



MAYOR J. WILLIAM REYNOLDS

# 2025 BUDGET ADDRESS

OCTOBER 30, 2024

# MAYOR J. WILLIAM REYNOLDS

CITY OF BETHLEHEM





# 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
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# Personnel Breakdown by Department

**Police: 170**

**Fire/EMS: 133**

**Water/Sewer: 106**

**Public Works: 105**

**Community Development: 38**

**All Other Personnel: 47**







# Our 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.*

# 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	1.25%
PA City #4	1.65%
PA City #5	1.975%
PA City #6	2%
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.*



# ○ ○ ○ ○ Our 4 Recurring Budget Expenditures To Watch

**#1 Debt Service**

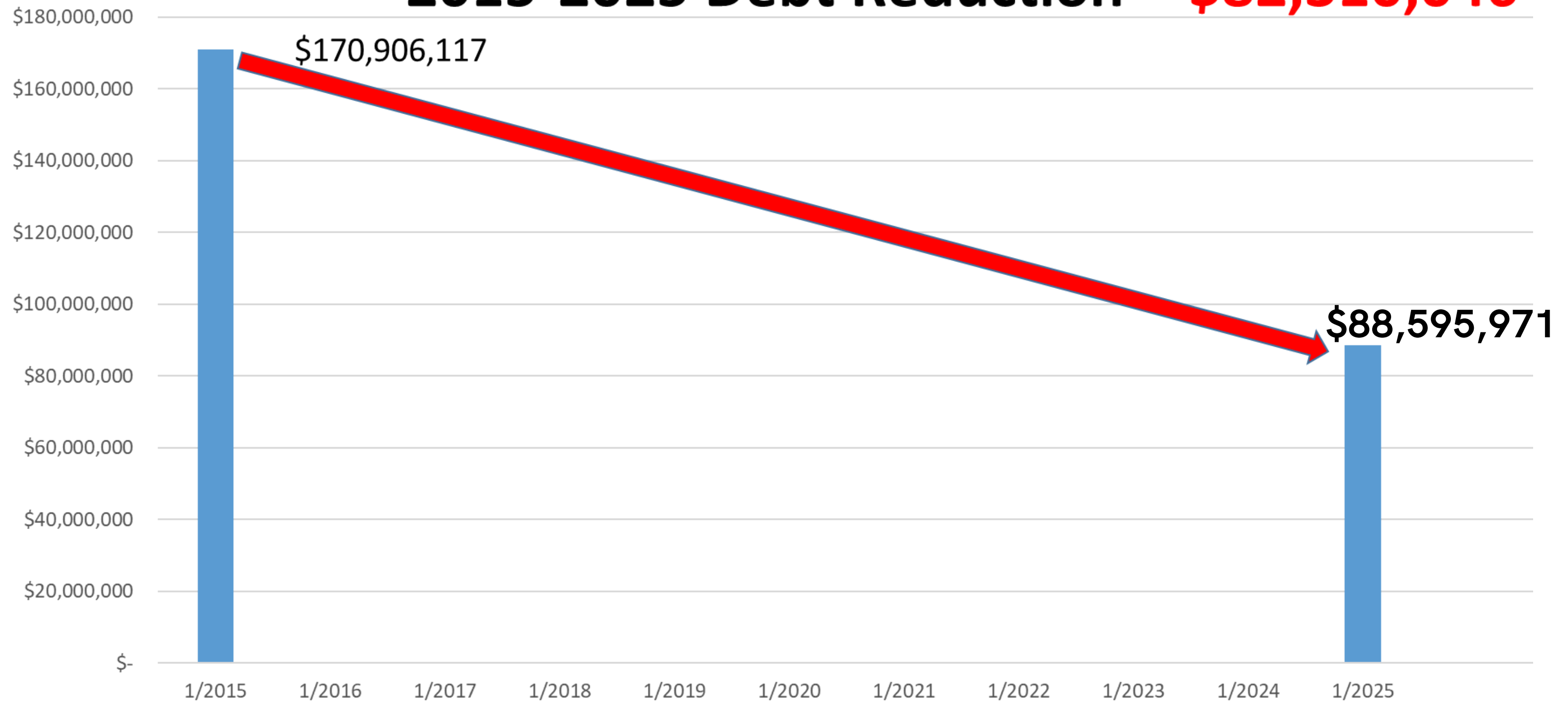
**#2 Pensions**

**#3 Medical**

**#4 Salary**

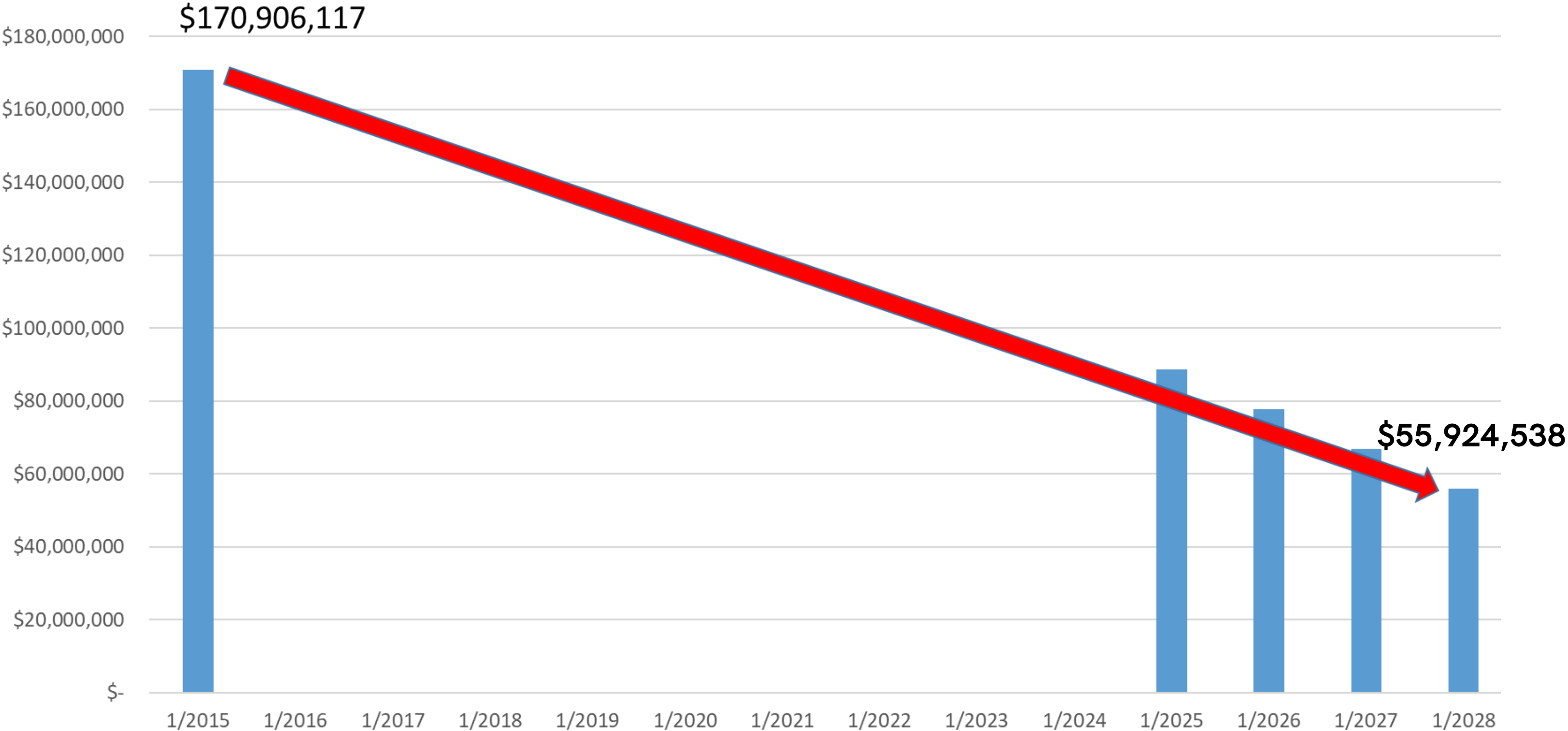
# #1 Paying Debt Off Aggressively 2015-2025

