



# Borough of Chambersburg

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

## FOR IMMEDIATE RELEASE

### CHAMBERSBURG ADOPTS 2023 BUDGET

December 12, 2022 – FOR IMMEDIATE RELEASE

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 60 in the U.S. to operate both systems, out of about 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 control 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, 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.

The 2023 budget was the most difficult budget to create in all our years of creating budgets. The cost of operations saw a huge increase in the last year because of inflation, supply chain interruptions, record-low-unemployment, and the increasing demand on fuel, energy, and limited equipment. This was a challenging, painful, and difficult budget.

We are very fortunate to be starting the financial downturn from an incredibly successful and stable perch. The continued growth and development of Chambersburg, the importance of the utilities to our Borough finances, and our macroeconomic impact on the Chambersburg area, have allowed us to move forward cautiously despite the impact of inflation and the economy on all our lives.

As was reported in the 2022 Budget, and approved by Town Council, the second step of the two-step phase-in of the new Police Station Bond Tax will occur in 2023. Originally, this second step was to add 1.5 mil of new tax to complete the Police Station Renovation project. Due to timely financing of the debt (mortgage) for the Police Station and a generous State grant to offset some of the construction costs, **that necessary tax increase was reduced from 1.5 mil to 1.0 mil; to go into effect in 2023.**

In addition to a successful funding of the Police Station Renovation Project, the Town Council effectively refinanced the existing 2016 Recreation Bond and lowered the necessary tax, already in effect to pay off this 2016 debt, from 3 mil to 2.5 mil.

**This marks the second time in four years that Town Council has reduced a tax category that had already been levied.**

The Chambersburg Police Department is majority funded by a dedicated Police Tax. It was last increased in January 2020. Unfortunately, due to the cost of operating this public safety agency, **the Police Tax will go up 1 mil in 2023 from 24 mil to 25 mil.**

There is no change in the Fire Tax, which is at State-mandated maximum, or 2.5 mil.

As a result, the total real estate tax rate for Borough taxable property owners will rise from 31 mil to 32.5 mil. This real estate tax increase is absolutely necessary and unavoidable. Fortunately, the important operations of the Chambersburg Police Department and Fire Department are fully funded.

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(s). 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.

See enclosed Utility Billing Flyer for more information.

Chambersburg is a unique community. Chambersburg supplies more services than any other municipality in the Commonwealth of Pennsylvania. In addition to typical town functions, Chambersburg is Pennsylvania's only municipality providing electric and gas to residents and businesses. Chambersburg is 1 of 35 Boroughs to operate a municipal non-profit 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 1 of 2 municipalities in PA to operate a natural gas utility. The other is Philadelphia, which does not operate an electric utility. Nationally, Chambersburg is 1 of 2,000 communities to have its own electric system and 1 of 1,000 communities to have a natural gas system but 1 of only about 60 to operate both. Chambersburg manages a regional water system, a regional sanitary sewer system (not through an independent Authority), and a new storm sewer utility; one of the first storm sewer utilities to form under the new Federal mandate to regulate stormwater. Chambersburg has a famous Aquatic Center as well. Chambersburg, the County Seat of Franklin County, currently has 20,832 residents (2020).



# Approved 2023 Borough Budget Info

- On Monday, November 7, 2022, the Borough Manager presented the proposed budget at a special public meeting.
  - On Monday, November 14, 2022, Town Council received public comments on the proposed budget.
  - On Monday, December 12, 2022, Town Council approved the budget and local tax ordinance.
  - State law requires Council to approve a fully balanced budget and tax ordinance by December 31 of each year.
- The entire proposed 2023 Budget is available at [www.chambersburgpa.gov](http://www.chambersburgpa.gov), click on Transparency.

### All Funds Budget

\$134,698,549 which represents a 3.8% increase in budget size compared to 2022 (\$5 million), due to higher operating costs associated with inflation and the supply chain shortages.

### General Fund Budget

\$19,517,700, a 8.9% increase due to approved wages, health insurance, pension costs for Police Officers and Firefighters keeping pace with inflation.

### Available Taxes

The Borough receives no sales tax, liquor taxes, business taxes, or any other local tax; they are not options under State law. Township residents pay no taxes to the Borough other than the Local Services Tax, \$1 per week, if they work inside the Borough.

### Police Station Project

The Police Station Renovation Project causes a temporary increase in spending.

### Southgate Shopping Center

Using a Federal grant, in 2022, the Chambersburg Area Municipal Authority (CAMA) purchased the shopping center. Currently, they are the owners and store rents cover the daily costs. The plan is for Town Council and CAMA to offer sections of the shopping center for resale beginning in 2023. Keystone Health has already agreed to be the first to buy land for a new neighborhood health care facility. Most of the land will be resold to private third-party developers to build new community improvements. Town Council does not want CAMA to own the shopping center long-term. Just long enough to find good new uses. Sales to be approved by Council and the CAMA Board. Some land will be retained for parks and utilities. Project has no impact on local taxes.

