



NOVEMBER 2023



2024 BUDGET ADDRESS

MAYOR J. WILLIAM REYNOLDS



TAMMY WENDLING

SENIOR VICE PRESIDENT OF BETHLEHEM INITIATIVES

Bethlehem Chamber
GREATER LEHIGH VALLEY CHAMBER OF COMMERCE





PARTNER



SILVER SPONSOR

BUCKNO
LISICKY 
& COMPANY

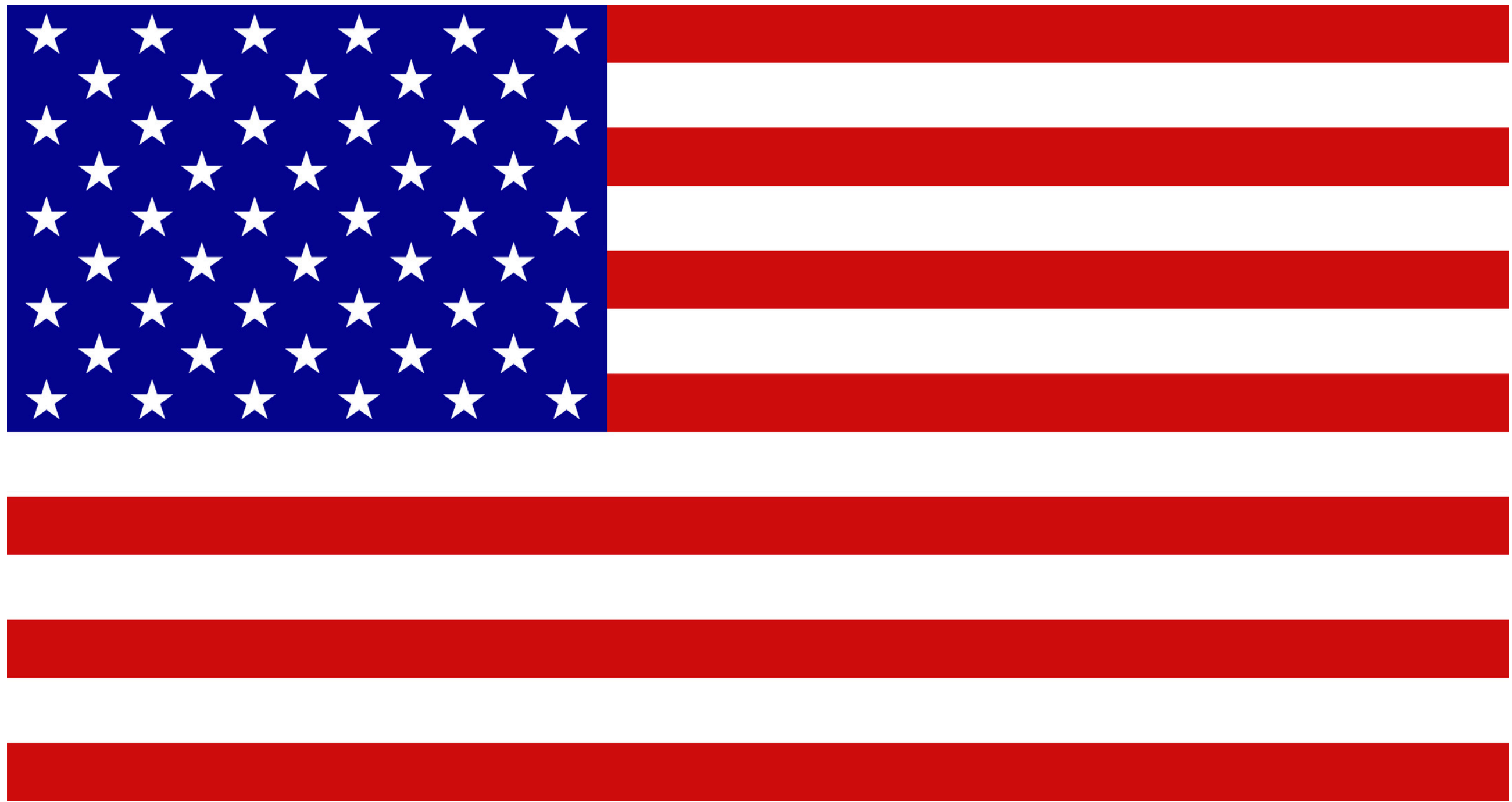
BRONZE SPONSOR



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**ELECTED OFFICIALS &
DIGNITARIES**

BETHLEHEM, PA

CHRISTMAS TREE LIGHTING CEREMONY

2023



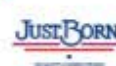
FRIDAY, NOVEMBER 24TH | 5:00 PM
PAYROW PLAZA BETHLEHEM, PA

GATES OPEN AT 4:00 PM | PRELUDE AT 4:30 PM

CONTACT BRITTNEYC@LEHIGHVALLEYCHAMBER FOR SPONSORSHIP OPPORTUNITIES



Bethlehem Chamber
GREATER LEHIGH VALLEY CHAMBER OF COMMERCE



FIFTY-FIFTH ANNUAL

Community Advent Breakfast

SATURDAY, DECEMBER 2, 2023

\$17

DOORS OPEN AT 8:00 AM | BREAKFAST AT 8:30 AM

MORAVIAN VILLAGE BETHLEHEM

Speaker: Charlene Donchez Mowers



Bethlehem Chamber
GREATER LEHIGH VALLEY CHAMBER OF COMMERCE

HISTORIC Hotel Bethlehem



Lehigh Valley Health Network
Your health deserves a partner.



MAYOR J. WILLIAM REYNOLDS

CITY OF BETHLEHEM





2024 Budget Hearing Schedule

- **Wednesday November 15th, 2023 at 6 PM**
 - **Public Works and Water/Sewer**
- **Tuesday November 28th, 2023 at 6 PM**
 - **General Fund Revenues and Expenses**
- **Thursday November 30th, 2023 at 6 PM**
 - **Fire, Police, and Community and Economic Development**





How Do We Define Our Work?

- A Clean, Healthy, and Safe City
 - Creating an Economy of Strength
 - Turning Opportunities into Outcomes
 - Building Better Together
 - Celebrating a Culture of All of Us
-
-



PA City Bond Ratings

Bethlehem AA- Stable

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



Earned Income Tax

Bethlehem 1%

PA City #2	1.1%
PA City #3	1.65%
PA City #4	1.975%
PA City #5	2%
PA City #6	3%
PA City #7	3%
PA City #8	3.4%
PA City #9	3.6%
PA City #10	3.75%





Our Promise To Our Employees

*The City will always keep our salary,
pension, and healthcare obligations.*



Personnel Breakdown by Department

Police: 170

Fire/EMS: 129

Water/Sewer: 106

Public Works: 104

Community Development: 36

All Other Personnel: 47





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.



