pennsylvania
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

pfm

City of Williamsport
Five-Year Financial Management Plan

January 2026

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Executive Summary

In 2020, the City of Williamsport applied to the Pennsylvania Department of Community and Economic Development (DCED) for technical assistance through the Strategic Management Planning Program (STMP) that funds multi-year financial plans for Pennsylvania municipalities.

The City's application was approved and the process launched early in the first term of newly elected Mayor Derek Slaughter. The Mayor and his team quickly realized that the City needed to address some foundational problems before Williamsport could get value from a multi-year financial plan. The Mayor and his team turned their attention to fixing the City's accounting and budgeting processes; improving the accuracy of their financial data; disentangling the City's finances from that of the River Valley Transit Authority; and catching up on outstanding, statutorily required audits.

After a couple of years of hard work, the City was ready to try the multi-year planning process again. In early 2025, the Mayor and Williamsport City Council applied to DCED to restart the STMP process and contracted with Public Financial Management (PFM) for this work.

The Mayor and City Council stressed the need to have a shared, clear understanding of City government's current financial position and its trajectory. In Summer 2025, PFM completed the Financial Condition Assessment analyzing the City's cash position; evaluating its recent budgetary performance; and projecting future performance in a baseline *status quo* scenario.

That Assessment, which was first presented publicly in Summer 2025 and is described more fully in the first chapter of this plan, found the following:

- Williamsport's **cash position steadily improved** from 2020 through 2023 and was very strong at the end of 2023, when the City reported $10.4 million, or the equivalent of 147 days of operating expenditures, in cash and cash equivalents. The City reported a cash balance of $7.4 million in the General Fund at the end of 2024, which is still very strong.

- The City also had a **good fund balance** at the end of 2023, with *unrestricted* fund balance – the part of the City's financial reserves that can be used most flexibly – sitting at $11.5 million, or 45 percent of operating expenses. The minimum target recommended by the Government Finance Officers Association (GFOA) is 16.7 percent, or two months of operating expenses.

- Despite these strong reserves, the City's financial position was much more tenuous entering 2025 than at the end of 2023 because Williamsport has a **substantial structural deficit where recurring revenues do not cover recurring expenditures.**

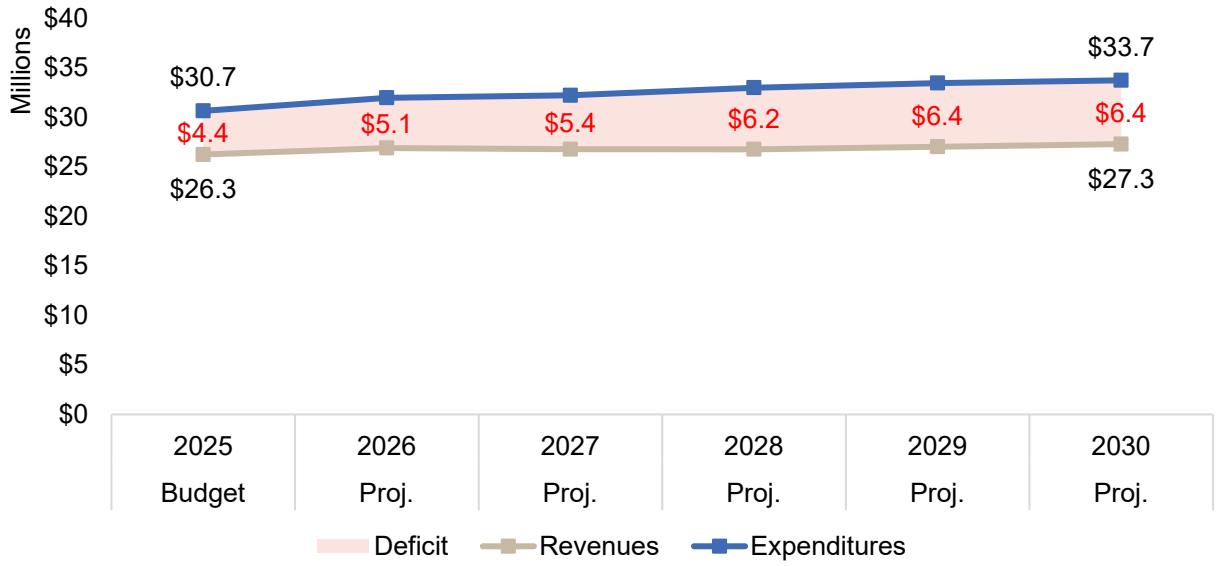
The City's 2025 budget was balanced by Pennsylvania's statutory standards because total revenues appeared to exceed total expenditures. But that was only because Pennsylvania governments may treat use of reserves as revenue. The budget assumed the City would draw down $4.5 million in prior year balance and use $1.4 million in tax revenue collected in 2024 to pay 2025 expenditures[1] and produce a $1.5 million surplus.

Some use of prior year reserves to balance the budget may be appropriate, especially as a temporary solution until structural adjustments take effect. But the 2025 budget was very dependent on temporary solutions. The 2025 budget indicated City government would use 10 months of revenues (excluding reserves) to cover 12 months of expenditures.

[1] The City records this appropriation as a $1.4 million allocation from its emergency reserve.