**Chambersburg is the only town in Pennsylvania to have an electric, gas, water, sewer, sanitation, and storm sewer utility. These utilities are never funded by local tax money.**

**This budget includes a 1 mil tax increase to help pay for the Police Station project.**

**This budget includes a 1 mil tax increase to help pay for the operations of the Police Department.**

**This budget includes a ½ mil tax decrease for the Recreation Bond Tax.**

**The net real estate tax increase to property owners inside the Borough is a 1.5 mil increase.**

**Real Estate Taxes** – the Borough of Chambersburg collects four types of property taxes from landowners inside the Borough. Each year the annual MIL rate is set by Council:

**Police Tax 2023 – A 1 mil increase to fund only the operation of the Chambersburg Police Department.**

First annual rate increase since 2018; 100% of this tax goes to support the Police Department.

2015	2016	2017	2018	2019	2020	2021	2022	2023	
21	23	23	24	24	24	24	24	25	mil
Avg. Single-Family House in the Borough									Per Year
Police Tax									\$438

**Fire/Ambulance Tax 2023 – No change**

There is no change in the Fire Tax; State law requires a split of this tax with 2.5 mil for apparatus & 0.5 for firefighting. The Fire Department collects other fees including inspection fees and the Ambulance Fee.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Fire	2.5	2.5	2.5	3	3	3	3	3	3	mil
EMS	0	0	0	0.5	0.5	0	0	0	0	mil
Avg. Single-Family House in the Borough									Per Year	
Fire Tax									\$53	

**Recreation Bond Tax 2023 – A ½ mil decrease in this tax, which goes to pay off the Recreation Bond only.**

Started in 2016, this tax pays down this specific bond only and does not pay for any of the operations of the Recreation Department. This is the bond that built various Rec. Department facilities. This bond was refinanced by Council in the beginning of 2022 to a lower interest rate; therefore less tax is needed.

2015	2016	2017	2018	2019	2020	2021	2022	2023	
0	0	0	3	3	3	3	3	2.5	mil
Avg. Single-Family House in the Borough									Per Year
Recreation Bond Tax									\$48

**Police Station Bond Tax 2023 – A 1 mil increase in this tax, which goes to pay off the Police Station Bond.**

Started in 2022, this tax pays down this specific bond only and does not pay for any of the operations of the Police Department. This is the bond that is paying for this project. The forecasted tax rate was lowered from original expectations because the Borough received generous grant assistance and a lower interest rate on debt.

2015	2016	2017	2018	2019	2020	2021	2022	2023	
0	0	0	0	0	0	0	1	2	mil
Avg. Single-Family House in the Borough									Per Year
Police Station Bond Tax									\$35

**The average single-family home in the Borough will pay \$574 per year (\$25.50 more than 2022) in real estate taxes to the Borough. Half will pay less. This is what the average single-family home inside the Borough actually pays per year before discount. Commercial properties may pay more. Assessed value is not fair market value. Township properties pay no taxes to the Borough. Visit the Franklin County Tax Assessment Office to**

**learn your property's assessed value at 272 N. Second Street, Chambersburg, 17201 or click**

**<https://gis.franklincountypa.gov/taxparcelviewer/> to check your home's assessed value.**

**If your property is inside the Borough, click on your lot on the map. Divide the number by 1,000 and then multiply that by 32.5, for 32.5 total mils of Borough Tax.**



**Chambersburg Borough Utility Customers Have The Lowest Rates in Pennsylvania And That Will Not Change in 2023**

**SOME RATES WILL GO UP**  
The average Borough utility customer pays less for utilities than most customers outside the Borough.

In fact, those residential customers with Borough gas and electric will save over \$1,000 per year in utility expenses, when compared to average gas and electric customers throughout the State of Pennsylvania.

Borough gas, water, sewer, electric, and sanitation rates are much lower than other municipal and private sector utilities.

The Electric and Gas departments make an annual Payment in Lieu of Taxes to support the Police and Fire departments.

