



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

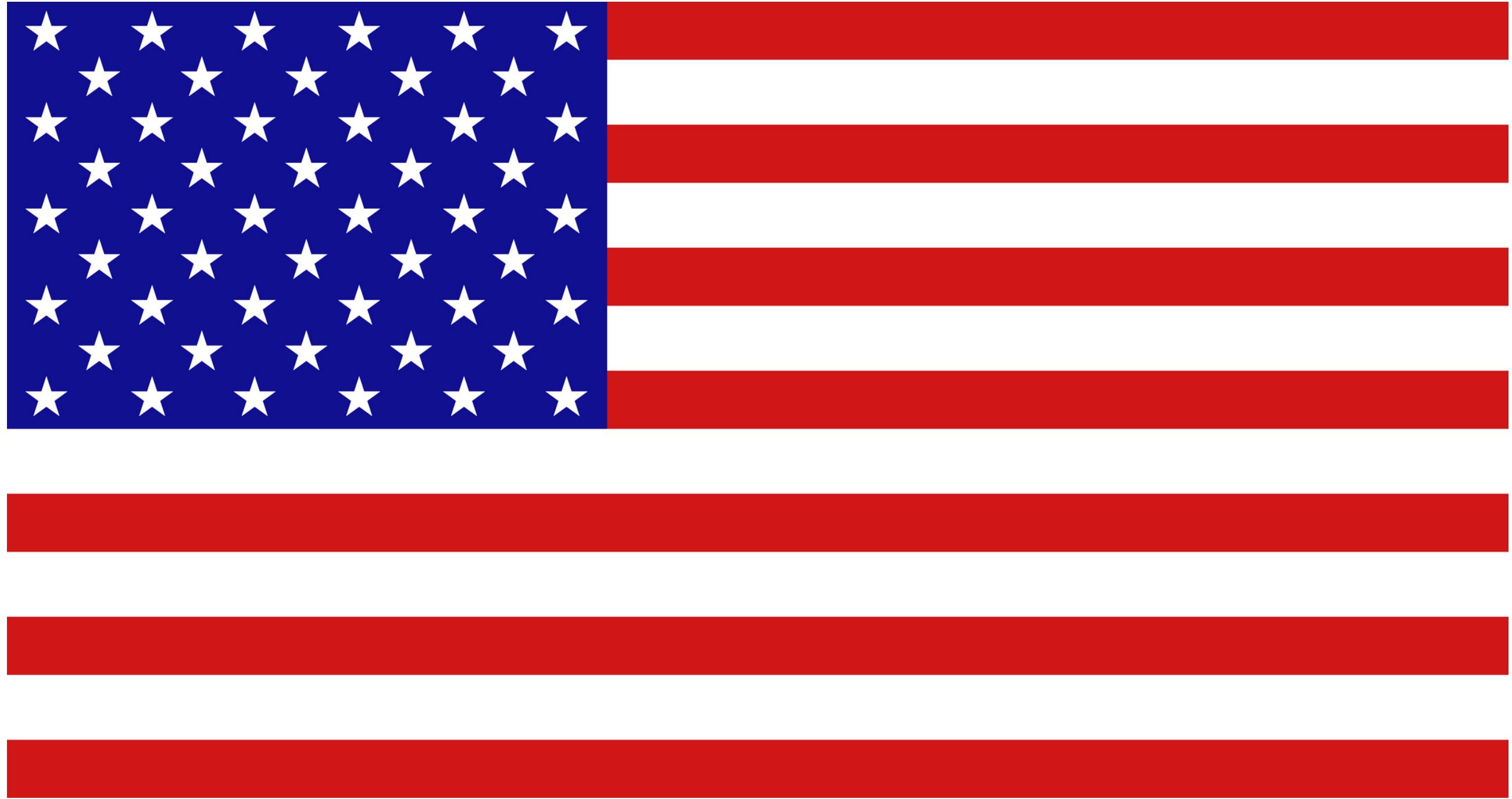
BRONZE SPONSOR



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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