○ ○ ○ ○ Our 5 Recurring Budget Expenditures To Watch

#1 Debt Service

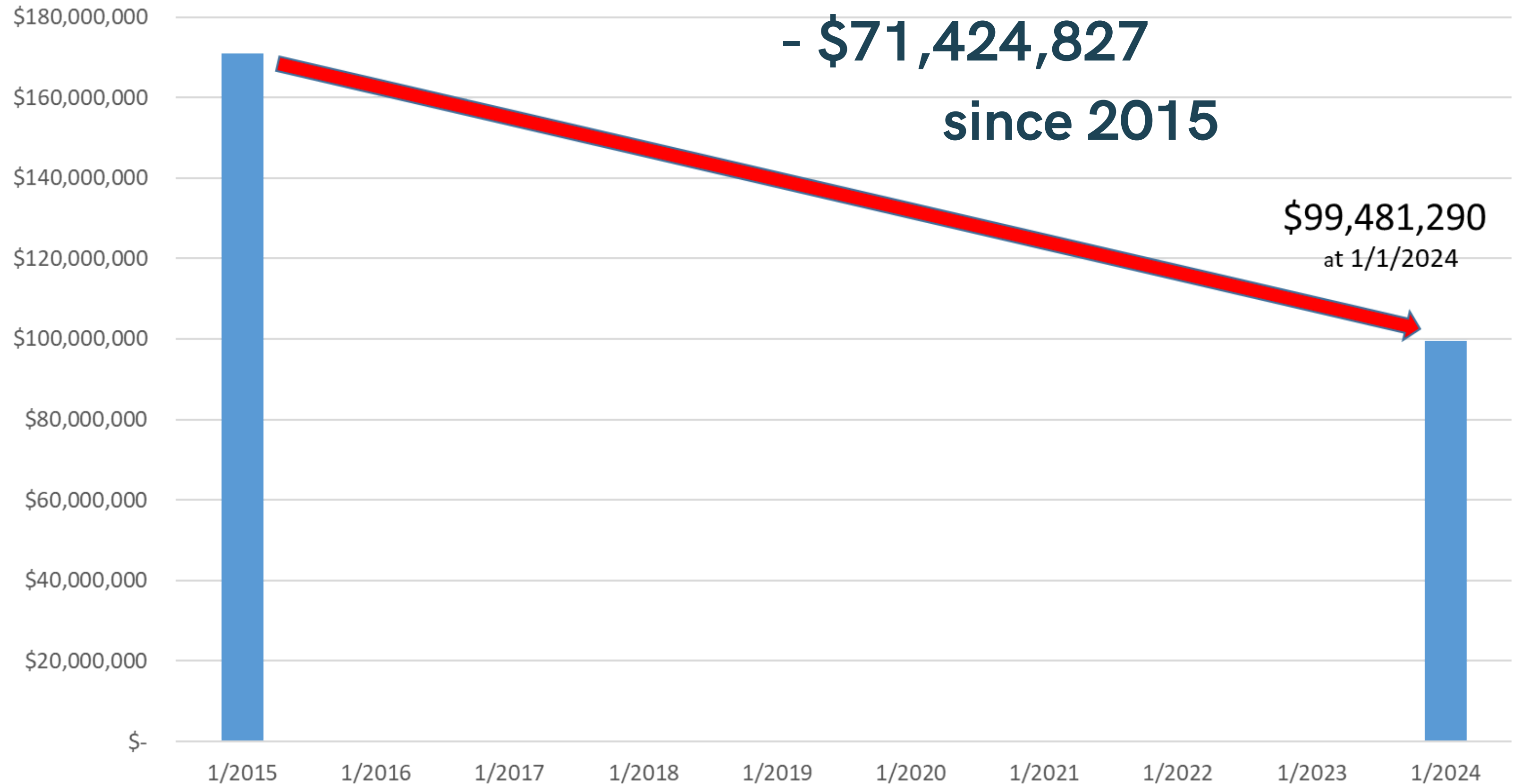
#2 Pensions

#3 Medical

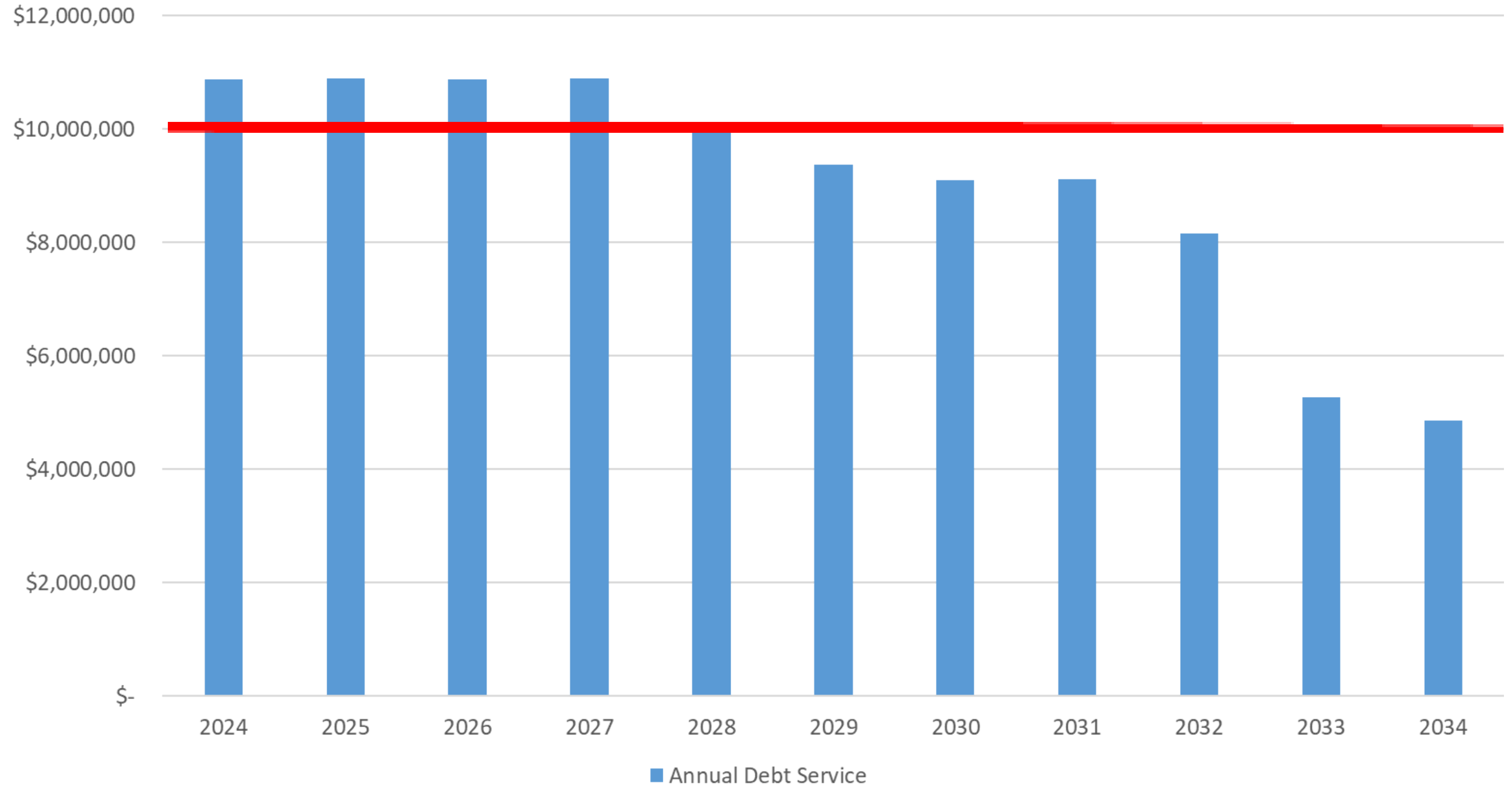
#4 Salary

#5 Capital Needs

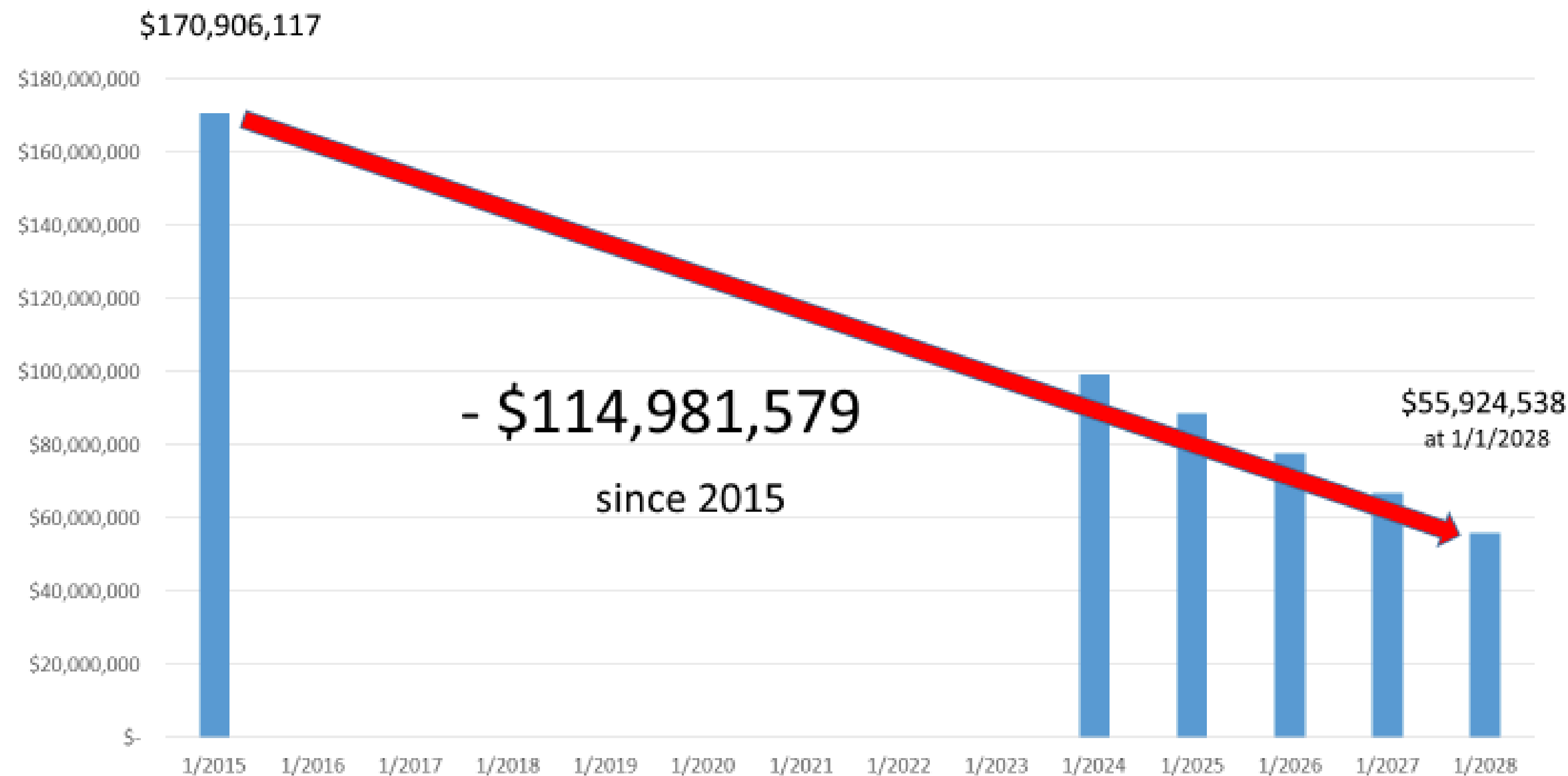
#1 Paying Debt Off Aggressively 2015-2024



#1 Current Annual Debt Service



#1 Paying Debt Off Aggressively 2015-2028



#2 Facts about our Pension Funds

- **Three Funds - Police, Fire, and Pennsylvania Municipal Retirement System (PMRS)**
- **PMRS = over 100% funded**
- **Police and Fire = Over 80% funded**



#2 Facts about our Pension Funds

- Unlike other cities, diversified and limited general fund debt
- 8.3% return on fund since inception in 1988 (similar plans 7.9%)
- Pension payment in 2023 and 2024 is based on portfolio performance from 2019 and 2020
- Pension funds were down 10% in 2022 (outperformed other similar municipal plans which were down 14%)



