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2024 Budget Message

As Proposed for 2024 by Jeffrey Stonehill, Borough Manager



The Borough of Chambersburg

2024 Budget Message

As Proposed for 2024

To: Town Council

Submitted herewith for your consideration is the Borough Manager’s recommended 2024 budget. As is required by local law, I have prepared this document in a form that can be adopted by Town Council. The proposed 2024 operating budget is balanced; revenues and cash balances cover all necessary expenses.

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

Chambersburg has the largest operating budget of any Borough in the Commonwealth of Pennsylvania. In 2021, the latest year with records, several municipalities failed to report their fiscal status to the State. So, while the statistics are somewhat askew, in 2021, Chambersburg had the 12th largest budget of any municipality, and has the largest Borough budget statewide.

Largest Municipalities in Pennsylvania (2021)* County Total Revenue Total Expenditures Population

1	Philadelphia	City	Philadelphia	\$9,706,846,000	\$9,754,585,000	1,603,797
2	Pittsburgh	City	Allegheny	\$871,257,140	\$808,318,425	302,971
3	Erie	City	Erie	\$260,052,529	\$314,646,858	94,831
4	Lancaster	City	Lancaster	\$248,185,162	\$244,532,377	58,039
5	Allentown	City	Lehigh	\$212,258,192	\$207,032,349	125,845
6	Reading	City	Berks	\$205,412,672	\$173,375,527	95,112
7	Bethlehem	City	Northampton	\$160,335,431	\$154,055,198	56,009
8	Upper Darby	First Class Township	Delaware	\$116,748,001	\$113,722,848	85,681
9	Lower Merion	First Class Township	Montgomery	\$121,236,669	\$108,680,964	63,633
10	Wilkes Barre	City	Luzerne	\$98,237,420	\$97,128,164	44,328
11	Radnor	First Class Township	Delaware	\$96,801,218	\$95,446,091	33,228
12	Chambersburg	Borough	Franklin	\$100,330,511	\$95,333,782	21,903

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

Other Municipalities in Pennsylvania (2021)*			<u>County</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Population</u>
70	Carlisle	Borough	Cumberland	\$36,556,145	\$30,276,802	20,118
238	Waynesboro	Borough	Franklin	\$13,256,085	\$10,917,622	10,951
348	Shippensburg	Borough	Cumberland	\$8,130,524	\$7,115,671	4,315
406	Gettysburg	Borough	Adams	\$8,366,067	\$5,901,870	7,106

* - 120 Municipalities Failed to Report Data for 2021

Source: Pennsylvania Department of Community and Economic Development

For example, Chambersburg’s budget is 15.2 times larger than Gettysburg Borough, which ranks #406.

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

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

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

Residents inside the Borough who have both Chambersburg electric and gas can save as much as \$1,000 per year when compared to similar residential customers outside the Borough.

In summary, 2024 is going to be another very consequential year for the Borough of Chambersburg. We have a number of extremely important projects in-the-works. While the cost of operations will continue to rise, and outpace natural growth in revenue, because of inflation and supply chain interruptions, record-low-unemployment, and the increasing demand on fuel, energy, and limited equipment, this was a challenging budget.

There is no tax increase in any category contemplated for 2024.

We have once again managed to bridge a financial downturn in the economy. The impacts from the COVID aftermath and significant inflation have changed our operations. However, the continued growth and development of Chambersburg, the importance of the utilities to our Borough finances, and our macroeconomic impact on the Chambersburg area economy, have allowed us to move forward cautiously despite the impact of inflation and the national economy on all our lives. Therefore, the theme of this budget is “A bright economic future for Chambersburg.”

We have completed the massive Police Station Renovation Project. The Southgate Redevelopment Project has started to show progress with the approval of the Keystone Rural Health community medical facility at Southgate and a sizeable Federal grant to begin to restore neighborhood infrastructure. Finally, planning continues for a new Public Works campus off Wayne Avenue. Chambersburg utilities remain the most important asset in the community. Ensuring low rates and excellent infrastructure is our key objective.

While we have 2024 available to plan for future growth, we need to note with admiration as the Borough continues to redevelop, and new businesses and opportunities flock to our community. Whether it is additional development on Norland Avenue, off Wayne Avenue, South Main Street, or downtown, Chambersburg has a clear and convincing track record of hosting employers and business startups.

This marks yet another year that Town Council can hold the line on real estate taxes, just as they have for 12 of the last 17 budget years.

There will be fee increases proposed in this budget.

There has been considerable effort in 2023 to establish a fair and equitable retail electric rate increase for the first time in ten years. While our neighboring for-profit electric utilities have raised rates 40% to 60%, Town Council held the line as long as possible with the lowest or one of the lowest electric rates in the Commonwealth of Pennsylvania. Council has selected an overall 11.3% rate increase, which is very necessary, but will continue to avail Chambersburg homes and businesses of extremely low retail electric rates.

The water rate will rise, but remain one of the lowest in Franklin County. The Sanitation rate will rise, but remain very competitive to private trash haulers in our area. Finally, the ready-to-serve Ambulance Fee, a surcharge on all water service connections, will rise, as the Chambersburg Fire Department continues to struggle with the delivery of services in a very unfortunate regulatory environment.

Ultimately, a growing and challenging issue in our municipal finances is the need for Franklin County to undertake a county-wide reassessment of real estate. Being the last county in Pennsylvania to update the tax rolls, Franklin County has allowed the value of 1 mil to become severely distressed, making the real estate tax system less fair and endangering the ability to fund Police and Fire services in the future.

Chambersburg real estate taxes remain earmarked only for police and fire operations. Real estate taxes are not the source of funding for any other department or employee. In fact, the Recreation Bond Tax is specifically for paying off the 2016 Recreation Bond, and the Police Station Bond Tax is specifically for paying off the 2022 Police Station Bond(s), both of which are similar to mortgages. Therefore, one can reliably say, **“No real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire.”** It is important to acknowledge that real estate taxes are not used in support of most departments, operations, or employees; not parks or street maintenance or the Borough administration, are paid for using real estate taxes. The only use of these taxes are police and fire, and to pay off the 2016 Recreation Bond and the 2022 Police Station Bond. This has always been our financial plan for the Borough’s use of taxes.

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

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

On October 7, 2022, the Pennsylvania Municipal League and Pennsylvania Economy League released a new study that demonstrated how the current local taxation structure, developed in 1965, does not meet today’s municipal revenue needs. Called, “It’s Not 1965 Any More – State Tax Laws Fail to Meet Municipal Revenue Needs”, the publication is in response to the League’s Strategic Plan that called for an updated report on Pennsylvania’s local taxation structure. Pennsylvania’s municipal tax authorizations have failed to keep pace with modern realities, and municipalities need more flexible revenue options just to keep the lights on.

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

Chambersburg is a member of the Pennsylvania Municipal League.

<https://pelcentral.org/wp-content/uploads/PEL-2022-PML-Report-1.pdf>

This budget reflects the limitations of the 1965 funding system, as well as the extremely poor planning by Franklin County, the last county of the 67 counties in Pennsylvania to update their taxation system. The continued dereliction of this requirement defined by State Law, has a direct impact on poor tax collection, and an over-burden on older property owners, as a result of waiting so long and ignoring the current tax system. Only our County leadership can address this shortcoming.

Chambersburg does receive income beyond the property tax. Ancillary miscellaneous tax revenue available to the Borough of Chambersburg amounts to: a wage tax set to a State mandated maximum rate; a local services tax (worker tax), which is set to a State mandated maximum rate; and a deed transfer tax (for real estate transactions), which is also set to a State mandated maximum rate. These so-called Act 511 taxes are important, but cannot be adjusted year-to-year based on need or economic realities. Therefore, they are minor, appreciated, and set by the State since 1965.

Each year, the payment and receipt of tax revenues grows slightly as the value of Chambersburg real estate grows slightly. We have a mixed record for our wage tax and our worker tax. It seems that less Borough residents are employed, but those who have jobs seem to be making more income. Finally, there was no shift in the yields from transfer of property, which are sometimes better or worse in any given year.

There seems to be a quiet strength to the local economy, which allows us to be more confident in our future and saves our municipal budget in bad times. All indications are that the Borough is going to continue to thrive, better than many other towns.

However, this budget is realistic, contains costs as much as possible, and does not have any tax increase, but increases in some fees. Chambersburg residents and business will continue to pay less for services and utilities than residents and businesses outside the Borough. Also, we are cognizant of the impact of our municipal budget upon the local economy more so than other towns. Every fee increase herein is absolutely necessary, and the Borough budget has a wide-impact on fees and charges by others (i.e., school taxes, hospital employment, County government, major employers such as TB Woods and Ventura Foods, etc.). Despite increases in utility rates, Chambersburg utilities remain some of the most affordable in Pennsylvania.

In addition, 2023 is a year with a municipal election. It is important to point out that the professional staff of the Borough avoids political issues as much as possible. We serve the Council that the electorate selects. Council sets the policy priorities and we help make those priorities a reality. Any accusation that our service is somehow political is false. We are proud civil servants and this budget does not make policy choices, but rather financial choices for the community. Further, Council is welcome to articulate now, or mid-year, if their priorities evolve.

That being said, there are well-developed projects within this budget that reflect years of discussion and planning. Furthermore, Council is well aware of these projects and these spending priorities. Projects and priorities must continue in good-years and bad-years. We must continue our work on building a better community for the future.

Implementation of Comprehensive Plan Goals

Chambersburg has an opportunity to use the resources and positive impact of our low rates and excellent services to continue the growth of the local economy even in these lean times. It is impossible to know the future of the national economy, but we have seen steady demand for new housing and transportation improvements, for expanded redevelopment of blighted areas, and new recreation and civic amenities during this planning period. Therefore, the Borough of Chambersburg, unlike other urbanized areas throughout Pennsylvania, can capitalize on its assets and its position to build an improved community for our residents and businesses. We will continue to move the community forward regardless.

On Monday, September 12, 2022, Town Council adopted a new Comprehensive Plan for the Borough named Chambersburg Vision 2035. We anticipate implementation to begin in earnest in 2024.

VISION 2035: “Chambersburg is a thriving, cohesive community we are proud to call home. Our town has a high quality of life, a vibrant downtown, safe and healthy neighborhoods, excellent municipal services, many employment opportunities, and plentiful natural and cultural resources that extend throughout Franklin County. Our Borough works to collaborate with public and private partners to strengthen our quality of life as it continues to make both urban and social investments.”

In 2021, planning consultant Michael Baker International guided Borough representatives, a committee of 16 citizens appointed by Town Council, and the public through a 12-month process to prepare a new comprehensive plan, Chambersburg Vision 2035. A comprehensive plan, also known as a general plan, master plan, or land use plan, is a Council-approved strategic planning document designed to guide the future actions of our local municipality. The comprehensive plan also presents a vision for the future, with long-range goals and objectives for various activities that affect local government. Municipalities update their plans from time to time, with the Borough last adopting a comprehensive plan in 2008.

The goal of this strategic plan is to provide a vision for the future growth of the community.

Chambersburg has a continuing opportunity to impact the local economy by targeted municipal spending. In turn, to seed the local economy in both small and consequential ways. It is possible that in future years these decisions could lead to further organic growth of tax revenue. Such organic growth, defined as revenue growth because of economic growth inside the Borough limits, could continue to provide more revenue for Borough operations without the necessity of tax or fee increases. Only time will tell.

Finally, Chambersburg continues to experience a boom in local development, which has ebbed in similar communities as a result of higher interest rates. We like to think this is because Council has made Chambersburg fertile ground for entrepreneurs and business developers. We see expansive need for retail, medical, and residential development. Council has already approved more market residential units than any time in the past decade. This will clearly lead to population growth, density, and other urban issues. The ongoing development of a Comprehensive Plan is imperative to preparing for this expansive growth.

There is considerable work to accomplish beginning in 2024 and this budget is prepared to tackle those challenges.



Newly opened Creekside Apartments off Hollywell Avenue



GOALS



REINVESTMENT

Through public-private partnerships, the Borough of Chambersburg will support reinvestment in underutilized properties and public streetscapes to support the Borough's vibrancy.



HOUSING

The Borough will work collaboratively with property owners to encourage and incentivize reinvestment in its residential housing stock, adopt land use policies to allow for new housing to meet population growth, and support opportunities for homeownership.

SENSE OF PLACE



The Borough will position itself as a destination for residents and visitors.

BOROUGH SERVICES



The Borough will continue to invest in providing high quality municipal services.

TRANSPORTATION



Chambersburg will improve bicycle and pedestrian connections, invest in roadway improvements to improve safety and traffic flow, and explore restoring public transportation in the Borough.

Borough of Chambersburg 2035 Comprehensive Plan Goals

To support the implementation of the comprehensive plan goals, this plan provided a complete list of implementation strategies and corresponding action items. These strategies outline a tactical approach for advancing Chambersburg's 2035 vision by specifying tangible action steps that can be taken to ensure progress over the next 10 years. In addition to implementation strategies, this plan also identifies key partners that the Borough may collaborate with to support implementation, as well as timeframe, estimated cost, and potential funding opportunities.

Action items include:

- Through public-private partnerships, the Borough of Chambersburg will support reinvestment in underutilized properties and public streetscapes to support the Borough's vibrancy.
- The Borough will work collaboratively with property owners to encourage and incentivize reinvestment in its residential housing stock, adopt land use policies to allow for new housing to meet population growth, and support opportunities for homeownership.
- The Borough will position itself as a destination for residents and visitors.
- The Borough will continue to invest in providing high quality municipal services.
- The Borough will coordinate with local stakeholders and prioritize investment for expanding transportation options to Chambersburg residents and ensure that infrastructure is safe and efficient.



Plans for a new Wawa convenience store were approved in 2023



Plans to convert the Sharpe School to apartments were approved in 2023

Including 2024, this will be the 13th of the last 17 budget years where, the Borough of Chambersburg had not raised local Borough taxes.

This budget includes no tax increase; the same tax rates for the Police Tax, Fire Tax, Recreation Bond Tax and Police Station Bond Tax.

This budget includes fee increases.

