



# CITY OF EASTON

## PENNSYLVANIA

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10/2/18

### **Elected & Appointed Officers**

The City of Easton residents are represented by a set of elected and appointed officers – Mayor, City Council, City Controller, City Clerk, and City Solicitor.

- **Mayor** – The Mayor is the Chief Executive Officer of the City of Easton, the Chairperson of Council, and the City's chief elected official. There are no major changes proposed in the Mayor's Office budget for 2019 outside of matching funds proposed for West Ward Ambassadors expansion.
- **City Council** – The City of Easton's legislative body is City Council. As defined by the City Charter, the Mayor is the chairperson of Council. Besides the Mayor, city residents are represented on Council by 6 Members of Council. Three Members of Council are elected on an at-large basis; three are elected from districts; all are elected to four year terms. The budget for City Council includes only expenses as the Council does not recognize any revenue. The expense budget includes salary, benefits, and limited expenses. The Council budget also includes appropriations for the General Fund audit and a grant program for special events as well as the yearly City audit. There were no major changes in this budget between 2019 and 2019.
- **City Controller** – The City of Easton's finances are reviewed by the City Controller. The City Controller is elected at-large to a four-year term. The budget for the City Controller includes only expenses as the City Controller does not recognize any revenue. The expense budget includes salary and benefits. There were no major changes in this budget between 2018 and 2019
- **City Clerk** – The City Clerk's office is the main liaison between City Council, the General Government, and the public. The budget for the City Clerk includes both revenue and expenses. The City Clerk realizes minor revenue from making copies of records for the general public and also performs the duties of the Secretary to the Health Board. The expense budget for the City Clerk includes salary and benefits for two full-time positions. The budget also



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includes limited expenses. There are no major changes in this budget between 2018 and 2019.

- **City Solicitor** – The City Solicitor's office represents the City of Easton in all legal matters. The budget for the City Solicitor includes only expenses as recovery revenue has not been collected in a number of years. The budget for the City Solicitor includes salary and benefits for three part-time positions. The budget also includes all miscellaneous legal expenses and a secretarial allowance and other limited expenses for each of the solicitors. There are no major changes in this budget between the years 2018 and 2019.

### **General Government**

This portion of the budget funds the management and support services for the City's daily management operations. Funds allocated to this portion of the budget support the City Administrator's Office (which includes Purchasing), Human Resources, Department of Finance, and Information Technology.

#### ***Revenue Highlights***

In most cases, the 2019 City of Easton Revenue Budget is largely based on prior year audited (or nearly so) results, as well as year-to-date (YTD) actual revenues collected in 2018. However, some revenue line items show large deviations from prior years. A presentation of those line items is listed below for your information and review:

- **Real Estate Tax Collection** – Assumed the same historical collection rate of 97%. Between 2014 and 2017, the City of Easton saw slight increases annually with a greater increase seen so far in 2018. As such, a slight increase over 2018 is assumed for purposes of this budget
- **Per Capita Tax** – The budgeted amount on this line has been level for the last several years
- **Earned Income Tax & Non Resident EIT** – Has seen an average 3% annual increase from 2014 – 2017. The proposed 2019 budget increase is conservatively set under 3% of the anticipated 2018 final revenues. To provide additional history, in Aug 2012, City



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Council approved a non-resident earned income tax to directly help offset the City's escalating pension obligations

- **Real Estate Transfer Tax** – Held flat, year over year
- **ESWA Lease Payment** – Increases by 2% per our lease agreement with the Easton Suburban Water Authority (ESWA)
- **Casino Revenue** – Held flat over 2018 approved budget
- **Permit Fees** – Code permit fees up in 2019 due to increased development in the City
- **City Administration** – The 2019 budget proposes a \$65K prior year undesignated increase due to efficiency gains across various departments
- **MS4** -2019 budget includes new fund to account for Federal stormwater clean-up requirements, totaling \$1.3M for the year

### ***Expense Highlights***

Overall, this year's budget includes no significant increase in expenses. Below are several notable highlights:

- **City Administrator** - The 2019 budget proposes a 2.25% increase to non-union employee wages and salaries
- **Solicitor's Office** – A part-time solicitor position has been added to further control legal costs
- **Human Resources** – Reflects organizational changes approved in 2019 and a decrease in legal expenses
- **Planning and Codes** – Engineering and architecture services increased due to potential larger commercial projects. Also reflects organizational changes
- **Capital Budget (Fund 151)** – the following items will be incorporated into the capital budget from the general fund:
  - Vehicle leasing program
  - Road repair
  - Purchase of license plate recognition device (LPR)
- **MS4 Expense** – includes sewer rehabilitation and lining and providing funds for future capital projects as mandated by Federal regulation



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### **Public Safety**

This portion of the budget covers the cost of operations for the Police Department (including Traffic and Parking) and the Fire Department. Public Safety represents the largest portion of the operating expenses of the City of Easton. These departments have a major role in the City's efforts for a clean and safe environment for all of our citizens and visitors.