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



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

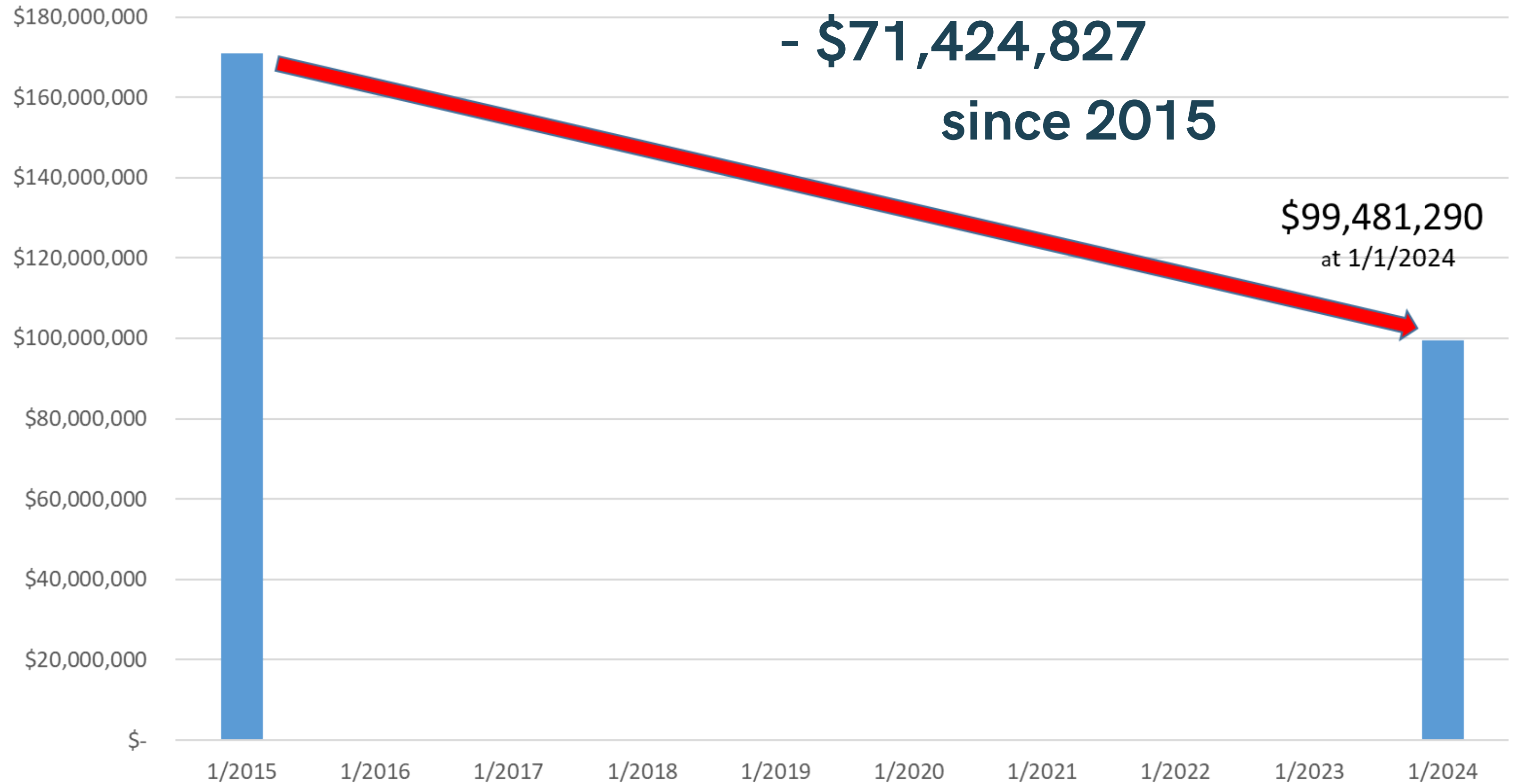
#2 Pensions