**2015-2025 Debt Reduction = \$82,310,046**



# #1 Paying Debt Off Aggressively 2015-2028

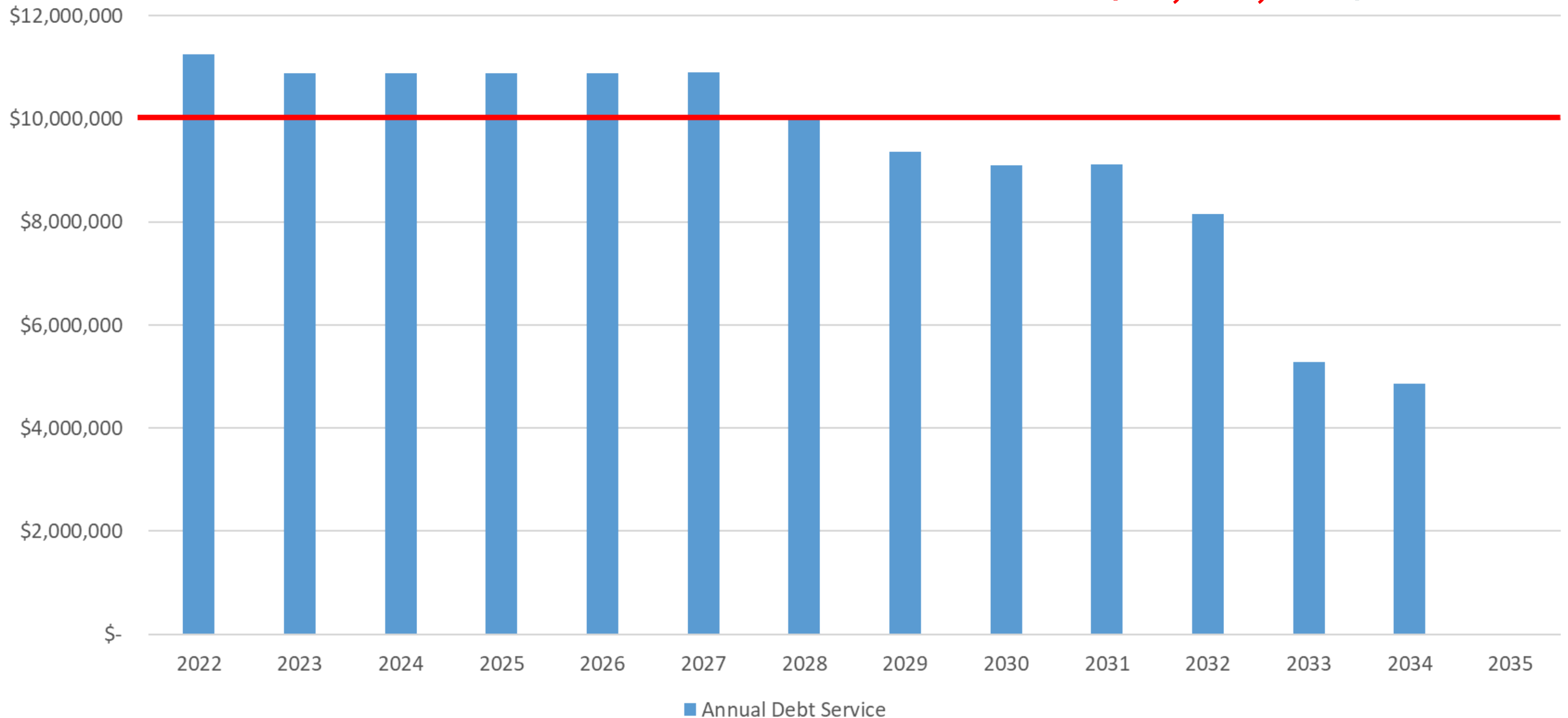
2015-2028 Debt Reduction = ***\$114,981,579***



# #1 Paying Debt Off Aggressively 2015-2025

Current Annual Debt Service

2022-2025 Debt Reduction = **\$43,909,684** (33% Reduction)





