



## Memo

To: Ray O'Connell, Mayor  
President and Members of City Council

From: Brent Hartzell, Finance Director

Date: November 5, 2018

Re: Budget Memo #1 – Personnel Summary and 5 Year Plan

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Attached is a summary of all new positions for 2019 as well as revised pages for the Five Year Plan section of the 2019 Proposed Budget Book.

cc: Jeff Glazier  
Fran Fruhwirth  
Michael Hanlon  
Karen El-Chaar  
Craig Messinger  
Chief Tony Alslieben  
Chief Jim Wehr  
Mike Moore  
Luisa Follweiler

Bina Patel  
Barbara Wagenhurst  
Leonard Lightner  
FOP President  
IAFF President  
SEIU President  
MESA President  
The Morning Call

**2019 Position Changes**

<u>Fund</u>	<u>Department</u>	<u>Bureau</u>	<u>Title</u>	<u>Action</u>
General Fund	Non-Departmental	City Council	Legislative Assistant	New Position
General Fund	Community & Economic Development	Director	Human Relations Officer	New Position
General Fund	Parks & Recreation	Recreation	Aquatics Program Coordinator	New Position
General Fund	Public Works	Communications	Telecomm Technician	New Position
General Fund	Public Works	Communications	Telecomm Technician	New Position
Risk Management	Finance	Risk Management	Emergency Management Coordinator	New Position
General Fund	Finance	Finance & Budget Administration	Financial Analyst New Grade: 10N Old Grade: 14N	Funding Source Change & Salary Decrease
General Fund	Finance	Finance & Budget Administration	New Title: Senior Financial Analyst Old Title: Financial Analyst	Title Change

# 5 YR PLAN-GENERAL FUND (pg. 1)

	2019	2020	2021	2022	2023
Proposed Budget		Projected	Projected	Projected	Projected

## REVENUES

### Taxes

#### Real Estate Tax

2901	Current	37,135,000	37,692,025	38,257,405	38,831,266	39,413,735
2903	Prior	1,300,000	1,319,500	1,339,293	1,359,382	1,379,773
2904	Lehigh Co. Tax Claims	0	0	0	0	0

#### Act 511 Taxes

2907	Deed Transfer	1,650,000	1,691,250	1,733,531	1,776,870	1,821,291
2906	Earned Income	29,400,000	30,135,000	30,888,375	31,660,584	32,452,099
2900	Earned Income - Act 205	4,000,000	4,100,000	4,202,500	4,307,563	4,415,252
6171	Earned Income Escrow - Prior Years	0	0	0	0	0
2909	Business Privilege	7,800,000	8,034,000	8,275,020	8,523,271	8,778,969
2908	Occupational Privilege	0	0	0	0	0
2905	Local Service Tax/EMST-2006	1,700,000	1,717,000	1,734,170	1,751,512	1,769,027
2910	Amusement/Devices	11,000	11,110	11,221	11,333	11,447
2911	Per Capita - Residence (Prior Years)	0	0	0	0	0
2912	Per Capita Tax	0	0	0	0	0
<b>Total Taxes</b>		<b>82,996,000</b>	<b>84,699,885</b>	<b>86,441,515</b>	<b>88,221,780</b>	<b>90,041,592</b>