#3 Medical

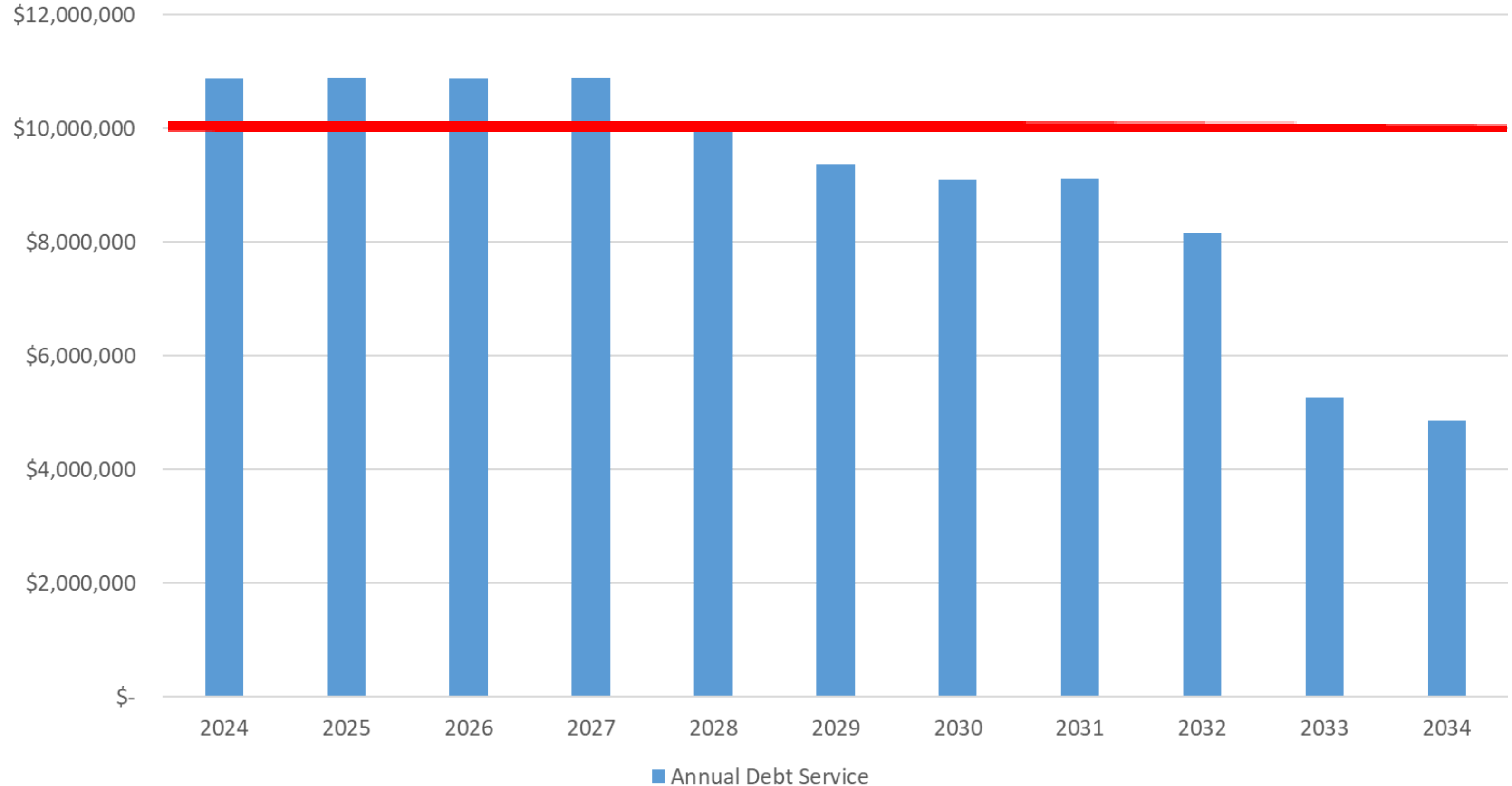
#4 Salary

#5 Capital Needs

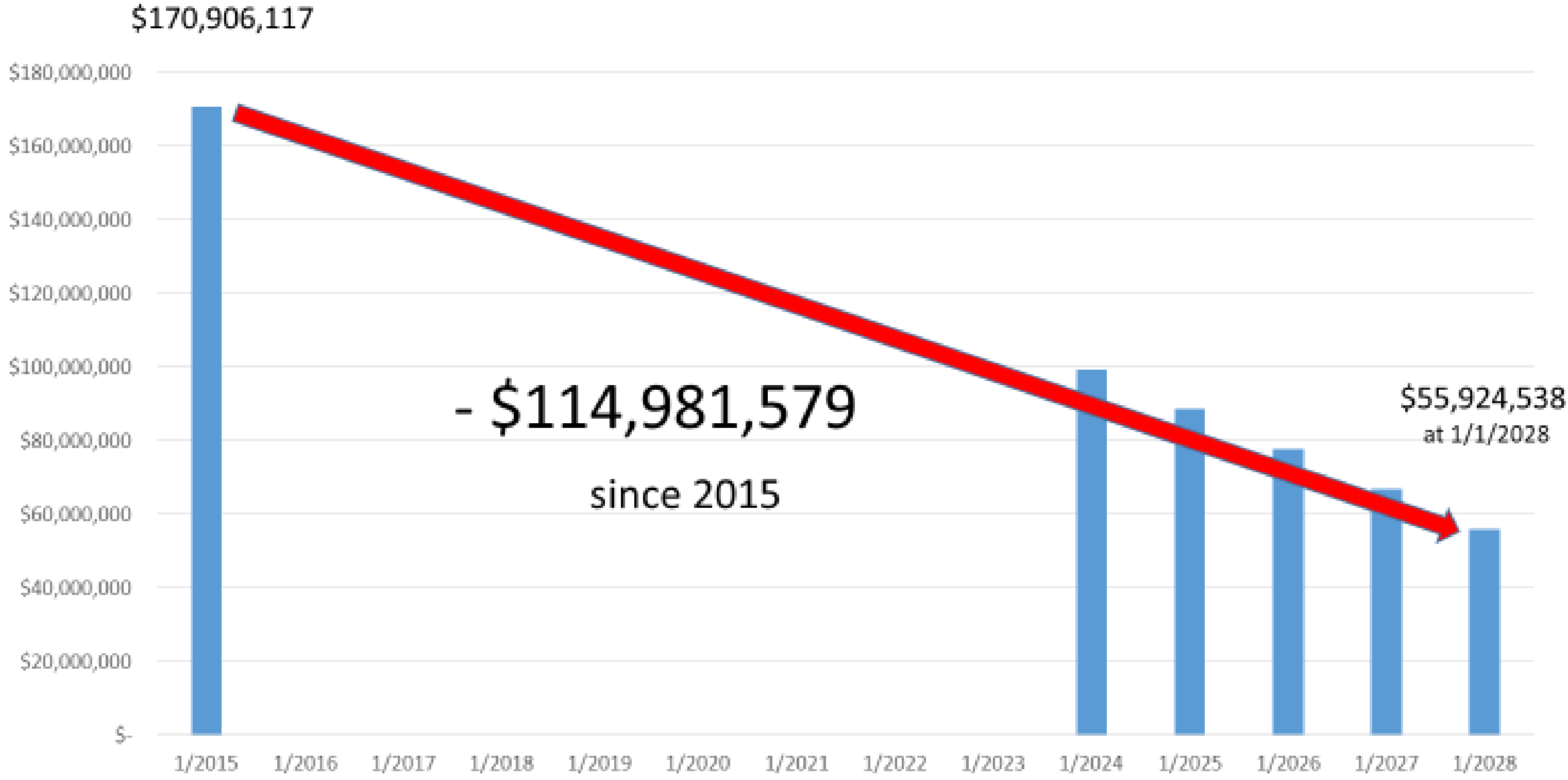
#1 Paying Debt Off Aggressively 2015-2024