# #2 Pension Fund Increase

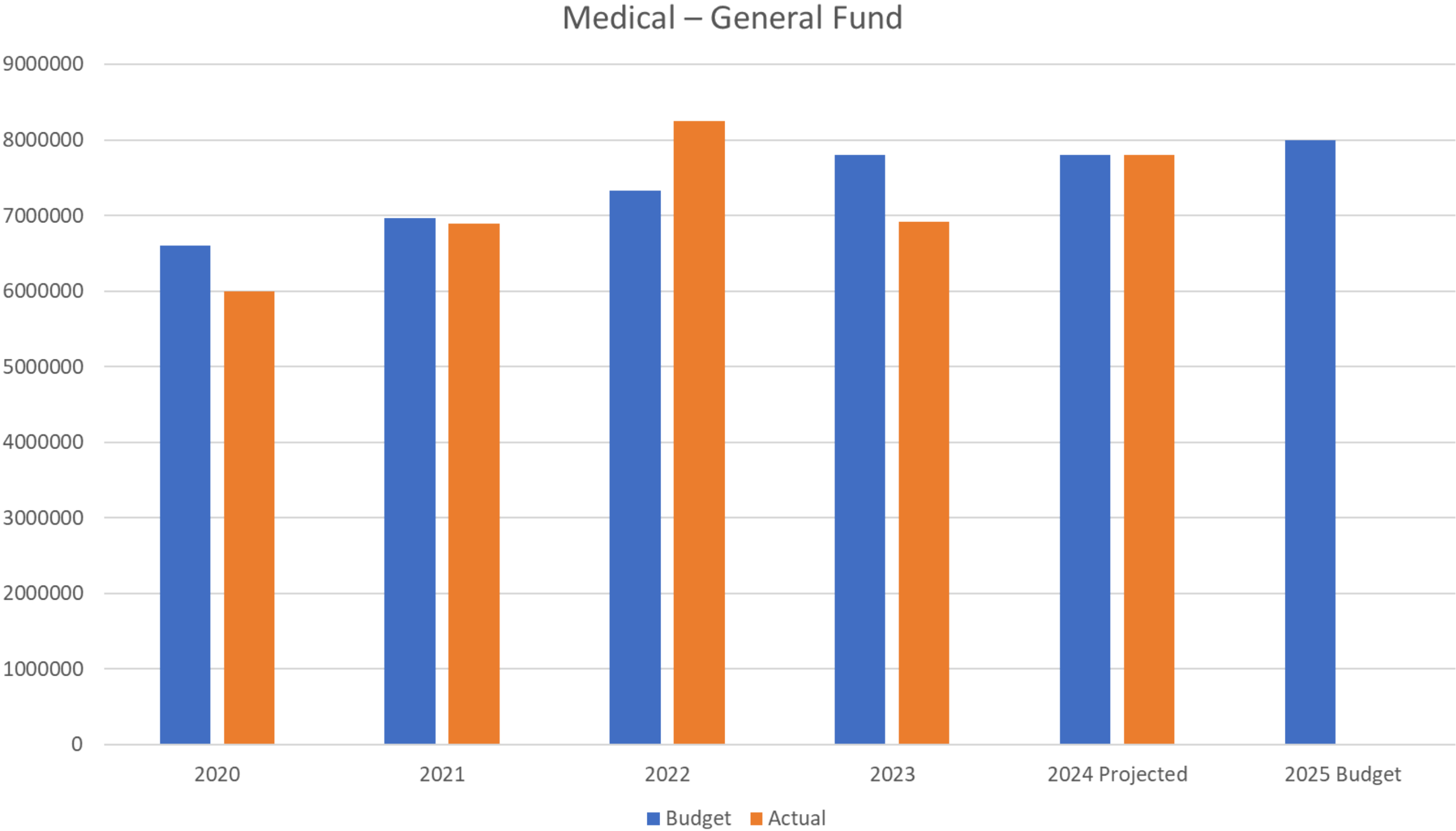
- Three pension funds are 90% funded (**this is good and unusual for cities**)
- Pension payment in 2025 and 2026 is based on portfolio performance from 2021 and 2022
- Pension funds finished down 10% in 2022 (outperformed other similar municipal plans which were down 14%)
- **Pension obligation for 2025 up \$1.9 million**



# #2 Pension Payments

	<u>Police (343)</u>	<u>Fire (209)</u>	<u>PMRS (679)</u>	<u>Total</u>
2025 General Fund	\$7,055,637	\$2,989,039	\$2,951,877	\$12,996,553
<i>Employee Contributions</i>	\$813,902	\$673,724	\$1,849,752	\$3,337,378
<b>Total:</b>	<b>\$7,869,539</b>	<b>\$3,662,763</b>	<b>\$4,801,629</b>	<b>\$16,333,931</b>
2024 General Fund	\$5,986,328	\$2,691,838	\$2,409,461	\$11,087,627
<i>Employee Contributions</i>	\$794,229	\$679,939	\$1,726,927	\$3,201,095
<b>Total:</b>	<b>\$6,780,557</b>	<b>\$3,371,777</b>	<b>\$4,136,388</b>	<b>\$14,288,722</b>

# #3 Medical General Fund





# 2025 New Sustainable Expense Increases

- Pension Increase +\$1,900,000
- #4 Salary Increases +\$1,250,000 (estimated)
- Insurance Increase +\$354,647
- Body and Dash Cameras -\$600,000
- Significant New Sustainable Expenses: +\$2,904,647



