



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, October 21, 2020

5:15 PM

Council Chambers

Mayor: Budget Presentation

Mayor's Budget Presentation

Mayor Ray O'Connell thanked Mr. Hendricks, Mr. Guridy and members of Council for the opportunity to present the 2021 Budget. We are we now? The 2021 General Fund Budget Revenues is \$118.3 million. The 2021 General Fund expenditures, including the Vacancy Factors is \$118.9 million. Revenues increases from 2020 original budgeted amount. Expenditures decreased from 2020 original amounts. However, there is no change the 2020 tax rates in 2021. Allentown residential trends continue to be very positive. There are 120 apartments at City Place, 80 apartments at City Place, 22 apartments under construction at 114 E. Allen Street, 97 units at Center Square Lofts West, 214 Center Square Lofts East, 36 apartments approved at 938 W Washington Street, 43 single family homes approved on Barnes Lane, 78 units proposed at 956 W. Hamilton Street (construction started a month ago), 250 units proposed at Seventh and Linden Streets, and the HUD Grant for the Lead Housing reduction of 300 units they will be working on. Yesterday, was a good day. They had the Deputy Secretary to Ben Carson to Allentown giving the city money for the HUD Lead and Paint Hazard Program and also the DaVinci Center. He stated that he is sure that Council read that in the paper and saw the Press Release. Allentown economic trends are positive. Tower 6 is fully occupied, Five City Center is fully occupied. A six story 100,000 square foot building at 932 Hamilton proposed. The Neuweiler Redevelopment with 42,000 square feet of office building, industrial facility planned at the Incinerator Site and the DaVinci Center Science Center Project is advancing. Anticipated 2020 Year End for revenue and expenditures: The city began 2020 in a promising financial position. However, the financial impacts of COVID 19 were significant. Initial estimates were projecting a General Fund deficit of \$8 to \$10 million. Thanks to the diligent work by city leadership, department and bureau heads, and all staff curtailing spending and cutting expenditures, our current A&E projection indicates a 0.7 million General Fund deficit. To be exact \$646,000. The Reserves: they anticipate ending 2020 with just over \$12 million in reserves. Only \$641,301 is needed from reserves to balance the 2021 budget. This will bring us estimated reserve amount of \$11.4 million at the

end of 2021. Budget Transfer 2021: personnel wages, pension and health insurance cost continue to maintain steady. Conversely, operating cost declined from 2020 original budget amounts as pursuit of cost efficiencies. The 2021 budget includes an additional \$706,000 provided as part of the LCA settlement which provides a significant amount for relief of the General Fund. The city maintain its Standard and Poor's rating for 2021. Recurring operational costs refunded in 2021 with recruiting revenue without a tax increase. Significant new expenditure requests, new software for the Parks and Recreation department which will allow the public to reserve fields, courts, and pavilions online electronically. New billing software for EMS which will promote billing efficiencies, increase revenue, and allow for more remote working capacity for staff. The purchase of an excavator which will facilitate larger in-house projects and utility lien replacements. The additional of a second Crisis Intervention Specialist in the police department to work with citizens and officers in response to mental health related concerns as well as directed the individuals to the appropriate services in an effort to ensure fewer related calls for service and repeated law enforcement contact. The very last page, you will see the budget review department by department starting on Wednesday and tonight he is giving his presentation and will start on Monday with Revenue and Expenditures. The budget is being brought to you or obviously distributed to you two weeks in advance from our original date which is a Charter question and we will have until December 31st to come to an agreement on the 2021 Proposed Budget. As stated in the Charter question, the default budget is no longer in operation. A few takeaways while he was working with the team. The city leadership department bureau heads and staff across the both in bargaining and non-bargaining units were equal to the challenge posed by COVID-19. The blend of austerity measures, bond refunded, better than expected revenue recovery and the hard work of city staff has reduced our outlook from a multi-million dollar. We were looking at a \$10 - \$12 million deficit. We are at \$641,000. This budget represents the most fiscally responsible position possible for the benefits of the residents of Allentown and the businesses with the city in line with their 2021 mission. It enables the city to hold a line on taxes and continue to provide our expected scope of municipal services and public health and safety in the context of a global pandemic. He personally commended all the department and the leadership and employees of each department for the preparation of this 2021 budget. Finally, to the budget team, Jessica, Barbara, Audrey and Bina. They did an outstanding job preparing this budget. He stated that he is not a micro-manager, never was and never will be a micro-manager. That is why we have an excellent team back there. Finally, if you look at the cover of your budget book, that was done by Zach Fegley in our print shop. He is unbelievable. For each department, there is a picture of a city park in 1908 which is now West Park. He drew that by hand. That is not a copy or a print. He stated that at

this time, he believes most of the questions will come when they have the department meetings, but at this time he and his team will answer and entertain any questions they may have.

Mr. Daryl Hendricks thanked Mayor O'Connell and likes to publically commend him and all the finance team involved in this. He recalls in the beginning of this pandemic, they met and were discussing layoffs and severe cuts and at that time it was a \$10 million deficit. He thinks it is quite amazing that they ended up as well as they did. He commended everybody that worked on this. He knows that a lot of that goes to them and the great efforts you made.

Mr. Julio Guridy echoed what Mr. Hendricks was saying. He commends the Mayor and the staff. All of you are doing a wonderful job throughout this pandemic. It is well noted that you put a lot of effort in it and we are coming out a lot better than we would have expected. He definitely was talking about the Finance team, but he thinks everybody from Public Works, to Police, to Fire, to Economic Development, and all the departments, Parks and Recreation which is a tough one for Parks and Recreation because we have to close our parks and the youth unfortunately has to suffer because of that in many occasions. He commended the Finance team primarily because ending the year with \$12 million in reserve is a testament of the work that you have been doing. He thinks that they expect \$11.4 million by the end of the year. He is not sure if it is the General Fund money or extra money that they will have as reserve. He would like to get a little bit of clarification later. It has been a very, very good year for the city because a lot of work has been done amidst all the problems that they have been encountering throughout the world and Allentown is not an exception to what is happening. He wants to commend specifically the Health Department who has been out there working hard. Vicky Kistler and her team have done an outstanding job in making sure that we keep our city safe and the citizens as well as the Police and Fire that have gone through a lot. There has been a lot of changes and there will be more. Those departments have done a wonderful job in keeping our city safe. He is looking forward to decipher this budget book and come up with what he thinks would be good for the future of our city.

Mr. Daryl Hendricks asked if there were any other questions or comments from any of his other colleagues.

Ms. Cynthia Mota stated that she is just glad that there is not going to be another tax increase. That was one of her concerns, especially with this budget. She is really happy. With all honesty our community cannot afford another tax increase. She thanked the Mayor and his staff for doing a good job.

Mr. Daryl Hendricks thanked Ms. Mota.

Mayor Ray O'Connell thanked Council. He stated that they will move on and he looks forward to the department meetings. He is sure there will be questions that will arise on the Proposed Budget. We won't see until we agree upon the 2021 Budget.

Mr. Julio Guridy asked about the cover and the picture. He asked who is the young lady sitting there on the bench. He thought it was somebody's daughter or sister from the city.

Mayor Ray O'Connell stated who do you want to be.

Mr. Julio Guridy stated that it is interesting. It is a very nice drawing.

Mayor Ray O'Connell stated that Zach does such a good job. The city is fortunate to have him.

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Attachments: [2021 Mayor's Presentation](#)