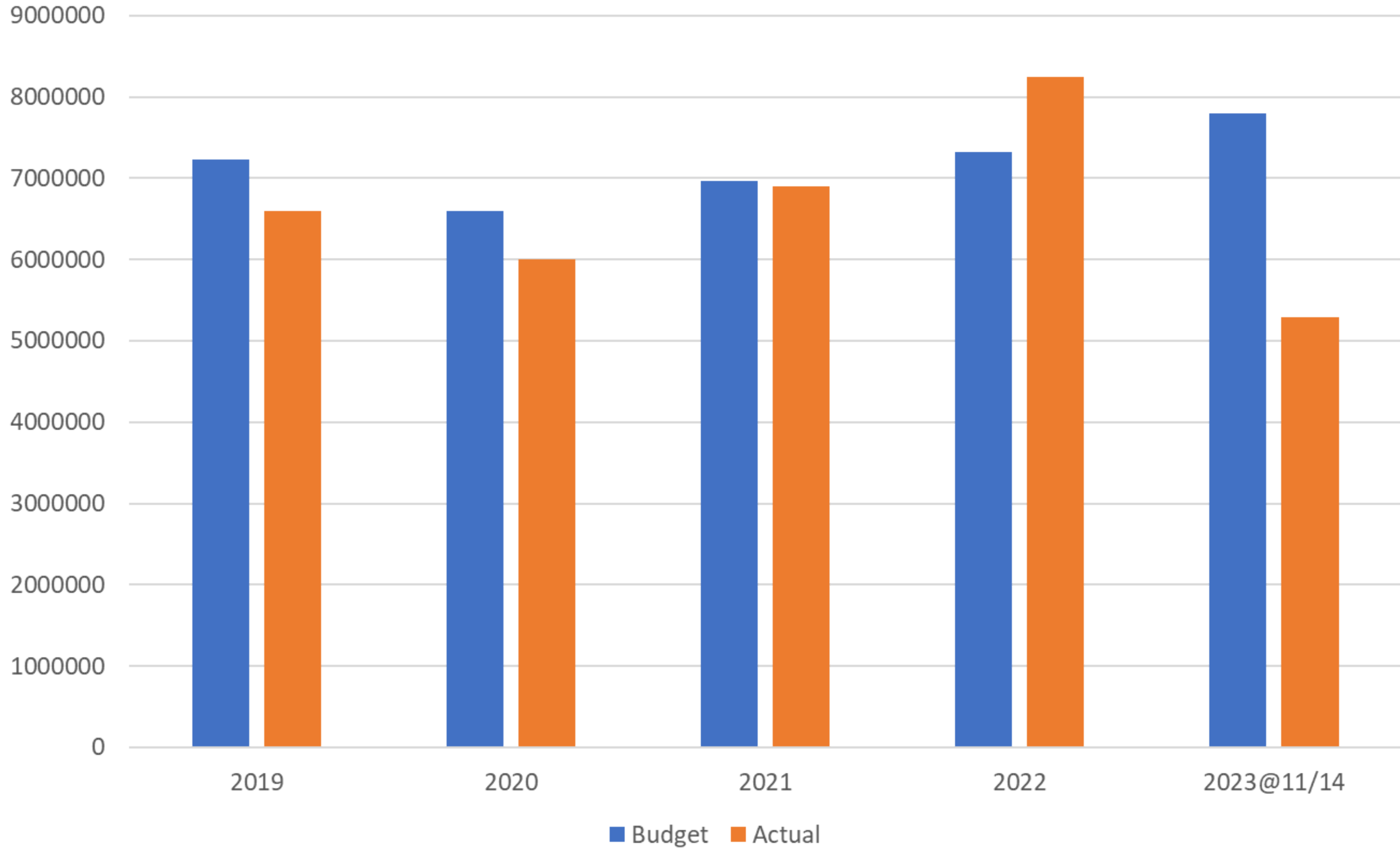
#2 Pension Payments

	<u>Police (347)</u>	<u>Fire (217)</u>	<u>PMRS (679)</u>	<u>Total</u>
2022 General Fund	\$6,325,420	\$3,688,775	\$1,889,526	\$11,903,721
<i>Employee Contributions</i>	<i>\$775,567</i>	<i>\$703,326</i>	<i>\$1,668,105</i>	<i>\$3,146,998</i>
Total:	\$7,100,987	\$4,372,101	\$3,557,631	\$15,050,719
2024 General Fund	\$5,986,328	\$2,691,838	\$2,409,461	\$11,087,627
<i>Employee Contributions</i>	<i>\$794,229</i>	<i>\$679,939</i>	<i>\$1,726,927</i>	<i>\$3,201,095</i>
Total:	\$6,780,557	\$3,371,777	\$4,136,388	\$14,288,722

2025/2026 - Will Be Higher than 2024 (TBD in fall 2024)



#3 Medical General Fund





2023 New Sustainable Expense Increases

- #4 Salary Increases- **\$1,159,441**
- New Police Body and Car Dash Cams - **\$998,551**
- #4 Four New Paramedics - **\$300,218**
- Worker's Comp and General Insurance - **\$110,000**
- Significant New Sustainable Expenses: **\$2,857,023 Million**

#4 Salary Increases by Department

- Police (3%) - \$508,089
- Fire (4% Largest since 2011) - \$385,999
- Remainder of Personnel - \$265,333



Total: \$1,159,441

Police Dash and Body Cameras



2019 Purchase - Purchased with:

- 41% - Capital Bond (**One-Time Revenue**)
- 31% - 911 Funds (**One-Time Revenue**)
- 28% - Grant (**One-Time Revenue**)

Bethlehem Financial Rule #3: Sustainable expenses should be paid for by sustainable revenues

2024 Purchase - \$998,551



- **\$598,726** - New General Fund Tax Revenue Expenditure (**Sustainable Revenue**)
- **\$399,825** - *Pennsylvania Commission on Crime and Delinquency (PCCD) Grant (**One-Time Revenue**)

*Remaining PCCD Grant Funds - **\$202,800**
Police Recruitment and Retention Bonuses To
Be Paid in 2024

EMS Call Rate

	Total Calls	City Respond	Mutual Aid	Percentage
• 2019	11,966	11,210	756	94%
• 2021	12,073	11,235	838	93%
• 2022	12,658	11,550	1108	91%
• 2023	10,392	9,518	875	91%

Why should we hire four more paramedics?

- Mutual aid response time often is longer than if Bethlehem Paramedics respond
- When City Paramedics respond, two paramedics on every call
- Mutual aid calls involve one paramedic and one EMT
- Increase in calls has led to increase in overtime (haven't added any paramedics since 2007)