Williamsport's budget will not naturally come back into balance absent corrective action. The baseline projection assuming no corrective action – no substantial changes in tax or revenue policy or rates, and no substantial changes in the levels or cost of services delivered – leads to the following deficits.

Baseline Projection, 2026-2030



The Financial Condition Assessment describes seven trends that contribute to this structural deficit.

Seven Key Trends driving City Financial Performance

#1: The real estate (or property) tax revenues that account for more than half of the City's budget, only grow when the tax rate does.

#2: While earned income (or wage) tax revenues have grown in recent years, this tax generates a relatively small portion of the City's total revenues. Williamsport needs to get more revenue – both in dollars and as a percentage of the budget – from this source.

#3: The City can no longer use ARPA funding to pay for operations, as it did in recent years.

#4: Total cash compensation paid to City government employees (the largest share of total spending) grew faster than tax revenues (the largest share of total revenues) over the last five years.

#5: In recent years, the City has benefited from very modest growth in employee health insurance and pension costs. The City needs to monitor and manage these costs carefully since they can quickly add to projected deficits in the baseline.

#6: The City was on track to spend less than budgeted on operating expenses in 2025, as has historically been the case. Improving budget accuracy in this area would reduce the projected deficits, but it would not close them. The structural deficit cannot be solved by simply budgeting more accurately.

#7: The City will need more capital investments beyond what's included in the baseline, and it will eventually need to issue debt to finance those needs, especially large projects, like a new police headquarters.

The 2025 budget describes a situation in which the City's revenues rewound to 2022 levels – the General Fund revenue budget for 2025 was slightly *lower* than actual results in 2022 - but the spending on City government did not also rewind to those lower levels.

Mid-year results indicated the City would collect more than projected from some revenue sources, like building permits, and would likely spend less than budgeted on operating expenditures. But compensation costs that account for nearly three quarters of the budget were on pace to hit budgeted levels midway through the year; real estate tax revenues are stagnant; and EIT revenues are not growing enough to offset that imbalance without corrective action.

The City will have to both increase revenues and reduce spending growth to close its structural deficit. There may be some areas where the City will have to cut spending, and not just slow its growth, but it is unlikely the City can cut its way to a balanced budget, considering the budget's relatively small size and practicalities like contractually obligated wage increases and the rising cost of health care.

Achieving structural balance is both an end goal and a means to achieving other priorities, like ensuring that City government can provide the right mix of services to Williamsport's residents, businesses, and others. Evaluating those services was the second step in our process.

Management Review

The Management Review is a combination of quantitative and qualitative analysis.

From the former perspective, we reviewed each department's expenditures and headcount for 2020 through 2024, plus data on calls for service in police and fire. The City's spending in most departments[2] rose from 2020 through 2024, with the growth ranging from 2.0 to 4.0 percent per year for the largest departments. Smaller departments had larger percentage increases primarily driven by accounting changes or short-term needs (i.e. increased spending on external audits). The City added four positions in Fire and three in Police when it had federal stimulus funding via American Rescue Plan Act of 2021, but headcount has otherwise remained flat. The City *decreased* headcount and spending in the Bureau of Codes.

2020 – 2024 Expenditure and Headcount Changes[3]

	Spending Increase ($)	Spending Increase (%)	FTE Increase (#)	FTE Increase (%)
Elected & Appointed Officials	$365,382	8.0%	1.0	3.6%
Finance	$478,436	10.9%	1.5	10.7%
Human Resources	$21,730	5.3%	0.0	0.0%
Police	$1,446,315	3.8%	3.0	1.4%
Fire	$619,292	2.2%	4.0	2.8%
Codes	($75,716)	-2.3%	(2.0)	-6.5%

[2] In 2023, the City started to charge each department a share of the costs associated with information technology, facility maintenance, and other shared activities. Each department transfers money to the City Hall Operations (CHO) Fund, and then that fund pays the expenditures (e.g. IT employee salaries, utility bills). Those numbers are removed from this comparison for consistency.

[3] Spending and FTE percentage increases are the compound annual growth rates for 2020 through 2024. Changes in the City's accounting precludes similar analysis for Office of Planning and Economic Development, though that unit is discussed in the Management Review.

	Spending Increase ($)	Spending Increase (%)	FTE Increase (#)	FTE Increase (%)
Public Works	$230,936	1.9%	0.0	0.0%
Recreation	$126,611	3.5%	0.0	0.0%

Since numbers only tell part of the story, we interviewed each department director and staff included at the director's discretion. Interview discussions focused on each department or office's primary responsibilities, the allocation of staff to those functions, recent staffing changes, and other factors relevant to the City's financial and operational performance.

The primary message sent by most department directors on most topics is they are doing their best to make do with the resources they have. Some departments pointed to increased workload (e.g. the Public Works department is contending with a backlog of facility maintenance and vehicle repair needs) or a changing workload (e.g. prevalence of emergency medical service calls for Fire). Police leadership described changes in how they respond to some non-emergency calls, so police officers have more time to spend on the most urgent needs, and Recreation staff suggested possible program enhancements that they recognize are not possible now.

Departmental staff also noted the importance of the City's recent efforts to make some investments in the City's capital needs – the buildings, vehicles, equipment and hardware that City employees need to do their jobs every day and the public spaces, roads, and other amenities that visitors and residents use every day.

