as maintenance and landscaping equipment operation, installing signs and fixing posts, light masonry, painting, sanding and scowling of municipal street furniture, and seeding and fertilizing grassy areas, flower boxes, and dealing with accumulated waste, vectors, and other regular nuisances in the rights of way and municipal walkways; use of advanced maintenance and repair as needed and this employee will be responsible for contacting others as needed through the chain of command. Every workday this employee will do a series of walking inspections of the various public spaces downtown, the creek, Memorial Square and the side streets and alleys.

The work also requires that the Downtown Custodian & Maintenance worker live at a Borough provided downtown residence (as his primary residence) and serve as the lead downtown maintenance worker for daily events, street fairs and street events within Borough streets and rights of way. The Borough will approve any reasonable request for this workers' family or dependents to live with him at the house, if applicable through a standard lease agreement between the Borough and the employee; in essence he will be required to rent the residence from the Borough. The Solicitor is researching how exactly this will work for Federal Fair Labor Standards Act regarding, wages, overtime, and the house rent.

This employee must be scheduled to work during street fairs and other holiday and weekend events. Work includes clearing snow, ice, debris and obstructions prior to and during downtown events. The work also requires that the Downtown Custodian & Maintenance worker maintain, fix, repair, and provide upkeep and service to the Borough owned downtown properties including, but not exclusively, the Borough provided residence at 38 W Queen Street. Clean and maintain other public buildings including interior spaces, City Hall and public bathrooms. Maintain and water outside flower boxes. Pull debris from the creek bank; request needed supplies and materials. Clear garbage and debris from Borough owned pathways and sidewalks. They will schedule some construction activities and other duties requiring use of advanced knowledge, including major repairs and utilities, which may be performed by vendors or other borough employees. Knowledge of landscaping and use of cleaning, fertilizing, and vector extermination chemicals required (under the direction of licensed employees).

Like a caretaker or lighthouse keeper, this employee (and their family) would live at 38 W. Queen Street (as a part of their compensation) and take care of the downtown core and nearby Elm Street neighborhood public areas and projects. This would match well our clean and green downtown objective of our Downtown Plan. The employee would be eligible to be represented by AFSCME Local 246.

3. Downtown Parking Sign Project and New Third Street Parking Lot

The origin of the project was a request by Franklin County Administration to improve TODS Wayfinding Signage to and within the seven (7) Borough Parking Lots for easy identification by vehicular travelers who have Franklin County's downtown facilities as an intended destination. Once vehicles are parked in a given parking lot, and visitors are out of their vehicles, as pedestrians, additional (interior) signage is to point them in the direction of their ultimate destination, i.e., primarily, the Franklin County Courthouse and/or the Franklin County Administrative Offices in Downtown Chambersburg. Wayfinding for Borough facilities is also a part of the signage plan. It is our hope to have new municipal parking lot signs installed by January 2015.

On October 27, 2014, Town Council approved a resolution authorizing the Borough to acquire 240-250 S. Third Street by the Parking Department for the purposes of planning for additional municipal parking. The Recreation Department had identified a significant long term situational parking issue in the neighborhood of the Eugene C. Clark, Jr. Recreation Center. While the Borough does not necessarily recommend the demolition of habitable structures for parking, these buildings are an eyesore in the neighborhood. Therefore, Council will be taking care of two issues by the acquisition of these buildings.

It will take several weeks until the Borough is ready to take possession of the property; estimated by the end of 2014. The Borough will begin by going out to bid for demolition. The project to clear the site would be done by spring 2015. Then the Borough would set about to design a parking lot including proper zoning and drainage requirements. It is our hope to have a new municipal parking lot on S. Third Street by 2016.

4. Wilson College Streetscape Grant Project

On September 9, 2014 the Borough of Chambersburg received notification that it has been awarded a Multimodal Transportation Fund (“MTF”) grant in the amount of \$465,429 from the Commonwealth Financing Authority to support Wilson College’s Streetscape and Pedestrian Safety Initiative. The MTF request for funding was submitted as a collaborative public-private partnership between the Borough and Wilson College to perform a variety of pedestrian infrastructure and aesthetic upgrades in coordination with the College’s campus improvement plans.

The Streetscape and Pedestrian Safety Initiative will include the replacement and upgrade of sidewalks, crosswalks, lighting, signage and landscaping along the portion of N. Main Street, Edgar Avenue, and Philadelphia Avenue that borders the College’s campus. The project will repair existing curbs, replace sidewalks and install ADA-compliant curb ramps. The improvements are targeted at further promoting safety with enhanced vehicular visibility and substantial width for sound pedestrian crossing throughout the campus. A final design has yet to be approved but will include items such as wayfinding, landscaping and fixtures, each intended to complement the historic integrity of the surrounding architecture. A dual-banner system will be affixed to street lights. The Borough will involve the surrounding neighborhood in the final design process. It is our hope to have a new Wilson College streetscape installed by January 2016.

5. Pedestrian and Bicycle Improvements Plan

In 2015, the Land Use and Development Department will issue a Request for Proposal to engage a consultant to help develop Chambersburg’s first Pedestrian and Bicycle Improvements Plan. We do not yet know the cost of this effort but our community stakeholders group, which includes Summit Health and Wilson College, are sure to help us develop funding.

We are finalizing the scope of work for a draft Request for Proposal as well as potential funding sources for the plan. Items under discussion include:

- Expanding the Rail Trail
- Creating bicycle friendly connections to places of interest and commerce, for example Memorial Park to Downtown and Third Ward to Norland Avenue
- Review current policies on sidewalk use for bicycles
- Look for opportunities for bicycle/pedestrian “shared use” when expanding or re-configuring sidewalks or adding bicycle lanes to existing streets

- Developing bicycle friendly areas in existing recreation facilities
- A bicycle self-guided tour of Chambersburg
- Bicycle furniture, public drinking fountains, and/or bicycle rental resources

Also, we are discussing a healthy community design concept: the stakeholders agree that it should be integrated into the Request for Proposal. Healthy community design is planning and designing communities that make it easier for people to live healthy lives. Healthy community design offers important benefits such as it decreases dependence on the automobile by building homes, businesses, schools, churches and parks closer to each other so that people can more easily walk or bike between them. It provides opportunities for people to be physically active and socially engaged as part of their daily routine, improving the physical and mental health of its citizens. It allows persons, if they choose, to age in-place and remain all their lives in a community that reflects their changing lifestyles and changing physical capabilities. It ensures access to affordable and healthy food, especially fruits and vegetables.

We hope to release the Request for Proposal and discuss funding this initiative sometime in 2015.

6. Downtown Vision and Downtown Master Plan

In 2014, our community partner, Downtown Chambersburg Inc. (DCI) contracted with Pennsylvania Downtown Center and Derck & Edson Associates to facilitate a Downtown Visioning and Master Planning Process. The last time the master plan was updated was in the mid 1990s and some projects that had been identified in the original plan have been completed or folded into to other projects.

In 2015, the Borough continues to partner with Downtown Chambersburg, Inc, on downtown maintenance and the Downtown Visioning & Master Plan process.

7. Downtown Re-Development Plan

Also, in 2015, at the request of Town Council, the Borough will explore the creation of a separate redevelopment plan for Chambersburg downtown. The goal of this document is to work with the Franklin County Area Development Corporation to identify and target large blocks of real estate that can be bundled and encouraged for redevelopment.

The Borough will engage a commercial real estate planner to develop conceptual plans to encourage private redevelopment that will build on the vision and design plans being developed by DCI. The goal is to encourage development outside of public improvements and bring much needed private investment into the community. This plan will not focus on aesthetics or vision but rather redevelopment potential.

A Safe, Clean, Green and Healthy Community

Borough-Wide Camera and Security Project, Downtown Custodian and Maintenance Worker, Downtown Parking Sign Project and New Third Street Parking Lot, Wilson College Streetscape Grant Project, Pedestrian and Bicycle Improvements Plan, Downtown Vision and Downtown Master Plan, and Downtown Re-Development Plan.

Goal C – A Big Year of Infrastructure Needs and Improvements

1. Torn Up Streets and New Street Paving

In 2015, the Pennsylvania Department of Transportation (PennDOT) will finish resurfacing North Franklin Street. They will also mill and pave all of US 11 from Industrial Drive including Garfield Street, Second Street, Main Street, Philadelphia, and Edgar Avenue as far north as Penn Hall. This project will keep most of Chambersburg under construction in 2015.

In addition, as previously mentioned, the Borough will be undertaking the Wilson College Streetscape Grant Project, which we hope will coordinate with PennDOT's US 11 repaving. Further, as previously mentioned, Chambersburg Hospital, Greene Township and the Borough will be coordinating on the North Chambersburg Transportation Improvements Project, which includes building Parkwood Drive to Grand Point and fixing St. Paul Drive Extended and the Norland Avenue at Fifth Avenue intersection.

In addition, the Borough will be undertaking a record number of street resurfacing projects ourselves including projects on Walker Road, Cumberland Avenue, Highland Avenue, Seventh Street, Ohio Avenue, Pennsylvania Avenue, Federal Street, Eighth Street, Reservoir Street, Kenwood Road, Edgar Avenue, Riddle Road, South Street, and Pine Street.

The Borough will also be reconstructing the intersections of Hollywell Avenue/Industrial Drive to fix drainage and pavement; and, Wayne Avenue/Orchard Drive to add pedestrian improvements.

The Borough utilities will be patching utility ditches and the Highway Department will release another contract to fix potholes after the winter ends (although the 2014 contract is being done this November).

Unfortunately, if there is no Police Tax increase in either 2015 or 2016, this will likely be the last year of such an ambitious street resurfacing plan. There is a relationship between underfunding police services and a corresponding effect on underfunding street projects. As Police, Emergency Services, Recreation and Highway (and to a lesser extent Land Use & Development) are comingled together in the General Fund, their funding (or underfunding) has a direct impact on available resources for the other General Fund departments.

Real estate taxes levied now do not cover any of the cost of paving streets.

In 2015, the Police Department will cost \$667,680 more to operate than revenue derived by the Police Tax and other Police revenues. That means the Borough is diverting \$667,680 next year in available resources, to cover the shortfall in Police Tax. Further, this shortfall will grow every year.

Please consider fixing the Police Tax shortfall so that we can continue to do these important projects.

2. *A Need to Fund Alley Improvements*

Real estate taxes levied now do not cover any of the cost of paving alleys.

Further, there are not enough funds provided by our State Aid grant (a grant provided by PennDOT on the sale of Liquid Fuels) to provide sufficient resources to fix and pave all the alleys of the Borough.

It is my suggestion that Town Council seriously consider funding these alley projects by special assessment. The Borough Code allows street improvement projects that benefit adjacent property owners to be assessed directly to those adjacent property owners; as measured by linear foot of frontage. I suggest that staff create a policy upon which Council can deliberate for improvement to alleys that do not provide general community through traffic. Those alleys can be either abandoned and returned to the adjacent property owners (although in many cases must remain open for traffic), or can be upgraded under the following law:

ARTICLE XVII
STREETS

(g) Improvement of Borough Streets

Section 1761. Proceedings With or Without Petition.

Boroughs with petition or without petition may improve streets, or parts of streets, or a particular width, or additional widths of streets, with or without the assistance or contribution of the United States of America, the Commonwealth, the county, or a corporation occupying the thoroughfare and may assess and collect the whole cost of improvement, or the whole cost not thus aided or contributed, or any part of the cost, from the owners of real estate abutting on the improvement in accordance with Article XXI-A.

ARTICLE XXI-A

ASSESSMENTS AND CHARGES FOR PUBLIC IMPROVEMENTS

Section 2101-A. Authority to assess.

(a) General rule.--Borough council shall have the power to pay the cost, in whole or in part, of any and all public improvements of all natures and descriptions, including, but not limited to, the grading, building, paving, regrading, rebuilding and repaving of streets as defined in section 1701, the creation, extension, renovation or enlargement of water mains and sewage collection, transmission, treatment and disposal systems and the creation, extension and renovation of storm, surface and subsurface drainage systems, the construction, reconstruction and repair of wharves and docks, the installation of ornamental street lighting or the planting, removal, maintenance and protection of shade trees by any of the following methods:

(1) from general borough funds; or

(2) from special borough funds created for that purpose; or

(3) **by assessment of costs against the benefited properties either on the front foot or benefit conferred method of assessment.** *(emphasis added)*

This would be a radical departure from our previous methods of funding alley improvements. The alternative would be to fully fund the Police Tax and use the excess revenue no longer diverted from street projects to address alleys as well as thoroughfares.

3. Waste Water Treatment Plan Project Enters Final Construction

Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant serves Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg is also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of over \$50 million.

This is the largest public works project in the history of Chambersburg.

The upgrades are now estimated to cost \$37M and now being constructed, has begun in 2012 and ending in 2015. The costs are shared with the Municipal Partners as defined in the Intermunicipal Agreement which was executed on September 13, 2010. Construction began on schedule in 2012 and will proceed throughout 2015. While running a little behind and slightly over budget, the project is still in good shape.

4. Julio D. Lecuona Water Treatment Plant Upgrades

The Borough of Chambersburg's water treatment plant will undergo a filter upgrade project in 2015, the project scope and design having been finalized in 2013. The project is multi-faceted, yet focuses on the granular media filters which are a key component of treatment at the plant.

The treatment plant has four granular filters that gravity filter the water withdrawn from the Conococheague Creek prior to chlorine disinfection. Since plant start-up in 1970, the filters have been in continuous service, with little maintenance required.

The primary reason for the filter upgrade project is increased filter performance which is generally measured by turbidity (amount of particulates in the water) of the filtered water; however, turbidity has remained relatively unchanged in the past 40 years. What has changed in the past 40 years is filter component technology, including underdrains and air scour, which are involved in the filtering process.

Both the granular media and the underdrains will be replaced in the filter upgrade project, with piping put in place for future incorporation of air scour, should this be either needed or required in the future.

Filter performance and efficiency will be increased through the upgrade as a result of reduced water usage for filter backwashing, a necessary step in the filter process. Currently, a typical backwash uses 75,000 gallons of treated water per filter. Less backwash water required means less treated water lost to filter operations, which corresponds with increased water production efficiency. Ultimately increases in efficiency allow the Borough to continue to maintain low water rates for our customers.

Fortunately the previous water plant upgrade in 2009 to 2011 involving SCADA system control (computer control) of the plant set a foundation which allowed for a smooth transition into this current filter upgrade project. The goal for this project is the same: to design and implement the project with future water treatment requirements and needs in mind. This important \$1.2 million project includes filter upgrades, filter wall repairs, water security improvements, and mixing improvements and will be a major improvement to this facility.

In addition, the Water Department will map and model the water system to seek other improvements.

A Big Year of Infrastructure Needs and Improvements

Torn Up Streets and New Street Paving, a Need to Fund Alley Improvements, Waste Water Treatment Plan Project Enters Final Construction, and the Julio D. Lecuona Water Treatment Plant Upgrades.

Goal D – New Personnel and New Spaces

1. Downtown Custodian and Maintenance Worker

As was mentioned, the Borough owns a house at 38 W Queen Street. Pursuant to the Borough Code, the house can be sold only through auction and might end up going to the highest bidder or landlord; not providing much revenue and another potential nuisance apartment house. Therefore, as an alternative proposal, this budget creates a new unique job in 2015: that of a Live In Residence Downtown Custodian and Maintenance Worker.

The Downtown Custodian and Maintenance Worker is a bargaining unit position and if created with the 2015 budget was graded as an AFSCME-7 with a hire in salary of between \$40,788.80 and \$45,988.80 per year. The rule of thumb is that an employee costs approximately double their salary including all benefits. The rental of the house would likely not result in a reduction in compensation per the Solicitor.

2. Community Resource Officer

In 2015, at the request of the Police Chief and the Mayor, this budget grants their request to create a new job for the Chambersburg Police Department; that of a civilian Community Service Officer (CSO).

The CSO would be slightly more proficient than a typical clerical employee (the Police Department already employs two clerical employees) and slightly less qualified than a police officer (Town Council has set staff at 31 officers). Police Officers are required to be certified Act 120 training (carrying a MPOETC card). This employee will not be a police officer, will have no police powers, will be unarmed, and will serve to eliminate some of the more complex but civilian duties now undertaken by police officers. This employee does not need Act 120 training.

The CSO job description was created by an amalgamation of various similar jobs in other departments. The term CSO or CRO (resource) is very common in law enforcement.

The CSO is a non-uniform non-bargaining unit position and if created with the 2015 budget was graded by our independent personnel consultant as an NB-8 with a hire in salary of between \$41,475.20 and \$54,121.60 per year. The rule of thumb is that an employee costs approximately double their salary including all benefits.

Unlike a clerical employee, a CSO would be a burden fully on the Police Department budget. Clerical employees are loaned to each department through the clerical pool and the pool is supported by payments from all departments including the utilities. The CSO would result in an increase in the Police Department budget. That budget is already seeing significant pressure from mandated police officer salary increases of 4.5% imposed by an arbitration panel, increases in pension costs, and Council's decision to hire extra police officers in advance of future retirements.

Finally, it has been suggested that a CSO should also be a bilingual employee. Such recruitment would be a valuable addition to the staff.

3. Collections/Tenants Rights Clerk

In 2015, at the request of the Finance Director, this budget grants his request to create a new job in the Administrative Services Department; that of a Collections/Tenants Rights Clerk (CTR Clerk).

The CTR Clerk shall serve under the direction of the Administrative Service Supervisor, the Assistant Finance Director, and the Finance Director. They will identify delinquent accounts; compile information needed to collect delinquent accounts; recommend and initiate legal proceedings on enforcement actions; administer the Tenants Rights notification and utility termination procedures in compliance with the Pennsylvania Utility Service Tenants Rights Act; and perform other duties as required.

The Utility Service Tenants' Rights Act, 68 P.S. §§ 399.1, et seq. applies in any situation in which a utility account that services any residential rental unit or leased dwelling is held in a landlord ratepayer's name, rather than in the tenant's name. In this situation, the Borough must follow the dictates of the Act with regard to terminating or threatening termination of a covered utility service. The Act requires a large amount of additional paperwork including notification to landlords and tenants at different points in the disconnection process. These notifications can be time consuming.

In addition, the CTR Clerk will create, print and mail delinquent notices for merchandise and jobbing invoices, including requisitions, service orders, water tests, re-inspections of rental properties, dumpster rentals, police and fire false alarms, fire code inspections, contractor's parking permits and others. They will file customer with third-party collection agency if payment is not received, and acts a liaison with collection agency staff for these accounts. They will continuously monitor open accounts receivable and research account for information to be used for collections process and court proceedings. They will prepare for related court proceedings and represent the Borough in court on collections matters.

The CTR Clerk is a non-bargaining unit position and if created with the 2015 budget was graded by our independent personnel consultant as an NB-9 with a hire in salary of between \$46,030.40 and \$60,091.20 per year. The rule of thumb is that an employee costs approximately double their salary including all benefits.

4. Loss Prevention/Safety Officer

As you know, the Borough is self insured for general liability and workers compensation. Therefore, the protection of the Borough's liability as well as the safety of our employees (some of whom are involved in life threatening daily activities) is the goal. Luckily we have not had a fatality in the Borough since the tragic loss of S. David Beltz, Electric Lineman, who was fatally injured in the line of duty in 1992.

In 2015, this budget includes the addition of a full time Loss Prevention/Safety Officer in the Administrative Services Department. The Safety Officer will be responsible for safety training, creating safety standard operating procedures, managing the existing in-house Safety Committee, doing spot check safety inspections, and insuring that the Borough has a culture of safety in all departments.

In 2015, the Personnel Office will host a series of training classes including Safety Training, which this employee will oversee and sometimes teach.

The Safety Officer is a non-uniform non-bargaining unit position and if created with the 2015 budget was graded by our independent personnel consultant as an NB-10 with a hire in salary of between \$50,835.20 and \$66,352.00 per year. The rule of thumb is that an employee costs approximately double their salary including all benefits.

5. Storm Sewer System (MS4) Manager

2015 will mark the first year of existence of this new storm sewer utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania. A storm sewer utility will allow Chambersburg to better manage stormwater by creating a designated fund for stormwater management. The storm sewer utility will provide a Storm Sewer System (MS4) Manager to be responsible for compliance with the MS4 Permit's "Minimum Control Measures". Secondly, beyond MS4 Permit administration, there are other important program components that our new department will offer.

The Borough will hire one Storm Sewer System (MS4) Manager who will responsible for day-to-day management of the storm sewer utility, storm sewer system and stormwater management program. They will ensure compliance with the Borough MS4 Permit and enforce the Stormwater Management Ordinance and Floodplain Ordinance. They will serve as a storm sewer and stormwater management liaison between the Borough and local, state and federal agencies and organizations such as municipalities and school districts, Franklin County Conservation District, Pennsylvania Department of Environmental Protection (DEP), United States Environmental Protection Agency, Alliance for the Chesapeake Bay, watershed associations and other environmental organizations.

The Storm Sewer System (MS4) Manager is a non-uniform non-bargaining unit position and if created with the 2015 budget was graded by our independent personnel consultant as an NB-12 with a hire in salary of between \$61,526.40 and \$80,288.00 per year. The rule of thumb is that an employee costs approximately double their salary including all benefits.

6. Increased Wage and Benefit Costs Across the Board

All our labor unions now have active labor agreements and the 2015 proposed budget includes those costs need to cover the four (4) groups of Borough employees:

- Police Department employees covered by the Chambersburg Police Officers Association have a labor agreement for 2015. The wages and benefits in this agreement were forced upon the Borough as a result of Act 111 Interest Arbitration in 2011.
- Emergency Services Department employees covered by the International Association of Fire Fighters (IAFF) Local #1813 have a labor agreement for 2015. The wages and benefits in this agreement were forced upon the Borough as a result of Act 111 Interest Arbitration in 2013.
- Those Highway, Recreation, utility department, and internal service fund department employees covered by the American Federation of State, County and Municipal Employees Local #246 have a labor agreement for 2015. These employees, unlike Police and Fire employees do not have the right of a state forced award. However, the Town Council recently agreed to a mixed deal of wage increases and benefit paybacks in 2013.
- The clerical, technical and management employees of the Borough have had their wages and benefits set unilaterally by Town Council. In most respects, these wages and benefits mirror the agreement between AFSCME Local #246 and the Borough.

Chambersburg Police Officers Association- Imposed by Arbitration Panel

2015

Wages (cost of living adjustment to all steps)	+4.5% more
CPOA Employee Contribution to Pension Plan	-1% more: Total: 4%
Median CPOA Employee Share of Health Insurance	-0.4% more, Avg 1.6% Per Pay
CPOA Collective Bargaining Agreement expires 12/31/2015	

International Association of Fire Fighters (IAFF) Local #1813 – Imposed by Arbitration Panel

2015

Wages (cost of living adjustment to all steps)	+3.5% more
Local #1813 Employee Contribution to Pension Plan	no change Total: 4%
Median ES Dept. Employee Share of Health Insurance	+0.5% less, Avg 1.3% Per Pay
IAFF Collective Bargaining Agreement expires 12/31/2016	

American Federation of State, County and Municipal Employees Local #246 – Contract approved in 2013

2015

Wages (cost of living adjustment to all steps)	+4.5% more
Local #246 Employee Contribution to Pension Plan	-1% more: Total: 4%
Median Local #246 Employee Share of Health Insurance	+0.1% less, Avg 1.7% Per Pay
AFSCME Collective Bargaining Agreement expires 1/4/2016	

Clerical, Technical, and Management Employees – Proposed to Town Council for 2015 but not yet approved

2015

Wages (cost of living adjustment to all steps)	+4.5% more
Non Bargaining Employee Contribution to Pension Plan	-1% more: Total: 4%
Non Bargaining Employee Share of Health Insurance	+0.1% less, Avg 1.7% Per Pay

Part Time and Seasonal Employees – Proposed to Town Council for 2015 but not yet approved

2015

Wages (cost of living adjustment to all steps and classes)	+4.5% more
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7. Temporary Need for More Office Space

Beginning in 2014, the Borough Water Department undertook the Queen Street Properties Needs Analysis. The two former residential properties bought by the Water Department in 2013 are having an analysis completed by SGS Architects of Carlisle, Pennsylvania. The analysis will include a review of all the utility departments, their space needs, their existing space, and concepts of how to meet Borough utility operations needs going forward. The project will include conceptual drawings of how this space may be best utilized.

The target completion is the end of 2014. It is estimated that this analysis will cost the Water Department \$62,500. It has been already determined that the adjacent properties in their current condition to not meet Uniform Construction Code minimums for use as storage or office space. They are useless and should be demolished. On the other hand, the Borough has an immediate and short term need for office space. There is no good location for future workers. This dilemma needs to be solved in 2015.

New Personnel and New Spaces

A Downtown Custodian and Maintenance Worker, a civilian Community Service Officer, a Collections/Tenants Rights Clerk, a Loss Prevention/Safety Officer, a Storm Sewer System (MS4) Manager, increased wage and benefit costs across the board, and a temporary need for more office space.

Conclusion

It is with great concern that I deliver this enclosed budget. While our utility funds are in excellent financial condition, if there is no Police Tax increase in either 2015 or 2016, this will likely be the last year of such an ambitious street resurfacing plan despite our significant needs in infrastructure.

There is a relationship between underfunding police services and a corresponding effect on underfunding street projects. As Police, Emergency Services, Recreation and Highway (and to a lesser extent Land Use & Development) are comingled together in the General Fund, their funding (or underfunding) has a direct impact on available resources for the other General Fund departments.

Real estate taxes levied now do not cover any of the cost of paving streets.

In 2015, the Police Department will cost \$667,680 more to operate than revenue derived by the Police Tax and other Police revenues. That means the Borough is diverting \$667,680 next year in available resources, to cover the shortfall in Police Tax. Further, this shortfall will grow every year.

Please consider fixing the Police Tax shortfall so that we can continue to do these important projects.

Town Council needs to act in a clear and decisive manner to address the needs of the General Fund. It is no mistake that Moody's Investor Services and Standard & Poor's watch our municipal budget so carefully. Both services need to be satisfied that Town Council will take action in the 2015 budget to avoid a permanent reliance on transfers to make up for underfunding of Police services. Just paying the bills is often not enough; when in fact we need to pay the bills with reliable forms of taxes.

In April 2014, Moody's downgraded Chambersburg's General Obligation credit rating from **Aa2** to **Aa3**. They stated that our financial outlook remains stable. "Chambersburg's financial position has stabilized after four years of decline, with positive operations in fiscal 2012..." They added "Significantly increased General Fund balance and growth in available reserve levels" would improve our credit rating. They added that they are looking for "Substantial growth in the borough's tax base and socioeconomic profile."

We must address the costs of the General Fund without reliance on transfers.

The Borough's finances are sound but require action for the future.

Staff is proposing a budget that includes the following highlights:

- No change to the electric rate
- No change to the gas rate
- No change to the water rate
- No change to the sewer rate
- No change to the trash rate
- A new \$3 per month per sanitary sewer customer service fee for pollution control, to insure compliance with State and Federal laws, and to keep the creeks and waterways clean.

Chambersburg would still have the lowest composite utility rates in Pennsylvania.

With respect to the General Fund, the 2015 Borough Manager's proposed budget contains no real estate tax increase:

This proposed budget, as originally presented includes only a 21 mil Police Tax.

<u>Real Estate Tax Rate</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
mil	17	20	20	20	20	20	20	20	21	21

This budget includes no Police Tax increase, keeping the rate at 21 mil; but, this will have a serious and consequential effect on the 2016 budget.

The average single family house inside the Borough paid \$346.84 in 2014 in Police Tax plus an additional \$41.29 for the new Fire Tax to support the Emergency Services Department motorized equipment fleet. The total taxes paid by the average single family house inside the Borough were \$388.13 in 2014.

Assuming, no increase in the Police Tax or Fire Tax mil rates, in 2015 that total will decrease slightly to \$383.20 due to a slight decrease in the average assessed value.

<u>Average Single Family House Inside The Borough</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police Tax (to the General Fund)	\$336.20	\$346.84	\$342.44
Fire Tax (to the Motor Equipment Fund)	\$0	\$41.29	\$40.77
Total (per year)	\$336.20	\$388.13	\$383.20

At \$342.44 per year, the Borough Police Tax does not even cover the full cost of the Chambersburg Police Department including the elimination of certain programs such as the valuable SET Team, which Council eliminated again in 2014.

Without a tax increase the Police Department budget spends \$667,680 over budget.

However, the Borough is doing its best to keep the tax rate as low as possible by adopting a Police Tax rate that is barely sufficient to cover the cost of your Police Department.

No government buildings, schools, charities or township property owners pay any Police or Fire Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

				
<u>Single Family House</u> \$383.20 per year*	<u>Schools</u> No tax	<u>Non-profits</u> No tax	<u>Government</u> No tax	<u>Commercial/Industrial</u> More

**Based upon a median assessed value of single family residential property inside the Borough*

The other state mandated taxes are set by law and are not 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 set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department 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 such they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities.

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jason Cohen, Finance Director, Rachel Krum, Assistant Finance Director, Carol Ehrenreich, Personnel and Payroll, Jamia Wright, Borough Secretary, Kristine Baker, 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 propose that Town Council authorize advertisement of this Proposed Budget on November 3, 2014.

I suggest that Town Council receive public comments on the Proposed Budget on November 10, 2014.

Finally, I would propose that Council adopt it on December 8, 2014. 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/Director of Utilities

11/3/2014



Mission, Policies, and Organization

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Mission, Policies, and Organization

As Proposed for 2015

The Borough of Chambersburg is a full service municipality organized under the Pennsylvania Borough Code to serve the citizens and businesses of Chambersburg. The Borough maintains a staff of over 200 full and part time employees to serve the community. Most borough operations are conducted through offices located at 100 South Second Street, Chambersburg's historic City Hall. The staff is dedicated to serving your needs.

As a full service municipality, Chambersburg supplies a wide variety of services; more services than any other municipality in the Commonwealth. In addition to typical municipal services such as highway (58 miles of streets), storm water collection system, planning, zoning, and code enforcement, Chambersburg operates our own Police force, a combination paid and volunteer Fire Department, a Basic Life Support EMS service, a recreation department with acres of parkland, municipal parking, traffic and street lights program, community and economic development including a Main Street downtown revitalization effort and an Elm Street neighborhood preservation program, and more municipal utilities than any other town in Pennsylvania. Chambersburg is the only municipality in Pennsylvania to operate an Electric Utility, a Natural Gas Utility, a Water Utility, a Sanitary Sewer Utility, and a residential/commercial solid waste trash program. We are one of only 35 municipal electricity communities in Pennsylvania and the largest of the group in terms of customers. We are one of only two municipal natural gas utilities and the other, City of Philadelphia, has entered into an agreement to sell their gas system and does not operate its own electric system.

In 2015, Chambersburg is proposing the creation of a new utility: a storm sewer utility. While the Borough has operated a municipal separate storm sewer system (MS4) for almost a century, the system was owned and operated by the General Fund, not as a utility, and supported by available tax resources. In 2015, following renewal of our Pennsylvania Department of Environmental Protection MS4 permit in 2014, the Borough is proposing to carve the system out of the General Fund and establish a fee-based utility department in a separate Enterprise Fund; not dissimilar to our other utilities including the Sanitary Sewer utility. From henceforth, with this approval, the Borough will need to differentiate between two separate sewer utilities: a sanitary sewer system and a storm sewer system.

Situated as the County Seat of Franklin County, Chambersburg is a large and diverse community. Sometimes dealing with city issues, Chambersburg borough still maintains a small-town quality of life. According to the PA Department of Community and Economic Development, boroughs are the second most common form of municipal government in Pennsylvania, their number exceeded only by the number of second class townships. The 962 boroughs represent 37.5% of all general-purpose municipal governments in Pennsylvania. Chambersburg has a 2013 population (U.S. Census Bureau: State and County QuickFacts) of 20,508 residents up from 18,546 in 2009; a 10.6% increase in five years.

Chambersburg operates under the Council-Manager form of government. The Chief Administrative Officer of the organization is the Borough Manager, appointed by and serving at the pleasure of a majority of the Town Council. The Council, currently ten members, is elected by Wards for four year terms. The Council elects one of their own to serve as Council President, Council Vice-President, and Chairman and

Vice-Chairman of the Finance/Personnel Committee. The Council serves as the legislative and quasi-judicial branches of local government. Their mission is to preserve the fiscal security of the Borough and set long term objectives and goals for staff. They also engage in all types of community planning.

In 2015, the Borough will hold municipal elections where about half the elected seats on Town Council will be chosen. In January 2016, Town Council will hold its next bi-annual reorganization meeting.

The Mayor is independently elected. Pursuant to the Pennsylvania Borough Code, the Mayor is the supervisor of the Borough Police Department, joins Council meetings as a non-voting member, and may approve local laws adopted by Council. The Mayor also serves as a dignitary representing the community.

Why is Chambersburg a Borough and Not a City?

According to the Pennsylvania Department of Community and Economic Development, “Boroughs are governed by an elected council. The membership of council varies depending on the method of election. Boroughs may elect their council members at large by a vote of the entire borough, or by wards. Boroughs may be divided into no more than 13 wards; each ward must contain a minimum of 300 registered voters. Where a borough is divided into wards, one or two members may be elected from each ward. Those boroughs electing three per ward may continue to do so until the number is changed.”

“There are 53 third class cities in Pennsylvania. Under current law a third class city may be created from any borough, town or township with a population of at least 10,000 at the last federal census. To attain city status, the voters must approve the issue in a referendum. Cities whose populations drop below 10,000, do not lose their classification; in the 2000 Census, 17 third class cities reported populations under 10,000.”

Chambersburg would qualify to incorporate as a third class city. However, all the utility systems of Chambersburg are incorporated under the Pennsylvania Borough Code. It would be quite a challenge to move to become a third class city and still operate our vast utility systems. That would probably require a change to State law.

Finally, Chambersburg could adopt a Home Rule customized form of our Borough government. The basic concept of home rule is relatively simple. The basic authority to act in municipal affairs would be transferred from the Pennsylvania Borough Code, as set forth by the General Assembly, to a local charter, adopted and amended by the voters.

This basic point as has been explained by PA Local Government Commission as “Home rule means shifting of responsibility for local government from the State Legislature to the local community a borough choosing home rule can tailor its governmental organization and powers to suit its special needs.” Home Rule is done by a citizen commission and approved by referendum like a local constitution for the municipality. “It is a body of law, a framework within which the local council can adopt, adapt and administer legislation and regulations for the conduct of business and the maintenance of order and progress.”

There are advantages and disadvantages to a Home Rule Charter system including the need for a grassroots movement to tackle the thorny political challenges of developing a citizen commission.

In the meantime, Chambersburg operates under the Pennsylvania Borough Code.

BOROUGH OF CHAMBERSBURG

Our Mission

The Borough of Chambersburg is a municipal government in south central Pennsylvania committed to the well being of those people who live, work, play and travel in the community. We will strive to:

- Furnish such quality service as our citizens may want at a cost they may approve.
- Manage our human, financial and physical resources in the most efficient and effective manner.
- Treat our employees, citizens and visitors with fairness, respect and equality.
- Protect persons, property and quality of life.
- Operate in accordance with the laws and constitutions of the Commonwealth of Pennsylvania and the United States of America.
- Make Chambersburg the model for Pennsylvania communities.

Borough Fiscal Calendar
 (Borough Code is cited below as B.C.)

www.newpa.com/local-government/law-library/index.aspx

Fiscal Year:	January 1 through December 31
Prepare Proposed Budget: (B.C. Section 1307)	Beginning at least 30 days prior to adoption of budget.
Publish Notice of Proposed Budget: (B.C. Section 1308)	Before a 10-day public inspection period.
Public Inspection of Proposed Budget: (B.C. Section 1308)	For 10 days after notice.
Adopt Budget and Tax Ordinance: (B.C. Section 1310 & 1310.1)	Budget must be adopted not later than December 31; tax ordinance to be adopted after adoption of budget.
Amending budget in years following municipal election (November of the odd numbered year): (B.C. Section 1311)	During month of January.
Proposed amended budget available for public inspection: (B.C. Section 1311)	10 days after notice is published.
Adopt amended budget: (B.C. Section 1311)	On or before February 15.
Issue tax duplicate to tax collector: (B.C. Section 1306) (b)]	Within 30 days after budget adoption or receipt of assessment roll, whichever is later.
Tax billing by tax collector: (Local Tax Collection Law)	Within 30 days after receiving tax duplicate, or 15 days if received after June 16.
Completion of audit by auditors or controller: (B.C. Section 1059[a])	Within 90 days after close of fiscal year.
File copies of audit report with borough secretary, clerk of court of common pleas, Department of Community and Economic Development and Department of Transportation: (B.C. Section 1059[a] [6])	Not later than 90 days after close of fiscal year.
Auditors publish concise financial statement: (B.C. Section 1059.1 [a])	Within 10 days after completion of the audit.
Appeal to court of common pleas from report: (B.C. Section 1059.4)	Within 40 days after filing of the auditor's report in court of common pleas.

**BOROUGH OF CHAMBERSBURG
FINANCIAL POLICY STATEMENT**

The Borough of Chambersburg has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the adequate funding of services as desired by the public through their elected representatives, the Town Council. The financial goals and policy statement of the Borough is adopted concurrently with the formal adoption of the annual budget.

BOROUGH OF CHAMBERSBURG FINANCIAL GOALS

Financial goals are broad and fairly timeless statements of the financial position of the municipality. The financial goals of the Borough of Chambersburg are as follows:

- To deliver quality services effectively and efficiently providing full value for each tax dollar, service fee, or other income collected;
- To maintain an adequate financial base to sustain the desired municipal services of the community; thereby preserving quality of life;
- To have the ability to withstand local and regional economic trends, to adjust our needs and requirements accordingly, and to respond to changes in a proactive and aggressive manner;
- To be conservative in our approach to financial management, to be open, transparent, and communicative whenever possible;
- To plan for impacts on future generations, to manage growth and change, and to never be impulsive with the people's trust.

BOROUGH OF CHAMBERSBURG OPERATING POSITION POLICY

Operating position refers to the Borough's ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) maintain sufficient cash to pay its bills in a timely basis (liquidity).

- The Borough will pay all current operating expenditures with current operating revenues. Budgetary procedures that fund current expenditures at the expense of future needs will be avoided.
- The Borough will establish a contingency reserve in the annual operating budget to: a) provide for non-recurring unforeseen expenditures of an emergency nature; b) provide orderly budgetary adjustments when revenues are lost through the actions of other governmental bodies; c) provide the local match for public or private grants that may become available; and d) to meet unexpected small increases in service delivery costs. This reserve will be maintained at one percent (1%) of the general operating budget.
- The Borough will strive to maintain the unreserved, undesignated fund balance of the General Fund at a level of at least equal to five percent (5%) of the total General Fund budget.
- The Borough will use fund balances for one-time capital or emergency expenditures only if: a) they are surplus balances remaining after all reserve and fund allocations are made; or b) the Borough has made a rational analysis with justifying evidence that it has an adequate level of short- and long-term resources.
- The Borough will prepare a cash-flow analysis of all funds on a regular basis. Disbursements, collections and investments will be managed to provide sufficient cash for daily financial needs.
- The Borough will prepare quarterly reports summarizing operating revenues and operating expenditures, as well as major balance sheet items to the extent practical.

BOROUGH OF CHAMBERSBURG REVENUE POLICY

Revenues determine the Borough's capacity to provide services.

- The Borough will strive to maintain a diversified and stable revenue base as protection from short-term fluctuations in any one revenue service.
- The Borough will project revenue for the General Fund and all operating funds each year for at least the next three years. Each existing and potential revenue source will be re-examined each year. Revenue estimates will be conservative and developed in an objective and reasonable manner.
- The Borough will strive to reduce reliance on the property tax by: a) expanding and diversifying the Borough tax base; b) seeking to develop additional revenue sources; c) seeking State legislation for alternate local taxes; and d) being aware of and considering all meaningful, appropriate grants for which it is eligible.
- The Borough will strive to maintain the annual rate of property tax collections at 99%.
- The Borough will carefully and routinely monitor receivables and manage collection of amounts due.
- The Borough will use one-time or special purpose revenues to finance capital projects or for expenditures required by the revenue, and not to subsidize recurring personnel, operating or maintenance costs.
- Proceeds from the sale of Borough surplus properties, when not otherwise earmarked or legally designated to another fund, will be transferred to the capital reserves.
- The general governmental functions will strive to recover, on average, a minimum of 35% percent of total costs by generating revenues through fees and charges for special programs or the use of Borough facilities and equipment.
- Our Enterprise Funds will generate revenue sufficient to support the full direct and indirect costs of not only utility operation but a Payment in Lieu of Taxes (PILOT) contribution to the General Fund.
- The Borough will periodically review its financial structure and related administrative measures to ensure that they act as appropriate deterrents to acts by the public which violate the Borough's local Code of Ordinances.

BOROUGH OF CHAMBERSBURG EXPENDITURE POLICY

Expenditures are rough measures of the Borough's service output. The expenditure policy also attempts to measure how effective the services are and how efficiently they are delivered.

- The Borough will maintain a balanced annual operating budget in all governmental funds.
- The Borough will pay for all current operating and maintenance expenses from current revenues and other financing sources.
- The Borough will integrate performance and productivity measures into the budget where possible.
- The Borough will determine the cost of all internal services, including overhead, and seek complete reimbursement of such services.
- The Borough will provide adequate funding for all employee benefits in the annual operating budget.
- The Borough will maintain a budgetary control system which will enable it to adhere to the adopted budget.
- The Borough will maintain a payment review and approval process with special emphasis on large payments to ensure accuracy.
- The Borough will encourage the delivery of services, in whole or in part, by other public and private organizations whenever and wherever greater efficiency and effectiveness can be expected.
- The Borough will utilize technology and productivity advancements that will help reduce or avoid increasing personnel costs.
- The Borough will maintain an effective risk management program to minimize losses and reduce insurance costs.
- The Borough will seek arrangements to share services with other municipalities where costs are reduced.

BOROUGH OF CHAMBERSBURG DEBT POLICY

Debt is an effective way to finance capital improvements, but its misuse can cause serious financial problems.

- The Borough will not use short-term borrowing to finance operating needs except in the case of extreme financial emergency. Short-term borrowings include budget, tax and revenue anticipation notes.
- The Borough will use long-term debt for only those capital improvements that cannot be readily financed from current revenues.
- The final maturity date for any long-term debt will not exceed the expected useful life of the capital improvement so financed.
- The net (non-self supporting) general obligation debt of the Borough will not exceed 5% of the total assessed value of taxable property; or \$500 per capita.
- The Borough will use special assessments, revenue bonds, and/or any other available self-liquidating debt instruments instead of general obligation bonds whenever possible and appropriate.
- The Borough will encourage and maintain good relations with Finance and Bond rating agencies, and will follow a policy of full and open disclosure on every financial report and bond prospectus.

BOROUGH OF CHAMBERSBURG CASH POLICY

The timely deposit and investment of Borough monies are an important fiscal responsibility.

The Borough's investment policy is guided by four fundamental principles: legality, safety, liquidity and yield.

- The Borough will deposit its monies only in bank or trust companies located and authorized to do business in Pennsylvania; and authorized as an official Borough depository by the Town Council.
- The Borough will invest its monies only in those investment vehicles authorized by State statutes.
- The Borough will collateralize all deposits and investments at 105% of the market value of such deposits and investments.
- The Borough will prepare a cash flow analysis of all funds on a regular basis.
- Disbursements, collections, deposits and investments will be managed to ensure maximum cash availability.
- The Borough will pool cash from its various funds to obtain the maximum possible return on its investments. Interest will be credited to the source of the invested monies.
- Interfund cash loans will be recognized and repaid as if the loans were with outside agencies.

BOROUGH OF CHAMBERSBURG LIQUID INVESTMENTS POLICY

The Borough maintains liquid financial resources and those resources are invested while in holding. The following, other than State law, guides this practice:

- The Borough will not invest in the following:
 - Options or futures contracts;
 - Non-marketable securities;
 - Un-registered securities;
 - Derivatives;
 - Private placements;
 - Speculative Real Estate (excluding diversified REIT mutual funds);
 - Short selling or the purchase of securities on margin or swaps;
 - Commodities other than those necessary for operating;
 - Oil, gas, timber, or natural resource properties or other mineral rights;
 - Warrants;
 - Venture capital;
 - Securities lending;

- The on-going monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment option selection process and confirming that the criteria originally satisfied remain so and that the investment continues to be a prudent investment. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process. The Finance Director shall periodically monitor and address the criteria used in the investment selection process. It is possible that for a short period of time a recommended investment may fall outside of the range of the investment guidelines. This investment will be scrutinized closely to determine the reason for fluctuation, the amount of divergence, and the time period that is anticipated the investment will remain at levels outside of the guidelines. Any exception to the investment guidelines will be properly documented.

- The Finance Director shall submit a report that will highlight the investment guidelines set forth in this Investment Policy. Any exception to the investment guidelines and a recommended course of action will also be addressed in writing. The Town Council may review the investments in a timely manner. The Town Council may, on a quarterly basis, evaluate each investment in terms of its performance compared to relevant market indices and peer groups over trailing three-, five-, and ten-year periods. Greater weight will be given to five- and ten-year performance, since longer-term market cycles are more meaningful. Investments consistently under-performing in terms of risk and return will be carefully scrutinized to determine if action is warranted. Both the Finance Director and Town Council will maintain a copy of this policy for their files.

BOROUGH OF CHAMBERSBURG
FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS POLICY

In Accordance With
Governmental Accounting Standards Board (GASB) Statement No. 54

In accordance with the Governmental Accounting Standards Board statement number 54, the Borough of Chambersburg hereby adopts this fund balance policy. The Borough hereby establishes and will maintain reservations of fund balance in the manner further described herein. This policy is limited to the Borough's "governmental funds". The components of the fund balance will be identified and reported as non-spendable, restricted, committed, assigned and unassigned amounts. These components within the fund balance are used to identify the availability of resources and the corresponding limitations on spending decisions.

Another purpose of this policy is to establish guidelines for maintaining a sufficient fund balance to mitigate the financial risk that can occur from unforeseen revenue fluctuations and unanticipated expenditures. An adequate fund balance also provides cash liquidity necessary for the smooth operation of the general fund.

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities within a fund.

The amounts within the fund balance are classified by the relative strength of restraints placed upon those funds. This is a categorization of the purposes for which those specific amounts can be spent. Starting with the most "binding" constraints with which the fund balance amounts shall be reported, the following are the required classifications of fund balance:

- Non-spendable - amounts that cannot be spent because they are not in a spendable form or are limited by contract and are legally required to remain intact. Examples of non-spendable assets are: inventories, prepayments, and the principal of a permanent fund
- Restricted - amounts limited by external parties or legislation. Examples of restricted assets are grants and donations with certain limitations.
- Committed - amounts limited by Borough Council policy or their specific action. An example of a committed resource would be an allocation of funds for an anticipated purchase or project.
- Assigned - amounts earmarked for a particular purpose and specifically intended to be used some time in the future.
- Unassigned - amounts available for expenditure and not at all restricted or limited in any manner. This would include any residual funds remaining at year end.

Order of Spending

Restricted and unrestricted funds

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Borough's policy is to spend those resources the following order:

1. Restricted
2. Unrestricted

Unrestricted - Unassigned, Assigned, Committed

Unless the Borough Code or the Town Council or the Borough Manager approves use of committed or assigned resources, the Borough policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

Delegation of Responsibility

The responsibility for designating funds to specific classifications shall be as follows:

1. Restricted - may be determined by Borough Council
2. Committed - may be assigned by Borough Council
3. Assigned - may be assigned by Borough Council

Minimum Fund Balance Requirements

A minimum of 5% of the total budgeted expenditures (including interfund transfers out) shall be budgeted as the residual unassigned fund balance at year end.

Whenever a situation occurs whereas the minimum required fund balance will not be attained, whether in the budget process or during operation of the current year, certain actions shall be ordered by Borough Council. The three methods that can be employed in increasing the fund balance would be the following:

1. Increasing general fund revenues via tax or other revenue increases. These would basically be increases in tax rates and/or charges for services.
2. Decreasing general fund expenditures.
3. Increasing transfers (not requiring repayment) from other Borough funds.

**BOROUGH OF CHAMBERSBURG
POST-ISSUANCE DEBT COMPLIANCE POLICY**

This policy has been established by the Borough of Chambersburg to ensure post-issuance compliance for tax-exempt bonds or notes and taxable bonds or notes that have been or will be issued by the Borough of Chambersburg. This policy may be amended from time to time by the Borough of Chambersburg.

I. Purpose

The purpose of these post-issuance compliance policies (the "Policies") for tax-exempt bonds or notes and taxable bonds or notes (to the extent applicable) that have been, and will be, issued by the Borough of Chambersburg (the "Issuer") is to ensure compliance with (a) federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records; (b) disclosure requirements as to all obligations issued by the Issuer to which such disclosure requirements apply; and (c) all miscellaneous state law and document requirements during the term of any Issuer financing.