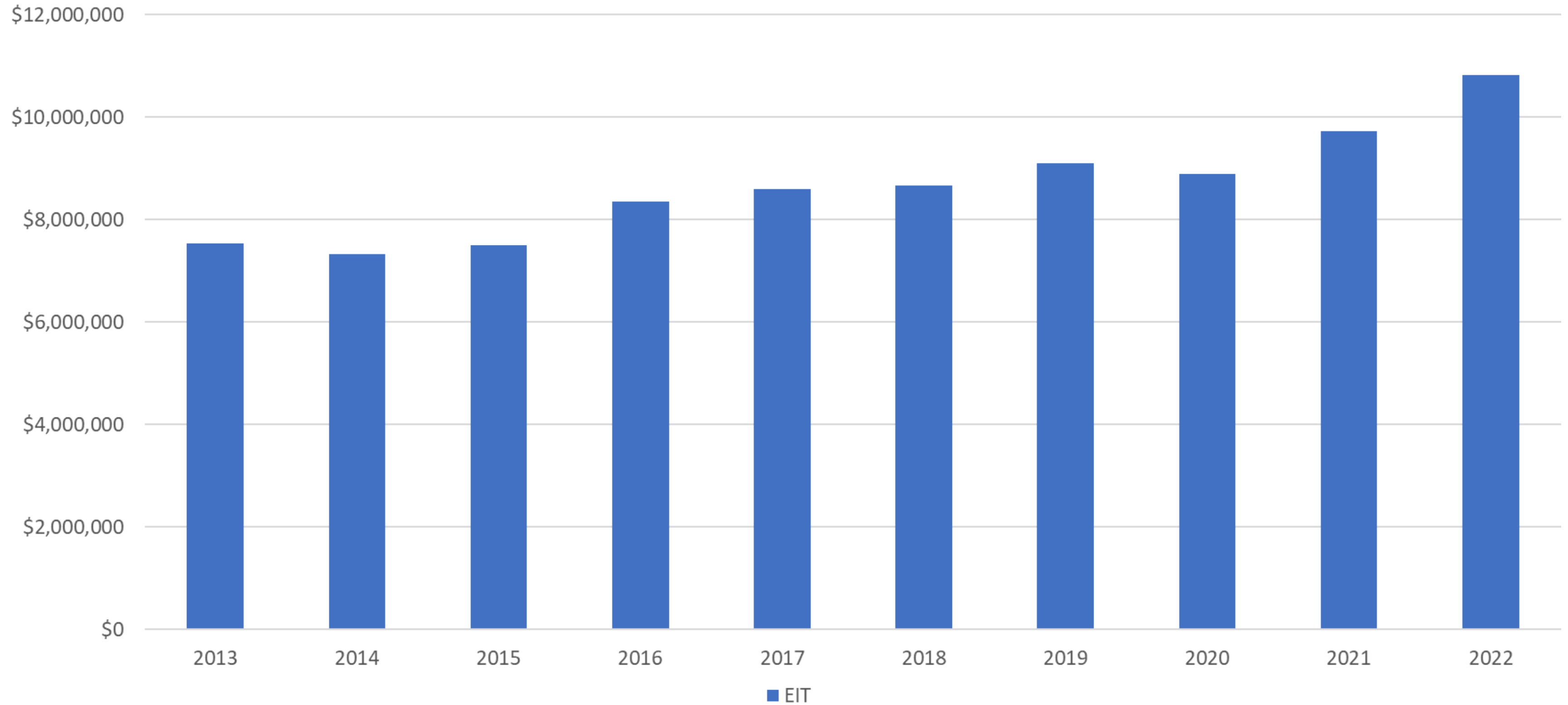
2023 New Sustainable Revenue Picture

- Earned Income Tax Growth = \$500,000
- End of LED Lease Expense = \$525,000
- Interest Income = \$450,000
- Real Estate Taxes Growth = \$1,343,000 (+2.6% Increase)
- Assorted Business Development Revenue Growth = \$375,000
- Declining FINES AND Fee Revenues = - \$180,000

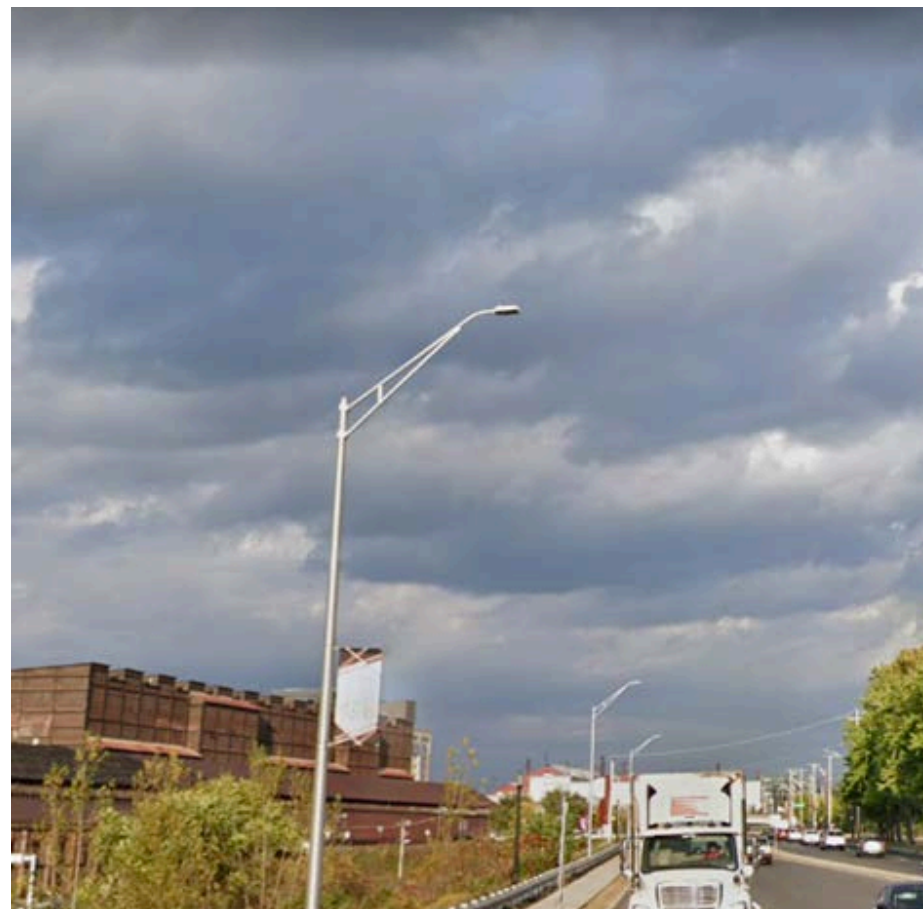
Significant New Sustainable Revenues: \$3,013,000 Million



