

Gadfly mayoral forum #1: the budget

The Bethlehem Gadfly Candidates for election, Election, Forum, Gadfly Forum March 15, 2021

 Latest in a series of posts on the Gadfly Forum 

ref: [Announcing Gadfly candidate forum](#)

ref: [Gadfly forum starts today at noon](#)

Stop by the Gadfly each Monday at noon running up to the election to find, with luck, our mayoral candidates responding to a **Gadfly Forum** prompt on a significant subject designed to help you make informed voting decisions. And look for Council candidates contributing to the Forum, again with luck, on Tuesdays at noon. Let's make it a date each day!

The prompt:

Willie and Dana, we'd like a window into your thinking about the City budget. In this case, all we have is a rear window. As mayor perhaps your most important responsibility is handling our money wisely. Mayor Donchez memorably declared that in 2020 the pandemic "delivered a punch in the gut" to City finances. Consequently, in the 2021 budget, the City eliminated 6 positions, including a controversial 4 positions from the Fire Department, and raised property taxes 5%. Now we can agree that when it comes to budget trimming, nothing is easy. But many of us thought public safety virtually sacrosanct. We can agree that raising taxes is as pleasant for the residents as having teeth pulled, but our neighbors Allentown and Easton held steady. So I'd ask you both to please reflect on the 2021 budget. Willie, you proposed no amendments, so can we assume that you agreed with the Mayor's proposal? Dana, you were not on the hot seat like Willie but no doubt had your mayoral spectacles on. What were you guys thinking with that proposal on the table? To focus your response, perhaps imagine that you were addressing that equally memorable anguished Facebooker who said, "*They raised taxes in the middle of a pandemic?!*"

Thanks for your service, and your willingness to serve.

[This prompt was also sent to John Kachmar when we learned he was in the race. John is running unopposed on the Republican side and may not participate in the Forums. This budget topic, however, is “key to [my] decision to run.” he says, so he has joined this Forum.]

Dana Grubb (D)

Dear Gadfly,

Let me begin by urging everyone to remember that those who voted “yes” on the 2021 budget, including my opponent, also supported the inclusion of a stormwater fee AND salary increases of between 10.4% and 23.3% for seven (7) positions in City Hall.

I am appalled that anyone would support further burdens on city taxpayers during a pandemic when so many are experiencing financial distress.

As both the Acting Director of Community & Economic Development and Deputy Director of Community Development, I coordinated the department’s entire budget. Bureau heads who reported to me in the deputy position will tell you that my review of their budgets was the toughest they faced: I treated the taxpayers’ money as if it were my own tax dollars.



As Grants Administrator, I was involved with various departmental budgets and the Non-Utility budget to ensure that grants were accounted for accurately. I am the ONLY Democratic candidate for Mayor with that kind of budgeting experience and acumen.

As Bethlehem’s Mayor here is how I would have approached this year’s budget.

First, no stormwater fee without a separate series of public hearings outside of the budget timeframe so that taxpayers and any stakeholders

could learn about stormwater fees and weigh in on whether or not the City should implement them. Only then would it have been considered.

Second, how can anyone justify to struggling taxpayers double digit increases in salaries of 10.4 %,11.2%, 11.8%, 11.9%, 12.2%, 20.9%, and 23.3%? My opponent approved these as well.

I will restore the former practice of listing each classified city position by grade and step in the budget, for clarity and transparency.

Next, I would not have cut four (4) firefighter positions from the budget. There were other positions inside city government far less critical to the health and safety of city residents which could have been modified or eliminated: this would have been part of my overall plan to reorganize and streamline city government operations. These efforts would result in more than enough money in the budget to keep the firefighters at full strength without a tax increase.

Finally, City Councils of prior years told administrations that they would not accept increasing real estate taxes. Historically, council gives the administration the opportunity to make the necessary cuts in the budget before they weigh in on it, because of the administration's familiarity with the budget. The 5% increase in the real estate tax in the current budget, which my opponent approved with his "yes" vote, would have been a perfect opportunity for him to tell the administration that he would not support a real estate tax increase, and urge them to find the money expected from the proposed increase elsewhere. However, he did not, and with his "yes" vote exhibited the "go along to get along" mentality that offloads the fiscal burden onto the taxpayers, rather than those whose job it is to ensure fiduciary efficiency and accountability.

In summary, as Mayor I would have proposed no tax increase, no cuts to the firefighters and no salary increases that could not be proven affordable. Additionally, only after a separate non budget related review of the stormwater fee would I have been ready to make a decision on it. The COVID pandemic's effect on many taxpayers' finances would have driven my final decision, which would have been to wait at least one year if a stormwater fee were mandated.