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

Taxes

This is the thirteenth budget in the last 17 years with no real estate or Act 511 tax increase. Chambersburg rarely raises real estate taxes and generally only for Police Department and Fire Department needs. The Borough of Chambersburg did not raise real estate taxes between 2007 and 2013; then, the Council was very conservative with minor increases in 2014, 2016, 2018, 2022, and 2023.

In recent history, in most years Chambersburg has not raised the real estate tax rate. Other entities often raise taxes on our taxpayers, such as Franklin County or the Chambersburg Area School District, and that sometimes leads to confusion. When the Borough raises the real estate tax rate, it is only to fund police and fire services. In 2018 a tax was instituted to begin paying off the 2016 Recreation Bond. In 2022, a tax was instituted to begin paying off the 2022 Police Station Bond.

Recall, Chambersburg is unique in our commitment to public safety and emergency services.

In 2020, Town Council repealed the Ambulance Tax. This was in conjunction with the establishment of a new ready-to-serve mandatory Ambulance Fee on all water utility invoices (because water fees are attributed to the property owner or owner's designee). A Police or Fire subscription fee is specifically prohibited. However, emergency medical services is different. **Beginning in 2024, there will be a proposed increase to the monthly Ambulance Fee which appears on utility bills.** The surcharge, unlike a real estate tax, is broad-based. Utility customers of the Borough will continue to pay this flat fee.

The Ambulance Fee will rise from a flat \$9.50 per month per water service connection to a flat \$11.00 per month per water service connection per residential or commercial unit. This fee supports the EMS service, but it is clearly not a tax because tax-exempt property owners pay it on their monthly water bills.

With no other options available to Town Council beyond property tax increases, and with 24% of the town's assessed property value being exempt from paying the Police and Fire real estate tax, owners of taxable properties must bear the full burden of paying for public safety services. Proportionately, this burden falls most heavily on those least able to afford paying for the services: the elderly and those on fixed incomes who own real estate. Whereas, 100% of water customers pay a fee placed on utility invoices. If there was a more broad-based tax available (i.e., a sales tax), that might be a more appropriate tax to fund an emergency service such as our struggling ambulance service. However, that is not a possibility under State Law.

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

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

<u>Police Station Bond Tax</u>		<u>Recreation Bond Tax</u>	
2022	1.0 mil	2022	3.0 mil
2023	2.0 mil	2023	2.5 mil
2024	2.0 mil	2024	2.5 mil

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



The Police Station Bond Tax will continue until the debt for this project is paid off. The total rate is not anticipated to change for the duration of the payoff period.



Fully restored Market House cupola and clock tower



Newly completed addition to the Police Station and Sally Port driveway



Addition to the Police Station under construction



The Temporary Police Station on Orchard Drive was permanently closed in 2023

The debt issued by the Borough paid for the Police Station Renovation Project and the Temporary Police Station Project both.

The Borough has used debt to invest in infrastructure, which is considered good debt, not to balance the budget. “Good debt is investment debt that creates value,” says Eric Gelb, CEO of Gateway Financial Advisors and author of “Getting Started in Asset Allocation.” The latest example is the sale of the 2022 Police Station Bond(s), which financed the construction of a new Police Station for our town. A dedicated real estate tax liquidates the bond, not to run the Police Department, but to pay for the construction loan and the costs associated with the Temporary Police Station.

Paying a tax for a bond issue, as was decided by Town Council, is not the same as paying a tax for the operation of the Borough. For example, it is a similar difference to opening a mortgage to buy a house or fix the roof, in contrast to using a credit card to pay the telephone bill. Debt should only be used to add asset value. The Police Station Bond Tax, the new tax that started in 2022, is not to pay for any Police Department operations. It will pay off, until September 1, 2046, the debt to build the new Chambersburg Police Station at City Hall and the Temporary Police Station expenses.

These projects will serve the community for generations and this is how it is done in business and industry; a recommended practice, which grows the value of corporations. With adoption of last year’s budget, Council has now done this twice. First, with the 2016 Recreation Bond beginning in 2018, and then in 2022 with the 2022 Police Station Bond(s). Staff is committed to not using debt unless it provides asset value to the Borough.

This budget includes the initial planning for another large-scale construction project in the future. Over many years, the Borough has acquired space along Wayne Avenue to someday consolidate and relocate the public works, sanitation, sewer, water, and fleet operations of the Borough of Chambersburg. That site sits dormant (except for storage) awaiting a plan and approval from Town Council. In 2022, a small office building adjacent to this site, on S. Fourth Street, was renovated to be the field office of the Water & Sewer Department street crew. However, a plan exists for the main functions of this public works campus. In this 2024 Budget, there exists money to complete blueprints and to bid out construction of this important new project. The goal is to have a final bid for Council to consider in 2024, for construction likely in 2025.

Public Works Campus on Wayne Ave



In Chambersburg, our residents pay no dedicated Recreation Tax, no dedicated Highway Tax, and no taxes to support any of the Borough's operations, utilities, or utility support departments other than police and fire. Our taxes are very limited, yet misinformation is abundant on this topic.

Until 2014, the Borough used exclusively 100% of the real estate taxes collected to support the Chambersburg Police Department. In 2014, Town Council added a small share to support the Chambersburg Fire Department. In 2018, the Borough Manager recommended, and Town Council approved, an increase in the Fire Tax for use by the Fire Department and its emergency medical service as well as an increase in the Police Tax. The 2018 increase in the Fire Tax (½ mil) was reversed out in 2020, in order to shift Ambulance funding from this tax to a broad-based fee on utility invoices. In the 2020 Budget, the Borough Manager recommended repeal of the Ambulance Tax portion of the Fire Tax and Council agreed.

Within the Borough, all the real estate taxes collected are for the Police Department and the support of the Chambersburg Fire Department; none of this revenue is used to support any other department or operation. As of 2023, we will still only use real estate taxes to support police, fire, and to pay off the 2016 Recreation Bond and 2022 Police Station Bond(s). No real estate tax will pay for any operations of the Borough of Chambersburg other than police and fire. No other department, operation, or employee; not parks or street maintenance or administration are paid using real estate taxes.

In addition to the other types of taxes currently set at the maximum allowed by State Law, we use the other taxes of the Borough (such as Earned Income Tax and Deed Transfer Tax) to pay for the Highway Department operations, Land Use & Community Development, and the Recreation Department operations. 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, which is a grant from the State created by the sale of Liquid Fuels, and maybe if there is excess balances from prior year revenue. Our Highway Aid grant only pays for construction on Borough-owned streets and not much of that at all. Keeping up with all highway maintenance on Borough streets without a dedicated funding source has always been very challenging. Street repair is extremely expensive and Highway Aid is very small.

American Rescue Plan Act (ARPA)

In 2021, the Borough received the first of two large COVID impact grants. The first grant, the CARES Act, was used to pay for leave time for sick employees, extra personal protective equipment, and modifications to buildings to address the COVID pandemic. In late 2021, the Borough received the American Rescue Plan Act (ARPA) federal funding, which was to be used to help the local economy recover from the COVID pandemic. Council adopted a plan for that use.

Chambersburg Town Council met on Monday, October 11, 2021, and approved a list of projects to utilize the Borough's share of the American Rescue Plan Act (ARPA), Coronavirus State and Local Fiscal Recovery Funds (SLFRF). According to Deputy Borough Manager Phil Wolgemuth, the Borough of Chambersburg received an allocation of \$7,763,037, with all of that money now received by the Borough from the U.S. Treasury Department. The Borough needed to undertake a public process where Council could approve the project list. The approval followed advertisement, a public hearing, and public input to determine whether the draft list of projects became the final list. On October 11, 2021, Town Council approved the final list of projects.

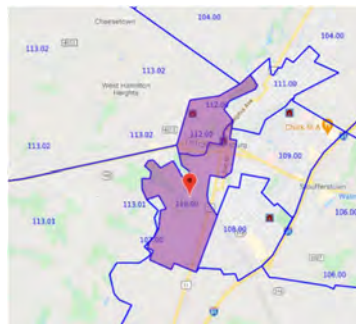
Working together with the Council Finance Committee, staff had developed a proposed project list, which both met the strict rules established for use of the grant funds as well as a series of ten criteria established by Town Council for the use of the money (listed below).

The grant funds will be expended by 2024 and each quarter the Borough must report on the project list and progress made towards expending the funds.

In the last fiscal recovery, the key term was 'Shovel Ready'. In this fiscal recovery, the Federal government is seeking 'Transformational Projects', which are intended to provide support to the Borough in responding to the impact of the COVID-19 pandemic, Town Council's efforts to address its economic fallout, and to lay the foundation for a strong and equitable recovery.

The Final Rule from the U.S. Department of the Treasury lays out a general, two-part eligibility test for uses of the funds. A recipient should first consider whether an economic harm exists and whether this harm was caused or made worse by the COVID-19 public health emergency. The use of the money must address this economic harm.

Town Council was responsible for allocating funds to transformational projects in Qualified Census Tracts, revenue replacement projects, water, sanitary sewer, or storm sewer infrastructure projects and/or to support households or small businesses. Qualified Census Tracts are those in which at least 50% of the households have an income less than 60% of the Area Median Gross Income, as determined by the U.S. Department of Housing and Urban Development. Chambersburg has two Qualified Census Tracts.



While some communities remain stymied by the Federal guidelines, Chambersburg Council moved forward with a very simple list of internal parameters to make these project decisions. Funds could not be used for certain items including principal or interest payments on existing debt, replenishing or creating reserve funds, paying settlements or judgments, or extraordinary payments to pension obligations.

American Rescue Plan Act (ARPA), Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Project Criteria Established by Council's Finance Committee, which met and reviewed project proposals that qualify for the following initiatives:

- Meets current adopted local or regional plans.
- Meets current adopted capital improvement plan objectives.
- Meets current or proposed economic development plans or objectives.
- Is in concert and complements objectives of Borough mission and organization.
- Can be incorporated into existing projects without creating additional administration or need for employees or overhead expenses.

- Can be accomplished in the one-to-four-year time frame.
- Is complementary of objectives in other State and Federal grant programs.
- Utilizes partnerships that already exist without the need for additional sub-recipient agreements, requests for proposals, or intergovernmental agreements.
- Does not expand Borough Services beyond areas already contemplated (i.e., social services).
- Can be arranged by the Finance Department and the Land Use and Community Development Department staff.

Staff reviewed existing plans, projects and programs that meet one of ten categories for Coronavirus State and Local Fiscal Recovery funding:

1. Administration of grant programs/audit.
2. Revenue replacement for Borough operating accounts (which meets Federal formula).
3. Storm water infrastructure (which meets Penn Vest guidelines for funding).
4. Drinking water infrastructure (which meets Penn Vest guidelines for funding).
5. Sanitary sewer infrastructure (which meets Penn Vest guidelines for funding).
6. Economic help targeting families because of the COVID-19 pandemic.
7. Economic help targeting businesses because of the COVID-19 pandemic.
8. Purchase of personal protective equipment (PPE) because of COVID-19.
9. Transformational projects to help historically underprivileged Qualified Census Tracts (QCT).
10. Broadband telecommunications projects that target Qualified Census Tracts (QCT) through third-party for-profit telecommunications companies.

At the recommendation of the Town Council Finance Committee, Town Council authorized the projects below to be the approved projects for American Rescue Plan Act Funds.

Audit and Administration	\$47,280
Use of Revenue Replacement to Fund Reimbursement Retail Food License Expenses	\$50,000
Use of Revenue Replacement to Fund Reimbursement Residential Rental Inspection Expenses	\$70,000
Supplemental Funds for Project H.E.A.T.	\$144,000
Use of Revenue Replacement for Chambersburg Aquatic Center	\$380,000
Sewer and Water Capital Improvements (Acquire 1332 S. Fourth St.)	\$234,900
Sewer and Water Capital Improvements (Acquire 1335 S. Fourth St.)	\$685,000
Chesapeake Bay Pollutant Reduction Plan Projects	\$2,000,000
Southgate Shopping Center Acquisition (Redevelopment Initiative)	\$4,151,857
<i>TOTAL</i>	\$7,763,037

By the end of 2023, all of the ARPA federal funding will be expended. The landlord and food service license rebates are mostly expended, with a large number of checks being directly sent to these small businesses by the end of 2022. The Southgate Shopping Center is now fully owned by the Chambersburg Area Municipal Authority (CAMA), and its redevelopment plans are ongoing. The Borough owns the Cold Storage building at 1335 S. Fourth Street and demolition is completed. Finally, the aforementioned renovation of 1332-1334 S. Fourth Street into field offices for the Sewer and Water Department which is completed.

Mostly, the ARPA federally funded projects have all been successfully undertaken.

In hindsight, the ARPA program was a tremendous success as it targeted federal money to transformational and supportive projects that would otherwise have not happened. Perhaps none more so than the redevelopment of the Southgate Shopping Center.

Labor Unions

Over the last two years, Town Council has reached agreements with all three labor unions.

Town Council entered into a Memorandum of Understanding to adopt a new Collective Bargaining Agreement with the International Association of Fire Fighters (IAFF) Local #1813 in 2022. This new labor pact, retroactive to the beginning of 2022, saw unionized employees get wage increases for 2022, 2023, 2024, and 2025. However, as of this date, the actual labor contract remains unpublished despite the work of our attorneys to create the contract document. Other details of employment were amended.

Similarly, at the beginning of 2023, Town Council reached a wide-ranging new labor agreement covering those employees represented by the American Federation of State, County and Municipal Employees Local #246 (AFSCME). To mitigate the impact of inflation on these employees, they agreed to a significant wage hike in 2023, followed by much smaller increases in 2024, 2025, 2026, and 2027.

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

The Borough Manager's proposed budget includes:

- A contractually required 3.25% cost of living increase for employees represented by the International Association of Fire Fighters (IAFF) Local #1813;
- A contractually required 3.5% cost of living increase for employees represented by the police union (the Chambersburg Police Officers' Association or CPOA);
- A contractually required 2.5% cost of living increase for employees represented by the American Federation of State, County and Municipal Employees Local #246 (AFSCME);
- A presumed cost of living increase for non-bargaining clerical, technical, and supervisory employees of 2.5%.

