

First Friday Noontime Forum Series
“Continuing the Growth and Prosperity of Downtown Lancaster”

Highlights – October, 2011

MUNICIPAL FINANCE TASK FORCE & CITY UPDATE

Mayor Rick Gray—City of Lancaster, PA

Lancaster City has much to celebrate—Industrial sites have been developed; Convention Center/Hotel is bringing new visitors, businesses to the City; The arts are a proven economic driver; Quality of life in neighborhoods have improved; Road paving, streetscape improvements, city parks and Central Market renovations have been completed.

Financial stability is the City’s biggest challenge. Contributing factors are—Reliance on property taxes with 30% of city properties being tax exempt; Out-dated and unrealistic arbitration rules; Benefit costs and barriers, and Restrictions and regulations imposed by State government.

More than 80% of the City’s budget is used to pay salary and benefit costs for active and retired employees.

More than 75% of the City’s salary and benefit expenses—over \$28 million—are in the Police and Fire Bureaus — The vast majority of these expenses are governed by labor contracts subject to Act 111 arbitration. Rising costs are out of the control of city officials.

The 2011 budget is the first balanced budget since 2002. The Bottom Line—More revenue/income won’t solve the problem. Systemic reform must come from Harrisburg.

Reform is Long Over-due

- Local governments must be given a menu of options for generating revenue.
- Clear and reasonable standards must be established by which arbitration is used to settle public safety contracts.
- Health care and pension benefits must be adjusted to accommodate financial realities.
- Fragmented government at the local level must give way to incentives for regional cooperation and shared services.
- Revenue sharing must be established to spread the cost of City services among consumers of those services.
- Barriers must be replaced with incentives for investing in older cities and boroughs.