



City of Allentown
Department of Finance
Purchasing Office
435 Hamilton Street, Room 234
Allentown, PA 18101

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City of Allentown
Response to Request for a
Revenue Development



PENNSYLVANIA
ECONOMY LEAGUE
Information, Insight, Integrity.

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Profile Of Proposer

The Pennsylvania Economy League

The Pennsylvania Economy League Central PA LLC (PEL) is a nonprofit, nonpartisan 501(c)(3) public policy think tank that is under the umbrella of the Pennsylvania Economy League Inc., a statewide organization founded in 1936.

As a specialized firm focusing on Pennsylvania local and state government, we provide education, research, and technical assistance to elected officials, municipal managers, and other stakeholders on a wide range of local government issues. PEL is based in Harrisburg with staff and subcontractors located across the state.

PEL's mission is to ensure that the best possible local government services are provided at the most effective cost. We fulfill our mission through both policy research and technical assistance across the state to innumerable municipalities, big and small. As such, for decades we have been at the forefront of proposing new solutions to municipalities whose expenditures out strip their resources.

What sets PEL apart for this engagement is our marriage between technical assistance and independent research. Through our long-term integration and assistance with municipalities, PEL bridges the gap between on the ground understanding of taxation and revenue generation, with a clear view of new and innovative pathways towards financial and economic stability.

In 2014, PEL assisted in the staffing of the Act 47 reform committees that led to significant changes to the distressed municipalities law in 2015. One of PEL's ideas was to permit a tripling of the local services tax. PEL ran data that demonstrated some municipalities would gain more from a tripling of the LST than from the current earned income tax rate. The option to triple the LST made the cut, and it is now available to Act 47 municipalities. The city of Scranton, a post-Act 47 municipality, has been permitted by the state to retain its triple LST for now based on its pension situation.

In 2022, PEL partnered with the Pennsylvania Municipal League to produce the research paper "It's Not 1965 Anymore," which outlined the many ways that the state's revenue authorizations for municipalities have failed to keep up with modern demographic patterns and with inflation, leaving many dense urban areas unable to keep up with growing expenditures using current resources. PEL recommended numerous changes based on options already available to select local governments.

PEL has been at the forefront of making use of the home rule option to provide revenue flexibility. To date, this flexibility has mostly centered on removing caps for property, earned income and realty transfer tax. However, PEL believes that home rule could provide authorization for flexibility for additional revenue sources.

In terms of technical assistance, our organization's financial analysis services served as a model for the state's Strategic Management Planning Program (STMP), formerly the Early Intervention Program. PEL has completed over 35 of these studies in all types and sizes of municipalities. PEL has also served as Act 47 coordinator for nine municipalities including the cities of Harrisburg, Scranton, and Altoona

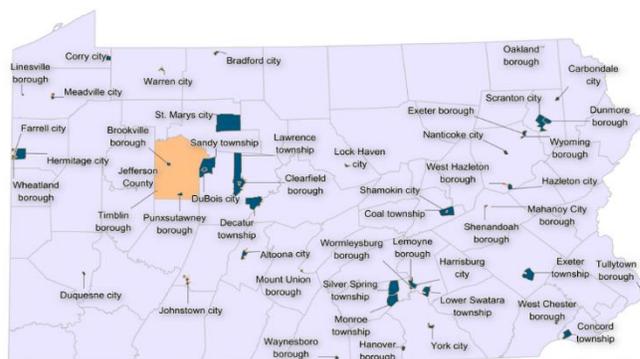
Through each of our STMP projects, PEL assesses the financial outlook of each municipality and identifies and recommends sources of revenue generation. Our recommendations have included funding for parks and the outdoor economy, reassessing refuse collection and recycling operations, and implementing programmatic changes to allow for the collection of other revenue producing mechanisms that were not currently being utilized.

Similarly, a main focus of our Act 47 coordinator work was to improve and maintain the municipality’s financial position, in part through the use of new revenue streams. Determining new revenues is done in consultation with the municipality and its goals and desires as a community. Tools that have been used in the past include monetization of assets (not necessarily through sale), parking strategies, going through the home rule process and implementing a payroll prep tax, among others. Only two municipalities other than Pittsburgh have implemented the payroll prep tax, both under PEL’s guidance.

Organizationally, PEL has had a long presence in the Lehigh Valley through its Lehigh Valley Regional Committee and studies done on behalf of the Lehigh Valley Partnership. In 2013, PEL provided the city with a peer review of proposals to fund Allentown’s future pension obligations.