#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%)



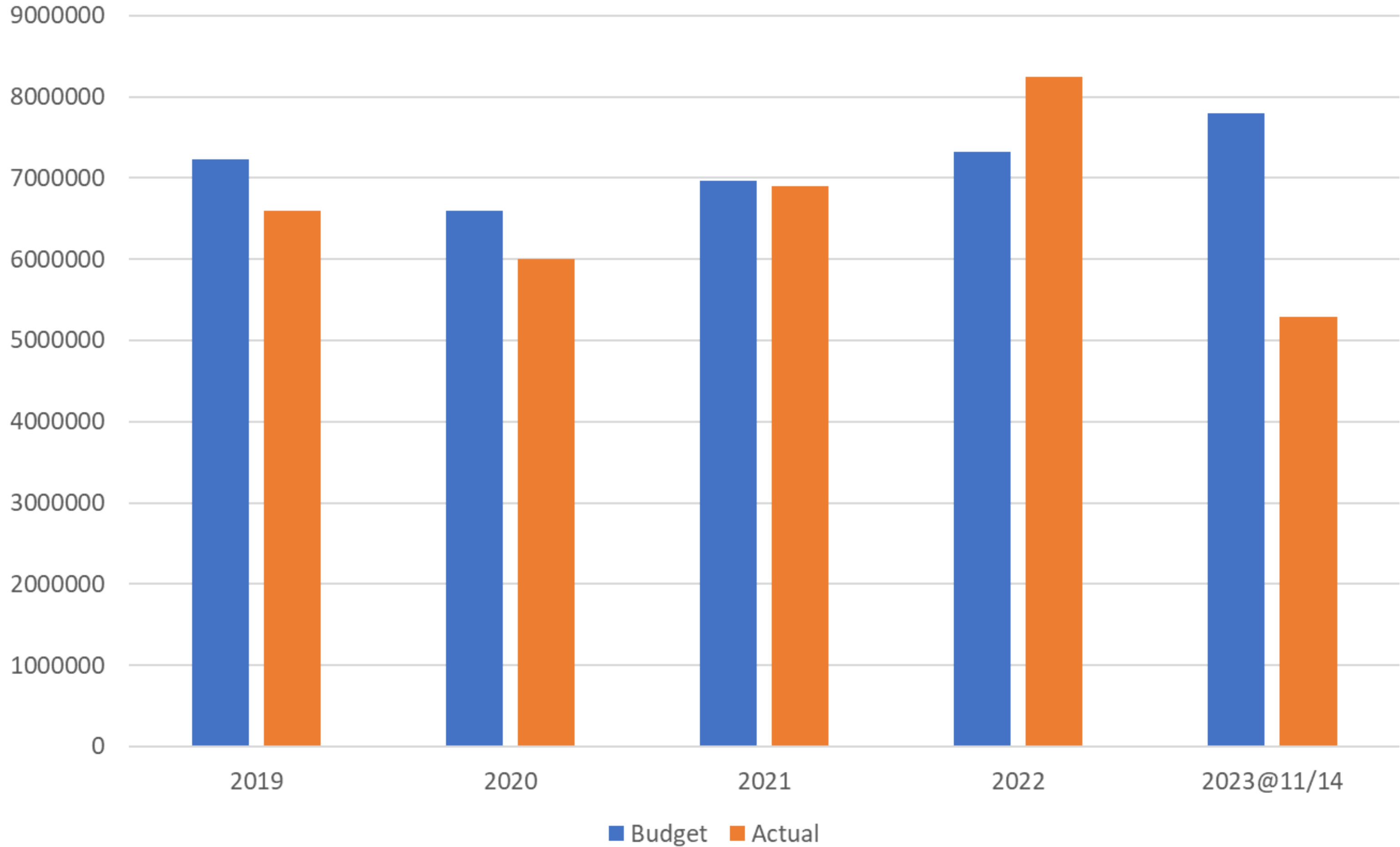
#2 Pension Payments

	<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)