#### Permits & Licenses

2913	Business License	425,000	433,500	442,170	451,013	460,034
2914	Liquor Licenses	60,000	61,200	62,424	63,672	64,946
2916	Building Permits & Licenses	1,100,000	1,133,000	1,166,990	1,202,000	1,238,060
2918	Plumbing Permits & Licenses	205,000	211,150	217,485	224,009	230,729
2920	Electrical Permits & Licenses	330,000	339,900	350,097	360,600	371,418
2921	Sheet Metal Tech License Fees (2yr Lic)	30,000	30,900	31,827	32,782	33,765
2922	Billboard & Sign Permit/Licenses	10,000	10,300	10,609	10,927	11,255
2924	Zoning Permits & Fees	90,702	93,423	96,226	99,113	102,086
2926	Health Bureau Permits & Licenses	250,000	257,500	265,225	273,182	281,377
2928	Fire Dept Inspection Fees	85,000	87,550	90,177	92,882	95,668
2929	Police Permits	1,500	1,545	1,591	1,639	1,688
2930	Other Permits and Licenses	100,946	103,974	107,094	110,306	113,616
2931	CATV Franchise Fees	1,470,000	1,499,400	1,529,388	1,559,976	1,591,175
2932	Rental/Sales Unit Inspections	4,068,750	4,190,813	4,316,537	4,446,033	4,579,414
2933	Presales Inspections	171,050	176,182	181,467	186,911	192,518
2934	Vacant Property Registration	225,000	231,750	238,703	245,864	253,239
2940	Shade Tree Permits and Fees	2,000	2,060	2,122	2,185	2,251
<b>Total Permits &amp; Licenses</b>		<b>8,624,948</b>	<b>8,864,146</b>	<b>9,110,130</b>	<b>9,363,094</b>	<b>9,623,240</b>

# 5 YR PLAN-GENERAL FUND (pg. 2)

	2019	2020	2021	2022	2023
Proposed Budget		Projected	Projected	Projected	Projected

## Charges for Services

### Departmental Earnings

3101	Tax Certifications	143,000	145,860	148,777	151,753	154,788
3102	Municipal Certifications	15,000	15,000	15,000	15,000	15,000
3103	A.S.D. Tax Billing/Reimbursement	0	0	0	0	0
3106	Printing & Copier Fees	75,000	75,750	76,508	77,273	78,045
3204	Street Excavation/Rest.	70,000	71,400	72,828	74,285	75,770
3205	Warrants of Survey	40,000	40,400	40,804	41,212	41,624
3208	Towing Agreements	288,000	299,520	311,501	323,961	336,919
3410	Health Bureau Reimbursement	117,080	118,251	119,433	120,628	121,834
3417	EMS Transit Fees	4,045,000	4,166,350	4,291,341	4,420,081	4,552,683
3495	Other Charges for Services	30,000	30,600	31,212	31,836	32,473
3497	Police Extra Duty Jobs	450,000	450,000	450,000	450,000	450,000
<b>Total Departmental Earnings</b>		<b>5,273,080</b>	<b>5,413,131</b>	<b>5,557,403</b>	<b>5,706,027</b>	<b>5,859,137</b>

### Municipal Recreation & Other GF Charges

3430	Swimming Pool	355,000	362,100	369,342	376,729	384,263
3435	Recreation	107,500	109,650	111,843	114,080	116,361
3490	General Fund Service Charges	1,809,601	1,900,081	1,995,085	2,094,839	2,199,581
<b>Total Charges for Services</b>		<b>2,272,101</b>	<b>2,371,831</b>	<b>2,476,270</b>	<b>2,585,648</b>	<b>2,700,206</b>

### Fines & Forfeits

4110	District Court	300,000	306,000	312,120	318,362	324,730
4112	Fines and Restitution	145,000	147,900	150,858	153,875	156,953
4113	Parking Authority Reimbursement	750,000	765,000	780,300	795,906	811,824
<b>Total Fines &amp; Forfeits</b>		<b>1,195,000</b>	<b>1,218,900</b>	<b>1,243,278</b>	<b>1,268,144</b>	<b>1,293,506</b>

