

Bethlehem budget takes a gut-punch

The Bethlehem Gadfly Budget, coronavirus, Wind Creek Casino April 10, 2020

 *Latest in a series of posts on the City Budget* 

Christina Tatu, “Wind Creek closure hits Bethlehem’s budget, contributing to projected \$5 million to \$7 million deficit.” Morning Call, April 9, 2020.

As the coronavirus shutdown drags on, Bethlehem is looking at a \$5 million to \$7 million budget deficit this year, driven significantly by a reduction in the host fee the city receives from Wind Creek Bethlehem.

The casino was expected to pay Bethlehem a \$9.8 million fee this year, city officials said. But the fee is based on gambling revenues and the casino has been closed since March 15.

Mayor Robert Donchez, during a news conference Thursday, said the city loses more than \$800,000 each month the casino is closed. If the closure extends through the end of April, that will amount to more than \$1 million.

“There are so many unknowns. We try to make adjustments on particular line items, but it’s very difficult to do. We do not have any lead time on how long the casino could be shutdown,” said Eric Evans, the city’s business administrator. He warned the \$5 million-\$7 million deficit is a conservative estimate that could change in the coming weeks.

“We definitely took a punch in the gut with this. We are fortunate, in the last several years we have strengthened our financial position and rainy-day fund. By the September-October budget season we should have a clear idea of what damage we are facing,” Evans said.

Other line items in Bethlehem’s \$80 million budget that are contributing to the projected deficit include a loss of earned income tax and amusement taxes paid by attractions like Wind Creek and ArtsQuest.

To stem the loses, the city has implemented a hiring freeze and is considering freezing the budget on major projects, Donchez said.

One option would be to delay the opening of Memorial Pool until next year. The 63-year-old flagship pool had been closed for \$5.2 million in renovations and was set to reopen this summer. City officials could also delay certain infrastructure projects.

Bethlehem officials said they have discussed furloughing city employees but no decisions have been made.