II. The Post-Issuance Compliance Coordinator

The Post-Issuance Compliance Coordinator has the overall, final responsibility for monitoring whether the tax-exempt bonds or notes and any taxable bonds or notes (to the extent applicable) issued by the Issuer continue to comply with post-issuance requirements.

1. The Post-Issuance Compliance Coordinator (the "Coordinator") will be appointed by the Council of the Issuer (the "Council") at a regularly scheduled and duly held meeting. This person will be the individual who will be responsible for (whether by undertaking or by designating) the required monitoring activity, and the required reporting and disclosure activity.
2. The Coordinator will determine how often a review of tax-exempt bonds or notes and taxable bonds or notes should be conducted. While any tax-exempt bonds or notes and taxable bonds and notes are outstanding, reviews shall be conducted at least annually.
3. The Coordinator will form a Post-Issuance Compliance Team (the "Team") and appoint individuals to the Post-Issuance Compliance Team (each a "Team Member"), as the Coordinator believes are appropriate to implement the Policies. The Coordinator will communicate with the members of the Team when necessary. Initially, the Team shall consist of the Borough Manager and Borough Treasurer. The Team may consult with third parties as they deem necessary to effectuate post-issuance compliance.
 - a. Before any new issuance of debt, the Coordinator may hold a debt strategy meeting to coordinate the Issuer's long-term debt strategy. That meeting may include, as determined by the Coordinator, the Issuer solicitor, the underwriter of the debt (if applicable), the Issuer's bond or note counsel and such other persons as determined necessary by the Coordinator.
 - b. After any new issuance of debt, the Coordinator will identify the required monitoring activities and a schedule for such monitoring activities, and undertake or designate each required activity to a responsible Team Member.
 - c. The Coordinator will periodically attend relevant training sessions to remain informed of the laws and regulations affecting tax-exempt and taxable bond issues (if any), as those laws may change.
4. Responsibilities of the Team include:
 - a. Investment of Proceeds;
 - b. Project completion, and other expenditure of proceeds, if applicable;
 - c. Post-completion final tax allocation, if any;
 - d. Rebate compliance;
 - e. State law allocations and reporting;
 - f. Bond financed property and other bond issue inventory;
 - g. Private use monitoring;
 - h. Arbitrage/ sinking fund/ replacement proceeds monitoring;

- i. Development of comprehensive annual monitoring, reporting and testing schedule;
 - j. Rating agency and bond insurer surveillance;
 - k. Project change of use or project disposition;
 - l. Record retention policies;
 - m. Tax returns;
 - n. Continuing disclosure; and
 - o. Annual covenant compliance review, including tax covenants.
- Certain of these responsibilities are more fully described below.
5. The Coordinator will engage, as necessary, periodic Issuer solicitor or bond counsel reviews, including its review of any proposed change in the use of bond proceeds, or material amount of private business use.

III. *Identifying Required Monitoring Activity and Schedule Reviews*

1. Identify all financing obligations, including tax-exempt bonds and notes and taxable bonds and notes (including TANs / RANs, and Small Borrowings). (For purposes of these Policies, and where applicable, the term "bonds" also refers to "notes.")
2. The Issuer will establish routines for monitoring on-going compliance that are consistent with discovering any noncompliance in a timely manner so that it may be corrected. While specific review processes are described in detail below, timing for certain reviews will be as follows:
 - a. All contracts, leases or other arrangements providing special legal entitlement to use of bond-financed facilities will be reviewed prior to execution to ensure that they will not cause private use limits to be exceeded with respect to any issue of bonds.
 - b. With respect to each bond issue, the Issuer will ensure that it understands at the time of bond closing which funds and accounts containing bond proceeds may become subject to yield-restriction investment rules and will keep on file when such rules will begin to apply.
 - c. While rebate calculations may be performed more often, the Issuer will ensure upon the fifth anniversary date of the issuance date of the bonds, every five years thereafter, and upon final retirement of the bonds, that either no rebate is owed or provision has been made for the payment of any rebate owed within 60 days. The Issuer will consult with and retain appropriate rebate calculation professionals necessary to assist in this undertaking.
 - d. Prior to executing any contract, lease or other document which would materially change the use of the bond-financed project or selling of any bond-financed property, the Issuer will (i) confirm that such change will not require a remedial action to be taken with respect to any bond issue, (ii) take a remedial action, if necessary, or (iii) discuss with bond counsel whether a voluntary closing agreement with the Internal Revenue Service is appropriate.

IV. *Record Retention Program*

1. It is the policy of the Issuer that written records (which may be in electronic form) will be maintained with respect to each issue of tax-exempt bonds or notes for as long as such bonds remain outstanding, plus six years. For this purpose, such bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

The Coordinator (or designate) shall create a file for each series.

The following records shall be collected and maintained with each file, whether in unified form or by separate members of the Team:

- a. The official Transcript of Proceedings for the original issuance of the bonds;
- b. All documents regarding investment of bond proceeds and investment income, including purchases or sales of investments made with bond proceeds (including amounts treated as "gross proceeds" of bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code")) and receipts of earnings on those investments;

- c. All documents (if any) regarding bidding for GICs, bidding for open market escrow securities, or bidding for any other investments;
- d. All records regarding expenditure of bond proceeds, including invoices and/or requisitions for: costs of issuance, credit enhancement, a debt service reserve fund, construction period interest, project expenditures, and any other expense until the final allocation of proceeds (including investment earnings on bond proceeds);
- e. All records pertaining to project draw schedules, construction contracts, contracts regarding acquisitions of property or equipment;
- f. Depreciation schedules regarding bond financed property or equipment;
- g. All documents relating to security for the bonds;
- h. All documents relating to any swap or other hedge or derivative agreements, including the bidding thereof;
- i. All documents regarding periodic interest rates on variable rate bond issues;
- j. All trustee records and reports;
- k. All documents relating to yield calculations;
- l. All documents relating to arbitrage compliance and to any spend-down calculations, rebate calculations and/or payments, or yield reduction payments, including computations, legal opinions and IRS Forms 8038-T;
- m. Records regarding payment of debt service on the bonds; and
- n. All records regarding third party use of the bond financed facilities beginning with policies and form contracts, including:

Service contracts, management contracts, sales or disposition of bond financed facilities, leases, subleases, leasehold improvement contracts, joint venture contracts relating to bond financed facilities, LLC contracts relating to bond financed facilities, partnership agreements relating to bond financed facilities, any other documents relating to private use of bond financed facilities. The basic purpose of the foregoing record retention policy for the tax-exempt bonds issued by the Issuer is to enable the Issuer to readily demonstrate to the Internal Revenue Service upon an audit of any tax exempt bond issue that the Issuer has fully complied with all federal tax requirements that must be satisfied after the issue date of such bonds so that, as applicable, interest on those bonds continues to be tax-exempt under section 103 of the Code.

Note: If records are kept electronically, refer to Rev. Proc. 97-22, Section 4.01.

The Coordinator may elect, to the extent the Coordinator deems necessary, to extend the Record Retention Program to those taxable bonds and notes issued for the benefit of the Issuer.

V. *Tax Requirements Associated with Sale and Issuance of Bonds or Notes*

- 1. The “issue price,” as defined in the Code, of the bonds will be documented at the time of issuance. Certifications of an underwriter if applicable, placement agent or purchaser and a final numbers package will establish “issue price” and will be reviewed and included in the bond transcript or other records maintained for the bond issue.
- 2. The weighted average maturity (taking into account the various issue prices of the maturities of the bonds) will be documented at the time of issuance.
- 3. An estimated average economic life of the expected bond-financed projects will be documented at the time of issuance.
- 4. Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038 will be confirmed with bond counsel.

VI. Expenditure of Proceeds

The Issuer shall maintain detailed records of expenditures of tax-exempt bond proceeds, and such expenditures will be reviewed by the Coordinator, or the designated Team Member.

1. Bond proceeds will be disbursed pursuant to an approved form of requisition as prepared by bond or note counsel, stating the date, amount and purpose of the disbursement. Any initial disbursement of bond or note closings may be made pursuant to direction set forth in the Closing Receipt, Closing Statement and Settlement Reconciliation prepared by bond or note counsel and delivered at the closing for such bonds.
2. Requisitions must identify the financed property in conformity with the Tax Certificate or Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond or note financed property.
3. Investment earnings on sale proceeds of the bonds or note will be tracked and will be requisitioned only for appropriate expenditures.
4. Only a small portion (5%) of the proceeds of bonds or notes for construction may be used for operating expenses or other “working capital” costs. Requisitions for costs of the bond financed facilities will accordingly be monitored to confirm that they are for capital costs of such facilities.
5. Requisitions for costs that were paid prior to the issuance of the bonds or notes are, in general, limited to capital costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the Issuer. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the bonds or notes, if not already part of the closing transcript for the bonds or notes.
6. Requisitions will be summarized in a “final allocation” of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance and delivery of the bonds or notes).
7. Expenditure of bond or note proceeds will be measured against the expectations as set forth in the Tax Certificate (or Non-Arbitrage Certificate) as to the spending of bond or note proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the bonds or notes.
8. Expenditure of bond or note proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:
 - a. If the 6-month spending exception to rebate applies, expenditure of the bond or note proceeds (excluding bona fide debt service funds) will be at least 100% complete within 6 months of the date of issuance.
 - b. If the 18-month spending exception to rebate applies, expenditure of bond or note proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:
 - 15% within 6 months
 - 60% within 12 months
 - 100% within 18 months
 - c. If the 2-year spending exception to rebate applies, expenditure of “available construction proceeds” will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:
 - 10% within 6 months
 - 45% within 12 months
 - 75% within 18 months
 - 100% within 24 months

9. Bond-funded reserve funds, if any, cannot exceed the least of (i) 10% of the par amount of the bonds or notes (or the issue price of the bonds or notes, if there is more than a de minimis amount of original issue discount or premium), (ii) maximum annual debt service, and (iii) 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

VII. *Arbitrage Yield Restriction and Rebate Requirements*

1. The Coordinator, or the designated Team Member, shall create and maintain records of:
 - a. Purchases or sales of investments made with bond or note proceeds (including amounts treated as “gross proceeds” of bonds or notes under Section 148 of the Code) and receipts of earnings on those investments;
 - b. The final allocation of the proceeds (including investment earnings on bond or note proceeds), of obligations issued by the Issuer;
 - c. Information, when applicable, showing that the Issuer was eligible for any exemptions to the rebate requirements that were or will be claimed under the Code;
 - d. Information, when applicable, sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue that the bond or note issue has complied with one or more available spending exceptions to the arbitrage rebate requirement with respect to that bond or note issue;
 - e. Information and calculations, when applicable, that will be sufficient to demonstrate to the Internal Revenue Service upon an audit of a bond or note issue, for which an exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, that was payable to the United States of America with respect to investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the Internal Revenue Service; and
 - f. Information and records showing that (i) investments held in yield-restricted advance refunding or defeasance escrows for bonds or notes, and (ii) investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher-yielding investments.
2. If, from examination of the above-referenced records, it becomes clear that a payment is owed, the Coordinator will refer the matter to bond or note counsel or a rebate professional and will ensure that all necessary payments are made in a timely manner.

VIII. *Use and Ownership of Bond-Financed Property*

Use of bond-financed property when completed and placed in service will be reviewed by the Coordinator, or the designated Team Member.

1. Average use of bond-financed property for a private business use over the life of the issue cannot exceed 10% of the proceeds (including up to 2% for costs of issuance).
2. Average use of bond-financed property for a private business that is unrelated or disproportionate to the Issuer’s use over the life of the issue cannot exceed 5% of the proceeds (including up to 2% for costs of issuance).
3. The Coordinator, or the designated Team Member, shall determine the Issuer’s compliance with the 10% and 5% requirements in accordance with Section 141 of the Code and the regulations thereto.
4. Agreements with business users or non-profit organizations for lease or management or service contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the agreement is bond-financed.
5. Agreements with business users or other non-profit organizations for lease or management or service contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the limits as set forth in the Tax Certificate or Non-Arbitrage Certificate.

6. No item of tax-exempt bond-financed property will be sold or transferred to a nonexempt party without (i) an opinion of bond counsel that such sale or transfer will not cause interest on the bonds to cease to be tax-exempt; or (ii) advance arrangement of a “remedial action” under the applicable Treasury Regulations after consultation with bond counsel.
7. To the extent that the Issuer discovers that any of the above limitations have been violated, the Issuer will seek advice of the Issuer solicitor or bond counsel and take appropriate measures to remediate the violation, if necessary.

IX. Investments

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Coordinator, or the designated Team Member.

1. Guaranteed Investment Contracts (“GIC”) will be purchased only using the three-bid “safe harbor” of applicable Treasury regulations (*see* Treas. Reg. § 1.148-5(d)(6)(iii)), in compliance with fee limitations on GIC brokers (*see* Treas. Reg. § 1.148-5(e)(2)(iii)); provided, however, that to the extent that the safe harbor provisions cannot be met, the Issuer will consult with the Issuer solicitor or bond counsel.
2. Other investments will be purchased only in market transactions.
3. Calculations of rebate liability will be undertaken as set forth above in numbered paragraph VII.

X. Refundings

When tax-exempt bonds or notes are used to refund other bonds or notes (the “Refunded Bonds”), the new bonds or notes (the “Refunding Bonds”) will be treated as having financed the property originally financed with the Refunded Bonds (or any bonds refunded by the Refunded Bonds), such that financed property must be tracked until the last bonds (whether Refunded Bonds or Refunding Bonds) attributable to that property are retired. The Coordinator, or the designated Team Member, will continue reviewing the use of the any bond-financed property until the last bonds attributable to that property are retired; except to the extent that tracking is no longer required due to the economic life of the property coming to an end.

Refunding Bonds the proceeds of which are used to retire Refunded Bonds more than 90 days after the issue date of the Refunding Bonds are “Advance Refunding Bonds.” Advance Refunding Bonds have additional federal tax requirements in order to be tax-exempt bonds. In order to comply with these additional requirements, the Coordinator, or the designated Team Member, will:

1. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the issuer does not issue Advance Refunding Bonds that would violate the limit on the number of advance refundings for any of its tax-exempt bonds;
2. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that the Refunded Bonds are being redeemed on their earliest call date or other allowable date;
3. Confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that all non-bond proceeds amounts going into any Refunded Bond escrow comply with the rules relating to mixed escrows (meaning escrows which are funded with bond proceeds and non-proceeds) (*see* Treas. Reg. § 1.148-9(c)(2));
4. To the extent that investments other than United States Treasury Securities – State and Local Government Series (“SLGs”) will be placed in an escrow, confirm directly, or in conjunction with a financial advisor or underwriter, the Issuer solicitor and/or bond counsel, that SLGs were not a more efficient investment on the date of the bidding of any other type of investment; or, to the extent that SLGs sales have been suspended on such date, confirm that the safe harbors for determining the fair market value of yield-restricted defeasance escrows have been met (*see* Treas. Reg. 1.148-5(d)(6)(iii)). To the extent that SLGs are unavailable and the Issuer cannot obtain at least three bids to provide other investments, the Issuer will consult with the Issuer solicitor or bond counsel and a financial advisor or underwriter on how to proceed;
5. To the extent that an escrow funded with Advance Refunding Bond proceeds requires future purchases of 0% SLGs in order to comply with the applicable yield restrictions, the Issuer will purchase the 0% SLGs directly or, by written agreement, cause an escrow agent to purchase such

SLGs. If the SLGs are to be purchased by an escrow agent, the Issuer will confirm that such SLGs have actually been purchased, or, to the extent SLGs sales are suspended, comply with alternate procedures (which currently are provided in Rev. Proc. 95-47); and

6. Determine whether it will measure private business use using a combined measurement period (meaning starting with the issue date of the Refunded Bonds and ending with the final retirement of the Refunding Bonds) or separate measurement periods for the Refunded Bonds and the Refunding Bonds; provided, that the Issuer may not use separate periods if the Refunded Bonds were not in compliance with the private business use limits measured from their date of issuance to the date of issuance of the Refunding Bonds.

XI. Correction of Violations

The Issuer expects that its compliance with the procedures outlined in Articles IV - X above will prevent any violations of federal tax rules pertaining to its outstanding tax-exempt bonds or notes (including any Refunded Bonds). However, if the Issuer discovers a potential violation through its ongoing monitoring or otherwise, it will determine in conjunction with its bond or note counsel whether a violation actually exists. If it is found that a violation actually exists, the Issuer will determine whether (i) any remedial actions are available, or (ii) a voluntary closing agreement with the Internal Revenue Service is appropriate. The Issuer is specifically aware of the availability of the Tax Exempt Voluntary Closing Agreement Program, as described in the Internal Revenue Manual, Part 7, Chapter 2, Section 3. Common examples of violations are as follows:

1. Failure to purchase 0% SLGs at the appropriate time.
2. Non-exempt use of bond-financed property resulting in overall non-exempt use in excess of the 5% de minimis limit.
3. Failure to pay rebate in a timely manner.
4. Improper reimbursement of expenditures (too old or not capital).

XII. Continuing Disclosure Activity

1. SEC Rule 15c 2-12 requires certain reporting commitments for each issue. The Post-Issuance Compliance Coordinator, or the designated Post-Issuance Compliance Team Member, shall:
 - a. Determine the applicability of the continuing disclosure undertaking;
 - b. Identify all “obligated persons” for purposes of Rule 15c2-12;
 - c. Identify required filings, which may include: quantitative financial information and operating data disclosed in the official statement, audited financial statements, changes in fiscal year, and other information as specified in any Continuing Disclosure Agreement or Certificate;
 - d. Periodically determine that required filings have been prepared, sent to, and received by a Nationally Recognized Municipal Securities Information Repository (“NRMSIR”);
 - e. Disclose events listed below within 10 days of occurrence, including:
 - i. Principal and interest payment delinquencies;
 - ii. Non-payment related defaults, if material;
 - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - v. Substitution of credit or liquidity providers, or their failure to perform;
 - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue of the security (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other events affecting the tax status of the security;
 - vii. Modifications to rights of holders of the bonds, if material;
 - viii. Bond calls, if material;
 - ix. Defeasances;

- x. Release, substitution or sale of property securing repayment of the bonds, if material;
 - xi. Rating changes;
 - xii. Tender offers;
 - xiii. Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person;
 - xiv. Consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - xv. Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material.
- f. Determine if it is in the best interest of the Issuer to retain a third-party dissemination agent to facilitate post-issuance continuing disclosure/filing and other requirements.
2. Determine if any bond purchase agreement requires the Issuer to notify underwriters of any fact or event that might cause the official statement to contain any untrue statement or omit a material fact, and make such notification as necessary.

XIII. Other Required Reporting

1. For each issue of bonds, the Coordinator, or the designated Team Member, shall, as required by any finance documents or covenants associated with such issue, or as required by laws or regulations governing such issue, maintain all records necessary to satisfy reporting requirements.
2. Determine what information, if any, must be filed with other entities such as Trustees or Paying Agents, Banks, Rating Agencies, Dissemination Agents, Bond Insurers, Credit Enhancers, *et cetera*, and make such filings as necessary;
3. Determine what, if any, state and local requirements are applicable to any issue;
 - a. Provide proof of filing UCC statements, as applicable;
 - b. Monitor continuation statements, as necessary;
 - c. Provide proof of filing recorded mortgages, deeds of trust, *et cetera*, with appropriate authorities;
4. Provide proof of insurance coverage, as necessary;
5. Monitor compliance with rate covenants or other financial covenants;
6. Monitor compliance with restrictions on transfers of property, including liens and encumbrances;
7. Ensure compliance with restrictions on types of investments, in addition to any limitations imposed by applicable tax code restrictions; and
8. Ensure compliance with restrictions on derivative and swap contracts.

**BOROUGH OF CHAMBERSBURG
COLLECTIONS POLICIES & PROCEDURES**

This policy has been established by the Borough of Chambersburg to ensure the most efficient use of taxpayer and ratepayer dollars and, to that end, to effectively pursue payment for services rendered by the Borough, or in relation to damages caused by third parties. As various types of amounts due to the Borough require and/or allow differing types of collections actions, the Borough has set below the following procedures with respect to collections of the varying types of activities engaged in by, or upon, the Borough, ultimately resulting in the invoicing of a third party:

I. Collections Committee

The Borough shall form and maintain a Collections Committee consisting of the following: President of Council or designee, Chairman of the Finance/Personnel Committee, Borough Manager or designee, Director of Finance or designee, and Borough Solicitor or designee. The Collections Committee will typically meet quarterly or more frequently if necessary, to review and determine a course of action on each outstanding claim that has reached the conclusion of the processes as outlined below, thereby having resulted in the imposition of a civil judgment.

II. Disclaimer

Depending upon the nature of the invoice, all issued invoices will contain the following language:

For Unintentional Damage, Intentional Damage, EMS Bills, utility bills, and other personal property related merchandise and jobbing debts:

“If payment is not received by the due date, debt collection procedures that may affect your credit rating/score will be pursued which may include but not be limited to forwarding the claim to a collection agency, placing a lien on the real property, and filing a civil suit. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”; or

For real property related merchandise and jobbing debts other than certain curbs, and sidewalks:

“If payment is not received within thirty (30) days of invoice issuance, debt collection procedures that may affect your credit rating/score will be pursued which may include but not be limited to forwarding the claim to a collection agency, placing a lien on the real property, and filing a civil suit. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”; or

For certain curbs and sidewalks merchandise and jobbing debts where the Borough does the work:

“Should the Borough complete this project on your behalf, payment arrangements are available to you via a five (5) year loan at a rate of four percent (4%) interest, or a ten (10) year loan at a rate of six percent (6%) interest. Additionally, a lien will be placed against your real property, the filing fee for which will be included in the amount invoiced to you. In the absence of entering into a loan agreement or making payment in full, within thirty (30) days of invoicing, debt collection procedures which may affect your credit rating/score, will be pursued which may include but not be limited to forwarding the claim to a collection agency and/or filing a civil suit.. Furthermore, a writ of scire facias may be issued under the Municipal Claims and Tax Liens Act, 53 P.S. §7101 et seq. to enforce the lien. All past due accounts are subject to all related collection costs, including but not limited to reasonable interest, reasonable attorney’s fees at rates as adopted by the Borough from time to time, court costs, and reasonable collection agency fees.”

III. Unintentional Damage (Statute of Limitations: 2 yrs. from date of damage to file civil claim)

- Examples of unintentional damage claims include: vehicle crash into the fountain or electric pole. This will cover actual Borough-owned property.
- Note: For non-Borough owned real or personal property damage where the Borough has remedied or repaired the damage, invoices to the actual property owner are categorized as a 4 year contract claim.
- Upon investigating the incident and determining if the third party possesses an insurance policy against which a claim may be filed, the Police Department will provide the Finance Department and Borough Secretary with a copy of the Incident Report immediately upon its completion.

If insurance is applicable

- The Borough Secretary will immediately contact the third party’s insurance company and begin the claim process by opening a claim in the name of the Borough.
- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Borough Secretary will be notified accordingly, and provide the third party’s insurance company with the claim amount, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).

- At the conclusion of the insurance claim process (if the claim is not satisfied in full by the insurance company), but no longer than six (6) months from the date of damage, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly

If insurance is not applicable

- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage,

plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).

- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

IV. *Intentional Damage (Statute of Limitations: 1 yr. from date of damage to file civil claim) (This process is to be followed regardless of criminal charges/restitution, until we receive notice that restitution has been granted)*

- Examples of intentional damage include: graffiti, vandalism, arson etc. and will cover actual Borough owned property.
- Note: For non-Borough owned real or personal property damage where the Borough has remedied or repaired the damage, invoices to the actual property owners are categorized as a 4 year contract claim.
- Upon investigating the incident, the Police Department will provide the Finance Department and Borough Secretary with a copy of the Incident Report immediately upon its completion.

- In conjunction with the work necessary to repair the damage, a Job Order will be created.
- Upon completion of the work, the department(s) responsible for the work will notify the Finance Department that the project is complete.
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs incurred, including labor and materials as required to repair or replace the damage, plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than nine (9) months from the date of damage, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than \$150.00, or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

V. *Contract Violation: EMS Billing and personal property related merchandise and jobbing claims (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim)*

Examples of personal property related merchandise and jobbing claims include but are not limited to: store purchases / requisitions, parade/event related work, and invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage.

- For EMS Billing claims:
 - The Ambulance Billing Specialist will first attempt to recover all associated costs via any applicable insurance procedures.
 - Upon exhausting all efforts to receive payment via insurance, the Finance Department will issue an invoice for the outstanding amount to the responsible party.
- For personal property related merchandise and jobbing claims:
 - The Finance Department will issue an invoice for the outstanding amount to the responsible party.
- For personal property related merchandise and jobbing invoices relating to non-Borough owned personal property damage where the Borough has remedied or repaired the damage:
 - In conjunction with the work necessary to complete the project, a Job Order will be created.
 - Upon completion of the work the department(s) responsible for the work will notify the Finance Department that the project is complete.
 - The Finance Department will verify that all large Purchase Orders (projects over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
 - Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- Then, for both EMS Billing and personal property related merchandise and jobbing claims, the responsible party has thirty (30) days from date of invoice issuance to make a payment in full or enter into a payment agreement with the Borough.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the outstanding amount will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas if the outstanding amount is greater than twelve thousand dollars (\$12,000.00) or the minimum monetary threshold for the Court of Common Pleas as

adjusted. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

- Should the outstanding amount be less than one hundred and fifty dollars (\$150.00), and the third party collection agency reports that they have exhausted all efforts, the debt will be written off as bad debt and removed from the outstanding receivables listing, as the amount is less than the cost of the filing fee for filing suit with the Magisterial District Justice's office.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, the third party collection agency will be notified accordingly.

VI. *Contract Violations related to Real Property: Certain Merchandise & Jobbing projects and Inspection Billing (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim/6 mo., as measured from the date of completion of the work, or as otherwise dictated by 53 P.S. Section 7143, to file a lien)*

- Examples include but not limited to: water and sewer line extensions, sidewalks, tap fees, opening or vacating streets, real property service order, code violations including rubbish, mowing, and invoices relating to non-Borough owned real property damage where the Borough has remedied or repaired the damage.
- In conjunction with the work necessary to complete the project, a Job Order will be created.
- Upon completion of the work the department(s) responsible for the work will notify the Finance Department that the project is complete. .
- The Finance Department will verify that all large Purchase Orders (over One Thousand Dollars (\$1,000.00) associated with the Job Order have been closed.
- Upon completion of the Job Order, as determined by the Finance Department, the Finance Department will issue an invoice for the outstanding amount to the responsible party, equivalent to all costs, including labor and materials, incurred plus ten percent (10%) (if labor/materials are provided by Borough) (\$10 per invoice is added if a vendor does the work, invoices the Borough, and the Borough passes along the invoice).
- The responsible party has thirty (30) days from date of invoice issuance to make a payment in full, enter into a payment agreement. In addition, The Borough may offer the debtor an option to enter into a loan agreement for curbs and sidewalk replacement / repair projects.
- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued, within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, no payment agreement is entered into, or no Borough loan is issued within sixty (60) days of invoice issuance, but no later than six (6) months from the time

any work was completed or assessed, the Finance Department will file a lien against the property, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.

- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.
- Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing if required, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

VII. *Contract Violation: Utility Billing (Statute of Limitations: 4 yrs. from date of delinquency to file civil claim/last day of the 3rd calendar year from date of delinquency to file lien for sewer, water and electric utilities, 6 months from date of delinquency to file lien for all other utilities)*

If utility service is under a tenant's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into within sixty (60) days of invoice issuance, the Final Invoice shall be issued to the property owner.
- If payment in full is not received, or no payment agreement is entered into, within thirty (30) days of invoice issuance to the property owner, a delinquent notice will be sent to the property owner.
- If payment in full is not received, or no payment agreement is entered into, between sixty
- (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however

in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.

- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment.
- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

If utility service is under the property owner's name

- The Final Invoice shall be issued to the responsible party as listed on the account.
- If payment in full is not received, or no payment agreement is entered into within thirty (30) days of invoice issuance, a delinquent notice will be sent to the responsible party.
- If payment in full is not received, or no payment agreement is entered into, between sixty (60) days of invoice issuance to the property owner and no more than six (6) months from the date the service was supplied, a lien will be filed against the associated property parcel, and the outstanding amount (including the costs associated with the filing of the lien) will then be forwarded to a third party collection agency with which the Borough has contracted, to be assessed against the third party's credit and pursued accordingly. The commission owed to the third party collection agency will be added to the outstanding amount.
- If/when the third party collection agency reports that they have exhausted all efforts, however in no case any longer than fourteen (14) months from the date of invoice issuance, the appropriate information will be forwarded to the Borough Solicitor's office for the purpose of filing a civil action with the Magisterial District Justice if the outstanding amount is greater than one hundred and fifty dollars (\$150.00), or with the 39th Judicial District Court of Common Pleas as a *scire facias* action if the outstanding amount is greater than \$3,000.00. Related court costs, filing fees and Attorney's fees at a rate as adopted by the Borough from time to time will be added to the outstanding amount.
- A representative of the Borough, and/or the Borough Solicitor will then proceed with all necessary court actions, including attendance at a scheduled hearing, in an attempt to acquire a judgment against the third party.
- Should payment in full not be received within ninety (90) days of receiving favorable judgment by the applicable court; or immediately upon the terms of such judgment being violated; or immediately upon the terms of any agreed upon payment plan being violated, the matter will be forwarded to the Borough's Collections Committee in order to determine the appropriate course of action, including seeking Execution of Judgment. Matters resulting in the filing of a lien for invoices not amounting to \$150.00, which will have since been written

off as bad debt, will also be forwarded to the Borough's Collections Committee.

- In the event of receiving payment in full, liens will be satisfied, and the third party collection agency will be notified accordingly.

Glossary

The following glossary contains a number of terms which often arise in the administration of specialized municipal programs. The glossary, while not intended to be all inclusive, does contain terms often used by financial, planning, legal and technical specialists in their dealings with a municipal official.

Administrative - Pertaining to management of functions and activities, as opposed to legislative and judicial decision making.

Agency and Trust Funds - Such funds are established to account for cash and other assets held by a municipality as agent or trustee for another party such as Electric Department customer deposits. The two classes of funds are similar because the resources of the funds are not assets of the municipality but, through the operation of law or by agreement, the municipality is responsible for their accountability. An example of the agency fund is the Firemen's Relief Fund whose assets are received with the purpose of being paid to the Firemen's Relief Association. The Police Pension Fund, administered by the municipality, is an example of a trust fund.

Agenda - A list of items to be brought up at a meeting.

Budget Amendment - An alteration, addition or deletion which changes the meaning or scope of this original formal document. Often these are laws or regulations. However plans or specifications can also be amended. The Borough Manager is herein authorized to complete Budget Amendments as necessary and directed by Town Council.

Appropriation - The sum of money authorized by a Town Council to be spent for an expenditure by cost center.

Assessment - The value placed on an item of real or personal property for property tax purposes. The rate of tax times the value equals the amount of charge levied on the property. It may also be a special charge levied on each property within a special assessment district for an improvement benefiting the property or for a service provided only within the district.

The property assessment for the Borough of Chambersburg, as calculated by the Franklin County Board of Assessment, as of September 25, 2014, is \$197,548,980.

Audit - An examination of the financial activities of the Borough and the report based on such examination by our independent auditors, Smith, Elliot, Kearns & Company, LLC.

Bond - A document issued by a person in exchange for money promising to pay money to the person who holds the document on a specific date for a specific purpose or unless a specific payment is not made. Bonds normally bear interest. They are both a common way of raising money for capital improvements and securing payment by developers and vendors for their obligations.

Borough Manager - In Chambersburg, the Borough Manager is the Chief Administrative Officer of the municipality. All departments other than Police are directly supervised by the Borough Manager. The Manager is appointed and serves at the pleasure of a majority of Town Council. His compensation is set by the adopted Chambersburg Pay Plan as with all non-bargaining unit employees.

Budget - A plan for spending and receiving money to sustain municipal operations during a fiscal year together with related explanation. A capital budget is such a plan for financing purchase or construction of items of high cost and long life, such as fire apparatus, streets and buildings.

Building Permits (including Use and Occupancy Permits) - The Borough of Chambersburg requires any person constructing or improving a building to secure a Land Use Permit and Uniform Construction Code Permit. The Borough utilizes a third party agency, Commonwealth Code Inspection Services, for many permit and inspection activities. A valid Certificate of Occupancy may also be required.

Capital Reserve – Funds where expenditures are made to acquire fixed assets or additions known as capital outlays. These expenditures are recorded in their corresponding funds where the assets are to be used. Ultimately, under good property accounting, such assets acquired will be reflected in the general fixed assets group of accounts. In Chambersburg, only the General Capital Reserve is an actual Sinking Fund. The utility capital reserve accounts are actually subordinate to the Enterprise Funds and are not actually independent funds other than for planning purposes.

Capital Improvements Plan - A schedule of purchase or construction of items of high cost, such as fire apparatus, streets and buildings, with a useful life over five years, together with a plan for spending and receiving the money to pay for the items. Each year Town Council reviews such a plan.

Certification - A formal, written declaration by the authorized officer that certain facts are true or valid.

Comprehensive Plan - Our comprehensive development plan consists of maps, charts and textual matter, and indicates the recommendations of the planning commission for the continuing development of the municipality. The comprehensive plan includes, but is not limited to, the following related basic elements: a statement of objectives, a plan for land use, a map or statement indicating the relationship of the municipality and its proposed development to the adjacent municipalities and areas. The Chambersburg Comprehensive Plan was adopted: November 17, 2008.

Conditional Use Permit - A use which is not appropriate to a particular zone district as a whole, but may be suitable in certain localities within the district only when specific conditions and factors prescribed for such cases within the zoning ordinance are present. Conditional uses are allowed or denied by the Borough.

Constituent - A person served by an elected official, normally a resident or voter. Residents and businesses of the surrounding townships of Hamilton, Greene, and Guilford are *not* constituents.

Council (Either Town or Borough) - The governing body of our municipality. The legislative and policy board of the community. Ten members (five wards with two members per ward) elected for four-year terms in alternating two year periods. The Mayor is an ex officio non-voting member of Council.

Debt Service - Payments to creditors, primarily the holders of municipal bonds. Debt service includes principal, interest and minor incidentals such as paying agents' fees.

Developer - Any landowner, agent of such landowner or tenant with the permission of such landowner, who makes or causes to be made a subdivision of land or a land development.

Easement - A right-of-way for public or quasi-public use. Normally, they are used for public utilities, trails, utility lines, floodways, and other purposes. The fee title to land in the easement areas remains tied to the adjacent land and the easement rights are relinquished when the public or quasi-public use ceases.

Electricians – In Chambersburg, electricians are required to obtain licenses to operate on the Borough electric distribution system.

Eminent Domain - The concept of the power of certain governmental entities to acquire, for public use, privately owned real estate by means of legal processes and adjudicated compensation to the private owner.

Executive - The power to carry out laws and functions, veto legislation, appoint officers and perform other duties as prescribed by law. In Chambersburg, the Borough Manager maintains the administrative portion of the executive function. The Borough Council President retains the balance of the authorities.

Executive Session - A meeting closed to the public. They can legally be held only for certain limited purposes.

Feasibility Study - A preliminary survey to determine the design, aesthetics, construction and economic aspects of a proposed project.

Fire Code Inspections – Any property owner or authorized agent who intends to conduct an operation or business, or install or modify systems and equipment which is regulated by the International Fire Code must first make application to the Chambersburg ES Department and obtain a business inspection permit per the International Fire Code Section 105.1.1 amended.

Flood Plain - The area along a natural watercourse subject to periodic overflow by water. The Borough and FEMA have disseminated flood plain maps for delineation of the flood plain.

General Fund - Used to account for all revenues and the activities financed by governmental activities, not accounted for in some special fund. The main purposes are for public safety, recreation, and general highway.

General Obligation Debt – Any loan or financial instrument giving borrowing power to a municipality, based upon pledging of the full faith and credit or taxing power of the municipality to retire debt and pay interest.

General Obligation Debt Funds - Established to account for the proceeds from bond sales and other revenues properly allocated to these funds and the costs of projects financed by them. Costs for public improvements are recovered from general revenues. In Chambersburg, all debt is GO debt but none of it is ever used for general government purposes; all debt is for utility purposes.

Governing Body - The Town Council.

Grants - The Borough anticipates receiving monies from the Department of Environmental Protection for recycling, the Department of Community and Economic Development for housing rehab, CDBG, and other development grants, and additional monies from the Department of Conservation and Natural Resources for development of our parks. The Borough regularly applies to a variety of state and federal agencies for grants.

Highway Aid – Also known as Liquid Fuels, as provided by law, the local share of the State Liquid Fuels Tax and its use for expenditures is subject to the regulations of the Department of Transportation.

Improvements - Those physical changes to the land necessary to produce usable and desirable lots from raw acreage including, but not limited to, grading, paving, curbs, gutters, storm sewers and drains, improvements to existing watercourses, sidewalks, crosswalks, street signs, monuments, water supply facilities and sewage disposal facilities.

Job Description - An outline of the duties assigned a class of personnel positions together with the training and experience normally required to qualify for the class.

Land Development - The improvement of one lot or two or more contiguous lots, tracts or parcels of land for any purpose involving a group of two or more buildings or the division or allocation of land or space between or among two or more existing or prospective occupants to include streets, common areas, leaseholds, condominiums, building groups or other features; a subdivision of land.

Land Use Plan - The provisions for the development of a tract of land, including a subdivision plat, all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

Legislative - Pertaining to the power to make laws as opposed to administrative, executive and judicial.

Manager - The chief administrator of a municipality appointed by the Town Council to run its operations, to make suggestions of policy or process, and to carry out laws and directions.

Mayor - In Chambersburg, an elected official of borough government who represents the borough at certain official and ceremonial functions, and who supervises the police department under the Borough Code; and who sits with Town Council, executes legislation, and breaks tie votes.

Meeting - A gathering of elected officials set or called in accordance with prescribed laws and where business may be transacted.

Mil – Often misspelled as MILL, a property tax unit, equal to one dollar of tax per one thousand dollars of assessment. Literally, a mil is a measure of money less than cents. When one purchases gasoline one might pay \$2.999, which equals two dollars, ninety-nine cents and nine mil per gallon.

Minimum Municipal Obligations (MMO) - In Pennsylvania, the state mandated smallest amount a municipality must contribute to any pension plan established for its employees. The amount is calculated using actuarial science to ensure that municipal pension plans are sufficiently funded. The Borough, regardless of the amount contributed by it, is also required to keep the pension plan solvent. If the pension funds become insufficient to meet obligations then the Borough must augment the pension funds using money from other sources. The general funds of the Borough are thus in effect guarantor and insurance policy against under-contributions by employees or poor performance of pension fund investments. However, the Borough is responsible for making up any shortfall between the MMO and the sum of contributions the Borough makes for each employee as a percentage of that employee's wages, plus realized earnings on the pension fund investments.

Modified Accrual Basis -The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded

when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenues earned.

Nonconforming Use - A use, whether of land or of structure, not complying with the applicable use provisions in a zoning ordinance or amendment as enacted, where such use was lawfully in existence prior to the enactment of the ordinance or amendment or prior to its application to the location.

Nonconforming Structure - A structure or part of a structure manifestly not designed to comply with the applicable use provisions in a zoning ordinance or amendment as enacted, where the structure lawfully existed prior to the enactment of the ordinance or amendment. Such nonconforming structures include, but are not limited to nonconforming signs.

Official - A person who occupies a municipal legislative, quasi-judicial, administrative, executive or enforcement position.

Ordinance - A law or statute enacted by the Borough. See resolution.

Pay Plan – In Chambersburg, Town Council has adopted a regimented plan for wages that includes steps and grades for all employees. This pay plan removes any bias from compensation decisions.

Personnel - A method of recruiting, selecting and promoting people to perform the work of the Borough organization and the method of classifying and assigning a pay scale to their jobs together with related personnel activities and regulations concerning hours of work, training, grievance procedures and labor relations.

Planning - A process of deciding what is to be done and how it is to be accomplished; the process of deciding how land should be used and where public facilities should be located.

Planning and Zoning Commission - A planning agency, authorized by law to prepare and recommend plans for the development of physical, social, economic and cultural resources and facilities within a political subdivision.

Plat - The official map of a subdivision of land.

Plumber – In Chambersburg, plumbers are required to obtain licenses to operate on Borough water and sewer systems.

Public Hearing - A meeting or portion of a meeting set up to give members of the public a chance to speak on a particular subject such as the provisions of a proposed ordinance.

Referendum - A vote by the people of our municipality or an area on an issue. A referendum may be started by a governing body or initiated by petition. In Pennsylvania, most referenda are non-binding statements of policy.

Regulation - A rule, procedure or other formal requirement passed to carry out the purpose of a law. It carries the same legal power as the law. However, the rule or formal requirement may only be used to carry out the purpose of the law under which it is passed.

Revenue Bonds – Also called Self Liquidating Debt, a borrowing tool with higher interest rates than general obligation debt that does not need voter or state approval. Repayment of these bonds is

guaranteed by revenues generated by the project and not municipal taxing power. Chambersburg has no revenue bonds.

Resolution - A decision, opinion or directive of the Town Council expressed in a formally drafted document but not having the force or effect of law.

Revisions - Written or added changes, corrections or improvements to a plan, specification or drawing.

Revolving Loans – Similar to a credit card or line of credit, this is a type of debt for special purposes providing a constant source of funds for assessable public improvements. Often involves grants. Chambersburg provides such loans for economic development and property improvement, with established guidelines.

Right-of-Way - Any area reserved by law or by common consent to a public or municipal use. Streets and easements are typical examples.

Sewers - The pipes in the ground or the systems associated. Chambersburg maintains two distinct sewer systems, a sanitary sewer system for waste water and a storm sewer system for rain, snow melt, and runoff.

Specifications - The written instructions which accompany and supplement the drawings in a contract.

Subdivision - The division of a single tract or other parcel of land into two or more lots. (Specific definitions will vary in specific ordinances or regulations).

Subdivision and Land Development Ordinance (SALDO) - The provisions for the subdivision of a lot(s) or development of a tract of land, as adopted in 1979 and amended, including all covenants relating to use, location and bulk of buildings and other structures, intensity of use or density of development, streets, ways and parking facilities, common open space and public facilities.

Uniform Construction Code - The Uniform Construction Code, contained in 34 Pa. Code, Chapters 401 through 405, as well as those ancillary codes referenced in Department of Labor and Industry regulations Section 403.21, as amended from time to time, as adopted and incorporated by reference as the Municipal Building Code of the Borough of Chambersburg. When any building or construction activity is contemplated within the Borough, application must be made to the Borough on a form to be provided by the Borough for the issuance of a land use permit.

Utilities - These funds account for the financial transactions of utility services rendered to the general public financed by specific user charges (electric fund, water fund, sanitation fund, sewer fund). The utility operations are maintained separate from general government operations such as Police or Emergency Services.

Special Exception Use - A use that is permitted in a particular zoning district only when specific criteria prescribed for such cases within the zoning ordinance are present. Special exception uses are allowed or denied by the Zoning Hearing Board following a public hearing.

Special Revenue Funds - These funds are established to account for revenues specifically raised for a particular purpose. A special fund is usually created for each purpose (i.e. fire taxes account if there was a fire tax or grant funds).

Variance - The permission granted by the Zoning Hearing Board, following a public hearing, for an adjustment to some Zoning Ordinance regulation to alleviate an unnecessary hardship. The permission granted must not be contrary to the public interest and must maintain the spirit and original intent of the Ordinance.

Zoning Ordinance - The provisions for land uses and associated lot regulations, as adopted in 1956 and amended, into various districts as well as other requirements related to the character of each district and its peculiar suitability for particular uses and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout the Borough.