In addition, the Borough is undertaking a wide-ranging *classification and compensation study* being performed by the consultants at GovHR. At the Town Council Legal Update in March of 2023, staff reviewed the Borough's current bargaining (AFSCME positions) and Non-Bargaining (Administrative, Clerical, and Technical positions) pay and benefit plans, including challenges within those said plans. Additionally, staff provided an update on the job description project, which was required per a Memorandum of Understanding with the AFSCME Local #246 from 2020. Also part of the presentation to Council was the importance of a *compensation and classification study* results in order to determine the Borough's position in the employment market, with respect to grading of Borough positions, wages, and benefits compared to the Borough's competitors. The Borough's position in the market has a direct impact on the organization's ability to retain and recruit current and future talent. Such a study is recommended every three to five years; the last time a study was done for the Borough was approximately 20 years ago. Council approved the study in June 2023.

It is our hope that by 2024, the Borough may have empirical data on AFSCME and non-bargaining positions, classifications, and compensation to aid in future negotiations and pay plan decisions.

Utility Finances

There have been significant challenges for the Borough utility finances going into 2024.

Chambersburg has the lowest composite utility rates in the Commonwealth of Pennsylvania, and that is not going to change in 2024. Throughout 2023, due to operating expense increases such as diesel fuel, natural gas, chemicals, equipment, supplies, wholesale power costs, and increased cost of paving and ditch repair, the Chambersburg utility departments saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg did our best to hold on to our incredibly low cost utility rates.

In 2024, there will be a handful of increases in utility rates. That being said, at the end of the day, the municipal and commercial utility companies outside the Borough of Chambersburg have already, or will be in 2024, raising rates far in excess of anything contemplated by the Borough of Chambersburg. Therefore, despite the rate increases contained in this proposed budget, the Borough's utility invoices will actually be lower in proportion to township utility bills than they were in 2021.

The reality is that nowhere has inflation and supply chain issues more impacted the Borough of Chambersburg than in the provision of utilities. Our amazing managers have developed rates that remain some of the lowest in Pennsylvania, but must rise in 2024 merely to keep pace with the rising cost of operations.

The Chambersburg Electric Department has invested in local generation over the last two years in a considerable way. This includes the recent completion of the Chambersburg Solar Center in Hamilton Township, an extension of the Landfill Gas to Energy facility contract at the Blue Ridge Landfill, and extensive maintenance and upgrade projects at the Falling Spring Generation Station and the Orchard Park Generation Station. These assets and facilities allow Chambersburg to control the cost of electricity by strategically shifting our needs back and forth between our own facilities and the outside regional electric grid operated by PJM. PJM is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.

In 2023, the Borough-owned Falling Spring Generation Station, on Grant Street in downtown Chambersburg, shifted from being a PJM Network Resource, a facility dispatched to support the needs of the grid, to being a "behind-the-meter local resource." That is a generation facility that the Borough can strategically turn on to lower the cost of electricity during peak pricing for the purchase of wholesale power. This is a much more challenging operation, but should help mitigate the rising cost of electricity.

Despite all of these advanced strategies and controls, the cost of electricity keeps rising. So far in 2023, our neighboring investor-owned utility, West Penn Power, has received State Public Utility Commission (PUC) permission to raise their retail rates 16%. Secondly, West Penn Power had received permission for a second 16% rate increase in 2022 (for a total increase of 32% in the last year).

In response, Town Council directed staff to undertake a rate analysis study to plan for the first retail electric rate increases in over ten years. That study concluded earlier this year and recommended an immediate overall 11.3% rate increase for all electric customers. That is the overall increase, however certain customers will pay more (and others less) because the consultants are distributing that proposed rate increase fairly and equitably across the different electric rate classes.

While we are proud to have one of the lowest residential retail electric rates in Pennsylvania, even with this major rate adjustment, we will continue to be able to offer that honor to our electric customers.

We anticipate the new electric rates will be in place for January 2024 invoices for December 2023 electric use.



The 15MW Chambersburg Solar Center, on W. Commerce Street, in Hamilton Township, was completed in 2022 in partnership with Safari Energy, and sold to Aspen Power in 2023, provides affordable and reliable clean energy

Chambersburg Gas provides the lowest residential natural gas rates in Pennsylvania and that will continue in 2024. However, while Borough customers are better protected than most others in the US, we will still see increased gas prices this winter due to changes in the wholesale market. Gas rates are made up of a Distribution rate and a Gas Supply rate. The Distribution rate pays for the operation of the Borough gas system, and has not risen for 13 years. The Gas Supply rate is a direct pass through of actual wholesale supply costs. It varies every month based on the actual cost of gas. The Borough Gas Department utilizes a portfolio approach to gas purchases to decrease cost volatility, which has helped with residents' costs. Nevertheless, we are still not immune to the wholesale gas market.

There is no proposal to increase the Borough's distribution cost for natural gas. However, as wholesale natural gas prices spike, this will impact customers' pass-through Gas Supply rate.

Furthermore, the Gas Department has seen another year of significant customer growth as they drive new gas lines into previously underserved neighborhoods. It seems everyone is learning that natural gas is a safe, efficient, and low-cost energy source for homes and businesses.

While the wholesale cost of natural gas is likely to rise in 2024, the cost of operations of the department will not necessitate any distribution cost increase. Furthermore, our neighboring investor-owned natural gas utilities have already significantly increased their retail gas rates; further improving our standing as the lowest cost natural gas provider in the Commonwealth.

Chambersburg has the lowest water rates in our area, and that is not going to change in 2024. Throughout 2023, due to operating expense increases such as diesel fuel, chemicals, equipment, supplies, power costs, and increased cost of paving and ditch repair, the Chambersburg Water

Department saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg did our best to hold on to our incredibly low cost utility rates.

In 2024, the Water Department needs a rate increase to keep pace with expenses. This will be the sixth increase in seven years, and the series of small increases will likely continue for several years as water infrastructure improvements are made.

The Water Department envisions a 3¢ per unit increase for 2024, which would result in an increase for the average single-family house of \$2.10 per month in their water bill. The Chambersburg Water Department still has some of the lowest rates in the region, this proposed increase will vary based on several factors including weather, and home attributes. Some of our neighboring water systems pay 300% more than Chambersburg residents and businesses do for their water supply.

The Chambersburg Storm Sewer Utility has completed a four-year process to change their rate structure, as originally contemplated by the 2014 study that necessitated their establishment. In 2022, the utility switched what has been a flat rate, per sanitary sewer connection, to a rate based upon impervious area. This new methodology resulted in a change for commercial, industrial, and institutional customers (shopping centers, schools, churches, the hospital, etc.), which saw changes in their Storm Water Pollution Control Fee.

In 2022, single-family residential customers had no noticeable change in their fees. Under the old system, only single-family residential customers were paying a fair fee. Now, every type of property will pay their fair share based upon their relationship to the impervious area of a single-family residential home. Continuing in 2023, the rate will be expressed in single-family home “equivalent residential units” or ERU and not change from 2024.

There is no planned rate increase for the Storm Sewer Utility. However, the discounts given to commercial, industrial, and institutional customers to ease the transition to the new ERU based system will be phased out at the end of 2023. No more automatic discounts for these customers unless they earn the discount through better stormwater management practices.

In January 2022, the Storm Sewer Utility saw the ERU value being set at \$5 per single-family home equivalent. Therefore, the average single family home saw no change in their Storm Water Pollution Control Fee as the flat fee was already \$5 per month. The results for commercial, industrial, and institutional customers became based on the size of their lot and their structures. For example, if your commercial building is the equivalent of five single-family homes, your rate increase was from \$5 per month to \$25 per month (\$5 x 1 sanitary sewer connection to \$5 x 5 ERU).

A discount is based on whether you have tried to mitigate your stormwater management on your property using best management practices (BMP). In 2024, the discount can be earned by contacting the Borough.

If you own a commercial, industrial, or institutional property in the Borough, you should call for more information on your ERU value now. Learn how to lock that discount in place, because in 2024 it starts only being offered to commercial, industrial, or institutional property owners who have actually installed BMP or similar measures on their property (or otherwise met qualification criteria). Finally, a residential customer discount program continues in 2024. Look for more information.

Chambersburg has the lowest sanitation rates in our area, and that is not going to change in 2024. Throughout 2023, due to operating expense increases such as diesel fuel, recycling, equipment, supplies, vehicle costs, and increased cost of tipping trash at the landfill, the Chambersburg Sanitation Department saw all our local, regional, and state-wide neighboring utilities have significant percentage increases. Meanwhile, Chambersburg did our best to hold on to our incredibly low cost utility rates.

In 2024, the Sanitation Department needs a rate increase to keep pace with expenses. This will be the second increase in three years, and increases every other year or so should continue as inflation drives the cost of disposal higher. The goal is to remain the lowest cost of solid waste and recycling services in Chambersburg.

The Sanitation Department envisions a residential increase of \$3.00 per month (\$25 to \$28) and this budget is proposing a commercial rate increase of \$1.70 per cubic yard (\$13.30 to \$15). The Chambersburg Sanitation Department still has some of the lowest rates in the region; this proposed increase will keep pace with the commercial trash haulers who serve the townships.

Furthermore, the special services that are provided by the Sanitation Department, including the twice-annual bulky drop-off days, the annual e-waste recycling day, daily street-sweeping, and the expansive single-source commingled recycling, including glass, will not be eliminated. Recycling services cost the Borough extra money; they do not earn money. In fact, this type of recycling is neither required by law nor cost-efficient. However, Council has always supported this expensive premium service. We have a contractor who we pay to find a place to recycle our single-source commingled recycling. The contractor pays (not sells) for our recycling to go to a recycling center somewhere in the region. This service keeps the recycled material out of the landfill, which could take it from us at a much lower per ton rate.



Borough Personnel use toters for Commingled Single Stream Recycling

In 2020, Town Council introduced an Ambulance Fee on all water customer invoices. That practice will continue in 2024. On December 16, 2019, the Borough of Chambersburg adopted an Ambulance Fee by Local Law. Ambulance service is a service that the Borough maintains as ready-to-serve for the residents and visitors of the Borough. If there is a call for service at any home, business, church, park, or government building in the Borough, the Borough's ambulance service will be dispatched. A fee may be charged in exchange for the Borough Fire Department's ambulance service under State law. We provide

basic lifesaving ambulance services for our community. There is a significant cost to having ambulances staffed around the clock and ready-to-serve the Borough.

This Ambulance Fee helps defray the costs of the ambulance service being ready-to-serve. It is not a tax, as under State law taxes can only be assessed on the value of real estate. With no other options available to Town Council beyond property tax increases, and with 24% of the town's assessed property value being exempt from paying the Police and Fire real estate tax, owners of taxable properties must bear the full burden of paying for public safety services. Proportionately, this burden falls most heavily on those least able to afford paying for the services: the elderly and those on fixed incomes who own real estate. Whereas, 100% of water customers pay a fee placed on utility invoices. This is a fee in exchange for being ready to provide a service. When our residents and visitors call for an ambulance, they expect one to respond. Even with this fee, the Borough spends more on ambulance service than all the revenue it collects from this fee, the other fees charged to ambulance patients, and the annual ambulance club, which is an optional charitable donation program.

For many years, the Borough has been prohibited from collecting certain fees invoiced to patients who are covered by Medicaid/Medicare. For example, each year the Borough is forced to "write-off" as uncollectible, due to Medicaid/Medicare rules, over \$1.8 million (2022) in normal service fees that patients with third party insurance would have paid. This is in addition to almost \$300,000 per year in unpaid fees for patients with no insurance or unpaid deductibles or copays. All ambulance companies in Franklin County are experiencing the same financial problem with some finding it difficult to stay in business.

The Ambulance Fee is a ready-to-serve surcharge appearing as a flat per invoice fee along with every water service invoice. The Borough is permitted to charge a fee in exchange for a service. We charge fees for Recreation Department programs in the General Fund. We charge fees for the Code Office's Residential Rental Inspection Program in the General Fund. We charge fees for using the Borough's ambulance service in the General Fund. Since the ambulance service writes off over \$1.9 million per year in these fees anticipated for 2023, due to Federal law, we believe it is legally sustainable to charge every water utility customer a flat fee in support of the ambulance service, which is in the General Fund.

Can we not raise utility rates and fees and pay for all police officers and firefighters in the General Fund? Unfortunately, no. 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. Further, we cannot charge a fee for *regular* Police Department or Fire Department operations in the General Fund. Finally, to raise a utility fee (i.e. water fees) not to pay for a utility service (i.e. water consumption) would be unfair to utility customers. Staff has determined that we should charge a fee for every service in the General Fund that we could reasonably ask for a fee. The ambulance service, in the General Fund, can have an additional surcharge to support it. This fee began in January 2020, modified in February 2020, and updated with in 2023, and now with the 2024 budget.

This budget contemplates an increase in the Ambulance Fee from \$9.50 per month per water service customer to \$11.00 per month per water service customer. All of the additional revenue from this increase in the fee will be given to support the BLS (basic life-saving) ambulance services provided by the Chambersburg Fire Department.

Residential Utility Rates 2024

Utility	2018	2019	2020	2021	2022	2023	2024	Last Changed	
Electric	\$100.90 per month for avg. home	\$100.90 per month for avg. home	\$98.90 per month for avg. home	\$98.90 per month for avg. home	\$100.90 per month for avg. home	\$102.90 per month for avg. home	\$116.50 per month for avg. home	11.3% Increase in Overall Rates (more for some customers)	Proposed 2024
Water	\$15.10 per month for avg. home	\$15.80 per month for avg. home	\$16.50 per month for avg. home	\$16.50 per month for avg. home	\$17.85 per month for avg. home	\$21.35 per month for avg. home	\$23.45 per month for avg. home	3¢ per unit increase	Proposed 2024
Sewer	\$29.50 per month for avg. home	\$29.50 per month for avg. home	\$29.50 per month for avg. home	\$29.50 per month for avg. home	\$29.50 per month for avg. home	\$29.50 per month for avg. home	\$29.50 per month for avg. home	No change	2012
Gas	\$631 per year for avg. home	\$631 per year for avg. home	\$631 per year for avg. home	\$631 per year for avg. home	\$631 per year for avg. home	\$631 per year for avg. home	\$631 per year for avg. home	Pass-through natural gas cost increase	2013
Sanitation	\$18.75 per month for home	\$18.75 per month for home	\$20.81 per month for home	\$20.81 per month for home	\$20.81 per month for home	\$25.00 per month for home	\$28.00 per month for home	\$3 per month increase (residential) \$1.70 per cubic yard (commercial)	Proposed 2024
Storm Sewer	\$4	\$4	\$4	\$5	\$5 PER ERU	\$5 PER ERU	\$5 PER ERU**	No change	2022

**All water service customers will pay a \$11.00 per month ready-to-serve Ambulance Fee, which is an increase in this fee of \$1.50 per month per water service customer.*

***Automatic 30% discount for commercial, industrial, and institutional customers ends unless earned through stormwater management*

Chambersburg will still have the lowest composite residential utility monthly bill in Pennsylvania.

