



The current situation.

Over the years, the City's deficit has grown larger.

City of Hazleton Budget Overview

	Income	Expenses	Difference
2004	\$7,593,907	\$7,125,912	+\$467,995
2005	\$7,666,624	\$7,849,071	-\$182,447
2006	\$7,603,093	\$8,395,944	-\$792,851
2007	\$8,556,526	\$9,053,106	-\$496,580
2008	\$8,815,972	\$9,539,636	-\$723,664
2009 (YTD)	\$8,012,937	\$9,264,361	-\$1,251,424

Quick fixes.

In the past, one-time revenue sources helped balance the budget each year.

One-Time Revenue Sources

	Amount	% of Total Income
2004	\$697,977	9.2%
2005	\$78,167	1.0%
2006	\$508,533	6.7%
2007	\$954,574	11.2%
2008	\$838,000	9.5%
2009 (YTD)	\$775,890	9.7%

Adjusted Income.

Removing these one-time revenue sources, the City's budget shows how generated revenue failed to keep up with expenses.

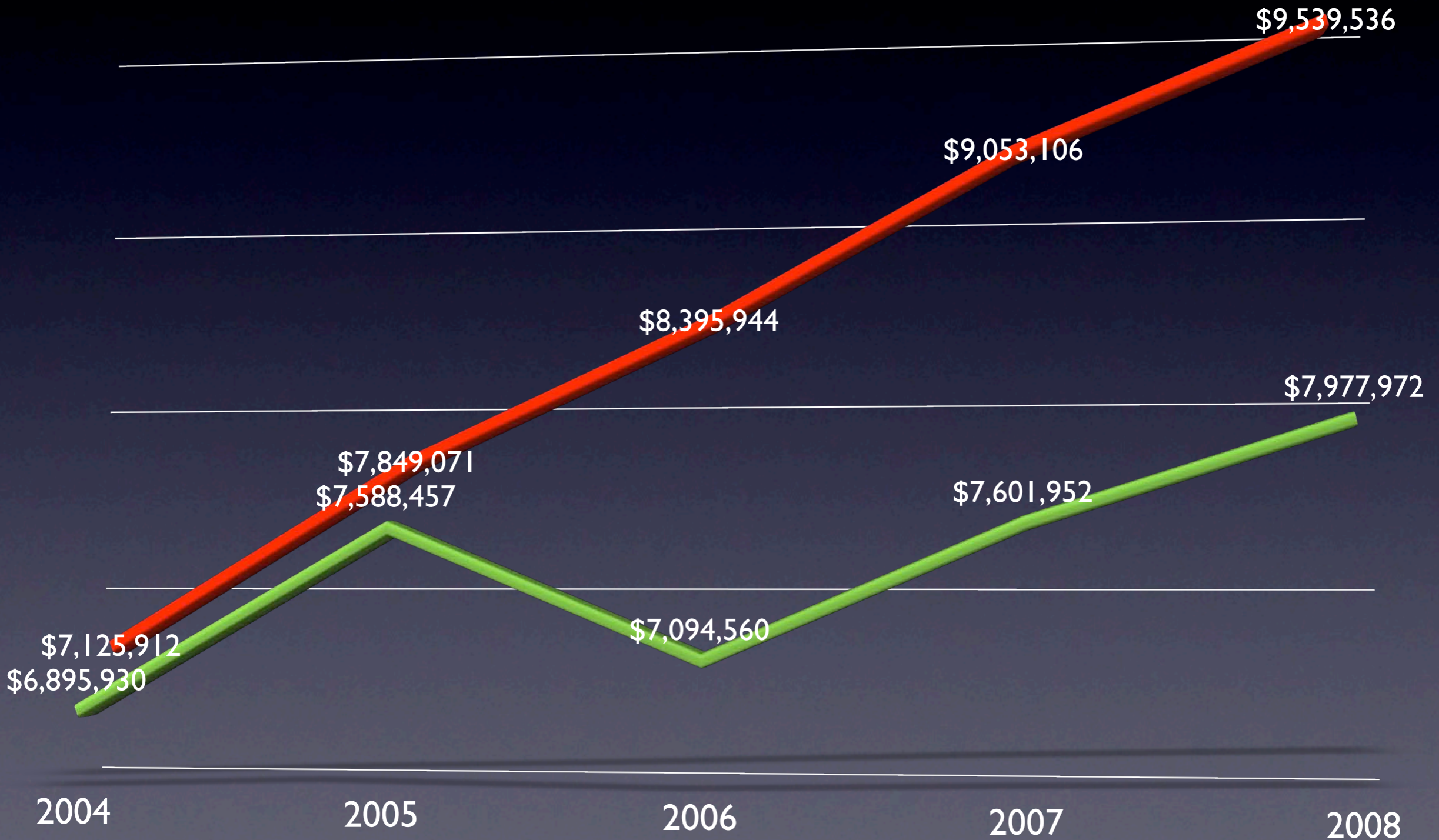
Adjusted Income

	Adj. Income	Expenses	Difference
2004	\$6,895,930	\$7,125,912	-\$229,982
2005	\$7,588,457	\$7,849,071	-\$260,614
2006	\$7,094,560	\$8,395,944	-\$1,301,384
2007	\$7,601,952	\$9,053,106	-\$1,451,154
2008	\$7,977,972	\$9,539,636	-\$1,561,664
2009 (YTD)	\$7,237,047	\$9,264,361	-\$2,027,314
Change, 2004-2008	+\$1,082,042	+\$2,413,724	Expenses grew twice as much

