

2019 Preliminary Budget

City of Erie

November 7, 2018

Start with \$11 Million Deficit

Due To:

Lack of Sewer & Refuse Transfers: \$ 4.0 MM

Increase in Debt Service: \$ 4.3 MM

Increase in Salary & Benefits: \$ 2.0 MM

CDBG Salary Reimbursement Reduction: \$ 0.7 MM

(Office of Inspector General Ruling)

Total Initial Deficit: \$ 11.00 MM

Suggested Solutions

Debt Refinance Saves: \$ 4.2 MM
Income Tax Increase: \$ 6.8 MM

Current Rate: 1.18 %
New Rate: 1.75 %

Increase = \$153 Annually or \$5.88 per biweekly pay
Based on Average Income of City Wage Earners @ \$ 26,922

Other Revenue Increases Proposed:

Amusement Tax Increase (3% to 5%):	\$ 160 K
11 % Increase in Curb Cut Degradation:	\$ 100 K
\$100 Business License (New):	\$ 200 K

Increase Sewer Fund Quarterly Fee

Quarterly Fee from \$70 to \$78.15
\$ 32.60 more per year

Revenue Increase: \$ 1.0 MM

Transferred to Operations for Risk Running Plant

Increase Refuse Quarterly Fee

Quarterly Fee from \$ 56 to \$60
\$ 24 more per year

Revenue Increase: \$ 1.1 MM

Transferred to Operations for Risk Running Plant

Appendix

1. Income Tax Statistics
2. Other PA Cities Earned Income Tax
3. Other PA Cities with Business Privilege Tax
4. Compare Sewer & Refuse Rates with Local Municipalities
5. Long Term Finance/Planning Work:
 - a. Delinquent Parking Ticket Collection
 - b. Emergency Intervention Plan

Population and Income Tax Statistics

- Population – 97,369
- Population of wage earners – 48,472
- Average income per City of Erie wage earner- \$26,922
- Current Income Tax Rate 1.18% which equals \$318 tax per year per person
- Proposed Tax Rate 1.75 which equals \$471 tax per year per person

Earned Income Tax Rates Erie VS PA Third Class Cities

Rank	Municipality	Income Tax Rate (Current)
1	Reading	3.60%
2	Scranton	3.40%
3	Wilkes-Barre	3.00%
4	Hazletown	2.35%
5	Sharon	2.25%
6	Newcastle	2.10%
7	Harrisburg	2.00%
8	Williamsport	2.00%
9	Allentown	1.97%
10	Easton	1.95%
11	Altoona	1.60%
12	York	1.25%
13	City of Erie	1.18%
14	Lancaster	1.10%
15	Bethlehem	1.00%

PA Cities collecting the Business License Fee

Allentown

Altoona

Bethlehem

Chester

Easton

Harrisburg

Hazletown

Johnstown

Lancaster

McKeesport

Newcastle

Reading

Wilkes Barre

Williamsport

York

Sewer and Refuse Rates

Erie vs. Local *Municipalities* -2018

Rank	Municipality	Average Quarterly Sewer Bill	Average Quarterly Refuse Bill
1	Girard Township	\$132.75	\$74.13
2	Fairview Township	\$120.00	\$79.02
3	Harborcreek Township	\$110.75	\$58.80
4	Wesleyville Borough	\$98.50	\$56.00
5	Millcreek Township	\$84.00	\$59.76
6	Borough of North East	\$67.28	\$60.00
7	City of Erie	\$64.25	\$55.00
8	Lawrence Park Township	\$60.23	\$46.14

Parking Ticket Information

- Total outstanding tickets dating back to 2003 – \$3.2 Million
- Amount over 5 years old – \$1.5 Million
- Amount of the total which is due to late fees – \$2 Million
- Amount due for out of state plates – \$270 K
- Finance is looking into amnesty from late fees followed by turning these amounts over to a firm that specializes in Municipal collections
- Currently no PA state law which allows for third class cities to discontinue driving privileges or license due to delinquent parking tickets

PA Early Intervention Plan (EIP)

- Evaluate our Operations for efficiency & cost savings
- Hire a consultant to identify recommendations for cost savings
- Ed Fosnaught (DCED) expects the State will pay up to 90% of the costs of the consultant and initiatives that we implement

- The deadline for consultants' proposals is November 29
- We will interview during the first few weeks of December
- We plan to select the consultant in December and begin the EIP process after the first of the year