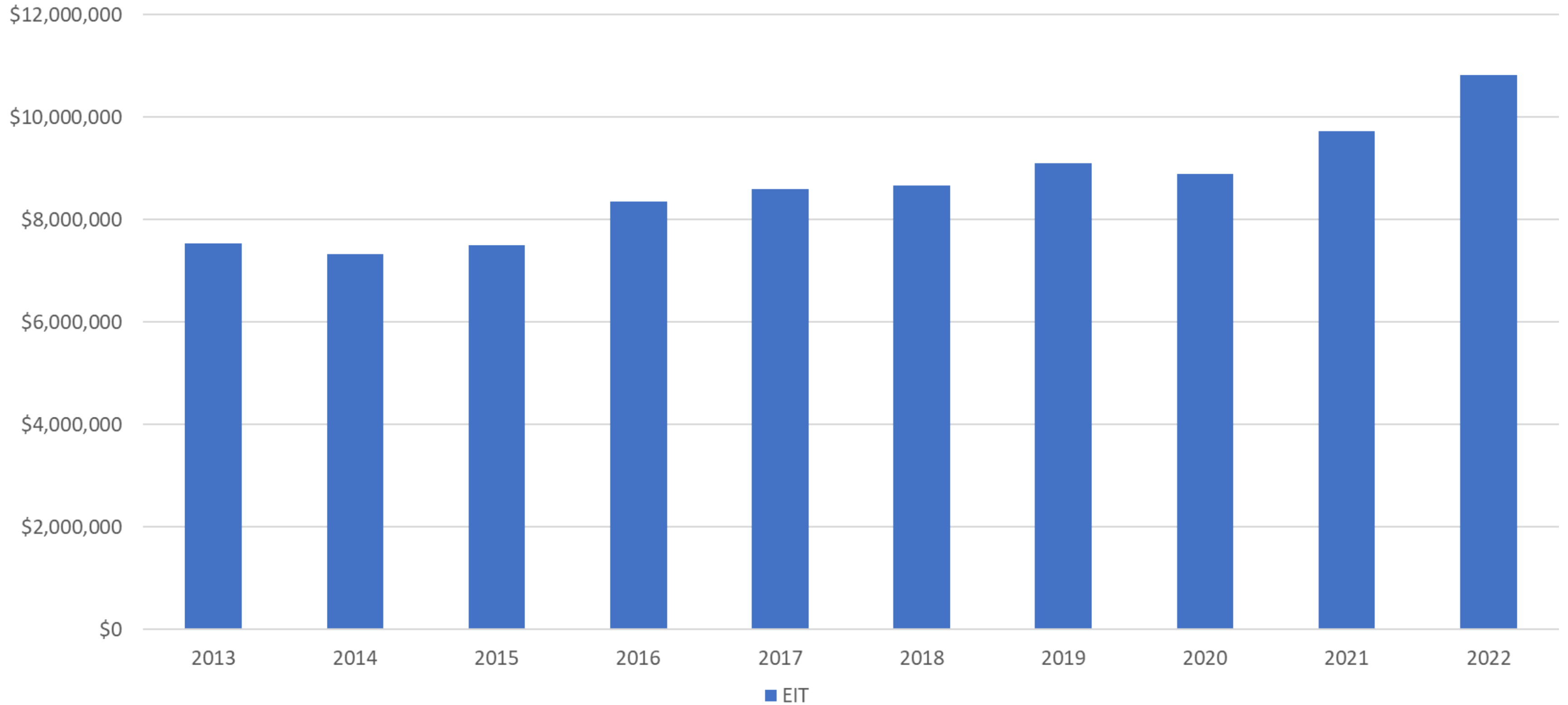
2023 New Sustainable Revenue Picture

- 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)

