



MATT TUERK
MAYOR

435 Hamilton Street
Allentown, PA 18101

OFFICE 610.437.7546 EMAIL Matt.Tuerk@allentownpa.gov

To: The Honorable Cynthia Mota, Council President
And Members of City Council

From: Mayor Matt Tuerk

RE: 2024 City of Allentown Proposed Budget and Program of Services

In accordance with the City of Allentown's Home Rule Charter, I, Mayor Matt Tuerk, respectfully submit the Proposed Balanced Budget and Capital Program for the fiscal year 2024.

[Budget Message in Brief](#)

Allentown is the beating heart at the center of the Lehigh Valley, a place where families thrive, businesses prosper, and we celebrate the joy of life.

The employees of the City of Allentown work every day to make those statements true, while also nurturing a workplace that values mutual respect, support for professional development, a welcome of all for who they are no matter who they may be, and care for each other as human beings.

Last year, I presented a budget to City Council that emphasized my commitment to those employees. Together, we created 38 new positions to make our city safer, cleaner, and healthier. While 2023 has not gone exactly as planned, the team here continues to improve the workplace while seeking ways to boost the level of service that our residents and visitors expect.

That work will continue in 2024.

Allentown has grown.

With a population that is surely greater than the 2021 Census estimate of 125,944 people, the demand for city services is greater than it has ever been. We've seen increased calls for fire service, greater usage of our beautiful city parks, heavy need for code enforcement, and increased complexity in administrative work. As a result, I'm asking you to add 34 positions to the team, including 12 grant-funded firefighters, an additional shift of Parks workers, additional SWEEP and building maintenance employees, and support for our organization's growth. These positions will help us maintain city services while we look for opportunities to do better.

Allentown is diverse.

Diverse cultures enrich our city and also require us to be more attuned to the nuanced needs of our residents and employees. I'm asking you to make investments in equity and inclusion, in

innovative ways to deliver our city services, in more training for our employees, and in retaining good people who have made real sacrifices over years to serve our residents.

Allentown has aged.

In reviewing budget memos going back to 1975, I can see that there has been a consistent plea from mayors to city councils: invest in our buildings and equipment! We need to replace Police Headquarters and Central Fire Station. We've begun the work to plan for those replacements and now it's time for us to begin to build. These new facilities and some additional investment in equipment will allow us to attract new employees, retain great public servants, and better serve the needs of Allentonians today and into the future.

Allentonians do their part.

This is an ambitious budget. To accomplish our goals, we have to all work together and do our part. Last year, I was able to balance the budget without a tax increase and we will finish the year in good financial position. For only the second time in almost 20 years, we're asking Allentown property owners to invest a little more in their city through a slight increase in property taxes and in the trash collection fee.

Allentown is grateful.

I'm grateful to City Council for your care for our City, for its residents, and for our employees. You've raised your families here, your businesses have prospered, and we've celebrated the joy of life together. Let's keep working together to make Allentown safe, clean, and healthy for all in 2024 and beyond.

Budget Message

Personnel

Total personnel expense is budgeted to increase by just under 6% for 2024.

Most of the increases in our permanent wages to employees are driven by contractual obligations. Each of our three bargaining units (FOP, SEIU, IAFF) are due a 3% increase to wages as part of their contracts. I'm proposing to offer the same cost of living increase to our non-bargaining employees. These increases are slightly lower than the recently announced 3.2% cost of living adjustment offered by the Social Security Administration, but fair to our employees.

Public Works

Public Works encompasses a variety of bureaus that are impacted by population growth in the City of Allentown. More people means more litter generated, more cars on our streets, and more wear and tear on our city-owned property.

This budget requests the creation of an additional SWEEP Officer (SEIU) at a cost of \$46,878 to handle the increased emphasis on enforcement that will lead to a cleaner Allentown. With greater need to maintain signs and pavement markings on city streets, I propose that City Council fund an additional Maintenance Worker 2 (SEIU) at a wage of \$44,096.