Earned Income Tax

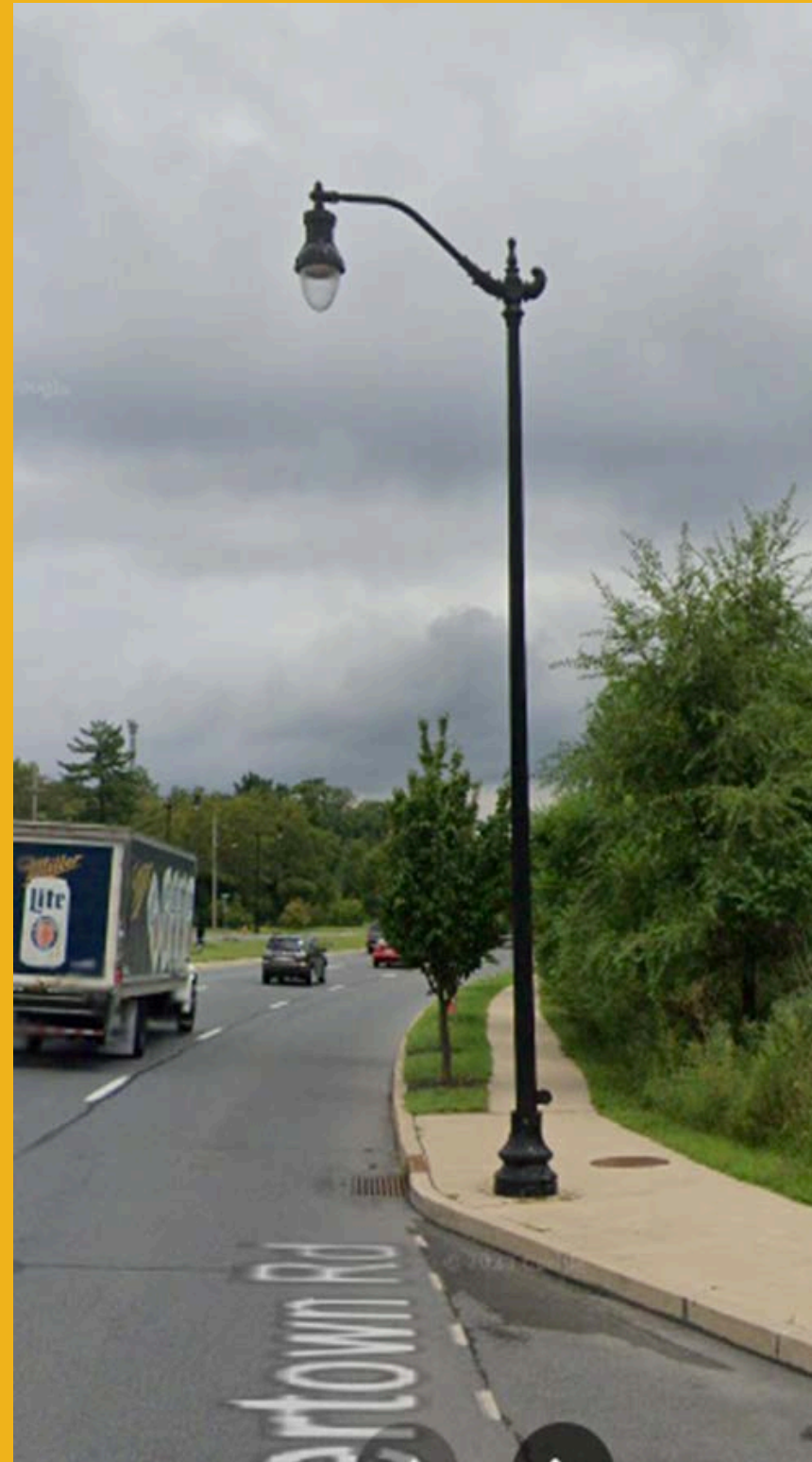


Street Lighting Program Initiatives



- Step 1 – 2009 – Acquisition of all street lights from the utility completed in 2009.
- City takes out 20 Year Bond to purchase the system (over 5,000 non-decorative and 2,500 decorative street lights).
- Debt service on bond + annual energy costs + outsourced maintenance *lower than* fees paid to utility annually.
- Part II – 2014 – City takes out 10 year loan to upgrade over 5,000 non-decorative street lights to LEDs.
- Reduced energy costs by approximately 70% with savings utilized to pay for capital upgrades to system.

Street Lighting Program Savings Initiatives



2024 Street Lighting Budget = **\$732,453**
(Bond Retires)

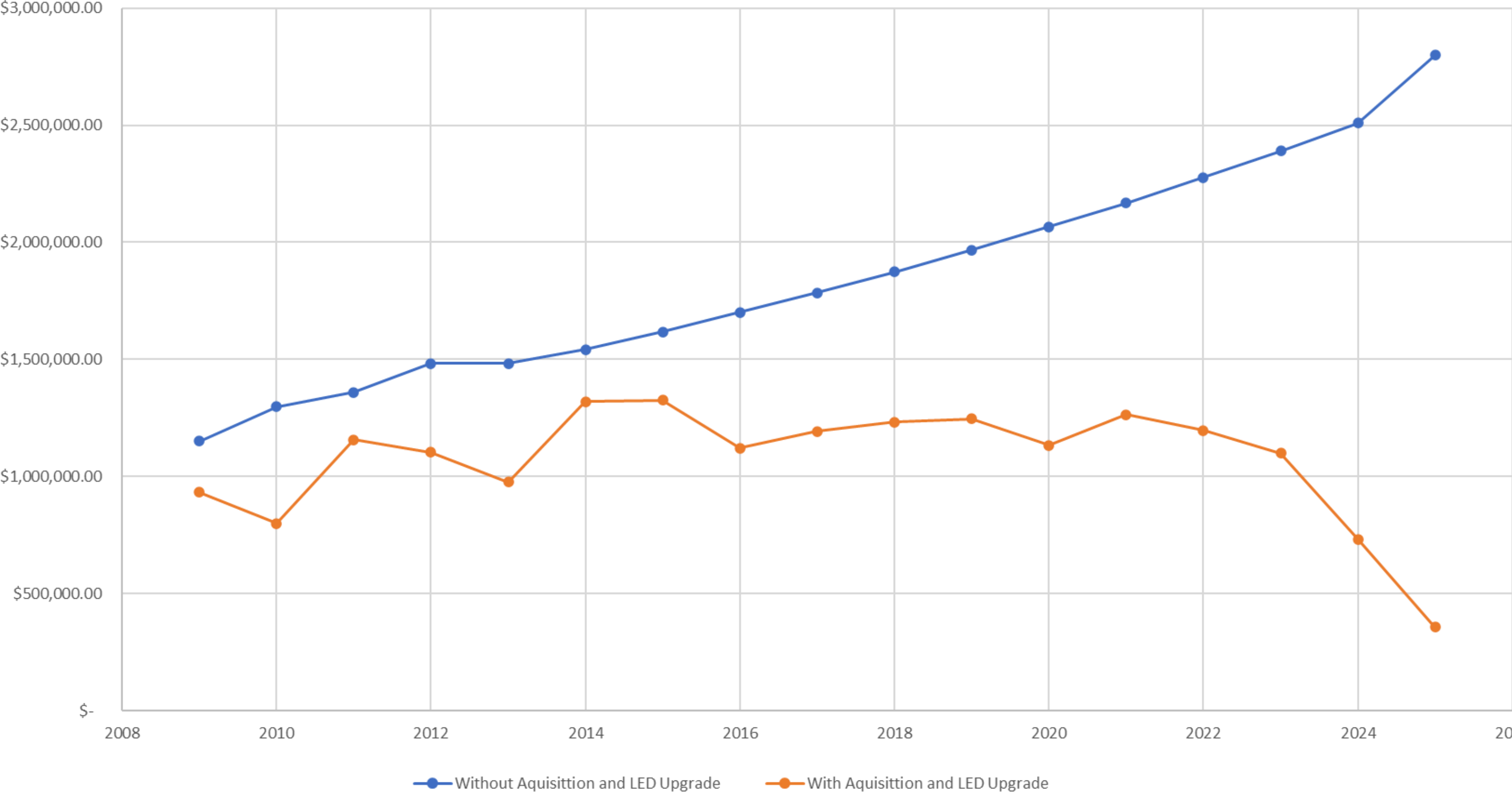
2024 Budget if NOT Completed = **\$2,509,517**

2025 Street Lighting Budget = **\$360,000**
(LED Loan Retires)

2025 Budget if NOT COMPLETED = **\$2,800,000**

Savings will increase dramatically in future years.

PPL Cost



New ARPA Allocations in 2024 Budget

- **9 million - #5 Capital Expenditures**
- **2 million - Lost Revenue from COVID**

ARPA Allocations in 2025 Budget

- **2 million - Lost Revenue from COVID**





#5 What Are Capital Costs?

- Capital costs are one time construction or acquisition purchases associated with city facilities and equipment.
- Last done 5 years ago, the City borrowed approximately \$5 to 6 million dollars every two years. That money is paid back over 15 years with interest.