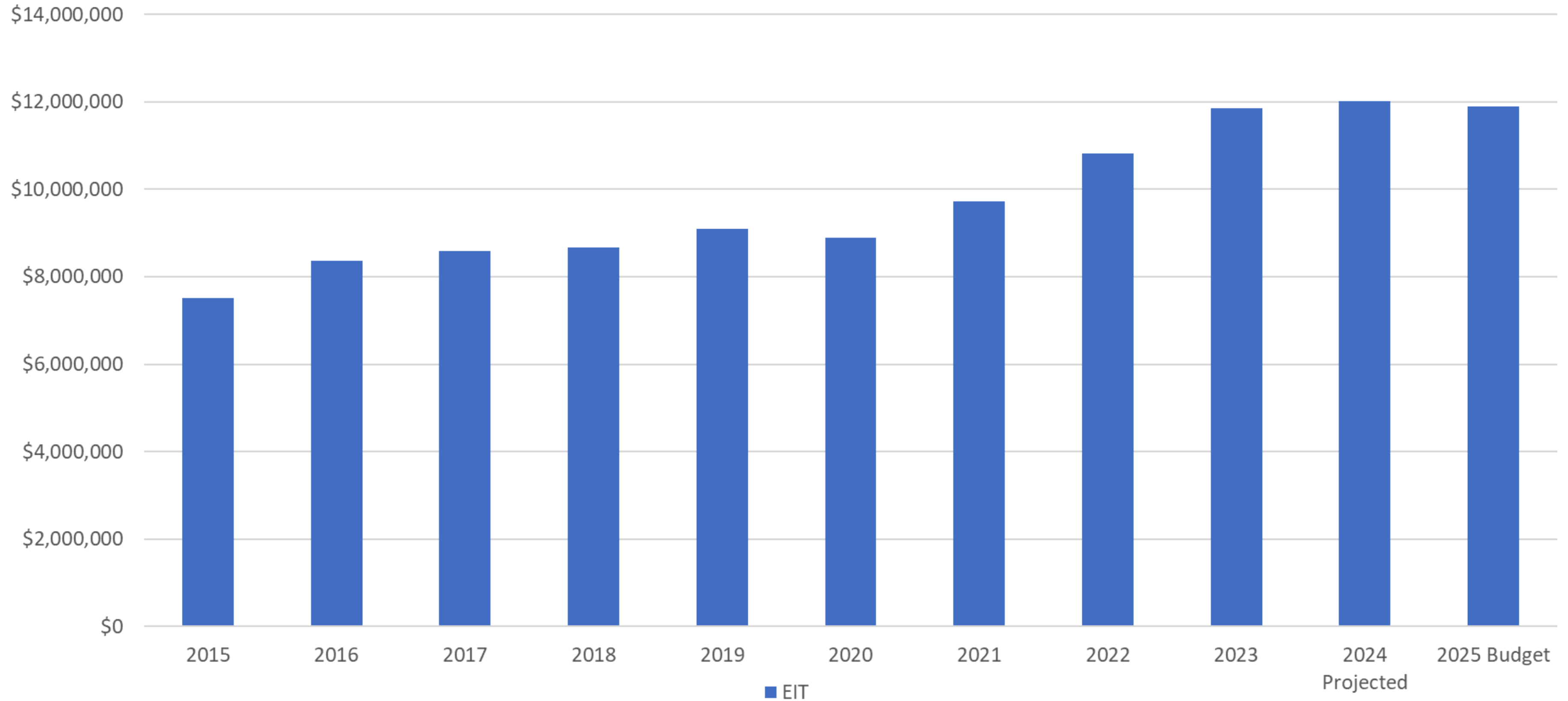
# 2025 New Sustainable Revenue Picture

- Earned Income Tax Growth = **\$1,150,000**
- Natural Real Estate Tax Growth = **\$828,252**
- Interest Income = **\$300,000**
- Assorted Business Development Revenue Growth = **\$600,000**
- EMS Revenue = **\$250,000**

**Significant New Sustainable Revenues: \$2,028,252**



# Earned Income Tax (1.0%)



# 2024 Budget Review: 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)



# 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	12,502	11,463	875	92%
• 2024 (Proj.)	12,686	11,882	804	94%



# Reducing Firefighter Vacancy Time

2024 New Recruit Training Budget - **\$128,000** (1 recruitment class)

2025 Proposed New Recruit Training Budget - **\$315,000** (2 recruitment classes)



- Due to six months of training, retirements and vacancies can currently take 7-19 months to replace in a fire station
- *By adding a second class, that time will be reduced to 7-13 months*
- 19 retirements from 2022-2024 have increased necessity of second class
- Will reduce need for current personnel to work overtime

# Investing in our Police Department



- 2022-2024 - 17 police cars, 4 pick up trucks, 4 Harley-Davidsons, 2 vans were purchased (all delivered)
- *2025 - Proposed 8 additional new cars*
- Total amount invested in fleet = \$1.7 million



