



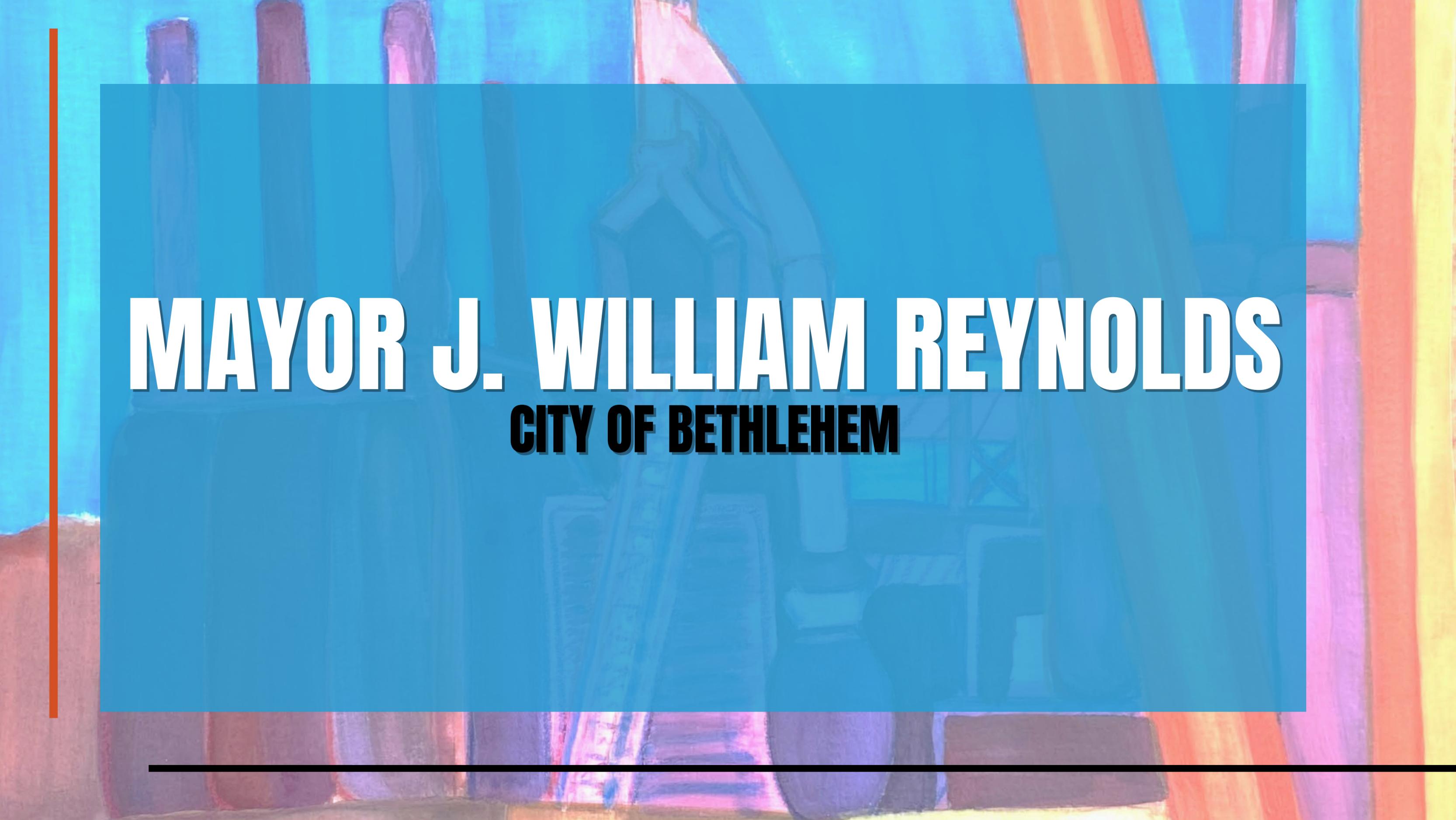
NOVEMBER 2022

# 2023 BUDGET ADDRESS



MAYOR J. WILLIAM REYNOLDS





**MAYOR J. WILLIAM REYNOLDS**  
**CITY OF BETHLEHEM**

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NOVEMBER 2022

# 2023 BUDGET ADDRESS



MAYOR J. WILLIAM REYNOLDS





# 2023 Budget Hearing Schedule

- **TUESDAY NOVEMBER 22ND, 2022 AT 6 PM**
  - **PUBLIC WORKS AND WATER/SEWER**
- **TUESDAY NOVEMBER 29TH, 2022 AT 6 PM**
  - **GENERAL FUND REVENUES AND EXPENSES**
- **WEDNESDAY NOVEMBER 30TH, 2022 AT 6 PM**
  - **FIRE, POLICE, AND COMMUNITY AND ECONOMIC DEVELOPMENT**