Adjusted Revenue v. Expenses

Adjusted Revenue

Expenses



Revenue: Real Estate Tax

From 2004 to 2008, real estate
tax revenue steadily declined.

Real Estate Tax Revenue

2004	\$1,444,409
2005	\$1,272,903
2006	\$1,267,906
2007	\$1,294,813
2008	\$1,186,124
Difference from 2004-2008	-\$258,285

Revenue: Earned Income Tax (EIT)

EIT revenue is up slightly over the years.

Earned Income Tax (EIT) Revenue

2004	\$1,274,064
2005	\$1,401,387
2006	\$1,309,215
2007	\$1,328,244
2008	\$1,321,654
Difference from 2004-2008	+\$47,590

Revenue: Mercantile and Business Privilege Taxes

Revenue from Mercantile and BP taxes has decreased
over the years.

Mercantile and BP Tax Revenue

2004	\$531,404
2005	\$524,000
2006	\$479,132
2007	\$524,425
2008	\$522,641
Difference from 2004-2008	-\$8,763

Revenue: Emergency and Municipal Services Tax (EMST)

EMST revenue has greatly declined.

EMST Revenue

2005 (First Year Levied)	\$539,799
2006	\$474,910
2007	\$499,984
2008	\$314,041
Difference from 2005-2008	-\$225,758

Expenses: Employee Insurance

Health, dental, unemployment, workers compensation and other employee-related costs have risen substantially.

Expenses: Employee Insurance

2004	\$949,505
2005	\$1,128,296
2006	\$1,255,235
2007	\$1,350,123
2008	\$1,366,906
Difference from 2004-2008	+\$417,401

Expenses: Salaries

The number of employees and average salary have increased over the years.

Expenses: Salaries

	Employees	Total salaries
2004	99	\$3,689,650
2005	113	\$4,044,508
2006	109	\$4,338,039
2007	119	\$4,785,099
2008	111	\$4,945,022
Difference 2004-2008	+12	+\$1,255,372

Expenses: Overtime

Overtime paid to Police, Fire, and Highway employees has generally increased over the years.

Expenses: Overtime by Department

Police

Fire

Highway



It all adds up...

Look at just three budget areas...

Real estate tax revenue	-\$258,285
EMST revenue	-\$225,758
Employee Insurance	+\$417,401
Total effect on City Budget from 2004-2008	-\$901,444

What are our options?

Do nothing.

The City of Hazleton goes under Act 47
and the state forces changes upon us.

Cut the budget
even more, or lay off
more personnel.

No.