Fact-Based Analysis to Support Good Government

PEL is known throughout the Commonwealth for its ability to drill into a community’s financials so that municipalities have an accurate picture of where their money comes from and where their money goes. Our recommendations are informed by our deep knowledge of local government gained through our independent research and extensive “boots on the ground” technical assistance to dozens of municipalities across the state.



PEL Municipal Clients



PEL has extensive knowledge of the state laws under which municipalities must operate and how municipalities can best make use of those parameters to meet their unique needs. We are proficient in municipal financial condition assessment, operation reviews, debt management and capital markets access, community and economic development strategies, financial trend analysis and fiscal planning, communications plans and related skills. Our staff has a diverse background in finance, public administration, state and local government, planning, private industry, and communications.

PEL is frequently consulted by the state Department of Community and Economic Development for its financial expertise. Our nonprofit status and commitment to build strong communities

through good government gives us a unique perspective and urgency to strengthen the health of Pennsylvania’s local governments.

PEL Team Member Resumes and Experience

Vincent Cannizzaro, Ph.D., PEL Executive Director

Vinny, PEL's executive director, has a broad research background in local government public policy. His work resulted in a new residential tax to support open space preservation in York County and was instrumental in the creation of new roles in state government to support the outdoor economy. Cannizzaro has also researched affordable housing, gun violence, homelessness, and local government decision-making.

Prior to PEL, Vinny served as founding director of York College's Arthur J. Glatfelter Institute for Public Policy and its Master of Public Policy and Administration program. In his role, Vinny partnered with state and local elected officials, nonprofit organizations and the business community to develop data-driven research, analysis and policy development.

In addition to York College, Vinny previously worked as a diversity specialist for Johns Hopkins Medicine and as a health policy associate for the Maryland Department of Health and Hygiene.

Vinny earned a Ph.D. in public policy from the University of Maryland, Baltimore County, a Master of Public Policy from the Johns Hopkins Bloomberg School of Public Health, and a Bachelor of Arts in political science from the University of Central Florida. He is a board member of the South-Central Assembly, and an ALICE Research Advisory Committee member for the United Way of Pennsylvania.

Lynne Shedlock, Director of Operations

Lynne works in the roles of project manager, research associate and communications director. As project manager, she is responsible for PEL reports completed under the state's Strategic Management Planning (STMP) program for local governments. As part of that process, Lynne develops recommendations and a five-year strategy for municipalities encompassing initiatives for finances and operations. She also has experience in municipal merger and consolidation, home rule charter development, and economic development strategies.

Her communications work focuses on statewide local government issues and trends. She has prepared position papers, committee testimony and commentaries on the state's Act 47 distressed municipalities program, pension reform, municipal finances, regionalization, local government reform and related issues. Lynne assists with PEL's civic leadership education through the programming of events that are designed to inform business leaders, government officials and the general public on public policy issues. She was the lead author and researcher on PEL's recent, "It's Not 1965: State Tax Laws Fail to Meet Municipal Revenue Needs."

Prior to PEL, Lynne served as communications director for Lackawanna County, where she was press secretary, handled all facets of county marketing and communications, and served as a representative of the Commissioners' Office. She also worked for 20 years as a municipal government and education reporter, receiving several statewide and national awards for her reporting. Lynne earned a BS in journalism from Syracuse University and a certificate from Penn

State Harrisburg in economic development. She is a member of the Pennsylvania Economic Development Association and secretary and board member of Scranton Tomorrow, a volunteer economic and community development organization.

Gerald E. Cross, PEL Senior Research Fellow

Since joining PEL in 1988, Gerry has conducted a wide variety of research involving counties, municipalities, school districts, and authorities. These projects have involved budgeting, management and financial analysis, long-range financial and operational planning, productivity improvement, administrative procedures, service options, municipal merger and consolidation, government restructuring and charter drafting, rate structure analysis, personnel and labor relations, and school enrollment projections, among other areas.

Gerry's projects have included Act 47 financial recovery plans for the cities of Scranton, Harrisburg, Hazleton and Nanticoke, and boroughs of West Hazleton and Mahanoy City; models for tax base sharing and revenue sharing for Lehigh County; analysis of the impact on the cost and financing of services in host municipalities of the State System of Higher Education; assisting county government study commissions in Luzerne, Clinton and Lancaster; and more.

He previously served with the then Pennsylvania Department of Community Affairs as a local government specialist and small community advisor. In addition, he has worked as an assistant borough manager and borough community development director. He is currently a board member and finance chair of both a municipal sewer and a regional wastewater/stormwater authority. Gerry received his B.A. in Government from King's College and his MPA from Pennsylvania State University. He is a member of the Government Research Association and Government Finance Officers Association.

