

CITY OF ALLENTOWN 2010 BUDGET



ED PAWLOWSKI, MAYOR

LARRY HILLIARD
DIRECTOR OF FINANCE



MUNICIPAL COAT-OF-ARMS

The Municipal Coat-of-Arms for the City of Allentown was adopted on October 7, 1916. It was amended by City Council, for better clarification, on October 9, 1956.

The **EAGLE** (grayish brown) represents the Nation, occupying a position as if in support of the **KEYSTONE** (white), Pennsylvania's emblem.

The **BLOOD-RED HEART**, Allentown's specific insignia, in the center of the keystone, is expressive of everything that pulsates, from the human down, and of everything where growth, power or action is centered and a heart-felt feeling for all mankind.

The **OAK** (reddish brown and green) to the left of the keystone is indicative of strength and durability.

The **LAUREL** (green) at the base of the keystone is emblematic of victory and success.

The **RIBBON** (white) beneath the laurel with the names of **CITY** and **STATE**, and **DATE OF FOUNDING** (1762) in blue, (Amended, Ordinance No. 8187, October 9, 1956).

At the extreme base the **IVY** (deep green) stands for clinging friendship.

Surmounted by the **GRECIAN LAMP** (copper-brown) resting on the keystone is symbolic of a higher light in religion and education.

The **MUNICIPAL COLORS** are the United States standard army blue and rich gold and are emblematic of truth and loyalty, riches and progress.

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2010 BUDGET
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Ed Pawlowski, Mayor
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To: Michael D'Amore, Ph.D., President and Members of City Council

From: Ed Pawlowski, Mayor

Date: October 30, 2009

Subject: **2010 City of Allentown Proposed Budget and Program of Services**

In accordance with the provisions of the Home Rule Charter adopted by the voters of the City of Allentown on April 23, 1996, I, Ed Pawlowski, acting in my capacity as Mayor, herewith present to City Council and the residents of the City of Allentown a proposed Budget and Program of Services for the fiscal year 2010. As required by ordinance, I verify the 2006 reserve fund account is on deposit and not impacted by this budget.

Budget Overview

The approved city budget for 2009 utilized a modest portion of the general fund balance. 2009 was negatively impacted by a downturn in the global economy that resulted in decreased revenues. In response, the city undertook initiatives to cut costs, in particular via a workforce reduction, and searched for ways to replace lost revenue, which included the sale of excess city property. As a result of the hard work of the City of Allentown's department directors, bureau managers, and employees, the city forecasts 2009 results at the level of the 2009 budget.

The proposed 2010 Budget and Program of Services is an austere package maintaining essential city services while reducing costs where appropriate. As a result of work force reductions, retirements and unfilled vacancies, employment levels in city government will be the lowest in more than 20 years. The budget calls for \$81.169 million in spending and revenues of \$81.271 million. This results in a positive budget variance of \$102,692 and does not require the City of Allentown to utilize the reserve fund balance.

The city's 2010 budget will also benefit from a full year of casino revenue exceeding \$4 million. Legislative pension relief from the state reduces the required pension



contribution by \$2.2 million from the 2009 figure. A lower Consumer Price Index reduces salary growth, which cost the city nearly 6 percent in 2009. In 2010, the index reflected negative growth and therefore no cost of living adjustments are included.

The 2010 budget asks city employees to share in meeting the ever-increasing costs of healthcare insurance coverage.

The impact on the City of Allentown's fiscal status is principally due to the overall economic climate resulting from the global financial crisis. The administration is doing and will continue to do everything possible to restrict spending and weather this difficult economic storm. The City of Allentown will try to expand its revenue base, as well. A spirit of cooperation between the administration and City Council will work to preserve city services at the lowest possible cost.

As always, the City of Allentown and public and private partners, most notably the Commonwealth of Pennsylvania, the Greater Lehigh Valley Chamber of Commerce and its Downtown Business Council; Lehigh Valley Economic Development Corporation; and the County of Lehigh will work cooperatively to address these issues.

