



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

BOROUGH MANAGER RELEASES PROPOSED 2023 BUDGET

November 7, 2022

On Monday, November 7, Chambersburg Town Council heard from Borough Manager Jeffrey Stonehill on the six-month development of a proposed 2023 Budget. Each year, under local law, the Manager drafts a financial plan for the following fiscal year. Under the Borough Code, each borough in Pennsylvania must adopt a balanced budget by December 31 of each calendar year. According to statistics from the Pennsylvania Department of Community and Economic Development, in 2020 (the last year with records), Chambersburg had the largest budget among Pennsylvania's 958 boroughs, and the 14th largest municipal budget in the Commonwealth.

Enclosed please find a complete summary of all the aspects of the proposed budget.

Tax Changes

Chambersburg currently levies borough property owners for 4 types of real estate taxes:

1. The Police Tax ("the General Levy"); all of which goes to the General Fund to offset the cost of Police Department operations.
2. The Fire Tax; State law allows only 14% of this tax revenue to support wage and benefit costs for firefighters, the largest cost in the Fire Department budget. In other words, 86% of the Fire Tax collected may not go to pay for firefighter expenses.
3. The Police Station Bond Tax; all of which goes to pay off the debt for the Police Station Renovation project. None of this tax pays for Police Department expenses.
4. The Recreation Bond Tax; all of which goes to pay off the debt for the 2016 Recreation capital improvements (pool, tennis courts, playgrounds, Rec. Center roof, etc., built in 2016-2018). None of this tax pays for Recreation Department expenses.

These are the 4 types of real estate taxes. State law permits other types of real estate taxes, but Council has only selected these 4 types. These are the only uses of real estate taxes; no other employees, operations, or projects.

In the proposed 2023 Budget:

- The budget includes a 1 mil tax increase due exclusively to the Police Station Renovation project.
- The budget includes a 1 mil tax increase due exclusively to Police Department operating expenses.
- The budget includes a ½ mil tax decrease for the 2016 Recreation Bond Tax.
- The budget includes no change to the Fire Tax.
- Net total increase 1.5 mil or \$25.50 per year for the average single family home inside the Borough.
Township property owners do not pay taxes to the Borough of Chambersburg.

Finally, State law prohibits the levy of most types of taxes. No sales tax, no commercial tax, no liquor tax, no hotel tax, etc. Further, State law hasn't adjusted the Act 511 tax rates since 1965.

Utilities

The reality is that nowhere has inflation and supply chain issues more impacted the Borough of Chambersburg than in the provision of utilities. The Borough's amazing managers have developed rates that remain some of the lowest in Pennsylvania, but must rise in 2023 merely to keep pace with the rising cost of operations. Chambersburg has the lowest composite utility rates in the Commonwealth of Pennsylvania, and that is not going to change in 2023. While some rates will rise, Chambersburg citizens and businesses continue to pay less or the least compared to any other rate payer in this area or the State.

Electric

Chambersburg has the lowest retail electric rates in Pennsylvania. Even with the fuel adjustment scheduled for January 2023, that will still be true. The Electric Department anticipates a 2% adjustment. That would mean about \$2 per month more per residential customer, although results will vary based on weather, house attributes, etc. Unfortunately, not every Borough property is served by Borough electric. Furthermore, our neighboring utility, West Penn Power, has seen significant rate increases.

Water

The Water Department needs a rate increase. What does a 5-cent increase in the Water Rate mean to the average residential household? The average residential household uses 170 gallons of water per day. This usage equates to 70 "units" per month (1 "unit" = 74.8 gallons). The 2022 average monthly billing: \$17.85 and the 2023 average monthly billing: \$21.35. So, Water will increase by about \$3.50 per month, but still the lowest rate in the area.

Sanitation

In response to the rising cost for vehicles, fuel, recycling services, and disposal at the landfill, the budget contemplates a trash rate increase for the first time in 3 years. The 2023 Budget includes a rate increase of 20%, raising the Borough's monthly residential sanitation rate from \$20.80 to \$25 per month per residence, and the commercial rate to \$13.32 per cubic yard. So, the Sanitation rate will increase by about \$4.19 per month, but still one of the lowest rates.

Gas

Cost of gas will rise but the rate to deliver gas and the cost of operations remain unchanged since 2013.

Storm Sewer

No change, the new ERU system remains in place, as do the automatic discounts for commercial, industrial, church, and institutional customers through December 31, 2023.

Ambulance Fee

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 fee is specifically prohibited. However, emergency medical services are different. Beginning in 2023, there will also be proposed an 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 \$7.50 per month per water service connection to a flat \$9.50 per month per water service connection.** This fee supports the Borough EMS service, but it is clearly not a tax because tax-exempt property owners pay it on their monthly water bills. The Ambulance Fee, which appears on utility bills, is different from the Ambulance Club. The Ambulance Club is a voluntary giving program, to help raise money for this struggling yet life-saving service provided by the Chambersburg Fire Department. Unfortunately, the Borough of Chambersburg is required to write-off as uncollectible over \$1.7 million in patient user fees due to rules associated with Medicaid/Medicare.

The enclosed handout includes a QR Code and a link to the full proposed budget and all the documents on the Borough's website, www.chambersburgpa.gov

Town Council is expecting to receive public comments on the proposed spending plan on Monday, November 14, 2022, in Council Chambers, at 7:00 p.m.

###

Phil Wolgemuth
Deputy Borough Manager/Land Use and Community Development Director
Borough of Chambersburg
100 S. Second St.
Chambersburg, PA 17201
717-251-2436

Questions about the Southgate Shopping Center redevelopment project should be directed to Guy Shaul, Community & Economic Development Specialist, at 717-251-2446 or gshaul@chambersburgpa.gov.

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).



Proposed 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 to receive public comments on the proposed budget.
 - On Monday, December 12, 2022, Town Council is scheduled to approve 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, 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:

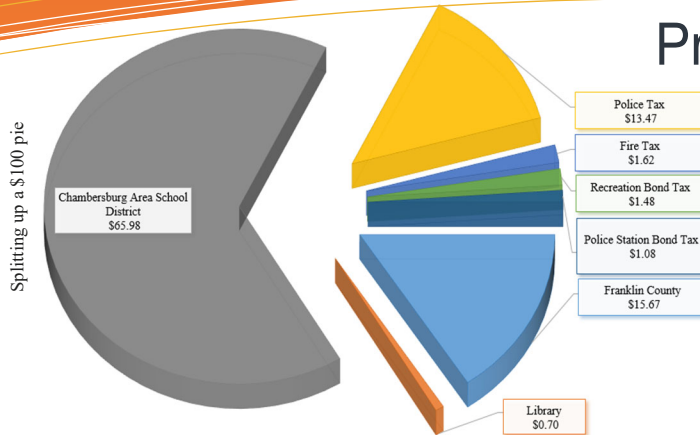
Residential rates for, electric service in the State, water service in the area, sanitation compared to most, natural gas in the State.

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%
Total	185.6474 mil	\$3,246.51	100%

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 to pay the fee based upon the actual impervious area of their lot. Called an ERU, each non-single-family tax lot has been measured against the "equivalent residential unit", and then will be invoiced a multiple of ERUs based on actual impervious surfaces 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. 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 need to 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. 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.