After years of underinvestment, the City recently started allocating $760,000 per year to equipment and vehicle replacement. Federal stimulus funding through American Rescue Plan Act of 2021 helped advance this effort, but facility spending represents a small portion of an already small allocation. Other potential categories, including road/bridge improvements; parks and playgrounds; streetscaping and land use changes, receive even less because there are not enough capital dollars to meet all needs.

The City's efforts to "make do with what we have" is especially evident in the Bureau of Police's facilities.

The Bureau's operations are spread across multiple locations, primarily the Trade and Transit Center (100 West Third Street) that houses Police command staff and Police Headquarters (810 Nichols Pl).[4] Police headquarters (pictured to right) is particularly deficient as it was constructed to be a train museum and not intended to accommodate the needs of modern law enforcement.

[4] The City uses three other locations where it houses records, equipment, vehicles and other items that are important to daily police operations.

Under this configuration, Police command staff cannot communicate or coordinate easily in person with the rest of the department. A simple face-to-face conversation requires staff at one site to leave their building, find an available vehicle, drive to the other site, and then return to their regular workplace.

There is consensus that the police workspace is insufficient and inefficient. With the Financial Condition Assessment complete, there is also consensus that the City needs to take action to close its structural deficit.

The question is how to move forward, and this plan lays out the next steps in these areas.

Building a bridge to Home Rule

Williamsport's recurring revenues are not growing enough to cover the growth in the City's recurring costs, resulting in a structural deficit. Real estate tax revenues account for more than half of the 2025 budget, and they generally do not grow absent tax increases. At the same time, the employee compensation costs (including fringe benefits) that make up 75 percent of the budget are expected to increase 2.1 percent annually over 2025 budgeted levels.

The City needs more robust revenue growth, and the options for achieving that growth are:

- Diversifying the types of tax that the City uses, within the limits set by Pennsylvania law
- Increasing the tax rates or fee rates charged to current payers
- Improving collection of existing revenue sources
- Growing the tax base

This plan has initiatives in each area, and **the most crucial initiative in the near term is going through the Home Rule process to gain more local control over the resident earned income tax (EIT) rate (Initiative RV01)**. EIT is levied on wages, salaries, commissions, net profits, and other forms of cash compensation of Williamsport residents at a rate of 0.5 percent.[5] By Pennsylvania law, the City cannot increase the resident EIT unless it goes through the Home Rule process and adopts a charter by referendum.

Without that flexibility, the City's only option for significantly increasing its recurring revenue is to repeatedly increase the real estate tax. The fundamental mismatch between rising expenditures and flat real estate tax revenues will put Williamsport's residents and property owners in a cycle of real estate tax increases, each of which will only be sufficient to temporarily address the structural imbalance. In contrast, once the EIT rate is set at a higher rate, those revenues will grow without future tax increases, matching a revenue source that grows with the trend of expenditures.

Many Pennsylvania communities have followed the Home Rule path, which requires time and effort. As described in the Revenue Opportunities chapter, the Home Rule process begins with a voter referendum on whether to form a Government Study Commission (GSC) that reviews the current form of government. The process concludes with a second voter referendum on whether to adopt a Home Rule charter drafted by that Commission. The City should launch this process and apply for a STMP implementation grant to support it in early 2026.

Home Rule is Williamsport's best opportunity to regain financial stability in a way that funds vital services, meets infrastructure needs (like a new police headquarters), and minimizes the number of future tax increases.

[5] The Williamsport Area School District (WASD) levies an additional 1.5 percent EIT on Williamsport residents who pay 2.0 total, only a quarter of which goes to the City.

The process can take up to two years, and the City needs to balance its budget and sustain vital services in the meantime. So, this Plan has a series of initiatives to help bridge the gap until Home Rule process can be completed:

- Temporarily draw down reserves (FM02)
- Temporarily reduce capital allocation (FM06)
- Real estate tax increase (RV05)
- Reduce positions through attrition (WF02)

These are admittedly imperfect, short-term responses to the City's structural challenges. The first two only provide temporary relief. The latter two provide recurring financial benefits but are also not sustainable, if the City's goal is to provide the services residents want at a price they are willing to pay.

But they are necessary in the near term, so three of the four measures are incorporated in the City's 2026 budget. The adopted spending plan for this year uses $1.4 million in reserves, drops capital spending to just $0.1 million, and has a 0.5-mill real estate tax increase. It is very likely the 2027 budget will have similar measures but, when the 2027 budget discussions occur in Fall 2026, the City's leaders will know whether the relief provided through Home Rule is still possible.

Home Rule Process Schedule

Step	Deadline/ Maximum Time
Initiation	February 2026
Petition Circulation	March 2026
GSC Election	May 2026
GSC Deliberation	Ends no later than February 2027
Charter Drafting	Ends no later than November 2027
Referendum	No later than early Sept 2027 for Nov 2027 vote
Referendum	November 2027
Tax change	January 2028

Building a Police Bureau Headquarters

The Strengthening Public Safety chapter describes an approach to resolving two related problems[6] – what to do with the former, vacant City Hall facility and how to provide a better Police Headquarters.

