ORDINANCE NO. 16190

FILE OF CITY COUNCIL

BILL NO. 7 - 2026

February 4, 2026

AN ORDINANCE

Amending the 2025 Risk Fund by transferring One Million Two Hundred Ten Thousand ($1,210,000) Dollars from the General Fund unappropriated balance to the Risk Fund for the payment of healthcare claims, drug prescription benefits, and other employee medical costs for the remainder of the year. The healthcare claim amounts are significantly higher this year. Specifically, this is to cover final invoices from SEIU and Capital Blue Cross that were not accounted for in the previous Risk Fund Transfer.

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

SECTION ONE: That City Council authorizes an appropriation from the unappropriated fund balance to the General Fund in order to be transferred to the Risk Fund in the following manner:

Risk Management Fund
Finance

081-02-8001-0063-50037	**Ins – Dental, Life, Drug**	**$1,210,000**

SECTION TWO: Pursuant to Section 218 of the Allentown Home Rule Charter and upon the affirmative vote of six of its seven members the fourteen – day period between introduction and passage of this ordinance is hereby eliminated.

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SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

	Yea	Nay
Candida Affa	X	
Jeremy Binder	X	
Ce Ce Gerlach	X	
Cynthia Y. Mota		
Cristian Pungo	X	
Natalie Santos	X	
Santo Napoli, Pres.	X	
TOTAL	6	0

I hereby certify that the foregoing Ordinance was passed by City Council on February 4, 2026 and signed by the Mayor on February 5, 2026.

Michael P. Hull

CITY CLERK

- What department or bureau is this bill originating from? Where did the initiative for the bill originate?

  Finance – Risk Management

- Summary and facts of the bill.

  Transfer $1,210,000 million from the General fund unappropriated balance to the Risk Fund and budget the funds under (-0063) Employee Health Benefits in (-50037) account Insurance to cover the increased costs incurred from healthcare invoices paid out this year and the anticipated costs for the remainder of the year. The medical bills that the City has been billed for providing health insurance has significantly increased due to several large claims. The cost of providing prescription drugs has increased as well. This transfer is specifically needed to cover final invoices from SEIU and Capital Blue Cross that were not accounted for in the previous Risk Fund Transfer.

- Purpose – Please include the following in your explanation:
  a. What does the bill do? What are the specific goals or tasks the bill seeks to accomplish?

     The City is self-insured. The transfer will allow the Risk fund to pay for the health insurance claims and drug prescriptions that are much higher this year. The risk 37 account will be in a deficit if the transfer is not completed.

  b. What are the benefits of doing this? What are the drawbacks?

  The transfer will ensure that the Risk fund remains solvent and is able to pay for the invoices from the higher medical claims. The drawback is that the healthcare costs continue to rise year over year and the transfer will reduce the General fund balance.

  c. How does this bill relate to the City's vision/mission/priorities?

     The City provides health insurance at an affordable cost and ensures that all the participants in the health insurance plans are covered. To fulfill that mission, the Risk fund needs the transfer to remain solvent and pay its liabilities, the increased insurance claims.

- Financial Impact – Please include the following in your explanation:
  a. Cost (initial and ongoing)

     The cost to the General fund is $1,210,000 Million. The Risk and Finance department receive annual insurance cost estimates from Price Waterhouse Coopers. An adjustment of 1.5% higher than their 2024 original projections for healthcare was released last month due to inflation, increased medication cost, increase in behavioral/mental health.

b. Benefits (initial and ongoing)

The Risk fund remains solvent, claims can be paid timely, and the City can operate as a self-insured entity.

- Funding Sources – Please include the following in your explanation:
  a. If transferring funds, please make sure to give specific account names and numbers. If appropriating funds from a grant, please list the agency awarding the grant.

     1) Appropriate $1,210,000 to the General Fund Interfund transfers account (increase) 000-02-0602-0009-50088 "Interfund Transfer"
     2) Increase the Risk Fund (081-47100) "Transfer From General Fund" revenue account by $1,210,000
     3) Appropriate $1,210,000 from the General Fund unappropriated balance transfer to the Risk (081-02-8001-0063-50037) "INS – Dental, Life, Drug" expense account (increase)

- Priority status – Are there any deadlines to be aware of?

  Very high priority – As soon as possible, to pay for the invoices

- Why should Council unanimously support this bill?

  The transfer is necessary to pay the insurance claims and the cost of providing healthcare to the City.