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# Budget Highlights

- OUR FINANCIAL POSITION CONTINUES TO IMPROVE
- WE KEEP OUR PROMISES TO OUR EMPLOYEES
- WE BUILD BETHLEHEM INVESTMENTS
- A NEW PROMISE FOR OUR FUTURE





# PA City Bond Ratings

## Bethlehem AA- Stable

PA City #2	AA- Stable
PA City #3	A+ Stable
PA City #4	A Stable
PA City #5	A Negative
PA City #6	A Negative
PA City #7	BBB+
PA City #8	BBB+ Negative
PA City #9	BBB- Stable
PA City #10	BB+ Positive

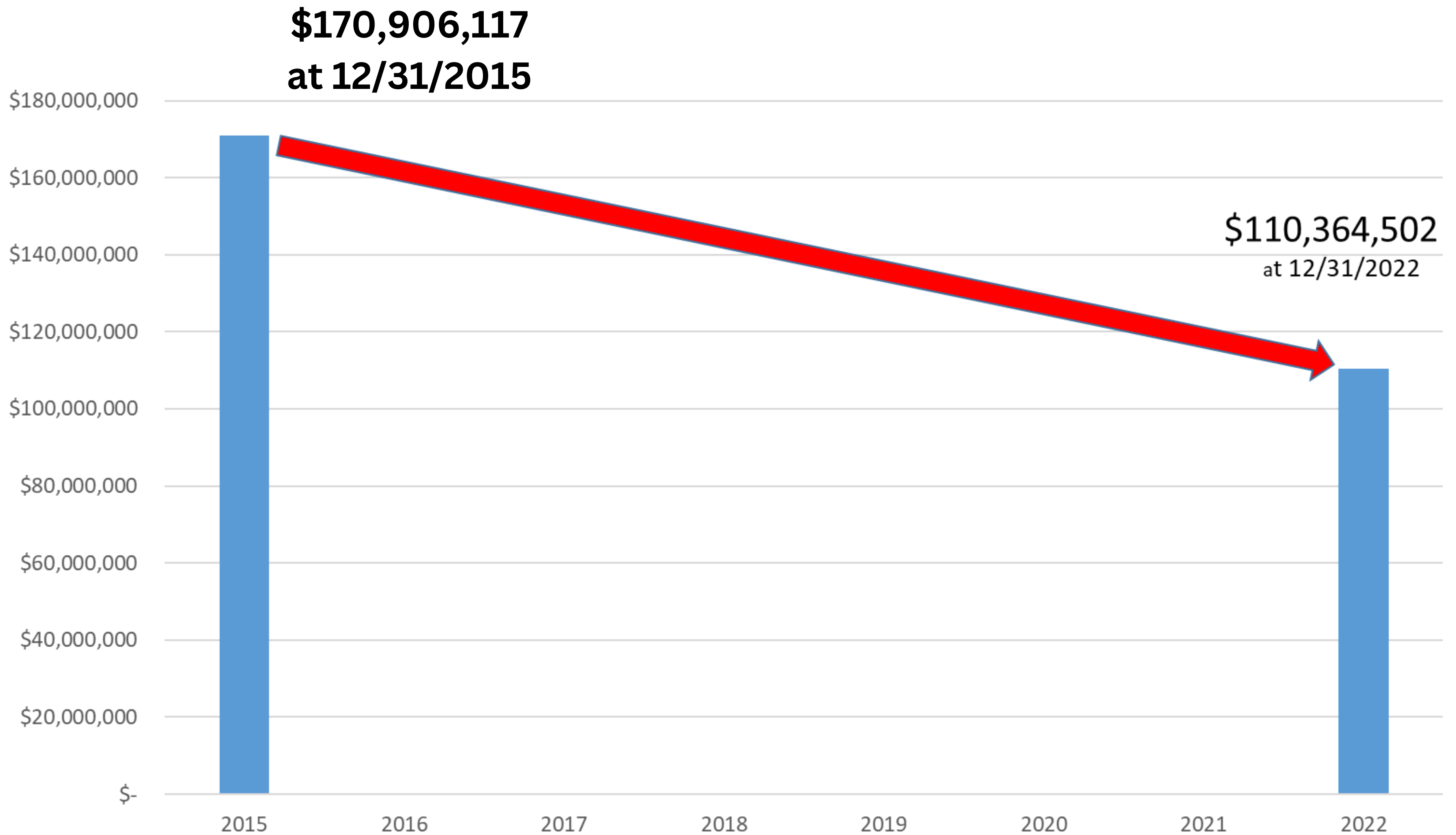


# Earned Income Tax

## Bethlehem 1%

PA City #2	1.1%
PA City #3	1.65%
PA City #4	1.95%
PA City #5	1.975%
PA City #6	3%
PA City #7	3%
PA City #8	3.4%
PA City #9	3.6%
PA City #10	3.79%







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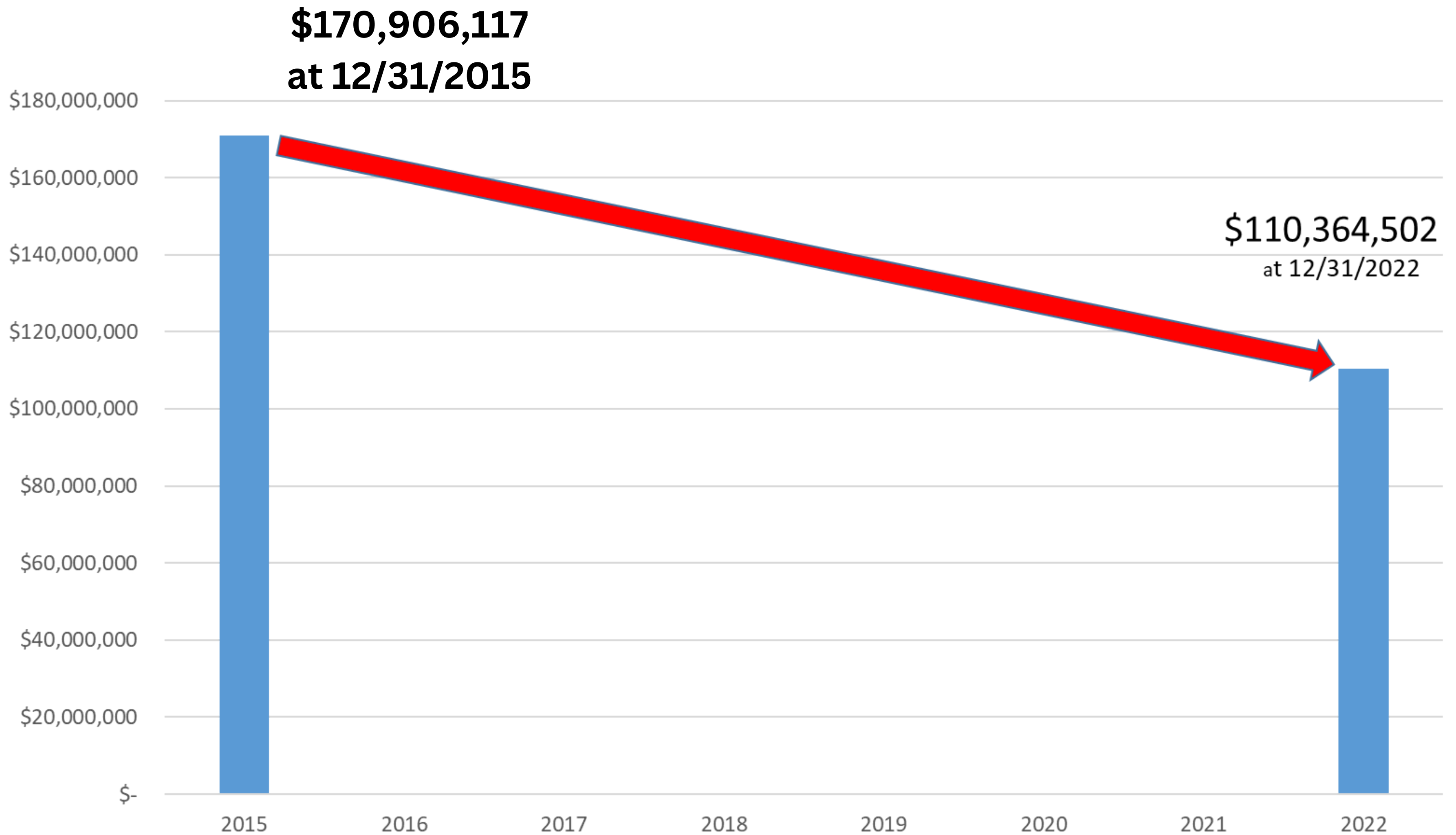


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PA City #10	3.79%







# Bethlehem's Financial Rules

1) ONE TIME EXPENSES AND SUSTAINABLE EXPENSES ARE NOT THE SAME THING.