Step 1 (2026): Return the old City Hall to productive use

While Williamsport's former City Hall previously housed the Williamsport Bureau of Police (WBP), we do not recommend the Bureau return to that site.

The City does not have the financial resources to restore the old City Hall building to a state where it could host municipal functions (like City Hall meetings) and the facility is not suited to house modern police operations. The City also should not use its limited resources to maintain a facility that has great potential, but no practical benefit for Williamsport residents.

The City should sell or lease the facility to another owner/operator who will put the building back into productive use. The City should give priority to proposals that preserve the City's historical attributes and complement the commercial, arts and cultural activities that occur in this section of downtown. The City will benefit in the short-term from the sale/lease proceeds, but maximizing short-term proceeds should not be

[6] Please see initiatives PS01 and PS02 for more information.

the City's primary objective in evaluating what to do with the building. The greater financial benefit is in shedding responsibility for the facility *and* restoring this architectural asset to productive use.

Some of the sale/lease proceeds, along with further funding through this Strategic Management Planning Program, would fund the next step.

Step 2 (2027): Planning for the new facility

Williamsport should begin formal planning for a new police headquarters by identifying the Bureau's operational, spatial, technological and safety needs. A space and operations plan will ensure that the building design will support the Bureau's operations for years to come and provide the framework for evaluating prospective sites.

The plan could identify potential sites for a new police headquarters or evaluate the 810 Nichols Place site, but it is more critical at this point to describe what the Bureau needs and why. The City is likely a couple of years from borrowing money needed to start construction (see next step), so the plan created needs to be "evergreen," meaning it can be launched with minimal changes whenever the City's financial condition improves enough to issue new debt.

Centralizing police operations in a modern facility will make the Bureau's work more effective and efficient. The WBP should also examine its largest cost-center: personnel. More than 36 percent of the City's budget is spent on police, primarily driven by salaries, overtime, and personnel benefits (totaling over $10 million in the 2025 budget).

Elected officials have questioned the appropriate number of sworn staff and expressed concern about the ratio of command staff (e.g., sergeants and lieutenants) to line staff (e.g., police officers). Improvements in staffing allocation and deployment could yield operational efficiencies and meaningfully reduce spending, which would in turn help the City cover the additional debt needed to build the police headquarters.

Step 3 (2028 or 2029): Return to capital market to fund new HQ

Major facility projects typically require long-term financing due to their cost and lifespan. To build a new police headquarters, the City will likely need to borrow funds by issuing bonds, which the City has not done in years.[7] The City should continue to take the necessary steps to issue new debt to finance a project of this scale, including completing prior year audits (often a requisite for borrowing) and executing the Home Rule process that will stabilize the operating budget and help the City launch this investment.

Financial management initiatives

While Home Rule and addressing the police facility needs are the highest priorities, this Plan outlines other initiatives that the City should advance in the next 24 months. The Financial Management Chapter has recommendations on how to improve the City's ability to make well-informed resource allocation decisions and execute them effectively.

Financial Management Priorities

Digitize records (FM08)

Adopt a fund and cash balance policy (FM01, FM02)

Complete backlog of financial audits (FM03)

Purchasing budget software (FM04)

Update multi-year projection (FM05)

First, the City should **digitize its historical records** that are stored at City Hall. In order to return the City Hall to productive use, the old records that are physically in the building must be processed, digitized where appropriate or marked as no longer needed. The City should

[7] Please see initiative FM07 for more discussion on planning and funding capital projects.

seek an implementation grant under DCED's Strategic Management Planning (STMP) program to help fund this work and it should be completed in the first half of 2026.

During the same year, the City should **adopt a cash balance policy** that sets the minimum amount that the City will maintain in each of its operating funds and how the cash balance should be replenished if it falls below the minimum level. As a starting point for setting the minimum level of General Fund cash, the City can use the minimum amount needed to meet cash flow needs throughout the year as determined by City Finance.

The City should **adopt a fund balance policy** that will help leaders manage their financial reserves. The fund balance policy, along with debt and investment policies, will help Williamsport get a stronger credit rating and lower the City's cost to borrow money.

The Financial Management chapter also recommends improvements to the City's operating and capital budget process and documents, which can be achieved incrementally over time. The most urgent need in the budgeting realm is **better technology**, including budgeting and capital asset software that integrates with the financial system.

The City should apply for subsequent rounds of grant funding under this Strategic Management Planning program to help fund those purchases. Future STMP grants will also help the City retain external support for **updating the City's multi-year financial projections** on an ongoing basis. Taking a multi-year view of financial performance is critical to making well-informed decisions, and multi-year projections will inform the Home Rule process.

Revenue opportunity initiatives

While Home Rule is the most important initiative to increase the City's recurring revenues, the Revenue Opportunities chapter has other recommendations in this area, such as **increasing payments in lieu of taxes (PILOTS) from Williamsport's tax-exempt organizations**.