#### ***Revenue Highlights***

The 2019 budget includes \$20K for the training of other agencies at the new EPD facility

#### ***Expense Highlights***

Due to ongoing negotiations with the Fire department bargaining union, the 2019 budget includes only a 2.5% increase for Police wages and salaries; a 0.00% increase is included for Fire (as of the date of this document).

### **Department of Planning and Codes**

The Planning, Zoning, Codes, and Health bureaus work closely together to oversee the enforcement of city codes, city zoning regulations, health and future development planning in the City of Easton. During 2018 the Planning and Zoning Bureaus merged with the Codes and Health Bureaus to create the Department of Planning and Codes. The department assists in the Finance Department's collection efforts by ensuring that all licenses are obtained and fees are collected.

#### ***Revenue Highlights***

The City continues to see a steady increase in building and permit fees, with the possibility of several large-scale projects beginning in 2019, all of which is reflected in the proposed budget.



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### ***Expense Highlights***

In support of the anticipated building permit activity noted above, the Codes department's budget includes an increase in engineering and architectural services.

### **Department of Economic Development**

The Economic Development Department leads the City of Easton and the coordination of other affiliated organizations in encouraging investment in development, opening of new businesses and the expansion of existing businesses and redevelopment of commercial property.

### ***Revenue Highlights***

The Economic Development budget does not include significant revenues.

### ***Expense Highlights***

The Economic Development budget includes \$285K as the City's contribution to the Greater Easton Development Partnership (GEDP).

### **Public Works**

The Department of Public Works is primarily responsible for managing the City's physical assets and infrastructure. The Department has over 100 employees in a variety of functional areas that consist of engineering, parks, streets, municipal buildings and parking facilities, wastewater treatment, underground utilities, fleet management, trash & recycling, recreation, and urban forestry. The 2019 proposed Public Works budget will continue to focus on investment in highway and sewer infrastructure and will also recommend a stormwater fee for all property owners to help cover the costs of compliance with the newly enacted federal stormwater regulations.

### ***Revenue Highlights***

The proposed 2019 budget reflects a slight (0.4%) decrease in overall revenue versus the 2018 budget.



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### ***Expense Highlights***

A portion of road construction was kept in the Capital (151) Fund for approximately \$50K with an additional \$150K added to Road Construction. The 2019 budget includes a 2.5% increase for wages and salaries for union employees.

### **Operational Funds**

The City of Easton has 12 Operational Funds, including the newly proposed MS4 Fund, which are used to manage the revenues and expenses of discrete City operations including self-insurance, certain grant monies, and enterprise operations that require separate accounting. Those funds are:

- **State Highway Aid (Fund 111)** – The State Highway Aid Fund is funded by a state grant that is fully funded by liquid fuel purchases in the Commonwealth of Pennsylvania. Historically, the City of Easton has used these funds to pay for rock salt and the energy required to operate City traffic and street lights. Unlike prior years, the fund is self-sufficient this year, and does not require a General Fund transfer. In fact, the proposed budget includes a minor surplus.
- **Debt Service (Fund 131)** – The Debt Service Fund is funded by two sources. General obligation bonds as well as all bond expenses are funded by real estate taxes. In 2019, all real estate tax collection will be reserved to pay principal, interest, and fees on general obligation note and bond issues. These obligations total \$12.5M, including the repayment of the loan obtained to acquire the Days Inn site. The Debt Service Fund is also funded by transfers from three operational funds – the General Fund, the Recreation Fund, and the Wastewater Fund. These transfers represent the amount needed to meet the City's obligations for two pension bonds. In 2019, \$1.8M is required to pay principal and interest on these bonds.
- **Revolving Capital (Fund 151)** – The Revolving Capital Fund began in 2009 as a way to channel all one-time money received by the City of Easton out of the General Fund into a capital fund for capital purchases not appropriate for bond financing. The



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administration recommends that these one-time monies be used for vehicle purchases as well as a vehicle leasing program.