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





The ARPA Deal

- 2022 #5 Capital ARPA Spending - \$5 million
- 2023 #5 Capital ARPA Spending - \$4 million
- 2024-2025 #5 Capital ARPA Spending - \$9 million

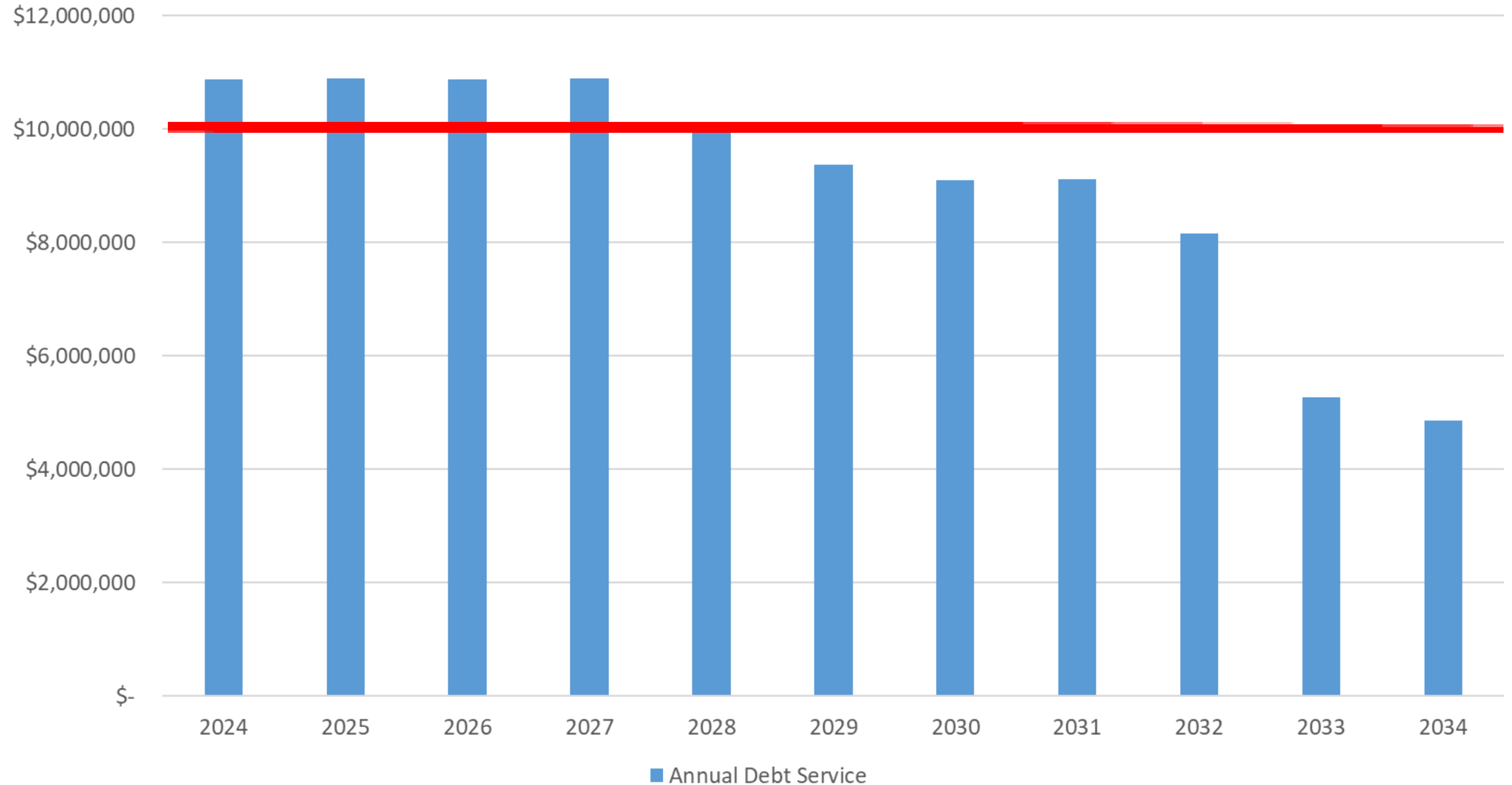
#5 Total Proposed Capital Spending from ARPA - \$18 million

#1 Interest Saved by City Taxpayers - \$7.3 million

#1/#5 Total Obligations Saved by Taxpayers - \$25.3 million



Current Annual Debt Service



A Vision for Our City's Future

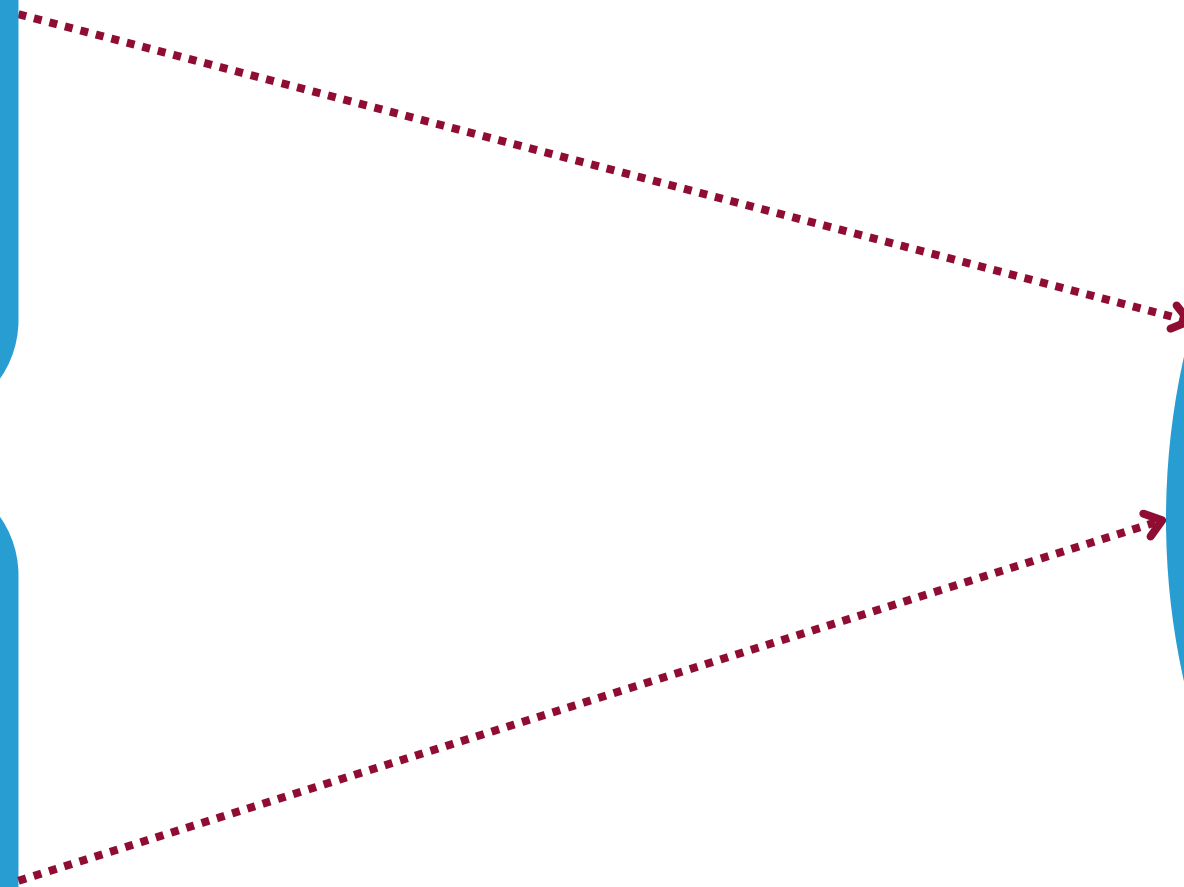
2022-2025

Community
investments
using ARPA

Use ARPA to meet
#5 capital
obligations & avoid
#1 new debt

2026 & Beyond

Financial stability +
reduced debt
payments =
permanent community
investment
commitment