Economic Development Signals Renewed Confidence

Since 2006 more than a half-billion dollars in on-going development is underway, completed or planned across the City of Allentown. It signals a renewed confidence in the direction of the city from property and business owners and economic development experts who recognize the administration's on-going efforts to stabilize and improve the city's fiscal base.

Construction is underway on The Cosmopolitan, a four story restaurant on North 6th Street. Blend-Pro moved into Bridgeworks on the Creek. Together with Eastern Surfaces, 100 new jobs have been created at Bridgeworks on the Creek.

The future is even brighter. Again in 2009 more than 600,000 fans attended Lehigh Valley Iron Pigs games at the \$50 million Coca-Cola Park. The new state budget creates a Neighborhood Improvement Zone that could generate enough revenue to fund a minor league hockey arena and other Lehigh River waterfront developments. Lehigh Valley Hospital is moving offices into Mack Trucks World Headquarters. The old Exide Battery Plant on Lehigh Street will be redeveloped.

In addition, the completion and occupation of several smaller business and residential properties throughout the downtown business district and across the City of Allentown guarantees continued distribution of the property tax burden for the foreseeable future. In 2011, a number of major Keystone Opportunity Zone projects come onto the real estate tax rolls bringing considerable revenue to the city.

Public Safety Remains Top Priority

Substantial progress in the areas of fiscal stability and economic development allowed the city to move its focus on another priority identified by my administration: improving public safety and reducing the negative perception of the City of Allentown. The City



has worked hard to reduce the crime rate, which is down again through September of this year.

According to the Pennsylvania State Police Uniform Crime Reporting System, violent crime in the city is down nearly seven percent this year and total crime is down 10.5 percent.

The city has installed 72 video surveillance cameras at key intersections and more are being added yet this year. The city also monitors eight cameras installed by PennDOT. The cameras are another piece of the city's overall crime prevention strategy. The city continues to work with other strategic business partners on camera and equipment locations.

The police department has begun implementation of the community policing program. The goal is to impact crime, disorder and fear of crime in Allentown's neighborhoods. The strategy reflects the current best practice in American policing. The city has also acquired the Allentown Parking Authority property at 10th & Hamilton Streets, which will house some police department operations, create more of a police presence in our central business district and improve accessibility to the public.

Recovery Underway, But Far From Finished

However, despite the pronounced progress in the city's fiscal state, challenging times lie ahead. The city continues to feel the impact of questionable decisions made by prior administrations.

Contracted labor costs, increasing health benefit rates and energy expenses all make it difficult to project into the future, but it is expected that 2010 will be another formidable year for the City of Allentown. These factors will force the city to continue its austere spending and employment practices, as witnessed in the proposed 2010 Budget and Program of Services.

In tough fiscal times like these, the city is proposing **no change to the real estate tax**. This proposed budget holds the composite property tax rate at a total of 17.53 mills. The Business Privilege Tax also remains stable, as does the Earned Income Tax, and the \$52 Local Services Tax. The Refuse Collection Fee remains flat.

Not since 2004 has there been a change in water and sewer rates. The administration is proposing a moderate increase in water and sewer rates, the first in six years. It amounts to about 11 cents per day for the average household consumer. Rates for city customers are still lower than those paid in neighboring municipalities, including Easton and South Whitehall, Salisbury and Hanover townships. This increase is necessitated by rising labor and electricity costs and the need for capital infrastructure improvements. The administration will also be asking City Council to issue a \$3 million revenue bond to address critical water and sewer infrastructure issues throughout the city.

The administration is also calling for an increase in the rental inspection fee from \$30 to \$75 per unit. The increase fully absorbs the costs of the total function and does not as



in the past partially rely on real estate taxes to subsidize this activity. The budget also enhances the Rental Inspection Program by filling all vacancies and hiring two additional inspectors.

Responding to Concerns of Residents, Property and Business Owners

The proposed expense plan included herein reflects the need to maintain strict spending limits for the foreseeable future, and new proposals will be developed in the upcoming year to increase budget savings and cost reductions. But it likewise reflects a need to seek new solutions to continued problems with a priority on Quality of Life issues that direct resources to areas and neighborhoods that present the most challenges, and a continued focus on public safety and economic development.