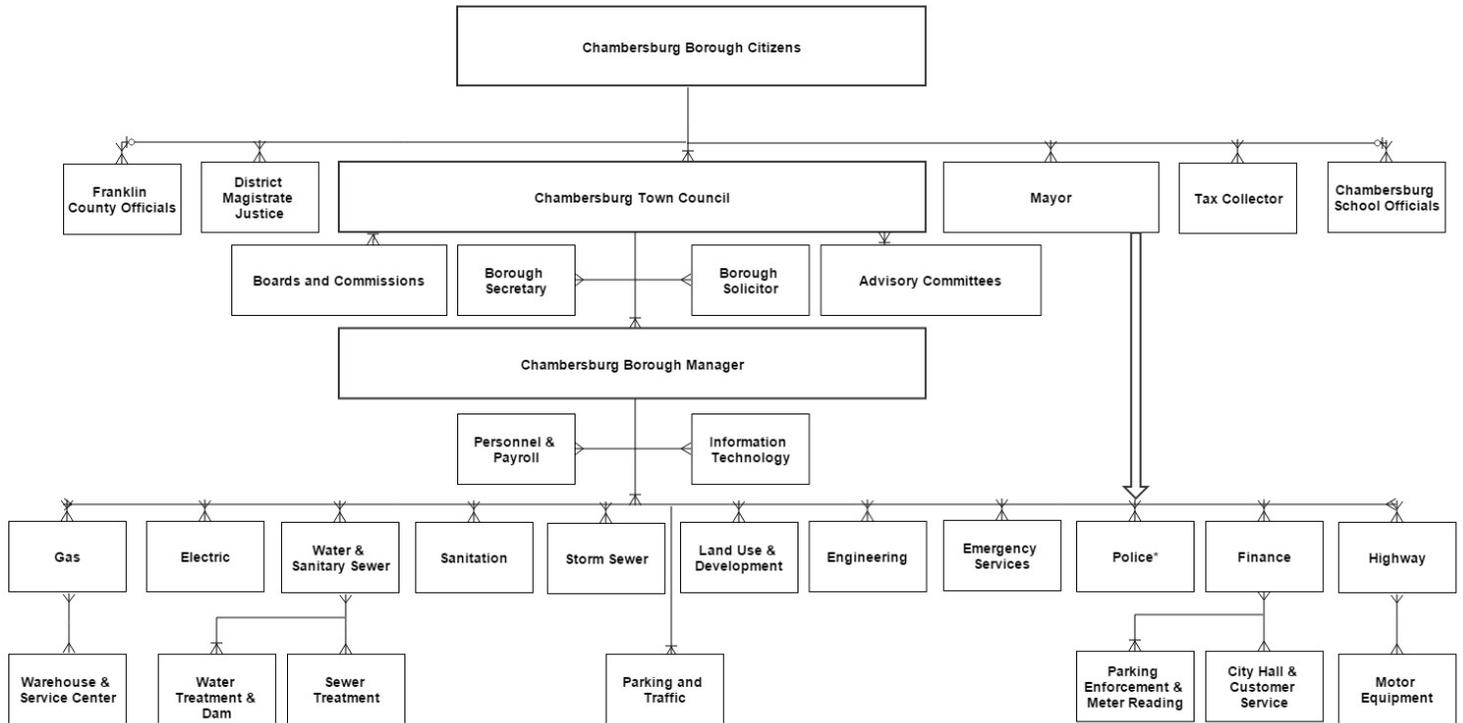
2015 Functions and Departments (Sorted by Department)

Department	Cost Center	Department Head
ADMIN SERVICES	PERSONNEL & PAYROLL	Borough Manager
ADMIN SERVICES	IT	Borough Manager
ADMIN SERVICES	FINANCE & ACCOUNTING	Finance Director
ADMIN SERVICES	CUSTOMER SERVICE & CITY HALL	Finance Director
ADMIN SERVICES	CLERICAL POOL	Borough Manager
ADMIN SERVICES	GENERAL & ADMINISTRATIVE	Borough Manager
ADMIN SERVICES	CAPITAL OUTLAY - ADMINISTRATIVE EQUIPMENT	Borough Manager
ELECTRIC	DIESEL PRODUCTION OPERATION	Electric Superintendent
ELECTRIC	DIESEL PRODUCTION MAINTENANCE	Electric Superintendent
ELECTRIC	PURCHASE POWER OPERATION & MAINTENANCE	Electric Superintendent
ELECTRIC	TRANSMISSION SYSTEM OPERATION MAINTENANCE	Electric Superintendent
ELECTRIC	DISTRIBUTION SYSTEM OPERATION	Electric Superintendent
ELECTRIC	DISTRIBUTION SYSTEM MAINTENANCE	Electric Superintendent
ELECTRIC	CUSTOMER ACCOUNTING & COLLECTING	Electric Superintendent
ELECTRIC	GENERAL & ADMINISTRATIVE	Electric Superintendent
ELECTRIC	CAPITAL OUTLAY - PURCHASE POWER FACILITIES	Electric Superintendent
ELECTRIC	CAPITAL OUTLAY - DIESEL PLANT	Electric Superintendent
ELECTRIC	CAPITAL OUTLAY - TRANSMISSION SYSTEM	Electric Superintendent
ELECTRIC	CAPITAL OUTLAY - DISTRIBUTION SYSTEM	Electric Superintendent
ELECTRIC	CAPITAL OUTLAY - GENERAL EQUIPMENT	Electric Superintendent
ENGINEERING	FIELD EXPENSES	Land Use & Development Director
ENGINEERING	GENERAL & ADMINISTRATIVE	Land Use & Development Director
ENGINEERING	CAPITAL OUTLAY - ENGINEERING EQUIPMENT	Land Use & Development Director
GAS	PURCHASE GAS OPERATION & MAINTENANCE	Gas Superintendent
GAS	TRANSMISSION OPERATION	Gas Superintendent
GAS	TRANSMISSION MAINTENANCE	Gas Superintendent
GAS	DISTRIBUTION OPERATION	Gas Superintendent
GAS	DISTRIBUTION MAINTENANCE	Gas Superintendent
GAS	CNG STATION OPERATION & MAINTENANCE	Gas Superintendent
GAS	CUSTOMER ACCOUNTING & COLLECTING	Gas Superintendent
GAS	GENERAL & ADMINISTRATIVE	Gas Superintendent
GAS	CAPITAL OUTLAY - TRANSMISSION SYSTEM	Gas Superintendent
GAS	CAPITAL OUTLAY - DISTRIBUTION SYSTEM	Gas Superintendent
GAS	CAPITAL OUTLAY - CNG STATION	Gas Superintendent
GAS	CAPITAL OUTLAY - GENERAL EQUIPMENT	Gas Superintendent

Department	Cost Center	Department Head
GENERAL	GENERAL GOVERNMENTAL & COUNCIL	Borough Manager
GENERAL	OPERATING EXPENSES - HIGHWAY	Assistant Borough Manager
GENERAL	FIRE SUPPRESSION – FIRE	ES Chief
GENERAL	AMBULANCE - FIRE	ES Chief
GENERAL	FIRE CODE - FIRE	ES Chief
GENERAL	GENERAL & ADMINISTRATIVE - FIRE	ES Chief
GENERAL	OPERATING EXPENSES - POLICE	Police Chief
GENERAL	OPERATING EXPENSES - RECREATION	Recreation Superintendent
GENERAL	OPERATING EXPENSES - PLANNING	Land Use & Development Director
GENERAL	OPERATING EXPENSES - ZONING	Land Use & Development Director
GENERAL	OPERATING EXPENSES - PROPERTY MAINTENANCE	Land Use & Development Director
GENERAL	OPERATING EXPENSES - CIVIC & COMMUNITY	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - GENERAL & ADMINISTRATIVE	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - HIGHWAY DEPARTMENT	Assistant Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - EMERGENCY SERVICES DEPT	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - POLICE DEPARTMENT	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - RECREATION DEPARTMENT	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - PLANNING DEPARTMENT	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - ZONING DEPARTMENT	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - PROPERTY MAINTENANCE	Borough Manager
GENERAL CAPITAL	CAPITAL OUTLAY - CIVIC & COMMUNITY	Borough Manager
LIQUID FUELS	STATE GRANT PROGRAM	Borough Manager
MOTOR EQUIP	GARAGE OPERATION	Assistant Borough Manager
MOTOR EQUIP	MOTOR VEHICLE UPKEEP	Assistant Borough Manager
MOTOR EQUIP	GENERAL & ADMINISTRATIVE	Assistant Borough Manager
MOTOR EQUIP	CAPITAL OUTLAY - GARAGE EQUIPMENT	Assistant Borough Manager
PARKING TRAFFIC	METERED PARKING OPERATION & MAINTENANCE	Borough Manager
PARKING TRAFFIC	PARKING & TRAFFIC	Borough Manager
PARKING TRAFFIC	STREET LIGHTING	Borough Manager
PARKING TRAFFIC	GENERAL & ADMINISTRATIVE	Borough Manager
PARKING TRAFFIC	CAPITAL OUTLAY - GENERAL	Borough Manager
PROJECT HEAT	OPERATING EXPENSES	Borough Secretary
KASHER FIRE TAX	REAL ESTATE TAX FOR FIRE EQUIPMENT	Finance Director
SANITARY SEWER	TREATMENT PLANT	Sewer & Water Superintendent
SANITARY SEWER	COLLECTION SYSTEM	Sewer & Water Superintendent
SANITARY SEWER	CUSTOMER ACCOUNTING & COLLECTING	Sewer & Water Superintendent
SANITARY SEWER	GENERAL & ADMINISTRATIVE	Sewer & Water Superintendent
SANITARY SEWER	CAPITAL OUTLAY - TREATMENT PLANT	Sewer & Water Superintendent
SANITARY SEWER	CAPITAL OUTLAY - COLLECTION SYSTEM	Sewer & Water Superintendent
SANITARY SEWER	CAPITAL OUTLAY - GENERAL EQUIPMENT	Sewer & Water Superintendent
SANITATION	DISPOSAL SYSTEM	Assistant Borough Manager
SANITATION	COLLECTION SYSTEM	Assistant Borough Manager
SANITATION	RECYCLING PROGRAM	Assistant Borough Manager
SANITATION	GREEN YARD WASTE RECYCLING CENTER	Assistant Borough Manager
SANITATION	STREET SWEEPING & ALLEY CLEANING	Assistant Borough Manager
SANITATION	MOWING, WEED CONTROL & VECTOR CONTROL	Assistant Borough Manager
SANITATION	CUSTOMER ACCOUNTING & COLLECTING	Assistant Borough Manager
SANITATION	GENERAL & ADMINISTRATIVE	Assistant Borough Manager
SANITATION	CAPITAL OUTLAY - GENERAL	Assistant Borough Manager
SANITATION	CAPITAL OUTLAY - GREEN WASTE RECYCLING CNR	Assistant Borough Manager

Department	Cost Center	Department Head
SELF INSURANCE	GENERAL LIABILITY CLAIM PAYMENTS	Finance Director
SELF INSURANCE	GENERAL LIABILITY - LEGAL FEES	Finance Director
SELF INSURANCE	GENERAL LIABILITY - SPECIAL SERVICES	Finance Director
SELF INSURANCE	UNEMPLOYMENT	Finance Director
SELF INSURANCE	LIFE INSURANCE	Finance Director
SELF INSURANCE	FLOOD INSURANCE	Finance Director
SELF INSURANCE	AUTO INSURANCE	Finance Director
SELF INSURANCE	ERRORS & OMISSIONS INSURANCE	Finance Director
SELF INSURANCE	HEALTH INSURANCE	Borough Manager
SISTER CITY	OPERATING EXPENSES	Mayor
STORES	WAREHOUSE EXPENSES	Gas Superintendent
STORES	GENERAL & ADMINISTRATIVE EXPENSES	Gas Superintendent
STORES	CAPITAL OUTLAY - WAREHOUSE EQUIPMENT	Gas Superintendent
STORM SEWER	OPERATING EXPENSES	Land Use & Development Director
STORM SEWER	COLLECTION SYSTEM	Land Use & Development Director
STORM SEWER	GENERAL & ADMINISTRATIVE	Land Use & Development Director
STORM SEWER	CAPITAL OUTLAY - STORM SEWER SYSTEM	Land Use & Development Director
WATER	SUPPLY SYSTEM	Sewer & Water Superintendent
WATER	TRANSMISSION SYSTEM	Sewer & Water Superintendent
WATER	DISTRIBUTION SYSTEM	Sewer & Water Superintendent
WATER	TREATMENT SYSTEM	Sewer & Water Superintendent
WATER	CUSTOMER ACCOUNTING & COLLECTING	Sewer & Water Superintendent
WATER	GENERAL & ADMINISTRATIVE	Sewer & Water Superintendent
WATER	CAPITAL OUTLAY - SUPPLY SYSTEM	Sewer & Water Superintendent
WATER	CAPITAL OUTLAY - TRANSMISSION SYSTEM	Sewer & Water Superintendent
WATER	CAPITAL OUTLAY - DISTRIBUTION SYSTEM	Sewer & Water Superintendent
WATER	CAPITAL OUTLAY - TREATMENT SYSTEM	Sewer & Water Superintendent
WATER	CAPITAL OUTLAY - GENERAL EQUIPMENT	Sewer & Water Superintendent
WORKERS COMP	CLAIMS & ADMINISTRATION	Finance Director

Organizational Chart



* Per the Borough Code, the Chambersburg Police Department is supervised by the Mayor for day-to-day operation and the Borough Manager for administrative and financial management

Act 37 of 2014 Revises the Pennsylvania Borough Code

The Borough Code, the state enabling law for our municipality, had been unchanged from 1966 to 2012; and contained many provisions that were archaic or in conflict with other statutes. Thus, the Pennsylvania State Association of Boroughs (PSAB) established a Borough Code Revision Committee as an ad hoc committee in 2003. The committee formally requested the ongoing participation, technical advice, and expertise of State Local Government Commission staff in this comprehensive Code revision, based on the Commission's experience with the Second Class Township Code Recodification in 1995 and efforts on the Third Class City Code Recodification (introduced as Senate Bill 874 in the 2011-2012 Legislative Session).

House Bill 1702 passed the Senate on May 1, 2012, and had subsequently been returned to the House of Representatives for concurrence on Senate amendments. The House of Representatives concurred in Senate amendments on May 7, 2012, and Governor Corbett signed House Bill 1702 into law as Act 43 of 2012. The Act became effective July 16, 2012.

Soon thereafter it became apparent that there was a material defect in the new revised Pennsylvania Borough Code. As you know, Chambersburg is the only Borough in Pennsylvania to operate a municipal natural gas utility. Apparently, the sections that authorized this utility were stricken from the Code. As a result, a full press effort was made by the Pennsylvania State Association of Boroughs (PSAB), our State legislators, and the Solicitor to get the new Code updated at once to return these sections.

Act 37 of 2014 amended Titles 8 (Boroughs and Incorporated Towns) and 44 (Law and Justice) of the Pennsylvania Consolidated Statutes, consolidating The Borough Code; making revisions concerning definitions, applications, certificates, eligibility, collection of taxes, appointments and incompatible offices, council's powers, specific powers, preparation of plans and specifications and contracts, assessments, removal of elected official and appointee, recreation board and authority, ordinances and resolutions; making an editorial change; and making a related repeal.

It was signed in Pennsylvania House of Representatives on April 7, 2014, signed in the Pennsylvania Senate on April 8, 2014, presented to Governor Corbett on April 9, 2014 and approved by the Governor on April 18, 2014.

In Section 1202(60)(ii), the original language amended Section 1202 (60) by permitting boroughs to purchase, use, own, operate, and control natural gas works. This language was requested by PSAB on behalf of the Borough of Chambersburg which owns and operates gas works within the Borough. The Borough in written correspondence believes that several separate provisions of Pennsylvania law, when taken together, provide the requisite authority to own and operate its natural gas works. Thus, the Borough of Chambersburg was grandfathered but no other borough will have the ability to provide natural gas production and distribution service.

11/3/2014



General Fund Budget

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

General Fund Budget

As Proposed for 2015

The General Fund is not the largest account of the Borough, it does not employ the most employees, it does not handle the largest amount of revenue, nor is it as complex to manage as the other funds of the Borough. However, the General Fund is the main “GOVERNMENTAL” fund and the home of the most basic municipal operations of the Borough. It therefore gets the most scrutiny.

In many towns, the General Fund is the only fund. In most boroughs in Pennsylvania, the General Fund would house almost all municipal employees and operations. That is not true in Chambersburg. However, the General Fund does house our most basic municipal operations.

The General Fund is comprised of six (6) departments:

General Government – The General Government Department is the civil and administrative activities of the Town Council, the Borough Manager, and the Boards, Commissions and Committees; but, not those activities or expenses attributed to the utilities or the internal services of the Borough.

Police Department – The law enforcement division of the Borough, under the Supervision of the Police Chief, and the Administration of the Mayor.

Emergency Services – The Emergency Services Department combines the Fire Department, the Fire Code Department and the Ambulance Department. It is under the Supervision of the Emergency Services Chief, and the Administration of the Borough Manager.

Recreation Department – Management and supervision of community resources such as the parks, playgrounds, Cumberland Valley Rail Trail, the Eugene C. Clarke Jr. Community Center, and the Municipal Pool at Memorial Park; under the Supervision of the Recreation Superintendent, and the Administration of the Borough Manager.

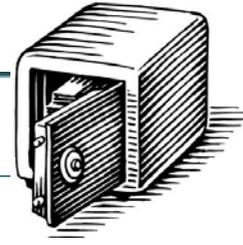
Land Use & Community Development – The Land Use & Community Development Department combines Planning, Zoning, Property Maintenance and Code Enforcement. It is under the Supervision of the Land Use & Community Development Director, and the Administration of the Borough Manager.

Highway Department – The maintenance and street crew, which handle street maintenance, storm response, storm water maintenance, and other street related functions. It is under the Supervision of the Assistant Borough Manager/Public Works Director, and the Administration of the Borough Manager.

Unlike the utilities or the internal service funds, the General Fund receives all of its revenue from either taxes, as established by State law, or transfers from other funds.

The General Fund must be balanced, cannot run a deficit, and the Borough will not use debt to balance its budget per adopted financial policies.

Revenues



Some General Fund Revenue is “earmarked” for specific General Fund departments; other revenue is just thrown into the safe for all General Fund departments.

No taxes are used to supplement utility operations. In fact, just the opposite, our Electric and Gas utilities pay taxes (similar to private companies) to the General Fund. The Water Department paid through 2013 but in anticipation of a possible change in State law that would prohibit water utilities from making payments for general government operations, we ceased this practice. These payments are called Payments in Lieu of Gross Receipts Taxes or PILOTs.

The Borough is very careful to keep our utilities and our General Fund separate. Those functions that are multi-department functions (such as the Finance Department or the Motor Equipment Fund) are also kept out of the General Fund because they are shared departments; known as internal services. Therefore, the only functions that remain in the General Fund are the functions that are required to be there by rule.

There are a number of different types of taxes collected by the Borough for use in the General Fund. However, most of these taxes are set by State law, cannot be adjusted year-to-year, and therefore not subject to any annual review. State law only allows the Borough one tax that it can adjust year-to-year: the real estate tax.

Real estate or property taxes are regressive, non-elastic, and are generally an unfair way to raise revenue as they are based on a property’s inherent value rather than the resources of the property owner. In Chambersburg we have historically used property taxes for one purpose only: to fund the Chambersburg Police Department.

Beginning in 2013, Town Council decided to **begin the levy of a separate fire tax.** This decision was unavoidable given the Town Council’s failure to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. Beginning last year, the budget now includes **both a police tax and a fire tax.**

To be clear, the real estate tax is therefore split: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. These will be the only uses of real estate taxes in the Borough budget. **No real estate taxes are used for any other function but police and fire.**

As the fire tax is used only for equipment and vehicles for the Emergency Services Department, it has no direct impact on the General Fund. Proceeds from the fire tax will be given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds will be used for the motorized equipment fleet; fire apparatus and ambulances. This will, in turn, help by allowing a rebate on its contribution to support fire apparatus and ambulances; an indirect benefit for the General Fund. The rebate, by local law, is the Richard Kasher Fire Tax; named after the arbitrator from our last appeal.

In addition to real estate taxes, the General Fund receives proceeds from earned income tax, deed transfer tax, and the Local Services tax.

Please find enclosed some **frequently asked questions** about taxes:

1. Why does the Borough of Chambersburg keep raising taxes?
The Borough of Chambersburg did not raise taxes between 2007 and 2013. Perhaps your taxes were raised by others such as Franklin County or the Chambersburg Area School District. In 2014, the Borough did raise taxes but only to fund police and fire services.
2. Why do I pay so much in taxes?
In 2015, the Borough will only collect a small portion of the taxes you pay. Most of your taxes do not go to the Borough. In fact, most of your taxes go to support other government agencies despite the fact that most of your services are supplied by the Borough.
3. The Borough has so many employees, so many trucks, is that where my tax money goes?
Almost all the employees of the Borough and most of the equipment of the Borough is owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (engineering, motor equipment, and administrative services). Your taxes do not support any utility operations, personnel or equipment. Further, as this document reveals, the Borough's utility rates are very reasonable.
4. Why if I live in the township, do I pay taxes to the Borough?
Unless you own property inside the Borough, or have a job inside the Borough, you pay the Borough no taxes. Further, if you just have a job in the Borough you pay only \$1 per week to the Borough and nothing else. In fact, almost no township residents contribute any tax money to the Borough. For example, the Sales Tax collected at stores inside the Borough all goes to support others, not the Borough. Finally, the Borough has no relationship with Chambersburg Area School District taxes or Franklin County taxes.
5. Why does the Chambersburg Area School District have such high taxes?
The budget and tax rates for the Chambersburg Area School District are set by the independently elected School Board and not the Borough. The Borough has no say in these issues.
6. Why does Franklin County have such high taxes?
The budget and tax rates for Franklin County are set by the independently elected County Commissioners and not the Borough. The Borough has no say in these issues.
7. Where do my taxes go?
All real estate taxes prior to 2014 were used exclusively to support the Police Department. No real estate taxes were used for any other purpose. Beginning in 2014, a portion of real estate taxes was also used to support equipment and vehicles for the Emergency Services Department. No portion of real estate taxes will be used for any other purpose other than the Police Department or to support equipment and vehicles for the Emergency Services Department. Not to pay for streets, or parks, or utilities, or any other employees of the Borough; such as the Borough Manager or anything else.

The other state mandated taxes are set by law and are not 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 set tax on wages earned by those who live inside the Borough; and the Deed Transfer Tax, which is a set tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues of the Borough.

Also, the Electric Department and the Gas Department 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 such, they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. Finally, the other revenue received by the General Fund is grants. In most years, the Borough receives very little grant money. However, in 2015, the Borough was lucky to be have an accumulated surplus of Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) available in 2015 – approximately \$1.17 million – a result of a limited number of Borough-owned street paving projects completed in 2012, 2013 and 2014, leaving a larger than normal amount of Highway Aid grant money available for use for one year: 2015.

8. Does not the Borough get a lot of money for all the new businesses near Norland Avenue?
The Borough utilities sell a considerable amount of utility services in this new neighborhood increasing the size of the Borough's independent utility accounts. However, these developments generate very little additional taxes to support the Borough. Most of the revenue they create is in the form of Sales Tax and in Pennsylvania, local municipalities receive no Sales Tax share. Further the sale of alcohol generally provides almost zero income to the host municipality. These developments have been very good for our community and create low unemployment but, they do not generate income proportional to the responsibilities they create for police, fire and traffic.
9. Doesn't every property owner contribute real estate taxes for police and fire?
No, many types of properties are exempt under State law from paying real estate taxes. Those exempted properties include schools, colleges, churches, charities, and other government agencies. So, these property owners add to the economic vitality of our community but do not necessarily contribute any money to support police or fire services. However, some of these agencies (Chambersburg Hospital is a good example) make a voluntary contribution in support of the Borough's public safety services regardless of their tax exempt status. We encourage all tax exempt property owners to donate to the police and fire services every year.
10. Why can't you bill people directly for police and fire instead of using real estate taxes?
State law prohibits the levy of taxes as a fee on persons (called per capita taxes). Instead, the law allows us only to use property as the sole means to determine how much tax to collect. So, if you rent your property, your landlord will pay the real estate tax and it will be reflected in the rent you pay. There is no other system allowed. The Ambulance Club is not a tax or fee; rather, it is more like a service. You provide us a gift and in exchange, we accept assignment from your health insurance company if you need to use the Borough ambulance service.
11. If the police and fire are paid for by Borough non-exempt real estate owners, why do they respond to police and fire calls in the townships?
State law requires that emergency services respond to all dispatches for health and safety. The Borough's emergency services will always support our township neighbors regardless of money issues. We also enjoy the support of the various volunteer fire companies from the townships and the Pennsylvania State Police. Mutual aid is a very important principle in public safety.
12. How can the Borough afford police officers and fire fighters when the money to pay for them can only come from such a small group of taxpayers?
We agree that the system is broken. We can envision nothing but, for painful tax increases in the future to pay for growing police and fire expenses. Something must change in the next few years.
13. Why don't the townships have local real estate taxes?
The local townships do not have police departments. They rely on the Pennsylvania State Police. They do not have township employee fire departments. They rely on the generosity of volunteer firefighters. All of the Borough's local real estate taxes go for these functions. And while we might wish to not have paid police and fire departments, unfortunately we cannot go back.

14. Can the Borough get rid of our Police Department or our fire department?

No, it is not practical or legal at this point. While an arbitrator's ruling against firefighter layoffs until at least 2016 has been partially overturned, the truth is we would be loathe relying exclusively on the shrinking ranks of volunteers alone. Further, we are skeptical that the Pennsylvania State Police or the dwindling firefighters in the townships will be sufficient to protect the townships alone; not to mention our Borough in decades to come. The best new system would be a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and fire departments and providing *our* services expanded into the townships; one Chambersburg "area" force.

To that end, in the proposed 2015 budget, I have requested that the townships take the first step and consider allowing the Chambersburg Emergency Service Department to do **fire safety code inspections at commercial businesses in the townships**. I hope this new service will be a precursor of our future cooperation. I hope the public supports this first important step.

15. What is the Franklin Fire Company? Are they a township fire company?

No, the Franklin Fire Company is Station 4 of the Borough of Chambersburg. It is our best staffed and best equipped volunteer fire company. By agreement, we have encouraged the Franklin Fire Company to provide fire services both inside the Borough and in the townships. All the Borough contributes to their operation is some fuel and lots of good will.

16. If the Borough has a police tax and a fire tax, what pays for streets?

We use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department and the Recreation Department. The Sanitation Department is a separate utility (not unlike the Electric, Gas, Water, or Sewer Departments) and they keep the streets clean, free of leaves, and well swept. Highway construction projects are done with Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels). Our grant only pays for street construction made to Borough owned streets. Keeping up with all highway maintenance on Borough streets without a dedicated funding source is very challenging. Much of the Recreation Department is self-supporting with user fees; such as the Memorial Park Pool. Finally, the Land Use and Community Development programs are generally supported with fees.

17. Why are Borough streets in such bad shape?

First, it is important to recognize that the Borough does not own or maintain many of the streets inside the Borough. The Pennsylvania Department of Transportation maintains most of the major streets such as Main Street, Memorial Square, Lincoln Highway, Second Street, Loudon Street, Wayne Avenue, Scotland Avenue, and many others. The Borough owns most of the side streets and many of the alleys. The Borough utilities start fixing pipes in all streets about two years before a street is paved. With so many old streets, there are a lot of pipes being fixed at any one time. The Borough only has the Highway Aid grant money account to fix our streets and repaving costs a lot of money when government bid rules are followed. Of course, the Borough does not pay to fix State owned streets, County owned bridges, private streets, or township roads. Finally, the Borough has let some streets degrade as we have neither the resources to pave them nor do those streets have the traffic flow to justify the expense. We do use grants whenever possible. It is a never ending battle to keep up with street maintenance with no dedicated funding source.

In this budget, one will recognize the impending problem of future street projects after 2015; and, further, the relationship between underfunding police services when matched to that effect on underfunding street projects. As Police, Emergency Services, Recreation and Highway (and to a lesser extent Land Use & Development) are comingled together in the General Fund, their

funding (or underfunding) has a direct impact on available resources for the other General Fund departments.

18. Why won't you pave my street?

Most of the streets that are being paved in the Borough are either State owned streets or paid for by grants or developers as they build adjacent projects. The Borough has no dedicated funding source beyond the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) to pave your Borough owned street. One suggestion is that the Borough invoice adjacent property owners to pay for their share of street paving; at least for alley work. That is already done for curbs and sidewalks. The biggest complaint against that idea is that most folks feel their taxes should pay for street paving. However, as this budget details, **taxes paid now do not cover any of the cost of paving streets.**

19. Why does it take so many employees to work on street projects?

For many reasons, including safety and the handling of large construction equipment, the Borough utility and highway workers are usually seen in large numbers. However, the Borough highway department only has seven (7) full time employees so you are probably seeing contractors who won competitive low bids for projects rather than employees. We do not pay them by the employee, we pay contractors by the project and therefore they are incentivized to do as much work as fast as possible to squeeze out projects; that usual means they bring many employees.

20. Why do township residents pay more for using the Memorial Park Pool or other Recreation Department programs?

Up until 2009, the Chambersburg Area School District contributed to the cost of operating the Borough Recreation Department. The school tax money comes from both Borough and township residents. In 2009, an agreement was reached where the district stopped supporting the program in exchange for a grant, which ended in 2014. Therefore, township residents, who are residents of the Chambersburg Area School District, are no longer contributing to support the Borough Recreation Department operation. As such and only being fair, township residents are asked to pay a little more than Borough residents. We are prohibited from denying anyone access to our recreation programs. However, there is no prohibition on having a two-tier fee system. If the townships' boards wanted to contribute directly, their residents could enjoy the lower tier rates.

21. Why do pool fees go up every year?

Just about everything it costs to run the pool goes up in cost every year. However, all fees are adopted by Town Council in a public meeting.

22. Why do Borough employees get such good wages and benefits; can't they be cut?

No, most Borough employees are represented by collective bargaining units and those units have negotiated labor agreements with Town Council or (in the case of the uniform employees of the police and fire service) had those labor agreements imposed on the Borough. The Town Council cannot unilaterally change the terms and conditions of employment. Nor can Town Council necessarily layoff employees. Certainly, we think we have great employees and in most cases, they are compensated in proportion to what municipal workers across the Commonwealth are paid. Regardless, there is no reason to blame the employees themselves, who are generally good workers and our friends and neighbors.

23. If you need to raise the Police Tax and start a Fire Tax, how can you afford projects like new windows in City Hall or buying houses for parking lots?

Your taxes do not pay for things like the upkeep of property. Your taxes go only to support the Police Department and to provide fire and EMS equipment and vehicles for the Emergency

Services Department. Projects like restoration of our century old historic wooden windows are paid almost exclusively by the utility funds in proportion to their importance in our budget. No real estate taxes were used for this or any other similar purpose. The parking lots are paid by the Parking Department, a separate fund of the Borough, which receives no tax income. Almost all the projects of the Borough and most of the buildings are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (Engineering, Motor Equipment, and Administrative Services). The exceptions to that rule are the parks and recreation areas, the firehouses, and the Police Department Annex on S. Second Street.

24. Why can you not just take utility money and pay for police officers and firefighters?
The Borough cannot wholesale move funds from utilities, which are kept in separate accounts, to the General Fund to pay for fire, police or parks. Nor would this be fair to utility customers. Also, the Electric Department and the Gas Department already 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 such, they are tax exempt. So, instead, they pay their taxes to support your General Fund (police, fire, ambulance, highway, and recreation) activities. State law does not allow the Sewer Department from making similar payments. We could ask the Water Department to pay taxes but we have not done so in years.
25. Are their assets the Borough can sell, such as parks, to avoid tax increases?
No, in general most of our assets are prohibited from being sold. For example, our parkland is usually deed restricted to remain as public parks. Further, most of the assets are owned and operated by our utility departments (Electric, Gas, Water, Sewer and Sanitation Departments) and our utility support departments (Engineering, Motor Equipment, and Administrative Services) so their sale would not help the General Fund.
26. Can we raise a different tax such as a sales tax or a hotel tax?
No, in general the Commonwealth of Pennsylvania does not allow us the right to raise any other type of taxes. In 2014, the Town Council requested that the General Assembly allow Franklin County to raise the county hotel tax and share proceeds with Chambersburg. That proposal was not approved by the State. Also, sales tax, liquor taxes, business taxes, and other local taxes are not an option under State law.
27. Can we buy fewer trucks, do less construction, or lower the number of employees?
No, in general all of our vehicles are owned by the Motor Equipment Fund and rented to the utilities, not the General Fund. The only vehicles rented by the General Fund are police vehicles, fire vehicles and recreation equipment. Your taxes do not pay for vehicles for the utilities. Your taxes go only to support the Police Department equipment and vehicles and to provide fire and EMS equipment and vehicles for the Emergency Services Department. Almost all the construction projects of the Borough other than street paving projects (and some of those too) are by our utility departments (Electric, Gas, Water, and Sewer) or our utility support department, Administrative Services. So really, when it comes down to the budget gap, it is a police, fire, recreation or highway issue.
28. What is the long term answer, other than taxes, to pay for these functions?
There is currently no answer in Chambersburg or any other municipality that has police or paid fire services. Every municipality in Pennsylvania with police or paid fire services is in the same, or much worse of a situation. If Chambersburg did not have our utilities (Electric, Gas, Water, Sewer and Sanitation Departments) and the shared services they provide to underwrite the cost of operations (Engineering, Motor Equipment, and Administrative Services), Chambersburg would be destitute.

Conclusion

The only conceivable solution is either:

- A wider tax base (i.e. a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort); or
- A change to State law to allow an optional sales tax, liquor tax, or business tax.

There are no gimmicks, easy answers, or tricks to help the General Fund. To make matters worse, almost every single category of revenue in the General Fund is at a fixed rate, as set by State Law, and cannot be raised or adjusted by Town Council. The major revenues of the Borough's General Fund are:

- Real Estate Tax - adjustable by Town Council each December
- Local Services Tax - set at maximum under State Law
- Earned Income Tax - set at maximum under State Law
- Deed Transfer Tax - set at maximum under State Law
- State Pension Aide - selected by State
- Highway Aid (liquid fuels) - selected by State
- Police Fines
- Ambulance Fees
- Electric and Gas Payments in Lieu of Gross Receipts Taxes

The Tough Choice: Raise Taxes Now or Raise Taxes More Later

The impending problem of how to fund street paving projects arrives in a big way after 2015.

Real estate taxes levied now do not cover any of the cost of paving streets.

In 2015, the Borough is lucky to have an accumulated surplus of Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) for use by the General Fund's Highway Department to complete more Borough-owned street paving projects than usual.

These proceeds have really helped control costs in the General Fund but only last a short time

If Town Council does not raise the Police Tax to equal more of the cost of operating the Police Department, 2015 will be the last year that the Borough can pave streets and avoid a corresponding Police Tax increase; as well as, keep up with the rising cost of infrastructure needs.

On average, the Highway Aid grant money gives the Borough approximately \$400,000 in assistance per year; however, the accumulated surplus available in 2015 – approximately \$1.17 million – is the result of a limited number of Borough-owned street paving projects completed in 2012, 2013 and 2014, leaving a larger than normal amount of Highway Aid grant money available for use.

Based on the planned 2015 street paving projects, the majority of Highway Aid grant money surplus will be expended in 2015.

In 2015, the Police Department will cost \$667,680 more to operate than revenue derived by the Police Tax and other Police revenues. That means the Borough is diverting \$667,680 next year in available resources, to cover the shortfall in Police Tax. Further, this shortfall will grow every year.

In 2015, the Borough can cover this shortfall by transferring the accumulated surplus of Highway Aid grant money for use by the General Fund's Highway Department to complete more Borough-owned street paving projects than usual.

Unfortunately, beginning in 2016 when the Highway Aid grant money returns to its normal level of approximately \$400,000, we will need to either:

- 1. Ignore the problem until next budget and raise the Police Tax much more; or**
- 2. Ignore the problem and limit or curtail our street paving program to be funded by only the amount of Highway Aid grant money available for that particular year; or**
- 3. Address this problem in 2015 by raising the percentage of the Police Department budget funded by the Police Tax and stop taking available resources from street paving projects.**

The Tough Choice: Raise Taxes Now or Raise Taxes More Later

In conclusion, there is a relationship between underfunding police services and a corresponding effect on underfunding street projects. As Police, Emergency Services, Recreation and Highway (and to a lesser extent Land Use & Development) are comingled together in the General Fund, their funding (or underfunding) has a direct impact on available resources for the other General Fund departments.

Raise the Police Tax Rate Now to Avoid a Bigger Inevitable Raise Later

	2015 – Scenario 1	2015 – Scenario 2
Highway Aid grant General Fund transfer	Proposed \$1.17 million	Proposed \$988,000
Police Tax Yield	Estimated \$3,820,000 <i>on 21 mil</i>	Estimated \$4,001,905 <i>on 22 mil</i>
Other Police Revenue	Estimated \$275,000	Estimated \$275,000
Shortfall in Police Budget	Estimated (\$667,680)	Estimated (\$681,034)
Leftover Highway Aid for Use in 2016	\$330,000 + 2016 allocation Approx. \$400,000	\$512,000 + 2016 allocation Approx. \$400,000
Highway Aid grant transfer for 2016	Estimated Approx. \$730,000	Estimated Approx. \$912,000
Highway resources unavailable to cover Shortfall in 2016 Police Budget	Estimated (\$440,000)	Estimated (\$76,000)
Police Tax Increase Estimated for 2016 Assuming same street paving program	2.4 mil increase	0.4 mil increase

If Town Council does no Police Tax increase in 2015, it is estimated a 2.4 mil increase would be needed in 2016.

If Town Council does a 1 mil Police Tax increase in 2015, it is estimated a 0.4 mil increase would be needed in 2016; a total of 1 mil less in taxes.

In summary, the difference between the actual cost of operating the Chambersburg Police Department and the yield of all the revenue for police services (including 21 mil of Police Tax) is \$667,680. We can cover that shortfall in part or in whole by diverting resources that could otherwise be used to do street maintenance and make up that shortfall in turn by transferring more money out of the Highway Aid grant money (a grant from the State created by the sale of Liquid Fuels) for use by the General Fund’s Highway Department for extra Borough owned street paving projects.

However, we this cannot be done every year as there is a diminishing availability of Highway Aid. Finally, we do not recommend shrinking the Borough owned street paving projects to only the \$400,000 subsidy.

The Tough Choice: Raise Taxes Now or Raise Taxes More Later

Therefore, the Borough Manager recommends the following:

Increase the Police Tax from 21 mil to 22 mil and likewise lower the Highway Aid grant money transfer to the General Fund by an equal amount or approximately \$182,000. Please note that at 22 mil, the Police Department budget will still exceeds all the revenue for police services by \$485,680.

That being said...

This proposed budget, as originally presented includes only a 21 mil Police Tax.

Real Estate Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
mil	17	20	20	20	20	20	20	20	21	21

This budget includes no Police Tax increase, keeping the rate at 21 mil; but, this will have a serious and consequential effect on the 2016 budget.

The average single family house inside the Borough paid \$346.84 in 2014 in Police Tax plus an additional \$41.29 for the new Fire Tax to support the Emergency Services Department motorized equipment fleet. The total taxes paid by the average single family house inside the Borough were \$388.13 in 2014.

Assuming, no increase in the Police Tax or Fire Tax mil rates, in 2015 that total will decrease slightly to \$383.20 due to a slight decrease in the average assessed value.

Average Single Family House Inside The Borough	2013	2014	2015
Police Tax (to the General Fund)	\$336.20	\$346.84	\$342.44
Fire Tax (to the Motor Equipment Fund)	\$0	\$41.29	\$40.77
<i>Total (per year)</i>	\$336.20	\$388.13	\$383.20

If you were to change this proposed budget to include a 1 mil Police Tax increase, raising the rate to 22 mil:

The average single family house inside the Borough would pay \$358.74 in Police Tax plus an additional \$40.77 for the Fire Tax to support the Emergency Services Department motorized equipment fleet. The total taxes paid by the average single family house inside the Borough would rise to \$399.51 in 2015.

Average Single Family House Inside The Borough	2013	2014	2015
Police Tax (to the General Fund)	\$336.20	\$346.84	\$358.74
Fire Tax (to the Motor Equipment Fund)	\$0	\$41.29	\$40.77
<i>Total (per year)</i>	\$336.20	\$388.13	\$399.51

An additional Police Tax cost of \$16.31 per year is worth fixing our funding situation.

2015 General Fund Revenues (Excerpt)

	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 BUDGET	2015 PROPOSED BUDGET
POLICE TAX (rose to 21 mil in 2014)	\$ 3,714,590	\$ 3,731,681	\$3,780,102	\$3,986,144	\$4,041,000	\$4,085,000
LOCAL SERVICES TAX ON WORKERS	\$727,887	\$691,809	\$748,586	\$732,086	\$650,000	\$725,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$255,899	\$251,816	\$305,466	\$248,950	\$230,000	\$230,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$ 1,501,053	\$ 1,578,210	\$1,715,736	\$1,789,579	\$1,700,000	\$1,750,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$850,000	\$900,000	\$950,000	\$1,010,580	\$1,060,580	\$1,100,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$375,000	\$375,000	\$400,000	\$400,000	\$400,000	\$410,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER	\$84,000	\$72,000	\$72,000	\$72,000	-	-
POLICE FINES & FEES	\$137,777	\$118,413	\$136,238	\$172,262	\$142,700	\$154,000
AMBULANCE FEES & CHARGES	\$914,590	\$935,822	\$966,135	\$1,041,177	\$1,160,000	\$1,175,000
SAFER GRANT (ended in 2014)	-	-	\$130,012	\$862,652	\$605,000	-
MOTOR EQUIPMENT FUND REBATE (INCLUDES FIRE TAX)	-	-	-	-	\$530,000	\$530,000

How do we figure the Police and Fire Tax for the average resident?

One misconception that confuses the issue of the Police and Fire Tax is how to translate the rate (proposed to stay at 21 mil for Police and 2.5 mil for Fire) into actual dollars. In Franklin County, the “assessed value” of one’s property may be radically different from the “fair market value” of one’s property. For example, within the Borough limits, the average single family house has an assessed value of \$16,596.63; obviously you cannot buy a house for that little. That is because our County has not re-assessed real estate since 1961. Regardless, the average single family house, inside the Borough, will pay a full value police tax bill of only \$383.20; based upon an assessed value of \$16,596.63 in 2015. This figure was determined by combing through the tax rolls and extracting each single family house (as opposed to commercial, industrial, or multi-family buildings). Your Borough Police and Fire Tax cost will vary.

At \$342.44 per year, the Borough Police Tax does not even cover the full cost of the Chambersburg Police Department including the elimination of certain programs such as the valuable SET Team, which Council eliminated again in 2014.

Without a tax increase the Police Department budget spends \$667,680 over budget.

However, the Borough is doing its best to keep the tax rate as low as possible by adopting a Police Tax rate that is barely sufficient to cover the cost of your Police Department.

No government buildings, schools, charities or township property owners pay any Police or Fire Tax on their property – commercial property owners may pay more. Also, for many folks, 100% of this cost is deductible on your Federal Income Taxes, returned to you in your tax refund every year.

				
Single Family House \$383.20 per year*	Schools No tax	Non-profits No tax	Government No tax	Commercial/Industrial More

**Based upon a median assessed value of single family residential property inside the Borough*

2015 General Fund Revenues – Proposed

	2013 BUDGET	2013 ACTUAL	2014 BUDGET	2015 PROPOSED BUDGET
POLICE TAX (rose to 21 mil in 2014)	\$3,734,000	\$3,986,144	\$4,041,000	\$4,085,000
LOCAL SERVICES TAX ON WORKERS	\$700,000	\$732,086	\$650,000	\$725,000
DEED TRANSFER TAX ON REAL ESTATE SALES	\$245,000	\$248,950	\$230,000	\$230,000
WAGE & EARNED INCOME TAX ON RESIDENTS	\$1,500,000	\$1,789,579	\$1,700,000	\$1,750,000
STATE PENSION GRANT	\$761,200	\$778,166	\$781,800	\$894,400
OTHER INTER-GOVERNMENTAL GRANTS	\$145,000	\$178,073	\$140,750	\$10,000
INVOICED WORK	\$90,000	\$62,772	\$55,000	\$60,000
MISC STATE SALES TAX	\$2,500	\$1,904	\$1,900	\$1,600
TAXABLE RECREATION CHARGES	-	\$31,664	\$36,400	\$28,000
INTEREST INCOME	\$4,000	\$3,673	\$3,000	\$2,500
STREET EXCAVATION PERMITS	-	\$8,093	-	\$8,000
CURB & SIDEWALK PERMITS	-	\$2,074	-	\$2,000
SNOW/ICE REMOVAL FINES	\$4,000	\$2,395	\$4,000	\$10,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - ELECTRIC	\$1,010,580	\$1,010,580	\$1,060,580	\$1,100,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX - GAS	\$400,000	\$400,000	\$400,000	\$410,000
PAYMENTS IN LIEU GROSS RECEIPTS TAX -WATER	\$72,000	\$72,000	-	-
POLICE FINES & FEES	\$130,000	\$172,019	\$140,000	\$150,000
FALSE POLICE & FIRE CALLS	\$5,000	\$8,850	\$9,000	\$7,000
OTHER POLICE DEPARTMENT FEES	\$8,000	\$4,243	\$2,700	\$4,000
PROPERTY MAINTENANCE CODE VIOLATION FINES & FEES	\$1,500	\$3,065	\$2,100	\$3,700
RECREATION DEPARTMENT RECEIPTS	\$375,000	\$356,954	\$360,000	\$350,000
RECREATION VENDING, CONCESSION & CONSIGNMENT	\$60,000	\$13,915	\$15,600	\$15,600
PROPERTY MAINTENANCE INSPECTION FEES	\$110,000	\$123,030	\$115,000	\$122,350
LAND USE AND DEVELOPMENT PERMIT FEES	\$2,000	\$1,845	\$2,000	\$2,000
FIRE CODE PERMITS & FEES	\$16,000	\$55,890	\$50,000	\$50,000
ZONING PERMITS & FEES	\$3,500	\$3,200	\$3,000	\$3,000
CONTRIBUTIONS FOR AMBULANCE SERVICE	\$35,000	\$53,837	\$42,000	\$45,000
AMBULANCE SERVICE CHARGES	\$900,000	\$909,937	\$1,035,000	\$1,050,000
AMBULANCE CLUB MEMBERSHIP FEES	\$100,000	\$131,240	\$125,000	\$125,000
SCHOOL CROSSING GUARD GRANT	\$48,000	\$45,158	\$50,000	\$45,000
COMCAST TELEVISION FRANCHISE FEE	\$315,000	\$278,478	\$310,000	\$300,000
REFUNDS PRIOR YEAR PAYMENTS	\$30,000	\$27,074	\$29,000	\$13,000
REAL ESTATE PROPERTY RENTALS	\$9,000	\$16,132	\$10,000	\$15,000
CONTRIBUTIONS FROM PRIVATE SOURCES	\$2,000	\$6,226	\$2,000	\$4,000
MISCELLANEOUS	\$10,000	\$23,912	\$10,000	\$13,000
TRANSFERS FROM OTHER FUNDS	\$25,000	\$25,000	\$4,140	-
TRANSFERS FROM HIGHWAY AID (LIQUID FUELS GRANT)	\$400,000	\$334,498	\$400,000	\$1,170,000
TRANSFERS FROM ENGINEERING DEPARTMENT	\$25,000	\$25,000	-	\$50,000
SAFER GRANT (ended in 2014)	\$766,165	\$862,652	\$605,000	-
MOTOR EQUIPMENT FUND REBATE (FIRE TAX began 2014)	\$50,000	\$50,000	\$530,000	\$530,000
2014 TOTAL ESTIMATED GENERAL FUND REVENUE	\$12,094,445	\$12,840,308	\$12,955,970	13,384,150
Percent Change			7%	3%

Total revenue will be up 3% in 2015, which indicates a natural growth and improvement in the Borough economy.

While this does not sound like much, such organic growth is quite encouraging when we compare it on a national basis.

Unfortunately, as you will see, expenditure growth still outpaces revenue growth significantly.

The addition of the Fire Tax to the Police Tax in 2014 was successful in that it provided enough short term revenue to make up for the end of the SAFER grant in 2014. The Fire Tax was without a doubt necessary.

The ambulance revenue continues to grow modestly. However, they are not keeping pace with expenditure growth in the Emergency Services Department. Therefore, a Fire Tax increase will likely be needed in 2016. That is unless there is significant growth in ambulance receipts or fire code inspection revenue in the upcoming year.

Long term, unless we expand those functions and thereby create more revenue from ambulance receipts or fire code inspection revenue greater than the cost of more employees or more vehicles, to accomplish those expanded functions, we will fall further and further behind in funding the Emergency Services Department. A wider revenue base (i.e. a united system of Borough paid firefighters and regional township volunteers all working in one organization; one regional effort,) with corresponding regional shared revenue, is required to prevent an insatiable trend of Emergency Services cost increases.

The Borough has superior police and fire services when compared to the services provided by our neighbors. We are skeptical that the Pennsylvania State Police or the dwindling firefighters in the townships will be sufficient to protect the townships alone; not to mention our Borough in decades to come. The best new system would be a united system of Borough paid firefighters, Borough police officers, and regional township volunteers all working in one organization; one regional effort. We support the growth of our police and fire departments and providing our services expanded into the townships; one Chambersburg “area” force.

If nothing else changes, it is clear from this budget, that Police and Fire Tax increases are unavoidable in 2016.

Philosophically, given our experiences during the recent economic downturn, the staff does not recommend counting on the other revenue sources (specifically, earned income tax and deed transfer tax) as a reliable consistent source of revenue for the General Fund. We saw significant drops and we could easily see such drops again if employment or real estate sales drop significantly in the future. One fallacy made in prior budgets was an assumption that these other revenue sources were consistent; and consistently growing. They are once again growing, but we do not recommend relying on that trend to the exclusion of either real estate tax growth (which is objectionable but reliable) or our fundamental suggestion that new General Fund revenue sources be developed.

We suggest a political process to change State law to allow an optional sales tax, liquor tax, or business taxes such that between \$700,000 and \$1.5 million in new annual revenue for Police and Fire can be realized. Without such a change, we are really looking at an inevitable fiscal crisis in our General Fund created by Harrisburg.

General Fund Revenue

<u>Police Tax Revenue (70002, 70003, 70008, 70011)</u>	2015	\$ 4,085,000.00	21 mil
	Budget Estimate 2014	\$ 4,041,000.00	21 mil
	2013	\$ 3,986,144.13	20 mil
	2012	\$ 3,780,101.93	20 mil
	2011	\$ 3,731,680.91	20 mil
	2010	\$ 3,714,589.83	20 mil
	2009	\$ 3,700,544.62	20 mil
	<u>Deed Transfer Tax Revenue (70009)</u>	2015	\$ 230,000.00
Budget Estimate 2014		\$ 230,000.00	
2013		\$ 248,949.95	
2012		\$ 305,466.46	
2011		\$ 251,816.17	
2010		\$ 255,898.51	
2009		\$ 275,140.88	
<u>Earned Income Tax Revenue (70010)</u>		2015	\$ 1,750,000.00
	Budget Estimate 2014	\$ 1,700,000.00	
	2013	\$ 1,789,578.50	
	2012	\$ 1,715,736.15	
	2011	\$ 1,578,209.64	
	2010	\$ 1,501,053.10	
	2009	\$ 1,540,228.29	
	<u>LST (or EMST) Tax Revenue (70005)</u>	2015	\$ 725,000.00
Budget Estimate 2014		\$ 650,000.00	
2013		\$ 732,085.80	
2012		\$ 748,585.79	
2011		\$ 691,808.66	
2010		\$ 727,886.67	
2009		\$ 804,923.21	
<u>Police Fines Revenue (70031, 70034)</u>		2015	\$ 157,000.00
	Budget Estimate 2014	\$ 142,700.00	
	2013	\$ 176,261.66	
	2012	\$ 136,237.66	
	2011	\$ 118,412.99	
	2010	\$ 137,776.17	
	2009	\$ 127,416.49	
	<u>Ambulance Billing Revenue (70046, 70047)</u>	2015	\$ 1,175,000.00
Budget Estimate 2014		\$ 1,160,000.00	
2013		\$ 1,041,177.13	
2012		\$ 966,135.39	
2011		\$ 935,822.00	
2010		\$ 914,589.87	
2009		\$ 839,878.25	

Summary of Tax Revenue

- Local Services Tax: This tax may be levied on any wage earned within the borough by both residents and non-residents. Persons earning less than \$12,000 annually may be exempted. The Statutory Rate Limit is \$52 per year.
- Earned Income Tax: This tax is a tax on wages and net profits and may be levied on both residents and non-residents if the non-resident's municipality does not levy the same. The taxpayer's residence takes precedence over his place of occupation if both have the tax. The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, each may collect one-half of 1%.
- Deed Transfer Tax: The tax shall be split with the school district in any portion that is agreed upon. In case no agreement is reached, the municipality shall collect 1%.
- Police Tax: A borough may levy a millage on the assessed value of real property up to 30 mil for general purposes.
- Fire Tax: A borough may levy a millage on the assessed value of real property up to 3 mil for the Purchase of fire equipment, fire apparatus, fire training, or fire training school. It may exceed 3 mil upon approval by voters in a referendum.

Per the Pennsylvania Association of Boroughs, "According to various court cases, fees cannot be used as a revenue raiser like taxes. In *Commonwealth v. McFadden* (14 Beaver 242, 44 Mun. 202, 1953) the court ruled "where a fee for a license is assessed, it must be such only as will legitimately assist in the regulation, or it will be struck down." Commonwealth Court also held "fees charged by municipality for services rendered are proper if they are reasonably proportional to cost of regulation or services performed," and "municipality may not use its power to collect fees for service as means of raising revenues for other purposes," (*National Properties, Inc. v. Borough of Macungie*, 595 A.2d 742, 1991).