2) ONE TIME REVENUES AND SUSTAINABLE REVENUES ARE NOT THE SAME THING.

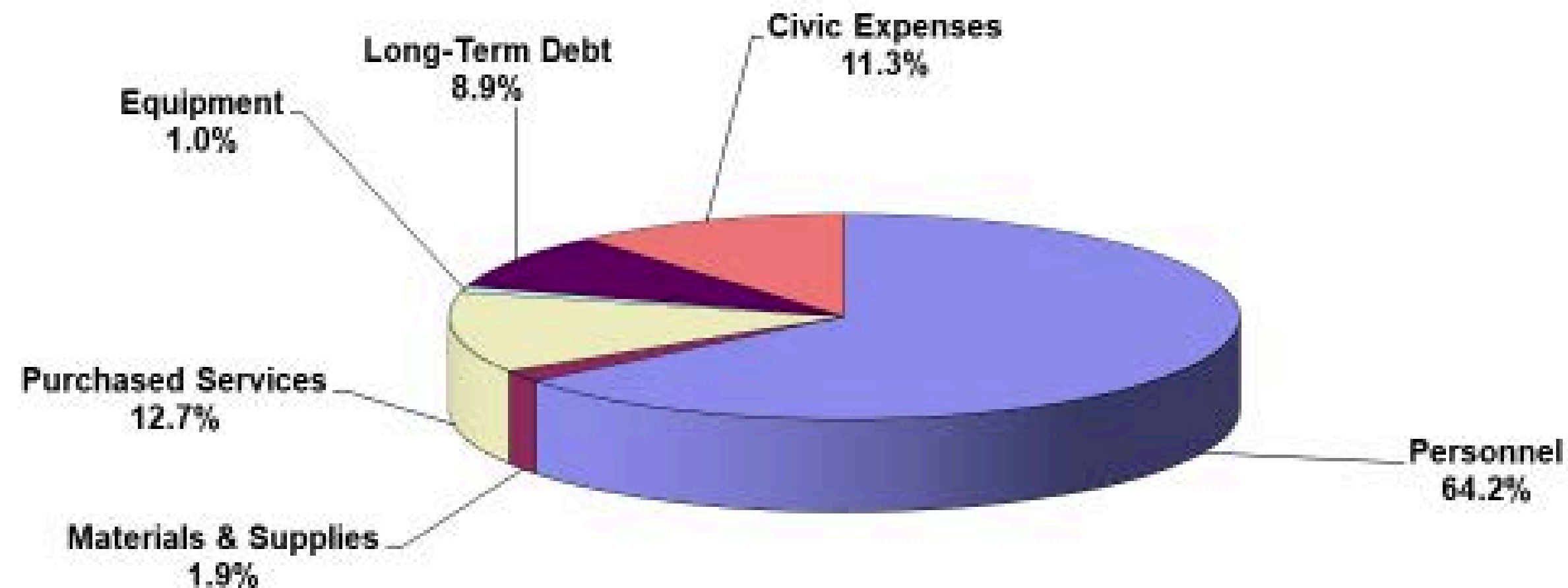
***3) THE GOAL IS TO PAY SUSTAINABLE EXPENSES WITH SUSTAINABLE REVENUES***

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## General Fund Expenditures By Category