Priority Revenue Opportunities

Increase PILOTs (RV04)

Complete a housing study and plan (RV09)

Leverage GIS software for City-wide development strategy (RV10)

PILOTS are voluntary contributions to local governments made by tax-exempt institutions in recognition of the value they receive from tax-funded public services, like police and fire protection and road maintenance. Tax-exempt institutions often account for a meaningful portion of the total assessed value of property in a city, and that is especially true in Williamsport where tax-exempt organizations hold $435.9 million worth of assessed value (AV), or 46.3 percent of the total.[8]

Tax-exempt organizations make Williamsport stronger through their pursuit of their mission, whether that be educational, healthcare, religious or something else that adds to the city's vibrancy and quality-of-life. Tax-exempt organizations also are not exempt from employment-based taxes, so they withhold and remit EIT and local services tax, like private sector organizations do. But tax-exempt organizations do not pay the real estate tax that accounts for most City revenue and therefore funds vital public safety and public works services.

Williamsport's PILOT revenues make up less than one percent of the City's 2025 budget at $210,000, but they were more than double that amount in 2022. The primary difference is the City stopped receiving PILOT payments from UPMC Williamsport. The hospital operator has since offered the City an agreement that would include a one-time payment for prior years.

[8] Assessed value totals are for the 2025 billing year.

The Mayor and City Council should review the proposed PILOT agreement with UPMC, discuss its impact on the City's financial performance, and decide whether to accept it by no later than end of Q1 2026. The City should also revisit the payment arrangements with Lycoming College, Penn College of Technology and other large tax-exempt organizations with a view to extending their term and revisiting the amount paid each year as needed.

The City should then consider whether to pursue a broad-based PILOT program, where all organizations are asked to pay something. Most of the AV held by tax-exempt institutions is held by organizations *other* than UPMC and the two colleges, but the effort required to collect PILOTs from small organizations may not be worth the potential gain in revenue.

The final three initiatives in this chapter focus on tax base growth since that is the best way to increase City government's recurring revenues. When taxable economic activity in Williamsport grows, that diversifies the number of taxpayers and it "organically" increases revenues for City government, meaning revenues rise without tax rate increases.

Tax base growth is related to economic growth (improving the local economy to create more and better jobs; higher output from local businesses; and a higher standard of living for residents), and it is related to community development (improving a wider range of assets including education, housing, and social systems).

But not all forms of economic and community development have an equal benefit for City government, and City government does not have unlimited resources to direct toward economic and community development. We encourage the City to use its resources – its time, money and attention – to work with other partners on initiatives that are likely to produce a measurable increase in the assessed value of taxable property and resident earnings.

Planning department leadership is focused on one area that fits this profile – **improving the quality and variety of residential housing.** Writing and ***then executing*** data-informed, prioritized plans gives City government a chance to "play offense" in its efforts to grow the tax base. Initiative RV09 outlines a process for developing a housing plan that would be executed by City government and other public and private sector partners.

Public safety initiatives

While City government has several responsibilities, and its services impact residents in multiple ways, its primary responsibility is protecting health and safety for people and property in Williamsport. In 2025, the City directly allocated two out of every three dollars in the General Fund budget to public safety.

Public Safety Priority Initiatives

Pursue opportunities for joint fire service with neighboring municipalities (PS03)

Regionalize flood control (PS05)

Outsource residential rental inspections (PS06)

Williamsport's Department of Public Safety includes the Bureaus of Police, Fire, and Environmental Control and Code Enforcement. The Department of Public Works also has public safety responsibilities such as flood control, traffic control and parks maintenance.

In addition to the police initiatives described earlier, the Plan makes the following recommendations:

- The **Williamsport Bureau of Fire (WBF)** is well positioned to be a regional service provider for the benefit of City residents and surrounding communities. Most Lycoming County municipalities rely on volunteer firefighters for fire protection, and it is becoming increasingly difficult to staff volunteer departments consistently. WBF is the County's only full-time professional department, and it has

expertise on subjects that would benefit firefighters and residents outside Williamsport, like fire prevention and training.

During 2025, the City reached an agreement to provide fire service to South Williamsport Borough. The agreement between the City and Borough could represent the first step in a larger process that results in more reliable fire coverage for neighboring municipalities and a reduced net cost for Williamsport taxpayers – outcomes that would benefit all Lycoming County residents and property owners.

We commend Fire leadership for initiating these discussions with surrounding communities and elected leaders for supporting this endeavor. The City should use 2026 to launch and evaluate the new agreement with South Williamsport and, if the arrangement works, eventually initiate discussions with other neighboring municipalities about similar opportunities.

- The **Williamsport Bureau of Codes** is charged with inspecting rental properties, new businesses, new homes, and construction projects; enforcing all zoning ordinances and property maintenance standards; and issuing building, electrical, plumbing, event, and demolition permits.

  Throughout the Management Review, multiple participants expressed concerns about the City's struggles with code enforcement. They expressed frustration with persistent quality-of-life issues; the lack of reports that would document and track workload, productivity, and efficiency; and insufficient use of technology.

  Code Enforcement is one of the few major functions where City spending *dropped* during the review period, even with inflation and salary increases. The Bureau is in a difficult position where it recognizes the need for improvement, but it is working with a flat or declining resources to meet those needs.

  The City is not in a position financially to double down on the current model by hiring additional code officers and hoping for better results. At the same time, the City cannot afford to let code enforcement weaknesses linger without corrective action. Code enforcement is one of the proactive, front-line duties that City government must execute well to improve and protect quality-of-life for its current and prospective residents.