### Intergovernmental Revenue

5213	State Health Grants - Acts 315 & 12	1,750	1,768	1,785	1,803	1,821
5215	State grant - Health Categorical	2,022,179	2,042,401	2,062,825	2,083,453	2,104,288
5229	Fire Training	12,000	12,000	12,000	12,000	12,000
5230	Police Training	200,000	200,000	200,000	200,000	200,000
5231	Police Grants - Reimbursements from other gov'ts	248,900	251,389	253,903	256,442	259,006
5232	Forfeiture Receipts	0	0	0	0	0
5211,20,28	State Grants- Other	0	0	0	0	0
5218,40	Other Grants- Miscellaneous	591,780	597,698	603,675	609,712	615,809
5233	Police Reimbursements	510,000	510,000	510,000	510,000	510,000
5241	State Aid for Pension	4,500,000	4,635,000	4,774,050	4,917,272	5,064,790
<b>Total Intergovernmental Revenue</b>		<b>8,086,609</b>	<b>8,250,255</b>	<b>8,418,238</b>	<b>8,590,681</b>	<b>8,767,713</b>

### Investment Income

6141	Investment Income	250,000	255,000	260,100	265,302	270,608
<b>Total Investment Income</b>		<b>250,000</b>	<b>255,000</b>	<b>260,100</b>	<b>265,302</b>	<b>270,608</b>

# 5 YR PLAN-GENERAL FUND (pg. 3)

	2019 Proposed Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
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<b>Other Income</b>						
6100	Pennsylvania Utility Realty Tax	75,000	76,500	78,030	79,591	81,182
6110	Allentown Housing Authority PILOT	129,937	132,536	135,186	137,890	140,648
6120	Parking Garage Rents	0	0	0	0	0
6130	Rental of City Property	175,000	175,000	175,000	175,000	175,000
6139	Marketing/Advertising	175,000	175,000	175,000	175,000	175,000
6140	Contributions	100,000	102,000	104,040	106,121	108,243
6155	ANIZDA	362,000	372,860	384,046	395,567	407,434
6161	Sale of City Property	200,000	200,000	200,000	200,000	200,000
6165,6170	Health Miscellaneous/Miscellaneous	382,711	382,711	382,711	382,711	382,711
6172	Muni Claim Recovery	320,000	329,600	339,488	349,673	360,163
6173	Porthoff Fees	1,000	1,000	1,000	1,000	1,000
6177	Fire Dept Miscellaneous	3,000	3,000	3,000	3,000	3,000
6180	Damage to City Property	25,000	25,000	25,000	25,000	25,000
6191,92	Lights in the Parkway	212,500	216,750	221,085	225,507	230,017
6194	Special Events/DCED	0	0	0	0	0
6193	Recreation/Special Events	34,000	34,680	35,374	36,081	36,803
6196	Arts Commission	14,000	14,000	14,000	14,000	14,000
6195	Casino Fee	4,550,000	4,686,500	4,827,095	4,971,908	5,121,065
<b>Total Other Income</b>		<b>6,759,148</b>	<b>6,927,137</b>	<b>7,100,055</b>	<b>7,278,048</b>	<b>7,461,266</b>

<b>Other Financing Sources</b>						
7100	2008 Bond Proceeds	0	0	0	0	0
2660, 7199	Operating Transfers In	0	0	0	0	0
7112	CDBG Reimbursements	405,078	405,078	405,078	405,078	405,078
7113	Trexler Maintenance Grant	0	0	0	0	0
7115	ADIDA	0	0	0	0	0
7120	Water/Sewer Proceeds	520,000	530,400	541,008	551,828	562,865
7118	Golf Course Contract Revenue	0	0	0	0	0
7116	Sewage Capacity Sales	0	0	0	0	0
7121	Transfer from Solid Waste	0	0	0	0	0
7122	Transfer from AO Fund (Escrow)	0	0	0	0	0
3491	Homeland Security for Water/Sewer	0	0	0	0	0
3999	W/S Prior	396,000	158,400	150,480	142,956	135,808
3206	Stormwater	0	0	0	0	0
<b>Total Other Financing Sources</b>		<b>1,321,078</b>	<b>1,093,878</b>	<b>1,096,566</b>	<b>1,099,862</b>	<b>1,103,751</b>
<b>TOTAL REVENUE</b>		<b>116,777,964</b>	<b>119,094,163</b>	<b>121,703,555</b>	<b>124,378,586</b>	<b>127,121,020</b>