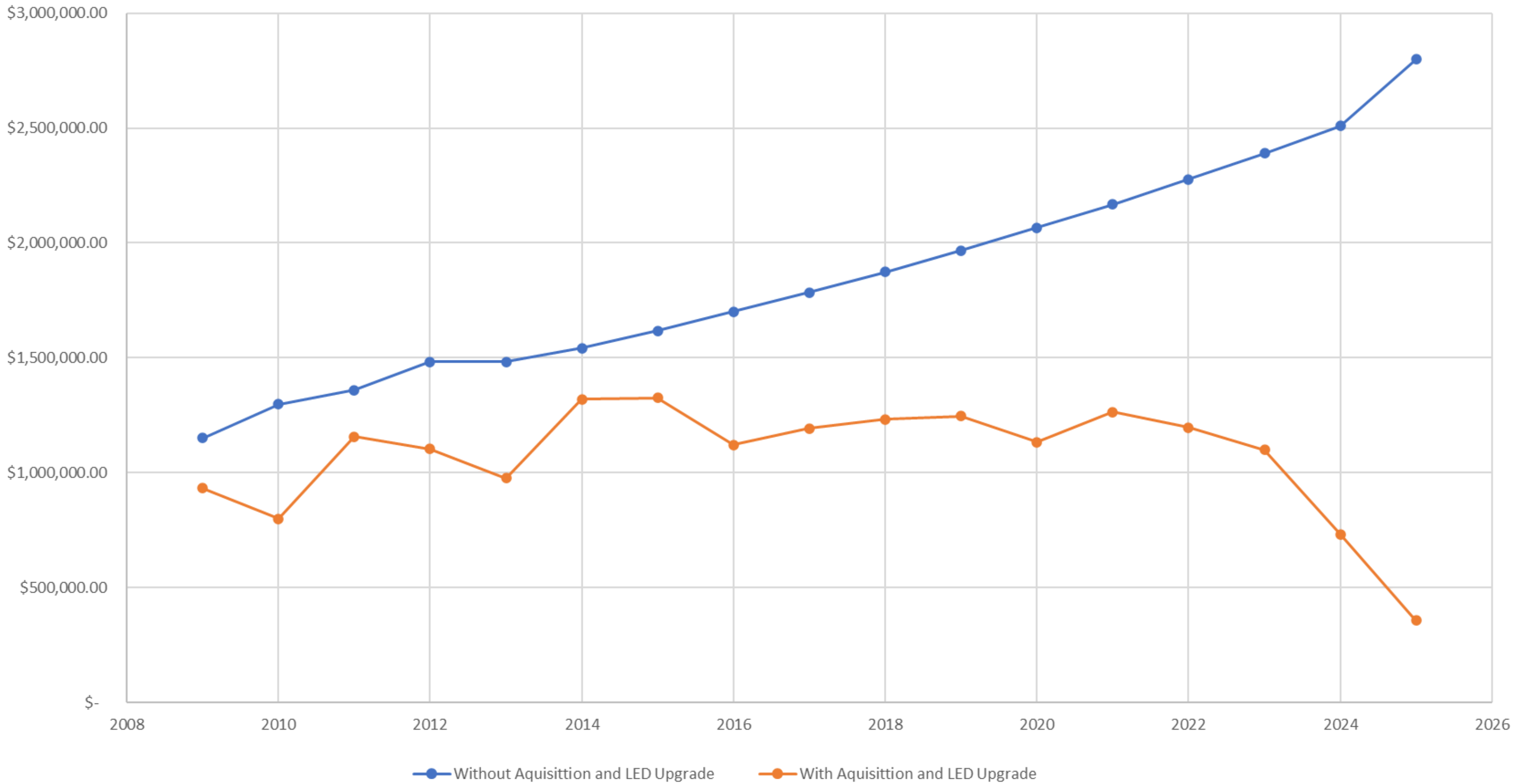
2024 Budget if NOT Completed = **\$2,509,517**