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

Other Tax Details

Types of Taxes Allowed for Boroughs under State Law:

Real estate taxes	<i>Various limits on type, size and use – may be changed once per year</i>
Deed Transfer Tax	<i>Set at maximum since 1987</i>
Earned Income Tax	<i>Set at maximum since 1965</i>
Local Services Tax	<i>Set at maximum since 2007</i>
Mercantile/Privilege Tax	<i>Prohibited if not adopted by 1988</i>
Amusement Tax	<i>Vending machine tax seen as nuisance in today's environment</i>

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



In 2023, Town Council approved a revised agreement with Downtown Chambersburg, Inc. to allow additional Hometown Hero banners to be placed throughout additional Borough streets

What of the Police Tax in 2024?

In our area, Chambersburg is the only municipality with a full service, round the clock, local police department. It is a professional and successful law enforcement organization. In 2016, Town Council appointed a new Police Chief, Ron Camacho who joined the Borough in mid-2016; a highly qualified law enforcement professional, he has installed a series of upgrades in the organization and their standard operating procedures since joining Chambersburg. In 2021, Council supplemented the Police Department leadership by adding a Police Inspector to the squad, in addition to the Chief and the Lieutenant. In 2023, it remains very expensive to operate a high performing police department, but unlike our neighbors who have chosen to rely on the Pennsylvania State Police, the Chambersburg Police Department plays a much more proactive role in public safety within the corporate boundaries of the Borough.

Chambersburg remains an incredibly safe community with very low crime rates, despite perceptions otherwise. In fact, with their intense crime-prevention and crime-solving tools, a record decrease in crime is the single biggest accomplishment of the Police Department.

Many township residents have no idea that they have no local police in their community. I have nothing but respect for the Pennsylvania State Police, but they are not a local police force and they cannot provide the exact same response or services provided by the Chambersburg Police Department to the Borough.

Until 2014, 100% of the real estate taxes collected by the Borough were used exclusively to support the Chambersburg Police Department. In 2014, a small share was added to support the Chambersburg Fire Department. While the Police and Fire tax rate grew in 2018, this remains the sole operational use of real estate taxes. Perhaps this explains why Greene, Guilford, Letterkenny, and Antrim townships have no local real estate tax. The Borough collects almost enough Police Tax to pay for the cost of operating the Police Department. Every dollar of designated revenue from the Police Tax is used wisely by the Police Department.

In 2022, the separate Police Station Bond Tax was added. In January 2023, this budget recommends no change in the Police Tax, which is 25 mil. Overall, since December 2006, the Police Tax rate has risen from 17 mil to 25 mil. When averaged out over the seventeen years, that is a growth rate of a little over 2.4% per year. **In 2024, it is the Borough Manager’s recommendation that the Borough keep the Police Tax rate at 25 mil.**

		Police Tax Rate																		
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mil		17	20	20	20	20	20	20	20	21	21	23	23	24	24	24	24	24	25	25
%Δ		-	18%	0	0	0	0	0	0	5.0%	0	9.5%	0	4.3%	0	0	0	0	4.1%	0



In 2023, it is estimated that the Chambersburg Police Department will cost \$440,185 more to operate than the revenues collected. This includes shifting police pension subsidies from utility departments to help the Police Department as well as the estimated yield of 25 mil of Police Tax.

The Chambersburg Police Department did an excellent job of controlling costs in their proposed 2024 budget. As a result, operational costs actually dropped by over \$400,000 allowing the proposed 2024 budget to be balanced. Much of this is as a result of smart equipment purchases.

As a result of those changes, no tax increase is needed.

Police Department Budget	2023	2024
Estimated cost of operations	\$6,650,710	\$6,243,476
Reimbursement from CASD for School Crossing Guards (estimated)	-\$54,000	-\$26,700
Estimated Yield from Fines and Fees	-\$144,000	-\$132,500
State Grant for Police Pension Costs	-\$744,500	-\$714,084
Subtotal	\$5,708,210	\$5,370,192
Tax Rate	25 mil	25 mil
Estimated yield of Police Tax (including tax liens & donations)*	\$5,268,025	\$5,435,380
<i>Estimated Expenses over Revenue</i>	(\$440,185)	+\$65,188

* - The value of a mil changes year-to-year even if the rate stays the same

However, a storm is clearly brewing in the future. At 25 mil, the Police Tax is almost at the State mandated maximum rate. It is merely a matter of time before inflation brings this rate to the maximum permitted rate of 30 mil. That will happen quicker if new personnel are needed to keep our community safe. This is not a sustainable situation. Many additional expenses are on the horizon.

Furthermore, please understand that the value of 1 mil is different in every County in Pennsylvania and in every municipality. Articulating the cap in the form of a mil makes the Borough dependent upon Franklin County to keep the tax rolls up to date. In Franklin County, unlike Cumberland or Adams, the County has not conducted the required updated of the tax rolls since 1962. As a result, the value of 1 mil has dropped significantly. A county-wide reassessment would reestablish the value of 1 mil and help funding for the Police Department going into the next decade. We hope the County Commissioners address this problem soon before Chambersburg hits the tax ceiling caused by their delay of reassessment.

In general, if the Police Department runs a deficit as it is anticipated to do so in 2023, it is commixed with all the revenue and expenditures in the General Fund. The General Fund miscellaneous revenue must cover it as it does with all the General Fund departments including Fire, EMS, the Recreation Department, Land Use & Community Development, and general highway, which are all mixed together pursuant to the State recommended chart of accounts.

Therefore, in 2023, we are anticipating a deficit for the Police Department of \$440,185; although we will see how the year ends up. In 2024, for only the second time since 2020, given controls on spending and a slight increase in tax yield, will the Police Tax generate enough revenue to pay for approximately 100% of the Police Department (when including other police related revenues such as the shift in pension subsidy). As is pointed out in this budget, it will be impossible to avoid future Police Tax rate increases. A deficit is not sustainable as it draws resources from other General Fund operations.

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

What of the Fire Tax in 2024?

The Borough once had no Fire Tax. In 2014, a so-called neutral arbitrator imposed upon the Borough and the International Association of Fire Fighters Local #1813 a labor pact (the infamous “Kasher Decision”). Town Council was forced to add a Fire Tax. That tax was set at 2.5 mil and has remained unchanged. In exchange for this tax, and implementing the Kasher Decision, there was relative labor peace for the years following this decision. In fact, twice since then labor negotiations have avoided going back to interest arbitration for a resolution to impasses negotiating new collective bargaining agreements.

In 2022, the Borough and the International Association of Fire Fighters Local #1813 reached a negotiated labor deal thereby avoiding arbitration. We were able to avoid the cost of arbitration (lawyers, expert witnesses, and the Borough paying 100% of the arbitration panel expenses) by accepting a compromise. The 2022 deal, executed in the form of a Memorandum of Understanding, established a proposed labor contract to fix the wages and benefits between the Borough and our professional firefighters for the years 2022 through 2025.

Back in 2018, the Borough added a small ($\frac{1}{2}$ mil) Ambulance Tax to supplement the existing Fire Tax; the maximum permitted by State Law ($\frac{1}{2}$ mil). In 2020, Town Council replaced that Ambulance Tax with the Ambulance Fee, a surcharge on water invoices.

Unfortunately, in 2020 the Borough concluded that the Fire Tax was insufficient to pay for the cost of the Fire Department’s ambulance service. There is no legal way to raise it. The Fire Tax cannot exceed 3 mil and the now-repealed Ambulance Tax cannot exceed $\frac{1}{2}$ mil under State Law. In 2020, Town Council repealed the $\frac{1}{2}$ mil Ambulance Tax in its entirety and adopted the Ambulance Fee surcharge on water invoices in its place.

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

There is no proposed change in the Fire Tax for 2024 because an increase is not possible. State law places a limit on the Borough at a very low tax rate for the purpose of paying for the Fire Department. Not that we like taxes, but the 1965 State Law makes no sense. The Borough is prohibited from levying more than 2.5 mil (the 2024 equivalent of about \$544,260) in Fire Tax, but it must be used for apparatus/truck expenses and not for firefighters. Further, the Borough is prohibited from levying more than ½ mil (the 2024 equivalent of about \$107,975) for all the firefighter wages and benefits. In Chambersburg, firefighter wages and benefits cost the Borough well over \$4 million per year. Obviously, this artificial limit in place since 1965 does not envision a mostly paid and experienced professional fire department, as we have here in Chambersburg.

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

The long-term funding issue of the Fire Department is not identical to the issue of the Police Department. The main difference is that the Fire Department brings in significant revenue. Specifically, the Fire Department is a regional provider of Basic Life Support (BLS) ambulance service inside the Borough and in parts of the surrounding townships. While less than 50% of ambulance invoices are paid (and mostly by insurance), those payments are significant. In addition, the Fire Department acts as the Borough's Fire Code safety inspection service. Done on a tri-annual basis for most commercial businesses (and annual basis for some types of businesses), this service results in fewer fires or loss of life, and provides some income for the Fire Department.

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

The cost of operating the Fire Department will rise significantly in 2024. This is in part due to higher costs associated with the replacement schedule for fire apparatus as we put aside money for future purchases. Vehicles for the Fire Department are rising exponentially in cost. This plus the growing right-off for Medicaid/Medicare patients served by the Fire Department's ambulance service, are causing strain on department finances.

In 2024, it is estimated that the Fire Department and EMS will cost \$1,737,042 more to operate than the revenues collected. This includes shifting fire pension subsidies from utility departments to help the Fire Department as well as the estimated yield of ½ mil of Fire Tax permitted to be used for operations. There is no way permitted to raise the Fire Tax (approx. 7.9 mil more) to cover this deficit.

The Borough uses the Ambulance Fee to help cover the EMS portion of the deficit. If the Ambulance Fee was used to cover the whole deficit, it would be set to \$24.30 per month instead of the recommended \$11 per month as is proposed for 2024. The proposed Ambulance Fee is less than the allowance for uncollectable ambulance receipts as a result of Medicaid/Medicare federal rules.

Fire Department Budget	2023	2024
Estimated Cost of Operations	\$5,670,265	\$6,135,720
Local Services Tax Yield (set at State Maximum)	-\$815,000	-\$758,000
Fire Code Inspections	-\$65,000	-\$83,000
Ambulance User Fees	-\$2,765,900	-\$2,855,330
State Grant for Fire Pension Costs (grant shifted from utilities)	-\$586,200	-\$594,373
Subtotal	\$1,438,165	\$1,845,017
Tax Rate	3.0 mil	3.0 mil
Estimated yield of Fire Tax (excluding tax liens & donations)*	\$633,021	\$652,235
Less required transfer to the Motor Equipment Fund (State Law)	-\$562,735	-\$544,260
Net Fire Tax Revenue for Operations	\$70,286	\$107,975
<i>Net Fire Department Operating Deficit</i>	(\$1,367,879)	(\$1,737,042)

* - The value of 3.0 mil changes year-to-year even if the rate stays the same

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

The world of EMS is in such flux, we do not see any reason to not stay the course and give the process another year to unfold. Many believe the entire EMS system is on the verge of catastrophic failure.

More concerning than our fiscal status, or the delays in finding part time firefighters, is the abject failure of volunteer ambulance companies (and some paid companies) to find employees/volunteers to staff ambulances and answer calls. There is reason to fear that the entire EMS system in Pennsylvania is on the verge of a breakdown. If such a prophecy comes to fruition, Chambersburg would remain in a strong and safe position. As a result of our commitment to professionalism, our use of firefighter personnel and our willingness to use taxes and fees to supplement EMS operations, our community and our citizens are somewhat insulated from, what may turn out to be, a breakdown in emergency medical operations regionally or statewide. This is a very real fear throughout Pennsylvania.

This year saw another dramatic change in Advanced Life Support (ALS) services in Franklin County as the system edged closer to a complete failure.

How this may impact us is both in an increased demand for our ambulance(s) to leave the Borough and provide regional mutual aid; and, second, by seeing a need to once again explore with whom the Borough contracts for Advance Life Support (ALS) paramedic services. As you may know, the Fire Department provides only Basic Life Support (BLS) services. This year, for the fourth time in five years, our ALS partner pulled out of Franklin County. Originally, we worked with West Shore EMS for these services, but their system failed and was acquired by Holy Spirit EMS, a division of the Geisinger Health System. In 2022, the Geisinger Health System merged with the Penn State Hershey Medical System. In 2023, the Life Lion and University EMS systems unceremoniously pulled out of Franklin County. As a result, Wellspan Health, in a dramatic move, stepped in to provide a partnership for ALS services.

If Wellspan Health decides to stop providing this service, there may be no one left in Franklin County and pressure upon the Fire Department to fix the failing system may reach a boiling point.

In 2024, we hope that these relationships, and our partnership, and the other BLS providers in our neighboring communities, all remain strong and stable. We hope, but we are prepared to act, just in case someone falters and we must act to protect the emergency medical systems in Chambersburg. Therefore, while no one wants to pay a new fee to support ambulance services, please understand that such a fee is increasingly important. There are no alternatives. If there is a regional or statewide collapse of the EMS system, it will be Chambersburg and our commitment to funding, which will allow us to protect our residents and businesses. If the system collapses, we are prepared to pick up the slack and spend resources.

In 2024, it is suggested that Town Council support initiatives in Harrisburg to reform and change the EMS system in Pennsylvania. Support reforms that bring resources, clarify billing rules, increase billing options, and force regionalism of ambulance systems. In addition, urge Washington to fix EMS billing rules in Medicaid and Medicare. These rules, debated often by professionals and Congress, are hurting systems throughout our country.