# 5 YR PLAN-GENERAL FUND (pg. 4)

	2019	2020	2021	2022	2023
	Proposed Budget	Projected	Projected	Projected	Projected

## EXPENDITURES

### Personnel

02	Permanent Wages (NET of Vacancy Factor)	42,880,072	44,166,474	45,491,468	46,856,212	48,261,899
03	Holiday Pay	1,442,095	1,485,358	1,529,919	1,575,816	1,623,091
04	Temporary Wages	1,371,932	1,413,090	1,455,483	1,499,147	1,544,122
05	Education Pay	135,050	139,102	143,275	147,573	152,000
06	Premium Pay	3,808,706	3,922,967	4,040,656	4,161,876	4,286,732
07	Extra Duty Pay	601,028	619,059	637,631	656,760	676,462
08	Longevity	698,316	719,265	740,843	763,069	785,961
09	Uniform Allowance	169,900	174,997	180,247	186,654	191,224
11	Shift Differential	267,731	275,763	284,036	292,557	301,334
12	FICA	2,267,002	2,335,012	2,405,062	2,477,214	2,551,531
14	Pension	14,476,261	15,100,000	15,200,000	14,900,000	14,900,000
15, 16	Insurance - Employee Group	16,888,445	17,856,636	19,106,601	20,444,063	21,875,147
<b>Total Personnel</b>		<b>84,806,538</b>	<b>88,207,723</b>	<b>91,215,220</b>	<b>93,959,941</b>	<b>97,149,502</b>

### Services & Charges

20	Electric	1,060,558	1,076,466	1,092,613	1,109,003	1,125,638
22	Telephone	247,944	251,663	255,438	259,270	263,159
24	Postage & Shipping	144,250	146,414	148,610	150,839	153,102
26	Printing	162,536	164,974	167,449	169,960	172,510
28	Mileage	16,072	16,313	16,558	16,806	17,058
30	Rentals	753,209	764,507	775,975	787,614	799,429
32	Publications & Memberships	183,977	186,737	189,538	192,381	195,266
34	Training & Professional Development	453,074	459,870	466,768	473,770	480,876
38	Insurance - Other Employee	110,000	117,700	125,939	134,755	144,188
40	Civic Expenses	197,790	200,757	203,768	206,825	209,927
41	Arts Expenses	100,000	100,000	100,000	100,000	100,000
42	Repairs & Maintenance	939,727	953,823	968,130	982,652	997,392
44	Professional Service Fees	195,250	198,179	201,151	204,169	207,231
46	Other Contract Services	6,706,091	6,000,000	6,000,000	6,000,000	6,000,000
48	Grant, Non-City Charges	0	0	0	0	0
49	Grant Administrative Charges	0	0	0	0	0
50	Other Services & Charges	1,009,036	1,024,172	1,039,534	1,055,127	1,070,954
<b>Total Services &amp; Charges</b>		<b>12,279,514</b>	<b>11,661,574</b>	<b>11,751,471</b>	<b>11,843,170</b>	<b>11,936,729</b>

# 5 YR PLAN-GENERAL FUND (pg. 5)

	2019	2020	2021	2022	2023
	Proposed Budget	Projected	Projected	Projected	Projected

## Materials & Supplies

54	Repair & Maintenance Supplies	604,950	614,024	623,235	632,583	642,072
55	Property Repairs	40,000	40,600	41,209	41,827	42,455
56	Uniforms	525,650	533,535	541,538	549,661	557,906
58	Office Supplies	0	0	0	0	0
60	Vehicle Parts	0	0	0	0	0
62	Fuels, Oils & Lubricants	1,087,244	1,103,553	1,120,106	1,136,908	1,153,961
64	Pipe & Fittings	28,000	28,420	28,846	29,279	29,718
66	Chemicals	257,990	261,860	265,788	269,775	273,821
68	Operating Materials & Supplies	1,048,151	1,063,873	1,079,831	1,096,029	1,112,469
<b>Total Materials &amp; Supplies</b>		<b>3,591,985</b>	<b>3,645,865</b>	<b>3,700,553</b>	<b>3,756,061</b>	<b>3,812,402</b>

