



## **City of Easton PA**

### **2026 MAYOR'S BUDGET MESSAGE**

City Council, and our Easton Community. I want to thank City Administrator Campos and Finance Director Mark Lysynecky for their work on this budget, it was arduous task as well as all my Directors who labored tirelessly to get us to a balanced budget.

I was at the last Planning Commission meeting and heard the 10 or 15 or so residents complain about new development in the city and that we are changing the historic character of our city. That could *not* be further from the truth. In 1980 I was the recipient of the Member of the Year Award in Historic Easton, Inc. and my store restoration was named Project of the Year. I say that because Easton's history is one of the most important traits to me. To that end we just took action to save the historic Hooper House, the only 18<sup>th</sup> century building that hasn't been restored.

Cities evolve and we are the sites we are developing the sites that were sites promised sixty years ago during urban renewal. I can stand here and say, unequivocally, that without this new investment in our city this my budget message would be a remarkably different message. I would recommend increases like when we were a dying city of the past. It would be unbearable for this Council to approve or the residents to accept. I'm talking about drastic increases by as much as 25% or serious cuts and the elimination of some vital services. We have worked hard to encourage this investment in our city sand to create the Easton vibe that is occurring in Easton.

This document represents continued commitment to providing effective fiscal management and professional service delivery, while maintaining a high quality of life for our community members. This budget adapts to changing circumstances and inflationary factors in the uncertain economy, it

also maintains our real estate tax rate, maintains our reserves; and takes care of our employees.

The 2026 budget represented a challenging budget for all of us in the Administration while inflationary expenses go up by approximately more than \$2 million per year. Simply, that means that every year we must find that much, or more, in new money, most commonly by raising taxes and fees on our residents.

Thankfully Easton is growing, and young people and families are moving *back* to the city. That means increases in our Earned Income Tax, an increase of \$794,511 or an increase of 7.9%, recommended by PFM, our consultant for the STMP program. It is now \$11,826,495 or \$2 million more than what we collect in real estate taxes.

This balanced budget reflects a solid financial plan to move us forward.

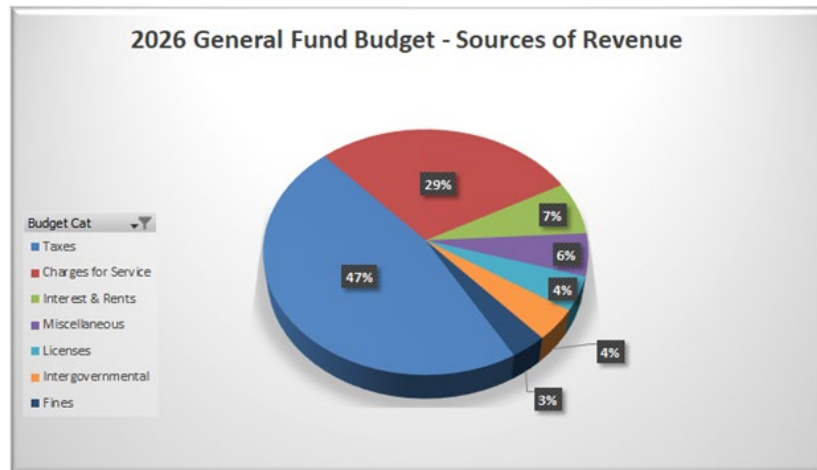
Continued inflationary pressures on labor, materials, equipment, vehicles, and projects have required adaptive response to balancing this. We used to be able to buy a new pumper for less than \$400,000. The pumper we just ordered is \$1.2 million.

With mindful stewardship, we will continue to invest in maintenance and improvement of infrastructure systems. We replaced more underground infrastructure than at any time in the recent past. We will continue to modernize operations to expand capacity to achieve the Council's vision and meet ongoing community needs.

As mayor, I remain focused on keeping the highest real estate taxes in the Valley in check and improving the performance of our city to get better value for ratepayer dollars and getting more from what we have. We have a main priority to improve and maintain the fiscal health of our city while creating the "Easton vibe" that attracts new residents and visitors to our city. While other municipalities in the Valley have raised taxes and cut services, we have been level for 18 and now 19 years.

