



NOVEMBER 2022



2023 BUDGET ADDRESS

MAYOR J. WILLIAM REYNOLDS





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CITY OF BETHLEHEM



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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**





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



BBB Stable
6/26/14
10/1/14

BBB Positive
3/19/15

A- Positive
4/27/16
8/2/16

A Positive
2/17/17

A+ Stable
9/27/17
3/18/19
10/21/19
7/15/20

AA- Stable
4/22/22



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%



\$170,906,117
at 12/31/2015

\$180,000,000

\$160,000,000

\$140,000,000

\$120,000,000

\$100,000,000

\$80,000,000

\$60,000,000

\$40,000,000

\$20,000,000

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\$110,364,502
at 12/31/2022

2015

2016

2017

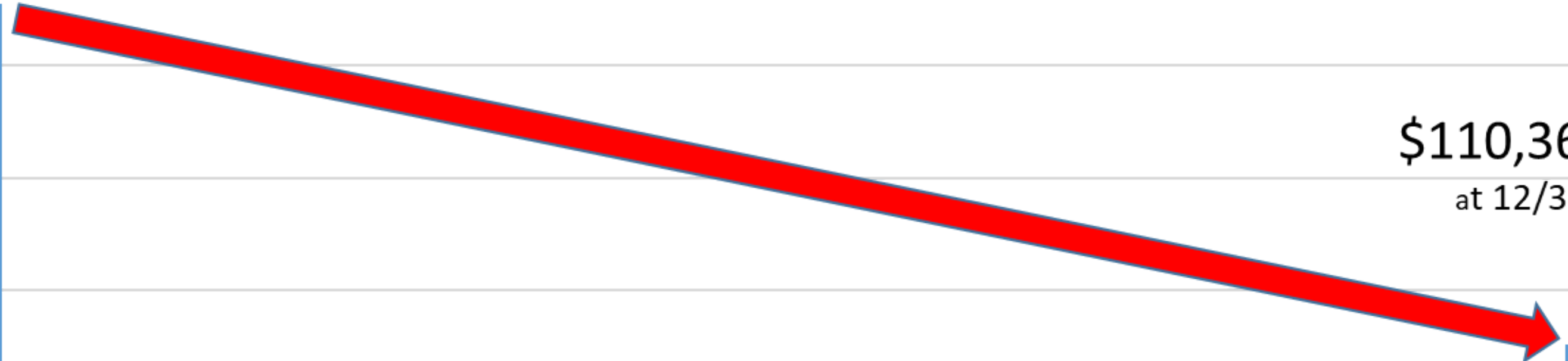
2018

2019

2020

2021

2022





Bethlehem's Financial Rules

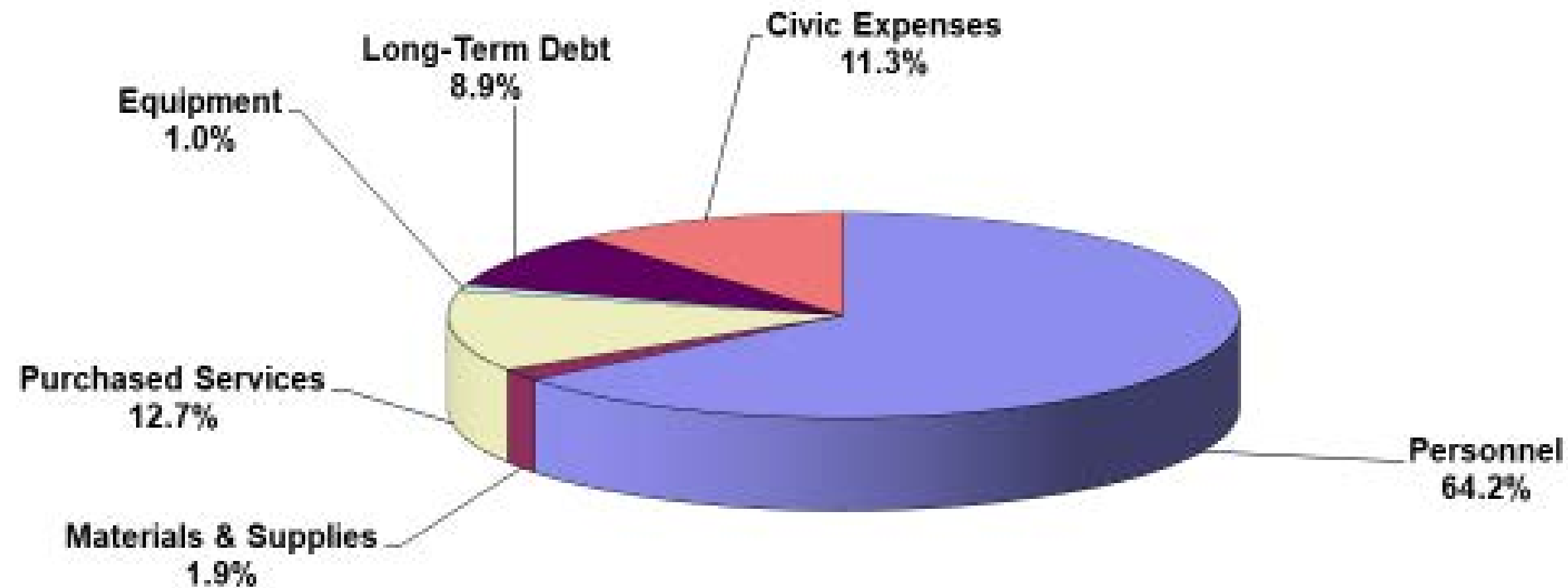
1) ONE TIME EXPENSES AND SUSTAINABLE EXPENSES ARE NOT THE SAME THING.

