

## CONTROLLER'S MEMO TO COUNCIL ON BILL 14

### LIGHTS IN THE PARKWAY TRANSFER

Bill 14 proposes a mid-year transfer of \$150,000.00 from the unallocated balance of the General Fund to LITP to purchase lighting attractions and to pay for temporary labor needed to run the event. This memo lays out several issues Council should weigh in considering this Bill. Specifically, it addresses budgetary issues, programmatic fairness, and provides some recent financial background information about LITP.

### BUDGETARY ISSUES

LITP is a General Fund program. As such, its expenditures are made from the General Fund and its revenue is credited to the General Fund. Contrary to inferences that LITP should benefit from the additional revenue it generated last year, the General Fund does not operate that way. There is no "programmatic ownership" of General Fund revenue so LITP has no claim on its paid admission or sponsorship revenue. The funds go into one pot and are allocated through the annual budget process.

The City's financial outlook is delicate at best. The 2021 budget shows a General Fund deficit over a million dollars. Additionally, revenue estimates from my office show the high likelihood of an additional \$1.9 million dollar revenue shortfall in 2021. Council needs to proceed with caution in managing the limited fund balance.

Finally, as Council begins to consider implementing priority-based budgeting, making an ad hoc non-emergency allocation to LITP is contrary to the deliberate thoughtfulness that process requires.

### PROGRAMMATIC FAIRNESS

Allentown continues to deal with scarce resources trying to meet unlimited needs. Escalating costs and limited revenue have made it challenging just to maintain City programs. Consequently, City programs, including LITP, have been underinvested in for years. Given the limited resources, Council and Administration need to choose their budget priorities carefully and with a clear decision process.

### LITP FINANCIAL INFORMATION

	<b>2019</b>	<b>2020</b>
EXPENSES & OVERTIME	\$112,823.00	\$152,966.00
PARKS LABOR	\$102,375.00	\$105,265.00
TOTAL COST	\$215,198.00	\$258,231.00
REVENUE	\$211,000.00	\$352,000.00

Note: Expenses and Overtime include materials purchased, advertising, new displays, Eventbrite, overtime, and volunteer stipends. Eventbrite costs were significantly higher in 2020 due to the increase in the number of paid admissions. Labor costs estimated for 2020 (2019 amount x the SEIU salary increase of 3.0%). Labor costs do not include PMRS or medical contributions. Additionally, Parks labor costs are an opportunity cost in that the Parks employees are working on LITP instead of normal park maintenance.

2019 and 2020 were the first years in a while to show an investment in lighting displays. In 2019 \$30,000.00 was spent purchasing two large displays and numerous fill-in lights. In 2020 \$31,882.00 was spent on one large display, one medium display and numerous fill-in lights.

The Controller believes, based on past spending history, that up to \$12,000.00 could be redirected to lighting display purchases in the 2021 budget.

The budget request also includes \$50,000.00 to make up for the decline in volunteers. The recent history of volunteers is below.

	#VOLUNTEER GROUPS	NIGHTS WORKED
2017	8	26
2018	8	25
2019	10	25
2020	6	19

This decision is not time sensitive and can be delayed till fall. In the meantime, LITP should re-evaluate how they advertise for volunteer groups (no request on City's Facebook page in 2020), where they look for volunteer groups (i.e., Promise Neighborhoods, ASD Foundation...) and consider increasing the nightly stipend.

Please advise if you have any questions.

Jeff