The Department of Community & Economic Development will continue to work with the Weed & Seed program to improve conditions in the urban core, and the Parks & Recreation Department will be developing programs aimed particularly at Center City youth.

Our Human Resources department will continue to focus on employee training programs to assure the continued deliverance of top-grade services to our constituents. Our IT Department will continue to upgrade our processes and systems.

Conclusion

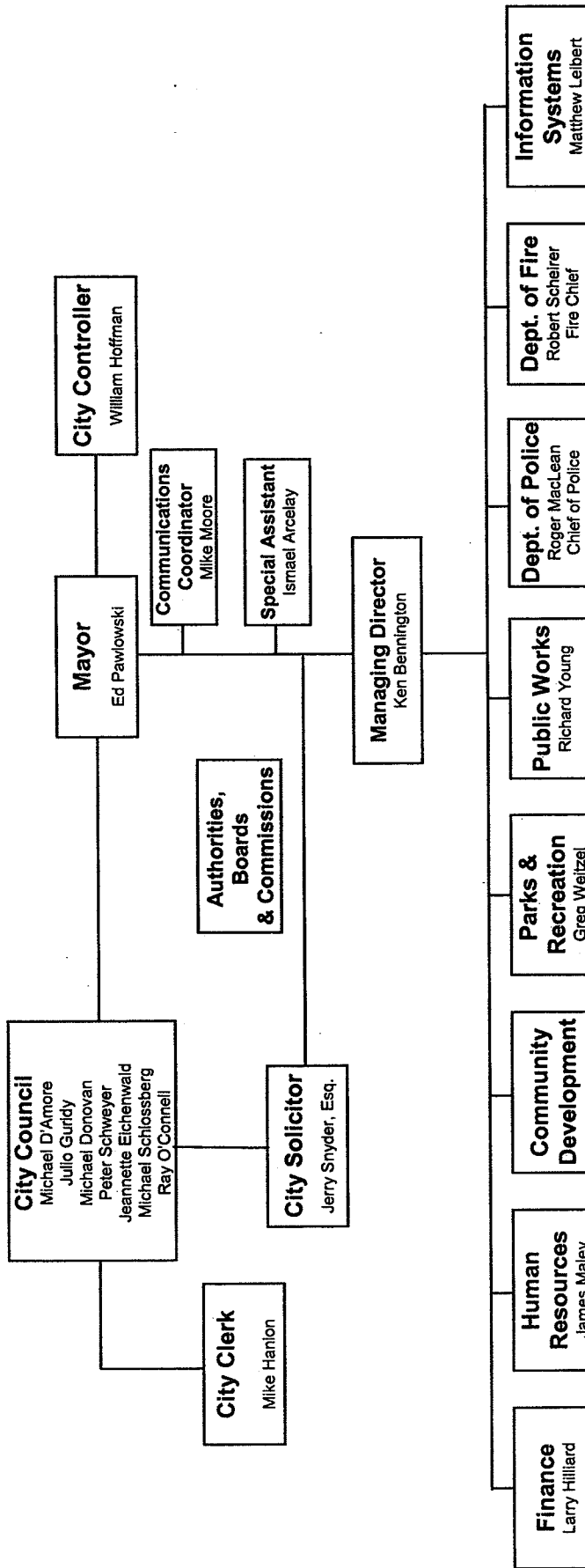
The attached Budget and Program of Services respectfully submitted to City Council is austere, but meets the needs of the city within reasonable financial parameters. For the second consecutive year it is a challenge faced by most other municipalities and counties in the current economy. The city's situation is somewhat better than our large government neighbors.

Through a concentrated effort by the administration with the cooperation of City Council and numerous public and private entities, we will navigate through this period of concern. Working with careful and deliberate focus on the future, the administration has initiated many new organizational, process and system changes planned to guarantee continued financial improvement, provide new and quality services to constituents, and restore the long-standing pride of the City of Allentown. With these many changes, Allentown is well on its way to becoming an even greater city where people desire to live, work, play and invest.



City of Allentown

2010 Organizational Chart



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