We must lead the way at fixing the broken EMS system statewide.



Company One – Chambersburg Ambulances



Long History in Borough – May 15, 1925 First EMS Unit

Year	Generated Revenue	Contractual Allowable (Uncollectable due to regulations)	Call Volume	Average Revenue per Response (Gen. Rev/Call Volume)
2019	\$1,131,801.48 (\$94,316/month avg.)	\$1,697,183.33	4,351	\$260
2020	\$1,038,266.96 (\$86,522/month avg.)	\$1,544,570.52	4,405	\$235
2021	\$1,109,164.38 (\$92,430/month avg.)	\$1,754,606.57	4,587	\$241
2022	\$1,203,242.76 (\$100,270/mo. avg.)	\$1,849,634.74	4,638	\$259
2023 (7/31/22)	\$765,049.14 (\$109,292/mo. avg.)	\$1,074,907.76 through July	2,542 through July	\$300

*2022 Ambulance Fee Revenue - \$974,949 at \$7.50/month per water service customer
 2023 Ambulance Fee Revenue - \$718,958 (7/31/23) at \$9.50/month per water service customer*

Proposal to raise Ambulance Fee to \$11 per month per water service connection in 2024.



Based on the apparatus replacement plan, a new EMS ambulance and a new fire engine was ordered last year. The ambulance has an expected delivery of Summer of 2024 and the engine has an expected delivery of Fall of 2025. Seen here: Ambulance 1-9 (2013 Dodge Type 1)

How much does 1 mil of real estate tax yield in 2024?

Total assessed value of taxable real estate, inside the Borough, for 2024 is estimated to be \$220,569,873; up from last year. Therefore, the cash value of 1 mil would equal \$220,569. However, when factoring in our average collection rate for any given year, we should expect that same mil to yield \$205,129. This difference is a result of the average amount of taxes remitted on time, annually, versus the total that is levied.

Therefore, for budget purposes, **1 mil is equal to approximately \$220,569 in cash.** As explained, if you assume the standard percentage of taxpayers will fail to pay their taxes, 1 mil would equal \$205,129 in cash. If you assume some old outstanding tax liens from previous years may pay their debts in 2024, 1 mil might equal \$220,569 in cash. The value of a mil is therefore not precise.

	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>	<u>2023</u> <u>Estimated</u>	<u>2024</u> <u>Estimated</u>
Police Tax Yield	\$5,067,454	\$5,060,555	\$5,214,526	\$5,435,380
Mil	24	24	25	25
Fire Tax Yield	\$633,383	\$632,189	\$626,593	\$652,235
Mil	3	3	3	3
Ambulance Tax	-	-	-	-
Mil	-	-	-	-
Recreation Bond Tax	\$630,955	\$629,033	\$524,310	\$542,015
Mil	3	3	2.5	2.5
Police Station Bond Tax	-	\$200,032	\$408,472	\$433,310
Mil	-	1	2	2
Value of 1 Mil*	\$211,060	\$210,381	\$208,428	\$217,321
<i>TOTAL MIL RATE</i>				
Single Family House Ass. Value	\$15,467.10	\$16,305.69	\$18,330	\$18,492.50
Police Tax	\$412.45	\$414.96	\$434	\$438
Fire Tax	\$51.56	\$51.87	\$52	\$52
Ambulance Tax	-	-	-	-
Recreation Bond Tax	\$51.56	\$51.87	\$43	\$44
Police Station Bond Tax	-	\$7.29	\$35	\$35
TOTAL	\$515.57	\$525.99	\$564	\$569
	For 30 mil	For 31 mil	For 32.5 mil	For 32.5 mil

*- The value of 1 mil changes year to year based on several factors include total assessed value of real estate

The Average Single-Family Home in the Borough has a 2024 assessed value of \$18,492.50.

It will see a total increase of about \$5 per year, or 42¢ per month, in real estate taxes because of the increased value of assessed property, which also increases the assessed value of the Average Single-Family Home, despite no change in the tax rate. Your payment of taxes for your property, rather than the average home, is based on Franklin County’s determination of your home’s assessed value.

Despite the fact that the average home changes every year, the assessed value of *YOUR* home likely did not change as the County has not undertaken a reassessment of real estate since 1962. We are the last County in the State to do this required recalculation. The average changes year-to-year due to new construction, improvements to properties, and assessment appeals.

The value of the average single-family home changes year-to-year. We believe the average will change from \$18,330 in the current year to \$18,492.50 in 2024, impacting the yield in taxes.

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

- Our statistics are based upon the average (median) single-family home.
- Our statistics are accurate for actual single-family homes inside the Borough of Chambersburg. We state that **the average single-family home will pay Borough real estate taxes of \$569 per year**, which means that half of all single-family homeowners will pay more and half of all single-family homeowners will pay less.
- Your home's assessed value, set by Franklin County, and not reconfirmed since 1961-1962, is public information. You can look it up online and check your Borough tax burden yourself.
- This is not the measure of what a home with a fair-market value of \$100,000 would pay. That statistic is illogical because the County does not use actual sales values to determine your taxes. The profile of a home with a real estate value of \$100,000 wouldn't represent the average, typical, or common home anyway. Further, fair-market values vary wildly based on physical location of the home from one town to the next or one block to the next. We use the real-life average home profile for the real average single-family home inside the Borough.

With this proposed budget, the average single-family home in the Borough will see their annual Borough real estate tax bill rise from \$564 per year (before discount) to \$569 per year (before discount), with no change in tax rate.

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

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

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



This house sold in 2015 for \$174,900.

However, it has an assessed value of \$18,500.

The house next door is the same age and size, but has an assessed value of \$16,830. There is no logical explanation.

Regardless, with an assessed value of \$18,500 this is the average home in the Borough.

The annual Borough tax bill for this home would be \$601.25 for 2024 (before discount). This is a real home and that is their actual tax bill.

Budget Project Highlights 2024

1. New Web-Based Customer Portal For Utility Billing and Customer Service

Originally contemplated in 2018 with the contract with Harris Software, this project is a second attempt at installing a system to permit our customers to interact with the Borough through a web-based portal. In this attempt, a different strategy has been employed. Instead of installing all new Enterprise Resource Planning (ERP) software throughout the organization, the existing backend of the current software system will be retained and a new front door will be added to allow interactivity.

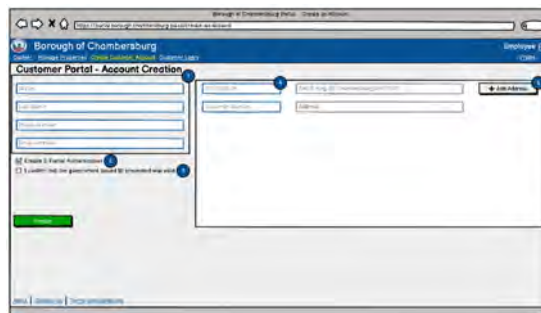
It has long been the goal of the Borough to provide utility customers with a web interface portal that is easy-to-setup, user-friendly, and safe, authenticate, and could match to Borough accounts, tenants, property owners, etc. Additionally, it could allow the use of all types of payment methods (credit, debit, EFT, etc.) at the Front Counter and remotely online with ease and comfort for customers. If transactions done at the Front Counter could also be posted in real-time to the utility billing system, that would make the system seamless between at-home and in-person transactions. Also, a portal would permit statement billing online so customers can view an up-to-date reflection of their account status.

In 2022, a planning committee, comprised of the IT Supervisor, IT programming staff, members of Town Council, the Borough Manager, members of the Customer Service Department, the Director of Finance, and the Director of Administrative Services was formed. The committee spent the better part of this year working tirelessly with Fresche Solutions to design such a portal.

The project is ongoing with the goal of having the design completed by the end of 2023. The customer portal project, including design and implementation, is in the 2024 budget as a capital improvement project request.

The Borough has contracted with Link, a long-time Borough consultant, to build this new front-end on the existing mainframe computer system. Fresche Solutions, our programmers, and the planning committee are finishing the construction of this new interface. It is our hope it will be ready for use in 2024.

Staff believes this project has a high likelihood of success because it is merely an interface and retains the existing, complex, and convoluted back end. This back end software was custom-written for the Borough by a previous consultant in the 1990s using an IBM System 7 language, a mainframe language, which is strong and versatile, but very unfriendly to Borough employees and customers.



The new customer portal will be so powerful that even Front Counter Tellers in Borough Hall will be able to use much of the same functionality as customers sitting on their home computers.

Finally, the Borough will be transitioning to a new credit card processing vendor from our existing vendor, Official Payments. The new vendor, Paymentus, will provide significantly more opportunities for all payment types as well as being fully integrated into the new utility web portal, under development, and available hopefully in 2024.

The planning committee recommended, and Council approved, this transition. As we enter into a contract with Paymentus for the processing of all electronic payment methods through the customer payment portal and in person at Borough Hall, due to the number of payment options that can be made available to customers as well as the fee structure, in which no fees or charges are assessed to, or absorbed by, the Borough or its departments.

Paymentus accepts almost every imaginable payment source including all credit cards, Google Pay, Apple Pay, and Venmo.

The total cost for Fresche Solutions to complete development of the new interface is \$426,000. Staff believes that if successful, this interface may be the single largest improvement in customer service in Borough history.

2. Progress at the Southgate Shopping Center

The Borough of Chambersburg collaborated with the community to embark on a proposed long-term initiative to reclaim and redevelop the Southgate Shopping Center into a mixed-use residential neighborhood.

The neighborhood's ongoing involvement in the Southgate redevelopment process is vitally important to the success of this community development initiative. To codify the neighborhood's continued participation in the redevelopment project, the approved Southgate Zoning Overlay District legislation includes a provision that established a permanent advisory committee made of neighborhood volunteers, which would review all planned development going forward.



The dilapidated half-empty Shopping Center as it appeared in 2022

Currently, the Board of the Chambersburg Area Municipal Authority (CAMA) is seeking proposals to revitalize the entire shopping center, having been purchased entirely from the previous owners in Ohio using a federal grant and no local tax money.

On July 27, 2023, the CAMA Board met and approved an extension to the Request for Proposals to seek partner developers. Following good discussions with prospective developers, it was the recommendation of staff to wait until 2024 and allow more work to be done on infrastructure projects before the site was offered for re-sale. It was the conclusion of staff that the operation of the shopping center was covering all its own expenses and further, there was much more work to be done on a variety of projects to prepare the site for re-sale. Therefore, the CAMA Board approved an extension of the Request for Proposal until July 31, 2024. The Keystone Rural health Center development project was approved to proceed in 2023.

Meanwhile, the infrastructure projects currently being undertaken were reported as:

- Demolition of Building #1
- Construction of Temporary Parking Lot at the site of Building #1
- Meeting Place Greenway project
- Water Street Linear Park project
- Multimodal Grant Application and Transportation Set Aside
- Recreation grant applications
- Army Corps of Engineers Storm Sewer project
- Future Cedar Avenue
- Ongoing Keystone Health project

In May 2023, Scott's Hauling & Excavating, Inc. was hired by Keystone Health to demolish the building addressed as 133 West Catherine Street, which was formerly occupied by Gold's Gym. Keystone submitted plans to the Borough to redevelop the lot with a building and off-street parking lot to be occupied by community healthcare facility.



The site of the future Keystone Rural Health Center community healthcare facility at Southgate

Now that demolition is finished at the Keystone Rural Health Center site, Scott's Hauling & Excavating, Inc. next demolished the section of the adjacent vacant shopping center building between China Wok and John Wesley AME Zion Church. Once the building was demolished, the wall next to China Wok was reinforced and insulated. The area where the demolished building was located will be improved with gravel to be used as a laydown area during construction of the Keystone Rural Health Center community healthcare facility next door.

U.S. Army Corps of Engineers Storm Sewer Project

The Borough received a very significant grant from the U.S. Army Corps of Engineers (USACE) under their Section 313 Program, to assist with eligible costs associated with the Southgate Stormwater Infrastructure project. The overall cost for the neighborhood project is \$4.6M and \$2.0M has been already been allocated for reimbursement to the project under the Section 313 program.

A portion of the Borough's overall neighborhood project will be designated as the federal project. Separable elements will be identified so that federal funds provided for the project are sufficient to cover all USACE costs and reimbursements for the project, at a 75% Federal / 25% non-Federal cost share. At the time of grant award, \$2.0M in federal funds was made available, which equates to a first phase of the project of approximately \$2.67M. The project by the Borough is to construct improved stormwater conveyance features for the Southgate neighborhood. Stormwater features will utilize best management practices including bioretention areas with native species, riparian restoration, and stream bank stabilization along the stream corridor.

It is anticipated that engineering and design work will take place in the remainder of 2023, with construction of the new system expected to occur in 2024 and 2025.

This is one of several grant programs being undertaken in the Southgate neighborhood not directly related to the purchase of the shopping center, but to prepare the shopping center for resale.



Route of new community storm water conveyance and bioretention pond

Water Street Linear Park Project

Also associated with the improvement to the Southgate neighborhood is the creation of a new linear park along the Water Street right-of-way.



New Water Street Near Senior Housing Gazebo



Current Water Street Near Senior Housing Gazebo



It is important to add bike and pedestrian connectivity to the neighborhood, the new linear park adds recreational resources to target this neighborhood as well. A new linear park in the space that is now Water Street will add a much-needed park to this new improved neighborhood. Parkland is very important to economic redevelopment. Most developers point to accessibility to natural resources as a key to investment. The new Water Street Linear Park will not only be a Rail Trail but also a full park dedicated to the health of the community. The goal is to include exercise stations between W. Catherine Street and W. Washington Street, which will allow persons of all ages and abilities to pause along the trail and undertake exercise. These exercise stations match well the fundamental goals of the Keystone Health community healthcare facility being developed nearby soon.

The CAMA Board has expressed support for not only economic revitalization but personal revitalization from this project.

Meeting Place Greenway Project

The Borough of Chambersburg intends to use \$365,893 that was allocated by the United States Department of Housing and Urban Development (HUD) through the CDBG-CV program for the Meeting Place Greenway Project.