#5 2023-24 Capital Purchases/Project Highlights

- Street Pavings - **\$3,000,000**
- Fire Engine Replacement - **\$1,300,000**
- Ambulance Replacement - **\$600,000**
- Parks - **\$400,000**

*What progress have we made on our
capital and equipment needs
over the past 5 years?*



#5 Investing In Our Police Department



2022

Patrol vehicle
Patrol vehicle
Patrol vehicle
Patrol vehicle
Pick-up truck
Harley-Davidson
Harley Davidson

Purchased



On the Road



Proposed



2023

Patrol vehicle
Patrol vehicle
Patrol vehicle
Patrol vehicle
Patrol vehicle
Pick-up truck
Pick-up truck
Pick-up truck
Harley-Davidson



2024

Patrol vehicle
Patrol vehicle
Patrol vehicle
Patrol vehicle
Harley-Davidson

2022-2024:
\$1.2 million invested
into the fleet



#5 Investing In Our Fire Department

2019 Front Line



<u>Year</u>	<u>Price</u>
E5 1998	\$589,182
E3 2000	\$224,986
E7 2000	\$224,986
E9 2002	\$238,431
L1 2009	\$749,776
E6 2009	\$447,016
E1 2013	\$521,615
L2 2016	\$1,198,725
<hr/>	
Total	\$3,605,535

#5 2024 Front Line

Year	Price
------	-------

L1 2009	\$749,776
E7 2009	\$447,016
L2 2016	\$1,198,725
E5 2020	\$1,089,000
E6 2020	\$780,680
E3 2021	\$800,000
E9 2023-24	\$850,000
E1 2024-2025	\$1,300,000

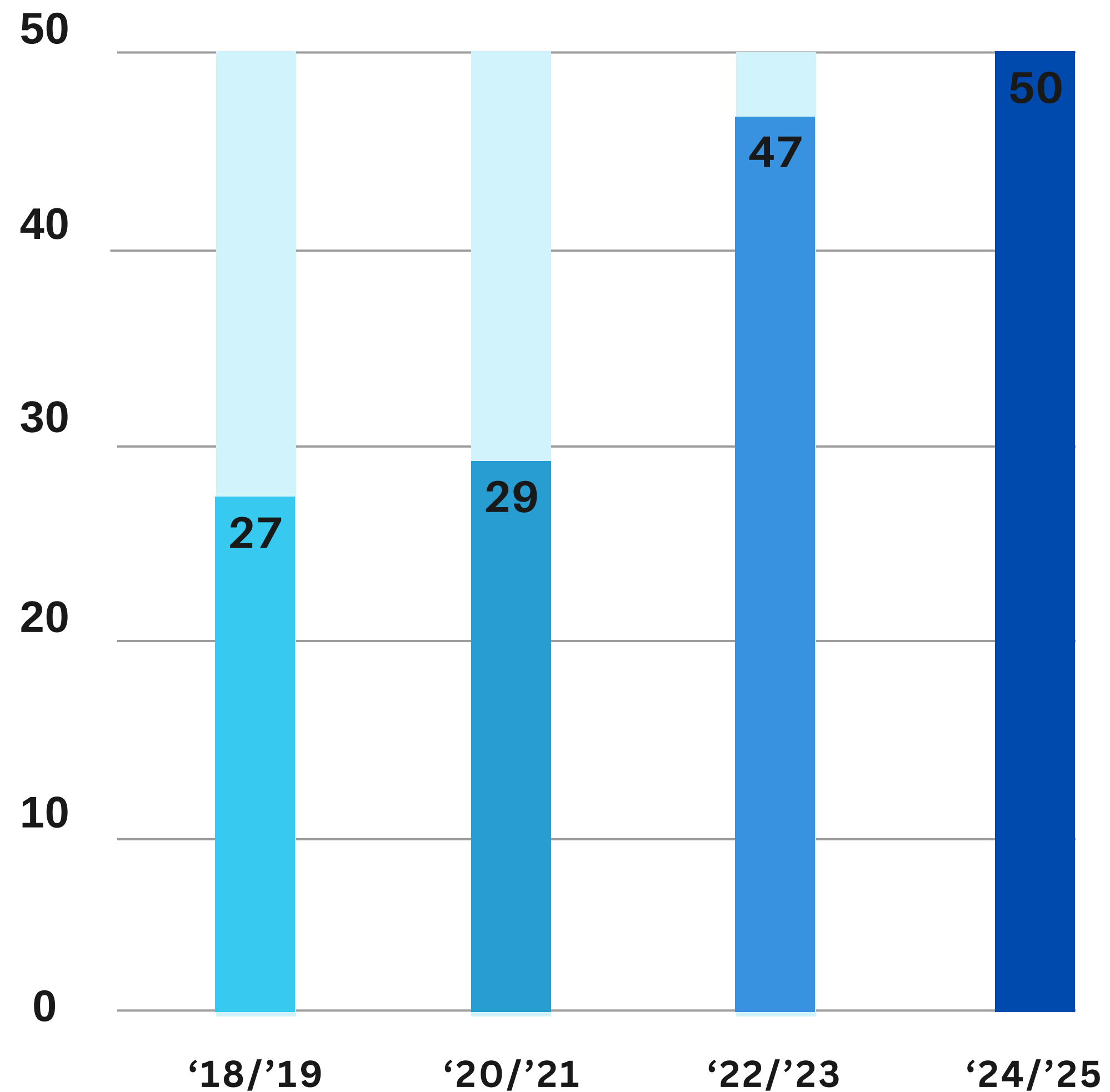
Total \$7,215,197

Last 5 years - \$4,820,000



Street Investments

#5 Total Lane Miles Paved





BIERY'S BRIDGE RD. |

ELM ST. | FILMORE ST.

BROADHEAD AVE. |

GARRETT CIRCLE |

CHESTNUT ST. |

GARRETT RD. |

CHRISTIAN ST. |

GLENDON ST. |

CLOVERLEAF ST.

GRESHAM ST.

11TH AVE. |

2ND AVE. |

4TH AVE. |

5TH AVE. | 7TH AVE.

| AURORA ST.

DECATUR ST. |

E. 7TH ST | E. 6TH ST.

E. LANGHORNE AVE. |

E. LANGHORNE AVE. | E. NORTH ST.



JENNINGS ST. |

S NEW ST. |

JOHNSTON DR. |

SANTEE DR. | SIOUX ST. |

LENOX AVE. |

STANHOPE ST. |

LORAIN AVE. |

W NORTH ST. |

LYNNFIELD AVE.

WEST BLVD.

HELLENER ST. |

MADISON AVE. |

HIGH ST. | HIGH ST. |

MAPLE ST. | MELROSE AVE.

HIGHLAND ST. |

MILLARD ST. | ORCHARD LN. |

ITASKA ST.

PIERCE ST. | RODGERS ST.





2024 Budget Highlights

- We continue to keep our promises to our employees
- Economic growth continues
- Responsible and sustainable budgeting continues
- Paying off debt aggressively
- Investments in public safety
- Investments in capital projects, parks, and street needs





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THANK YOU
FOR
ATTENDING!!