I'm not sure whether it's my opponent's budgeting inexperience or "politics as usual" mindset, but none of these items in this year's budget were warranted or necessary, and should have been challenged. Bethlehem can't afford rubber stamping budgets.

J. William Reynolds (D)

Gadfly, let me start by thanking you for the venue to talk about Bethlehem and our future! In these difficult times, it is great that there is a place for a conversation about our city.

One of the highlights of the year for me is budget time. As a city, one of our tasks is to deliver services — police, fire, EMS, water, and sewer, to name a few — to the residents of our community. We need to deliver these services in the most effective and efficient way possible. During budget season (generally five two-to-three-hour budget sessions that I know you attend religiously!), Councilmembers and the public get to hear about all of the accomplishments of City departments over the past year as well as goals and priorities for the upcoming year. As our department heads present their budgets, it is always educational and wonderful to learn how much is accomplished on a day to day basis.



As a community, we want governmental jobs that possess salary compensation levels (as well as pension and health care benefits) that attract the best applicants and lead to a high retention rate (which the City of Bethlehem does year after year). It is our job as elected officials to make sure the City is financially healthy enough to keep our promises (contracts). Those promises include being able to continue year after year to provide salaries, pension, and health care benefits that provide a consistent, reliable, and stable source of income for our employees, retirees, and their families. As a Councilmember and a citizen, you learn very quickly how much of our budget is fixed. Personnel costs make up about 80 percent of our budget, which includes those salary, pension,

and healthcare costs (the other 20 percent include building energy costs, paving materials, etc.)

As a Councilmember, I can tell you it is very difficult to add anything responsibly by the time the proposed budget is released. With that in mind, I have learned that in order to locate funding (or state or federal grants) for an initiative, it is a twelve month long process. Working with the Administration and my colleagues, that year long budget engagement process has allowed for funding of initiatives that I have introduced including our Climate Action Plan, NorthSide 2027, and Open Bethlehem (more to come on that in a bit). That same process of collaborating with the Administration and Council colleagues leads to worthy community initiatives like the Bethlehem Food Co-op (how about that location in the middle of NS2027?!) accessing grant opportunities and funding for their projects. While that funding was included when the budget was released in November of 2020, the hard work is done throughout the year (including grant applications discussed and approved at Council meetings), thus often minimizing the need for “amendments” at the last minute.

You might remember during the budget hearings that I asked the question, “How much revenue do we need to find every year for our personnel costs above and beyond what we had the previous year?” The Administration responded with an estimate of two million dollars. That two million dollars covers contracted salary increases, mandatory increases in pension contributions, health care increases, etc. That is a sobering number when one wants to fund anything new. The Administration provided a graph that showed despite the fact that our workforce has decreased in the last ten years from about 670 employees (2010) to about 600 employees (2021), our budget has increased by almost 15 million dollars. It is our responsibility as elected officials to keep our promises to our current (and retired) city employees. The only way to keep our promises is by being financially responsible every year with the budget. How do we do that? We work with our Administration throughout the year to see increased costs on the horizon. We find ways to save money when we can. We avoid taking money out of our fund balance (like our savings account) to pay recurring costs (such as salary). We also trust our department heads and bureau chiefs when they say

“This is what we need to provide the services to the City of Bethlehem residents who pay taxes.”

We also must continue our economic development efforts which provides revenue to help offset annual contracted increases in pension, health care, and salary. It is only because of our incredible economic redevelopment success over the past two decades that our city has been able to avoid many of the difficult economic situations almost every city in Pennsylvania has had to make.

I have definitely learned that one can easily avoid making difficult decisions on a legislative body. It is always easier to criticize than it is to offer actual, responsible solutions. That is why, year after year, every budget includes one or two things that a few people aren't enthralled with. Responsible alternatives, however, usually do not materialize. There are, of course, irresponsible alternatives. Picking those options, however, isn't what responsible elected officials do. Irresponsible short-term decision-making leads to long-term financial pain that leads to cities selling off assets (like water systems), borrowing to pay for operating expenses (and increasing debt), and breaking the financial security promises to their employees and retirees. Responsible elected officials think about the financial picture five, ten, or twenty years down the line. A few years ago, I launched Open Bethlehem, an initiative that makes our budget more transparent by allowing residents to follow on a daily basis our budget through our open data portal. Open Bethlehem can be accessed through our city website, and I encourage residents to check it out and take a look at the real-time breakdown of our revenues, expenditures, and budget cost drivers.