**2023 General Fund Budget: \$102.4 million**



# Our Promise to our Employees

*THE CITY WILL ALWAYS KEEP OUR  
SALARY, PENSION AND HEALTHCARE  
OBLIGATIONS.*





1st year of 3-year contract 2022-2024



*New* 4-year contract for 2023-2026



*New* 4-year contract for 2023-2026

# Personnel Breakdown by Department

**Police: 170**

**Fire/EMS: 129**

**Water/Sewer: 106**

**Public Works: 104**

**Community Development: 36**

**All Other Personnel: 47**





## 2023 New Sustainable Expense Increases

- SALARY \$1,500,000
- HEALTHCARE \$575,000

**TOTAL NEW SUSTAINABLE EXPENSES: \$2.1 MILLION**





# 2023 New Sustainable Revenue Increases

- EARNED INCOME TAX GROWTH +\$697,000
- EMS REIMBURSEMENTS +\$650,000
- REAL ESTATE TAXES GROWTH +\$267,000

**TOTAL NEW SUSTAINABLE REVENUES: 1.6 MILLION**





# Recycling Changes for 2023

- **2022 - LAST YEAR OF CURRENT CONTRACT - \$1.1 MILLION**
    - **CURRENT RECYCLING FEE - \$70**
  - **2023 CLOSED BIDS FOR RECYCLING CONTRACT**
    - **\$1.7 MILLION (RECOMMENDED BY ADMINISTRATION TO COUNCIL)**
    - **\$1.8 MILLION**
    - **\$2.1 MILLION**
    - **\$3 MILLION**
- PROPOSED RECYCLING FEE (ON NEW \$1.7 MILLION CONTRACT) - \$90**



# Pandemic Recovery Goals

- **BALANCE SHORT-TERM RECOVERY VERSUS LONG-TERM INVESTMENTS**
- **SYSTEMIC SOLUTIONS- PREVENT THE PROBLEM**
- **SUSTAINABLE SOLUTIONS- FINANCIALLY AND PRIORITY PERMANENT**

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# 2022 ARPA Spending

- ARPA Allocation – As of January 1st, 2022 - \$34.4 million
  - COVID Revenue Loss - \$2 million (\$2 million budgeted)
  - Capital Expenditures – \$5.0 million (\$9 million budgeted)
  - Community Reinvestment Fund - \$257k (\$3 million budgeted)
- **2022 Total: \$7.2 million**





# What Are Capital Costs?

- CAPITAL COSTS ARE ONE TIME CONSTRUCTION OR ACQUISITION PURCHASES ASSOCIATED WITH CITY FACILITIES AND EQUIPMENT.
- TRADITIONALLY, THE CITY BORROWS APPROXIMATELY \$5 TO 6 MILLION DOLLARS EVERY TWO YEARS. (2014, 2016, 2018, 2020, ETC.)
- THE \$5 TO 6 MILLION BORROWING IS PAID BACK OVER 15 YEARS WITH INTEREST.

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# Examples of 2022- 23 Capital Purchases/Projects

- Fire Engine Replacement. - \$850,000
- Ambulance Replacement - \$175,000
- Intersection Replacement Work - \$800,000
- Public Works Dump Truck - \$220,000
- Bethlehem Area Public Library Column Replacement - \$600,000



# What is We Build Bethlehem?

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[webuild.bethlehem-pa.gov](http://webuild.bethlehem-pa.gov)

- Community Engagement Tool
- 1st Project: Pandemic Recovery/ American Rescue Plan
- Outreach
  - Social Media
  - Community Events
  - Public Meetings
  - Paper Surveys/Mailings



## New ARPA Allocations in 2023 Budget

- 5 million - Affordable Housing Fund
- 2 million - Homelessness Initiative
- 2 million - COVID Lost Revenue

## Carryover ARPA Allocations in 2023 Budget

- 4 million - Capital Funds
- 3 million - Community Recovery Fund

Total ARPA Spending in 2023 Budget - \$16mil.



# 2022-2025 ARPA Spending

- 2022 - **7.2 million**
- 2023 - **16 million** includes 2022 carryover (budgeted)
- 2024 - **9 million** + carryover from 2023 (planned)
- 2025 - **2 million** + carryover from 2024 (planned)





# Where Do We Want to Be Financially in 5 Years?

- Keeping Our Promises To Our Employees
- Continue Paying Off Debt Aggressively
- Keep Strong Bond Rating
- Making Sustainable Recurring Community Investments





# What Was the Purpose of the American Rescue Plan?

- TO ASSIST PEOPLE NEGATIVELY IMPACTED BY THE PANDEMIC
- TO INVEST IN THE SYSTEMS THAT THE PANDEMIC PROVED ARE BROKEN FOR MANY MEMBERS OF OUR COMMUNITY

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# A New Promise for Our Future

*34 MILLION DOLLARS WILL BE SPENT IN  
THE SPIRIT OF PANDEMIC RECOVERY IN  
THE COMING YEARS.*





# The ARPA Deal

- 2022 CAPITAL ARPA SPENDING - \$5 MILLION
- 2023 CAPITAL ARPA SPENDING - \$4 MILLION
- 2024-2025 CAPITAL ARPA SPENDING - \$9 MILLION