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

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



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**



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.



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

- 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**

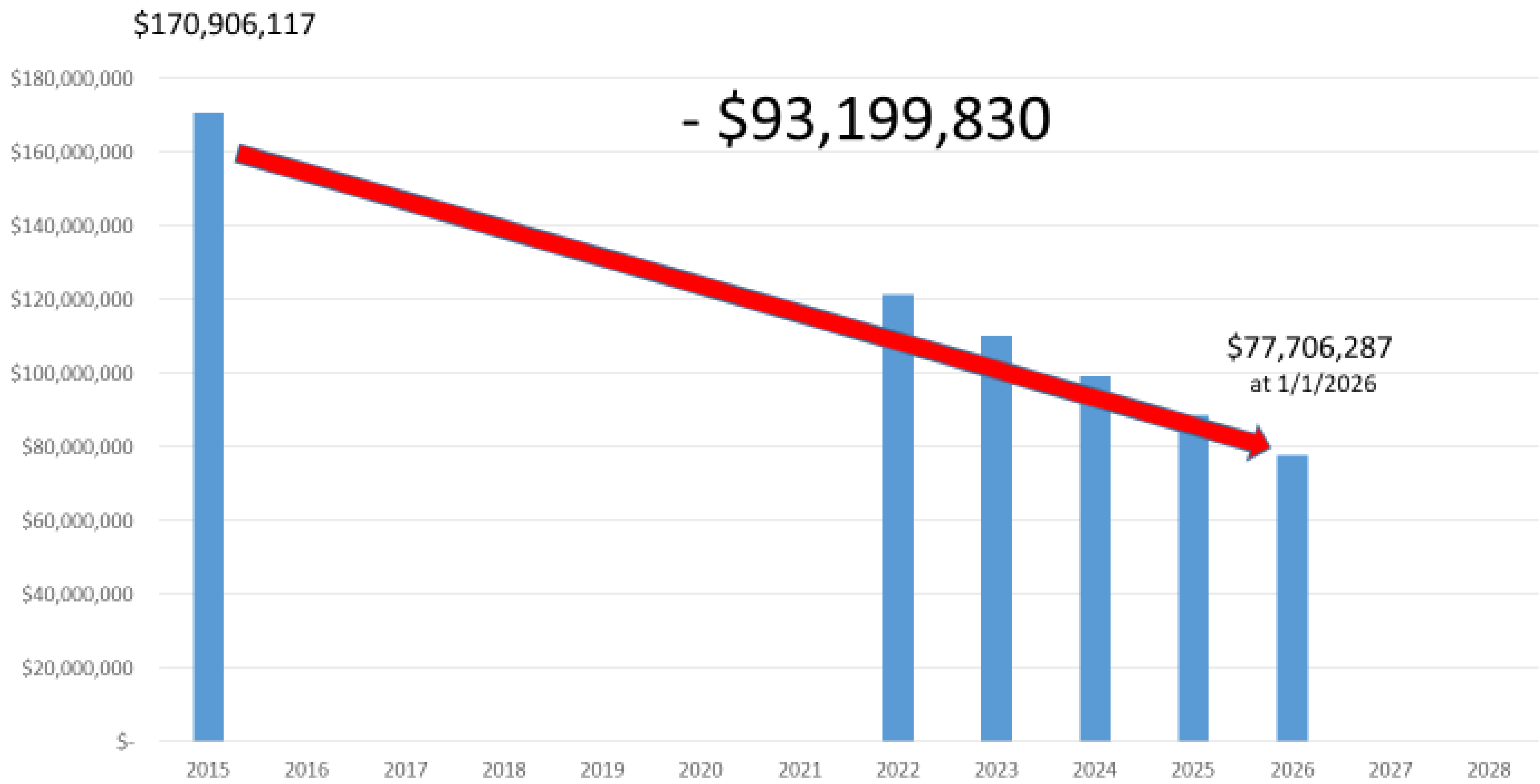
Total ARPA Spending in 2023 Budget - \$16mil.



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)





\$170,906,117

- \$93,199,830

\$77,706,287
at 1/1/2026

\$-

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

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





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 =
permanent community
investment
commitment**



**Thank You for
Attending!**