In 2015, it is estimated that 1 mil of real estate tax will yield \$181,905 in revenue.

Police Department



The Chambersburg Police Department will 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.

Department Head: Chief David Arnold

	2013 Actual	2014 Budget	2015 Budget
<u>Police Operations</u>	\$3,993,615	\$4,241,265	\$4,906,680
<u>Earmarked Revenue</u>			
Police Tax	\$3,986,144	\$4,041,000	\$4,085,000
Police Fines & Other	\$ 176,262	\$ 142,700	\$ 154,000
<i>Subtotal</i>	<i>\$4,162,406</i>	<i>\$4,192,700</i>	<i>\$4,239,000</i>
Excess (Deficit)	\$168,791 Surplus	(\$57,565) Deficit	(\$667,680) Deficit

	2013 Actual	2014 Budget	2015 Budget
<u>Police Operations</u>			
<u>Non Personnel Costs</u>	\$ 784,164	\$ 842,605	\$1,021,380
<u>Personnel Costs</u>	\$3,209,451 (80%)	\$3,398,660	\$3,885,300 (79%)

A one (1) mil increase in the Police Tax is suggested but not included herein. Without this increase one can anticipate a 2.4 mil increase in 2015.

This budget includes additional police officers selected by Town Council to cover future retirements. The payroll includes full years for two (2) extra police officers. However, if more police officers retire, as is anticipated, the 2015 budget will likely also include additional police officers for additional future retirements. Therefore, a return to the minimum complement of police officers is not expected until 2016.

In addition, this budget includes resources for the addition of one (1) Community Resource Officer. This new additional civilian position is entirely a burden on the Police Department budget unlike secretaries who are members of the Administrative Services Department clerical pool. **The Police Department should levy a Police Tax of 26.97 mil to keep it functioning**, as opposed to the current 21 mil Police Tax. Otherwise, resources will be diverted from other General Fund functions to police.

In addition, this budget includes mandated cost of living increases of 4.5% for all employees. This is offset by an additional 1% of gross wages contribution by police officers to their pension plan and, a slight increase in their contributions towards the cost of health insurance premiums.

	2006	2007	2008	2009	2010	2011	2012	2013	2014 Budget	2014 Actual	2015 Budget
Chief	1	1	1	1	1	1	1	1	1	1	1
Clerical	3	3	3	3	3	3	2	2	2	2	2
Admin	0	0	0	0	0	0	0	0	0	0	1
Officers	30	33	33	33	33	33	31	33*	31	32*	32*

* - From time to time, the Chambersburg Police Department carries up to two (2) extra uniform police officers who are attending the HACC Police Academy. Town Council has stated their intention to not replace the two (2) police officers on a regular basis when future officers retire; thereby bringing the complement of police officers back to thirty-one (31).

However, these additional officers and the overlap between the set complement and the actual complement is anticipated to continue through most of 2015.

Police Tax Options for 2015

A one (1) mil increase in the Police Tax is suggested but not included herein.

Real Estate Tax Rate	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
mil	17	20	20	20	20	20	20	20	21	21

This budget includes no Police Tax increase, keeping the rate at 21 mil; but, this will have a serious and consequential effect on the 2016 budget.

The average single family house inside the Borough paid \$346.84 in Police Tax in 2014.

Assuming, no increase in the Police Tax mil rate in 2015 that total will decrease slightly to \$342.44 due to a slight decrease in the average assessed value.

Average Single Family House Inside The Borough	2013	2014	2015
Police Tax (to the General Fund)	\$336.20	\$346.84	\$342.44

If you were to change this proposed budget to include a 1 mil Police Tax increase, raising the rate to 22 mil:

The average single family house inside the Borough would pay \$358.74 in Police Tax plus in 2015.

Average Single Family House Inside The Borough	2013	2014	2015
Police Tax (to the General Fund)	\$336.20	\$346.84	\$358.74

No SET Team for 2015

On September 9, 2013, the Town Council approved the following: “effective immediately all training, funding and wages associated with the SET Team to include: hostage negotiation, precession shooting, or any special weapon or tactic training, whether on straight time or on overtime end effective the next payroll period and that instead those resources of the Borough, be dedicated to community policing, to patrol, which includes foot patrol, bike patrol and knocking on doors getting to know the community and the people of our town.”

On July 14, 2014, the Town Council authorized the funding of the SET Team for the balance of 2014.

On September 8, 2014, after a year of additional debate, the Town Council approved the following: “that Council reverse its action taken on July 14, 2014 and return its previous policy of deactivation and defunding of all training and operation of the Chambersburg Police Department SET Team.”

On September 12, 2014, the Mayor released a plan entitled: “Direction for the Chambersburg Police Department”.

In his summary memorandum, the Mayor stated: “The goal of this plan is to make the Chambersburg Police Department an integral part of this community with familiar interaction among the public. In essence it is the concept of Winning Hearts and Minds. In other words our officers are out among the citizens of Chambersburg in a strategic and intentional approach.”

This policy, including no SET Team, will remain in place for 2015. The Police Department will therefore increase walking assignments on shifts and seek additional part time officers for additional walking downtown. The Police Department is currently training a part time officer and anticipates that he will be ready for downtown walking by 2015. The Police Department is working with CASHS to do an assembly in the spring to help teens make better choices.

The Mayor and the Police Chief are actively looking for a property either in the Southgate area or South Main St area as a new store front location. The Police Department plans that, after the new officers get off of field training in spring of 2015, to have enough manpower to reactive the Crime Impact Team.

New Personnel Assignments for 2015

In April of 2014 PFC Hardin was transferred to the Detective Unit in anticipation of several retirements. In 2014, Sgt Bietsch retired in June and Sgt Kelso retired in September. These were the two most senior Sergeants of the CPD. Three new officers, Betz, Jackson and Wilson were hired in June 2014. They are currently in the HACC Police Academy and we anticipate full activation in 2015. Also, in 2014, Town Council promoted Sgts. Greenawalt and Rosenberry and Cpls. Armstrong and Good. Finally, one additional new officer will be hired before the end of 2014 and will be likewise fully activated in 2015 in anticipation of future retirements.

Major items for 2015:

The Police Department is testing wearing some “outer” vests, which take the load off an officer’s belt and distribute it onto his shoulders. This gives better comfort and reduces strain on the back when compared to traditional bullet-proof vests. There is money in this budget for vests. The Police Department will be purchasing three (3) new small SUV police units in 2015. The Police Department will be purchasing new in-car laptops, in-car cameras, and will be participating in the new IT Department Borough-wide cameras and security project.

Emergency Services Department



The Chambersburg Emergency Services Department is an all-hazard incident management department, which delivers 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.

Department Head: Chief Howard “Butch” Leonhard, Jr.

	2013 Actual	2014 Budget	2015 Budget
<u>ES Dept. Operations</u>	\$3,290,420	\$3,705,560	\$3,644,275
<u>Earmarked Revenue</u>			
Fire Tax Transfer	\$ -	\$ 480,000	\$ 480,000
Local Services Tax	\$ 732,086	\$ 650,000	\$ 725,000
Fire Code Inspections	\$ 55,890	\$ 50,000	\$ 50,000
Ambulance Fees	\$1,041,177	\$1,160,000	\$1,175,000
<i>Subtotal</i>	<i>\$1,829,153</i>	<i>\$2,340,000</i>	<i>\$2,430,000</i>
Excess (Deficit)	(\$1,461,267) Deficit	(\$1,365,560) Deficit	(\$1,214,275) Deficit
SAFER GRANT	\$ 862,652	\$ 605,000	\$ -
<u>ES Dept. Operations</u>	2013 Actual	2014 Budget	2015 Budget
<u>Non Personnel Costs</u>	\$1,061,317	\$1,206,000	\$1,116,485
<u>Personnel Costs</u>	\$2,229,103 (68%)	\$2,499,560	\$2,541,400 (70%)

There is a structural deficit in the Chambersburg Emergency Services Department. Other non-Emergency Services revenues are carrying the cost of the department.

The SAFER Grant has ended and the Fire Tax is insufficient to pay for the cost of this department. If not but for other revenues that could be more appropriately used for other General Fund functions, this department could not operate. In 2015, this department is anticipated to spend \$1,214,275 more than the revenue it generates including the 2.5 mil Fire Tax.

In 2016, the Borough will be forced to consider additional dramatic increases to revenue to balance the effect of the ES Department on the General Fund. At \$3,644,275, the ES Department is only only 26% smaller in cost than the Chambersburg Police Department. **The ES Department should levy a Fire Tax of 9.175 mil to keep it functioning**, as opposed to the current 2.5 mil Fire Tax.

Unless Fire Department revenues are raised in the future, this trend of underfunding is not sustainable.

All personnel expenses of the ES Department have continued to increase dramatically. The Personnel Costs are now 70% of the operating budget; having grown 14% in two years. This is mostly as a result of the mandated wage and benefit increases of the Richard Kasher arbitration award.

Chief William M. FitzGerald

On August 5, 2014, ES Chief William M. FitzGerald retired from the Borough of Chambersburg. He explained that he has had a wonderful experience these last four years but he believed it is time to return to private life and deal with his family including an aging mother who soon thereafter passed away. Chief FitzGerald joined the Borough in 2009 after having a successful career with the Washington D.C. Fire Department and being a private consultant.

On August 11, 2014, Assistant ES Chief Howard “Butch” Leonhard Jr., was promoted to ES Chief. The Borough is currently recruiting a new Assistant Chief.

Personnel

	2005	2006	2007	2008	2009	2010	2011	2012	2013 Budget	2013 Actual	2014 Budget
Chief	2	2	2	2	2	2	2	2	1	2	2
Clerical	1	1	1	1	1	1	1	1	2	2	2
Officers	18	21	21	22	21	21	21	21	21	21	21

Interdepartmental Cooperation Benefit Citizens

Chambersburg ES Department and Gas Department teamed up to improve quality of life in the Borough by joining forces to provide items that enhance public safety. The Gas Department purchased 250 CO alarms for distribution and installation by ES Department staff.

Chambersburg’s Water Department also answered the call for assistance by providing reflective hydrant markers. Fire Department personnel installed over 350 hydrant markers to date.

A \$5,000 Rolf H. Jensen Public Education Grant provided smoke alarms and brochures to enhance the ES Department’s fire prevention activities.

A \$12,000 to the Goodwill Fire Co. No. 3 provided 33 Kingsdown mattress/box spring sets for both stations and \$12,000 to the Junior Hose & Truck Co. No. 2 for fresh paint to the entire left side of Headquarters.

Major items for 2015:

- McKinley Street Station: Renovate Restroom on First Floor \$60,000
- Headquarters Station: Mill and Pave Rear Apron \$20,000
- McKinley Street Station: Re-surface Engine Room Floor \$15,000

EMS Issues

The Borough has now been running a second ambulance out of the McKinley Street Station for most of 2014 using a combination of regular time, over time, and volunteers. The ambulance only runs during

peak hours. So far, it seems that this experiment is financially viable; generating more revenue than expenses it is creating.

Also, this fall, the Greene Township Board had decided to withdraw from the intermunicipal ambulance agreement. The other communities: Chambersburg, Hamilton, Guilford and Letterkenny will continue to participate.

We are not yet sure how this may affect ambulance billing rates in 2015. We are assuming it will have little effect on revenue. We know it will have no effect on service levels as the agreement merely governs the payment of a reciprocal \$50 township ambulance fee.

The result of Greene Township's decision is twofold:

When the Chambersburg Fire Department or any other Non Greene Township ambulance service runs EMS calls to Greene Township addresses, the Township will no longer pay the Township EMS fee of \$50 per call. Runs into Guilford, Hamilton, or Letterkenny will still receive the township fee from those communities.

Similarly, when the Fayetteville Fire Company (which is located in Greene Township) runs EMS calls into the Borough of Chambersburg they too similarly will no longer receive the \$50 fee from Chambersburg; whereas ambulance companies in Guilford and Letterkenny will continue to be paid.

We hope that Greene will reconsider and rejoin the reciprocation agreement. Finally, if the Fayetteville Fire Company wants a separate agreement, without Greene Township's participation, we'd be pleased to discuss one with them.

In summary, this is a billing issue and has no effect on public safety or delivery of EMS services.

Also, we encourage everyone in all the communities to join the Ambulance Club when they get their annual renewal in the mail. The club provides additional billing benefits to members.

The Richard Kasher Arbitration Decision

The Borough had been involved in binding Act 111 arbitration with the Local 1813 of the International Association of Fire Fighters, the union representing the uniform personnel of the ES Department, for years, regarding the Collective Bargaining Agreement that expired in December of 2011. Initial negotiations commenced in 2010. Three days of hearings were held before the Arbitration panel consisting of the Borough's partial arbitrator, Ken Jarin, the Union's partial arbitrator, Stuart Davidson, and the impartial arbitrator, Richard Kasher. The hearings were held on May 29, May 30, and November 29 of 2012 in Harrisburg.

On September 9, 2013, the Richard Kasher Decision was released to the public. The decision is final and binding and covers the budget years 2012 through 2016. While Council was partially successful in a challenge of one narrow part of the decision, the balance of the decision cannot be reasonably challenged. There is no system of appeal for such an arbitration award unless there's been a violation of law. Therefore, the implementation must be at once and reasonable.

The net wage/benefit cost is an additional \$101,735 by 2016

* Estimated Wages	** Pension: Currently contributing 5%
2013: retroactive 2.5%	2013: No increase in contributions
2014: 3% increase	2014: 4% Contribution
2015: 3.5% increase	2015: No Increase in contributions
2016: 4% increase	2016: 5% Contribution

* - Approximately a 13% weighted net increase in wages

** - Approximately a \$13,000 increase in Borough pension expenses

The bad news is that we are quickly approaching the end of the current collective bargaining agreement; at the end of 2016. We have no reason to believe the next negotiations will be any better than the last. In addition, likely the success of the utility funds, even though they have no direct relationship to the General Fund, will likely cause the next arbitrators to rule against the interests of the taxpayers.

Do we need a more global solution to fire protection?

We have plenty of questions but not a lot of good answers. Further, it is not possible to ignore this problem any longer. The Chambersburg ES Department is the best trained, most well equipped, and most reliable public safety force in Franklin County. Yet, it is too expensive for the Borough to operate. Meanwhile, we have heard that our neighbors in the Townships are struggling to find qualified and committed volunteer firefighters, response times are slowing, and the future of an all-volunteer force in the Townships is questionable. Can we work together to find a more global solution to regional firefighting?

It is my proposal that the various parties involved in this issue including the Franklin County Fire Chiefs Association, the County Department of Emergency Services, the County Commissioners, Volunteer Fire Companies, the Township Supervisors, Town Council, our Fire Chief and the fire union, all gather and see what global solutions can be proposed to address public safety in Franklin County.

We cannot continue to ignore this issue and our neighbors in the townships have a bigger problem than they may recognize. Only together can we work towards a solution.

Township Fire Code Commercial Inspection Services

As a part of the Borough adopted plan, this budget includes a request that Hamilton, Guilford, & Greene Townships adopt the International Fire Code and contract with the Borough ES Department as a Third Party Code Agency. Currently, the Borough is in the process of re-authorizing our local law, which adopted the fire code. In the Borough, businesses must be inspected (some annually & some tri-annual) for code violations. We believe this is a big fire prevention program, in that it actual prevents fires, saves lives, and property. In the Borough, the ES Department charges businesses for this important inspection program (revenue goes to support inspections and prevent fires). In many cases, the businesses' property insurance may be reduced because of these inspections.

It is our hope and desire that the townships will contract with the Borough to expand our successful fire code inspection program to township businesses at no cost to their taxpayers. As with inside the Borough, the townships businesses would pay for the program. The businesses and the community would be safer.

It would take 6 to 8 months to negotiate a program – only the townships can adopt the program and set the fees. A portion of revenue collected would be shared with the townships. This important new ES Department program will begin with a meeting with stakeholders and exploring how this program may function.

Recreation Department



The Chambersburg Recreation Department provides quality recreation experiences for our community through well organized and diverse programs, as well as, a properly maintained park system.

Department Head: Guy Shaul

	2013 Actual	2014 Budget	2015 Budget
<u>Recreation Operations</u>	\$1,302,751	\$1,429,980	\$1,518,175
<u>Earmarked Revenue</u>			
Recreation Tax	\$ -	\$ -	\$ -
Recreation Fees	\$ 370,869	\$ 412,000	\$ 393,600
CASD Grant	\$ 122,245	\$ 122,245	\$ -
<i>Subtotal</i>	<i>\$ 493,114</i>	<i>\$ 534,245</i>	<i>\$ 393,600</i>
Excess (Deficit)	(\$809,637) Deficit	(\$895,735) Deficit	(\$1,124,575) Deficit

There is a structural deficit in the Chambersburg Recreation Department. Other non-Recreation revenues are carrying the cost of the department. Further, the deficit is growing every year.

In Chambersburg, we are fortunate, that our Memorial Park Pool does not cause a significant drain on the Borough’s finances. In fact, in 2010, 2011 and 2012, the pool just about covered all its expenses with operating revenue and concessions. In 2013 and 2014, the weather was poor and the pool lost some money. Of course, the same cannot be said for the many beautiful and important park facilities of the Borough or our well-used Eugene Clarke, Jr. Community Center. Overall, the Recreation Department covers only 26% of their operating expenses.

Recreation programs rarely break even. Communities must commit to funding recreation for non-fiscal reasons such as economic development or community health and safety.

This is why we should not continue to redirect Recreation Department funding to supplement Police and Fire services. Our Borough policies are to “rob Peter to pay Paul”.

The Recreation Department took a big hit in 2011 when Town Council eliminated one full time maintenance supervisor position. This is still causing issues for maintenance. To combat this effect, we added a number of seasonal employees to the Recreation Department. These seasonal employees are part time and they add additional administrative and oversight issues.

In addition, the Recreation Department took a much bigger role in the scheduling and maintenance of downtown and park events. We feel that special events are an important part of the community. To that end, in 2013, Town Council created a special group of part time workers for special events called Special Event Monitors. These employees, under the supervision of the Police Department, coordinate with the Recreation Department, volunteers, and the Fire Police, to maintain customer service and good order at all community events.

In addition, the programming at the Eugene C. Clark, Jr. Community Center has really expanded. To that end, we are proposing in this budget the expansion of the current part time clerical worker into also becoming a part time assistant programs director. That position will be two positions and therefore a full time employee.

Beginning last year, the Borough began an ambitious plan to seek community volunteers and interns to work on all types of landscaping throughout Borough parks.

This proposed budget does not contemplate any tax increases although, under State law, the Borough could have a special real estate tax levy just for the Recreation Department.

The Municipal Pool continues to age and breakdowns are inevitable. The plan is for the Recreation Department to band aid the problems but, there is no guarantee that we will not have a major breakdown that prevents the pool from being operational such as occurred on July 4, 2014, when the pool was shut down because of a pump failure.

Department Needs

- Qualified instructors to teach our programs
- Continue to grow our advertising & marketing efforts, possibly through Social Media
- More space for programs (fields & gyms)
- More parking at Recreation Center

Department Goals

- Continue to offer quality child, youth and adult programs
- Continue to offer non-sports programs
- Collaborate with community organizations to expand our programming and find new instructors for our programs

Operational Changes

- Maintenance Foreman position no longer exists. Supervisor leading the maintenance personnel
- Park Guards program success and expanding
- Expansion of security cameras
- New Recreation Department software installed and expanded

Major items for 2015:

- Millcreek Acres Park: Construct parking lot \$120,000
- Municipal Pool: Sand blast main pool, slide and wading pool \$65,000
- Eugene Clarke Jr. Community Center: Replace roof over office area \$30,000
- Eugene Clarke Jr. Community Center: Replace HVAC unit \$10,000

Long term, the goal should be to fully fund the Police Department and the Emergency Services Department with the real estate tax and allow other funding sources, which are more variable, to be used to supplement the Recreation Department and build and expand recreation facilities and programs.

Citizen Conservation Corps Program

As a part of the Pennsylvania Workforce Development Project, the Chambersburg Recreation Department is organized a Citizen Conservation Corps to work in Borough Recreation Department facilities in 2014. The Corps members were students, who worked in crews under the guidance of skilled, adult crew leaders. They gained hands-on training in carpentry, masonry, landscaping and other trades, while being offered a variety of off-site educational opportunities, such as GED preparation, vocational-technical classes, college courses and job shadowing by another organization.

Projects might include tree planting, building and fixing recreation pavilions, or planting and maintaining flowerbeds.

The first year of the program was a big success. We will try again in 2015.

Recreation Facilities

- Eugene Clarke , Jr. Community Center
- Memorial Park
- Municipal Pool
- Mike Waters Memorial Park
- Mill Creek Acres Park
- Henninger Field & Playground
- Cumberland Valley Rail/Trail
- 4th St. Playground & Skate Park
- Chambers Park
- Reservoir Hill Park
- Nicholson Square Park
- John A. Redding Jr. Memorial Park
- Pine Woods
- Pump Track
- Phoenix Tract
- Woodvale Tract
- Hillcrest Park
- Fort Chambers Park
- Court House Plaza

CHAMBERSBURG RECREATION DEPARTMENT
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Land Use and Community Development Department



The Chambersburg Land Use and Community Development Department includes the planning, zoning, community and economic development functions in the Borough as well as enforcement of the building, health, and property maintenance codes. The Land Use & Community Development Department helps to plan and design the Borough's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

Department Head: Phil Wolgemuth

	2013 Actual	2014 Budget	2015 Budget
<u>Operations</u>	\$472,883	\$427,360	\$451,700

In 2014, Phil Wolgemuth was promoted to Assistant to the Borough Manager for Land Use, Development, and Capital Project planning and implementation.

The Land Use & Community Development Department helps to plan and design the Borough's form and character, support community values, preserve the environment, promote the wise use of resources and protect public health and safety through code enforcement.

The department provides high quality service to Borough citizens and customers according to the following principles:

- Listen, to understand your needs;
- Give clear, accurate and prompt answers to your questions;
- Help resolve problems in an open, objective manner;
- Explain how you can achieve your goals under the Borough's rules or the uniform code;
- Maintain high ethical standards;
- Work to improve our service in the most cost effective manner possible.

Community planning involves: citizens, neighborhood groups, businesses, stakeholder, land developers, and contractors along with Borough staff, and appointed and elected officials. The Town Council are elected officials. The Town Council appoints citizens to serve on the Board of Health, Building Code Board of Appeals, Curb & Sidewalk Compliance Committee, Elm Street Advisory Council, Housing Commission, Parking, Traffic & Street Light Committee, Planning & Zoning Commission, and the Zoning Hearing Board. These groups help process various parts of the planning and community development process. The Land Use and Community Development Department staff works with everyone to insure that the process is well executed. The Assistant Borough Solicitor is appointed to work with this department as well.

There are three (3) main areas of concentration in this department: Codes, Planning & Zoning, and Economic and Community Development.

Codes

The Codes Office is responsible for enforcing the Property Maintenance Code, Rental Property Code and Brush, Grass and Weeds Code as well as the PA Retail Food Facility Safety Act and Uniform Construction

Code, which are enforced by the Borough's contractor, Commonwealth Code Inspection Service (CCIS). CCIS personnel also enforce the Rental Property Code with administrative support from the Codes Office.

The Codes Office's goals and challenges for 2015 include:

- Analyze Residential Rental Unit Inspection Program to determine whether it is more cost and operationally efficient to hire an inspector to conduct inspections or to continue inspections under existing contract with Commonwealth Code Inspection Service;
- If inspector hired, need to secure work space area, which may include renovation of one East Queen Street dwelling and/or a temporary modular building to be located adjacent to Borough Hall;
- Work with the Solicitors to determine whether amendments to the Rental Property Code are necessary based on knowledge gained from enforcement actions taken against downtown building property owners;
- Continue to enforce PA Act 90 of 2010, the Neighborhood Blight Reclamation and Revitalization Act, provisions in conjunction with the Borough Manager and Solicitor;
- Use technology with wireless communication capabilities to improve scheduling and inspection reporting and improve the residential rental unit inspection database that has been used since the program began in 2002.

Residential Rental Inspection Enforcement and the Effect on the Codes Budget

- The Codes Office is responsible for enforcing the Property Maintenance Code and the Rental Property Code. CCIS personnel also enforce the Rental Property Code with administrative support from the Codes Office. However, when we have a significant challenge with a local landlord, it is the Codes Office that must set about to use the complex and time consuming legal system to bring the landlord into compliance.
- Town Council has repeatedly stated that landlords who are bad community citizens (in the form of specific, chronic, and repeated Code violations) need to be prosecuted.
- This budget contemplates additional administrative costs associated with that level of enforcement.

Planning and Zoning

The Planning and Zoning Office coordinates review and approval of subdivision and land development plans to include fee collection, review and analysis, meeting facilitation, street addressing, document recordation, and public works security Administration. The office also processes Land Use Permit applications and Zoning Hearing Board appeals and provides technical assistance regarding the Comprehensive Plan and other planning-related issues.

The Planning and Zoning Office's goals and challenges for 2015 include:

- Install Tourist Oriented Directional Signs;
- Participate in Downtown Master Plan Update process;
- Secure consultant to conduct Bicycle and Pedestrian Plan;
- Continue the Zoning Ordinance/Map update;
- Draft amendments to the Subdivision and Land Development Code, Zoning Code and other codes as referred by Town Council.

Community and Economic Development

The Community and Economic Development Office is the administration of the Community Development Block Grants, HOME Investment Partnership Program grants, Elm Street Program grants and the Borough's Housing Rehabilitation Program. The office also provides outreach and technical assistance for a variety of downtown and borough-wide economic development projects.

The Community and Economic Development Office's goals and challenges for 2015 include:

- Continue staff support to Habitat for Humanity to expend HOME grant funding for housing rehabilitation for resale program as well as to Valley Community Housing Corporation for housing redevelopment project at the corner of Hollywell Avenue/Catherine Street;
- Elm Street Program final grant administration and closeout;
- Use \$50,000 from the Electric Department to start a revolving grant/loan program for churches and non-profit organizations to finance energy efficiency improvements;
- Work with PIRHL Developers and Interfaith Housing Alliance to secure funding for the proposed affordable housing project at the Southgate Shopping Center and building that formerly accommodated County Market;
- Expend balance of HOME grant funding that supports the Housing Rehabilitation Program and apply for CDBG or HOME grant funding to continue support for the program;
- Expend CDBG funds allocated to the South Street reconstruction project;
- Secure CDBG funds to replace ADA curb ramps in the Second Ward;
- Conduct income survey to determine whether CDBG can be used to reconstruct Elder Street;
- Conduct income survey at Nicholson Square Village to determine whether CDBG can be used to develop the public park area;
- Administer PennDOT grants for transportation projects, such as the North Chambersburg Transportation Improvements Project;
- Establish a student intern program to provide a positive summer experience, including nourishment, for children in the Borough.

Downtown Development Assistance in Community and Economic Development

In October 2014, our partner, the Franklin County Area Development Corporation acquired the former Chambersburg Central Junior High School at 285 E. Queen St. The 104-year-old building, vacant more than four years, was purchased for \$250,000 and will serve as the basis of an estimated \$7 million project.

"The acquisition is the tip of the iceberg," said L. Michael Ross, FCADC president. "We're excited about the opportunity it affords. We have some conceptual plans that would split the building in two."

Half would be for market-rate apartments and the other half for a community use that has not been defined yet, according to Ross. The first phase of the redevelopment is expected to commence in the spring. "It's going to require a significant investment," Ross said. "Once it's done, and it will get done in phases, we hope it will become an anchor for downtown. If we show some level of success, it may drive others to invest downtown."

FCADC plans to work with McKissick Associates, Harrisburg, on a mixed use redevelopment. The company, owned by Vern McKissick, has an affection for historic structures and is sensitive to historic neighborhoods. Its experience in the adaptive reuse of older buildings, including a Hazleton school once listed among Pennsylvania's 10 most endangered buildings, have earned the company many awards.

The Borough continues to partner with Downtown Chambersburg, Inc, on downtown maintenance and the Downtown Visioning & Master Planning process.

Downtown Chambersburg Inc.

Maintenance Budget - \$62,000*



EXPENSES	YTD 2014	Projected
Cleaning (Trash Pickup)	2362	4000
Snow/Ice	4270	5000
Ice Melt	426	1500
Landscaping	18,027	29000
Tree Monitoring	1775	2000
Tree Pit Maintenance		2000
Tree Pruning	4764	6000
Watering Flowers	2774	3500
Program Management	6000	8000
Contingency		1000
TOTAL	40,399	\$62,000

65% through the budget as we enter the 4th quarter of 2014

*Borough contribution \$54,000/CADC contribution \$8000

Downtown Chambersburg Inc.

Downtown Visioning & Master Planning

Fundraised - \$47,500

- \$5000 Wilson College
- \$5000 Volvo Construction Equipment
- \$3000 Summit Health
- \$2000 TB Woods
- \$1500 21st Century Partnership of Greater Chambersburg
- \$1000 Keystone Health
- \$1000 Vacon
- \$1000 Smith Elliott Kearns & Co
- \$1000 Community Development Corporation of Franklin County
- \$1000 Bill Nitterhouse Foundation
- \$500 Trinity Episcopal Church (2nd Street)
- \$2500 Franklin County RDA
- \$15,000 Smart Growth Grant from National Association of Realtors
- \$8000 Borough of Chambersburg (2014 appropriation for Master Planning)



Downtown Chambersburg Inc.

Downtown Visioning – UPDATE



- 5 public workshops, 5 focus groups, online perceptions survey (over 500 people participated)
- Vision statement and 8 visual renderings developed
- Draft 5 year Main Street Plan (for DCI) to be presented Sept. 29
- Transition into the Master Plan Update phase **this fall**



Highway Department



The Highway Department functions include a variety of activities from snow and ice removal to patching streets and alleys, hanging street signs, and supervising painting and weed killing contractors. Lending a hand to the Sanitation Department (separate enterprise fund), cleaning and maintaining the Borough's municipal separate storm sewer system (separate MS4 fund), or the Motor Equipment Fund (separate internal service fund), Highway Department personnel are out fixing signs, cleaning storm drain inlets or patching holes almost every day.

Department Head: David Finch

	2013 Actual	2014 Budget	2015 Budget
<u>Operations</u>	\$1,248,895	\$1,280,215	\$1,218,530

Major items for 2014:

- David Finch (Assistant Borough Manager/Public Works Director) and Elwood Sord (Assistant Public Works Director/Roadmaster) run this department, which handles the maintenance of items not associated with Sanitation, Motor Equipment, or utility operations (all of whose expenses appear in other funds). This is therefore, the balance of non-utility highway and storm sewer maintenance.
- The Borough promoted Dennis Fleagle to be the Public Works Supervisor/Assistant Roadmaster
- Changes to street patching and street excavation permits will result in contractors paying additional costs when excavating inside the Borough as the Borough absorbs fewer expenses.
- Working closely with the Engineering Department, the Highway Department is undertaking a pavement inventory system.
- Working closely with the Sewer Department, the Highway Department will assist in the investigation and remediation of potential municipal cross connections between the sewer system and the storm drain system.
- In 2015, the concept of re-establishing this department as an independent Construction Department, a separate internal service fund, will be explored. To that end, as Highway Maintenance Workers retire, they are replaced with multi-department Construction Workers.
- The proposed budget includes a previously unbudgeted reservation for future capital projects of \$1,400,000 to be executed as a part of the 2014 budget so no 2015 reservation is required.
- The proposed budget includes the same number of employees; no additional employees.

General Government



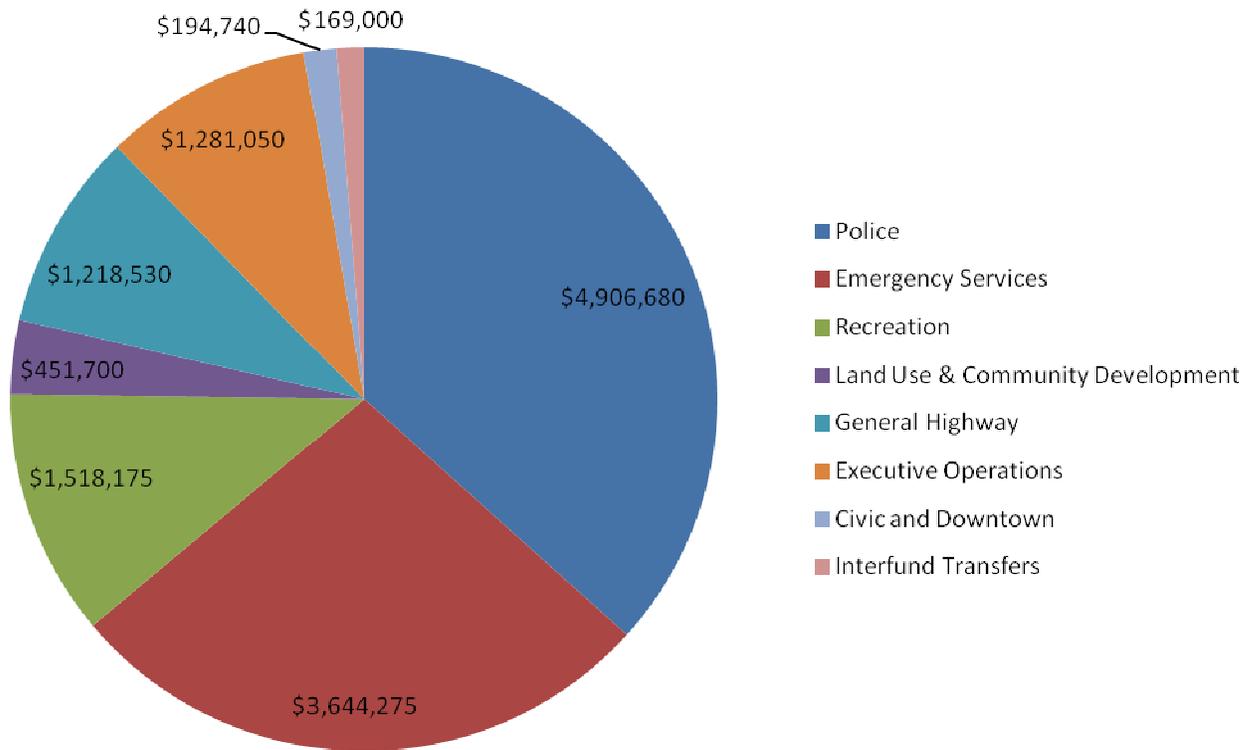
General Government functions include a variety of activities from the organization and management of Town Council to various intergovernmental activities (Council of Governments, 21st Century Partnership, etc.), includes the insurances and consulting expenses of general government, and civic activities such as the maintenance of the downtown, community events, and the Shade Tree Commission.

Department Head: Jeffrey Stonehill

	2013 Actual	2014 Budget	2015 Budget
<u>Executive Operations</u>	\$1,006,763	\$1,226,920	\$1,281,050
<u>Civic & Downtown Operations</u>	\$104,666	\$161,200	\$194,740

Major items for 2014:

- Elected officials compensation remains fixed with no increase (per State law)
- Borough Solicitor compensation scheduled to rise 4.5%
- This budget includes proposal to add a Loss Prevention/Safety Officer to maintain a safe working environment and a control potential self-insurance claims
- The same budget for the Shade Tree Commission and the 21st Century Partnership
- Support of the Ice Fest Ice Slide installation will continue at a cost not to exceed \$10,000
- The Borough will continue to contract with Downtown Chambersburg, Inc., to perform the downtown maintenance program at a rate of \$54,000 per year for 2015; with the condition that the Chambersburg Area Development Corporation annually donate a share of \$8,000 to this program either in cash or documented in-kind donation of support so that the program budget rises to \$62,000 per year
- The Borough will continue to financially support Downtown Chambersburg Inc to administer the downtown partnership marketing program at a rate of \$20,000 per year for 2015; with the condition that the Partnership annually raise an amount of cash contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will participate to develop a new vision statement for the downtown, the Downtown Visioning effort
- The Borough will continue financial support for Phase 2 of the downtown vision process, an update of the Downtown Master Plan, with a 2015 contribution of \$8,000 toward that program; with the condition that Downtown Chambersburg, Inc., as program manager, raise for Phase 2, master planning process, contributions at least equal to that sum from various charities, merchants, stakeholders, partners, or economic development agencies
- The Borough will continue to participate and support the efforts of the Downtown Business Council to have successful events that bring visitors and commerce to the downtown, with a lump sum cash grant of \$5,000 for that purpose, of which \$1,200 to be used for Christmas lights and decorations; not including the dozens of hours of staff time as in-kind support
- The Borough will continue our program of regular maintenance of the Memorial Square and Glen Street fountains
- The proposed budget includes the reservation for future capital projects



	2015 Budget	
Police	\$4,906,680	36.66%
Emergency Services	\$3,644,275	27.23%
Recreation	\$1,518,175	11.34%
Land Use & Community Development	\$451,700	3.37%
General Highway	\$1,218,530	9.10%
Executive Operations	\$1,281,050	9.57%
Civic and Downtown	\$194,740	1.46%
Interfund Transfers	\$169,000	1.26%
Total Expenditures	\$ 13,384,150	
Total Revenue	\$ 13,384,150	

11/3/2014



Electric Department Budget

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Electric Department Budget

As Proposed for 2015

The Chambersburg Electric Department serves approximately 10,200 electric customers covering a service territory of 6.58 square miles. Chambersburg's electric profile is composed of great diversity with a healthy traditional mix of residential, commercial, and industrial load base. Its electrical load is both summer and winter peaking with the predominant peak occurring during summer months at approximately 62 megawatts.

The availability of electricity to the Borough of Chambersburg began sometime after the Franklin Electric Company applied for a Charter to furnish electric current on August 29, 1874. It is uncertain how long this firm remained in business. The Cumberland Valley Railroad Company constructed a portable electric light plant located on a railcar in 1883. In 1884, this device lighted arc lamps around the Public Square for the Centennial and lighted the grounds for a baseball game which was played at night.

On November 29, 1889, the Borough placed a contract for installing an Electric Light Plant to light the streets of the Borough in the amount of \$9,757. This street lighting system was operated from dark until twelve o'clock midnight. It was not operated on moonlit nights. In 1891, the Borough went into the commercial phase of supplying "current" to consumers. The Borough installed its first steam driven generators in 1893. The high voltage distribution system naturally grew over the years as radial spokes emanated from the power plant located at the hub of the Borough. This system became the central driving force for commerce as local industries embraced electrically driven machines. Rates were \$0.12 per kilowatt hours in 1901, \$0.06 in 1935 and averaged \$0.0842 in 2008. About 8 million kilowatt hours were generated in 1935. In 2008, the total billed kilowatt hours were 303,299,213 of which approximately 15%, or approximately 38 million kilowatt hours, were generated by our generation facilities.

Dissatisfied persons within the Borough sought to restrain the Borough from producing electricity in its early years. Fortunately, the courts dismissed the suit. For the first fifty years of operation, all electricity distributed by the Department was produced within the Borough by its own generating equipment which was added as needed. During World War II, generators were unavailable to meet increased generation demands by the local industries producing for the war effort. Thus, a 69 kV transmission line was constructed from South Penn, later West Penn, Power Company lines to augment the Borough's generation. After the war-related restrictions were lifted, Chambersburg began to invest in needed generating equipment into the 1960s with the addition of steam turbines and later two dual-fueled diesel/gas engines.

The decision to cease the Borough's steam-driven generation operations was made in 1975 because of the age of the equipment and new environmental requirements for burning coal. Most of the electricity was then purchased at wholesale from West Penn Power. The transmission system and distribution substations were expanded over the next thirty years to meet an ever-increasing customer load.

During the past decades, the Department continued to add to and upgrade the substations and distribution system. During that time a new 3.2 megawatt dual-fuel generator was added to the two

existing dual-fuel units, which increased the Borough's generating capacity to 7.5 megawatts. The Department also upgraded to state-of-the-art control systems and installed a Supervisory Control and Data Acquisition ("SCADA") system network. During this time, the Borough has been developing and installing a Borough-wide Geographical Information System (GIS) to combine utility maps, customer service records and numerous data files into a single geographical reference system. The Department has been instrumental in installing a fiber optic cable system among the various substations and various Borough facilities located throughout the Borough. This installation expanded in 2013 by entering into a fiber optic sharing agreement with Franklin County. Our fiber backbone will now be used to support the infrastructure of both government organizations, our computer networks and someday our telephone systems.

Another successful year for our Wartsila constructed power plant at Orchard Park including our four eighteen-cylinder, 8,086 horsepower engines that generate 5.73 megawatts each. The \$19.9 million project, which included the construction of an adjoining substation and other system improvements, became operational in 2003. As a result of the new plant, the Borough had joined the Pennsylvania, New Jersey and Maryland (PJM) Interconnection, a regional power grid and is now able to purchase and sell electricity on the grid.

In 2012, the Borough embarked on a new phase of both wholesale power purchasing and generation. In 2009, Council agreed with staff's proposal to halt work and spending on the landfill gas project as it was being conceived of at the time. The project was originally intended to be a high-BTU refinery to be built and operated at the Scotland Landfill site by the Borough and/or a refined gas pipeline to the Borough for mixing and consumption at Orchard Park Generating Station. The conclusion of staff's analysis was to give up direct negotiations for development with the landfill owner (IESI, Blue Ridge), the costly development process, and to wait and see if a third party developer would contact the Borough with a more economically viable "extension cord" power project that they were willing to develop. This was the only remaining project concept that would be considered going forward. As was somewhat expected then, in 2010, a third party, PPL Renewable Energy, contacted the Borough to solicit interest in a power-only project involving their development of the Scotland Landfill site. The Borough's role in the development of this project was the ambitious plan to build the "extension cord", which was completed on time.

In late 2012, early 2013, a PPL Renewable Energy 6.4-megawatt methane-to-electricity power generation system opened at the Blue Ridge Landfill. The landfill will provide 3.2 million cubic feet of methane gas from the 268-acre facility to power four Caterpillar engine generators. The generators will power the equivalent of approximately 3,500 homes. Methane-to-energy systems at landfills have a dual benefit for the environment - they generate electricity from renewable fuel while also eliminating emissions of methane, a gas which may contribute to global climate change. The plant prevents the equivalent of 33,000 tons of carbon dioxide emissions each year.

Chambersburg now acquires the full output of the electricity under a Purchased Power Agreement (PPA) for the initial 10-year term, 2013-2022, at a fixed price of \$63/MWh for the entire term with no additional delivery or congestion fees as the connection is made to a substation within Chambersburg's power system. In addition, there is the potential to invest in further future generation over an extended term.

The electric energy produced from this landmark facility represents an approximate 15%-18% savings from our previous requirements contract with DTE but only for a 10%-16% slice of the Borough's overall electricity needs.

As you recall, the Borough’s long standing power supply agreement with DTE Energy expired on December 31, 2012 and the Electric Department has entered into new lower cost wholesale power supply agreements starting in 2013. The cost of wholesale energy generally remains favorable during this time for future power procurement. Electricity is a commodity, bought, sold, and traded hour to hour. As a result of the new market variability, in 2010 Pennsylvania adopted a change to the Borough Code to allow the 35 municipal electric systems to acquire energy in a different manner than years past. Specifically, energy can be negotiated and bought without the cumbersome and untenable sealed bid process used to buy most large items by the Borough. In light of these changes, Chambersburg with its consultant GDS Associates of Marietta, Georgia, has developed a Power Supply Master Plan, which Town Council adopted on May 14, 2012.

The power supply portfolio approach and comprehensive plan which was presented before Council previously, specifically spelled out the procurement strategy Chambersburg has developed for a series of Request for Proposals (RFP) and the systematic fulfillment of the Borough’s future contract power needs. Presently in planning year 2014, the Borough continues to enjoy its very low cost New York Power Authority (NYPA-Hydro), is purchasing energy through a ten year arrangement with PPL Renewable for the landfill gas electricity supply of 6.1 MW at \$63/Megawatt-hour (MWh), a third agreement with Exelon purchasing energy through a seven year power purchase agreement of 5MW at \$59.60, and First Energy Solutions for a fixed load shape which is the second year of a two-year purchase priced at \$45.51/MWh. Subsequent to the earlier Town Council meetings, the power supply negotiation team recommended and the President of Town Council to date has signed eight more power purchase agreements.

What follows is the electric power purchase agreement summary and now proposed new products since the fall purchases of 2013:

Wholesale Power Supplier	Megawatts	\$/MWh	Term (Yrs)	Start	Ends
PPL Renewable Energy	6.1	63	10	2013	2022
Exelon	5	59.6	7	2013	2019
First Energy Solutions(FES)	Fixed Load Shape	45.51	2	2013	2014
EDF Trading	4.5	42.28	1	2015	2015
BP Energy	4.5	40.24	1	2015	2015
BP Energy	3.7	41.64	3	2015	2017
Exelon/Constellation	4.9	39.14	1	2015	2015
PSE&G	5	39.75	1	2016	2016
FES Energy + Gen Services	Load Following	41.6	1	2015	2015
PSE&G	6.4MW 5x16	43.25	1	2016	2016
Exelon/Constellation	5.3 MW 7x24	36.78	1	2016	2016
Exelon/Constellation	5.0 MW 7x24	37.65	1	2017	2017
Spring Purchase 2014	5.4 MW 7x24	<\$46.00	3	2018	2020
Basis Hedge (EDF Trading)	4.5 MW 7x24	>\$0.70cr	1	2015	2015

The adopted power purchase team-approach limits emotional buying through purchasing various size, term, and delivery paths of blocks up to two times per year. In 2014, it was recommended to only purchase one block of long term power (2018-2020) due to short term pricing spikes observed in the market which resulted from lingering perceived short term risks still likely associated with the recent extreme cold winter.

In general, the “Arctic Vortex” experience in January-February 2014 was very beneficial for the Chambersburg Electric Department. Significant revenue was derived from our generation assets that were called upon to be stand by resources during the peak cold days. As a result, PJM revenues were extremely high and offset any market power purchases and their associated higher than normal PJM fees.

At the June 9, 2014 council meeting, staff requested authorization of a “basis hedge” to exchange the delivery point from West Hub to the APS zone where Chambersburg is located and for proper Borough officials to purchase an additional long term block power product for the growing electric portfolio. After the price refresh and in consultation with GDS Associates we confirmed the purchase of one more future block power product on June 10, 2014 with a basis hedge and decent block pricing for the years 2018-2020. Further, the Borough Electric Department agreed to sign another "EEI Confirm" to purchase a basis hedge on the previously purchased 2015 block of power from EDF Energy Trading.

The two final 2014 products were:

1) Constellation/Exelon Block, Noble Gas Basis Hedge: This is one new block of 7x24x365 power at 5.4 MW delivered to West Hub for calendar year 2018 through 2020. During the pricing discussion with GDS and the prospective suppliers it was noticed that a Noble gas basis hedge coupled with the West Hub purchase from Constellation/Exelon would yield the lowest possible net bid price with a basis hedge. The prices were agreed via phone conference and will be set in writing for the three-year period (2018 - 2020) at \$46.12/MWh with Constellation/Exelon and with a Noble Gas delivery basis hedge “credit” in those delivery years to Chambersburg of \$1.09/MWh, yielding a net long term written delivery price to Chambersburg of \$45.37/MWh.

2) Noble Gas: Noble Gas was also the successful bidder on the basis hedge from West Hub to APS Zone for re-routing the previously purchased 2015 EDF Trading block power product to Chambersburg. The previously purchased block of 4.5 MW from EDF Trading delivered to West Hub at \$42.28/MWh will now be delivered to the APS zone or Chambersburg by Noble Gas at a credit to Chambersburg for the delivery year 2015 of \$1.09/MWh. The price was agreed via a separate phone conference and is set in writing for the one-year period at a net delivered price to Chambersburg now reduced to \$41.20/MWh.