The plan calls for a new Meeting Place Plaza to be installed at the site of the I-Hop Parking Lot

To expend the \$365,893 that was allocated by HUD through the CDBG-CV program, the Meeting Place Greenway Project will be provided as an outdoor facility at the shopping center site to mitigate the effects of future coronavirus occurrences. The project will entail removal of approximately 25,000 square feet of asphalt, concrete and gravel parking lot. Two inoperable parking light poles and concrete foundations will be removed along with removal and/or relocation of underground and above ground Borough-owned utility facilities that are still in use or need to be abandoned because they are no longer used. The area, which is partially located in the 100-year Floodplain, will be replaced with soil and grass to create a greenway adjacent to the Conococheague Creek. The remaining adjacent asphalt will be delineated with concrete curb to create a boundary between the parking lot and greenway. Where appropriate, curb depressions will channel stormwater runoff from the parking lot into the grass area. To provide pedestrian connectivity and handicapped access to the greenway, an asphalt path will be provided

adjacent to the creek, from the sidewalk networks on West Washington Street to Loudon Street. A new 12-foot-wide asphalt path will be installed along the edge of the grass, with the adjacent driveway entrance on West Washington Street being retrofitted as a trail entrance with bollards to prohibit vehicle access. Bollards will also be installed on the opposite end of the new path to prohibit vehicle access from the parking lot, which will continue to serve as pedestrian connectivity to the sidewalk on Loudon Street. The other driveway entrance on West Washington Street will be closed with curb and sidewalk. The CDBG-CV-funded greenway will be located to the rear of the vacant building at the corner of West Washington Street and Cedar Avenue however, in the future other funding will be used to demolish the building which will be replaced with Borough-owned and maintained stormwater bioretention area to support the shopping center redevelopment project. The Shade Tree Commission will provide guidance for trees and landscaping to be planted and maintained at the greenway park.

This new, publicly accessible outdoor facility will be owned and maintained by the Borough, creating open space, passive recreation and stormwater management facilities as well as a greenway to accommodate social distancing and mitigate potential future coronavirus pandemic impacts. A subdivision plan has been prepared, to be reviewed by the Southgate Neighborhood Advisory Committee and Planning and Zoning Commission and approved by Town Council, to create the 1-acre parcel where the project will be located, allowing ownership of the land to be transferred from CAMA to the Borough. The Borough will maintain the 1-acre parcel as an outdoor facility indefinitely.

The neighborhood includes residents of the 14-acre area encompassing the Southgate Shopping Center as well as surrounding neighborhoods located in Census Tract 110, Block Group 1 (91.1 % LMI), Block Group 2 (75.7%) and Block Group 3 (LMI 53.1%) and Census Tract 112, Block Group 1 (82.8 % LMI), Block Group 2 (68.3%) and Block Group 3 (LMI 65.7%). These areas are primarily residential, located in residential, commercial and manufacturing zoning districts. Residents of this area currently walk to the shopping center so it is logical to think that they will walk to the outdoor facility, which would become even more important to encourage use of the greenway for recreation in the neighborhood.

This project is consistent with the master plan for redevelopment of the shopping center.

The Borough will administer the CDBG-CV funds to prepare an Environmental Review Record, secure a NPDES permit, if necessary, and prepare plans and bid specifications to secure a contractor to complete the project. CDBG-CV funds will be used for costs associated with consultant services for CDBG-CV compliance, Borough staff compensation to prepare plans and permit applications and to pay the construction contractor hired through the public bidding process.



New Neighborhood Concept Plan Depicting Meeting Place Greenway Project Area

Loudon Street Flood Mitigation Project

In 2022, Chambersburg Borough approached Maranatha Ministries, operator of the Cold Weather Shelter at 195 Loudon Street in the Southgate neighborhood, to ascertain their willingness to relocate the shelter operation. The building that houses the shelter unfortunately is in the floodway and subject to regular and repeated flooding events. As such it is not the ideal site for a shelter.



View of 1972 flood event at Loudon Street bridge (red mark on shelter building)

If funded by the Federal Emergency Management Agency, the storm sewer utility will organize this Loudon Street Flood Mitigation Project for the Borough to acquire the property at 195 Loudon Street, relocate its current use, demolish the structure and to establish permanent use of the site as passive recreation land.

Keystone Health Plan Approved

Borough Plan RE-1596, a Final Land Development Plan for Keystone Rural Health Center to construct a three-story medical office building at Southgate Shopping Center (133 West Catherine Street) was approved by Council on Monday, October 23, 2023. The plan proposes development of Parcel A, the site of the former Gold's Gym building, as subdivided through Borough Plan RE-1571, with a three-story medical office building, with a canopy covered entrance facing West Catherine Street. An off-street parking lot with 151 spaces will be accessed by driveway entrances onto West Catherine Street and the Southgate Shopping Center access aisle. There will be an ambulance entrance at rear of building. Pole and

building mounted LED lights will be installed to illuminate the site. Land to accommodate a variable-width right-of-way for the future extension of Cedar Avenue, from West Catherine Street to West Washington Street, will be dedicated to the Borough.



Meeting Place Plaza concept plan for the I-Hop Parking Lot, with the new Bioretention Pond across street

3. Planning for a Public Works Campus for the Future and a Land Acquisition Debt Issuance

In a transformational project for the neighborhood, the Chambersburg Sanitation Department purchased the old abandoned cold storage building on S. Fourth Street. This derelict and blighted structure was demolished in 2023, and the land will be incorporated into the new site of the Borough's future public works facility. The ARPA grant provided sufficient funding to secure the building, plan for and help pay for its demolition and the clearing of the site. Additionally, this location may also co-locate future stormwater facilities to alleviate chronic and repeated flooding on S. Fourth Street. Finally, the site may also provide a part of a future pedestrian trailhead connected to the Borough's Rail Trail, which now terminates at S. Main Street.



Cold Storage building prior to demolition



Site of former Cold Storage building after demolition

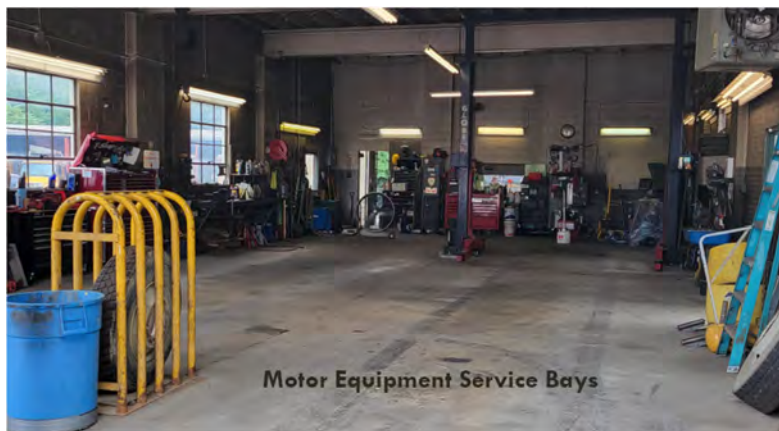
The Cold Storage site at 1335 S. Fourth Street was purchased by the Borough on August 23, 2021 as part of the future redevelopment of the Wagner property, the planned site of a future public works campus. The planned purpose is for a Water/Sewer maintenance equipment building and materials storage. The demolition project was awarded July 11, 2022 to HubScrap Metals from Hagerstown, MD for \$677,999.50, paid for by the 2020 Bond issuance, which covered a variety of Water and Sanitation departments' capital improvements Projects. This is different than the acquisition cost, which was covered by a federal grant (ARPA). The Borough also bought and renovated a small office building at 1332-1334 S. Fourth Street into field offices for the Water and Wastewater Department, across the street from the Cold Storage site.

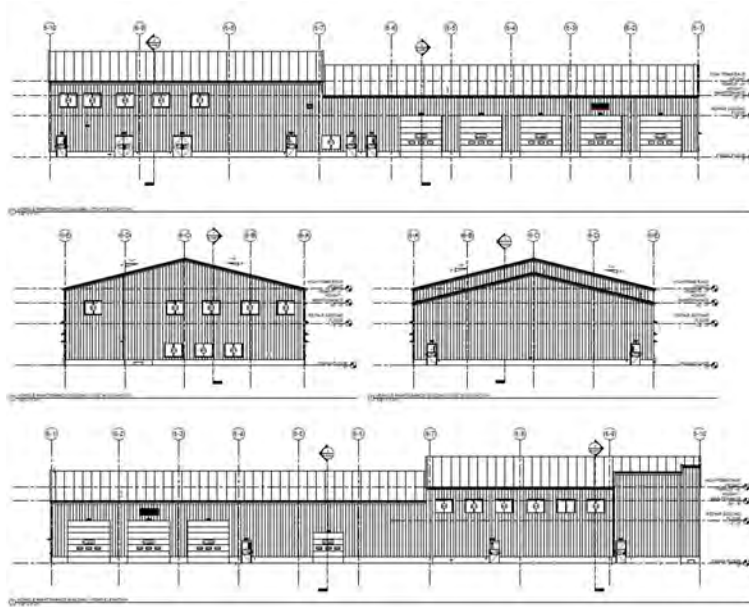


Existing public works facility on Loudon Street dates from the beginning of the last century



Existing public works facility on Loudon Street has inadequate vehicle storage, maintenance bays, and is in the floodplain – would be unusable in an emergency





New proposed vehicle maintenance facility off Wayne Avenue

At the end of 2019, the Borough had the opportunity to acquire a vacant warehouse building at 366 Wayne Avenue to plan the relocation of the Loudon Street Sanitation Department, Motor Equipment Department, and Highway Department facility. The Engineering Department could move here too.

The site, once the home of Wagner Supply Depot, will be renovated over time to eventually replace the existing Borough public works facility located on Loudon Street at the corner of S. Franklin Street. The existing facility on Loudon Street is reaching the end of its useful life. Problems exist, including vehicle maintenance bays that are too small for today's modern trucks, poor equipment and materials storage, no room to grow, a cracked foundation, and is in the floodplain along the Conococheague Creek.

In addition to the 2021 purchase of the old Cold Storage Building, the Borough purchased an adjacent home at 342 Wayne Avenue, which has been demolished. Those two tax parcels have been added to the Wagner site. Finally, the Borough remains interested in other possible nearby parcels.

The Borough engaged SGS Architects/Engineers of Carlisle, Pennsylvania, has completed a facility review and according to their principal, Dennis Sowers, the existing warehouse will be less expensive to replace rather than renovate. A number of scenarios are being evaluated in order to accommodate the eventual uses as proposed by the Borough. The consultant was engaged in 2020, a building committee was established, and conceptual design was completed for Council in 2023. On Monday, October 30, 2023, Council received a conceptual plan for the construction of a new public works campus off Wayne Avenue.

The building purchase and design stage have had no impact on taxes. The site will provide a much-needed new home for the Sanitation Department and Public Works, and provides a site, which over time, might be expanded to add other adjacent tax parcels. It is also very exciting that at the end of this project, a new park near the Conococheague Creek will encourage access to the creek near the Southgate Shopping Center, where the Public Works garage is now located on Loudon Street.

The decommissioning of the Loudon Street facility and construction of the new Conococheague Creek Park would then occur in 2026 or 2027. The new Borough recycling transfer station nor any trash storage will not be at this Wagner site. Those type of functions, with trash and recycling, would not be appropriate at this location. We want the neighbors to know that we do not foresee this location housing, even on a temporary basis, trash or recycling. This facility will be used for offices, trucks, truck maintenance, equipment, equipment repair, and the storage of dumpsters and other Sanitation Department items.

Finally, staff and the Building Committee have been in contact with adjacent property owners. We have explained the goals of the project and invited them to consider whether the sale of their property to enhance the project site might make sense. The 2024 Budget includes resources for continuing site development as well as to explore the purchase of adjacent parcels.

This budget includes a plan to borrow up to \$3 million for more land purchases and a facility design.

Town Council is now being asked to commit to a final design process, a bidding of the project to develop fixed costs by the end of 2024, and a final funding plan with the 2025 budget.



The former Wagner Supply Depot is owned by the borough as is the house on the right, now demolished, and the cold storage building to the rear, also demolished



Conceptual plan as of October 2023

4. Storm Sewer System Capital Project Bond Issue

In a transformational project, the Borough of Chambersburg will make significant and long-term capital improvements to a variety of sites impacted by flooding, or water quality issues, and previously identified in the Borough’s approved Chesapeake Bay Tributary Strategy Plan. As many as five to seven different storm water projects including, but not limited to, flooding on S. Fourth Street, the storm water channel adjacent to the Falling Spring Presbyterian Church, Pioneer Court in Downtown Chambersburg, Stevens Elementary School site, and Wolf Avenue/Rail Trail outfalls, may be improved by these funds. Further, a significant capital improvement will be made by fixing and rerouting the storm sewer system at Southgate and the flood mitigation at the Maranatha Cold Weather Shelter on Loudon Street. Avoiding increasing fees for pollution control and storm sewer management, the use of bond funding will improve this key infrastructure of the Borough without necessary fee hikes for Borough property owners. Finally, the Borough is required to make such improvements over the next few years and designating this funding will help bring these important projects to reality and meet the Borough’s compliance with the terms of the Pennsylvania Department of Environmental Protection permits for the storm sewer system (MS4).

Chesapeake Bay pollutant Reduction Plan

Best management practices projects were approved through the plan, which are intended to reduce the amount of nitrogen, phosphorus, and sediment that are conveyed into the Falling Spring Creek and Kanekachi Creek, which ultimately flow to the Chesapeake Bay via the Potomac River. The Borough municipal separate storm sewer system (MS4) operates under Pennsylvania Department of Environmental Protection NPDES General Permit No. PAG 133704, of which coverage commenced on June 1, 2018 and will expire at midnight on March 15, 2025.