Bethlehem has always had a history of financially responsible elected officials. It is part of the reason why our community remains a city with a high quality of life. Our bond rating is currently the highest it has been in decades. Our pension fund year after year is healthier than almost any other mid-sized city in Pennsylvania. As we continue to redevelop and revitalize our economy, our five- and ten-year financial models show a city poised to continue its upward economic trajectory. When the Bethlehem Steel closed, our community could have gone two ways. Thankfully, through leadership and responsible financial planning, Bethlehem has continued to be a community where people want to

invest, live, and raise a family. Thank you for the opportunity to talk about Bethlehem! Keep the questions coming Ed!

John Kachmar (R)

In my 35-year career, I have constructed 28 budgets submitted to City and County Councils or Commissions, the majority of which were to full service government entities. (I have specifically advised 6 separate local governments on their budgets in Lehigh County PA, MN, MD, SC, and 2 in GA).

Good budgets are readable and transparent. What decision makers and citizens usually see are final-approved budget documents. If I were to rate Bethlehem's on a scale of 1 to 10 (10 being most readable and transparent, 1 being not at all), Bethlehem's budget gets a 5 or 6. Definitely not the worst I have ever seen but hardly the best. I will save my comments for the general election on how "things" can be improved but will comment on this budget year.



First, this year's budget (2021) contains a 5% property tax increase plus a new \$3 million dollar Stormwater fee. This is Bethlehem's 3rd tax increase in the last 4 years. The stated rationale for this 2021 tax increase was for revenues lost as a result of the pandemic as well as a requirement to feed the pension systems of the city. I am deeply disappointed by the decision to increase Bethlehem's property taxes in a pandemic year. I also have many questions about the Stormwater fee execution. Most importantly, I have serious concerns about the financial health of our city given the quick succession of 3 property tax increases in the last 4 years. My concerns were heightened after seeing the city's independent audits of the past several years and the alarmingly high (\$60 million plus dollars) amounts of unfunded liabilities in pension and post-retirement health care costs. Something is radically wrong here. I believe I know how and why this is happening, but once again I will save that discussion for the general election.

The STORMWATER FEE Experience matters. I have previously instituted a Stormwater utility in another governmental entity. We invested 24 months to create a Stormwater fee that was fair to all property owners in a lowlands geographic area. We conducted multiple public hearings. We distributed pamphlets to every land & home owner, sharing the science of how the fee was constructed. Public neighborhood meetings were held to explain the need for the fee. In stark contrast, Bethlehem instituted a \$3 million dollar fee program during a pandemic with next to no citizen input and a platform of non-visibility involving online meetings. This is bad form, any way you look at it. Stormwater management has traditionally been funded out of the city's general fund. Why change the revenue source now? It appears that the City is looking to hide the new fee. Although there is a rationale for user fees, the approach rushed through in Bethlehem was not "transparent." Citizens are going to get "hit" with this new fee in their water bill. As I visited with Bethlehem residents while getting signatures for petitions to run for mayor, I asked them if they knew about this new "fee." Only 1 in every 10 or so households knew a new fee was coming. The city stated that it was a "state mandate," but this is a half-truth. The State may have approved the allowability of the fee, but they did not order the City to implement it. This is the kind of selective/deceptive communication we need to rid Bethlehem of once and for all. I never witnessed this City being untruthful growing up here. We all deserve to know the whole truth.

FIREFIGHTER POSITIONS -BUDGETED CUTS Bethlehem is a historic city with many dwellings dating back over a hundred years. Therefore, fires are a real threat.

There are several organizations that recommend "standards" when it comes to manning-levels based on responding equipment (i.e., vehicles and types of firefighting vehicles, etc.). The generally accepted norm is 4 firefighters per piece of equipment. In my discussions with firefighters, I was told we only average 2 firefighters per responding vehicle. If that is the case, cutting firefighters seems to be reckless. We need to look elsewhere for cost reductions that do not endanger public safety. Cutting employees is a quick and easy way to lower costs, but it leaves the remaining employees worried about the stability of their employment. I want firefighters to have good morale when they come to our citizens'

rescue. Once again there are ways to bring budgets in line. I have 35 years' experience doing so.

My fear is that a lack of competent, financial decision-making and the lack of transparency of our city's budgets is masking/ hiding unpleasant surprises that lurk around the corner and may create real future financial harm for all of us in this great city.

Residents are welcome to fashion reflections on candidate comments, sending them to ejg1@lehigh.edu. On Gadfly we seek the good conversation that builds community, so please be courteous at all times. Gadfly retains the right to abridge and to edit your reflections and to decline posts that are repetitive or that contain personal attacks. Gadfly will publish resident reflections on the week's Forum at noon on Friday.