For years, the City of Allentown has understaffed its Building Maintenance function, attempting to do the work of 14 full-time custodians with 6 full-time and 3 part-time employees. This has had an impact on the condition of our buildings, leading to costly repairs and unacceptable building conditions. I'm asking for an additional Custodian (SEIU) at a wage of \$40,846 and a Maintenance Supervisor at a wage of \$66,976 to try to bring the condition of our work environment in line with the needs of a modern workforce.

To better align the work of maintaining the City's urban forest and ensuring resident compliance with shade tree regulations, the position of Tree Inspector has been moved to the Parks Maintenance Program.

Community and Economic Development

While not the largest department in the City, Community and Economic Development has one of the most challenging tasks in a growing and developing Allentown. The department has adjusted over the years to meet those changing needs and will make another adjustment in 2024 to continue to adapt to a changing world. Within the Bureau of Building Standards and Safety, it is proposed to eliminate 2 specialized inspector positions and rename remaining positions as Building Code Professionals, employees with a broader base of expertise that can meet the varied needs of the diverse building stock in Allentown. These positions will also be trained to review plans, allowing for a more efficient development process. In addition to greater efficiencies, it is expected that the recalibration will result in wage savings of \$126,288.

Parks & Recreation

Allentown's parks system is the envy of the Lehigh Valley and welcomes thousands of visitors per year from across our region. Many of those visitors are so enamored with the quality of our parks that they go on to invest in our city as property and business owners. With escalating demand for our parks comes an escalating need to maintain those 2,000 beautiful acres. For years, we relied on a single shift of parks workers to cut the grass, prune the trees, plant the flowers, empty the trash, and pick up litter. Our maintenance workers simply cannot keep up

with the workload required to keep our parks in the condition that our residents expect. In order to better maintain our crown jewel, I'm proposing the creation of a middle shift, consisting of two maintenance worker I and two maintenance worker II positions, as well as a Maintenance Supervisor. The total wage cost of this shift will be \$234,000.

More than any other department, Parks is impacted by changes to our climate. We must be prepared to react to crises presented by extreme weather events and also respond to the opportunities presented to us by increased national attention on mitigating climate change. The first step in that direction is to create the position of Sustainability Coordinator, at a cost of \$66,796. This position would be tasked with performing an assessment of the city's preparedness and the development of a plan of action.

Police

Demands for police services have continued to increase and in 2023 council wisely added five new patrol positions. The task for this administration in 2024 will be to fill those positions and more to bring us to our full complement of 233 sworn officers.

Within the police department, the communications team has responsibility for installing, maintaining, and repairing the City's system of cameras that assists officers in preventing violence, responding to incidents, and investigating crime. As we have continued to make investments in technology that provide for public safety, we have not historically made commensurate investments in the staff required to keep that technology active and up-to-date. To provide sufficient service to those communications systems, it is strongly recommended that we create two additional Technician positions and a Technical Services Supervisor position at a total cost of \$168,610.

Fire

Through the first three quarters of 2023, the Allentown Fire Department has seen an increase in calls for service of 72% over the same period in 2019. While the 125 firefighters budgeted for 2019 did heroic work in responding to emergencies, I believe that we can provide our residents with greater protection from fire and emergency by increasing our number to 144 (over 2023's budgeted number of 129). Thankfully, Fire Administration funding for these positions through the Federal Emergency Management Administration's Staffing For Adequate Fire and Emergency Response (SAFER) Grant. This will allow the administration to substantially reduce spending on premium pay, totaling to a savings of \$389,359.

Additionally, Fire Administration provides oversight of the current 129 firefighters with a staff of only two non-bargaining uniformed staff and 2 non-uniform staff. In order to improve efficient deployment of department resources, it is imperative that we add additional administrative support through the creation of a second Deputy Fire Chief at a wage of \$105,040. The growth of the population in the City of Allentown, the changing nature of our population's health, and a change in consumer preferences has led to dramatic increases in calls for service to our Emergency Medical Services. In 2023 there were more than 18,000 calls for service, eclipsing previous records. The additional stresses placed upon the 40 paramedics employed by the City, along with significant external competition for their time, prompts me to request an investment in those employees. We'll change their classification and adjust pay scales to ensure that we are competitive across the region, thus retaining the best EMS team in the region and maintaining a high level of service. The expected cost of this investment is \$266,097.