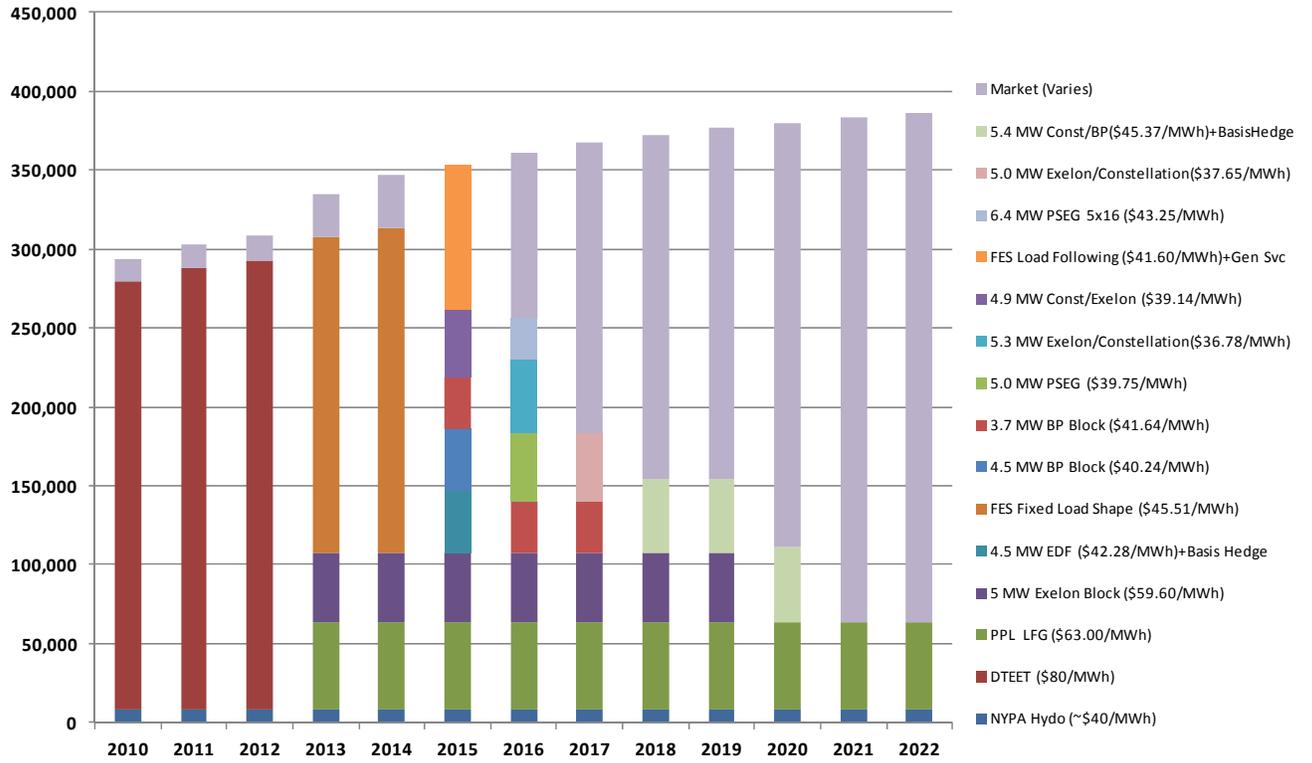
The single long term block with a basis hedge has a nice mid to long term cost-reducing effect on the Borough's electric rates. In fact, the downward trend of long term power prices locked-in on June 10 should prove to help lower the 2015 power costs below those expected in that year as well as cost-averaging down the supply years 2018-2020. Notice below that the more expensive Exelon deal (dark purple - \$59.60/MWh) rolls off of our portfolio at the end of 2019.

The electric department partnering with many local entities is planning to use its competitive rates and industrial, commercial, residential expertise, to continue to attract, grow, and keep local industries strong, while helping create local higher-paying jobs and help boost the real estate market.

A simple summary graph of the portfolio of power products secured to date follows:

Chambersburg Power Supply Portfolio 2010-2022 - Spring 2014 Update

MWH/Yr



Looking Forward

- Watch for any movement in Legislation that would yield an unfavorable FERC Minimum Offer Price Ruling (MOPR) on new generation resources.
- Implement the freshly maintained retail electric rates into the billing system including the 3.7% rate reduction in November for October customer use.
- Study to evaluate and balance the installation of dependable standard forms and renewable energy projects that have real economic values to the Borough and its customers.
- Conduct Present Value Revenue Requirement (PVRR) studies for least cost system planning
- Provide energy education through the various internal and external sources for various customer classes
- Improve the energy efficiency of Borough-Owned facilities through the Borough's Energy Committee
- Realize benefits of strategic old-meter testing/replacements and a small scalable automated metering infrastructure
- Get the message out – The Borough is truly a classic model of a thriving community for industry, commerce, institutions, residential living, and where its people and community matter most.

Finances:

- Successfully roll out new Ordinance rates and billing
- Execute a one-time funds transfer from operating reserves to capital reserves in the fourth Quarter 2014.
- Propose in the 2015 budget cycle a transfer that will grow capital reserves beyond that which is to be spent on infrastructure.

Operations:

- Appropriately lower dispatch costs and offer prices to increase generation sales and net revenue values from PJM.

General Utility:

- Electric Department to help Borough Manager and Department heads evaluate the need for a Financial Analyst and a Professional Safety Program Coordinator

Major Accomplishments

2014 Year to Date

Meters set or changed	190
Services Replaced	93
New/Temp Services	44
Street Light Re-lamp	309
Non Pay After Hour Turn On	250
Transformers Install/Replaced	29
Poles Installed	25
UG Cable Installed (feet)	9,320
OH Cable installed (feet)	27,932

- Completed the Legislative-Required Clean-Air Equipment installation (RICE NESHAP) and Testing at the Falling Spring Generation Station (approx. \$235k)
- Completed Computer (Windows 7 for Units 8,9,10, and 11) and Engine Control System (#9) Upgrade Project (\$585k)
- Upgraded Sub communications interfaces to be more “hacker” resistant
- Successfully negotiated more power supply products to further complete the sustainable forward-looking portfolio energy procurement approach
- Achieved Third (3rd!) APPA RP3 Award 2014-2017, Platinum (higher) Level for honorable electric utility progress in Safety, Reliability, Workforce Development, and System Improvements

Electric Department



The Chambersburg Electric Department using character, competence, and collaboration will 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.

Department Head: Ronald Pezon, PE

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$33,372,081	\$32,181,800	\$30,400,000
Expenses	\$31,042,909	\$31,574,605	\$30,400,000
Excess (Deficit)	\$ 2,329,172 Surplus	\$1,024,695 Surplus	- Balanced -

- Finances: The fund is on track, able to cover expenses and contribute towards future capital needs
- The 2015 budget is balanced with a \$1,683,724 reservation for capital expenses
- Rates: A 3.7% decrease in 4th quarter 2014; followed by no changes in rates in 2015.
- Power: Systematically purchase additional blocks of power developing over time the power supply portfolio 2016-2022.
- Investment: Proposed Capital Budget of \$1.41 Million for sustained least system operating & maintenance costs and long term reliability.

Rates

RATES: Proposed Overall Rates 2012-15

10% (Cumulative-two 5%) All-Customer Rate Reductions in 2013

3.7% Across-the-Board Rate Reduction for November 2014

Year	Overall Ave \$/kWh	Yr Under Yr Change
2012	\$0.1050/kWh	0% (BASELINE)
2013	0.10000	- 4.8%
2014	0.09242	- 7.6%
2015	0.09092	-1.6%

On September 8, 2014, Chambersburg Borough’s Town Council approved a recommendation of the Electric Department to lower rates and to update the Borough’s local rate tariffs in November 2014 for October 2014 use of electricity. This is the third rate reduction in a row for Chambersburg electricity customers.

Recently, the Borough has had great success building a wholesale electricity portfolio. Further, the power plants have been bringing value back to the Borough including the landmark Blue Ridge Landfill gas to energy plant, which is providing low cost clean renewable energy for all of our customers. Chambersburg’s Electric portfolio contains about 17% recycled green energy.

With the 2014 refreshed base electric rates, the Borough’s fluctuating Power Supply Adjustment (PSA) will be reset to zero and an average of a 3.7% rate reduction will be implemented across the board.

RATES: Effect on Average (1,000 kWh) Residential Customer by Proposed PSA

Approved Average Cumulative 3.7% Rate Reduction for 2014

PSA Change	Total Elec. Bill	\$/month Effect
2012 PSA	\$114.73	\$0 (under '12)
May 2013	\$109.48	-\$5.25 (-4.6%)
November 2013	\$104.23	-\$10.50 (-9.2%)
November 2014	\$100.90	-\$13.83 (-12.1%)

* - Includes rate "true up" which resets fluctuating PSA back to zero

Typical results for a residential customer using an average 1,000 kWh/month, your monthly use and results may be different

If we were to compare only the shopping components as of this writing, the lowest fixed “Price to Compare” available outside the Borough as found on the internet is about \$0.0747 or 7.47 cents per kWh (unit of energy) and in the Borough for the same transmission and generation services is estimated at \$0.066/kWh or 6.6 cents per kWh. Variable rates are available outside the Borough but customers carry the full risk of short term pricing volatilities.

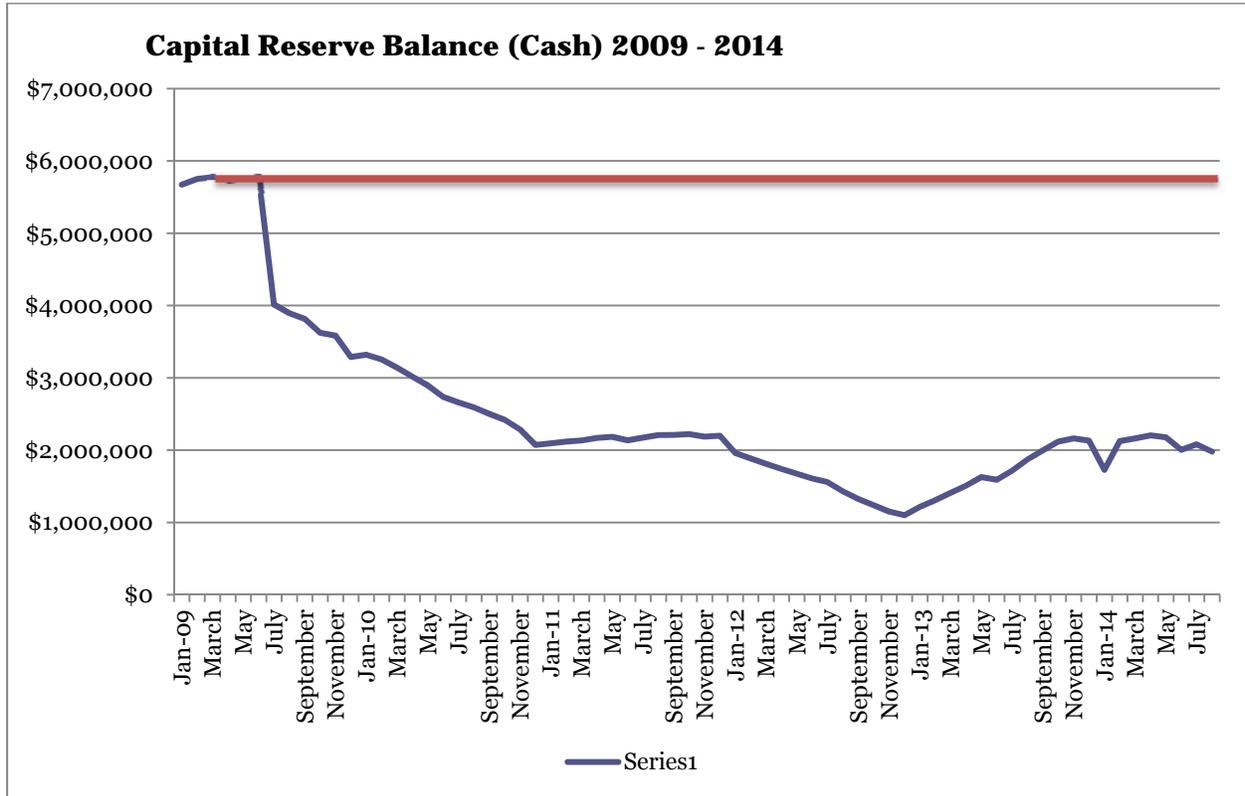
Major items for 2014:

Finances:

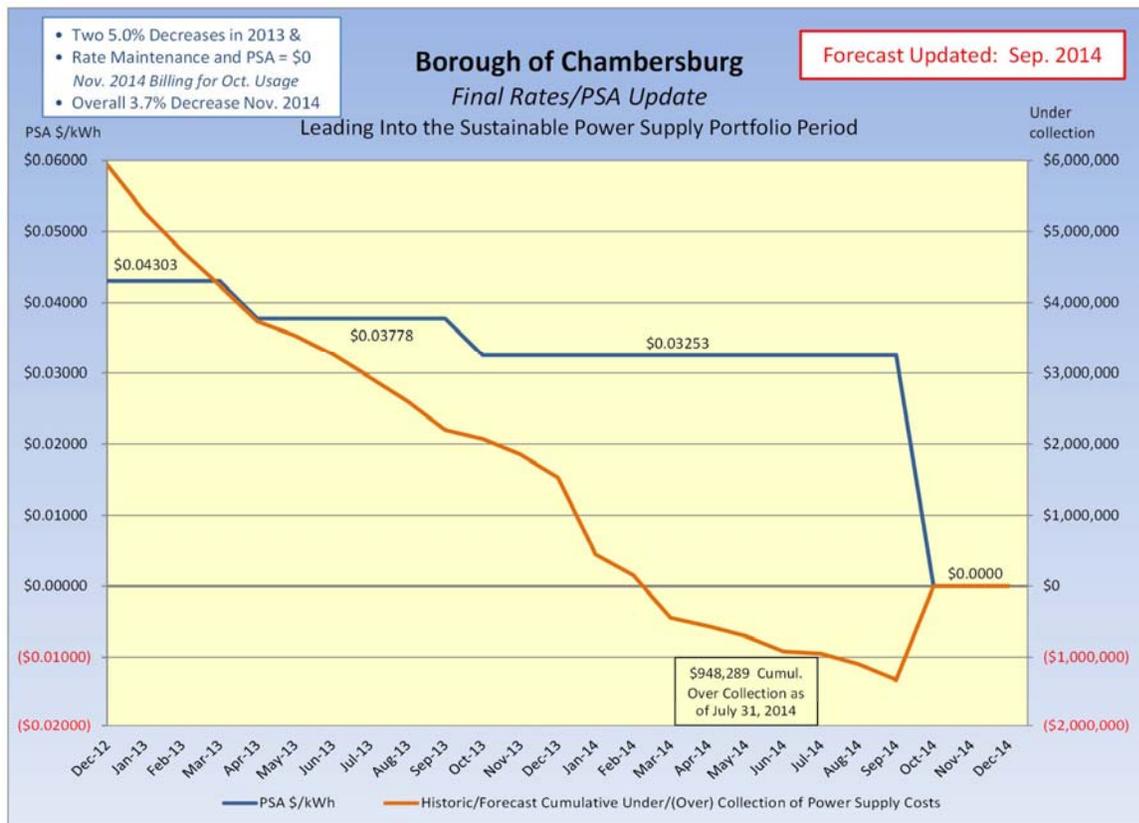
- Operating Cash Balances are healthy and will grow further until November’s rate maintenance as discussed with Council in August and then should remain mostly stable through 2015.
- Capital Reserves are presently stable but need support in the form of a one-time transfer from cash, then continued yet additional support through 2015 and beyond.
- The financial staff will by year-end 2014 for this Capital Reserve support, make a TBD one-time operating cash reserve transfer into the Capital Reserve Fund.
- The management and budgeting team will also establish for 2015 a recurring TBD transfer into the Capital Reserve Fund, a transfer amount in excess of the needed annual capital investment to re-build Capital Reserves to healthy levels.

Operations:

- Begin 8,000 hour maintenance items at Orchard Park Generating Station (OPGS), costs \$500k + over next several years
- Failing turbo-chargers at OPGS, cost \$150k-\$300k a pair (\$600k to \$1.2M total) future years
- Major engine repairs Falling Spring Generating Station (FSGS) Unit #5 in 2014 (\$125k), same may be needed for Unit #6 in 2015
- Old smoke stack and building maintenance at the Operations Center at the FSGS.



Goal: to rebuild cash reserve balances back towards \$6 million



Goal: to stabilize rate fluctuation



Reliable Public Power Provider Program from the APPA (RP3)

The RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices.

RP3 Designation: Chambersburg is one of 176 of the nation’s more than 2,000 public power utilities to earn Reliable Public Power Provider (RP3) recognition from the American Public Power Association for providing consumers with the highest degree of reliable and safe electric service. We are one of two in Pennsylvania.

Goal: To earn this designation is the annual goal of the Electric Department.

Largest Customers (in \$ order)

1	TB Woods 1 – Induction HV Melting
2	TB Woods 2 – Foundry/Fabrication
3	Chambersburg Hospital - Main
4	Ventura Foods LLC*
5	Chambersburg Cold Storage
6	Edge Rubber
7	Chambersburg Health Services - Norland
8	Knouse Foods
9	Borough of Chambersburg WWTP 1
10	Borough of Chambersburg WWTP 2
11	Wilson College
12	Catch-up Logistics
13	TST/Impresso Inc.
14	Giant Market – Norland
15	Giant Market – Wayne Ave
16	Chambersburg Area Senior High
17	Menno Haven Inc Scotland Ave.
18	Weis Market - Wayne Ave
19	Ozburn-Hessey Logistics
20	BOC Orchard Park Gen-Station
21	Target
22	Menno Haven Penn Hall-Manor
23	Century Link
24	HCR/Manor Care
25	Chambersburg Area Middle School-South

* - In 2013, the Borough of Chambersburg added Ventura Foods as a new major customer of the Borough. This addition of the old Borden facility in Chambers 5 Business Park also initiated a more thorough conversation with the West Penn Power division of First Energy about markets and service area. Much of the Borough is undefined or poorly defined in existing agreements. A major accomplishment of 2015 would be reaching a new contractual understanding about service territory and interconnection with First Energy; discussions continue.

Payment In Lieu Of Gross Receipts Taxes (PILOT)

As you know, the Borough Electric Department makes a tax-like contribution to the General Government operations of the Borough. If the Electric Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Electric Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Electric Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2015 Chambersburg PILOT Tax Return form.

	2013 Actual	2014 Actual	2015 Budget
PILOT	\$1,010,580	\$1,060,580	\$1,100,000

Borough of Chambersburg Finance Department			
Electric Gross Receipts Tax			
For Tax Year: 2015			
BOC Acct #	Source of Gross Receipts	Total Budgeted Gross Receipts	Total Taxable PA Receipts
	Utility Plant & Allowance		
	Revenues - Electric Plant Leased to Others		
20010/20018/20020/20021	Other Utility Operating Income	1,030,000	\$1,030,000
20015	Revenues - Merchandise & Jobbing	125,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
20019/20024	Interest & Dividend Income	3,700	
20016/20017	Miscellaneous Nonoperating Income	495,200	
	Gain/Loss on Disposition of Property		
20011	Residential/Commercial/Industrial Sales	28,527,400	28,527,400
	Public Street & Highway Lighting		0
	Other Sales to Public Authorities		0
	Sales to Railroads & Railways		0
20012	Sales for Resale	0	0
	Interdepartmental Sales		
	Other Sales, Nonmajor Only		0
	Provision for Rate Refunds		0
	Forfeited Discounts		0
20022	Miscellaneous Service Revenues	500	500
	Sales of Water and Water Power		0
20023	Rent from Electric Property	35,000	35,000
	Interdepartmental Rents		
20013	Other Electric Revenues	29,000	
	Revenues from Transmission of Electricity of Others		0
	Regional Transmission Service Revenues		0
20014/20025/20026	Miscellaneous Revenues	153,800	153,800
20027	All Other Sources	400	400
	Totals of each column	\$30,400,000	\$29,747,100
	Tax at the rate of 44 mills Gross Receipts Tax		\$1,308,872
	Town Council Adopted Multiplier		84.0418%
	Payment in Lieu of Gross Receipts Tax		\$1,100,000

11/3/2014



Gas Department Budget

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Gas Department Budget

As Proposed for 2015

The Chambersburg Gas Company was started on April 4, 1856 when the Pennsylvania Legislature, by special grant, authorized the construction and operation of a gas system. It was a private enterprise, manufacturing and distributing gas until 1946. In December 1946, the Borough of Chambersburg purchased the gas utility and became the second of only two municipal gas operations within the Commonwealth of Pennsylvania, (Philadelphia being the other). Because of Public Utility Commission action, the Philadelphia Gas Works is now falling more heavily under PUC jurisdiction and control. This now leaves Chambersburg as the only true, municipal gas system in the State of Pennsylvania.

Throughout its history, Chambersburg's gas system has made changes in its operation to remain competitive and in business while others have failed, been bought out, or mismanaged to the point of large public scrutiny. This again is one of those times where we need to position ourselves to remain competitive and retain the ability to give our customers a reliable, cost effective and safe gas system.

Chambersburg delivers the lowest cost gas in Pennsylvania, while operating the safest system. In 2012, the Borough delivered 967,567 DTH of gas to our customers; this was a 6% decrease from 2011, primarily due to decreased power plant use. The Electric Department power plants are the single largest customer of the Gas Department.

In 2014, the Borough replaced a considerable amount of old gas mains as the Department worked aggressively to replace lines before future paving; especially the upcoming US Route 11 paving scheduled for 2015.

The highly successful Gas conversion financing program has over 254 homes participating with a total value \$1.1 million in 0% interest loans. The Borough of Chambersburg's Main Street Energy Efficiency Financing Program is an on-bill financing program designed to improve energy efficiency for customers by providing low-cost financing to residential homeowners for the purchase and installation of natural gas Energy Star rated appliances to replace non-gas units.

Funds are available for residential homeowners where natural gas service is available for the purchase and installation of natural gas ENERGY STAR residential appliances – natural gas furnaces, natural gas tank-less water heaters, and certain tank water heaters.



The Main Street Energy Efficiency Financing Program is a municipal service for citizens and customers located within the natural gas service areas of the Borough-owned natural gas distribution system.

Structure & Requirements of Loan for Chambersburg program:

- Maximum loan amount - \$5,000
- Maximum loan term – 60 months
- Loans will carry a 0% interest rate
- Each loan will carry a \$3.00 per month administrative fee
- Loans require 24 month good utility bill payment history
- Loan repayments will be added to customer's monthly utility bill

In addition to receiving the Marketing Excellence Award from our partner, the Municipal Gas Authority of Georgia (MGAG) for the highest customer growth, due in part to this loan program, Staff is now considering new ways to add customers.

In 2015, it is our goal, to develop a companion program to the Main Street Energy Efficiency Financing Program, one centered on gas system upgrades for commercial gas customers. The residential program has already added over \$130,000 in annual gas sales to the Department.

A long term initiative to explore the building of a Compressed Natural Gas (CNG) filling station took an interesting turn in 2014 and may finally be realized in 2015. On June 23, 2014, Town Council authorized Sunoco Inc. ("Sunoco") to take over the Borough's CNG station development activities. CNG station development is a challenging endeavor, requiring a delicate balance of financing, property development and fueling commitments for a successful project. It was understood that our previous development partner, O-Ring Fuel Systems of Coolspring, Pennsylvania, had attempted to make the project feasible but unfortunately was unable to acquire property within the Borough among other development concerns. A successor Resolution was adopted as Sunoco already possessed real property within the Borough potentially suitable for a CNG station. An important Redevelopment Assistance Capital Program Application deadline was met on August 20, 2014. Because site acquisition was a key component of that grant program, the Borough determined that it was in the best interest of the Borough to authorize Sunoco to take over development functions at that time. The Borough was notified that Sunoco had been awarded a \$591,502 Alternative & Clean Energy (ACE) grant from the Commonwealth Financing Authority (CFA). The grant will be directed toward the development of the Compressed Natural Gas (CNG) Refueling Station within the Borough – a project that the Borough and Sunoco have been actively collaborating on since now spring 2014.

Sunoco is currently working through land development plans and approvals, and anticipates breaking ground in the spring of 2015. They anticipate an accelerated construction schedule, which may have the CNG station fully operational by the summer of that same year. The land development plan still requires evaluation by the Planning and Zoning Commission; including public review of any design plans. The proposed site is an industrial zoned parcel on S. Main Street US11, just south of Orchard Drive, already owned by Sunoco. Other than this grant from the CFA, the Borough of Chambersburg will not be contributing any funds towards the construction of this privately developed fueling center.

Although we have been unable yet to convert any of the Borough's fleet to CNG fuel vehicles this all may change in 2015 if Sunoco is successful in opening a fueling station in the Borough.

This was not the original objective of our CNG project. Originally, we envisioned building our own fueling station. But, over time, it has become clear that a public-private partnership, such as the one with Sunoco,

may be a more realistic way to get a station built. Regardless, the Chambersburg Gas Department will be the gas provider to the CNG fueling station. Therefore, it makes sense that the Gas Department would encourage this projects development, expending time and money to build interest over the last two years.

In addition, the Borough continues to replace old gas mains and services:

- Replaced 13 miles out of 24 miles of Cast Iron (CI) main since 2000, much faster pace than most gas utilities
- Prioritizing replacements ahead of re-paving and based on risk assessments
- Spending about \$500K per year on old pipe replacement – recommend similar level in 2015
- Gas leaks continue to trend lower and less serious compared to previous years

APGA System Operational Achievement Recognition (SOAR) Award

The System Operational Achievement Recognition (SOAR) award was developed by the American Public Gas Association to recognize system wide excellence in; System Integrity, System Improvement, Employee Safety and Workforce Development.

Chambersburg was awarded SOAR at the Silver level in the first year of the award – the second highest possible level; only three systems achieved Gold.

SOAR was awarded to only 21 systems out of 1,000 public gas systems in the US



Chambersburg Town Council President accepted the award from the APGA

Gas Safety

The safety of Chambersburg gas customers and Chambersburg employees is our top priority. To that end, the Gas Department has strong programs in leak detection, corrosion prevention, public education, and employee training.

There have been zero reportable gas safety incidents in the past 25 years and we believe that no system is safer in Pennsylvania. That being said, safety requires a culture of detail and an attitude of vigilance. We not only need to keep the infrastructure in top working order, but we need employees committed to safety.

The Chambersburg Gas Department is proud to be a winner of 2014 APGA Safety Award.

In 2015, the Gas Department will support efforts by the Chambersburg Electric Department to recruit a new employee, a safety inspector and safety educator, to protect the Borough from potential liability but also to insure the culture of safety continues.

Finally, the Chambersburg Gas Department is proud to assist the Chambersburg Fire Department with the purchasing CO detectors for customers' protection from this dangerous odorless gas that can be a byproduct of malfunctioning heating systems.

American Public Gas Association & Industry Leadership

- APGA has over 700 members in 36 states and is the only not-for-profit trade organization that represents America's publicly owned natural gas local distribution companies (LDCs). APGA represents the interests of public gas before Congress, federal agencies and other energy-related stakeholders by developing regulatory and legislative policies that further the goals of our members. In addition, APGA organizes meetings, seminars, and workshops with a specific goal to improve the reliability, operational efficiency, and regulatory environment in which public gas systems operate. Through APGA membership, public gas systems are kept informed about new developments in technology, safety, public policy, operations, and the global markets that could affect the communities and consumers they serve. Our members are owned by, and accountable to, the citizens they serve. They include:
Municipal gas distribution systems
Public utility districts
County districts and other public agencies that have natural gas distribution facilities.
- APGA Membership includes: representation on Capitol Hill and the full APGA staff at our service for all Federal gas issues, networking opportunities with fellow public gas professionals, the opportunity to get involved at the highest levels of public gas, and educational opportunities to improve our operations.
- In May 2014, Council President Allen Coffman, Jon Mason and John Leary met with Rep. Shuster, and the staff for Sens. Toomey and Casey, to lobby for important national gas issues on behalf of Chambersburg and the APGA.
- Chambersburg was instrumental in formulating APGA comments to EPA Waters of the US (WOTUS) rulemaking, which threatens to classify most areas as US jurisdictional rather than by State, increasing needless Federal regulation
- Assistant Superintendent, Jon Mason, is Chairman of APGA Operations and Safety Committee and represents public gas at the national level on the prestigious Plastic Pipeline Data Collection Committee
- Superintendent, John Leary served over the past year on APGA Board of Directors, as Chairman of the Board for the APGA Research Foundation, and as Chairman of the APGA Legislative Committee

Membership with the Municipal Gas Authority of Georgia

The Municipal Gas Authority of Georgia (the Gas Authority) is the largest non-profit natural gas joint action agency in the United States, serving 77 Members in Georgia, Alabama, Florida, Pennsylvania and Tennessee who meet the gas needs of approximately 250,000 customers.

MGAG meets our full natural gas supply requirements and provides scheduling services for gas delivery. They provide system rate design assistance, marketing assistance, and regulatory assistance.

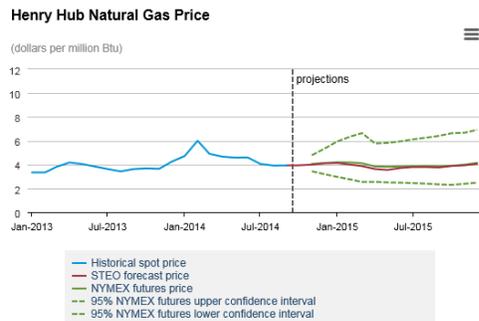
We are officially the northernmost outpost of the great State of Georgia.

Price of Wholesale Natural Gas

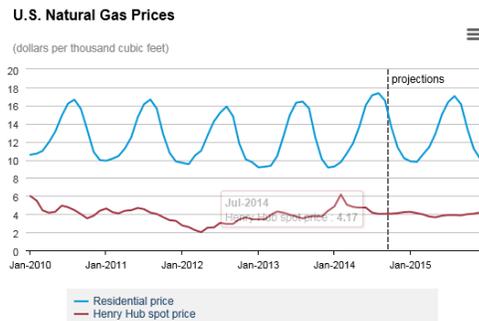
According to State Impact PA, “The growing supply of gas from the Marcellus Shale is set to push wholesale natural gas prices at a Mid-Atlantic regional trading point below the nation’s benchmark price beginning early next year, according to market projections.”

The Henry Hub natural gas spot price averaged \$3.92/MMBtu in September, a slight increase from August. The US Energy Information Administration expects spot prices to remain below \$4.00/MMBtu through November, before rising with winter heating demand. Projected Henry Hub natural gas prices average \$4.45/MMBtu in 2014 and \$3.84/MMBtu in 2015.

Natural gas futures prices for January 2015 delivery (for the five-day period ending October 2) averaged \$4.19/MMBtu. Current options and futures prices imply that market participants place the lower and upper bounds for the 95% confidence interval for December 2014 contracts at \$2.96/MMBtu and \$5.94/MMBtu, respectively. At this time last year, the natural gas futures contract for January 2014 averaged \$3.83/MMBtu and the corresponding lower and upper limits of the 95% confidence interval were \$2.91/MMBtu and \$5.04/MMBtu.



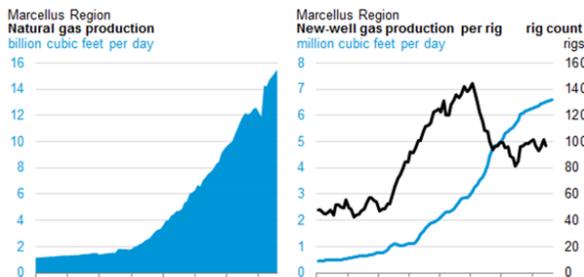
Source: Short-Term Energy Outlook, October 2014



Source: Short-Term Energy Outlook, October 2014

Historically, wholesale prices in Pennsylvania were about \$0.50 per DTH higher than Henry Hub in Louisiana. However, the increase in Marcellus production has caused wholesale prices in Pennsylvania to drop precipitously – the 2015 summer Pennsylvania price is \$1.25 lower than Henry Hub.

Over the past five years, the Chambersburg Gas Department has been increasing the amount of gas purchased from Marcellus because of price availability. Beginning in 2014, we are working with MGAG to make Marcellus gas our main supply point, further helping reduce our customer’s gas costs; eliminating Henry Hub as our price point.



According to Forbes, “the rise of a new producing region combined with production declines in traditional areas of production is shifting historical flow patterns. It is only a matter of time before the market follows.”

Source: US Energy Information Administration

Opportunities to Encourage Chambersburg Co-Generation and Combined Heat & Power (CHP)

According to Katelyn Ferral of the Pittsburgh Tribune, the Pennsylvania Public Utility Commission met with industry experts about how “Pennsylvania can benefit from combined electricity and thermal energy technology, called cogeneration.” And commission Chairman Robert Powelson said “While the energy industry and policy makers are focused on the Marcellus shale boom, cogeneration should be on its radar.

He added “The commission hopes to share ideas with the state Legislature, make internal changes and consider better financial incentives to encourage companies to invest in Pennsylvania projects.

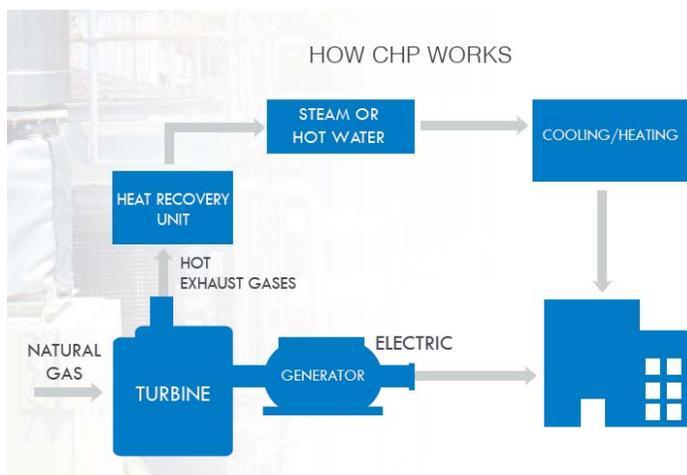
That would be on top of the 150 combined heat and power units operating statewide, according to the commission, including eight in Pittsburgh. Duquesne University has utilized the technology with its Combined Heat and Power Facility.”

New Jersey, Maryland, Connecticut and New York have developed tax credits and grants for businesses to invest in combined heat and power projects, which require large initial investments. Expensive infrastructure costs often are the biggest challenge for companies looking to utilize the technology, panelists said.

Pennsylvania has grants for such projects, but utility companies say the process should be more transparent, streamlined and stable. The federal government offers tax incentives, but those breaks, established through legislation, are set to expire in 2016.

The technology would help the state deliver gas from Marcellus shale to the market, by lowering connection costs and allowing gas trapped in pipes to be used in new ways, said Richard Sweetser, senior technical adviser for the federal Department of Energy. “We have a lot of trapped shale gas in certain parts of the commonwealth,” Sweetser said, because the supply has outpaced the infrastructure needed to take it to markets.

It would be in the best interest of the Borough to be proactive in developing CHP projects in Chambersburg to harness low natural gas costs and keep encourage economic development in our community.



The Philadelphia Gas Works (PGW) is cutting its annual carbon footprint in half and creating annual savings of around \$130,000 with microturbine technology.

CHP systems use microturbines to combine both thermal and electric energy into one integrated system that radically increases energy efficiency (from about 49% to up to 80% energy output) - capturing lost heat and using it to create thermal energy with almost one-third less fuel.



Gas Department

The Chambersburg Gas Department will 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.

Department Head: John Leary

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$8,982,610	\$8,981,200	\$8,875,600
Expenses	\$8,994,501	\$8,970,045	\$8,875,600
Excess (Deficit)	(-\$11,891) Deficit	\$11,155 Surplus	- Balanced -

In 2014, the Chambersburg Gas Department is financially strong and we anticipate good performance in 2015. The system’s 2014 YTD gas sales were up 21% vs. 2013; mostly due to much colder winter than previous year (“Polar Vortex”) and our successful program to increase the number of customers.

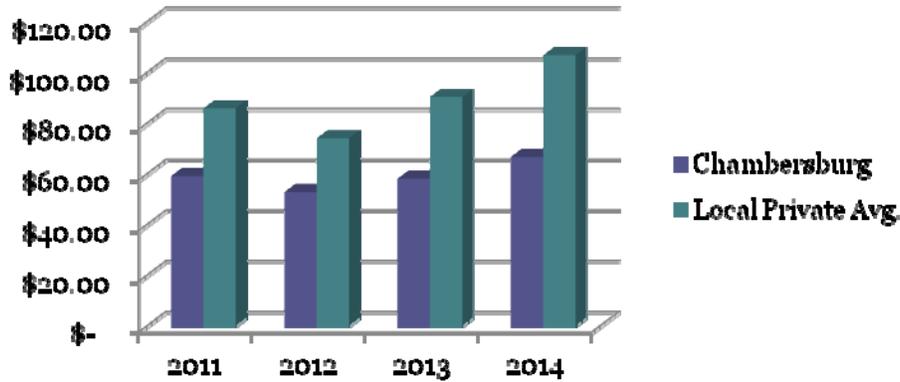
Chambersburg residents’ gas prices were 38% lower than local private gas companies: lowest in Pennsylvania: an average residential bill of \$804 for the past twelve months vs. \$1,278 at average local private utility rates as approved by the Pennsylvania Public Utilities Commission.

The Gas Supply cost is a direct pass through to customers of the cost for gas delivered to Chambersburg. The Gas Supply rate is \$0.96 per hundred cubic fee (CCF). To account for fluctuations in monthly gas costs, the Purchased Gas Adjustment (PGA) factor is added. The PGA is the same for all customer classes. The PGA is currently a credit, -\$0.42. The Gas Distribution Rate varies by customer class. Our largest class of customers, Residential Heat, pays a distribution rate of \$0.1664 per CCF. The Monthly Charge also varies by customer class. Residential Heat customers pay \$8.70 per month.

Month	Avg Units CCF	Local Base Rate	Local PGA Adjustment	Local Customer Charge	Total Bill	Total Cost Per Unit
Nov-13	121	1.1264	-0.39296	\$ 8.70	\$ 97	\$ 0.80534
Dec-13	158	1.1264	-0.37769	\$ 8.70	\$ 127	\$ 0.80377
Jan-14	191	1.1264	-0.38043	\$ 8.70	\$ 151	\$ 0.79152
Feb-14	155	1.1264	-0.30033	\$ 8.70	\$ 137	\$ 0.88220
Mar-14	101	1.1264	-0.33999	\$ 8.70	\$ 88	\$ 0.87255
Apr-14	46	1.1264	-0.31806	\$ 8.70	\$ 46	\$ 0.99747
May-14	18	1.1264	-0.29673	\$ 8.70	\$ 24	\$ 1.31300
Jun-14	13	1.1264	-0.30285	\$ 8.70	\$ 19	\$ 1.49278
Jul-14	12	1.1264	-0.33292	\$ 8.70	\$ 18	\$ 1.51848
Aug-14	12	1.1264	-0.34619	\$ 8.70	\$ 18	\$ 1.50521
Sep-14	17	1.1264	-0.3626	\$ 8.70	\$ 22	\$ 1.27556
Oct-14	55	1.1264	-0.42296	\$ 8.70	\$ 47	\$ 0.86162

The Borough's retail rates have three components; Gas Supply, Gas Distribution and the Monthly Charge. Gas is sold in hundred cubic feet (ccf) units.

Avg. Residential Gas Bill



Our system, regulated by the Federal government is still exempt from most Pennsylvania regulations. However, we continue to implement our own safety and operational changes including a new corrosion control system. In addition, regular and aggressive upgrades and preventive maintenance schedules have so far prevented any gas safety incidents in Chambersburg.

The Gas Department is actively searching for additional ways to market natural gas. The cost of line extension is prohibitive or the Gas Department would be moving into new neighborhoods. One way they have expanded sales has been through a low cost loan program from our municipal consortium, the Municipal Gas Authority of Georgia. As a major non-Georgia member, Chambersburg has taken full advantage of this program to convert oil-based appliances to clean, safe and affordable natural gas.

So, 2015 will appear very similar in many respects to 2013 and 2014. We don't anticipate any significant changes and no rate increases.

Major items for 2015:

- Staff is recommending no gas retail rate change, no increase again in 2015.
- The proposed budget includes \$733,170 in capital improvements to the Gas Department infrastructure; including the replacement of old gas mains and services.
- The proposed budget reserves \$1,045,000 for future capital improvements to the distribution system.
- The proposed budget includes the same number of employees; no additional employees but does contemplate contributions to the new safety position in the Administrative Services Department.

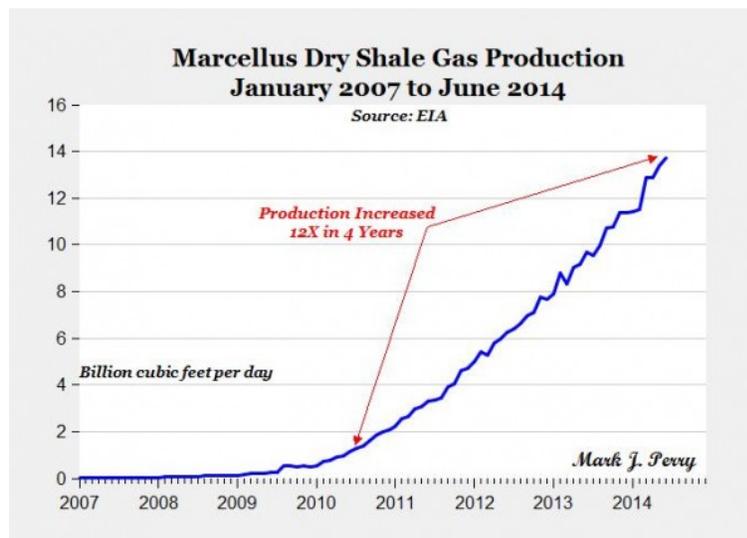
Largest Customers (in \$ order)

	Gas Volume (CCF)	Cost
Chambersburg Hospital	1,076,168	\$ 859,608
Knouse Foods	591,331	\$ 402,239
TB Woods	550,837	\$ 377,014
Ventura Foods	395,009	\$ 287,184
Chambersburg Area Senior High School	295,882	\$ 209,702
Wilson College	247,479	\$ 181,635
Menno Haven (incl. Penn Hall)	196,097	\$ 146,714
Orchard Park Generating Station	208,570	\$ 116,981
B Wise Trailers	106,131	\$ 76,037
Edge Rubber	67,954	\$ 56,131

Note: 1 MCF = 10 CCF

Department Goals

- Work with Sunoco to get a CNG fueling station open in 2015
- Replace at least one (1) mile of Cast Iron gas main with Polyethylene gas mains
- Add a minimum of seventy-five (75) new gas customers
- Find ways to maximize the Marcellus gas boom



Payment In Lieu Of Gross Receipts Taxes (PILOT)

As you know, the Borough Gas Department makes a tax-like contribution to the General Government operations of the Borough. If the Gas Department were an investor owned electric utility, licensed for operation in Pennsylvania, the Gas Department would pay “taxes” to the Commonwealth of Pennsylvania. In its current legal format, the Chambersburg Gas Department is not licensed by Pennsylvania, it is exempt from most Public Utility Commission rules, regulations, and tariffs, and is exempt from paying taxes.

Please find enclosed the proposed 2014 Chambersburg PILOT Tax Return form.

	2013 Actual	2014 Actual	2015 Budget
PILOT	\$400,000	\$400,000	\$410,000

Borough of Chambersburg Finance Department			
Gas Gross Receipts Tax			
For Tax Year: 2015			
BOC Acct #	Source of Gross Receipts	Total Budgeted Gross Receipts	Total Taxable PA Receipts
	Utility Plant & Allowance		
	Revenues - Gas Refinery Plant Leased to Others		
30012/30018/30020/30021	Other Utility Operating Income	350,000	\$350,000
30015	Revenues - Merchandise & Jobbing	5,000	
	Revenues - Nonutility Operations		
	Nonoperating Rental Income		
30019/30024	Interest & Dividend Income	3,000	
30014/30016/30017/30027	Miscellaneous Nonoperating Income	554,000	
	Gain/Loss on Disposition of Property		
30011/30026	Residential/Commercial/Industrial Sales	7,950,000	7,950,000
30028	Other Sales to Public Authorities	0	0
	Sales to Railroads & Railways		0
	Sales for Resale		0
	Interdepartmental Sales		
	Other Sales, Nonmajor Only		0
	Provision for Rate Refunds		0
	Forfeited Discounts		0
30022	Miscellaneous Service Revenues	0	0
	Sales of Water and Water Power		0
	Rent from Gas Property		0
	Interdepartmental Rents		
30013	Other Gas Revenues	13,100	
	Revenues from Transmission of Electricity of Others		0
	Regional Distribution Service Revenues		0
30025	Miscellaneous Revenues	500	500
	All Other Sources		0
	Totals of each column	\$8,875,600	\$8,300,500
	Tax at the rate of 44 mills Gross Receipts Tax		\$365,222
	Town Council Adopted Multiplier		112.2605%
	Payment in Lieu of Gross Receipts Tax		\$410,000

11/3/2014



Water Department Budget

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Water Department Budget

As Proposed for 2015

A good source of water has always been essential to the well being and survival of communities throughout civilization. It is no wonder that the original Colonel Benjamin Chambers Fort was built over the Falling Spring to provide a good source of water for the use of the inhabitants as well for fire protection. The Chambersburg Water Company was organized around 1818. A waterwheel was employed to pump water from the Falling Spring to a reservoir sited on the current Chambersburg Hospital land. Water then flowed to customers through hollowed pine logs which were joined “end to end”. It is estimated that the cost of this undertaking was approximately \$40,000.

The water system was improved and expanded in 1871 with the development of the Borough’s first utility enterprise, the Birkinbine Reservoir which consisted of a 300,000 brick reservoir near the intersection of Reservoir and Franklin Streets (Reservoir Hill). A steam engine powered pumping station along the Conococheague Creek lifted the water from the creek into the reservoir. Over six miles of cast iron pipe was installed to transport the water to the reservoir and then distribute it to the North Main Street area as well as to the center of town. From these mains, smaller pipes distributed water to the populace. The water was taken from the creek with little regard to the fact that raw sewerage was being piped into the creek about a mile above the pumping station.

In January of 1891, the C. B. Gish flour mill at what is now called “Siloam” was purchased. It consisted of a mill dam and the impounding area above it. An additional land purchase gave rise to the possibility of a 2 million gallon reservoir. Initially, it was expected that the mill’s wheel would force water to the new reservoir known as Horst Reservoir. The experiment was less than successful and steam driven pumps were implemented. In 1905, a Worthington steam driven pump was successfully installed with the plant producing about 1.5 million gallons per day in 1907. Unfortunately, the water from the Conococheague Creek flowed through miles of pastures and fields making it a less than an agreeable source of water. In 2005, the Siloam Dam was breached and the stream’s banks restored.

In 1909, the Burgess, Mr. A.W. Zacharias, prompted the locals to work on the “water situation of the Borough”. By 1910, Town Council decided to look to the east of the Borough and develop the town’s main water source, the Conococheague Creek, in the valley above Caledonia Park east of town in the South Mountain. This system would eventually provide the Borough with pure water from a gravity fed water system eliminating the costs of pumping water. To obtain the State Department of Health’s approval, the Borough agreed to install the first sanitary sewer system along with a sewerage treatment plant. The Borough issued a \$150,000 bond package in 1910 to construct the stream intake facilities, a 2 million gallon reservoir east of town and a fourteen inch pipeline into town terminating at South Sixth Street.

The first water from the new source arrived on July 3, 1911 and was of sufficient purity that no chemical treatment was necessary for many years. Water hardness was measured at four parts per million, as contrasted with sixteen units per million from the same stream collected at the Siloam Dam. The elevation at the center of Chambersburg was about 975 feet below that of the intake dam providing water pressure of fifty to eighty pounds per square inch throughout the town. In later years, chlorine was utilized to treat

the water for microorganisms and fluoride compounds were added to help protect the residents' teeth. In the early 1930's, a reinforced concrete dam was constructed across the Birch Run creating a storage capacity of 3.9 million gallons.

In the late 1960's, the Borough decided to enlarge its water storage reserve and improve other facilities. A new dam called the Long Pine Run Dam was constructed upstream from the Birch Run Dam creating a lake with a surface of 150 acres and storing 1.8 billion gallons of water. Additionally, a new water treatment plant with a daily flow capacity of six million gallons was constructed. Also, a three million gallon "ground based steel water storage tank" was built at the former Birkenbine open reservoir site on Reservoir Hill. In 1967 and 1969, bond issues were floated for a total of \$8,325,000 to cover the \$7,41,850 cost of these projects. Up until that time, this was the largest utility project ever initiated by the Borough of Chambersburg. Since that time the Borough has initiated many projects that have enhanced the quality of service to the customers of the Borough's water department.



Long Pine Reservoir

While providing high quality water to its diverse customer base, the Borough's water department has consistently kept its rates (cost per unit) at one of the lowest levels in the region.

Water Department Services

- Water supply, treatment, transmission, and distribution.
 - Treated 1.322 billion gallons of water in 2013.
- Operation and maintenance of the water production and distribution facilities.
 - 13 water maintenance excavations in 2013.
 - 10 water main breaks repaired in 2013. The national average – 33 breaks.
 - 22% unaccounted water lost in the system in 2013.
- Operation of the water treatment plant laboratory.
 - Perform regulatory and control testing for the WTP and distribution system.
 - Perform testing for area water authorities.
- Water supply for fire protection.
 - Replaced 2 fire hydrants in 2013.
- Plumbing inspection and meter replacements.
 - In 2013, we transitioned from doing in-house plumbing inspection to utilizing Commonwealth Code Inspection Services. However, we added other types of in-house inspection services such as sewer system inspections.
 - Performed 72 inspections in 2013; performed 57 inspections in the first 8 months of 2014. Inspected one water/sewer main extension project in 2013.
 - Replaced 49 water meters in 2013.