TOTAL PROPOSED CAPITAL SPENDING FROM ARPA - \$18 MILLION

INTEREST SAVED BY CITY TAXPAYERS - \$7.3 MILLION

**TOTAL OBLIGATIONS SAVED BY TAXPAYERS - \$25.3 MILLION**



**2022-2025**

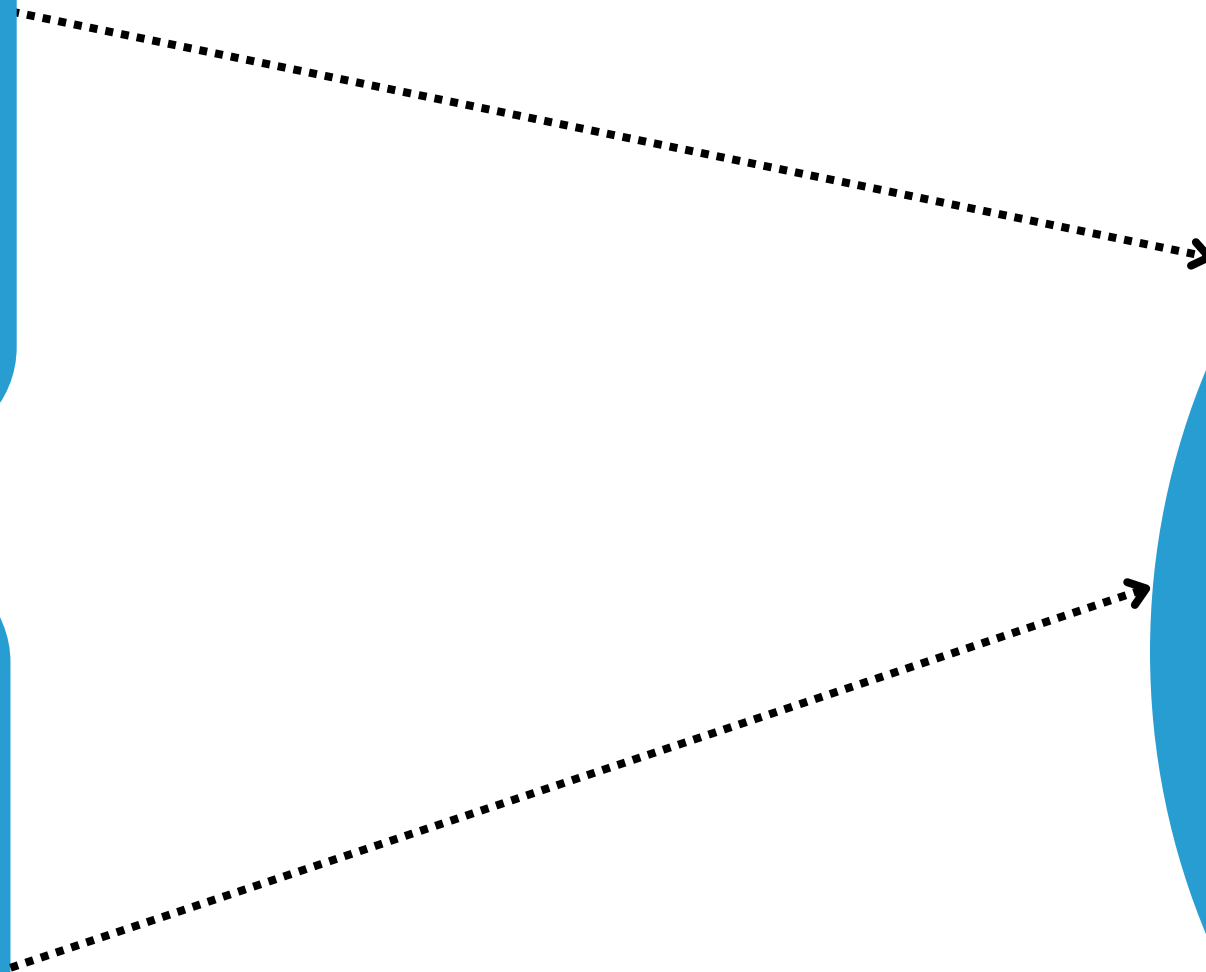
# *A Vision for Our City's Future*

**2026 & Beyond**

**Community  
investments  
using ARPA**

**Use ARPA to  
meet capital  
obligations &  
avoid new debt**

**Financial stability +  
reduced debt  
payments = Long term  
stability + public  
infrastructure  
investment**



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**Thank You for  
Attending!**