So how do we cover the budget gap. My Administration has always placed that burden on our visitors, not our residents. We haven't raised Real Estate taxes in 18 years and we will not be raising taxes again next year saving our seniors on fixed incomes money they need to cover their utilities, food and prescription expenses.

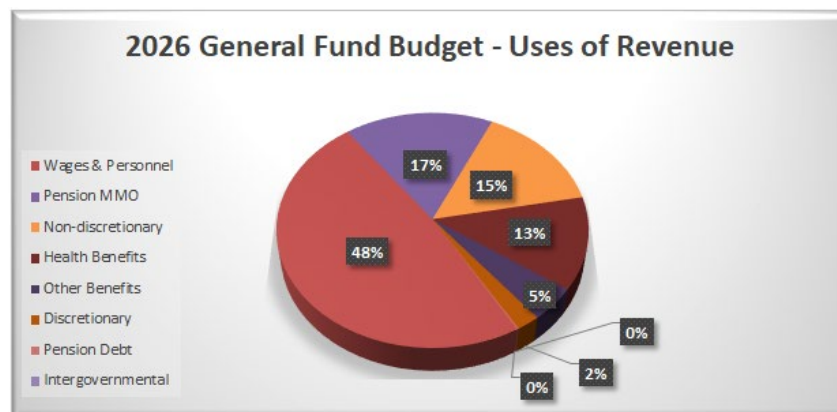
Allow me to highlight the recommended revenue and expenditures in the 2026 budget.



## Revenue

- Directly related to new development taking place in the city is an increase of 4.9%, \$457,000 more in real estate revenue. This increase comes without raising the rate we are getting 2.5 points higher than inflation.
- Also tied to the new development is earned income tax which is projected at an increase of 7.9% or an additional \$150,000. The U.S. annual inflation rate was 2.9% as of August 2025, according to the Bureau of Labor Statistics. The core inflation rate, which excludes volatile food and energy prices, remained steady at 3.1% for the same 12-month period. So, with that said, our 7.9% increase in EIT next year is two and a half times the inflation rate. As I stated, this budget projects Earned Income Tax at an increase of 7.9%. Last year's increase was just over 6%.
- Non-resident EIT was eliminated because our pension plans are funded over 70% but there is some bleed over revenue from 2024 which is included in this budget.
- LERTA tax exemption, which helped us spur development, is coming to an end on several early developments so Real Estate Tax line item sees an increase of 4.5%, without raising our 24.95 millage rate for everyone.
- Trash rates are recommended to be increased by \$2.00 per month. Next year's trash collection contract is increased by \$109,798.00
- We worked hard to deliver a surplus every year and the fund balance was increased from a negative \$4 million to the current surplus of

- Parking rates for meters will be \$3.00 in prime areas and \$2.75 for other areas all day. This should drive more of our public visiting the downtown our garages which will remain at \$2.00 per hour until 5 p.m. These changes are projected to bring in another \$550,000 in revenue.
- Residential Parking Permits will be increased to \$175.00 per year for the first car in a household and \$225 for the second car and \$275 per car for all cars after the second. It should be noted that the program was started in 1987, if the amount was indexed to inflation that amount would be \$357 today. There is no doubt that this RPP was a good idea to get people to move to the downtown area but today it has added to our parking problems for visitors, shoppers and diners.
- I am also recommending an increase in the trash fee of \$2 per month. Trash collection is getting very costly as our contract continues to increase



## ▪ Expenses

Easton continues to place emphasis on ensuring healthy neighborhoods across the city, with the goal of providing residents with the highest possible quality of life. On the Southside alone, we have more than 200 units planned in the next 18 months.

Our Blueprint Communities Grant for the Southside is moving forward and recently held a ribbon cutting for its mural project art at the intersection of the saints –St. John and St. Joseph’s streets. One of its objectives is to create more locally owned small businesses in the neighborhoods and restore the pride in that each and every neighborhood. We will use methods learned from this blueprint grant for West Ward and College Hill as well.