Site	BMP ID	BMP Type	Drainage Area (acres)	Length (ft)	Pollutant Load Reduction TSS (lbs/yr)
Rhodes Drive	BMP-1A	Bioswale	2.39	n/a	2,766
	BMP-1B	Pervious Pavement	0.31	n/a	81
Fifth Ave Extension	BMP-2	Subsurface Infiltration	6	600	3,879
Elder Street / W Commerce Street	BMP-3A	Subsurface Infiltration	9.2	n/a	5,047
	BMP-3B	Streambank Restoration	n/a	1,400	62,832
	BMP-3C	Subsurface Infiltration	9.18	n/a	5,036
	BMP-3D	Bioretention	4.35	n/a	3,580
Stevens Elementary	BMP-4A	Streambank Restoration	n/a	500	22,440
	BMP-4B	Riparian Buffer	12.38	n/a	6,670
Wilson College	BMP-5	Bioretention	103.5	n/a	100,368
Mill Creek Acres Park	BMP-6	Bioretention	100	n/a	96,974
Nitterhouse Park	BMP-7	Bioretention	7.2	n/a	5,925
	BMP-8A	Bioretention Pocket	5.08	100	4,926
	BMP-8B	Bioretention Pocket	4.59	100	4,451
	BMP-8C	Bioretention Pocket	4.02	100	3,898
	BMP-8D	Bioretention Pocket	6.22	100	6,032
Wolf Ave Rail Trail	BMP-8E	Bioretention Pocket	5.28	100	5,120
	BMP-9	Streambank Restoration	n/a	250	11,220
Fourth Street	BMP-10	Subsurface Infiltration	29.3	n/a	16,074
South Fourth Street	BMP-11	Subsurface Infiltration	2.52	100	1,383
Ludwig Ave Parking Lot	BMP-12A	Stream Restoration	n/a	675	30,294
	BMP-12B	Riparian Buffer	7.06	675	3,804
Sheffler Drive	BMP-13	Riparian Buffer	31.6	n/a	14,447
Total					417,247

Chambersburg has dozens of miles of storm sewer pipes, channels, inlets, catch basins, ponds, etc., and they require inspection and maintenance as a part of the State permit, but also the important necessity to

manage and respect storm water and its impact on the community environment. Some communities have delayed the implementation of storm sewer system management. This was never an option in Chambersburg's large urbanized environment.

In 2024 or 2025, the Borough Engineering Department along with the Storm Sewer Utility will fly the community to create new aerial maps for use by all the utilities. These maps are so precise that using today's technology, the Storm Sewer Utility can use them to measure impervious area on non-residential parcels and civil engineers can use them to design projects for bidding. The Borough has sufficient available funding in this budget to include this new survey.

Further, the Storm Sewer Utility will begin contracting for the survey of the underground system using a contractor who televises pipes. A cleaning and televising of storm sewers will allow the Borough to ensure that the storm sewer system is functioning properly and to identify deficiencies in the sewer pipes that need to be repaired. This will be done with robotic cameras, vacuum excavation equipment, and high-pressure water cleaning equipment. Then, maps of the areas affected by sewer cleaning and televising will be available to develop future maintenance projects.

Finally, if funded by the Federal Emergency Management Agency, the Loudon Street Flood Mitigation Project would permit the Borough to acquire the property at 195 Loudon Street, relocate its current use, demolish the structure and to establish permanent use of the site as passive recreation land. This important grant project may be approved in 2024.

5. Various Multi-Modal Transportation Projects Around Chambersburg Borough

Chambersburg is in the midst of a decades-long transportation project development phase, which has carried along a series of important vehicle, pedestrian, and bicycle concepts (Multi-Modal (MTF)) projects that are in various stages of conceptual design. When bundled together these MTF projects would be transformational for the Borough.

They include:

- Moving U.S. 11 from Garfield Street to Derbyshire Street
- Broad Street Greenway and Trail Head Project
- Kennedy Street Extended Project
- Third Avenue Greenway Project
- McKinley Street Pedestrian & Bike Upgrade Project
- North Rail Trail Extension, in Cooperation with Wilson College & Armstrong Family
- South Rail Trail Extension with new Pedestrian Crossing S. Main St., and new Ped connection to S. Fourth St.

Proposal to Relocate US11 Northbound from Garfield Street to Derbyshire Street

In 2014, Chambersburg Borough staff, working with Highway Design Specialist Adam Wagner of Traffic Planning and Design, a Harrisburg based professional traffic engineering firm, developed a proposal to relocate route U.S. 11 northbound from its current path along Garfield Street to an alternate path along Derbyshire Street. Chambersburg, like many communities laid out in the Nineteenth Century, has a tight grid of undersized streets in its Central Core. One of the factors that has led to the economic development and growth of Chambersburg and Franklin County is the fact that it is located at the crossroads of some

impressive motorized and railroad commercial transportation routes. One of those routes is U.S. 11. U.S. 11 is a north–south (physically northeast-southwest) United States highway system extending 1,645 miles across the eastern United States. The southern terminus of the route is at U.S. 90 in the Bayou Sauvage National Wildlife Refuge in eastern New Orleans, Louisiana. The northern terminus is at the Rouses Point - Lacolle 223 Canadian Border Crossing in Rouses Point, New York. The route continues across the border into Canada as Quebec Route 223. U.S. 11, created in 1926, largely follows the route of the original plan. Mostly duplicated by the route of I-81, U.S. 11 is one of the most important legacy truck transportation routes in the United States. It passes directly through Chambersburg, Pennsylvania.

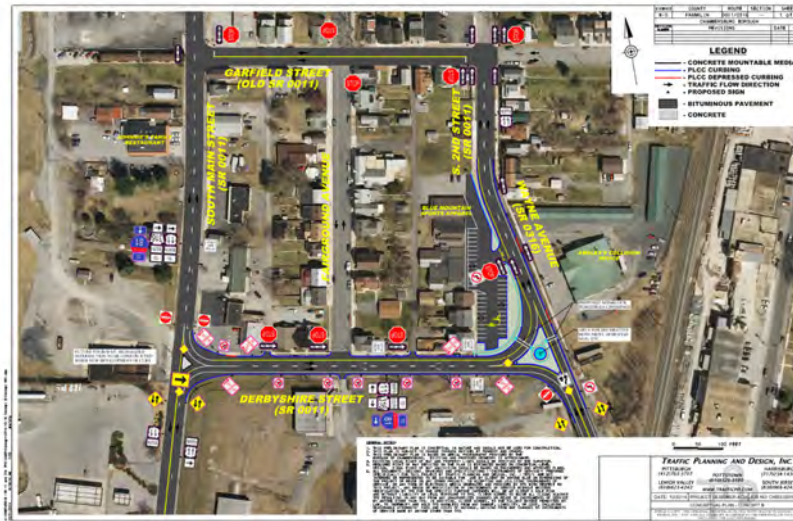
In 1957, in an effort to mitigate against the growing volume of traffic passing through Downtown Chambersburg, the Commonwealth of Pennsylvania approved a plan to allow most major routes throughout the core to become one-way streets. This act, separated northbound and southbound U.S. 11 onto two different streets (southbound remained on Main Street whereas northbound was relocated to Second Street). This plan was made possible by the fact the Chambersburg street grid included convergence points where streets joined together on the edge of the core street network.

Unfortunately, the street grid only had three of these points of convergence: North Point, East Point, and West Point. There was no southern point of convergence. This factor necessitated a work-around to allow U.S. 11 to be separated into two different streets without a convergence point. That work-around was the designation of Garfield Street to act as a one-block pass through for traffic to pass from Main Street to Second Street and mimic the pattern of the convergence points on the north, east and west of Downtown Chambersburg.

Garfield Street was no less wide than Main Street or Second Street and the geometry of the street was sufficient to handle the traffic volume as existed in 1957. There are three facts about Garfield Street that render it a poor one-block past through for U.S. 11 now:

- Garfield Street is mostly a residential street
- The grid nature of the Chambersburg street network creates very tight turn radii for tractor trailers when turning onto and off of Garfield Street
- The Second Street end of Garfield Street requires that traffic turn either northbound onto Second Street to follow U.S.11 northbound or southbound onto Second Street/Wayne Avenue onto the northern terminus of Pennsylvania State Route 316.

Derbyshire Street is one block south of Garfield Street and runs parallel to it. Derbyshire Street is also a local street owned by the Borough of Chambersburg. Currently it is a two-way street (unlike one-way eastbound Garfield Street) and it is underutilized. Many motorists use it as an alternate route to avoid Garfield Street although that is impossible for tractor trailers given the tight uphill nature of the Derbyshire and Wayne Avenue intersection. The south side of Derbyshire Street is dominated by an industrial facility, which in its heyday was a major employer. The intersection of Derbyshire Street and Fairground Avenue was the employee pedestrian entrance to the industrial site and an old fashion turnstile gate still sits at that location. However, currently the industrial site is underutilized and there is no longer a rush of pedestrian workers crossing Derbyshire Street and passing through the turnstile. In fact, it is unlikely the site will ever see that type of traffic again. Truck traffic to the industrial site enters off Main Street (U.S.11) although there is a truck maintenance gate on Derbyshire for the facility.



Relocate U.S. 11 from Garfield Street to Derbyshire Street

Broad Street Greenway and Kennedy Street Extended



Since 2017, Town Council has sought to connect Grant Street to Broad Street with the completion of Kennedy Street across land owned by Knouse Foods and at 580 Broad Street. In 2024, it is staff's hope that this concept plan can move forward before this one transportation improvement opportunity gets lost to development.

Furthermore, the Borough has been planning several new Rail Trail extensions including along the abandoned Cumberland Valley Railroad right-of-way now owned by Norfolk and Southern Railroad. This bicycle and pedestrian improvement, a greenway, would run parallel to Broad Street and connect the new Kennedy Street Extended to Norland Avenue via this unused right-of-way. Both projects are interconnected as the greenway needs a southern terminus at 580 Broad Street.

McKinley Street East-West Complete Streets Plan

This critical connection would include on-road or off-road improvements, or a combination of both to provide a bicycle friendly link between the Middle School Campus/Memorial Park, the High School Campus, Mike Waters Park, and the existing Rail Trail. Improvements could include removal of existing on-street parking, bicycle lane, sidewalk improvements, cross walks, intersection improvement, pavement markings, and signage.

Third Street Greenway Plan

The 3rd Street Greenway trail begins 900 ft. north of Lincoln Highway and terminates at Grant Street. The trail would run approximately 1/4 mile in length. The proposed trail will utilize a 10-12 ft. shared-use path with 5ft. Buffers on each side of the trail.

Rail Trail Northern Extension

The Rail Trail "Gravel Road" Extension links the northern terminus of the existing rail trail to Wilson College Equestrian Complex and Wilson's internal trails. This portion of the trail extends approximately 0.5 mile. The proposed Rail Trail extension will include 10-12 ft. shared-use path with 2 ft. buffers on each side of the trail. This connection includes one roadway crossing at the W. Commerce Street/Hood Street intersection.

Rail Trail Southern Extension

The extension would extend the southern terminus of the existing Rail Trail to Fifth Ward neighborhoods and commercial area (Wayne Avenue). The connection would include multi-purpose 10-12 ft. shared use path improvements extending the existing Rail Trail to Wayne Avenue. Improvements could also include some on-road improvements, crossings, and signage.



The Abandoned CSX Railroad Right-of-Way on S. Main Street

Ideas for McKinley Street



Chambersburg Area Middle School South Midblock Treatment Options

McKinley Street Complete Streets Plan from 2023

Water Street Linear Park (MTF)

The Southgate Redevelopment project seeks to transform the dilapidated 33-acre Southgate center into a vibrant and safe mixed-use commercial and residential area, and community healthcare center. The Chambersburg Area Municipal Authority (CAMA) acquired the property with the Borough of Chambersburg (Borough) funds in order to facilitate the redevelopment. The Borough is requesting PennDOT's support to solve four problems it has related to pedestrian and bicycle transportation in the economically disadvantaged Southgate neighborhood. The first problem is that two blocks of the existing Chambersburg Rail Trail between Catherine and Washington streets must be removed in order to relocate a box culvert from under Southgate's parking lot to under Water and Washington streets. Relocation of the box culvert is imperative to prepare the land for future development.

To solve these problems, the Borough is requesting Pennsylvania Department of Transportation (PennDOT) Transportation Alternatives Set-Aside (TASA) funds to facilitate the redevelopment of two street blocks into a pedestrian- and bicycle-only multi-modal greenway (Project). As a result, the area will be permanently closed to motorized vehicular traffic. Additionally, the redevelopment of two blocks of Water Street to a pervious asphalt trail 140 and green space will substantially increase the amount of pervious surface. This will mitigate the flood risk and allow water to be filtered through the ground naturally before entering the local Conococheague Creek, instead of contributing to non-point solution water runoff. The Borough already engaged an engineer to complete conceptual designs that demonstrate the efficacy of the Project related to existing traffic patterns and property boundaries and uses. If awarded, the existing Rail Trail will be expanded and enhanced and the neighborhood will have safe and accessible pedestrian and bicycle traveling options to current and future community assets and commercial, venues.



Third Street Greenway Plan

6. Expand Fire Safety Inspections into the Townships

In 2024, we should continue to advocate for a proposal that Hamilton, Guilford, and Greene Townships adopt the International Fire Code and contract with the Borough Fire 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 the Pennsylvania Municipal Code Alliance (PMCA) to provide third-party Code Agency services for those codes.

Yet, to date, no volunteer fire companies nor PMCA are providing commercial fire code inspection in any of the townships. The volunteer fire companies generally are unequipped to do inspections. Although PMCA 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 PMCA would support this plan.

Beginning in 2015, the Borough updated our local Fire Law, written by the Assistant Solicitor, and adopted the new International Fire Code. In the Borough, businesses must be inspected (some annually & some tri-annually) for code violations. We believe that this is a big **fire prevention program** in that it actually prevents fires, saves lives, and property. In the Borough, the Fire 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 are hard pressed to believe that the townships would not support the adoption of a systematic Fire Code inspection program 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 six to eight 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 Fire Department program would begin with a meeting with stakeholders to explore how this program may function.

This is not about Chambersburg or the Chambersburg Fire Department. This is about saving lives and property in the townships. Chambersburg has this program regardless. We see the value. We have seen the number of fires reduced as a direct result of the program. In an era where the volunteer fire companies are struggling, there is no reason one can imagine that the townships would not invite the Borough to bring this program into their municipalities. There is no one else available to provide the program. This is not competition. This is a smart move for each of the townships.

If this program happens, the Borough would expand the Fire Department by one employee to manage the process.

The 2024 Budget includes a commitment to this goal. Finally, Mayor Hock can carry the torch to reach out to the townships, and to help promulgate the lifesaving program in 2024.