  Our analysis focuses on the residential rental inspection program critical to the quality-of-life for many Williamsport residents who are renters. The City was unable to provide data showing the program's productivity, nor could it provide data showing the program is effective at ensuring quality rental housing. The financial data indicates the program also operates at a net loss financially. For these reasons, we recommend the City pursue outsourcing residential rental inspections and outline a process for doing so.

Workforce management initiatives

City government employees are central to the organization's mission of delivering essential services to residents, businesses, and visitors. Williamsport relies on these people to respond to and prevent crime, fight fires, pave roads, ensure building safety, and manage local government's finances. The City cannot meet these obligations without employees who are appropriately compensated, equipped, and trained.

Workforce Management Priorities

Reassess payout terms for unused sick leave (WF05)

Change employee health insurance cost sharing structure (WF07)

Consider self-insurance for workers' compensation coverage (WF08)

As essential as the workforce is to the City's mission, there are practical limits to how much Williamsport can spend on employee compensation. In 2025, the City allocated $23.0 million for employee compensation, including salaries, pension contributions, and fringe benefits, representing 75 percent of the General Fund budget.

City employees need more than appropriate compensation to do their jobs. They need modern, reliable equipment; safe, effective workplaces; and appropriate training, all of which are funded from the same limited pool of resources. A Public Works department without functioning vehicles or Planning Department without planning software cannot provide high-quality service, regardless of staffing levels or compensation.

City government must carefully manage workforce costs that account for three out of every four dollars spent. This mostly occurs through collective bargaining between the City and the four bargaining units that represent most City employees. The Managing Workforce Costs chapter describes initiatives for **moderating wage increases**, **managing other types of cash compensation**, and **controlling employee health insurance cost growth**.

The last objective is critical because Williamsport benefited from very low health insurance cost growth during the review period. There are already indications that these costs will rise more rapidly – the 2026 budget anticipates a double-digit increase in health premium costs – so the City needs to monitor this trend closely.

Most changes to employee compensation will occur during the next round of collective bargaining, whenever that occurs.[9] In the meantime, the City can advance two plan initiatives.

With the support of its external labor counsel, the City should **evaluate the terms of sick leave payouts** where employees can convert unused sick leave to additional cash compensation when they leave City employment. This provision has a near- and long-term cost since the City pays cash when the employee separates and the City reports future payments as a liability in its external audits. The City will need to change these provisions through collective bargaining, but it can identify the desired changes now.

The City should also **consider moving to a self-insurance model for its workers' compensation coverage**. This coverage ensures employees receive their wages when they are injured and unable to work. The City is currently fully insured for workers' compensation, meaning it pays its insurance provider a set amount each year for this coverage, as opposed to paying for the actual claims costs when workers are injured (self-insured).

[9] At the time of analysis, the City was in negotiations or arbitration with three bargaining units. We assume those processes, once concluded, will set the terms of compensation through at least 2026. The length of those agreements will determine the timing for implementing the Plan initiatives.

The Human Resources Director noted that the City's actual claims costs ($10,000 - $15,000 per year) are substantially less than the premiums paid to the insurance company ($354,000 budgeted in 2025). She suggested the City consider shifting from fully insured to self-insured for workers' compensation, which involves a process where the City must submit information to the Commonwealth Bureau of Workers' Compensation to determine its eligibility for this move. Initiative WF08 discusses this idea and potential savings.

Implementation schedule

City government's efforts to regain fiscal stability started in 2020 with an internal-facing evaluation of its accounting processes, financial data, and relationship with the RVTA. In 2025, the Mayor and City Council then turned their attention to diagnosing the City's financial challenges; designing a strategy to overcome those challenges; and discussing those findings publicly. This plan is the culmination of that work.

Now the recovery effort pivots again, this time to implementing the strategies identified and discussed throughout this plan. The following schedule suggests how the City should prioritize and assign responsibility for the plan initiatives at the start of 2026. Undoubtedly circumstances will change, new needs will arise, and priorities will change, and the City's work over the next five years may follow a different order than described below. But this at least gives the City a starting point for this new phase in its recovery.

The schedule also identifies initiatives that are good candidates for funding through subsequent implementation grants under the Strategic Management Planning process. The Commonwealth understands that the City's financial recovery is a work in progress, and DCED and PFM stand ready to support the City's leaders, its staff and its residents in this next phase.

Initiative description	Initiative #	Lead
Bridge initiatives – Short-term budget balancing tools		
Temporarily draw down non-emergency reserves	FM02	Mayor, Council
Temporarily reduce capital allocation	FM06	Mayor, Council
Increase the real estate tax	RV05	Mayor, Council
Reduce positions through attrition	WF02	Mayor, Council
Immediate priorities (2026)		
Begin Home Rule process – **STMP grant candidate**	RV01	Mayor, Council
Return the old City Hall to productive use through sale or lease	PS01	Mayor, Council
Digitizing records – **STMP grant candidate**	FM08	TBD[10]
Adopt a fund and cash balance policy	FM01, FM02	Finance
Return to full compliance with audits	FM03	Finance
Better budgeting software – **STMP grant candidate**	FM04	Finance
Update multi-year projections – **STMP grant candidate**	FM05	Finance
Increase payments in lieu of taxes	RV04	Mayor, Council

[10] Council Clerk, Finance and Planning are all candidates to lead parts of this process.