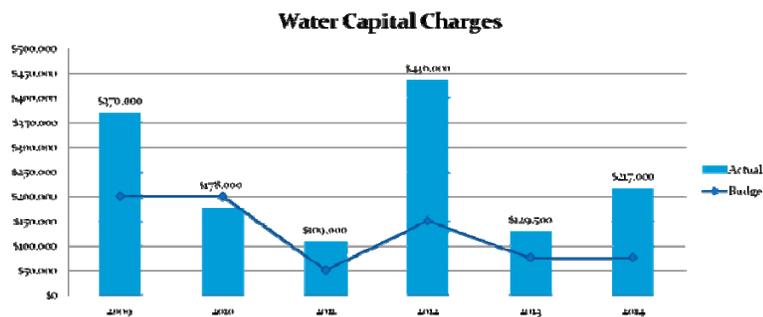


Julio D. Lecuona Water Treatment Plan

6.0 MGD Capacity

Recommended 2015 Capital Projects

- 2015 Street Overlay Projects: \$175,000 per year
- Watershed Yield Study: \$60,000
 - Evaluate “Iced Tea” treatment alternatives. Estimate summer 2015
- Birkinbine Tank Cost Benefit Analysis: \$250,000
 - Determine whether it is cost effective to either upgrade internal tank coating or
 - Replace tank.
- Water Treatment Plant Boiler: \$45,000
- Borough Hall Utility Office Space Master Plan Phase 2: cost unknown
 - Phase 2: Architectural design phase
 - Utility office space upgrade project.



- Projects : 20 (2013)
17 (2014)

PennVest Loan Early Payoff

It was determined in January 2014 that it was cost effective to pay off the existing and only debt service in the Water Fund; a loan originally taken out from PennVest. The payoff amount was \$2,447,600 and this unusually large expenditure will likely skew the 2014 financial reports for the Water Fund.

However, the Water Fund is now debt free.





Water Department

The Chambersburg Water Department provides high quality drinking water, fire protection flow, and public sewer service for Borough customers, including the Bear Valley Authority, through cost effective operation and maintenance of our infrastructure while meeting the ever-changing challenges of continual growth and environmental protection.

Department Head: Lance Anderson, PE

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$3,339,088	\$5,393,365*	\$3,009,000
Expenses	\$2,886,434	\$5,393,365*	\$3,009,000
Excess (Deficit)	\$ 452,654 Surplus	- Balanced -	- Balanced -

*- In 2014, the Chambersburg Water Department retired \$2.4 million in debt early by using accumulated cash resources; thereby, increasing the operating budget of the department for a one-year period as the PennVEST loan is retired. This transaction was balanced and advisable seeing that cash resources are not currently earning any investment return and the loan was therefore unneeded.

The Chambersburg Water Department is in a strong operating position. Chambersburg has not raised their retail water rates since 2001 (thirteen years). The average water bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable.

Previous water rate increases – 1991 & 2001

- Average Borough monthly residential rate: \$15.00
- Average GHD Survey monthly residential rate: \$32.00 (35 participants)

In 2014, the Water Department has reserves of over \$5,000,000 in capital funds for future capital projects. In 2015, no additional water rate increase is needed.

The system is mostly exempt from Pennsylvania Public Utilities Commission regulations (except our Guilford Township customers) although staff's efforts on a cooperative initiative with the Guilford Water Authority have failed to improve that situation.

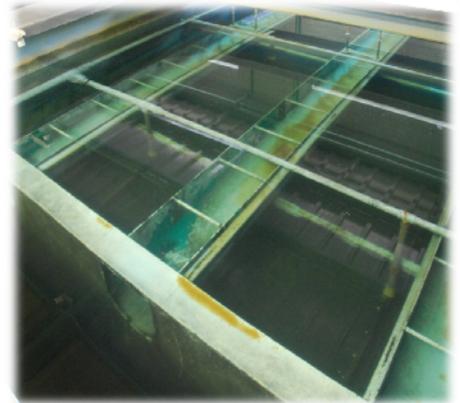
We maintain an excellent relationship with the Bear Valley Joint Municipal Authority, our largest water customer.

There are a number of pressing issues facing the water system. Specifically, the Julio D. Lecuona Water Treatment Plant is occasionally plagued by shut-downs due to turbidity and color issues with the raw water coming into the plant. This so-called Iced Tea issue still needs to be addressed. However, in 2013 the Borough switched consulting engineers and our new team has reviewed the entire water system and

improved the overall operation of the Water Treatment Plant. Second, the Borough has begun significant maintenance upgrades at the Long Pine Reservoir, the Raw Water Intake, and throughout the distribution system. This process will continue into 2015 with the replacement of the sand filter media at the Water Treatment Plant.

Major items for 2015:

- Staff is recommending no water retail rate change, no increase again in 2015.
- The proposed budget includes \$4,031,170 in capital improvements to the Water Department infrastructure; including:
 - 4 Leopold Sand Filters
Original filter media from 1969; topped off in 2002
Filter project scope: New media, Wall coatings, Under-drains replaced, & Piping for air-scour
 - Filter wall repair/internal waterproof coatings
 - Static mixer to promote rapid mixing of chemicals
 - Intake Facility Repairs
- The proposed budget includes the same number of employees; no additional employees.
- In 2015, the Water Department will support efforts by the Chambersburg Electric Department to recruit a new employee, a safety inspector and safety educator, to protect the Borough from potential liability but also to insure the culture of safety continues.



Largest Customers (in units sold)

	Units Used	Cost	Daily Avg. (gallons)
Bear Valley Authority	4,264,976	\$750,994.75	874,028
Ventura Foods	613,200	\$65,828.40	125,664
Knouse Foods	373,748	\$38,342.22	76,593
Chambersburg Hospital	326,911	\$50,262.33	66,994
Edge Rubber	227,290	\$22,711.00	46,579
Menno Haven	209,010	\$26,436.66	42,833
Menno Haven (Penn Hall)	132,490	\$31,392.06	27,151
TB Woods Inc.	112,153	\$14,163.84	22,984
Barclay Village	78,130	\$13,880.10	16,011
Chambersburg HS	60,323	\$13,668.96	12,362
Wilson College	58,294	\$16,837.83	11,946

Payment In Lieu Of Gross Receipts Taxes (PILOT)

In years past, the Borough Water Department made a tax-like contribution to the General Government operations of the Borough. The Water Department paid \$72,000 per year through 2013 but in anticipation of a possible change in State law that would prohibit water utilities from making payments for general government operations, we ceased this practice.

11/3/2014



Sewer Department Budget

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Sewer Department Budget

As Proposed for 2015

When the Borough of Chambersburg decided in 1910-1911 to obtain its water supply for the State Forest at Caledonia, it was necessary to obtain a permit from the Pennsylvania State Health Department, and when the State Health Department issued this permit, it granted to Chambersburg the right to the water of Birch Run, but it also provided that, for this right, the Borough of Chambersburg was to install a Sanitary Sewerage System with a proper Disposal Plant of a capacity sufficient to take care of the town for twenty years to come.

The same Bond Issue, providing funds for the construction of the water supply line between Caledonia and Chambersburg, provided also for sufficient bonds in the amount of \$65,000 to put in a Sanitary Sewerage System in Chambersburg (Note: The Treasurer's office is the proud possessor of bond number 25, in the amount of \$500, an "Improvement Bond of 1910" Series A which carried a 4 ½% interest rate. This note matured in 1915. The current Borough's logo is adapted from a depiction of City Hall found on that bond.). This system was constructed and put into service August 1, 1912, and portions of this initial system are still in service today.

From the time of the initial construction, continuous improvements have been made with major improvements being made in 1939, 1959, 1978, and 1997 to the treatment facility. Following is a list of major facility milestones:

- 1938 Upgrade: Upgrades were completed in October 1939 at a cost of \$217,715.41 (45% was funded through a grant). Plant capacity was rated at 2 mgd.
- 1948: A WWTP laboratory was established and the plant processes have been monitored for efficient operation ever since. The current laboratory facility is accredited by the PA DEP.
- 1957 Upgrade: Upgrades were completed in 1959 at a cost of \$990,330.13.
- 1978 Upgrade: The J. Hase Mowrey Regional Wastewater Treatment Facility was dedicated on November 16, 1980. The facility was upgraded to a capacity of 5.2 mgd at a cost of \$9.045M (75% was funded through a grant)
- 1997 Upgrade: Upgrades were completed in July 1999 at a cost of \$18.5M. Plant capacity was rated at 6.8 mgd with a maximum capacity of 17.0 mgd.
- 2013-2015 Upgrade: project is underway.

Additionally, the treatment plant has evolved into a regional facility providing sewage treatment for our Municipal partners in Greene, Guilford, and Hamilton Townships. Hamilton Township initially provided connections in 1972. Through an expansion of the conveyance system in the 1970's, the remaining townships ultimately connected to the system in 1980.

The Current Sanitary Sewer System

- 85 miles of pipe length
- 2,246 manholes
- 4 interceptors (Falling Spring, Conococheague East, Conococheague West, and South End)
- 4 Borough owned and maintained sewer meter stations (7 township owned and maintained)
- Live internet data of all sewer flows
- 4 Borough pump stations (Pennsylvania Ave. SPS, Hollywell Ave. SPS, Chambers 5 SPS, Progress Village SPS)

J. Hase Mowrey Regional Wastewater Treatment Facility



2012 – 2015 Treatment Plant Upgrades

The Largest Public Works Project in the History of the Borough of Chambersburg

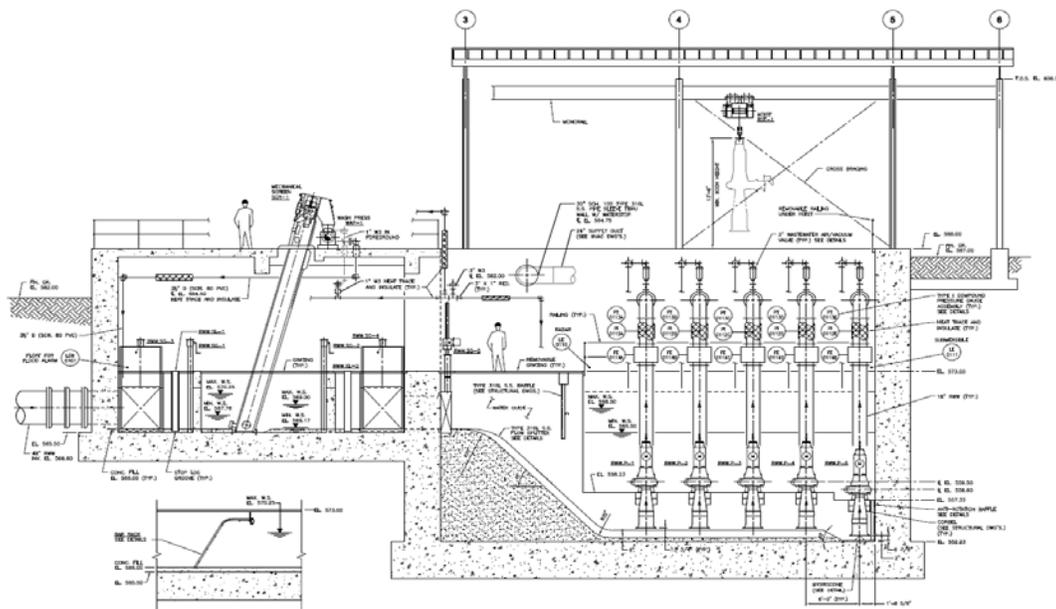
Chambersburg's 6.8 mgd, J. Hase Mowrey Regional Wastewater Treatment Plant serves Chambersburg, Greene Township, Guilford Township, Hamilton Township and indirectly part of Letterkenny Township. In addition to the Commonwealth's 2008 Chesapeake Bay Tributary Strategy, which forced a cap on the amount of nitrogen and phosphorus discharged from the facility, Chambersburg is also facing the demand of building additional capacity (a 60% increase) to meet projected twenty-year build out in the service region, as required by DEP's Act 537 Plan Study. These two mandates initially resulted in proposed facility renovations with an estimated price tag of over \$50 million.

The existing treatment facilities at the Chambersburg plant are not able to meet the pending nutrient discharge limits. Therefore, upgrades to the facility will be required to meet the nitrogen and phosphorus caps. In addition to meeting these caps, an expansion from 6.8 mgd to 11.28 mgd is needed to accommodate the anticipated growth within the service area. The facilities must be able to convey a total influent peak flow of 33.5 mgd based upon analysis of the Borough's collection and conveyance system. The extensive scope includes upgrades to all facets of the treatment process with an emphasis on being cost effective, energy efficient, and environmentally sensitive. Key project components include:

- A new headworks and influent pump station will replace the existing deficient facilities. The new facility is sized for 33.5 mgd of influent flow, and all internal conveyance infrastructures must be capable of passing flows that are associated with this peak as well.
- An improved biological treatment process will provide nutrient (nitrogen and phosphorus) removal in order to meet discharge limits that have been established by the PA DEP. Compliance with these limits are required beginning in October 2012 for the 2012-2013 operating year. In order to meet these requirements, the Borough will need to purchase of nutrient credits from the PennVEST credit market, on an interim basis through 2015.
- A new biosolids treatment process resulting in an improved final product quality which can be utilized for beneficial reuse in land application. Land application of biosolids has become one of the most cost-efficient biosolids management strategies available to treatment facilities.
- An expanded UV disinfection system will be sized to meet a peak flow of 33.5 mgd. The new UV system was installed in spring 2012.

The WWTP upgrades are now estimated to cost \$37 million and construction had begun in 2012; ending in 2015. This will make the project the largest public works project in Chambersburg’s history. Initially, prior to design projected costs were estimated to over \$50 million with a reduced scope of construction. Costs are shared with the Municipal Partners as defined in the Intermunicipal Agreement which was executed on September 13, 2010. Construction began on schedule in 2012 and will proceed throughout 2015. While running a little behind and slightly over budget, the project is still in good shape.

Chambersburg’s J. Hase Mowrey Regional Wastewater Treatment Plant has been a symbol of intermunicipal cooperation for 40 years. The current upgrades will allow the facility to support the Chambersburg area for decades to come.



Schematic of the New Influent Pump Station (Headworks)



Construction Activities 2014

Sewer Department Services

- Regional wastewater conveyance and treatment.
 - Treated 2,430,000,000 gallons of sewage in 2013.
 - Average daily wastewater treatment plant flow: 6.66 MGD.
 - .5% increase from 2012.
- Sewer customers
 - Residential 7,538
 - Commercial 777
 - Industrial 20
 - Municipal 3
- Operation and maintenance of the collection and treatment facilities.
 - 177 wastewater maintenance repairs in 2013.
 - 76 wastewater maintenance repairs through June 2014.
 - 8 manholes repaired/replaced through June 2014.
- Operation of the sewer treatment plant laboratory.
 - Perform regulatory and control testing for the WWTP.
- Sewer Inspections
 - Performed 75 inspections in 2013; 57 inspections in 2014 to date.

Capital Investments

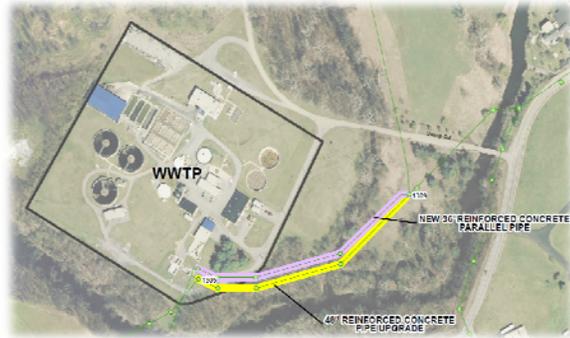
- Plant Approach Interceptor Project: to eliminate sources of inflow (rainwater) and infiltration (groundwater)
\$2 million to be shared with our Municipal Partners
- Chambers-5 Pump Station / Force Main: Received
\$265,814 PennWorks Grant in November 2013 (pending study)
\$137,000 local matching funds required
2014 project scope: pump station capacity study
Upgrades required supporting new industry (higher sewer use) in Chambers-5 Business Park
- Contribution to street overlay projects on streets disturbed by sewer work
\$175,000

Collection/Conveyance Act 537 Plan

- Pennsylvania Department of Environmental Protection approved the plan in September 2012
- Plan includes upgrades to the conveyance system and continued investigation to remove sources of inflow and infiltration (I&I)
- DEP lifted our Consent Order and Agreement on August 13, 2014 thereby freeing resources of the Borough to concentrate on development and system improvements
- Next step: Plant Approach Interceptor Project

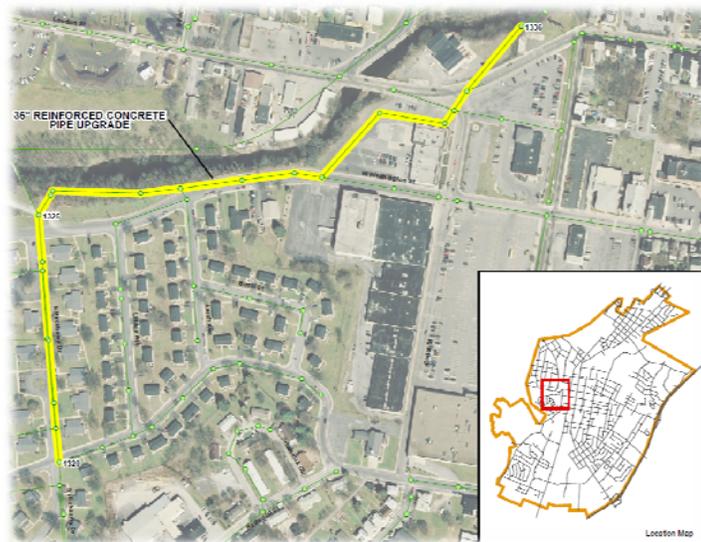
Plant Approach Interceptor Project

- Estimated cost: \$800,000
- Current status: 100% design complete
- Bidding planned by end of 2014
- Construction 2015



East Conococheague Interceptor Project

- Estimated cost: \$1,200,000
- 2016 Project design
- Bidding planned by end of 2016
- Construction 2017



Sewer Department



The Chambersburg Sewer Department is committed to its fundamental objective of providing the highest quality municipal wastewater service for its residential, commercial and industrial users at a reasonable price; and to meet that objective, the Sewer Department will adhere to the following principles:

- Providing effective collection and treatment of wastewater which complies with all state and federal regulations
- Working with the regional community to plan for future capacity to ensure the long-term success, public health and environmental quality of the area
- Providing prompt and effective customer service
- Staffing the organization with qualified professionals
- Striving for excellence with each employee participating as a team member to continually improve the performance of the organization

Department Head: Lance Anderson, PE

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$5,668,140	\$5,814,800	\$5,503,200
Expenses	\$5,002,165	\$5,222,835	\$5,503,200
Excess (Deficit)	\$665,975 Surplus	\$591,965 Surplus	- Balanced -

In 2015, the Chambersburg Sewer Department is proposing to maintain a path of strong operating margins. Having raised rates in 2009, 2010, and 2012, the average sewer bill remains one of the lowest in Franklin County and the fiscal condition of the fund is stable. As of 2015, the cash balance of the Sewer Operating Fund has been restored and the Borough is equipped for our capital obligations going forward.

As of now, no additional rate increase is contemplated.

The cause of the last increase, 16% in December 2012, was the capital expenses related to the Treatment Plant Upgrade project. Also, the 2011 Second Consent Order and Agreement with PA DEP has now been fully satisfied and it has been lifted. However, the Borough has permanently accepted the challenge to investigate and determine sources of inflow (rainwater) and infiltration (groundwater) entering into the sewer system. These expenses also resulted in that rate increase.

To that end, continuing in 2015, the Borough will actively investigate and where needed, remediate potential municipal cross connections between the sewer system and the storm drain system with \$70,000 per year reserved for such work.

In addition, the Sewer Fund will make a contribution of \$52,000 towards future municipal separate storm sewer system fixes that contribute to deficiencies in the sanitary sewer system.

In 2013, the Borough's J. Hase Mowrey Regional Wastewater Treatment Facility project was bid out for construction. Sealed Bids were received by the Borough on Tuesday, May 14, 2013, at which time they were publically opened and read. There were nine (9) bid submissions. Michael F. Ronca & Sons, Inc. ("Ronca") of Bethlehem, Pennsylvania was the low bidder at \$ 30,761,000.

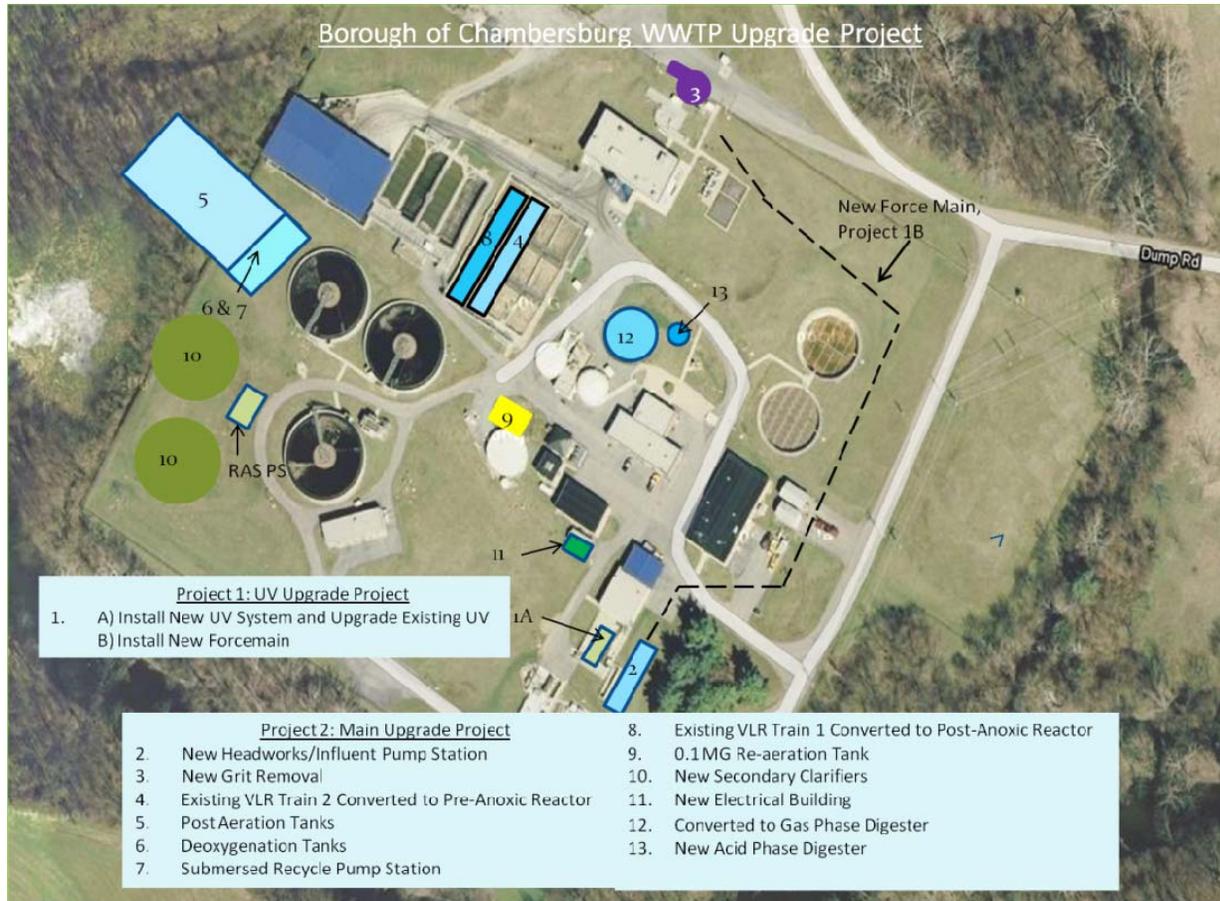
This project has a significant economic impact on the Chambersburg economy:

- Project superintendent and pipe foreman both reside within 15 miles of the WWTP.
- Ronca workforce will primarily be from Franklin, Adams, and Cumberland Counties.
- Approximately 17,700 tons of aggregates will be supplied locally for an approximate value of **\$195,000**.
- Approximately 10,800 cubic yards of concrete will be supplied locally for an approximate value of **\$1.3 million**.
- Land clearing will be performed by a local contractor at an approximate value of **\$13,500**.
- E&S controls to be performed by a local contractor at an approximate value of **\$35,000**.
- Off road diesel fuel will be purchased locally throughout the project.

Current Status

Construction of new tank structures, electrical upgrades, digester facilities, and piping.





WWTP Project Cost Estimates

	12/23/2011	As of 9/22/2014
UV Project (complete)	\$990,000	\$1,003,000
Force Main Project (complete)	\$400,000	\$435,000
VFD Project (complete)	(Main Project)	\$68,000
Headworks/Influent Pump Station	\$8,500,000	\$30,761,000
Main Project (Process Upgrades)	\$20,500,000	
Change Orders		\$1,375,000
Technical/Administrative Expenses	\$6,110,000	\$6,110,000*
Associated H2O Grants	(\$2,000,000)	(\$2,000,000)
Total	\$34,500,000	\$37,752,000

*Engineering costs include design, construction management, and construction inspection services under current contracts with AECOM and ARRO.

It is currently estimated that the total construction cost for the project will be \$37,752,000 with Chambersburg responsible for 15% or \$5,662,800.

Summary of Overall Cost Reduction

Items	Previous (Prior to 2010)	Today	Change in Cost	Cost Reduction Percent
WWTP Expansion	\$39,144,800	\$37,752,000	\$14,941,488	28.4%
CPI Adjustment (2% a year for 3 years)	\$2,348,688			
New Headworks	\$10,000,000			
UV System Upgrade	\$1,200,000			
Nutrient Credits	* \$2,724,000	\$336,150	\$2,387,850	87.7%
Interceptors	\$27,507,600	\$2,000,000	\$25,532,600	92.8%
TOTAL	\$82,925,088	\$40,088,150	\$42,836,938	51.7%

Note: All above based upon estimated costs

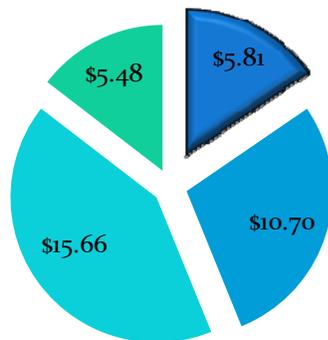
* At \$5 per Nitrogen credit and \$9 per Phosphorus credit for 3 years

Wastewater Treatment Plant Project

- \$37,752,000 capital cost estimate; \$5,810,000 Borough share
- Reduction from \$50 - \$55 million estimate prior to 2010.
- Financed through a portion of an \$8 million line of credit with F&M Trust.

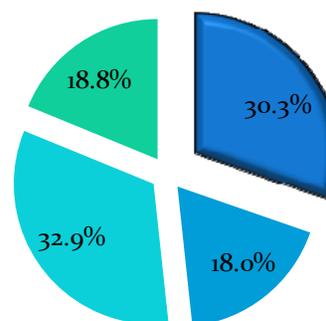
Construction Costs
(In Millions of \$)

■ Chambersburg ■ Hamilton
■ Greene ■ Guilford



Approximate O&M Costs

■ Chambersburg ■ Hamilton
■ Greene ■ Guilford



The Treatment Plant’s current design capacity of 6.8 MGD (an annual average flow (AAF) capacity) is allocated among the Borough and the three contributing Townships as follows:

- Borough of Chambersburg 40.14% or 2.73 mgd AAF
- Greene Township 27.06% or 1.84 mgd AAF
- Guilford Township 21.62% or 1.47 mgd AAF
- Hamilton Township 11.18% or 0.76 mgd AAF

After the Project is completed, the sewer capacity allocations of 11.28 MGD based on annual average flow will be adjusted as follows and subject to the provisions of the Intermunicipal Agreement:

- Borough of Chambersburg 30.32% or 3.42 mgd AAF
- Greene Township 32.89% or 3.71 mgd AAF
- Guilford Township 18.79% or 2.12 mgd AAF
- Hamilton Township 18.00% or 2.03 mgd AAF

Industrial Pre Treatment Customers (in ADD order)

	Avg Daily Discharge
Ventura Foods	82,768 gallons
Knouse Foods	72,605 gallons
IESI Blue Ridge Landfill	46,782 gallons
Edge Rubber	30,333 gallons
Martin’s Famous Pastry Shoppe	18,190 gallons
B Wise Trailers, Building 2	<3,000 gallons
B Wise Trailers, Building 1	1,000 gallons
Wipro Enterprises	<1,000 gallons
B Wise Trailers	106,131

Sewer Rates

Staff is proposing no rate increase; the last rate increase was in December 2012; average residential sewer bill of \$29.50 per month. The existing rates are sufficient to provide for the operation and maintenance of the system and capital investment for projects already underway or conceived.

It is likely that future capital improvements may require future rate increases.

11/3/2014



Other Enterprise Department Budgets

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Other Enterprise Department Budgets

As Proposed for 2015

An enterprise fund establishes a separate accounting and financial reporting capacity for borough services for which a service charge or fee is collected in exchange for services provided. Under enterprise fund accounting, the revenues collected and expenditures related to services are separated into separate accounts; each with its own financial statements, rather than commingled with the revenues and expenses of all the government activities of the General Fund.

Enterprise funds may be established, "for a utility, health care, recreational transportation facility." Examples of which include the following.

- Public utilities - water, sewer, or sanitation operations
- Health-care – day care centers or nursing homes
- Recreation - skating rinks, pools, or golf courses
- Transportation - airports, marinas or port facilities

A borough may not establish enterprise funds for normal government operation or service such as police, fire, code enforcement or zoning services.

Creating an enterprise fund does not create a separate or autonomous entity from the municipal government operation, such as a municipal authority; although an independent authority is often an alternative approach to enterprise creation. The borough department operating the enterprise service continues to comply with financial and managerial requirements like every other department; supervised by the Borough Manager, who is also the Director of Utilities.

Financial transactions are reported using full accrual accounting standards similar to private sector businesses. Revenues are recognized when earned and expenses are recognized when incurred and assets are depreciated. An enterprise fund provides council and taxpayers with information to:

- Measure performance
- Analyzed the impact of financial decisions
- Determine the cost of providing a service
- Identify any subsidy from the general fund in providing a service

Enterprise funds allow the Borough of Chambersburg to express to the public the cost of services provided. They also allow these enterprises to utilize our internal service fund cost based accounting method by renting vehicles or paying administrative or engineering expenses

In addition to major utility enterprise funds, Chambersburg maintains a Sanitation Fund, a Storm Sewer System Fund, and a Parking, Traffic and Street Lights Fund; all operated as separate enterprises of the Borough.

Sanitation Department



The Sanitation Department pursues a commitment to provide a safe, efficient, and effective municipal solid waste collection and disposal system that protects the natural environment, citizens of Chambersburg and businesses. We also strive to preserve the quality of life of our citizens and their environs today and in the future.

Our Goals:

- To safely and efficiently collect residential solid waste and dispose of it at the landfill
- To safely and efficiently collect residential recyclable materials for processing and reuse
- To provide general cleanliness to the Chambersburg community

Department Head: David Finch, Assistant Borough Manager

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$2,516,610	\$2,718,400	\$2,693,710
Expenses	\$2,196,484	\$2,592,335	\$2,693,710
Excess (Deficit)	\$320,126 Surplus	\$126,065 Surplus	- Balanced -

In 2013 and 2014, the department is anticipated to run surpluses. In 2015, the department will breakeven. Therefore, it is possible, that in 2016 a Sanitation rate hike may be needed.

In 2013, Council approved a 22% increase in the trash fee. It was the first such increase in trash rates in the Borough since 2005. Currently, the residential rate is \$14 per month or \$168 per year. For illustration purposes, IESI charges \$336 per year to collect residential trash outside the Borough. As of 2014, the cash balance of the Sanitation Fund has been restored and the Borough is equipped for our obligations going forward.

As of now, no additional rate increase is contemplated.

The Sanitation Department has 7,358 residential customers and 651 commercial customers.

Every workday, the Sanitation Department (under the supervision of Arnold Barbour) travels the roads of the Borough collecting trash and recycling for proper disposal. In recent years, we have added plastic bottle recycling; and in the future, we are considering expanding our commercial recycling program. The volume of trash appears to be increasing in all categories; for instance, in the first six months of 2013 we collected 2,994 tons of commercial trash, which increased to 3,117 tons for the first six months of 2014; but for the most part, trash pick-up is both routine and important.

Green Yard Waste Recycling Center

The one big exception to this is the Green Yard Waste Facility. This year, we began accepting green yard waste at the Borough Farm under the new rules. Costs have gone up, as we now have to grind and remove

the material that accumulates there on a regular basis. There was significant grumbling from some contractors and other businesses that for years enjoyed inexpensive dumping rights at this facility; a few of them "threatened" to take their waste elsewhere (a very curious threat as we get no benefit from the material they bring us.)

Nevertheless, construction began in 2014 of our Green Waste Recycling site on W. Commerce Street in Hamilton Township. On August 25, 2014, the contract for the Green Waste Facility Vehicle Scale and Fence/Gate project was awarded to Michael F. Ronca and Sons, Bethlehem, PA, at their bid price of \$373,600. Including that award and land acquisition, the total cost of the project is now anticipated to be \$730,420, which is much less than the \$1.5 million originally envisioned.

It is the hope of the Sanitation Department to complete facility construction and open the facility including the truck scales for weighing Green Waste by summer 2015. One new employee was added in 2014 to help maintain this facility.



Borough contractor: H & H General Excavating d/b/a Country Boy Mulch & Soil Products

Recycling Program

In 2013, we began to offer our residents the ability to drop off plastic bottles for recycling. This was originally located at the Borough Garage, but an alternative site was selected at the Borough parking lot at Queen Street and Cedar Street. Unfortunately, our concerns, such as increased contamination by residents using it for non-recyclable trash, came to pass. We have found a significant increase in contamination; however, it has proven to be manageable. For now, this pilot program will continue.

With respect to our second recycling initiative, in 2010, Governor Ed Rendell signed into law the Pennsylvania Covered Device Recycling Act, which mandated that, as of January 2013, computer devices and televisions could no longer be put into Pennsylvania's landfills but must be recycled. In an attempt to give our residents an option to legally dispose of these devices, Chambersburg contracted with e-Loop LLC, an electronic recycling firm, to take these items after they were collected during bulky items.

Apparently the e-Loop business model has proven unsuccessful so we are actively seeking an alternate partner.

In 2013, the Borough's new Leaf Vacuum Truck arrived and it is now operating well in 2014.



Assuming this one vehicle can do the job of six, we may very well come back to Council and seek a second vehicle. One advantage is that it can operate as a dump truck in off season. It costs \$243,000.

No additional employees are requested for 2014.

Bulky Waste Drop Off

The Borough’s annual bulky waste program worked well again in 2014. **There are no changes contemplated to the very successful annual bulky waste drop off days for 2015.**

The following are bulky items:

Air Conditioners	Dishwashers	Mattresses	Stools
Baby Cribs	Draperly Rods	Metal Chairs	Strollers
Baby Playpens	Dressers	Microwaves	T.V.
Bathtubs	Drums	Ottomans	Tables
Beds	Dryers	Picnic Tables	Toys (large plastic)
Bicycles-Tricycles	Freezers	Refrigerators	Trash Cans
Bookcases	Furnaces	Screens	V.C.R.
Box Springs	Heaters	Sheds (metal)	Vacuum Cleaners
Carpet	High Chairs	Sinks	Washers
Chairs	Ladders	Speakers	Water Heaters
Commodos	Lamps	Spouting	Wheelbarrows
Computers	Landscape Logs	Stands (wire, wood, plastic)	Wooden Chairs
Couches	Lawn Mowers/Sweepers	Stereos	
Desks		Stoves	

The following are not bulky items:

Building materials, cardboard boxes, tires, batteries, paint, and loose materials (items that can be broken down to fit in a garbage container or those that fit in a garbage container).

The Pool Nature of Sanitation Services

As a pool, the Sanitation Department is less than perfect. Currently, there are two categories of users that the Borough does not serve: roll off construction dumpsters and compactor dumpsters for large retailers. It is proposed that by 2016 the Borough consider adding these services by contracting with an outside vendor to provide this service on the Borough’s behalf. Such a move would require a Request for Proposals to select a contractor, a change to our local law, and a timeline to migrate existing customers away from other contractors that they might be using for this service. By pooling and controlling these functions, just as we do with other trash and recycling, the Borough can ensure consistency, lower rates, and revenue.



Municipal Separate Storm Sewer System (MS4) Department

The Borough – located in the Conococheague Creek Watershed – regulates stormwater according to a Stormwater Management Ordinance adopted by Town Council on June 20, 2004 and amended on July 14, 2014. The Ordinance was originally drafted and adopted according to the Act 167 Conococheague Creek Watershed Plan as approved by the Pennsylvania Department of Environmental Protection (DEP) on November 10, 2003.

2015 will mark the first year of existence of this new storm sewer utility; one of the first such municipal utilities in the Commonwealth of Pennsylvania.

A storm sewer utility is a revenue generating program that will allow Chambersburg to better manage stormwater by creating a designated fund for stormwater management. Like a water or sewer utility, a storm sewer utility generates revenue through user fees that will eventually be based upon the amount of stormwater generated on a property. These fees will be assessed by a) measuring the amount of impervious cover within a parcel, b) the determined financial needs of the Borough and c) can be adjusted over time to continually meet those needs. Our storm sewer utility will also manage a credit system that provides the opportunity for property owners to reduce their fee by disconnecting or reducing impervious cover and managing stormwater on-site through Best Management Practices (BMP).

Why Do We Need A Storm Sewer Utility?

There are a number of driving issues and compelling arguments that support the need for a storm sewer utility and a better stormwater management program. It is important to identify areas of the current program in need of change and to effectively convey that need to Town Council and the public. When considering a storm sewer utility, it is the stormwater management program that drives the funding need and therefore the utility fee. This is a vast system that has been long neglected in Chambersburg.

The following issues have prompted us to explore a more sustainable source of funding to meet increased stormwater management program needs. These issues also present a compelling argument for why a storm sewer utility may make the most sense to fund current and future stormwater management program needs. With no current utility, no dedicated funding, and no desire to increase taxes, a fee based utility makes the most sense and is clearly the fairest scheme for protecting this infrastructure.

First, and most importantly, a storm sewer utility would provide personnel to be responsible for compliance with the MS4 Permit’s “Minimum Control Measures”:

1. Public Education and Outreach on Stormwater Impacts – Storm sewer utility personnel would be charged with improving educational materials and devising other distribution methods such as speaking at community meetings or workshops on the environment.
2. Public Involvement and Participation – Other methods for soliciting public involvement and participation would be investigated by storm sewer utility personnel such as steering committees or advisory boards to focus on education on BMP and good housekeeping.

3. Illicit Discharge Detection and Elimination – Storm sewer utility personnel would conduct dry weather field screening and coordinate enforcement and educational outreach for illicit discharge detection and elimination. They would do field inspections to identify polluters.
4. Construction Site Stormwater Runoff Control – Storm sewer utility personnel would coordinate with the Franklin County Conservation District and support their activities.
5. Post-Construction Stormwater Management in New Development and Redevelopment – Storm sewer utility personnel would take responsibility for these tasks and establish a proactive, systematic inspection program for privately-owned BMP as well as develop and implement measures to encourage the use of Low Impact Development.
6. Pollution Prevention and Good Housekeeping – A storm sewer utility would identify and document all facilities and activities that are owned and operated by the Borough that have the potential for generating stormwater runoff to the MS4 (such as the Borough Garage, Service Center, Recreation Department facilities, etc.) develop and implement maintenance activities/schedules and inspection procedures to reduce the potential for pollutants to reach the MS4 and institute an employee training program to ensure personnel understand and comply with storm sewer system maintenance and pollution prevention measures.

Secondly, beyond MS4 Permit administration, there are other important program components that would be addressed by a storm sewer utility:

- Evaluate storm sewer system maintenance needs and establish a capital improvement plan.
- Enforce the Chambersburg Floodplain Management Ordinance.
- Evaluate areas prone to flooding and established corrective measures.
- Implement the Chesapeake Bay Pollutant Reduction Plan, when approved by DEP.
- The Chesapeake Bay Pollutant Reduction Plan includes an option to provide current loads of Nitrogen, Phosphorus and Sediment being discharged annually to receiving waters in the Chesapeake Bay Watershed. While this optional data was not provided with the Plan, it is obvious such data will soon be required by DEP in the future. Storm sewer utility revenue could be used to hire an engineering firm experienced in stormwater monitoring and modeling within the Chesapeake Bay Watershed to establish a program to monitor and model stormwater system flow to the Conococheague Creek and Falling Spring Creek. This effort would provide actual nutrient and sediment load data to help the Borough determine whether BMP implemented as a result of the Stormwater Management Ordinance are effective, to determine areas of the Borough where excessive amounts of nutrients and sediment are produced and to provide guidance and strategies to implement BMP to address these problem areas.
- Could shift funding for the street sweeping, fall leaf removal and inlet cleaning functions from the General Fund to the storm sewer utility.
- Incorporate and enforce any future MS4 requirements such as Total Maximum Daily Load (TMDL), which is a calculation of the maximum amount of a pollutant that a water body can receive and still meet water quality standards

Proposed Schedule for Storm Sewer Utility Implementation

If a storm sewer utility is approved contemporaneous with this proposed budget, by adopting the separate Storm Sewer Utility Ordinance, already advertised, the recommended schedule for implementation is outlined below:

2015 and 2016

- Adopt Ordinance establishing storm sewer utility to be managed by the Borough Manager and Land Use and Development Director.
- Hire a Storm Sewer System (MS4) Manager who will responsible for day-to-day management of the storm sewer utility, storm sewer system and stormwater management program.
- Secure office space, purchase office equipment and vehicle for Storm Sewer System Manager.
- Administer MS4 Permit Minimum Control Measures and implement Chesapeake Bay Pollutant Reduction Plan.
- Enforce the Floodplain Management Ordinance.
- Hire GIS technician and purchase software to analyze impervious cover and establish Equivalent Residential Units of Stormwater Discharge or ERU or hire an engineering firm to conduct the analysis.

2017 and 2018

- Evaluate storm sewer system maintenance needs and establish a capital improvement program and personnel plan to maintain system and implement program.
- Establish storm sewer utility rate structure based on ERU.
- Hire an engineering firm to establish a program to monitor and model stormwater system flow and recommend strategies to implement BMP to address problem areas.
- Establish storm sewer utility credit program and Stormwater Credit Manual.
- Evaluate areas prone to flooding and establish corrective measures.
- Consider moving street sweeping and fall leaf collection operation from General Fund to storm sewer utility.

2019

- Implement rate structure based on ERU.
- Implement credit program.
- Implement capital improvements program.
- Hire personnel necessary to maintain system and implement capital improvements program.

New Department Organization

The new Chambersburg Municipal Separate Storm Sewer System (MS4) Department will be committed to its fundamental objective to comply with the requirement of the MS4 permit, to improve water quality and groundwater recharge through education, coordination, development, maintenance, and best management practices associated through stormwater management in an efficient and cost effective manner that considers the needs for protection of public health, private property, the natural environment, and economic development.

The Borough will hire one Storm Sewer System (MS4) Manager who will responsible for day-to-day management of the storm sewer utility, storm sewer system and stormwater management program. They will ensure compliance with the Borough MS4 Permit and enforce the Stormwater Management Ordinance and Floodplain Ordinance. They will serve as a storm sewer and stormwater management liaison between the Borough and local, state and federal agencies and organizations such as municipalities and school districts, Franklin County Conservation District, Pennsylvania Department of Environmental Protection (DEP), United States Environmental Protection Agency, Alliance for the Chesapeake Bay, watershed associations and other environmental organizations.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

	2013 Actual	2014 Budget	2015 Budget
Revenue	N/A	N/A	\$490,500
Expenses	N/A	N/A	\$470,500
Excess (Deficit)	N/A	N/A	\$20,000 Surplus

The Borough municipal separate storm sewer system (MS4) operates under NPDES General Permit No. PAG 133704, of which coverage commenced on August 1, 2013 and will expire at midnight on July 31, 2018.

The Borough storm sewer system is comprised of the following:

- Number of catch basins: 1,983
- Total length (feet or miles) of storm sewer pipes: 276,612 feet or 52.39 miles
- Total length (feet or miles) of storm sewer open channels: 77,109 feet or 14.60 miles
- Number of detention basins: 55
- Number of subsurface detention areas: 13
- Number of outfalls to Conococheague Creek and Falling Spring Creek: 108

The Borough encompasses 4,434.99 acres with approximately 2,555.47 acres (57.62%) of pervious area and approximately 1,879.52 acres (42.38%) of impervious cover. Of the impervious cover, approximately 571.67 acres (30.42%) is covered with buildings, approximately 401.62 acres (21.36%) is covered with streets (Borough, State Routes and private) and approximately 417.11 acres (22.19%) is covered with parking lots. The remaining 489.12 acres (26.03%) is covered with items such as sidewalks, concrete slabs, swimming pools and decks that were not incorporated into the previously noted categories.

The MS4 Permit requires the Borough to operate a stormwater management program to address the Minimum Control Measures that are described below along with an explanation of how the Borough currently addresses those measures. The Land Use and Development Department is responsible for all MS4 Permit compliance and reporting.

Current Stormwater Management Program Funding

The Borough's stormwater management program is currently financed from the General Fund with \$11,000 budgeted in 2014 from the Engineering Department for stormwater management engineering and \$114,000 budgeted from the Highway Department for maintenance of stormwater drains and \$14,000 allocated for cleaning storm drains. The street sweeping and leaf collection operations are funded through the Sanitation Enterprise Fund, with \$134,950 budgeted in 2014. These programs are managed by the Borough Manager, Land Use and Development Department, Public Works Department and Sanitation Department, with staffing costs being paid from the General Fund or Sanitation Enterprise Fund respectively.

All told, in 2014, the Borough budgeted less than \$300,000 to support a stormwater management program that is administratively complex based on MS4 Permit requirements and lacking appropriate data and funding to undertake a more successful maintenance operation and capital improvements program.

When considering maintenance alone, without personnel costs and capital improvements, it is interesting to compare the Borough storm sewer system and sanitary sewer collection system infrastructure and the amount of money budgeted in 2014:

Storm Sewer System:
52 miles of pipe length.
1,983 catch basins.
\$128,000 budgeted from the Highway Department for maintenance.

Sanitary Sewer System:
85 miles of pipe length.
2,246 manholes.
\$801,450 budgeted from the Sewer Department for maintenance.

Proposed Storm Sewer Rate Structure for 2015

It is essential to the success of a storm sewer utility that the rate structure be established to fit the financial and political needs of the municipality. Rate structures should be fair and justifiable while still bringing in enough revenue to adequately fund the stormwater management program. A well-funded and functioning stormwater management program is justification for the utility in and of itself. Rate structures directly impact the amount of revenue generated by the utility. Whether the utility charges everyone the same or charges properties with large areas of impervious cover higher fees, the structure chosen is one of the most important decisions to be made.

The utility rate structure component that describes how much each property pays is called a stormwater service fee. The stormwater service fee for the Borough storm sewer utility is proposed in three phases:

Phase 1: A monthly fee assessed for every sanitary sewer connection.

Phase 2: A monthly fee based on the impervious coverage for each parcel in relation to the demand for stormwater management services.

Phase 3: A credit system for BMP to offset stormwater service fees

2015 – Phase 1

To properly establish a storm sewer utility and develop the administrative capacity and knowledge to determine the relative contribution of each parcel to the demand for stormwater management services, a

monthly fee assessed for every sanitary sewer connection is recommended. We believe it is reasonable to assume that a property with a sanitary sewer connection has been developed with impervious cover such as buildings, driveways and parking lots. At the time when this report was prepared, the Borough had 8,092 sanitary sewer connections that are billed a monthly supply charge. In most cases, the monthly supply charge is paid by the property owner unless all utility charges are made the responsibility of the tenant.

When the storm sewer utility is created, we propose a monthly stormwater service fee of \$3.00 per sanitary sewer connection. As such, based on 8,092 sanitary sewer connections, a monthly stormwater service fee of \$3.00 would cost each sanitary sewer connection customer \$36 per year and would generate \$291,312.00 for storm sewer utility start-up costs associated with personnel and administration.

In most cases, there is one sanitary sewer connection for each developed property street address; however, there are developed properties in the Borough with multiple sanitary sewer connections. For example, a single-family dwelling has one sanitary sewer connection that would be charged \$36 per year. A multi-family dwelling – also known as an apartment building – may accommodate 12 separate units, each with their own sanitary sewer connection that would be charged \$36 per year, for a total annual stormwater service fee of \$432.00 for that particular building.