Keystone Health President/CEO Joanne Cochran is the winner of the Citizen of the Year Award



*Accepting on her behalf was Mr. Dave Grant, Keystone Rural Health Center Chief Operating Office
Seen with William “Donald” Waters, Mike Rideout, and Julie Redding, Recreation Director*

In 2023, the Chambersburg/Mike Waters Citizen of the Year Award committee has selected Ms. Joanne Cochran as our honoree. In 1986, Joanne Cochran, Keystone’s President and CEO, co-founded the healthcare program to provide health care to the migrant agricultural workers in Franklin County. At that time Keystone was comprised of three volunteers providing part-time seasonal health care to migrant agricultural workers in Franklin County and saw 500 patients during its first season. Today, Keystone Rural Health Center has more than 540 employees and sees over 59,000 patients annually.

Keystone Health is the only federally-qualified Community Health Center serving Franklin County. Her support to the community has extended far beyond Keystone’s interest. This Visionary willingly assists the Borough of Chambersburg, FCADC, the Commonwealth of PA, BOPiC and much much more. These voluntary efforts are the reason for her selection as Citizen of the Year for 2023.

Conclusion

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

At no point have I been prouder to lead this organization than now.

I am proud to represent our community on a regional, state-wide, and national stage. I talk often of our uniqueness among municipalities.

As Council leadership knows, last year’s budget numbers, based upon funding everything, was not good. Only through careful prioritization, and reasonable cuts, did we end up with the budget being presented herein.

In the proposed 2024 Budget, I have recommended no tax increase, in exchange I would respectfully request that Council use the year to plan for significant tax challenges in the future for both the Chambersburg Police Department and the Chambersburg Fire Department.

The utility rate increases are necessary, but Chambersburg will continue to have lower rates than all our neighboring municipal and commercial utility systems. This includes an increase in the Electric Rate, a supply rate increase for Natural Gas, an increase in the Water Rate, and an increase in the Sanitation Rate. All these increases are significantly less than if our residents and businesses lived in the townships. Finally, I am recommending a necessary increase in the Ambulance Fee to keep pace with the cost of providing this important life-saving service.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u> Proposed
Police Tax Mil	21	23	23	24	24	24	24	24	25	25
Fire Tax Mil	2.5	2.5	2.5	3	3	3	3	3	3	3
Ambulance Tax Mil	-	-	-	0.5	0.5	0	0	0	0	0
Recreation Bond Tax Mil	-	-	-	3	3	3	3	3	2.5	2.5
Police Station Bond Tax Mil	-	-	-	-	-	-	-	1	2	2
Total Real Estate Tax Mil	23.5	25.5	25.5	30.5	30.5	30	30	31	32.5	32.5

In June 2023, Moody’s Investor Services reaffirmed Chambersburg’s General Obligation credit rating as **Aa3**, which is quite good. They stated Chambersburg’s rating “reflects its improved reserves and liquidity, moderately sized taxable base with below average income, and growing but still manageable debt burden. The rating also considers the Borough’s financially sound enterprise funds. The Borough’s preliminary fiscal 2022 results indicate another strong year with improved reserves across all operations.”

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

I support infrastructure investment to grow the Borough's balance sheet's assets. We should be strategic in the investment into new projects. I suggest we use 2024 to plan for the future, especially buildings and underground utilities.

No one likes a tax increase. However, I recommend that Council consider initiatives to permit future tax increases, when they become needed. To continue the Borough's investment in public safety, Franklin County must undertake reassessment, the updated of the tax rolls, and they must begin this multiyear process immediately. Our antiquated tax system is devaluing each mil of tax value to a point where the Borough's Police Department and Fire Department have reason to worry about future viability. They are important core functions of our municipality. Further, the condition of public safety funding outside the Borough of Chambersburg is already of concern to those informed on such subjects. Volunteer fire companies, volunteer ambulance companies, and the Pennsylvania State Police, are not worthy substitutes for professional municipal operations.

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

This 2024 Budget is balanced and there is no tax increase and several utility rate changes.

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

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

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

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

Would it not make more sense for townships to pay Chambersburg rather than to pay Harrisburg? We can offer top-notch police and fire for some or all of the adjoining townships.

In 2024, the Borough will have an ALL-FUNDS BUDGET of \$134,254,757. In 2023, the ALL-FUNDS BUDGET was \$134,698,549. This represents a 0.3% decrease, with no major changes to accounting or operational practices. This net decrease is a realistic gauge of year-over-year fluctuations including the end of the American Rescue Plan Act temporary spending.

In 2024, the Borough's OPERATING BUDGET will be \$124,198,372. In 2023, the Borough's OPERATING BUDGET was \$114,940,320. This represents an 8.1% increase, with no major changes to accounting or operational practices. This increase is largely attributable to revenue in the Electric, Electric Capital Reserve, Gas Capital Reserve, Water, Water Capital Reserve, Sanitation, Sanitation Capital Reserve, General, Storm Sewer, Storm Sewer Capital Reserve, Special Revenue, and Administrative Services Funds, as a result of utility rate increases, projected increases in sales, as well as the anticipated revenue resulting from grants and debt issuance.

In 2024, the Borough's GENERAL FUND BUDGET will be \$19,790,495. In 2023, the Borough's GENERAL FUND BUDGET was \$19,517,700. This represents a 1.4% increase, and is a realistic gauge of actual growth in the Borough's spending plan, given the employment of the Police and Emergency Services Departments, as well as the provision of all major governmental services.



The Memorial Square Fountain returned to service in 2023 following a catastrophic single-car accident

Use of Fund Balance 2024

	2024 Revenue	2024 Expenditures		Withdrawal/Deposit from Fund Balance
General Fund Total	\$19,790,495			Balanced with an increase to the Borough's Ambulance Fee
General		\$2,977,175		
Highway		\$1,488,190		
Fire/Ambulance		\$6,135,720		
Police		\$6,243,476		
Recreation		\$1,473,220		
Land Use/Community Dev		\$1,003,315		
Community Functions		\$469,399		
General Fund	\$19,790,495	-		Balanced
Electric	\$35,213,550	\$35,213,550	-	Balanced with an overall 11.3% rate increase
Gas	\$11,335,910	\$11,335,910	-	Balanced
Water	\$5,175,125	\$5,175,125	-	Balanced with a 3¢ per unit rate increase
Sewer	\$7,543,200	\$7,543,200	-	Balanced
Sanitation	\$4,859,348	\$4,859,348	-	Balanced with a \$3.00 per month rate increase
Parking Traffic	\$1,585,300	\$1,585,300	-	Balanced
Storm Sewer	\$1,515,660	\$1,515,660	-	Balanced
Swimming Pool	\$1,367,675	\$1,367,675	-	Balanced
Motor Equipment	\$5,024,936	\$4,300,436	\$724,500	Making a deposit into fund balance, for future equipment
Engineering	\$633,800	\$633,800	-	Balanced
Stores/Warehouse/Call Center	\$1,995,015	\$1,995,015	-	Balanced
Admin Services Dept.	\$9,890,944			Balanced
Utility Addition Operations		\$584,655		
Personnel & Payroll		\$983,055		
Info Technology		\$1,721,577		
Finance/Customer Service		\$2,766,085		
Clerical Pool		\$1,470,647		
General Admin & Supplies		\$1,328,925		
Admin Cap Projects		\$1,036,000		
Admin Services Dept.		\$9,890,944	-	Balanced
<u>Utility Capital Funds</u>				
General Capital Reserve	\$1,420,100	\$2,623,470	\$(1,203,370)	Making a \$1.203 million withdrawal from accumulated fund balance.
Storm Sewer Capital	\$7,051,750	\$4,321,605	\$2,730,145	Making a 2.7 million deposit into the Storm Sewer Capital Fund.
Electric Capital	\$1,978,000	\$1,890,000	\$88,000	Making a \$88,000 deposit into the Electric Capital Fund.
Gas Capital	\$2,866,345	\$2,790,000	\$76,345	Making a \$76,345 deposit into the Gas Capital Fund.
Water Capital	\$1,647,010	\$1,680,000	\$(32,990)	Making a \$32,990 withdrawal from the Water Capital Fund.
Sewer Capital	\$999,765	\$2,460,000	\$(1,460,235)	Making a \$1.46 million withdrawal from accumulated fund balance.
Sanitation Capital	\$3,237,057	\$3,000,000	\$237,057	Making a \$237,057 deposit into the Sanitation Capital Fund.
Parking Capital	\$761,715	\$847,000	\$(85,285)	Making a \$85,285 withdrawal from accumulated fund balance.
<u>Miscellaneous Funds</u>				
Self-Insurance Trust	\$1,169,285	\$1,540,785	\$(371,500)	Making a \$371,500 withdrawal from previous deposits to offset claims.
Workers Comp Trust	\$472,450	\$530,050	\$(57,600)	Making a \$57,600 withdrawal from previous deposits to offset claims.
Special Revenue Trust	\$2,851,339	\$2,847,339	\$4,000	Making a \$4,000 deposit as grant payments will exceed grant spending.
Police Station Tax Fund Holding	\$438,810	\$438,810	-	Balanced
Recreation Tax Fund Holding	\$566,015	\$566,015	-	Balanced
Fire Tax/Ambulance Tax Holding	\$663,735	\$663,735	-	Balanced
Liquid Fuels State Grant Holding	\$615,100	\$615,100	-	Balanced
Sister City	\$1,500	\$1,500	-	Balanced
Project H.E.A.T.	\$25,750	\$42,250	\$(16,500)	Making a \$16,500 withdrawal from prior deposits to the fund.

Anticipated debt for projects is \$5,733,531 as there are three possible debt issuances in 2024;

All governmental funds are balanced, and capital funds are making a drawdown on reserves or bond proceeds.

Use of Taxes to Fund 2024

In 2024, it is the Borough Manager’s recommendation that the Borough not change the Police Tax rate, currently at 25 mil.

Police Tax Rate (in mil)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
17	20	20	20	20	20	20	20	21	21	23	23	24	24	24	24	24	25	25

In doing so, this means that since 2006, the Police Tax will have increased 8 mil in 17 years. An understandable rate of growth for such an important tax and such an important service.

In 2024, it is the Borough Manager’s recommendation that the Borough not change the Fire Tax rate, currently at 3 mil.

Fire Tax Rate

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Ambulance	0	0	0	0	0	0	0	0	0	0	0	0	0.5	0.5	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	2.5	2.5	2.5	2.5	3.5	3.5	3.0	3.0	3.0	3.0	3.0

Recall, the Fire Tax does not come close to covering the cost of the department, but cannot be increased.

Even with the Ambulance Fee, the Fire Department is anticipated to run a deficit requiring the use of general revenues to cover additional expenses. We are lucky that our General Fund has enough undesignated miscellaneous revenue to close this gap. However, long term, we need to explore ways to increase funding for Fire and EMS. The system is truly broken.

In 2024, it is the Borough Manager’s recommendation that the Borough not change the Recreation Bond Tax rate, currently at 2.5 mil.

Recreation Bond Tax Rate (in mil)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
-	-	-	-	-	-	-	-	-	-	-	-	3	3	3	3	3	2.5	2.5

In 2024, the Police Station Bond Tax will continue for its third year. It is proposed to remain at 2 mil.

Police Station Bond Tax Rate (in mil)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2	2

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

In Chambersburg, in 2024, the average single-family home has a Franklin County assessed value of \$18,492.50; obviously, that is the assessed value and not the single-family home market value.

Half of all single-family homes in the Borough have an assessed value higher, and half have an assessed value lower. Commercial, industrial and multi-family homes have different values.

According to Redfin.com, the average fair market value of all single-family homes sold in the Borough in 2023 was \$268,500, up an impressive 20% from the previous year. There were 201 homes sold year-to-date, almost three times the previous year.

Average Single Family House Inside The Borough	2023	2024
Police Tax (to the General Fund)	\$434.31	\$437.30
Fire Tax (to the Motor Equipment Fund)	\$52.12	\$52.48
Recreation Bond Tax (to the Swimming Pool Fund & General Fund)	\$43.43	\$43.73
Police Station Bond Tax	\$34.74	\$34.98
Total (per year)	\$564.61	\$568.49

No change in tax rate – average home value changes year-to-year

When asked, some citizens wildly inflate the dollar value of the real estate taxes that they pay per year. The single-family home with the largest Police Tax bill each year pays \$2,930 per year in Police Tax versus \$437.30 paid by the average single-family home. Further, that home has a Fair Market Value of \$813,300 (with a Franklin County assessed valuation of \$117,200) and is therefore a unique Borough property.

Of all the single-family homes inside the Borough, half pay more than \$568.49 per year in Borough taxes, and half pay less.



Single Family House

\$568.49 per year¹



Schools

No tax



Non-profits

No tax



Government

No tax



Commercial/Industrial

More

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

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 ½ of 1% tax on wages (not investments or retirement benefits) earned by those who live inside the Borough; and the Deed Transfer Tax, which is a ½ of 1% tax when property inside the Borough is sold or transferred. Together, along with fees and fines, these categories make up the only revenues.

In addition, 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.

¹ Not a precise measure as the value changes every year due to the assessed value of real estate – use for planning only

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

I would like to take this opportunity to thank all involved in preparing this proposed budget, especially Jason Cohen/Finance Director, Melinda Thompson/Administrative Services Director, Kris Baker/Human Resources Supervisor, Phil Wolgemuth/Deputy Borough Manager, Jamia Wright/Borough Secretary, Cindy Harr/Assistant Borough Secretary, and our amazing management staff.

I would also like to thank those members of Town Council who provided ideas and guidance through this process. I could not have successfully managed the community this year without the support of Council, especially Council President Allen Coffman, Vice-President Bill Everley, Finance Chair John Huber, and Finance Vice-Chair Tom Newcomer.

I propose that Town Council authorize advertisement of this Proposed Budget when they meet on November 6, 2023. In addition, I suggest that Town Council receive public comments on the Proposed Budget on November 13, 2023.

Finally, I would propose that Council adopt the proposed budget on December 11, 2023. I promise staff's full cooperation as we try, together, to be fiscally prudent with the finances of our community, and as we plan for its future.

Sincerely,



Jeffrey Stonehill
Borough Manager/Director of Utilities