# Investing in our Police Department



## 2022

7 Patrol vehicles  
1 Pick-up truck  
1 Van  
2 Harley-Davidsons

## 2023

6 Patrol vehicles  
3 Pick-up trucks  
1 Harley-Davidson

## 2024

4 Patrol vehicles  
1 Van  
1 Harley-Davidson

## 2025 *Proposed*

8 Patrol vehicles



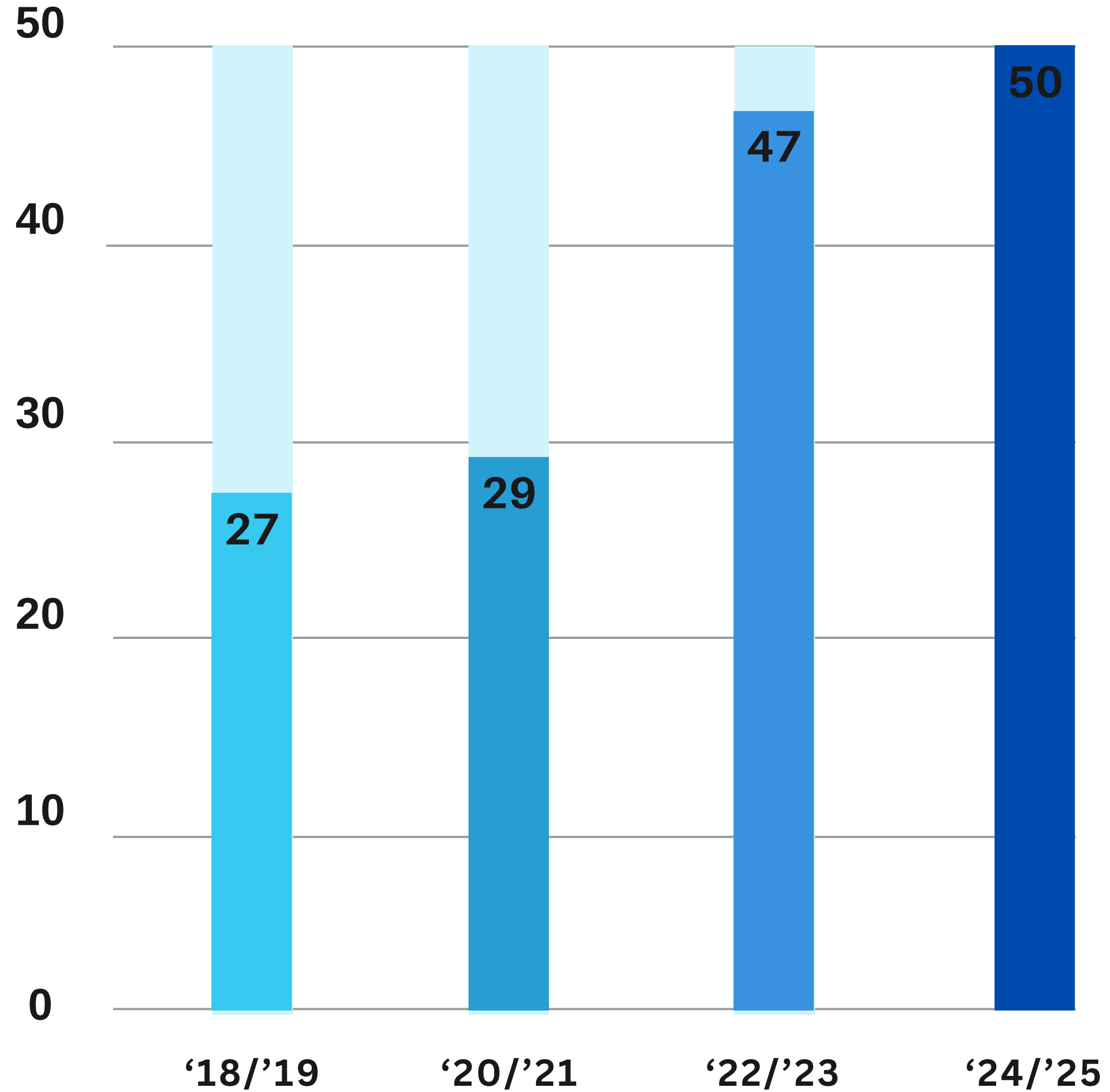
## Paving Budget

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- 2020/2021 - \$2,107,676
- 2022/2023 - \$4,808,138
- 2024/2025 - **\$7,891,584**