To augment the fee established through Phase 1 until the Phase 2 fee is implemented, we propose continuing some General Fund revenue associated with the Engineering Department for stormwater management engineering, the Highway Department for maintenance of stormwater drains and the Sanitation Enterprise Fund for street sweeping and leaf collection operations. In 2015, we propose a transfer of \$169,000 from the General Fund to the Municipal Separate Storm Sewer System (MS4) Department for these activities.

Major Items for 2015

One of the first activities of this new department will be to use our mapping system to create a guide for the regulation and enforcement of the MS4 permit. We will hire a GIS technician and purchase software to analyze impervious cover and establish ERU or hire an engineering firm to conduct the analysis. It is anticipated this survey might take 24 months.

Also, there is no viable office space for the new employee or these operations. We have requested assistance from the Water Department to create a temporary workspace (perhaps a modular office) at the E Queen Street properties adjacent to City Hall. There are resources in the Administrative Services Fund to assist with this effort.

Also, we have requested that one vehicle be transferred from the Highway Department fleet in the Motor Equipment Fund to a new Storm Sewer Department fleet so that the employee can be in the field.

Finally, we anticipate that, from the beginning, inspections done by the new employee will uncover a myriad of complex and expensive problems. Some of those issues will be municipal problems that have no funding available to fix and other problems will be problems on private property that will undoubtedly cause concerns and expenses for property owners. We anticipate managing these issues effectively beginning in 2015. Once you begin to look, you have no idea what you might find.

There will be a reservation of \$52,000 for future capital improvements to the storm sewer system.



Parking, Traffic and Street Lights

Created in 2012, this Department includes: Downtown Parking, Street Lights, Traffic Signals and Parking & Traffic. An inter-departmental agency, the mission of this department is Public Safety through the proper management of vehicular infrastructure and regulation under the advice and direction of the Borough’s Parking, Traffic and Street Lights Committee. Services include:

- Downtown parking meters and parking lots
- Traffic control devices, traffic signals, and speed control devices
- Street lights, illumination, and public lighting

As an inter-departmental agency, the Borough Manager supervises these functions. He is assisted by the Electric Department, the Engineering Department, the Parking & Customer Service Office of the Administrative Services Department, and the Police Department.

Department Head: Jeffrey Stonehill, Borough Manager

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$1,115,103	\$1,054,650	\$935,142
Expenses	\$672,992	\$971,220	\$935,142
Excess (Deficit)	\$442,111 Surplus	\$83,430 Surplus	- Balanced -

Parking, Traffic and Street Lights is a separate enterprise fund of the Borough; run like a utility with most proceeds supplied by the Electric Department and parking fees. There are no actual employees; however, the fund pays the payroll of employees by the hour working on projects. The fund owns the street lights, traffic signals, parking meters, and electronic traffic control devices. It is managed directly by the Borough Manager and the PTSL Committee provides advice and guidance.

In looking back, 2013 was such a good year because there was almost no snowfall and therefore no snow removal expenses. It is unlikely that 2015 will have as little snow as 2013; and who knows about 2014.

Unfortunately, there is no dedicated funding stream (source of money) to pay for the upkeep and maintenance of dozens of traffic signals inside the Borough. The fund also maintains many of the township traffic signals but those costs are invoiced to the townships. Unfortunately, traffic signals, even on Borough owned streets, require a permit of the Pennsylvania Department of Transportation to operate. Therefore, upgrades and changes often require hiring of a professional traffic engineer and always permission of PennDOT (permit for each signal) and a great expense. For example, one change (i.e. adjusting timing) can cost tens of thousands of dollars to accomplish. In 2013, staff recommended a technical change to traffic signals so that we will replace wire loop indicators with cameras whenever upgrading a signal. The cameras, which tell the signal when to change, are superior to the old wire loops.

We anticipate 2015 will be the single worst year in recent history for parking meter revenue. PennDOT is anticipating a year-long street resurfacing project on all of US11 throughout the Borough. Construction will make meters inaccessible and will have a serious impact on downtown commerce in 2015.

2015 Projects – Traffic Signals

- Add pedestrian crossing upgrades at
 - Orchard and Wayne
- Install upgrades recommended by County Traffic Study including Memorial Square
- Install three (3) additional speed signs
 - Hollywell Avenue
 - Broad Street
 - Hood Street
- Design and bid Wilson College Streetscape Project
 - New sidewalks, curbs, streetlights and crosswalks
 - Fix Edgar/Norland ADA ramp

Parking Lot Expansion

On October 27, 2014, Town Council approved a resolution authorizing the Borough to acquire 240-250 S. Third Street by the Parking Department for the purposes of planning for additional municipal parking. The Recreation Department had identified a significant long term situational parking issue in the neighborhood of the Eugene C. Clark, Jr. Recreation Center. While the Borough does not necessarily recommend the demolition of habitable structures for parking, these buildings are an eyesore in the neighborhood. Therefore, Council will be taking care of two issues by the acquisition of these buildings.

That being said, the proceeds for this acquisition came from the Borough's Parking Capital Improvements Fund. There is currently \$862,000 in available funds for street lights, traffic signals and parking improvements available. While that may seem like a considerable available balance, please keep in mind that one traffic signal costs between \$250,000 and \$350,000 to plan, purchase, and install.

Therefore, this will be a cash acquisition (no loan or debt) and, no required increase in taxes or fees. The Sales Agreement has a number of contingencies in its details including the required relocation of the tenants at the current owner's expense and clean title and legal work.

It will take several weeks until the Borough is ready to take possession of the property; estimated by the end of 2014. The Borough will begin by going out to bid for demolition. The project to clear the site would be done by spring 2015. Then the Borough would set about to design a parking lot including proper zoning and drainage requirements. It is our hope to have a new municipal parking lot on S. Third Street by 2016.

Downtown Parking Sign Project (2014-2015)

In 2011, the Franklin County Administrator requested "Shared Cost" improved signage for interior parking lots that serve County visitors (Court Day, Admin. Offices, etc.) The PTSL Fund contracted with Traffic Planning and Design, Inc. (TPD) to develop and submit a "Signing District Application" for a Wayfinding Sign Project IAW based upon PennDOT Tourist Oriented Directional Signs (TODS) guidelines, at a service contract cost of \$5,000, plus incidental expenses.

As you know, we have been working for over one year to install simple parking lot identification signs downtown. Although our project was simple, PennDOT regulations made it extremely complex. Specifically, the Borough was required to design and seek approval of a signing district standardized sign type, color, size and model of these and all future identification signs. We really had no choice on these factors so if you someday hear complaints about the sign design you can explain that PennDOT drove the aesthetics. The Borough completed that task and has entered into an agreement with PennDOT to authorize a downtown sign district. Now, we can set about to buy and install our simple parking lot identification signs. A Request for Proposal was publicly advertised with a Bid Opening date of September 12, 2014. Four contractors expressed interest, and two (2) Bids were received: R. A. Hill, Inc. (\$58,750) and GRC General Contractor, Inc. (\$60,026). The Staff is, therefore, recommending Award to R. A. Hill, Inc. There are several other expenses related to this project beyond this contract including the sign poles and other signs that go inside the parking lots themselves (and therefore off the street). The overall Project is expected to be in the range of \$100,000, and will be jointly paid for by Franklin County and the Borough of Chambersburg, as previously presented and agreed to by Council.

The origin of the project was a request by Franklin County Administration to improve TODS Wayfinding Signage to and within the seven (7) Borough Parking Lots for easy identification by vehicular travelers who have Franklin County Downtown facilities as an intended destination. Once vehicles are parked in a given parking lot, and visitors are out of their vehicles, as pedestrians, additional (interior) signage is to point them in the direction of their ultimate destination, i.e., primarily, the Franklin County Courthouse and/or the Franklin County Administrative Offices in Downtown Chambersburg. Wayfinding for Borough facilities is also a part of the signage plan. It is our hope to have the new municipal parking lot signs installed by January 2015.

Wilson College Streetscape Grant Project

On September 9, 2014 the Borough of Chambersburg received notification that it has been awarded a Multimodal Transportation Fund (“MTF”) grant in the amount of \$465,429 from the Commonwealth Financing Authority to support Wilson College’s Streetscape & Pedestrian Safety Initiative. The MTF request for funding was submitted as a collaborative public-private partnership between the Borough and Wilson College to perform a variety of pedestrian infrastructure and aesthetic upgrades in coordination with the College’s campus improvement plans.

The Streetscape and Pedestrian Safety Initiative will include the replacement and upgrade of sidewalks, crosswalks, lighting, signage and landscaping along the portion of N. Main Street, Edgar Avenue, and Philadelphia Avenue that borders the College’s campus. The project will repair existing curbs, replace sidewalks and install ADA-compliant curb ramps. The improvements are targeted at further promoting safety with enhanced vehicular visibility and substantial width for sound pedestrian crossing throughout the campus. A final design has yet to be approved but will include items such as wayfinding, landscaping and fixtures, each intended to complement the historic integrity of the surrounding architecture. A dual-banner system will be affixed to street lights. The Borough will involve the surrounding neighborhood in the final design process. It is our hope to have a new Wilson College streetscape installed by January 2016.

11/3/2014



Internal Service Funds

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Internal Service Funds

As Proposed for 2015

When governments wish to allocate the cost of providing certain centralized services (e.g., motor pools, data processing, warehouses) to the other departments of the government entity that uses the services, they utilize a charge back system called Internal Service Fund accounting. Chambersburg does this for many of our operations in order to better account for utility operations.

An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments. We call this “cost based accounting.”

The Borough of Chambersburg’s six internal service funds are used by management to charge the costs of certain activities, such as insurance, motor equipment, engineering, and others, to individual funds. A portion of these assets and liabilities of the internal service funds are included in the governmental activities and are allocated based on the usage of those funds by the governmental funds.

The Borough's internal service funds consist of:

- Stores Fund – The Stores/Warehouse Department is responsible for the purchase, storage, and disbursal of inventory which is used to support the construction and maintenance functions of the Borough utilities as well as our Customer Service Center.
- Administrative Services Fund – Administrative Services was synonymous with the Finance Department, which is responsible for the complete financial, utility meter reading, and parking meter operations, as well as the operation and maintenance of City Hall. In 2012, the Borough expanded these services to include: the clerical pool of employees, Information Technology, and Personnel/Payroll.
- Motor Equipment Fund – This fund supports the activities of the Motor Equipment Department which manages a rolling stock of more than 120 vehicles and our garage operations.
- Self-insurance Fund – This fund is used for the purpose of funding risk which the Borough does not transfer to commercial insurance carriers or insurance pools.
- Engineering Fund – This fund supports the activities of the Engineering Department, which is responsible for furnishing civil engineering, surveying, drafting, and utility location information to other departments. The department also designs and inspects public works projects.
- Worker’s Compensation – This fund underwrites the risks to the Borough resulting from job-related injury or illness to its employees.

For the purposes of this narrative, this Chapter will focus only upon the Stores/Warehouse Department, the Administrative Services Department, the Motor Equipment Department, and the Engineering Department. The balances of these funds are covered in statistical format only.



Stores/Warehouse Department

The Stores/Warehouse Department provides the public with exceptional customer service for both emergency and routine calls through the Customer Service Center, as well as provides each utility operation with an efficient and effective purchasing and warehousing system.

Department Head: John Leary

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$771,495	\$824,500	\$790,525
Expenses	\$776,589	\$794,865	\$790,525
Excess (Deficit)	(\$5,094) Deficit	\$29,635 Surplus	- Balanced -

This department provides two key internal services for the other departments of the Borough: first, it is the centralized purchasing and inventory for parts, supplies, and utility hardware (the Stores/Warehouse) and second, it provides the federally required 24/7 Customer Service Center for customer service; processing 3,889 service orders in 2013. An electric utility and a gas utility must provide this function to its customers. The facility is on S. Franklin Street and is under the supervision of Ms. Carol Kellogg.

The Chambersburg Stores/Warehouse Department has significant equity invested in its large utility parts inventory. The purchase of supplies and the distribution to the various utilities drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating purchasing for the utilities and covering its expenses.

The Chambersburg Stores/Warehouse Department saw challenges in 2014, which will impact 2015 operations. Specifically, the Sanitation Department requested, and the Service Center jumped to comply, with the implementation of the Green Waste Card system use for entry to the Borough Farm. Becoming the gatekeeper for the Borough Farm was very taxing on staff (especially during the height of the landscaping season) but very important to insure there were no unauthorized access and no dumping at the Borough Farm. This activity will be less intense once the Sanitation Department relocates the green waste recycling operation from the Borough Farm to its new home on W. Commerce Street.

In order to prevent back injuries (a reoccurring problem throughout our organization), the Stores/Warehouse Department purchased a hydraulic lifting platform; this improved the safety of unloading heavy items. The department also installed a railing on the loading dock to improve worker safety. Along with recent improvements in warehouse inventory control (we had a perfect inventory test in 2014), the Warehouse/Stores Department is looking forward to a safe and professional year in 2015.

The Stores/Warehouse Department is proud of our excellent customer service center dispatchers who work around the clock dealing with issues and concerns of our residents. We have had no employee turnover in 2 ½ years. It is in no small measure that our public feels the Borough provides above average customer service because a “live” voice can be reached at any hour. A goal in 2015, will be keeping the dispatch area free from being a social gathering place for employees during work hours.

- Warehouses items needed for Borough utility emergencies and normal operations - over \$1 million inventory including office supplies, janitorial supplies, wire, pipe, and transformers
- In 2015, we will purchase approximately \$550,000 of material
- Financially sound per item mark-up expected to remain constant for 2015 (No increase past 14+ years)
- 2014 expenses trending same as 2013
- Culling of inventory down \$200k from a year ago
- Eliminating excess inventory levels decreases waste due to items becoming obsolete, damaged or corroded prior to use
- Reducing inventory value frees up capital for better use
- We have a goal of better controlling the sale of scrap metal in 2015

The Chambersburg Stores/Warehouse Department is also the home of the Borough's 24/7 Call Center, the Customer Service Center. The Borough's utility operations require live 24/7 customer service for both safety and Federal Pipeline Safety law.

- Provides 24 hour customer support and emergency dispatch for utilities
- Processed 3,889 service orders in 2013
- Implemented enhanced customer service training
- Host surveillance video monitor and recorder for Fort Chambers Park
- Operate electronic gate at the Borough Farm

It is our goal to continue to enhance and maximize the use of this valuable department. We would like to see the Customer Service Center provide services for other municipal organizations. We would like to see more collaborative purchasing programs. We also believe that our Customer Service Center is akin to a front door to our Borough operations, and the more services we can provide, the better the communications, the more inviting that front door becomes.

The Stores/Warehouse Department is responsible for:

- Purchasing off COSTARS State Contracts
- Advertising of specifications
- Management of inventory
- Central stores warehouse operations

The Borough operates under a hybrid centralized/decentralized procurement model. The Stores Department centralizes the policy and procedures for the Borough and assists departments, to varying degrees, administering the various competitive bid processes.

Future of the Franklin Street Site

The Stores Department operates the Borough's Warehouse yard operation. This Department has a number of buildings and structures and yards for this purpose. In 2014, the Department will analyze the best use of the available space at the facility and determine future site functions. One advantage to the Franklin Street Site is that it has available space. One disadvantage is that some of the yard is in the floodplain.

Administrative Services Department



Chambersburg’s Administrative Services Department preserves and protects the Borough’s financial, technology, and human resources, in order to attract, select and retain an effective workforce and to facilitate the effective use of the City Hall, Borough staff and our community resources.

Our Goals:

- To provide accurate, timely and meaningful reports on the Borough’s financial status
- To attract and retain quality team members and to assure that municipal services are provided in an effective manner
- To develop and manage cost-effective programs for loss prevention, self-insurance, compensation, and benefits
- To minimize the Borough's exposure to financial risk and overall liability
- To continually develop and enhance the professionalism and service orientation of our personnel
- To manage the data, technology, and information systems in a cost-effective manner

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$3,943,496	\$5,337,620	\$5,433,300
Expenditures			
Personnel/Payroll	\$560,330	\$520,890	\$656,725
Information Tech	\$527,531	\$577,290	\$757,925
Finance/Accounting	\$597,412	\$695,180	\$699,100
Cust Service/City Hall	\$912,709	\$1,236,020	\$1,309,575
Clerical Pool	\$812,151	\$848,140	\$1,000,550
Administration/Misc	<u>\$525,497</u>	<u>\$1,006,680</u>	<u>\$1,009,425</u>
<i>Total</i>	<i>\$3,935,630</i>	<i>\$ 4,884,200</i>	<i>\$5,443,300</i>
Excess (Deficit)	\$ 7,866 Surplus	\$ 453,420 Surplus	- Balanced -

The Chambersburg Administrative Department has significant equity invested in most of the buildings and office equipment of the Borough. The management of personnel and systems drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating administrative functions for the utilities and covering all its expenses.

There is never really a surplus in this department. All expenses are billed directly back to all the other departments of the Borough. Any surplus is for non-cash items and is equity from capital equipment.

Personnel Office and Payroll Services

Under the supervision of the Borough Manager, this office has two full time staff members who process payroll for over 300 full time, part time, and season employees; does benefit administration such as health insurance, life insurance, disability insurance, workers compensation claims processing; does recruitment and retention of personnel such as job descriptions, maintaining the Pay Plan, administering the disciplinary processes, keeping paperwork on collective bargaining and labor relations issues; and, handles the travel and training of all personnel.

In 2015, it is proposed in this budget to add a third full time employee. This employee will be a Loss Prevention/Safety Officer responsible for safety training, creating safety standard operating procedures, managing the existing in-house Safety Committee, doing spot check safety inspections, and insuring that the Borough has a culture of safety in all departments. The Borough is self insured for general liability and workers compensation. Therefore, the protection of the Borough's liability as well as the safety of our employees (some of whom are involved in life threatening daily activities) is the goal. Luckily we have not had a fatality in the Borough since the tragic loss of S. David Beltz, Electric Lineman, who was fatally injured in the line of duty in 1992.

In 2014, the Personnel Office hosted a series of training classes including Safety Training, Sexual Harassment Prevention Training, Customer Service Training, and an Open Carry Law in our Workplace Seminar. We anticipate that these Borough-wide training opportunities will expand in 2015.

Finally, the Office is very excited about participating in the organizational evaluation of the Financial Management software and telephone systems.

Information Technology Office

Under the supervision of the Borough Manager, this office has three full time IT staff members who do computer helpdesk, programming, hardware and software installation, backup, and maintenance, and special projects/reports programming and publishing for all the departments of the Borough. In addition, this Office has two full time data processing employees who take the utility meter reading data and transpose it digitally into the utility billing system. This office provides direct support to the Customer Service/City Hall Maintenance Office and helps do everything from run cables to move furniture. Finally, in 2014, the Office added a full time employee who is doing financial document scanning and archiving. This is a part of the organizational initiative to use technology throughout the organization and improve our work flow and document management processes through technology.

2015 Projects will include:

- Research into the upgrade of a new Borough Wide Phone system \$300,000
- Research off the shelf software for Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems
- Install second Network Storage device at County for Disaster Recovery \$65,000
- Upgrade Smart Board system and install new TV screens in council chambers \$18,000.00
- Upgrade Power Plant, GIS Server and Fire Server to Virtual Servers
- Upgrade to a new web filtering appliance \$15,000 to \$25,000
- Add Police Department to Google mail system
- Network taps and new web filter appliance \$23,000

- Penetration testing, and vulnerability scanners \$12,000
- OTDR (Optical time-domain reflectometer) \$20,000

Borough-Wide Camera and Security Project

This budget includes a proposal to install new technology as one tool to assist the Police Department with making Chambersburg a safer community. While we have few incidents of violent crime, resources to have sufficient police officers available to canvas all the hot spot areas of the community are not available. A single police officer can cost the Borough well over \$1 million in wages and benefits over their career. Technology does not solve crimes but it does provide an additional cost efficient tool in the arsenal of crime prevention, deterrence, and investigation tools. Since 2007, the Borough of Chambersburg has invested in security cameras connected through our fiber optic computer network. These cameras are installed at several facilities and public places. They are not live monitored but rather they are recorded using digital computer technology for playback, as needed.

The Camera and Security Project is a vast expansion of that security network. This proposal includes three types of additional video technology to assist the Police Department in their mission:

1. A significant upgrade to the type and number of downtown static cameras
2. A significant upgrade to the type and number of public facility cameras
3. A new installation of pole mounted car license plate identification cameras with limited facial recognition
4. A new installation of mobile police car mounted license plate identification camera
5. A trial installation of one FLASHCAM-880SX anti-vandalism camera
6. Associated expansion of fiber optic and electric systems to interconnect this technology

The goal of this expanded use of technology is to assist the Chambersburg Police Department with new tools to: prevent, deter and investigate crime. Chambersburg would greatly expand and modernize our public space surveillance network in order to provide our citizens and business with the level of security and quality of life that they have come to expect. This technology, in concert with Mayor Darren Brown’s proposal to expand and enhance community policing is anticipated to directly affect a number of nuisance and street level crime patterns in our community including: strong arm assaults and robberies, retail theft, drug dealing, and vandalism.



License Plate Mobile Camera Example



Pole Mounted License Plate Cameras

Installation	Units	Cost	Department
City hall camera and camera software upgrades	24 cameras	\$53,715	Administrative
Downtown existing camera and camera software upgrades	7 cameras	\$10,430	Administrative
Downtown new camera expansion	13 cameras	\$34,654	Administrative
Chambers Fort Park & Service Center existing camera upgrades	5 cameras	\$11,786	General Cap
Falling Spring Generator Plant existing camera upgrades	4 cameras	\$10,474	Electric
Orchard Park Generator Plant existing camera upgrades	10 cameras	\$14,615	Electric
Water Treatment Plant existing camera upgrade	5 cameras	\$12,220	Water
Water Intake Facility existing camera upgrade	4 cameras	\$9,375	Water
Memorial Park camera software upgrade		\$1,410	General Cap
Q-Star Flash Anti-vandalism camera with audible warning	1 unit	\$7,870	General Cap
Pole Mounted License Plate and Facial Recognition cameras	12 locations	\$113,950	General Cap
Police Car Mounted License Plate Recognition cameras	\$16,900 per car	\$50,700	General Cap
Police Car Mounted Dash Cameras Updated	11 vehicles	\$45,000	General Cap
Electric Department Fiber and Electric Service Install	equipment	\$33,120	
Contingency		\$18,560	
Total	Approx.	\$428,000	

Estimated implementation 2015-2016

This project does not include wearable camera technology although the Chambersburg Police Department has tested such units and may consider them in the future.

It was requested by Town Council that before any equipment is installed the Borough adopt a standard operating procedure for the use and release of video obtained images. The Borough Solicitor will work on this aspect of the project.

Due to the cost of this project, it is likely that parts of the project will require competitive bid acquisition.

Finance and Accounting

2014 was “The summer of transition” as the Finance and Accounting, Customer Service and City Hall Maintenance and Personnel and Payroll Services Offices all underwent personnel changes:

- Retirement of the Assistant Treasurer
- Changing position from Assistant Treasurer to Administrative Services Department Supervisor
- Promotion of Finance and Accounting Secretary to Administrative Services Department Supervisor
- Appointment of new Finance and Accounting Secretary
- Promotion/Restructuring of one Customer Service Representative position become a Lead Customer Service Representative position
- Promotion of an Account Clerk to Personnel and Payroll Assistant
- Hiring of new Account Clerk

In 2014, Finance and Accounting saw the successful cross-training of several employees to mitigate department staffing issues and to continue to provide an increasingly skilled workforce. Finance Director Jason Cohen and Assistant Director Rachel Krum are proud to receive the Government Finance Offices Award for the publication of the 2012 Consolidated Annual Financial Report (CAFR). In 2014, changes in law saw the implementation of an arduous Tenants Rights notification and utility termination procedures process. Staff worked with the Borough Solicitor to develop and implement a formal collection process.

The needs analysis for a new Borough-wide telephone system and Point of Sale (POS)/Accounting/Utility Billing/Code Enforcement/HR systems were begun in 2014 and will likely continue throughout 2015.

We were proud to negotiate the placement of a F&M-branded ATM in the front lobby via a Request for Proposals process.

Currently the Finance and Accounting Office is working with the Borough Manager and Borough Solicitor to reevaluate the Borough’s banking and investments relationships. The goal is maximize our return on investments, select trustworthy and knowledgeable counsel for this system, and seek out good customer service for all our varied financial transactions.

Staffing has been a challenge; Finance and Accounting is down two positions (Staff Accountant & Budget Analyst) from peak staffing levels but, the workload has significantly increased in the last two years. Recently imposed lawfully required utility termination procedures, and recently created collections procedures, are proving to require full-time attention and constant oversight to effectively achieve compliance and follow-through. The current devotion of resources is proving to be insufficient with current staffing levels and other departmental operations are suffering.

Therefore, this budget includes the addition of one staff position (Collections/Tenants Rights Clerk) to allow devotion of the necessary resources to the Tenants Rights utility termination process and new collections procedures. This will ensure the Borough maintains compliance with the Tenants Rights Act, and increases successful collections actions, which are currently not being actively pursued to their potential end, due to the lack of resources available to devote to such a process.

It is our goal that additional revenue will be realized as well as potential liability controlled by this added staff member.

The Finance and Accounting Office has reached its maximum space for employees and files. It is a very crowded office with no quiet spaces and no meeting spaces. The Finance Director suggests a candid conversation with Borough residents/customers about future space needs and supports the Water Department plans to explore City Hall improvements, which will in turn help this office as well.

As this budget allocates funding for the Collections/Tenants Rights Clerk, it will also allocate funding for minor levels of remodeling to accommodate these needs on an interim basis, given the confidential nature of the matters involved.

Our goals for 2015 include:

- Increase earnings and collections revenue
- Finding-free audits (liquid fuels, pension, grants, borough-wide)
- Continued receipt of GFOA awards
- Improved customer service while maintaining efficiency
- Improve availability of financial data to other departments and ensure that departments are tutored on how to access
- Continuing to cross-training personnel to ensure that each position has at least one viable back-up

Customer Service and City Hall Maintenance

Under the supervision of the Finance Director, this office has all the full time meter readers, the parking enforcement officer, the front desk customer account clerks and the custodians. Responsibilities in this office include the successful reading of over 10,000 electric meters, 5,000 gas meters, 9,000 water meters every month. The office receives payments for utilities, accounts receivables, and processes claims, complaints, challenges, and disconnections. The Custodians clean City Hall, maintain City Hall plumbing, electrical, and HVAC systems, clean other facilities, and run errands and do deliveries. This office not only writes parking tickets but, they maintain the parking meters and accept the payments.

This year Lori Gearhart-Kolinski was appointed Administrative Services Supervisor replacing Assistant Treasurer Nancy Foster who retired.

Adding a Downtown Custodian to Customer Service Office

As you know, the Borough owns a house at 38 W. Queen Street. Pursuant to the Borough Code, the house can be sold only through auction and might end up going to the highest bidder or landlord; not providing much revenue and another potential nuisance apartment house. Therefore, as an alternative proposal, this budget creates a new unique job in 2015: that of a Live In Residence Downtown Custodian and Maintenance Worker.

This employee will live and work in Downtown Chambersburg and be responsible for a variety of public maintenance tasks involving cleaning, sweeping and general maintenance duties. They will work with local civic agencies such as DCI and the DBC as well as maintenance contractors assigned by the Borough and DCI. This employee will be responsible to perform general, regular and light maintenance and repair tasks necessary to provide safe streets, alleys, walkways, plazas, parks and municipal facilities for the public. As of today, there is not one go-to maintenance person for these complex tasks. Many of the tasks performed are of a skilled nature such as maintenance and landscaping equipment operation, installing

signs and fixing posts, light masonry, painting, sanding and scowling of municipal street furniture, and seeding and fertilizing grassy areas, flower boxes, and dealing with accumulated waste, vectors, and other regular nuisances in the rights of way and municipal walkways; use of advanced maintenance and repair as needed and this employee will be responsible for contacting others as needed through the chain of command. Every workday this employee will do a series of walking inspections of the various public spaces downtown, the creek, Memorial Square and the side streets and alleys.

The work also requires that the Downtown Custodian & Maintenance worker live at a Borough provided downtown residence (as his primary residence) and serve as the lead downtown maintenance worker for daily events, street fairs and street events within Borough streets and rights of way. The Borough will approve any reasonable request for this workers' family or dependents to live with him at the house, if applicable through a standard lease agreement between the Borough and the employee; in essence he will be required to rent the residence from the Borough. The Solicitor is researching how exactly this will work with the Federal Fair Labor Standards Act, regular time, overtime, and the house rent.

This employee must be scheduled to work during street fairs and other holiday and weekend events. Work includes clearing snow, ice, debris and obstructions prior to and during downtown events. The work also requires that the Downtown Custodian & Maintenance worker maintain, fix, repair, and provide upkeep and service to the Borough owned downtown properties including, but not exclusively, the Borough provided residence at 38 W Queen Street. Clean and maintain the Borough provided downtown residence house at 38 W Queen Street and other public buildings including interior spaces, City Hall and public bathrooms. Maintain and water outside flower boxes. Pull debris from the creek bank; request needed supplies and materials. Clear garbage and debris from Borough owned pathways and sidewalks. They will schedule some construction activities and other duties requiring use of advanced knowledge, including major repairs and utilities, which may be performed by vendors or other borough employees. Knowledge of landscaping and use of cleaning, fertilizing, and vector extermination chemicals required (under the direction of licensed employees).

Like a caretaker or lighthouse keeper, this employee (and their family) would live at 38 W Queen Street (as a part of their compensation) and take care of the downtown core and nearby Elm Street neighborhood public areas and projects. This would match well our clean and green downtown objective of our Downtown Plan. The employee would be eligible to be represented by AFSCME Local 246.

Clerical Pool

Under the supervision of the Borough Manager, this office provides the secretaries and the office managers for Emergency Services, Police, Land Use and Development, Recreation and the Borough Secretary/Assistant Borough Secretary.

Miscellaneous Expenses

Administrative Services miscellaneous expenses include the cost of collective bargaining legal assistance, credit card service fees, mutual reimbursement of ambulance receipts to other ambulance companies, and facility and capital equipment purchases and reserves.

As with all internal service funds, other Borough departments provide all the funding for the Administrative Services Department. In order to complete the 2015 proposed budget, the Administrative Services Department is proposing the enclosed charge-back formula for its expenditures. The formula results in the following shared expenses:

Fund	Distribution
Electric	34.4%
General Fund	16.3%
Water	13.2%
Gas	11.2%
Sewer	10.9%
Motor Equipment	7.6%
Sanitation	3.1%
Parking, Traffic and Street Lights	2.0%
Stores/Warehouse	1.0%
Engineering	0.4%
Store Sewer Utility	0.0%

Based upon the proposed 2013 budget



Borough House at 38 W. Queen Street

Motor Equipment Department



The Motor Equipment Department maintains and repairs the Borough’s vehicle fleet, and provides safe and affordable internal services to Chambersburg Borough departments. Further, it is the Motor Equipment Department’s intention to provide these services in an efficient, economical, and safe work environment for Borough employees.

Department Head: David Finch, Assistant Borough Manager

	2013 Actual	2014 Budget	2014 Budget
Revenue	\$2,407,733	\$2,687,880	\$2,713,900
Expenses	\$2,155,216	\$2,472,810	\$2,589,900
Excess (Deficit)	\$ 252,517 Surplus	\$ 215,070 Surplus	\$ 124,000 Surplus*

The Chambersburg Motor Equipment Department has significant equity invested in all of the motorized equipment of the Borough including some very large and expensive pieces of equipment (i.e. fire apparatus, dump trucks, digger derricks, etc.). The management of these assets drives the fiscal performance of the department. In general, it is just a repository operation, consolidating assets for the utilities and covering their maintenance and fuel expenses. It is the motor pool.

* - The surplus demonstrated is both cash for future vehicle replacement and equity from investment in motorized equipment. The Borough does not use credit to buy vehicles, we accumulate resources.

In 2013, the Assistant Borough Manager developed a new system to determine the correct amount that each department should be paying for their motorized equipment:

Up until now, there was not a set of procedures to describe how much money should be set aside; it has mostly been done as “educated guesses” and oral tradition of how it was done in the past. Working with staff and the Finance Office, a working formula was developed, dubbed the **RENO** formula:

“Where R is the cost to replace a vehicle, E is the equity, or how much has been retained so far, N is the number of bi-weekly payments until the anticipated replacement date, and O is operation and maintenance (such as fuel) that is also paid for by the rental rate”

$$X = ((R-E) / N) + O$$

So, if a vehicle costs \$20,000 to replace, and we’ve already saved \$10,000, and there are 50 bi-weekly payments left until its projected replacement date, and it costs \$100 in fuel and maintenance to operate every two weeks, the formula looks like this:

$$X = ((\$20,000-\$10,000) / 50) + \$100$$

$$X = (\$10,000/50) + \$100$$

$$X = \$200 + \$100$$

$$X = \$300$$

So the department will have to set aside \$300 dollars every two weeks if it wants to replace the vehicle on its expected replacement date. This formula will have to be re-calculated every year for every vehicle to account for variables, such as a vehicle wearing out more quickly than expected, etc; and the rental rate will then be adjusted accordingly.

Finally, the RENO formula is advisory only to the Borough Manager, who has final purchase authority.

The point of keeping motor equipment in a separate fund and renting that equipment back to the other Borough agencies is so that sufficient equity may accumulate to acquire new equipment with cash on hand rather than debt. To that end, the Motor Equipment Fund regularly earns a surplus.

There are 129 pieces of equipment owned by the Department including everything as diverse as riding lawn mowers, bucket trucks, ambulances, and police cars. In 2015, fifteen (15) vehicles are scheduled for purchase for total cost of \$655,500:

Department	New Vehicle	Replace Existing	Estimated Cost
Admin Services	Transfer 2001 GMC Cab 4WD Truck (# 162) from	Sanitation for Downtown Custodian	
Admin Services	2015 Ford Escape	Add to fleet	\$ 32,000
Electric	2015 Freightliner Bucket Truck	1998 Freightliner Digger /Bucket Truck (# 872)	\$230,000
Electric	2015 Utility Truck	Add to fleet	\$ 100,000
Gas	2015 Ford ¾ Ton 4WD Truck with Utility Body	2000 GMC 4WD Truck (# 58)	\$ 35,000
Police	2015 Ford SUV	2011 Ford Crown Victoria (# 196)	\$ 40,500
Police	2015 Ford SUV	2008 Ford Expedition (# 875)	\$40,500
Police	2015 Ford SUV	2005 Ford Crown Victoria (# 1701)	\$ 40,500
Recreation	2015 4X4 Gator	4X2 Gator (# 405)	\$ 17,000
Recreation	2015 4X4 Gator	4X4 Gator (# 454)	\$ 15,000
Sanitation	2015 4WD Truck	2001 GMC 4WD Truck (# 162)	\$ 25,000
Sanitation	2016 Tri-Axle Rear Loader CNG (Ordered in 2015 - Delivery 2016)	2003 Western Star 25 Yard Rear Loader	\$0
Sanitation	2016 Tri-Axle Rear Loader CNG (Ordered in 2015 - Delivery 2016)	2003 Western Star 25 Yard Rear Loader	\$0
Storm Sewer	Transfer 2001 Ford ¾ Ton 4WD Truck (# 144) from	Water/Sewer for MS4 Manager	
Water/Sewer	2015 Ford ¾ Ton 4WD Truck	2001 Ford ¾ Ton 4WD Truck (# 144)	\$ 25,000
Water/Sewer	2015 Ford ¾ Ton 4WD Truck	2002 Chevrolet ¾ Ton 4WD Truck (# 238)	\$ 25,000
Water/Sewer	2015 C Van	Add to fleet	\$30,000
Total			\$ 655,500

A request to begin planning for the replacement of the ES Department Aerial Ladder truck was denied.

Richard Kasher Fire Tax

Beginning in 2013, Town Council decided to **begin the levy of a separate fire tax**. This decision was unavoidable given the Town Council’s failure to convince an arbitrator to reduce benefits, increase employee contributions to benefits, or prevent annual wage increases awarded these employees. Beginning last year, the budget now includes **both a police tax and a fire tax**.

To be clear, the real estate tax is therefore split: first, a general levy, which is used exclusively for the Police Department; and second, a fire levy, which will be used exclusively to provide fire and EMS equipment and vehicles for the Emergency Services Department. These will be the only uses of real estate taxes in the Borough budget. **No real estate taxes are used for any other function but police and fire.**

As the fire tax is used only for equipment and vehicles for the Emergency Services Department, it has no direct impact on the General Fund. Proceeds from the fire tax will be given to the Motor Equipment Fund; the motor pool of the Borough, which is a separate fund. However, in the Motor Equipment Fund, all those proceeds will be used for the motorized equipment fleet; fire apparatus and ambulances. This will, in turn, help by allowing a rebate on its contribution to support fire apparatus and ambulances; an indirect benefit for the General Fund. The rebate, by local law, is the Richard Kasher Fire Tax; named after the arbitrator from our last appeal.

2015 Fire Tax Yield	\$458,000	2.5 mil
2015 Fire Tax Revenue	\$465,600	includes prior year delinquency and interest
2015 Fire Tax Transfer	\$465,600	to the Motor Equipment Fund for ES Department Equipment
2015 General Rebate	\$480,000	to benefit the ES Department budget in the General Fund
2015 Actual Cost of ES Department Equipment in the Motor Equipment Fund: \$483,000		

This does not include any reservation of equity to someday replace the aerial ladder truck

Therefore, it is recommended that in 2016, the Richard Kasher Tax be increase by 0.25 mil



Engineering Department



The Engineering Department reviews the design process and inspection of all public works and utility projects. Such projects include, but are not limited to storm sewers, streets, and sidewalks. In general, the Engineering Department provides support services to all Borough departments from preliminary layout to final completion, construction inspections services and guidance for proposed internal development. In conjunction with the Borough's Land Use and Community Development Department, the Engineering Department maintains a record of all assets within the public right of way.

Department Head: Phil Wolgemuth, Assistant to the Borough Manager

	2013 Actual	2014 Budget	2015 Budget
Revenue	\$337,799	\$389,750	\$342,100
Expenses	\$293,552	\$307,765	\$342,100
Excess (Deficit)	\$ 44,247 Surplus	\$ 81,985 Surplus	- Balanced -

The Chambersburg Engineering Department has significant equity invested in most of the GIS, surveying, and engineering equipment of the Borough. The management of utility engineering and construction drives the fiscal performance of the department. In general, it is just a pass-through operation, consolidating engineering functions for the utilities and covering its expenses.

* - The surplus demonstrated is not cash but rather equity from investment in capital equipment

Engineering Permits

Year	Curb & Sidewalk	Excavation
2012	100	166
2013	68	165
7/31/14	79	118

Utility Locator Calls

Year	Calls
2012	2,926
2013	2,409
7/31/14	1,420

Sidewalk and Curb Construction

The Engineering Department is responsible for managing Town Council's curb and sidewalk installation policy. This includes the issuance of all permits, the inspection of all installations, and the management of installations when private property owners fail to comply with Town Council directives. Further, the Engineering Department is involved in Borough installation of ADA accessible curb ramps as a part of the Borough's Community Development Block Grant Program. The Borough's Curb and Sidewalk Compliance Committee meets with the Engineering Department to put together future project plans. Future projects to be discussed in 2015 include sidewalk construction along Walker Road around the turn over the Falling Spring Creek, the Wayne Avenue and Orchard Drive intersection and curbs and sidewalks involved in the resurfacing of US 11 by PennDOT as well as the Wilson College Streetscape Project.

Storm Water Engineering

In an attempt to fully comply with the responsibilities under the Municipal Separate Storm Sewer System (MS4) regulations, the Borough has engaged the assistance of ARRO Consulting. This includes the design of storm system projects and the review of development drainage plans on the Borough's behalf.

Official Map

In accordance with the Pennsylvania Municipalities Planning Code, in 2014 the Borough adopted its first Official Map. This is a planning tool to represent transportation corridor matters that the Borough would like to have addressed, as future development occurs. The Official Map depicts 18 conceptual improvements to existing roads and intersections, for better traffic flow throughout the Borough in the years ahead. It should be noted that there is NO Guarantee that any of these proposed improvements can or will ever be implemented. The Official Map is directly linked to the Borough Comprehensive Plan and is for Planning Purposes Only.

2015 Street Improvements

The Engineering Department will recommend three types of street reconstruction methods in 2015:

- **Cold-in-Place Recycling (CIPR):** An eco-friendly pavement rehabilitation process performed without the use of heat. 2 to 5 inches of the current road surface are pulverized down to a specific aggregate size, mixed with a rejuvenating asphalt emulsion, and then reused to pave that same road. This process is especially efficient in saving costs on labor and transportation.
- **Full Depth Reclamation (FDR):** Another eco-friendly pavement rehabilitation process where the current road surface and base materials are pulverized using a specialized machine called a reclaimer. On top of the pulverized material, water is added to reach the optimal moisture content for compaction and then materials, such as dry cement are incorporated for stabilization. A reclaimer is used again to mix all the materials. After shaping and grading, the new base is compacted to produce a strong, durable surface which is overlaid with an asphalt surface.

Since these methods recycle the current road surface and base materials, there is no need to haul in aggregate or haul out old material for disposal. The vehicle movements are reduced and there is no need for detours since it can be done under traffic, making both processes more convenient for local residents.

- **Micro Seal:** One of the most versatile tools in the road maintenance arsenal, Micro Seal is a polymer-modified cold-mix paving system that can remedy a broad range of problems on streets

and highways. Micro Seal is made and applied to existing pavements by a specialist machine, which carries all components, mixes them on site, and spreads the mixture onto the road surface. Materials are continuously and accurately measured, and then thoroughly combined in the surfacing machine's mixer. As the machine moves forward, the mixture is continuously fed into a full-width "surfacing" box which spreads the width of a traffic lane in a single pass. Or specially engineered "rut" boxes, designed to deliver the largest aggregate particles into the deepest part of the rut to give maximum stability in the wheel path, may be used. The new surface is initially a dark brown color and changes to the finished black surface as the water is chemically ejected and the surface cures, permitting traffic within one hour in most cases.

- **Overlay:** Asphalt Resurfacing or Overlay generally consists of grinding off selected areas of old asphalt either along the curb or within the street, patching any pot holes or badly deteriorated areas, placing and compacting hot mix asphalt pavement, adjusting any street hardware (manhole frames, catch basin frames) to the new grade of the asphalt and completing any restoration of adjacent properties, and resurfacing. Asphalt used for resurfacing is generally placed in 2-inch thick lifts. Street resurfacing can improve driving conditions and correct improper drainage and will last generally for 8 to 10 years depending on traffic, weather conditions and the strategy of treatments.

2015 Projects	Estimated Cost
Liquid Fuels: Walker Rd. (LaQuinta Inns & Suites to Norland Ave.)	\$269,364
Liquid Fuels: Cumberland Ave. (Cleveland Ave. to Stouffer Ave.) (C/S)	\$276,539
Liquid Fuels: Highland Ave. (Blanchard Ave. to Cumberland Ave.) (C/S)	\$168,830
Liquid Fuels: Seventh St. (Washington St. to McKinley St.)	\$155,129
Liquid Fuels: Ohio Ave. (Edgar Ave. to Railroad Highline) (C/S)	\$152,559
Liquid Fuels: Pennsylvania Ave. (Edgar Ave. to Railroad Highline) (S)	\$147,524
Liquid Fuels: Federal St. (Loudon St. to King St.)	\$110,759
Liquid Fuels: Eighth St. (Lincoln Way East to Catherine St.)	\$84,773
Liquid Fuels: Reservoir St. (N. Franklin St. to Elder St.)	\$64,815
Liquid Fuels: Kenwood Rd. (Philadelphia Ave. to Riddle Rd.)	\$54,095
Liquid Fuels: Edgar Ave. (Philadelphia Ave. to Riddle Rd.)	\$39,047
Liquid Fuels: Riddle Rd. (Edgar Ave. to Broad St.)	\$30,774
Liquid Fuels: Hollywell Ave./Industrial Dr. Intersection Reconstruction	\$28,264
CDBG: South St. Reconstruction (Hollywell Ave. to Unnamed Alley) (C/S)	\$232,450
CDBG: Unnamed Alley Reconstruction (South St. to W. Catherine St.)	\$18,445
CDBG: Pine St. Reconstruction (South St. to Terminus)	\$7,383
Total	\$1,840,750

Major items for 2015:

- Work with the Borough Manager to develop and implement the new Storm Sewer Utility Department, if approved by Town Council;
- Evaluate whether additional GIS staff necessary to properly accomplish new Storm Sewer Utility Department tasks;
- Secure work space area for any additional employees, which may include renovation of one East Queen Street dwelling and/or a temporary modular building to be located adjacent to Borough Hall;
- Coordinate with new Storm Sewer Utility Department to improve MS4 Permit compliance and implement the Chesapeake Bay Pollutant Reduction Plan;
- Complete engineering/design and construction for 2015 Street Improvements Projects to include testing for asbestos;
- Incorporate web-based mapping capabilities for Borough employees;
- Continue Streets and Sidewalks Code enforcement strategy involving prompt inspection, violation notice/correction and construction completion on behalf of property owners that do not comply.

No new staff requested, however, any additional payroll and work space area costs will be paid by the new Storm Sewer Utility Department or the other utility departments.

North Chambersburg Transportation Improvements Project:

In October 2014, eighty-six projects in 35 counties to improve safety and mobility with \$84 million in Multimodal Transportation Fund investments from Act 89 received funding.

“All types of transportation drive our economy and Act 89 gave us the tools to ensure our non-highway modes receive the funding they need to maintain a connected transportation system,” PennDOT Secretary Barry J. Schoch said. “These are vital investments that underscore Governor Corbett’s dedication to improving transportation in communities across the state.”

In addition to the 86 multimodal projects announced, PennDOT is investing \$7.2 million in Act 89 transit funding for five transit projects that applied for multimodal funding.

These grants were made possible by Act 89, which increased transit funding and established dedicated multimodal funding for aviation, passenger rail, rail freight, port and bicycle-pedestrian projects.

The project funding comes from three state fiscal years of Act 89 investments.

PennDOT evaluated the applications and made selections based on such criteria as safety benefits, regional economic conditions, the technical and financial feasibility, job creation, energy efficiency and operational sustainability.

The projects require a 30-percent match from local sources.

Chambersburg Health Services and Chambersburg Borough received a grant for \$2.4 million to extend St. Paul Drive to connect with Parkwood Drive, extend Parkwood Drive to connect with the Kohler Road and Grand Point Road intersection in Greene Township, in addition to improvements to Norland and Fifth Avenues in Chambersburg Borough

Chambersburg Health Services will be the lead agency on this project. The Engineering Department will support their efforts with time and engineering.

Now the hard work begins...