Finance

Minimal staffing in core administrative positions have impaired our City's ability to deliver city services. While the finance team has done exemplary work with a skeleton crew over the years,

the time demands have strained the department's ability to retain employees, creating vacancy problems that exacerbate the demands on existing employee time. Creating two new positions will improve operational efficiency and better distribute the workload for the department. A third Financial Analyst position will allow for better management of departmental budgets and an additional buyer will mitigate the additional work created when the garage operations were brought in-house. The total wage cost of these two positions is \$134,160.

Human Resources

Of all of the departments in the City of Allentown, Human Resources is arguably the most important and inarguably the most challenging to staff with competent leadership. The latter half of 2023 has seen stability in HR through the use of a skilled consultant and a non-HR interim director who has provided significant managerial support to the team. This arrangement can continue in 2024 with the creation of a Deputy Director – HR at an annual wage of \$91,286. The interim director title could be conferred upon that Deputy Director until such time as the Director position can be filled. I'm thus proposing to budget the Director position at \$1 and commit the needed funds to Other Contract Services, from which we will pay the consultant. Upon successful recruitment and confirmation of a permanent Director, the administration will ask for a transfer of all remaining contract funds to fund the salary of that position.

Information Technology

Mail and Print Services have been shifted to the Information Technology budget.

Law

Consistent with Council's support of my decision to engage a solicitor on a contract basis, the position of Solicitor has been maintained and funded at \$1.

Mayor's Office

With a growing and changing Allentown, the demands of the principal office for constituent engagement and administration of all departments have grown as well. Last year, council restored the position of Managing Director to the mayor's budget and I'm asking that this year the position be funded. The communications responsibilities in the Mayor's office are more significant than can be provided by a Communications Manager, thus the position is eliminated and replaced by a Communications Director, supervising the new Video Content Manager (replacing the Social Media Manager). Consistent with the amplified responsibilities in the office, the positions of Special Assistant and Executive Assistant are eliminated and replaced by Administrative Services Manager and Project Manager.

The Office of Equity and Inclusion was established in the 2023 Budget to evaluate our workplace for inclusivity, to assist our departments with the equitable delivery of their services, and to assist our community in advancing principles of belonging across Allentown. As council is acutely aware, the need for additional investment in an inclusive workplace is urgent. The recommendation is to create an Equity and Inclusion Manager to assist an Equity and Inclusion Coordinator in conducting this work, at a cost of \$79,898.

Allentown's longstanding commitment to the arts due to their tremendous positive impact on social cohesion has historically been piecemealed together across multiple departments. To more effectively serve the evolving needs of the city's multiple cultures and arts organizations, I'm recommending the creation of an Arts & Culture Coordinator at a cost of \$66,796. This investment will help advance our efforts to engage residents in the life of the city.

City Council

Management of the affairs of City Council have grown along with those of the Mayor's Office.

In the past, City Council had more robust staff support, replaced over time by productivity improvements associated with technological change. While technological change may have allowed fewer people to do more of the work, there is a very real need to create additional assistance in the form of a Legislative Aide at a cost of \$56,316.

Programs

The 2024 budget looks similar to the 2023 budget, reflecting our commitment to operational efficiency. The underlying principle is that the City of Allentown must focus on improving the quality of existing programs prior to creating new programs. This work is facilitated by the Office of Civic Innovation, which seeks to find innovative ways to deliver on the mission of effectively meeting the needs of residents in a cost-effective manner.

Public Works

While the change occurred during the course of 2023, it should be noted that the City Garage, which provides maintenance services for our fleet of nearly 700 vehicles, was brought back in-house. This shift resulted in a substantial improvement to the maintenance of the City's fleet, keeping equipment on the road and at the ready for our critical city services. The total cost of the Fleet Service & Repair program is \$5,031,895 and includes 15 positions that were not budgeted for in 2022.

Finance

The finance department has begun work to transition to a new Enterprise Resource Planning platform, and that will significantly affect the department's operations in 2024. The Information Services team learned valuable lessons from the implementation of EnerGov for Permitting and Licensing and will apply those learnings to the transformation of the way that we manage financial information and human resources. The system is called MUNIS and it is a product of the same company that provides us with our current ERP, Eden.