- I increased Code Enforcement Funding so. I am recommending a full complement of inspectional personnel positions for the Code

Department to help to ensure healthy neighborhoods and safe buildings throughout Easton.

- Funding is also included for the continuation of the my "Clean It and lien it" program which cleans abandoned and neglected properties and places a lien against the property so that the City gets its money back when the property is sold.
- The '26 budget also provides continued funding for OpenGov, an enhanced software package that will allow for the permitting process to be fully accessible to the public online, including the ability to submit payments electronically. This relieves a significant burden to both the public and departmental staff, saving time and maximizing efficiency by eliminating the need to acquire permits in person. Excitingly, the design of this system will allow for other City departments to join the platform.
- I also included \$75,000 for a full year of activities for our nation's 250<sup>th</sup> anniversary celebration. Fireworks for next year's Heritage Day celebration we were already informed will be more because of the demand around the Fourth of July.

Standard & Poor's (S&P) reaffirmed the City's A bond rating with and gave us a *stable* outlook. This is a marked improvement over our rating in 2008. And it continues to be the highest rating in the City's recent history, steadily improving from triple B rating eighteen years ago and moving from negative to stable and S&P cites our strong financial management in their reports for the last 15 years.

This credit rating focuses on the City's strong institutional core by highlighting Easton's "management with 'strong' financial policies and practices, strong budgetary performance, and strong budgetary flexibility. These rating improvements demonstrate how well the city has recovered since the last economic downturn.

Council will recall that during Covid we refinanced our debt at a 2.9% saving hundreds of thousands yearly in debt service payments. The city has maintained the highest bond rating in its history, largely due to our commitment to fiscal excellence and not spending our reserves. We continue to aggressively address our unfunded pension liability through sound investment in an effort to enhance our financial stability.

I consider my proposed budget to be a responsible budget in a challenging fiscal environment for all municipalities. Overall revenue is flat, so we needed to manage the expenses within our control. I firmly believe we can and must continue to invest in city resources in the right places, so that services improve, streets are safer, neighborhoods grow stronger, and parks thrive.

As Mayor, I will work tirelessly to ensure that Easton continues to prosper and remains resilient in the wake of any challenge, no matter how difficult. My administration has been tested many times in the face of adversity. Our Administration began with the financial crisis of 2008 and 9, then we experienced the COVID shutdown of the city, and today the rising inflation of materials needed and federal government cutbacks. .

We continue to rise to the occasion for betterment of our city and the community. I am proud of the efforts by the entire Easton team: our Cabinet Heads, Supervisors, and City employees who worked hard for the magnificent turn around that our city has made. I can't thank them enough.

As I approach the end of my five terms as mayor, I am deeply grateful to the people of Easton for their support during the past eighteen years. Working together, we have made great strides as a city. We achieved our vision of being a growing city, consistently embraced diversity and created many new avenues for opportunity for all people.

I know full well there is still much to be accomplished and I remain confident that Easton's best days remain ahead.

It was said that great cities aren't accidents --- they are built to last. Built to weather tough seasons; built not for just next year but built for a generation. That's what this budget is about: building a city to last. City Council will be asked to make tough decisions.

This budget makes disciplined choices to keep Easton strong for the long term. We are protecting the services our residents rely on, investing in programs that work, and we are building a city that our kids and grandkids will be proud to call home.

Working together, we're addressing the significant challenges facing affordable housing providers and taking advantage of the opportunity to create new places needed for people to live.

Let me say, again, without this development we would be raising real estate taxes or fees every year and we wouldn't have been able to create the "Easton Vibe" that we now have in our city. We are attracting visitors from as far as 70 miles away to dine at our restaurants and shop at our small businesses and attend our special events. For the first time in 50 years, we have people and families looking to live in Easton. Our population as of today is 30,430 up from 26,00 in 2008. Nor would we have \$7 million in reserves, an \$11 million increase from 2008.

Easton has a long history of resilience. We've faced hurricanes , floods , pandemics and economic challenges before — and overcome them by working together. I am confident that we'll do the same now. This budget is balanced, responsible, and realistic. It reflects the seriousness of our financial situation, but also our enduring optimism, strength, and determination to keep Easton moving forward for everyone.