Initiative description	Initiative #	Lead
Complete a housing study	RV09	Planning
Leverage GIS software for City-wide development strategy	RV10	Planning
First year for new fire service agreement with South Williamsport	PS03	Fire
Adopt a false fire alarm fee	PS04	Finance, Fire
Consider outsourcing residential rental inspections	PS06	Mayor, Code
Consider self-insurance for workers' compensation coverage	WF08	Finance/HR
"Next step" priorities (2027 - 2028)		
Complete Home Rule process (Potential referendum on draft charter)	RV01	Government Study Commission
Create space and operations plan for new Police HQ (2027)	PS01	Police
Choose site for new Police HQ (2027 or 2028)	PS01	Mayor, Council, Police
Purchasing fleet software – **STMP grant candidate**	FM07	Public Works
Needs assessment for City facilities and properties	FM07	Finance/Public Works
Complete a housing strategy – **STMP grant candidate**	RV09	Planning
Consider reorganizing planning and zoning functions	RV11	Mayor, Planning, Zoning
Complete police staffing study (2027) – **STMP grant candidate**	PS02	Police
Pursue other opportunities for joint fire services	PS03	Mayor, Fire
Initiate discussions to regionalize flood control	PS05	Mayor, Public Works
Reassess payout terms for unused sick leave	WF05	Mayor/Finance/HR
Mid-term priorities (2028 or later)		
First year of resident EIT flexibility under Home Rule	RV01	N/A
Enter the capital markets to begin construction on new Police HQ	PS01	Mayor, Council, Finance
Consider fully implementing the admissions tax	RV02	Mayor, Council
Consider imposing a parking tax	RV03	Mayor, Council
Dependent on other processes (budget, collective bargaining		
Improve budget document and process	FM04	Finance
Improve capital improvement plan – **STMP grant candidate**	FM07	Mayor/Council/Finance
Increase the local services tax	RV06	Mayor, Council
Periodically review and adjust fees – **STMP grant candidate**	RV07	Multiple Departments

Initiative description	Initiative #	Lead
Diligently enforce and collect taxes and fees	RV08	Treasurer
Retain support of public labor counsel; regain management rights re: staffing levels	WF01	Mayor
Moderate wage growth	WF03	Mayor/Finance/HR
Manage other forms of cash compensation	WF04	Mayor/Finance/HR
Consider health insurance plan option and design changes	WF06	Mayor/Finance/HR
Change employee health insurance cost sharing structure	WF07	Mayor/Finance/HR

Financial Condition Assessment

The first chapter of this multi-year financial plan provides an in-depth evaluation of the City's structural position. In addition to establishing a baseline projection, this chapter answers three questions that should shape future financial, operational and strategic decisions:

- Are the City government's recurring revenues expected to cover recurring expenditures?
- How large are any projected deficits, and how much are they expected to grow over the projected period, absent corrective action?
- What are the key trends in revenues and expenditures that drive the City's financial performance?

The baseline projection is a diagnostic tool to help the City and its constituents answer the questions above. It is based on a detailed review of recent financial performance and then projects performance in a *baseline scenario.* Analysis presented in this chapter focuses largely on the City's General Fund, which supports many of the City's essential functions like police, fire, and other services. The chapter also considers the Debt Service Fund and the City Hall Operating Fund, and how they interact with the General Fund.

Historical performance

We began our review by evaluating the City's cash position and budgetary performance from 2020 through 2024, relying upon financial data provided by City Finance for these years. At the time of analysis, the City had completed its audits for 2020 through 2022 and the 2023 audit was nearing completion[11]. Before diving into long-term structural issues, it is important to establish a clear picture of the City's starting point and identify any immediate concerns that may need urgent attention.

Williamsport's ***cash position*** has steadily improved in recent years and was very strong at the end of 2023, when the City reported $10.4 million, or the equivalent of 147 days of operating expenditures. The City reported a cash balance of $7.4 million in the General Fund at the end of 2024, which is still very strong.

Cash Position, 2020 – 2023[12]

	2020 Final	2021 Final	2022 Final	2023 Final
Cash and cash equivalents	$2,393,185	$2,652,280	$5,229,039	$10,445,547
Total expenditures	$22,888,894	$22,947,842	$23,026,098	$26,007,139
Expenditures per day	$62,709	$62,871	$63,085	$71,252
Cash in days of expenditures	**38.2**	**42.2**	**82.9**	**146.6**

Ideally, the City should have enough cash on hand to cover its operating expenditures in the early part of the year, before real estate tax revenues arrive in the Spring. Many Pennsylvania municipalities do not have enough cash on hand, so they use short-term borrowings called Tax Revenue Anticipation Notes (TRANs) for cash flow support in Q1 and then repay the TRAN by year's end. To its credit, Williamsport last used a TRAN in 2020 and has not used one since.

[11] The City completed and released the 2023 audit in October 2025 after much of the analysis presented here was completed.
[12] 2020-2023 Annual Comprehensive Financial Reports

The City's ***budget surpluses*** grew from $250,000 in 2020 to $1.4 million in 2022, in part thanks to the inflow of federal stimulus funding provided through the American Rescue Plan Act of 2021 (ARPA). The City received $25.5 million in ARPA funding split between 2021 and 2022. As described further below, the City used some ARPA funding to cover operating expenditures. The 2023 audit shows the City finishing that year with $11.5 million in General fund balance (a common measure for government financial reserves), half of it unassigned, meaning it can be used flexibly where needed.