Information Services

Our IT department took a massive step in the direction of improving the use of data across the City of Allentown under the leadership of current CIO Gerry Anthony. In addition to making improvements to data governance and cybersecurity, the team has committed fully to the power of geospatial data in managing city services. GIS investments across the enterprise will improve the public's access to public safety information, provide a clear picture to our residents on how we deploy services in snowstorms, improve constituent services through 311, change the way that we manage city-owned buildings, improve our ability to maintain our parks, and lead to better health outcomes for all residents.

Equipment & Fixed Assets

Vehicles

Regular investment in replacement equipment keeps the entire fleet in good condition. The budget proposes the purchase of 6 police patrol SUVs, replacement of a an Ambulance box on an existing chassis, a new single axle vehicle in the parks department, and assorted other vehicles.

Buildings

Many would argue that the most important job of a municipal government is to provide for the safety of its residents. Our police officers, firefighters, and paramedics are among the best trained in their profession, bring an unparalleled level of care to serving our residents, and have

seen recent improvements to the quality of the equipment that they use to perform their work. But every day, our police muster in what was formerly the back office of a fur coat retail shop and most of our firefighters and paramedics call an old Chrysler dealership home. The oldest record of the building at 1005 Hamilton Street is of a business permit from 1939, when a diner opened for business. In 1950, Benioff Furs cut the ribbon on the conversion of the site into a retail store, where fur coats were sold until 1994. In 2008, this building made its way into the hands of the City of Allentown, which converted the site to a police patrol station. Since that time, the property has been a maintenance disaster and an operational challenge. It is imperative that our trusted servants be shown the respect that they deserve and that we vacate the building at the corner of 10th & Hamilton.

Police administration presently occupies one of the newest buildings in the City of Allentown's inventory, the public safety building annex at the City Hall campus, built in 1964. This facility itself has a host of challenges (including being ADA non-compliant), but is also an ideal site for an investment in our police officers. A renovated public safety building will both address existing service issues and also allow us to bring administration and patrol under a single roof, greatly increasing operational efficiency and morale.

Planning work has begun and concepts are to be delivered in late 2023. The administration requests that City Council allocate \$5 million of the remaining ARPA funds to the next stage of this project, to include final design and construction of a new Allentown Police Department Headquarters.

While the current Central Fire Station had only one prior use before its conversion, that work was done in 1958, bringing the existing facility to retirement age. The current site is in serious disrepair and diminishes the department's ability to meet the standard of inclusivity established by the rest of the city.

We are presently reviewing bids for initial design work and identification of a replacement for Central Fire Station. It is expected that this work will be completed in Q1 2024 and that we will be able to then begin design and construction work. I'm requesting that council also invest \$5 million of remaining ARPA funds for this project.

Revenue

Taxes

The largest source of revenue (over 72%) for the City of Allentown's general fund is taxes. The most significant taxes paid are on property and on wages, accounting for 78% of total tax revenues. Historically, the Earned Income Tax delivered less revenue to general fund than did Real Estate Tax, but in recent years that has changed.

Earned Income Tax collected by the City of Allentown is expected to come in higher than budgeted for in 2023 based on the strength of Allentown and the Lehigh Valley's economy. Wages from employment in the region are expected to continue to increase, and as such the finance team is forecasting an increase in 2024 Earned Income Tax, totaling \$45,450,000. Property tax revenues are based on the assessed value of property in Allentown. Both the assessed value of property and the millage rate stayed steady from 2006 to 2012, resulting in annual tax revenue of approximately \$29 million. After the reassessment, millages were adjusted slightly to return approximately the same revenue. Mayor Pawlowski steadfastly refused to raise property tax rates, instead expecting economic development to spur substantial increases in property tax revenue. While investment in a revitalizing Allentown increased revenues a bit, it was not sufficient to keep up with increasing costs. In 2018, Mayor O'Connell introduced a

massive increase of 27%, which helped to mitigate some of the damage done by the previous administration.