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**

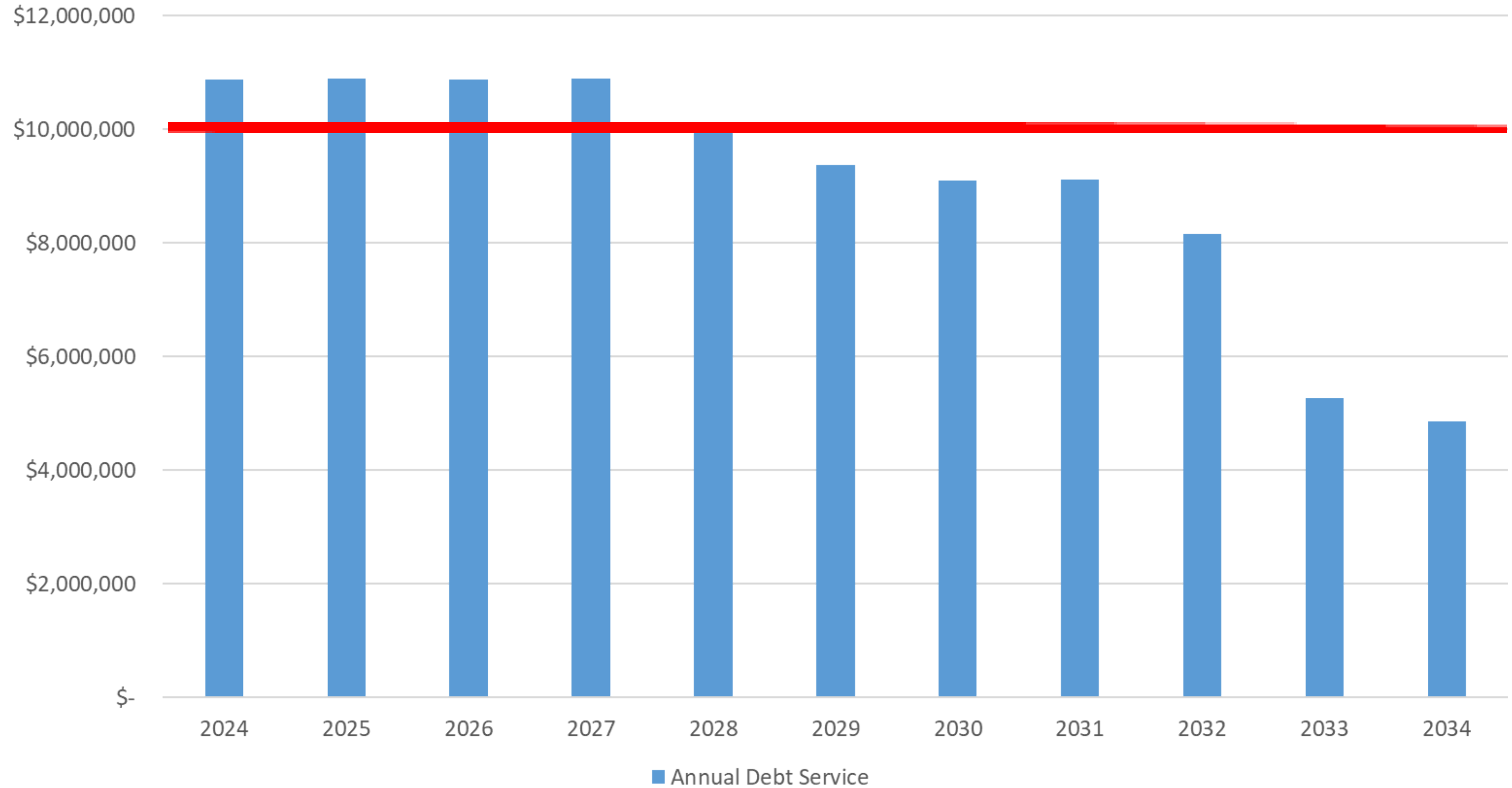
#5 Total Proposed Capital Spending from ARPA - \$18 million

#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

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

Purchased



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

On the Road



Proposed



#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
Total	\$3,605,535



#5 2024 Front Line

<u>Year</u>	<u>Price</u>
-------------	--------------

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
<i>E1 2024-2025</i>	<i>\$1,300,000</i>