## Capital Outlays

71	Machinery & Equipment	0	0	0	0	0
72	Equipment	922,134	935,966	950,006	964,256	978,719
76	Construction Contracts	0	0	0	0	0
<b>Total Capital Outlays</b>		<b>922,134</b>	<b>935,966</b>	<b>950,006</b>	<b>964,256</b>	<b>978,719</b>

## Sundry

78	Contingencies	150,000	150,000	150,000	150,000	150,000
84	Capital Fund Contribution	1,273,500	1,000,000	1,000,000	0	0
87	Unfunded Pension Liability	0	0	0	0	0
88	Debt Service & Interfund Transfers	12,529,492	12,920,000	12,920,000	12,835,000	11,510,000
89	Pension - Additional POB	0	0	0	0	0
90	Refunds	196,300	200,226	204,231	208,315	212,481
99	Prior Year Commitments/Encumbrance Reserve	0	0	0	0	0
<b>Total Sundry</b>		<b>14,149,292</b>	<b>14,270,226</b>	<b>14,274,231</b>	<b>13,193,315</b>	<b>11,872,481</b>

<b>TOTAL EXPENDITURES</b>		<b>115,749,463</b>	<b>118,721,354</b>	<b>121,891,480</b>	<b>123,716,743</b>	<b>125,749,834</b>
<b>TOTAL REVENUES</b>		<b>116,777,964</b>	<b>119,094,163</b>	<b>121,703,555</b>	<b>124,378,586</b>	<b>127,121,020</b>
<b>FY SURPLUS/DEFICIT</b>		<b>1,028,501</b>	<b>372,809</b>	<b>(187,926)</b>	<b>661,844</b>	<b>1,371,186</b>
<b>AVAILABLE YEAR END CASH BALANCE</b>		<b>7,615,695</b>	<b>7,988,504</b>	<b>7,800,578</b>	<b>8,462,422</b>	<b>9,833,608</b>

Five-Year Operating Plan for the City of  
Allentown, 2019-2023

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*Ray O'Connell, Mayor*

*Joe McMahon, Managing Director*

*Brent Hartzell, Finance Director*





# Data Assumptions for General Fund

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- 2019 Proposed City Budget incorporated as baseline assumption
- Revenue and cost projections of 2018 assumption model slightly adjusted in 2019
- City gov't. employment held steady during plan timeline



# Data Assumptions: Expenditures

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- Wages in all categories increase annually by 3 percent
- 2018 position vacancy factor incorporated (about \$2.1 million annually)
- Health insurance costs increase annually by 7 percent from 2019 base
- Pension costs assume 2019 budgeted base and then utilize current actuarial estimates for the following four years
- 2020-23 annual professional services budget kept steady at \$6 million
- Electric, fuel and equipment costs increase 1.5 percent per year
- Solid Waste Fund loan deferred for 2019; subsequent repayment to 2024 included in model
- No new long-term debt is issued through 2021, but 2018 short-term debt for fleet and equipment needs is factored into debt service

# Data Assumptions: Revenues

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- Real estate taxes increased annually by 1.5 percent, earned income tax by 2.5 percent, business privilege tax by 3 percent
- Most fees and grants increased annually by 1 percent
- Most inspection, license and permit fees increased annually by 3 percent
- Continued Act 205 eligibility to assess non-resident earned income tax is assumed
- Annual \$500,000 royalty fee from Lehigh County Authority (adjusted for inflation) is included in the model
- Act 205 State Aid for Pension increased 3 percent annually and casino revenue increased 3 percent annually from 2019 budget base

## Key Findings

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- ▶ **2019 budget and subsequent four years keep General Fund revenues and expenditures essentially in balance**
- ▶ **Personnel costs primarily drive continuing expenditure increases, which are unavoidable if desiring to maintain current staffing and service delivery levels**