- **Recreation (Fund 202)** – The Recreation Fund was converted to an operational fund during the 2009 budget season. The fund is used to account for the activities associated with the operation of all City parks, including Hugh Moore Park, as well as our City recreation program. The fund expenses include salary and benefits. Major expenses in this fund include the operation of our City pools, the utilities necessary to operate City parks, and the incidental expenses that are necessary for park operation. This fund is funded by user fees, such as pool and recreation user fees, a large contribution from the Hugh Moore Park Charitable Trust, and a dedication of real estate taxes.
- **City Hall Fund (Fund 203)** – The City Hall Fund was created in 2018 to account for the operating expenses of the New City Hall. The fund will be funded by rental income at the New City Hall as well as a contribution from the General Fund which should be considered as a self-paid rental payment.
- **Health Benefits (Fund 252)** – The Health Benefits Fund is used to account for the City of Easton Health Insurance Company. This company receives payments from retirees (in the form of full or partial premium payments), former employees (in the form of COBRA premium payments), and employees (in the form of co-share deductions from paychecks). The fund also receives benefit payments from the General Fund, Wastewater Fund, and the Recreation Fund to pay for the health benefits associated with the employees and retirees from those respective funds. Due to plan changes in 2016 & 2018, the budget expense for health care will remain flat.
- **Property and Casualty Insurance (Fund 253)** – The Property and Casualty Insurance Fund is used to account for the City of Easton Property and Casualty Insurance Company. This company receives payments from the General Fund for administration, police, and parking facility liability coverage; the City Hall Fund for building liability coverage; and the Wastewater Fund for plant facility liability coverage. The monies received in premiums are used to pay various insurance premiums as well as deductibles (in the form of claims and legal fees) on our insurance policies. Based on 2018 experience, no major changes are budgeted.



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- **Unemployment Insurance (Fund 254)** – The Unemployment Insurance Fund is used to account for the City of Easton Unemployment Insurance Company. This company receives benefit payments from the General Fund, Wastewater Fund, and the Recreation Fund to pay for the unemployment insurance benefits associated with the employees in those respective funds. The monies received in premiums are used to pay an insurance premium to the Commonwealth of Pennsylvania as well as any uncovered claims. No major changes are budgeted for this fund.
- **Worker's Compensation (Fund 255)** – The Worker's Compensation Fund is used to account for the City of Easton Worker's Compensation Insurance Company. This company receives benefit payments from the General Fund, Wastewater Fund, and the Recreation Fund to pay for the worker's compensation insurance benefits associated with the employees in those respective funds. The monies received in premiums are used to pay our worker's compensation administrator, certain insurance premiums, and worker's compensation claims. Based on the recommendation of our worker's compensation administrator, no major changes are budgeted for this fund.
- **Wastewater Treatment (Fund 260)** – The Wastewater Treatment Fund is used to account for the activities associated with the operation of the Waster Treatment Facility, which is owned by the Easton Area Joint Sewer Authority. The fund receives quarterly payments from the Authority and uses those monies to operate the plant. Major expenses of the fund include salary and full benefits for full-time employees, insurance premiums, utility charges, solid waste removal, and an administrative charge to the City of Easton General Government. No major changes were budgeted in 2019. However, this figure may change as the EAJSA budget is not yet available.
- **MS4/Stormwater Fee (Fund 265)** - The City of Easton is regulated by State and Federal Agencies through a Municipal Separate Storm Sewer System (MS4) permit that is issued by the Pennsylvania Department of Environmental Protection (PADEP). The City's MS4 permit allows the discharge of stormwater from the public conveyance system to the Bushkill Creek, the Delaware River, and the Lehigh River. In addition to maintaining our existing infrastructure, as of January 1, 2019 the City will be required to remove sediment from stormwater as part of new



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PADEP regulations aimed at improving the water quality of our streams and rivers. This requirement will necessitate the design and construction of new stormwater facilities in order to maintain compliance with new water quality standards. This fund was created to support the Federal mandate described above.

- **Parking Facilities (Fund 901)** – The Parking Facilities Fund is used to account for the activities associated with the operation of City of Easton parking facilities. The fund receives payments from monthly users of our Spring Garden Street lot as well as our Pine Street Garage and Intermodal Garage. The fund also receives funds from building rent at the Pine Street Garage. The largest revenue item is daily parking at the Pine Street and Intermodal Garages. All revenues are used for the operation of all parking facilities. Because some of those facilities are operated by the City of Easton and funded by the General Fund, the parking facilities fund makes monthly transfers back to the City of Easton General Fund. While the budget for Fund 901 is not approved by City Council, the budget is an important input in the City budget and is provided for your information. It is expected that this budget will be adopted by the Easton Parking Authority prior to the beginning of 2019.