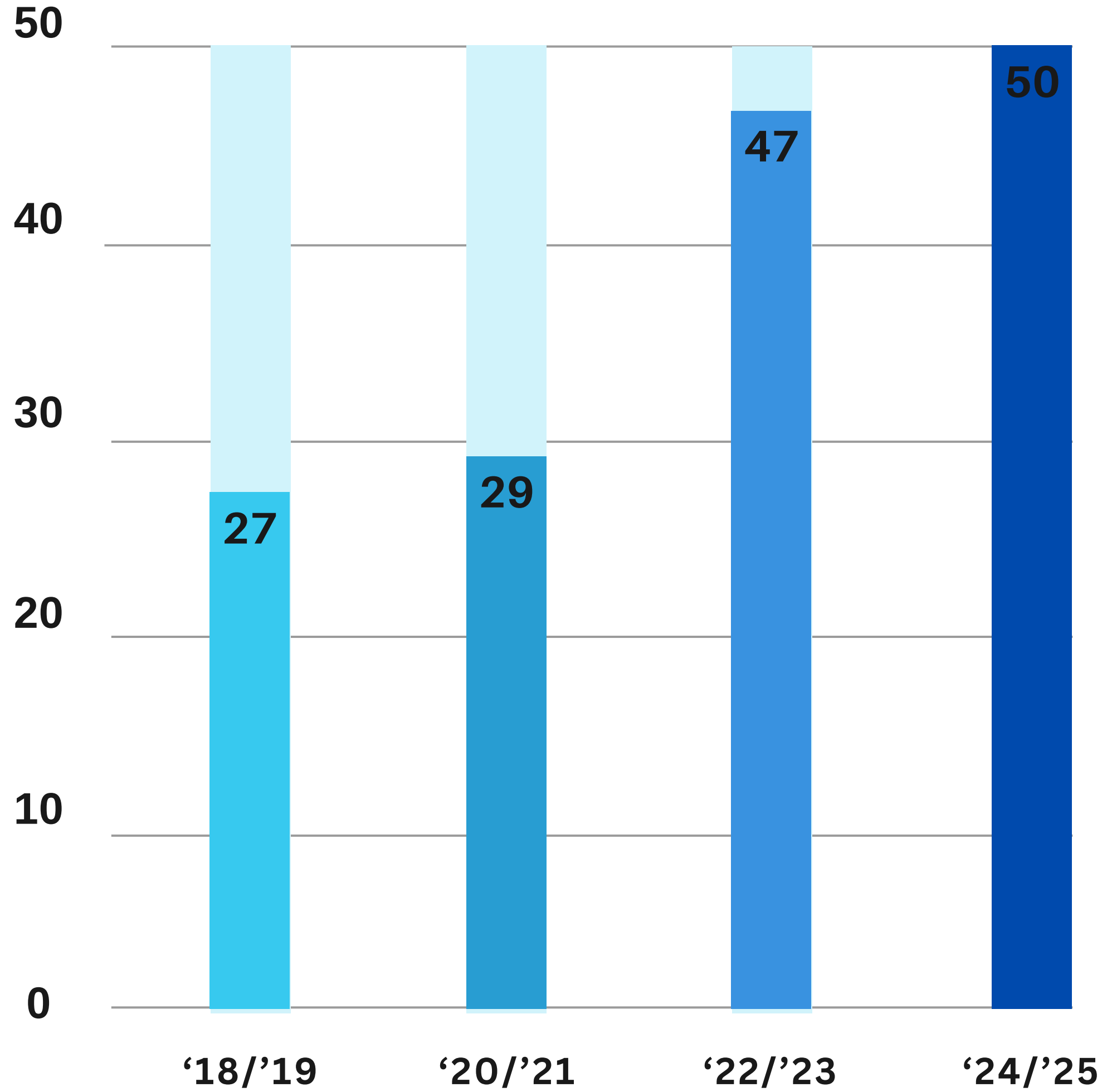
Total \$7,215,197

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. |

DECATUR ST. |

2ND AVE. |

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

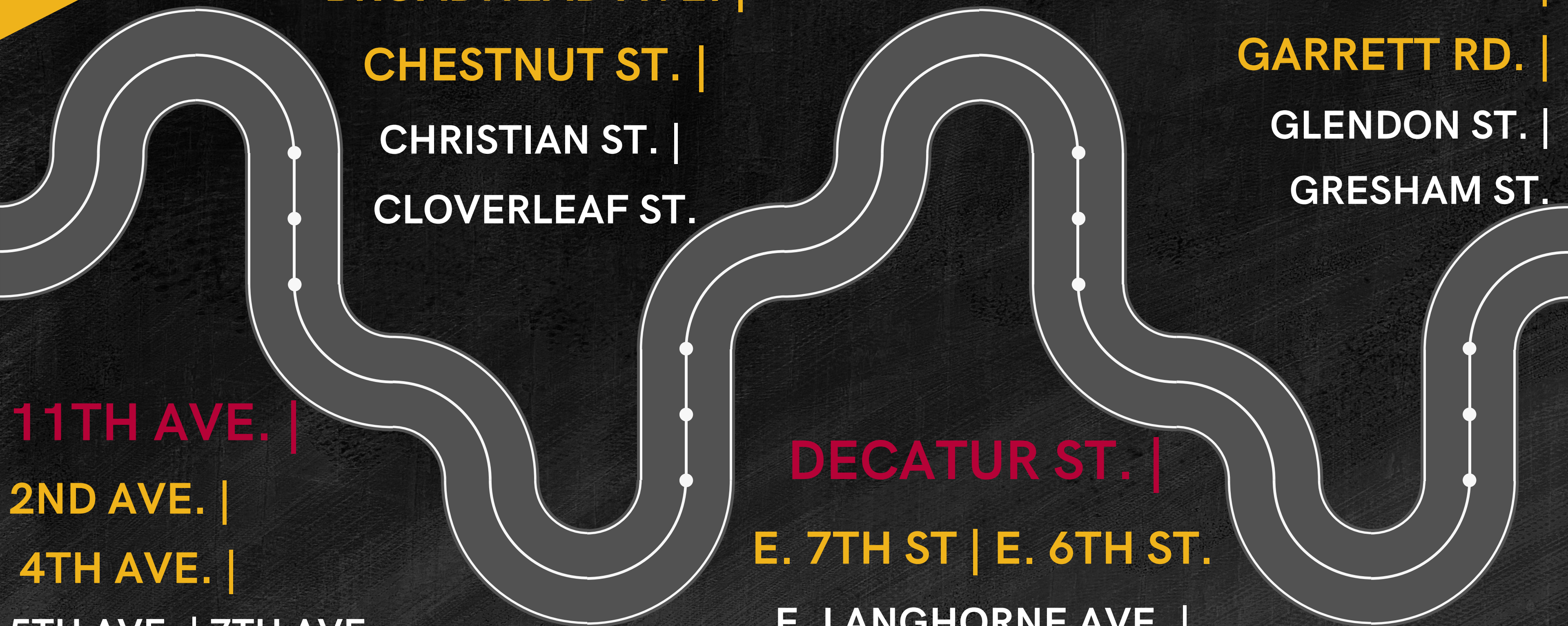
4TH AVE. |

E. LANGHORNE AVE. |

5TH AVE. | 7TH AVE.

| AURORA ST.

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
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