

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

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*Ray O'Connell, Mayor*

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# 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**