Patricia Moorhead, PEL Director of Financial Data and Analytics

Patty conducts research and provides advisory services on municipal management, budgeting, and finance; capital budgeting and planning; personnel and labor relations; home rule; and related matters. Patty also analyzes historical financial trends and prepares fiscal forecasts for municipalities throughout Pennsylvania. As part of these duties, she works with municipal officials to collect historical data on municipalities, reviews contract specifics to determine the future costs of current and past negotiations and consults with experts including lawyers and accountants to determine the feasibility of various municipal financial options and opportunities. She also serves as a project manager.

She is adept at pulling together financial and demographic data gleaned from numerous sources to give a clear picture of municipal and school district finances. Patty is a key part of PEL's STMP team, providing communities with financial analysis that is used to inform day-to-day fiscal decisions as well as annual budgeting. She has performed financial reviews of numerous municipalities and school districts of all sizes under the state's Strategic Management Planning Program and for other PEL technical assistance projects including proposed mergers and consolidations.

Prior to PEL, Patty held various positions at Frontier Communications including senior marketing analyst, general accounting/tax supervisor, budget administrator, and assistant general accountant. Her duties included: marketing, customer segmentation, sales targeting and campaign tracking; finance, strategic planning, forecasting and ROI modeling; and accounting, general ledger, accounts payable and tax issues. She earned a BS in accounting from Wilkes University, Wilkes-Barre. She has completed course work in the DCED School of Municipal Government and is a member of the Government Finance Officers Association.

Methodology

The City of Allentown is a vibrant, post-industrial city at the heart of Lehigh County. Home to many corporate headquarters, healthcare systems, and a thriving shopping and downtown district, the City of Allentown can serve as a model for economic viability for municipalities across the Commonwealth. However, increased population growth coupled with residential demand for improved service delivery has forced the city to seek new, innovative, and diversified streams of revenue enhancement.

The City of Allentown's position is not unlike those of other locales that PEL has assisted; revenue enhancement and expenditure reduction are difficult to achieve in the current statutory environment in which local governments must operate. Tax limitations constrain the ability of local governments to generate the revenue necessary to meet the expenditure demands placed on them by a variety of constituencies.

The challenge is to reflect the realities of the government's fiscal, legal, and economic status while developing a series of recommendations that the City of Allentown can implement under the constraints of its existing financial and regional environment.

The Pennsylvania Economy League team will approach this project by:

- Determining short-term and long-term revenue enhancement priorities and goals in conjunction with municipal officials. PEL's recommendations are based both on the organization's wealth of experience in working with municipalities of all sizes across the state and on listening and responding to the needs and wants of local officials and residents.
- Examining the municipality's baseline financial position and using appropriate assumptions in consultation with municipality officials to project the revenue enhancement impacts of recommendations.
- Presenting findings to the community in a public forum to provide education on the challenges and opportunities facing the City of Allentown and the strategies that can be used to create and maintain a healthy, sustainable community.

Scope Of Work

Step 1: Market Research — PEL will undertake a comprehensive review of current revenue streams implemented by the City of Allentown, and total revenue generation versus expenditures. In addition, PEL will assess potential revenue streams utilized by other municipalities across the Commonwealth, as well as revenue generation opportunities of similarly sized and positioned cities outside of Pennsylvania. PEL will also examine additional revenue opportunities that could be available to Allentown as a home rule municipality that have not been in general use.

Step 2: Public Participation — With support from the City of Allentown, PEL will execute residential surveys, as well as stakeholder engagement meetings, to understand public perceptions around new revenue streams. Residential surveys will include both a random sample survey of residents of the City of Allentown, as well as an open-access survey for any resident to complete.

Stakeholder engagement meetings will be organized as small, invitation-only focus groups with community, nonprofit, and business leaders in Allentown. This method was utilized by Dr. Cannizzaro in York County to assist York County Commissioners in increasing property taxes to fund open space preservation initiatives.

Step 3: Gap Analysis — PEL will model the projected revenue obtained through new sources, as well as identify any continuing gaps in funding expenditures. This analysis will include a comparison of baseline assessments versus proposed changes to fee structures and chargers.

Step 4: Public Reporting — Information gleaned from Steps 1 through 3 will be presented in a draft report. The draft report will outline the various recommendations including short-term and long-term priorities, timetable, responsibilities for implementation, and budget implications. The PEL team will present the report at a public meeting to gather input from the public and municipality officials. Those comments, if any, will be incorporated into the final report.

Step 5: Implementation Plan — A plan is only as good as its implementation. The PEL team will work with the City of Allentown on the next steps necessary to move the plan from paper to action. This step will include a communications plan outlining residential perspectives, economic impacts, and ease of implementation. This step will assist the city in obtaining approval from the City Council, as well as the general public.