

# THE CITY OF ALLENTOWN

5 Year Recovery Plan

# The Challenge



- Structural deficit
  - Caused by
    - Pensions
    - Wage, Goods, and Services Inflation
    - Poor organizational structure
    - Poor governance structure
- Cannot solve overnight

# The Solution



- 5 Year Plan
- Incorporates
  - ▣ Appropriate personnel cuts
  - ▣ Deferral on pay raises
  - ▣ Organizational restructuring
  - ▣ Three annual tax increases
  - ▣ Governance restructuring
  - ▣ Change in community mindset

# Execution – 2010

- Elimination of certain managerial/professional positions through reorganization
- Reorganization focuses on economic **and community** development strategy
  - ▣ Examination of departmental functions and expected outcomes through an internal auditing process
- Reduction of certain non-personnel costs
- Public calling for unions, management, and public officials to defer raises
- Public calling for unions unconditionally to give back benefits
- Develop union negotiation strategy
- ❖ Raise taxes 10% on land and 2.5% on buildings
- Elect charter study commission in May 2010

# Execution – 2011



- Negotiate new contracts when possible
- Raise Land Tax 5% and Building Tax 1.25%
- Charter Commission studies
  - ▣ Shift to Council/Manager forms of governance
  - ▣ Shift to a unified property tax
  - ▣ Change in budget procedures
  - ▣ Creating an EMS Authority
- Present new charter for vote in May 2011
- Implement new community development strategy
  - ▣ New city/school partnership focused on youth

# Execution – 2012



- Negotiate new contracts when possible
- Raise Land Tax 2.5% and Building Tax 0.6%
- Restructure debt if appropriate
- Implement charter changes if passed
- Plan transition of management staff
- Continue to improve economic and community development strategy

# Execution – 2013



- Continue to implement charter changes if passed
- Continue to improve economic and community development strategy
- Reassess as needed

# Execution – 2014

- Reassess as needed

# Conclusion



- It is our city
- We can run it according to best practices
- Or just hand it over to the special interests
- Anyone have a better plan? I will certainly listen.