11/3/2014



Charts and Tables

As Proposed for 2015 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

Charts and Tables

As Proposed for 2015

Total Revenues, Deposits, Transfers by Fund

<u>Utility Operating Fund Revenue</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Budget</u>	<u>2015 Budget</u>
Electric Operating	\$32,359,346	\$33,372,080	\$32,181,800	\$30,400,000
Gas Operating	\$7,883,971	\$8,982,610	\$8,981,200	\$8,875,600
Sewer Operating	\$5,043,510	\$5,668,140	\$5,814,800	\$5,503,200
Water Operating	\$3,096,801	\$3,339,087	\$5,393,365	\$3,009,000
Sanitation Operating	\$2,036,483	\$2,508,407	\$2,718,400	\$2,693,710
Storm Sewer Operating				\$490,500
<u>Governmental Taxes, Fines & Fees</u>				
General Fund	\$11,366,578	\$12,811,291	\$12,955,970	\$13,384,150
<u>Internal Services Fees</u>				
Administrative Services	\$3,860,923	\$3,934,858	\$5,337,620	\$5,433,300
Motor Equipment	\$2,087,371	\$2,407,612	\$2,687,880	\$2,713,900
Parking Traffic Street Lights*	\$808,790	\$1,115,103	\$1,054,650	\$935,142
Stores/Warehouse	\$712,539	\$771,496	\$824,500	\$790,525
Engineering	\$188,288	\$337,798	\$389,750	\$342,100
<u>Special Revenue Receiving</u>				
Special Revenue Receiving Acct	\$819,050	\$1,613,152	\$1,564,771	\$1,161,300
SAFER Grant Receiving Account	\$130,012	\$862,652	\$605,000	\$0
Fire Tax Receiving Account	\$0	\$0	\$451,610	\$465,600
Highway Aide Receiving Account	\$413,995	\$407,353	\$392,075	\$468,195
<u>Deposits to Self Insurance</u>				
Workers Comp Holding Account	\$390,470	\$334,201	\$703,950	\$41,465
Self Insurance Holding Account	\$417,788	\$516,806	\$408,680	\$436,915
<u>Deposits for Capital Projects</u>				
Sewer Capital Reserve	\$3,062,437	\$11,338,969	\$24,307,560	\$18,930,000
Gas Capital Reserve	\$826,242	\$803,715	\$4,665,000	\$1,088,000
Sanitation Capital Reserve	\$1,085	\$450	\$3,015,300	\$745,670
Electric Capital Reserve	\$537,334	\$4,396,713	\$1,602,000	\$1,685,724
General Capital Reserve	\$366,219	\$1,451,605	\$1,434,650	\$1,374,650
Parking Capital Reserve	\$588,856	\$176,081	\$175,700	\$77,500
Water Capital Reserve	\$741,370	\$149,285	\$85,500	\$113,500
Storm Sewer Reserve				\$52,000

* - Operated like a utility, funded like an internal service

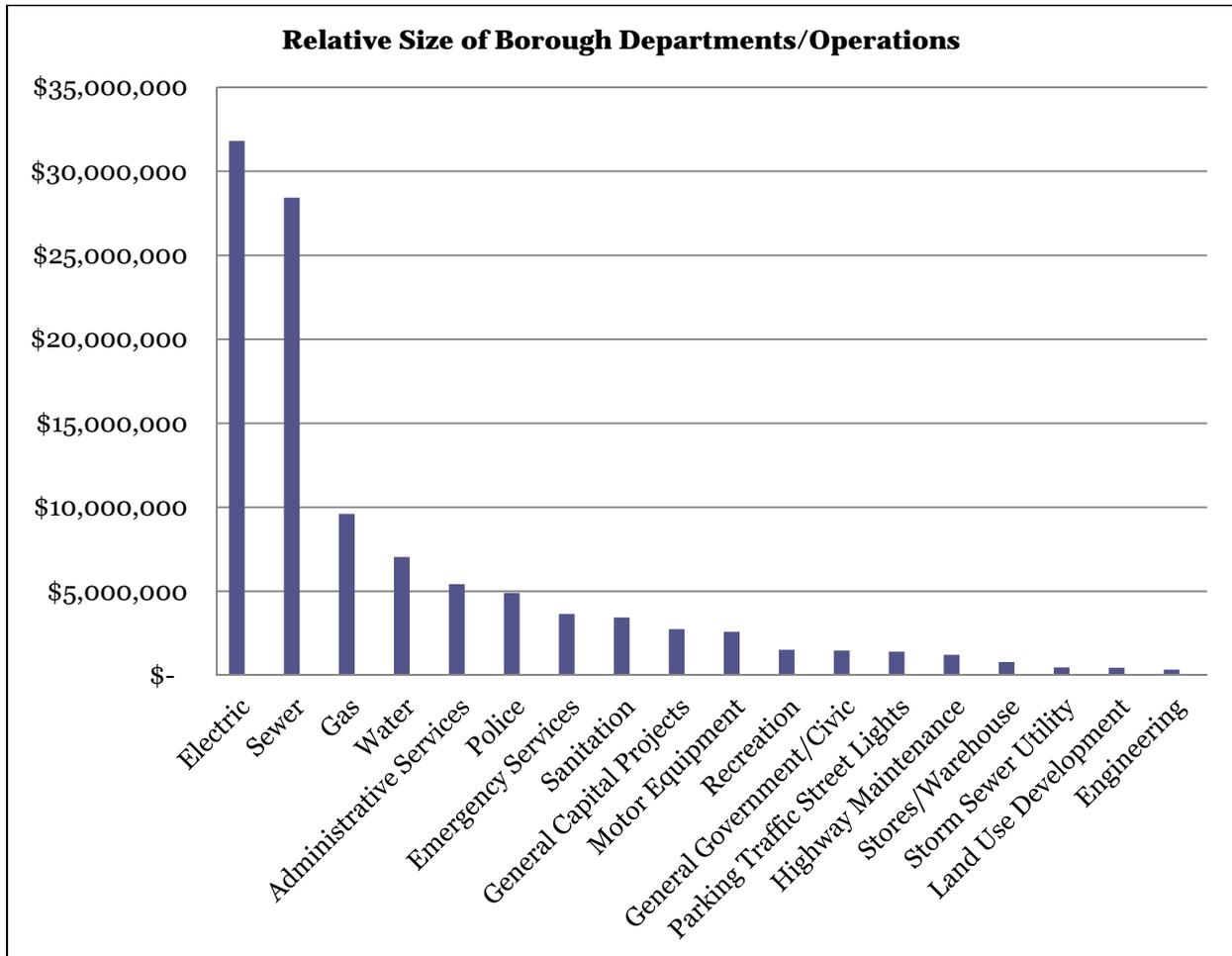
The Borough of Chambersburg is proposed to have a \$70,467,831 operating budget for 2015

This represents a 1.0% decrease from the \$71,156,596 operating budget for 2014

The Borough of Chambersburg is proposed to have a \$125,972,803 all funds budget for 2015

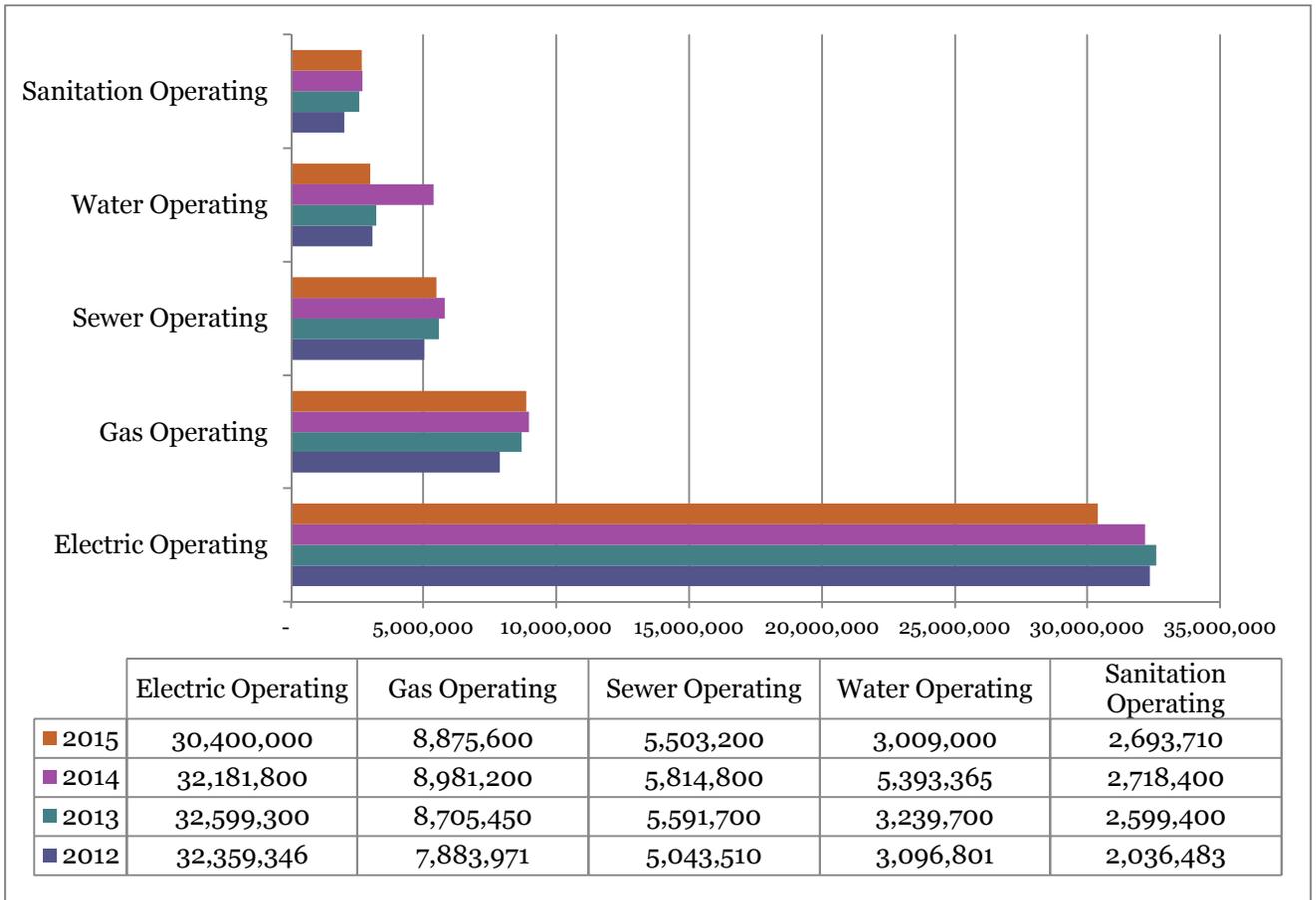
This represents a 4.7% decrease from the \$132,242,916 all funds budget for 2014

2015 REVENUES & EXPENDITURES BY FUND			
2015 Revenues Proposed Budget		2015 Expenditures Proposed Budget	
Gen Operating Fund:		Gen Operating Fund:	
Gen Borough Operating Income	\$11,634,150	Gen Borough Operating Expenses	\$1,281,050
Interfund Transfers to Gen Borough	\$1,750,000	Interfund Transfers	\$0
		Highway	\$1,218,530
		Emergency Services	\$3,644,275
		Police	\$4,906,680
		Recreation	\$1,518,175
		Planning	\$111,750
		Zoning	\$30,825
		Property Maintenance Code	\$309,125
		Miscellaneous	\$194,740
		Special Interfund Transfers	\$169,000
Total Gen Operating Fund Revenues	\$13,384,150	Total Gen Operating Fund Expenditures	\$13,384,150
Gen Capital Reserve Fund:	\$1,374,650	Gen Capital Reserve Fund:	\$2,748,970
Other Gen Fund:		Other Gen Fund:	
Special Revenue Fund	\$1,161,300	Special Revenue Fund	\$1,157,350
Richard Kasher Fire Tax Fund	\$465,600	Richard Kasher Fire Tax Fund	\$465,600
Liquid Fuels Tax	\$468,195	Liquid Fuels Tax	\$1,170,000
Surplus Operating Fund	\$200	Surplus Operating Fund	\$200
Total	\$2,095,295	Total	\$2,793,150
Total Trust and Agency Funds:	\$14,709,401	Total Trust and Agency Funds:	\$14,707,211
Enterprise Operating Funds:		Enterprise Operating Funds:	
Electric Department	\$30,400,000	Electric Department	\$30,400,000
Gas Department	\$8,875,600	Gas Department	\$8,875,600
Water Department	\$3,009,000	Water Department	\$3,009,000
Sewer Department	\$5,503,200	Sewer Department	\$5,503,200
Sanitation Department	\$2,693,710	Sanitation Department	\$2,765,710
Parking, Traffic & St. Lighting	\$935,142	Parking, Traffic & St. Lighting	\$935,142
Storm Sewer	\$490,500	Storm Sewer	\$470,500
Total	\$51,907,152	Total	\$51,959,152
Enterprise Capital Reserve Funds:		Enterprise Capital Reserve Funds:	
Electric Capital Reserve	\$1,685,724	Electric Capital Reserve	\$1,414,170
Gas Capital Reserve	\$1,088,000	Gas Capital Reserve	\$733,170
Water Capital Reserve	\$113,500	Water Capital Reserve	\$4,031,170
Sewer Capital Reserve	\$18,930,000	Sewer Capital Reserve	\$22,921,720
Sanitation Capital Reserve	\$745,670	Sanitation Capital Reserve	\$745,670
Parking Capital Reserve	\$77,500	Parking Capital Reserve	\$474,500
Storm Sewer Capital Reserve	\$52,000	Storm Sewer Capital Reserve	\$0
Total	\$22,692,394	Total	\$30,320,400
Internal Service Funds:		Internal Service Funds:	
Stores	\$790,525	Stores	\$790,525
Motor Equipment	\$2,713,900	Motor Equipment	\$2,589,900
Engineering	\$342,100	Engineering	\$342,100
Workers Compensation Fund	\$41,465	Workers Compensation Fund	\$198,275
Administrative Services	\$5,433,300	Administrative Services	\$5,433,300
Self Insurance Fund	\$436,915	Self Insurance Fund	\$706,170
Total	\$9,758,205	Total	\$10,060,270
Total 2015 Budget Revenues	\$115,921,247	Total 2015 Budget Expenditures	\$125,973,303
		Difference between Rev & Exp	(\$10,052,056)
		Use of Reserves and Fund Balances	\$10,052,056
Use of Reserves and Fund Balances Detail			
General Capital Reserve: \$1,374,320		Parking Capital Reserve: \$397,000	
Liquid Fuels Tax Reserve: \$701,805		Workers Compensation Reserve: \$156,810	
Sanitation Operating Fund Balance: \$72,000		Self Insurance Reserve: \$269,255	
Sewer Capital Reserve: \$3,991,720 (Treatment Plant Project)			



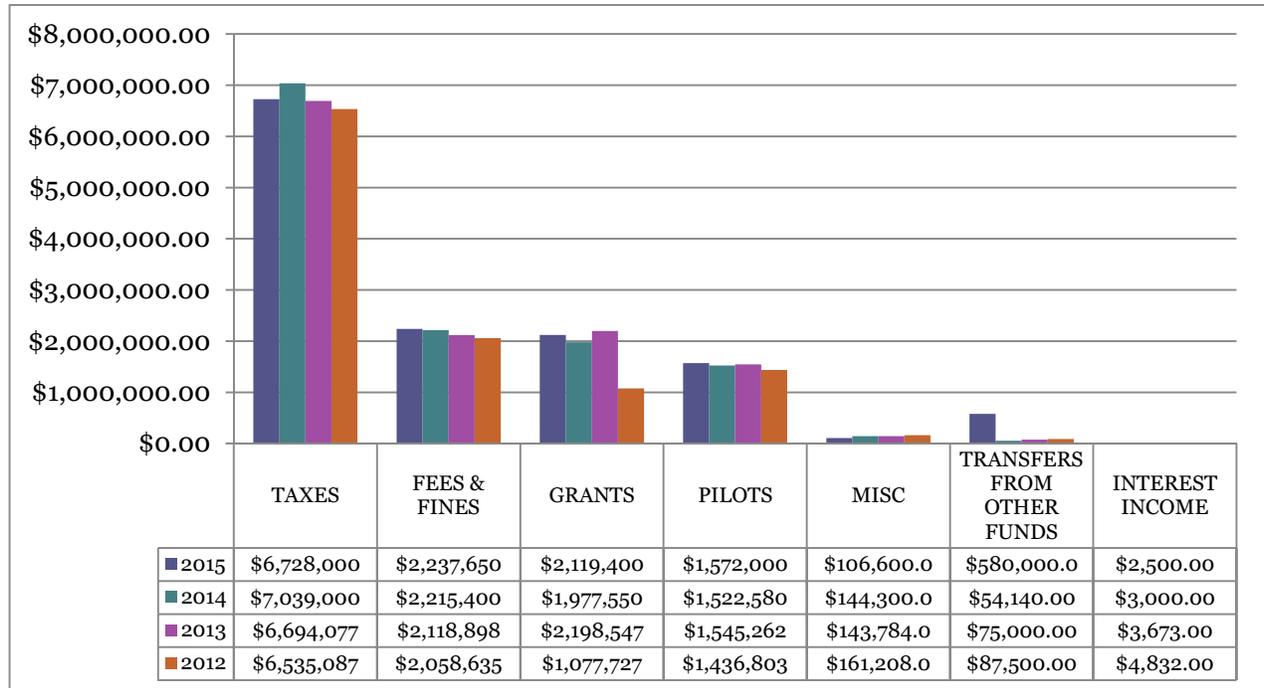
Electric	\$ 31,814,170	29.6%
Sewer	\$ 28,424,920	26.5%
Gas	\$ 9,608,770	9.0%
Water	\$ 7,040,170	6.6%
Administrative Services	\$ 5,433,300	5.1%
Police	\$ 4,906,680	4.6%
Emergency Services	\$ 3,644,275	3.4%
Sanitation	\$ 3,439,380	3.2%
General Capital Projects	\$ 2,748,970	2.6%
Motor Equipment	\$ 2,589,900	2.4%
Recreation	\$ 1,518,175	1.4%
General Government/Civic	\$ 1,475,790	1.4%
Parking Traffic Street Lights	\$ 1,409,642	1.3%
Highway Maintenance	\$ 1,218,530	1.1%
Stores/Warehouse	\$ 790,525	0.7%
Storm Sewer Utility	\$ 470,500	0.4%
Land Use Development	\$ 451,700	0.4%
Engineering	\$ 342,100	0.3%

Utility Fund Operations



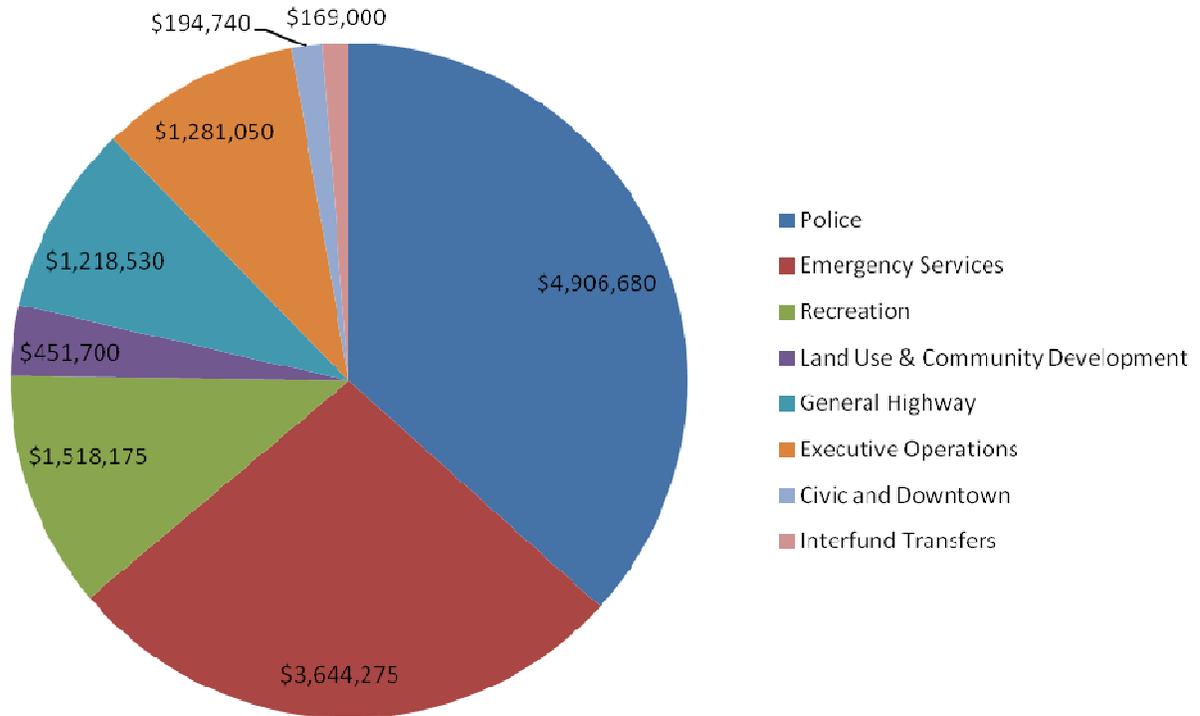
General Fund

GF Revenue By Type



General Fund

GF Expenditures By Type



2015 Budget

Police	\$4,906,680	36.66%
Emergency Services	\$3,644,275	27.23%
Recreation	\$1,518,175	11.34%
Land Use & Community Development	\$451,700	3.37%
General Highway	\$1,218,530	9.10%
Executive Operations	\$1,281,050	9.57%
Civic and Downtown	\$194,740	1.46%
Interfund Transfers	\$169,000	1.26%
Total Expenditures	\$ 13,384,150	
Total Revenue	\$ 13,384,150	

The Value of 1 mil of Real Estate Tax

Real estate taxes yield different revenue per fiscal year because of changes in assessed value of real estate:

	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
Police Tax Yield	\$3,780,102	\$3,594,086	\$3,808,000	\$3,820,000
Mil	20	20	21	21
Fire Tax Yield			\$451,610	\$458,000
Mil			2.5	2.5
Value of 1 Mil	\$192,885	\$179,704	\$181,260	\$182,043
Est. Single Family House Tax				
Police Tax	\$329.08	\$336.20	\$346.84	\$342.44
Fire Tax			\$41.29	\$40.77

Estimated 2015 Real Estate Taxes

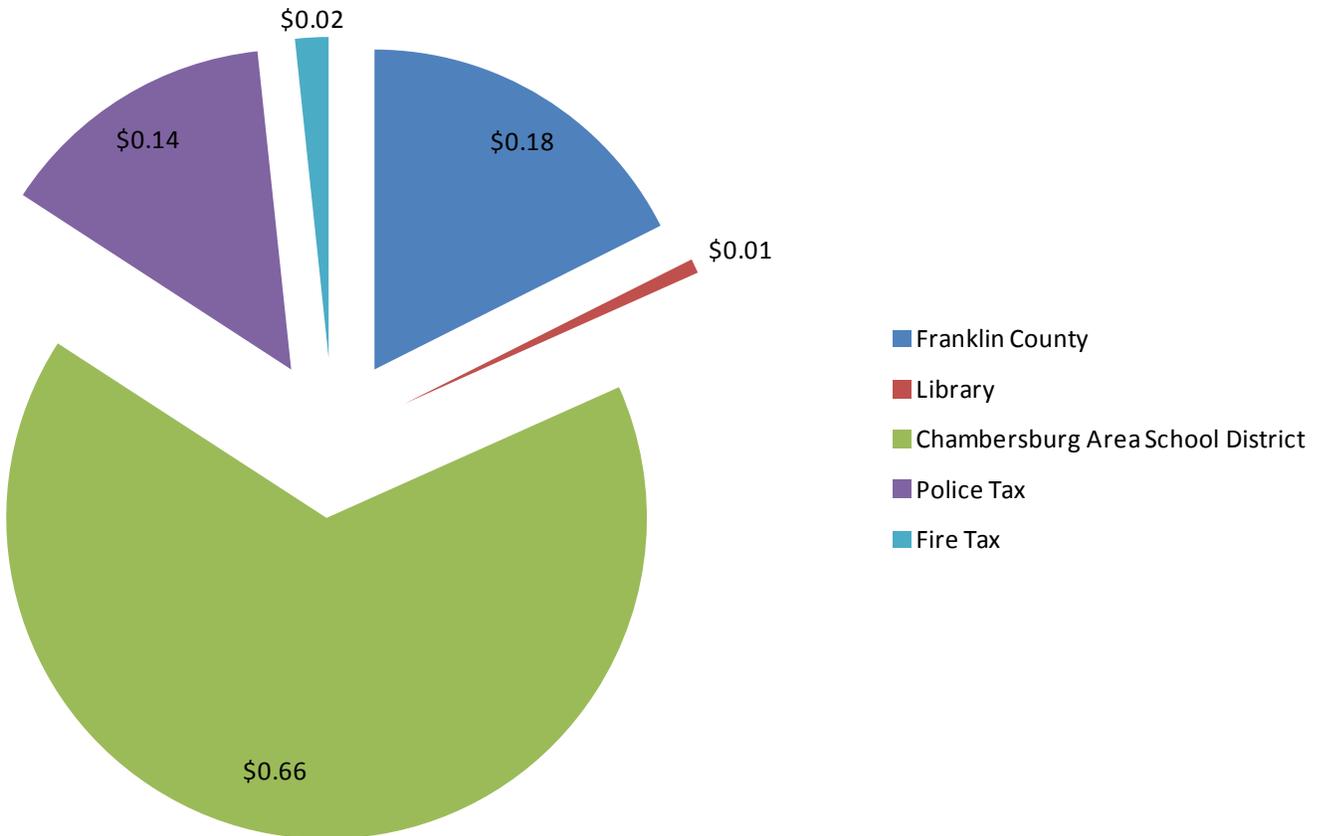
(Average Single Family House Assessed Value: \$16,596.63)

	2015		
Franklin County	25.65 mil	\$425.70	17.58%
Library	1.05 mil	\$17.43	0.72%
Chambersburg Area School District	96.12 mil	\$1,595.27	65.88%
Police Tax	21 mil	\$342.44	14.14%
Fire Tax	2.5 mil	\$40.77	1.68%
Total	146.32 mil	\$2,421.61	100%

This is an unadjusted non-discounted full invoice. Actual bills will vary by assessed value.
Real estate taxes are fully deductible on Federal Income Tax returns.

Average Single Family House Inside The Borough	2013	2014	2015
Police Tax (to the General Fund)	\$336.20	\$346.84	\$342.44
Fire Tax (to the Motor Equipment Fund)	\$0	\$41.29	\$40.77
Total (per year)	\$336.20	\$388.13	\$383.20

Estimated 2015 Real Estate Taxes



Only 16¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 84¢ will go to support the school district, the county, and the library. In fact 66¢ of every dollar goes to the Chambersburg Area School District.

Schedule 20

Borough of Chambersburg, PA						
Full-Time Equivalent Municipal Employees by Function/Program						
Last Five Years						
Function/Program	Proposed					
	2015	2014	2013	2012	2011	2010
General Government						
Administration	2	2	2	2	2	2
Clerical	12	12	11	10	11	11
Code Enforcement	1	1	2	2	2	4
Community Development	1	1	1	1	1	1
Engineering	4	4	4	4	4	4
Finance	20	20	19	20	20	22
Information Technology	5	5	5	5	5	5
Personnel	3	2	2	2	2	2
Planning/Zoning	1	1	1	1	1	1
Public Information	0	0	0	0	0	0
Public Works						
Administration	3	3	3	2	2	2
Central Garage	3	3	3	3	4	4
Labor/Maintenance	7	6	5	6	6	6
Sanitation	12	11	11	11	11	11
Recreation						
Administration	3	2	2	2	2	2
Labor/Maintenance	3	3	3	3	3	4
Pool	0	0	0	0	0	0
Seasonal	0	0	0	0	0	0
Tennis	0	0	0	0	0	0
Public Safety						
Fire Administration	1	1	2	2	2	2
Fire Personnel	21	21	21	21	21	21
Police Administration	2	1	1	1	1	1
Police Personnel	34	34	33	31	31	33
911	0	0	0	0	0	0
Utilities						
Administration	7	6	6	6	6	6
Electric Distribution	9	9	9	9	9	9
Electric Generation	11	11	11	11	9	9
Electric System Maintenance	1	1	1	1	1	0
Gas Distribution	7	7	8	8	8	8
Stores/Warehouse/Call Center	6	6	6	6	6	6
Water Distribution	3	3	3	3	3	4
Water Treatment Plant	6	6	6	6	7	7
Sewer Collection/Conveyance	5	5	5	4	4	4
Sewer Treatment Plant	10	10	10	10	10	10
Traffic Signal/Street Lights	1	1	1	0	0	0
Totals	204	198	197	193	194	201

The total number of full time equivalent employees proposed for 2015 is 204.

AVERAGE POLICE OFFICER

2015

****estimate only****

Background

Pay Rate

\$31.84

Base Earnings

\$66,227.20

Total Earnings

\$66,227.20

Base Earnings Breakout

<u>Hours</u>	<u>Earnings</u>
2080	\$66,227.20
2080	\$66,227.20

Total Time Worked

2080

\$66,227.20

Total Hours/Base Earnings

2080

\$66,227.20

Benefits

Pension (15.8%)

\$10,463.90

Employee Pension Contribution (4%)

(\$2,649.09)

Social Security (7.65%)

\$5,066.38

Disability Insurance (figured on Base Earnings)

\$129.14

Life Insurance - \$50,000 Policy

\$185.90

Medical Insurance

\$20,858.35

Medical Insurance Contribution

(\$890.29)

Health Reimbursement Account

\$600.00

Vocation Training (does not include payroll)

\$1,182.96

Upkeep Clothing/Equipment

\$2,900.00

Residency Payment

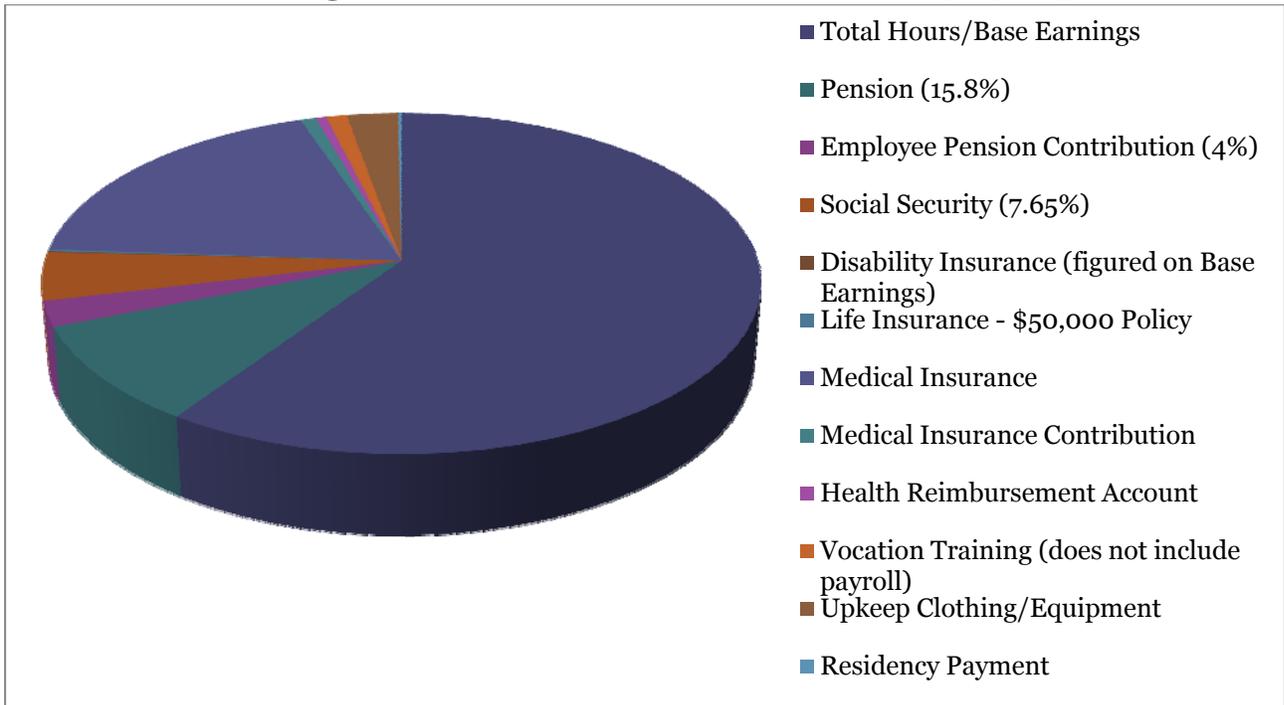
\$200.00

Total Benefits

\$38,047.25

Total Earnings and Benefits

\$104,274.45



The total estimated cost of an average Police Officer for 2015 is \$102,274.45

AVERAGE FIREFIGHTER

2015

****estimate only****

Background

Pay Rate

\$21.26

Base Earnings

\$64,502.84

Total Earnings

\$64,502.84

Base Earnings Breakout

Total Time Worked

3034

\$64,502.84

Total Hours/Base Earnings

3034

\$64,502.84

Benefits

Pension (12.8%)

\$8,256.36

Employee Pension Contribution (4%)

(\$2,580.11)

Social Security (7.65%)

\$4,934.47

Disability Insurance (figured on Base Earnings)

\$125.78

Life Insurance - \$50,000 Policy

\$185.90

Medical Insurance

\$21,645.60

Medical Insurance Contribution

(\$1,173.33)

Health Reimbursement Account

\$600.00

Vocation Training (does not include payroll)

\$627.54

Upkeep Clothing/Equipment

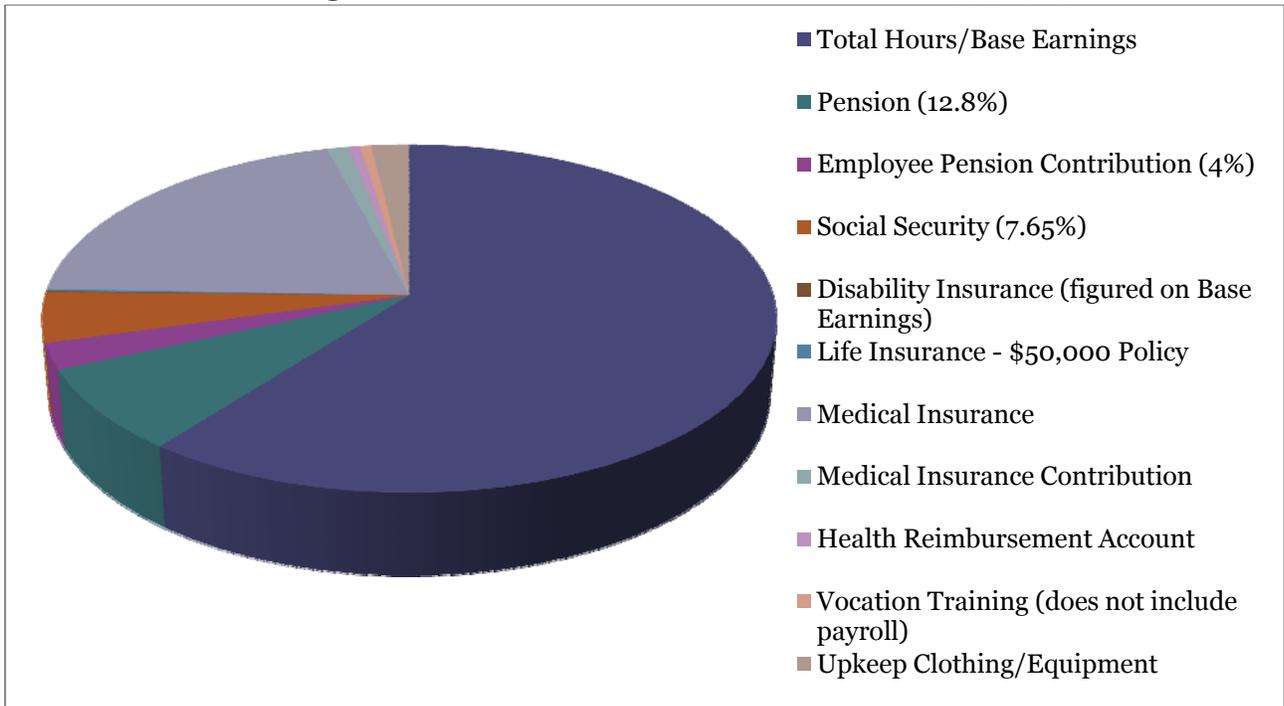
\$2,000.00

Total Benefits

\$34,622.21

Total Earnings and Benefits

\$99,125.05



The total estimated cost of an average Firefighter for 2015 is \$99,125.05

AVERAGE AFSCME

2015

****estimate only****

Background

Pay Rate	\$24.43
Base Earnings	\$50,814.40
Total Earnings	\$50,814.40

Base Earnings Breakout

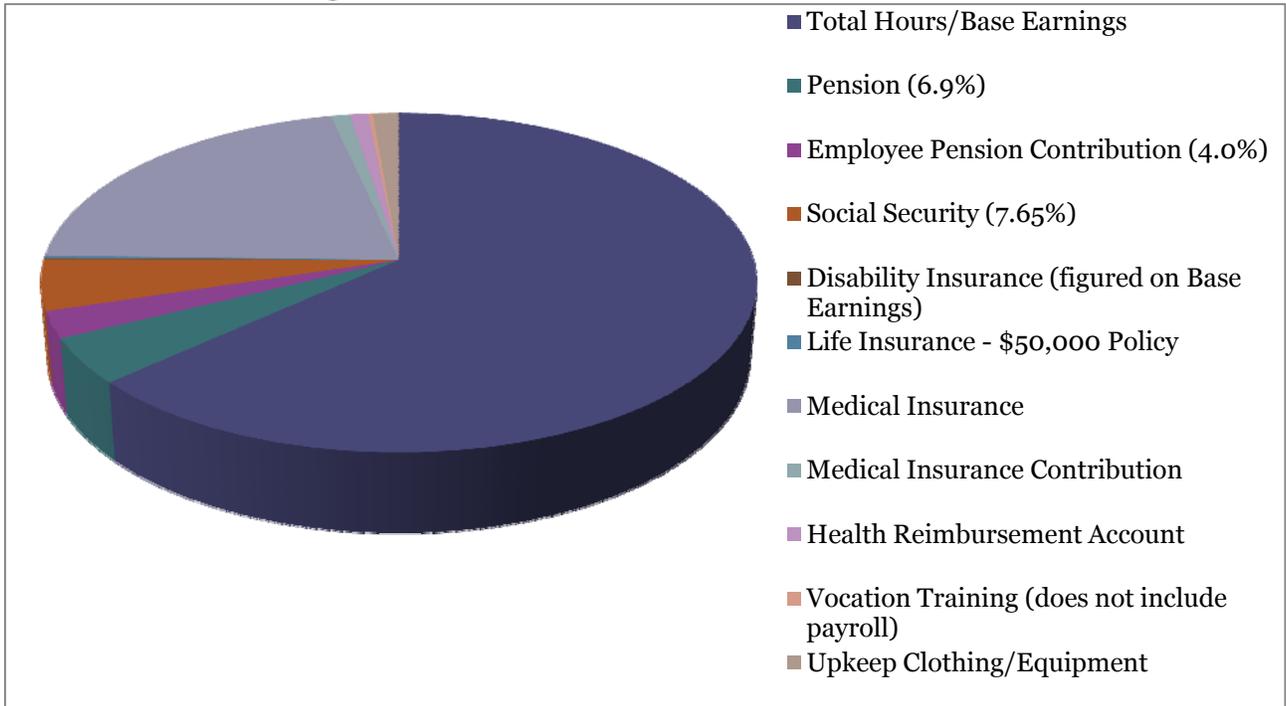
	<u>Hours</u>	<u>Earnings</u>
Total Time Worked	2080	\$50,814.40
Total Hours/Base Earnings	2080	\$50,814.40

Benefits

Pension (6.9%)	\$3,506.19
Employee Pension Contribution (4.0%)	(\$2,032.58)
Social Security (7.65%)	\$3,887.30
Disability Insurance (figured on Base Earnings)	\$99.09
Life Insurance - \$50,000 Policy	\$185.90
Medical Insurance	\$16,942.31
Medical Insurance Contribution	(\$787.17)
Health Reimbursement Account	\$750.00
Vocation Training (does not include payroll)	\$187.66
Upkeep Clothing/Equipment	\$1,064.41
Total Benefits	\$23,803.12

Total Earnings and Benefits

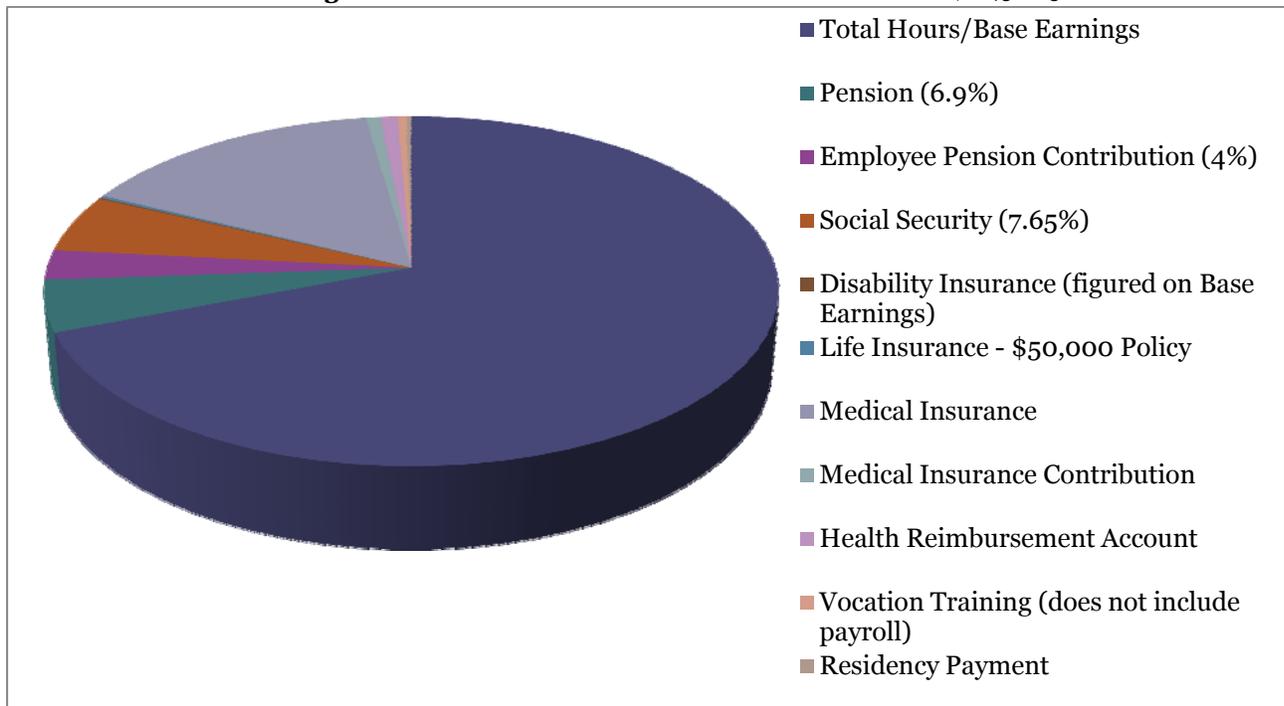
\$74,617.52



The total estimated cost of an average AFSCME worker for 2015 is \$74,617.52

AVERAGE Clerical/Technical

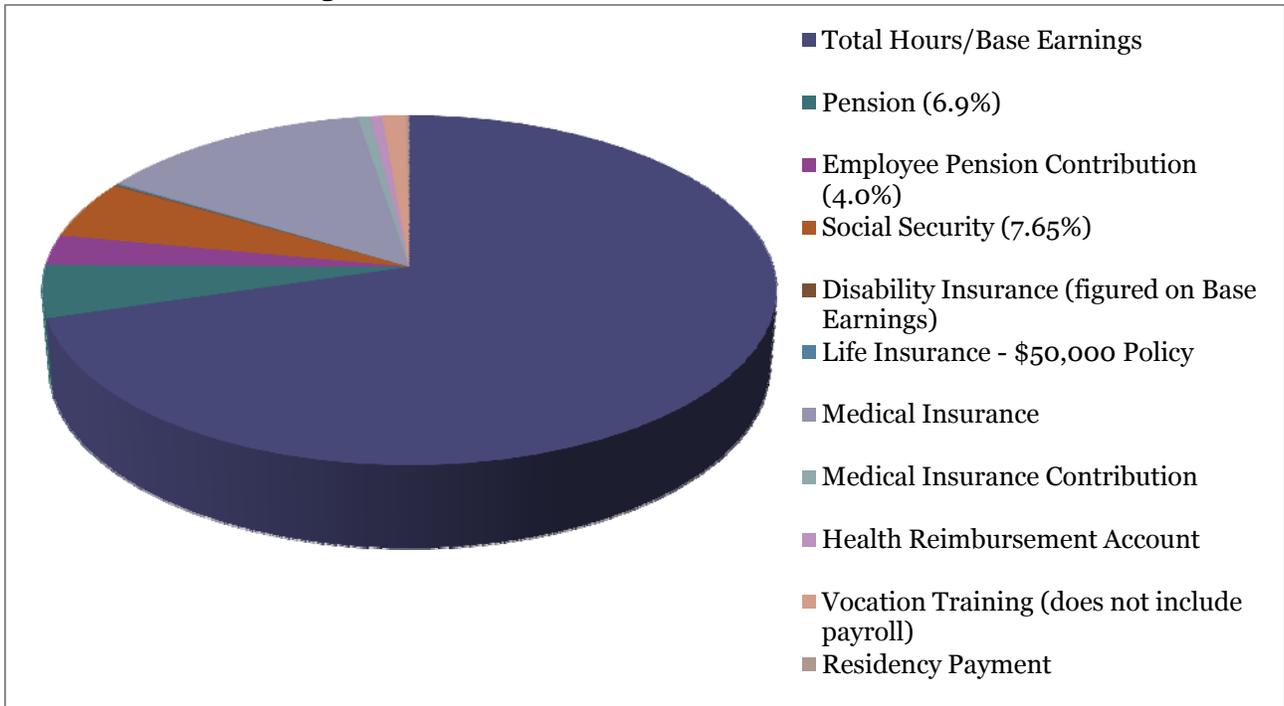
2015	
estimate only	
Background	
Pay Rate	\$28.77
Base Earnings	\$59,841.60
Total Earnings	\$59,841.60
Base Earnings Breakout	
Total Time Worked	2080
Total Hours/Base Earnings	2080
Benefits	
Pension (6.9%)	\$4,129.07
Employee Pension Contribution (4%)	(\$2,393.66)
Social Security (7.65%)	\$4,577.88
Disability Insurance (figured on Base Earnings)	\$116.69
Life Insurance - \$50,000 Policy	\$185.90
Medical Insurance	\$13,347.34
Medical Insurance Contribution	(\$634.32)
Health Reimbursement Account	\$750.00
Vocation Training (does not include payroll)	\$380.08
Residency Payment	\$200.00
Total Benefits	\$20,658.98
Total Earnings and Benefits	\$80,500.58



The total estimated cost of an average Clerical or Technical worker for 2015 is \$80,500.58

AVERAGE Department Head/Assistant/Foreman

2015	
estimate only	
Background	
Pay Rate	\$42.21
Base Earnings	\$87,796.80
Total Earnings	\$87,796.80
Base Earnings Breakout	
	Hours Earnings
Total Time Worked	2080 \$87,796.80
Total Hours/Base Earnings	2080 \$87,796.80
Benefits	
Pension (6.9%)	\$6,057.98
Employee Pension Contribution (4.0%)	(\$3,511.87)
Social Security (7.65%)	\$6,716.46
Disability Insurance (figured on Base Earnings)	\$171.20
Life Insurance - \$50,000 Policy	\$185.90
Medical Insurance	\$17,153.64
Medical Insurance Contribution	(\$768.39)
Health Reimbursement Account	\$750.00
Vocation Training (does not include payroll)	\$1,500.00
Residency Payment	\$200.00
Total Benefits	\$28,454.92
Total Earnings and Benefits	\$116,251.72



The total estimated cost of an average Department Head, Assistant or Foreman for 2015 is \$116,251.72

ORDINANCE NO. 2014-13

AN ORDINANCE AMENDING THE CODE OF THE BOROUGH OF CHAMBERSBURG, CHAPTER A303, SUMMARY OF ORDINANCES AND RESOLUTIONS, BY ADDING TO SECTION XV, TAXATION, A NUMBER 15-102, FIXING THE REAL ESTATE TAX RATE FOR THE YEAR 2015, THE DISCOUNT AND PENALTY DATES AND THE AMOUNTS THEREOF AND FIXING THE COMPENSATION OF THE TAX COLLECTOR.

SECTION 1. That the Borough Manager's Proposed Budget of November 3, 2014, as is; and, the same is hereby adopted as the Annual Budget for the Borough of Chambersburg for the fiscal year beginning January 1, 2015, and that the Town Council does herein establish the real estate tax levy.

SECTION 2. A tax is hereby levied on all real property within the Borough of Chambersburg, subject to taxation for Borough purposes, for the fiscal year 2015 as follows:

21.0 mills on each dollar of assessed valuation for General Borough Purposes.

2.5 mills on each dollar of assessed valuation for Fire Department and Ambulance Apparatus and Equipment (henceforth to be known as the "Richard Kasher Fire Tax").

SECTION 3. All taxpayers subject to the payment of these taxes shall be entitled to a discount of two per centum from the amount of such taxes upon making payment of the whole amount thereof within two months after the date of the tax notice and all taxpayers who shall fail to make payment of such taxes charged against them for four months after the date of the tax notice, shall be charged a penalty of ten per centum, which penalty shall be added to the taxes by the Tax Collector and collected by him.

SECTION 4. The compensation of the Tax Collector for the collection of such taxes shall be as provided by the Borough Chambersburg Code of Ordinances, Chapter 75, Salaries and Compensation, Article I, Tax Collector, Section 75-1 Compensation.

ADOPTED By Town Council this 8th day of December, 2014.


Allen B. Coffman
President of Town Council

ATTEST:

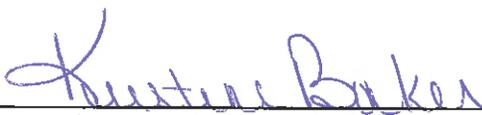

Kristine Baker
Assistant Borough Secretary

APPROVED this 8th day of December, 2014.


Darren Brown
Mayor

CERTIFICATION

I, Kristine Baker, Assistant Borough Secretary, hereby certify that the foregoing ordinance was advertised in the Public Opinion on November 24, 2014, a newspaper of general circulation in the Municipality and was duly enacted and approved as set forth at a Regular Public Meeting of Council held December 8, 2014.


Assistant Borough Secretary