Allentown property owners have seen no City tax increase since 2019. To serve the growing needs of the residents and visitors to the City of Allentown and remain in good financial condition, it is necessary to increase the property tax millage rate by 1/2 mill, which will generate approximately \$2.6 million of revenue to the general fund.

This is not a decision taken lightly, because it will have an impact on our residents, who will also see the greatest benefit from the above investment in city services.

The average single-family home in the 1st Ward will see an increase of less than two dollars per month.

Landlords of multi-family buildings across the city can expect to pay an additional 41 cents per unit each week.

Commercial and industrial property owners will pay a total of \$750,000 more in real estate taxes each year, an average of \$275 per property for commercial and \$363 per industrial property.

This small increase in property taxes will keep the City of Allentown in good financial condition as we continue to grow and meet the needs of our residents.

Charges for Services

One would anticipate an increase in EMS transit fees because of an increase in calls for service, but those fees are not captured without significant work from the EMS billing team, which we're actively working to retain (see personnel changes above). The diligent work of the EMS administration is expected to result in \$5.5 million of EMS Transit Fee revenue, an increase of \$278,000 over 2023.

Grants

Grant revenue is projected to increase slightly in 2024, largely due to the SAFER grant mentioned above. The administration pursues grant opportunities that are consistent with existing priorities rather than shifting priorities to meet the availability of funds. Fortunately, the federal government's funding to cities across the nation is consistent with the City of Allentown's objectives of accomplishing a safer, cleaner, and healthier city for all. Notification of funds available may occur over the course of the year, and the administration will pursue opportunities that are consistent with existing programming.

Other Income

It is anticipated that the City will sell the property at 10th & Hamilton as part of the relocation of police operations to the Public Safety Building on the City Hall campus. It is further expected that the City will successfully sell the property at 325 Hamilton, previously used by TransBridge bus lines.

Financial Position

With the current financial market conditions, and the Finance Department's investment strategy our return on investment in the General Fund has surpassed our budgeted goal. On September 30, 2023, return on investment in the General Fund is \$1,389,000 or at 195% of the 2023 budgeted amount. The investment of ARPA funds thus far has yielded \$1,600,00. The Finance team will continue to follow the investment policy approved by City Council in 2022 and invest and monitor actively.

Based on the current budget to actual projections, it is estimated that we will begin 2024 with the General Fund unrestricted cash balance of \$34,000,000. The Risk Fund cash balance is

maintained at an average of \$5,000,000, which provides further financial stability to the General Fund. The 2006 Loan Investment account, the fund we are required to keep on hand by ordinance to ensure payment of a now re-finance bond issuance, is currently invested in Pennsylvania Local Government Investment Trust (PLGIT); is expected to begin 2024 with opening balance of \$5,716,016.

Debt Position

Since 2020, the General Fund has issued no new bonds, and the budget is balanced without new borrowing. In 2024, the City's debt service will cost the General Fund \$8,702,143 and \$67,864 in the Liquid Fuels Fund. The outstanding principal for issuance of the General Obligation Bonds, and Pension Obligation Bonds as of December 31, 2023, is \$85,808,281.

The City of Allentown will likely need to incur additional debt to responsibly finance certain critical capital improvements. This new debt will likely not increase debt service payments until 2025 at the earliest.

To fund Administrative Order Capital Account, a transfer of \$265,346.91 will be made to Administrative Order Fund from the Automatic Meter Reading capital project, which will be added to the Administrative Order Fee beginning January 1, 2024 to be collected from the rate payers. The full transfer amount will be repaid to the City no later than December 31, 2025. The City expects to fund up to \$800,000 in additional Administrative Order project costs over the next several years with the available General Funds cash, which will be repaid by rate payers. Finally, in 2022 S&P Global Rating revised its rating outlook on the City's General Obligation bonds from A (negative) to A (stable). The City is rated A3 with a stable outlook by Moody's Investors Service at December 31, 2021. We had a call with Moody's rating agency in Q1 of 2023, pending new rating from them.

Capital

We have submitted the City's 2024 Capital Plan under separate cover. Two new public safety ARPA funded capital projects are included in this budget along with all current/active capital projects with funding sources. The capital needs assessment will provide us with strong understanding of needed capital improvements.