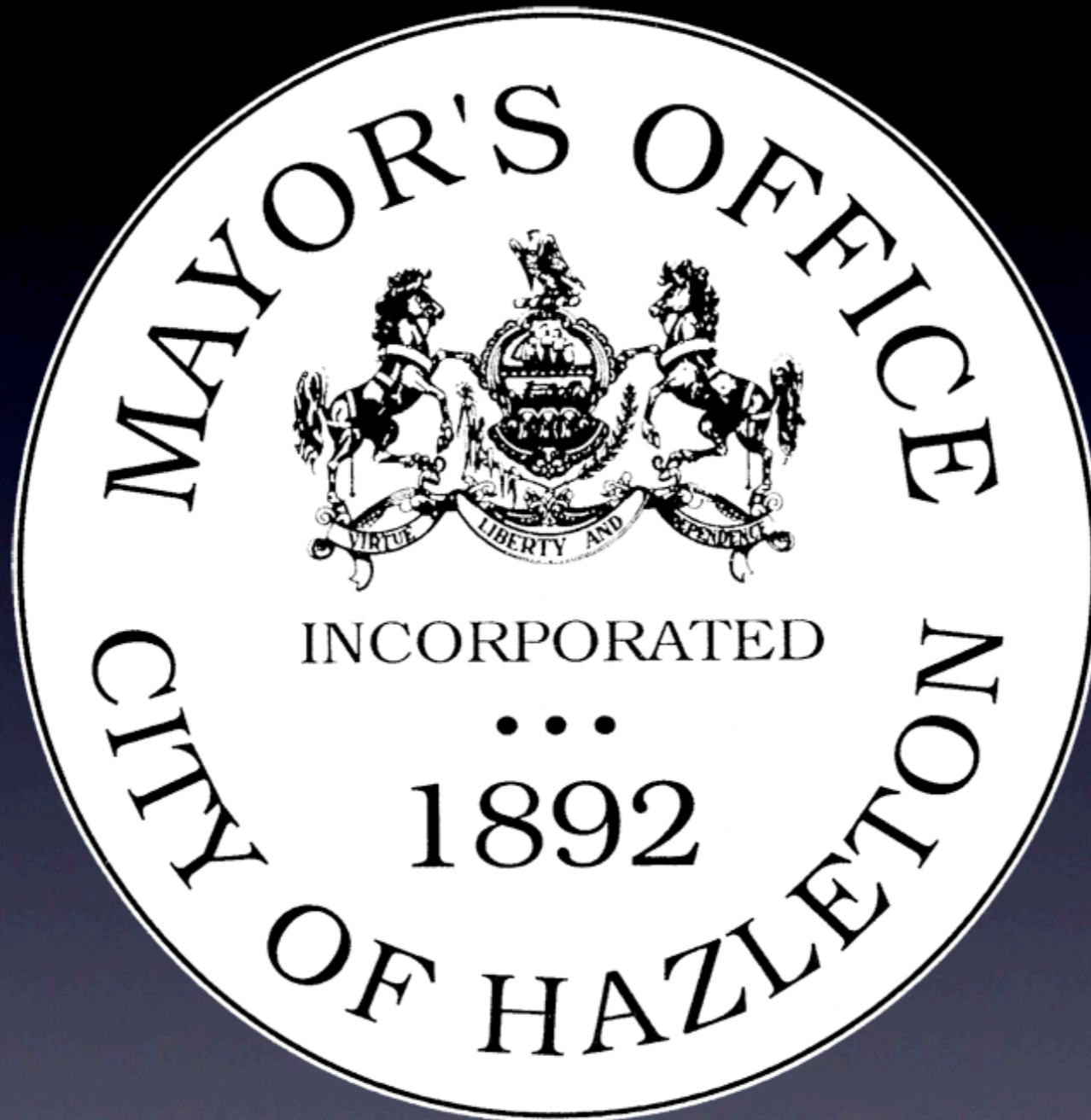
Budgets have already been slashed to a minimum.
Further cuts would jeopardize safety and increase blight.
Hazleton cannot cut its way out of this.

Raise taxes.

The option of last resort.

Tax Rates and Fees

	2009	2010	Change
Garbage Collection	\$208/yr.	\$240/yr.	+\$32/yr.
Earned Income	0.4%	0.75%	+0.35%
Real Estate	1.4 mills	2.38 mills	+0.98 mills
Avg. Impact			+\$249/yr.



Our plan.

Sell the Hazleton City Authority.

Sell the Hazleton City Authority.

- Receive tens of millions of dollars in proceeds from the sale
- Invest proceeds (under Act 72 guidelines) and begin collecting interest
- Fill growing tax revenue gap until other projects are finished
- City can invest in itself again through infrastructure upgrades, expanded police coverage and code enforcement, etc.

Sell the Hazleton City Authority.

- Water rates will be frozen for at least two years; future rates will be approved by Public Utilities Commission
- Water quality closely monitored by state agencies; still must meet strict guidelines



Build a
solar power plant.





11.22.2009



The solar power plant.

- 5 megawatts – Generates enough to power 725 average American homes for a year
- 40 acres of land at the Hazleton Municipal Airport
- Partnering with enXco, a worldwide leader in renewable energy

Financial benefits.

- Save money by generating own power – cost is up to 25 percent less (or even ‘more less’)
- Sell power to other governing bodies (for example, Hazle Township and HASD) at a cheaper rate than they will be paying – collective municipal savings estimated to be \$200,000 to \$400,000 a year
- Sell Solar Renewable Energy Credits (S-RECs) to electricity generator

More financial benefits from the solar plant.

- Using conservative estimates, we anticipate the city will see a **gross** revenue increase of at least \$1.6 million per year
- Under the most conservative scenario, we anticipate the city will realize a **net** annual revenue of several hundred thousand dollars a year

Environmental benefits.

- Save 9.5 million pounds of carbon dioxide over power generated by conventional methods
- That's the yearly CO₂ equivalent of:
 - Driving 824 cars
 - Consuming 10,021 barrels of oil
 - Consuming 57.5 tanker trucks of gasoline
 - Burning 22.5 railcars of coal

Other points.

- Once constructed, no increased traffic in Hazle Township
- Will not interfere with airport operations
- Lifespan of at least 25 years
- \$9 million in direct economic benefits for blue-, white-, and green-collar companies

Future benefits

- The City of Hazleton becomes first municipality in Pennsylvania to produce its own power through a solar plant
- Greater Hazleton becomes a hub for 'green collar' jobs

Total plan impact

- Interest generated by investing proceeds of water authority sale PLUS the amount generated by the solar power plant project
- Conservative estimates indicate this plan will increase city revenue by \$1.5 million per year
- That's without touching the bulk of the proceeds of the water authority sale, which will continue to generate interest