As one business owner told me, "I was here when downtown was dead and I couldn't pay my bills, now you may have a hard time finding a parking space but I am busy, and now I can pay my bills and still in business.

## **Future**

But as I said there is still much to do. So, in addition to the regular duties of running our city, I have made several goals for myself in my last two years. that I will be working on and that is

- A Community/Senior Center for the West End neighborhood. This center will house our own senior center for our golden citizens to socialize, recreate and get a hot lunch daily. This center will also house a full-size gym so that our youth and our adults can enjoy basketball, volleyball and other sports to keep them healthy. I can't stand here knowing that kids are playing in the streets. I am working with the Easton Area Community Center to assist with the programming. Also housed will be a Larry Holmes Museum to highlight our own internationally recognized heavyweight.
- We will also continue to work on our Waterfront Plan to make our waterfront, currently a rough diamond, into the gem that it is. We have magnificent rivers that need to be showcased.
- We have upgraded our fire equipment, but a priority for the next two years must be our three firehouses. They are part of our Capital Budget Plan submitted to Council last month. They need to be

replaced or modernized. Our newest firehouse is Central, which was built more than 50 years ago. The neighborhood stations are even older. Southside fire station was built when hand operated pumps were pulled by horses.

- City Council must deal with our two pools—and the time is now!. Both Heil and Eddyside need capital improvements that will cost millions of our limited tax dollars. Tough decisions need to be made. The alternative is to close one or both pools.

Tonight I am recommending that the emergency repairs needed at Heil Pool be scheduled for 2026. That will necessitate closure for the entire 2026 season. This was a tough decision, but it is necessary that we needed to make. These are repairs that cannot wait and will assure pool for another 20 years.

We've come a long way from the days of 2008 when the city's reserves were in the red and taxes and fees went up every year.

Before I end there are two additional finance items that I must mention.

1. Presently, my Administration is obtaining bids on a TRAN and a GAN to help with our cash flow. The TRAN is due to the lethargic state Legislature not passing its budget in a timely manner and now is holding up \$2 million in our state aid for our pension plans that we usually receive at this time of the year.
2. The GAN is for most \$5 million grants that must be spent before the money is received. These are reimbursable grants. We must pay for the costs up front and submit them to the state for reimbursement.
3. Our negotiations to increase the lease to its actual value of our city water facilities to the city's water authority are stalled. This is simply a matter of fairness. City residents paid for the water system which has allowed the Water Authority, *an Authority of the City*, to charge lower than average water rates. We should at least be getting the appraised value of the lease. This is my second budget we are presenting without a new lease at the appraised value. The City's patience is running thin and if necessary, we may need to take more drastic steps. Residents of our water serving area should not benefit from the tax dollars our city residents invested in the water plant and network built by Easton residents. As City Council knows, we had an appraisal completed on the value of our water system and it places the value of

our current lease at approximately \$5 million per year and we are getting just north of \$1.3 million per year. Let me reiterate, our water rates are below the state average and the taxpayers in the city paid for these water facilities and it's our wealthy suburban counterparts are reaping the benefits of our investment with these lower rates. I met with the Chairmen of heir Board, and he said they want to buy the system from us, not lease. The system is appraised at \$200 million which would net the city almost twice as much interest as a lease. They City relay needs to consider this. They are delaying everything. That offer is not acceptable for a system appraised at . City Council will decide whether they want to sell or not. If vote is to not sell we have legal options to explore with our attorneys. The first is to disband the Authority and manage the system on our own and go through the state PUC for any increase in service we want to pass on to the suburban users. The second is to wait until the lease expires in ten years, in 2036 and take back our system without renewing other lease. Our third option is to replace all members of the Authority as their term expires and then renegotiate the lease terms. Either way we must resolve this issue in 2026, preferably the first quarter. Our recommendation would be to use only the interest earned on capital needs of the city with a small percentage going to the operating fund.

Respectfully submitted,

Salvatore. Panto, Jr., Mayor