**Chambersburg has the lowest:**

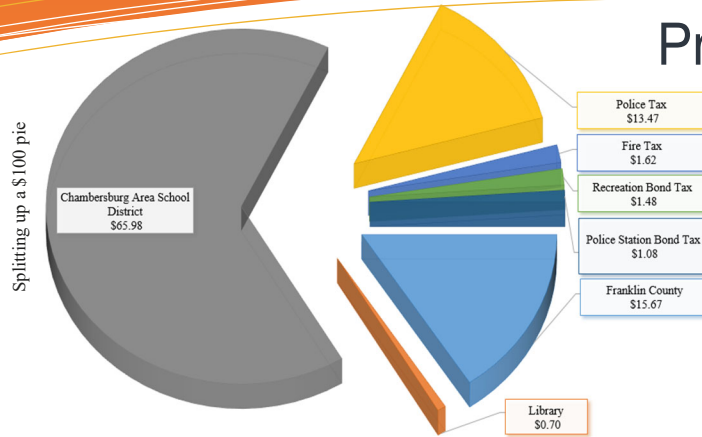
Residential rates for, electric service in the State, water service in the area, sanitation compared to most, natural gas in the State.

**Largest Public Utility System in State**

Chambersburg is the largest public power system in Pennsylvania, and the only community with both municipal electric and natural gas.

**Borough Budget Has No Impact on Townships**

Township residents pay no taxes to the Borough unless they work inside the Borough limits and then only \$1 per week. School taxes and County taxes are not decided by the Borough.



**Property Tax Burden**

Only 18¢ of every \$1 paid in real estate taxes will go to the Borough of Chambersburg. The balance, 82¢, will go to support the school district, the county, and the library system. In fact, 66¢ of every dollar goes to the Chambersburg Area School District. They send their own tax bill.

Taxing Authority	Mil Rate	Annual Avg. Home	Percentage
Franklin County (2022)	29.10 mil	\$509.57	15.67%
Library System (2022)	1.30 mil	\$22.76	0.70%
Chambersburg Area School District (2022)	122.4974 mil	\$2,145.07	65.98%
Borough Taxes (Borough Properties)			
Police Tax (2023)	25.0 mil	\$437.78	13.47%
Fire Tax (2023)	3.0 mil	\$52.53	1.62%
Recreation Bond Tax (2023)	2.5 mil	\$43.78	1.48%
Police Station Bond Tax (2023)	2.0 mil	\$35.02	1.08%
<b>Total</b>	<b>185.6474 mil</b>	<b>\$3,246.51</b>	<b>100%</b>

Average burden on a single-family type home inside the Borough of Chambersburg based on assessed value as decided by County

**Utility Rates 2023**

- No change to rate for Borough natural gas delivery rate since 2013. (Average Home Pays \$804 per year)
- The Borough electric rate will go up 2% & remain lowest in Penn. (Average Home Pays \$102.90 per month)
- No change to the Borough sanitary sewer rate, same since 2012 (Average Home Pays \$29.50 per month)
- First sanitation rate increase in 2 years & one of the lowest rates. (Average Home Pays \$25.00 per month)
- Small change to the Borough water rate. Increase of 5¢ per unit. (In 2022, average family bill based upon consumption: \$17.85 per month) (In 2023, average family bill based upon consumption: \$21.35 per month)

*Chambersburg has the lowest monthly utility bill in the State of Pennsylvania.*

**No changes to the Storm Sewer Pollution Control Fee DISCOUNT FOR COMMERCIAL, INDUSTRIAL, CHURCH, & INSTITUTIONAL PROPERTY OWNERS EXTENDED FOR ANOTHER YEAR January 2023**

Beginning in 2022, all non-single-family-residential properties in the Borough (business, multifamily, industrial, commercial, church, or institution properties) began paying the fee based upon the impervious area of their lot. Called an ERU, each non-single-family tax lot has been measured against the "equivalent residential unit", and then is invoiced a multiple of ERUs at the per ERU rate. Town Council agreed that every non-single-family home customer will **receive a 30% discount** for 2023 as they did in 2022. **Future discounts will require improvements.**

**Overall, the Pollution Control Fee will not change in 2023.** It will remain **\$5 per month per ERU**. One ERU per single-family home. Call the Storm Sewer System Manager, Andy Stottlemeyer, at 717-251-2434 to learn about your property's ERU value today and what you can do to control storm water runoff.

**Ambulance Fee**

In 2020, Town Council introduced an Ambulance Fee on all water customer invoices, which will be increased in 2023. This Ambulance Fee helps defray the costs of the ambulance service being ready-to-serve. Each year, Federal rules require ambulance companies to write-off invoices for Medicaid & Medicare patients. In 2021, the Borough wrote-off over \$1.7 million in billing.

Ambulance companies are in crisis as a result of low revenue and no volunteers. This is not a tax, as under State law taxes can only be assessed on the value of real estate. Approximately 40% of property owners are exempt from property taxes. Also, it is not the Ambulance Club. *The Ambulance Club is a voluntary donation program mailed separately.*

**In 2023, the fee will increase from \$7.50 per month to \$9.50 per month per water service account.**