

ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 62 - 2020

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INTRODUCED BY

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SEPTEMBER 2, 2020

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AN ORDINANCE

Amending the 2020 General Fund budget to add the position of Finance Deputy Director as recommended in the City's Early Intervention Plan.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That page 55 of the General Fund budget be amended by adding the position of Finance Deputy Director (18N) at annual salary of Ninety-Five Thousand (\$95,000) Dollars.

SECTION TWO: That this Ordinance will take effect ten (10) days after final passage.

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

## LEGISLATIVE TEMPLATE

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**

Finance/Mayor's Office

- **Summary and Facts of the Bill**

This Bill creates the position of Finance Deputy Director at a paygrade 18N with an annual salary of \$95,000. Based on that salary \$25,577 will be needed for the remaining 7 pay periods after final passage for this calendar year. The position was recommended to the City in the Early Intervention Plan (a.k.a. the Novak Report).

- **Purpose – Please include the following in your explanation:**
  - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
  - **What are the Benefits of doing this/Down-side of doing this**
  - **How does this Bill related to the City's Vision/Mission/Priorities**

The City's Early Intervention Plan ("Novak Report"), which was sponsored by City Council, warned that such a position should be created for the very reasons set forth below. In a time of financial distress, it is important that we implement as many of the recommendations in the Novak Report as possible and a Deputy Director will play a key role in assisting the Finance Director.

A Deputy Director of Finance ensures a politically neutral operational presence, preserves institutional knowledge and is a source of stability to maintain morale and quality control in times of crisis. Long periods of crisis or uncertainty leads to worsening efficiency and turnover.

The position frees up significant time in the Director of Finance position that could be spent on negotiating much needed personnel cost reforms in the City.

- **Financial Impact – Please include the following in your explanation:**
  - **Cost (Initial and ongoing)**
  - **Benefits (initial and ongoing)**

Based on the annual salary of \$95,000 with 7 pay periods remaining after final adoption of this ordinance, \$25,577 will be paid for the remainder of 2020.

- **Funding Sources – Please include the following in your explanation:**
  - **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

The vacancy of the Finance Director for the past 7 months has resulted in a cost saving of \$58,344 as of July 21, 2020. This savings will more than cover the \$25,577 needed to fund this position for the remainder of 2020.

- The cost would be covered by a huge benefit in efficiency in the department, a guard against further turnover and eroding morale and by the rollout of the **Business Privilege Tax assessments on on-line retail transactions, which conservatively estimates at least \$1,000,000 in annual revenue.**
- By instituting electronic payments and applications capability, the Department will be able to free up labor that currently spends a great deal of time on in-person customer service to work on other revenue producing or efficiency measures.
- The City will receive another \$706,000 per year for 4 years and thereafter \$400,000 per year for 42 years from the LCA settlement. These funds free up general city tax revenue for this position.
- The position frees up significant time in the Director of Finance position that could be spent on negotiating much needed personnel cost reforms in the City.
- **Priority status/Deadlines, if any**

This position will be filled as soon as possible following the approval by City Council in order to assist with ensuring that large scale department-wide reforms do not crumble under gaps in leadership.

- **Why should Council unanimously support this bill?**

Making this modest investment in the Finance Department is analogous to providing new patrol cars or fire trucks in others, although with a lower price tag and with a significant increase in revenue. Investment in Finance is often overlooked, but never more important.

You are ensuring infrastructure in financial management that is long overdue, expressly recommended by the Novak Report and will by a quickly realized tangible benefit to the taxpayers and all other City departments. You are ensuring critical infrastructure in financial management that is long overdue, which is expressly recommended by the Novak Report and will significantly assist in immediate realization of tangible benefit to the taxpayers and all other City departments.