# Street Investments

## #5 Total Lane Miles Paved



# Road Paving by Year



▼ Last Paved

2024 Anticipated Steel Overlays

2023

2022

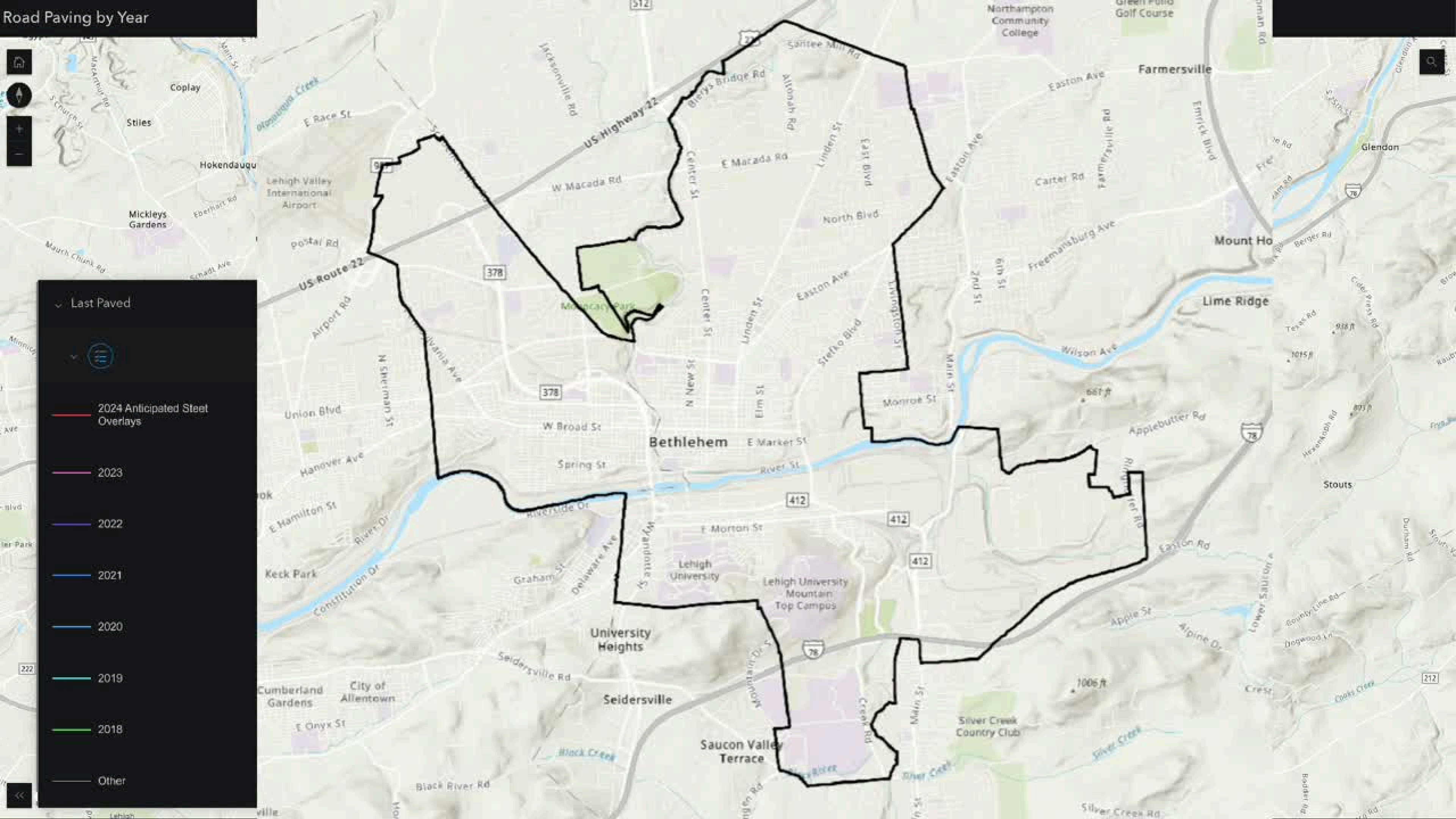
2021

2020

2019

2018

Other

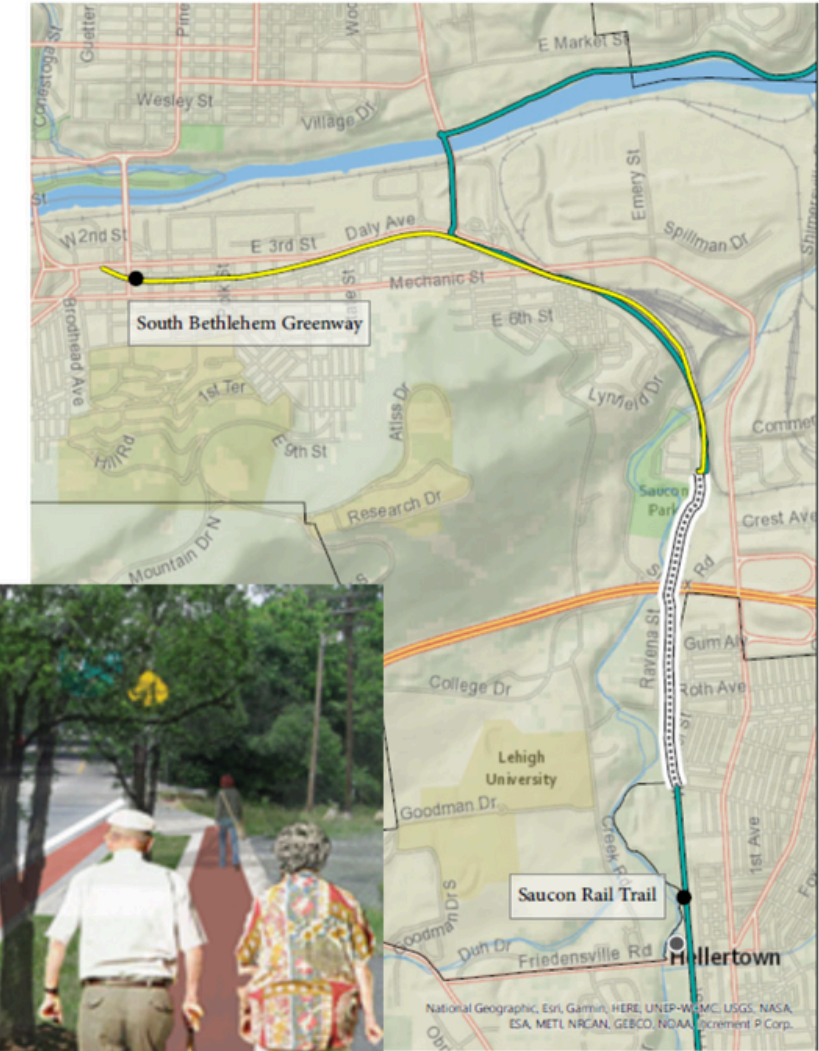
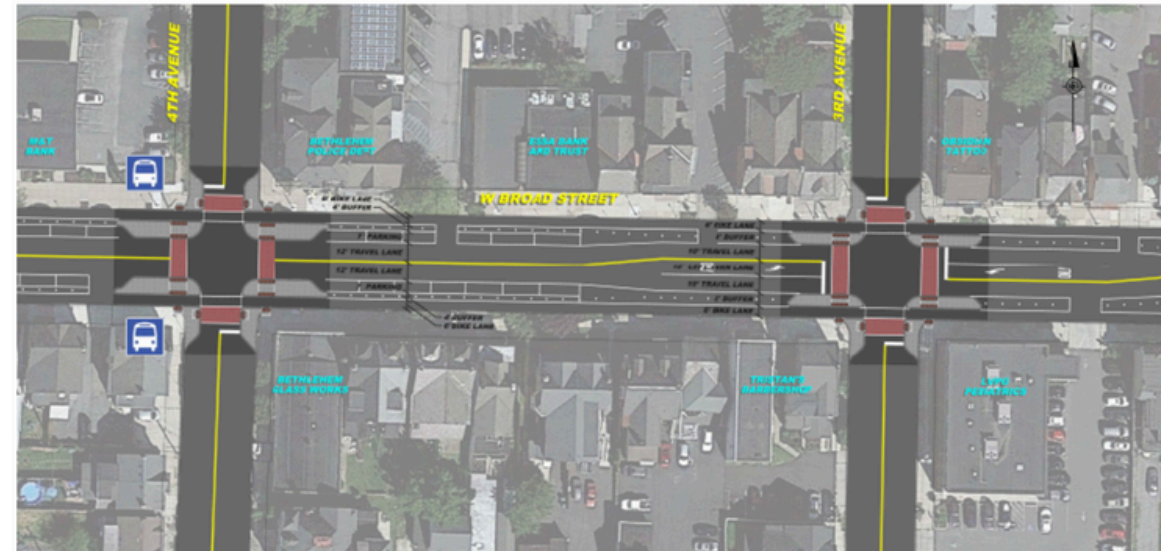




# *Streets are for people, not just cars*

## **Creating a culture of safety for bikes and pedestrians**

- Developing a Complete Streets Plan
  - Policies and principles for developing safer streets that are comfortable for walkers, bikers, and transit users
- Completing a city-wide Bike Infrastructure Plan
  - Short- and long-term investments to build better bike routes



*Monocacy Way along Union Boulevard with Complete Street Improvements*





# 2025 Budget Highlights

- We continue to keep our promises to our employees
- Organic economic revenue growth continues
- Responsible and sustainable budgeting continues
- Paying off debt aggressively
- Investing in our capital needs





# 2025 Budget Hearing Schedule

- Monday November 11th, 2024 at 6 PM
  - Public Works and Water/Sewer
- Tuesday November 12th, 2024 at 6 PM
  - General Fund Revenues and Expenses
- Monday November 25th, 2024 at 6 PM
  - Fire, Police, and Community and Economic Development