The Government Finance Officers Association recommends, "at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures[13]." Williamsport's unrestricted fund balance at the end of 2023 was $11.5 million, which is more than double the GFOA recommended minimum.

General Fund Balance[14]

	2020 Final	2021 Final	2022 Final	2023 Final
Revenues	$23,914,155	$24,622,709	$25,779,548	$27,450,030
Expenditures	$22,888,894	$22,947,842	$23,026,098	$26,007,139
Other financing sources	($650,670)	($507,429)	($575,443)	$2,808,985
Net change in fund balance	**$374,591**	**$1,167,438**	**$2,178,007**	**$4,251,876**
Year-end fund balance	**$3,861,811**	**$5,029,249**	**$7,207,256**	**$11,459,132**
Unrestricted fund balance	**$3,775,571**	**$4,957,547**	**$7,202,701**	**$11,453,194**
% of operating expenditures	**17%**	**22%**	**32%**	**45%**

In that same year, the City formalized its ***capital project*** spending by department, using a multi-year capital plan that properly plans for capital needs, projects the costs, and identifies the funding source(s). Creating a thoughtful capital project plan is a sound financial practice and we applaud the City for taking this step.

While these indicators point to good financial performance in recent years, the City had to overcome other challenges leading into this period. In May 2025, the City's former finance director pled guilty to theft by failure to make required disposition of funds and tampering with public records for conduct between 2013 and 2020. The City will repay $1.4 million to the Federal Transit Administration that was used for ineligible purposes, which is incorporated in this baseline projection. The City did not release its 2020 external audit until June **2024**, years after they were expected.

The City attempted to produce a multi-year financial plan in 2020, but its financial data was very poor. The City hired an external subject matter expert who functioned as the interim finance director and helped the City improve the accuracy of its financial data. It has since hired a permanent Finance Director and made progress on the backlog of audits. The 2023 audit was released in October 2025, leaving the City one year behind schedule.

[13] GFOA Fund Balance Guidelines for the General Fund. Accessed online at https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund

[14] 2020-2023 Annual Financial Comprehensive Reports

Williamsport entered 2025 with a very strong cash balance and improving financial management. But the City now faces other challenges related to a structural deficit where recurring revenues do not cover recurring expenditures.

The City's 2025 budget is balanced by Pennsylvania's statutory standards because total revenues appear to exceed total expenditures. But that is only because Pennsylvania governments may treat use of reserves as revenue. The budget assumes the City will draw down $4.5 million in prior year balance and use $1.4 million in tax revenue collected in 2024 to pay 2025 expenditures[15] and produce a $1.5 million surplus.

Some use of prior year reserves to balance the budget may be appropriate, especially as a temporary solution until structural adjustments take effect. But the 2025 budget is very dependent on temporary solutions.

If we remove the beginning balance and the emergency reserves, the City's budget is $4.4 million out of balance, which translates to a 16.7 percent deficit. Put differently, the budget indicates the City will use 10 months of revenues (excluding reserves) to cover 12 months of expenditures.

The baseline projection evaluates this deficit in more detail.

	2025 Adopted	2025 Core
Beginning balance	$4.5	$0.0
Tax revenues	$22.6	$22.6
Departmental revenues	$1.2	$1.2
Intergovt. Revenues	$1.6	$1.6
Other revenues	$0.8	$0.8
Emergency reserves	$1.4	$0.0
Total revenues	**$32.1**	**$26.3**
Personnel	$23.0	$23.0
Operating expenditures	$4.7	$4.7
Capital expenditures	$0.8	$0.8
Debt expenditures	$1.6	$1.6
Other expenditures	$0.6	$0.6
Total expenditures	**$30.7**	**$30.7**
Surplus/Deficit	**$1.5**	**($4.4)**

Baseline five-year projection

The baseline presented in this chapter projects the City of Williamsport's financial performance in the General Fund *before any corrective action.* There are three very important contextual points for understanding the baseline projection:

- **The baseline projection presents a status quo scenario.**

  Conceptually, the baseline projection represents a "carry forward" or "current services" set of projections. It assumes no changes in services, headcount, or tax rates, except in cases where already adopted into current law or consistent with existing policy. Revenue growth is only expected to come from growth in the underlying tax, user fee base or rate of collection, unless otherwise stated. For expenditures, the baseline assumes inflationary or recent historical growth for the current set of services, but does not assume any changes in the service types or levels.

- **The baseline projection is not a prescription for City financial policies, nor is it a prediction of future annual results.**

  The baseline projection highlights the key trends that drive financial performance, identifies any structural deficits where recurring revenues do not cover recurring expenditures, and quantifies how that deficit would grow without corrective action. It does not prescribe what the City should do, nor does it predict the future. Practically speaking, the City will have to address budget deficits, and

[15] The City records this appropriation as a $1.4 million allocation from its emergency reserve.

it must do better than our projected results. However, it is critical to understand the magnitude and nature of deficits that exist before the City develops appropriate corrective action.

- **The baseline projection is not a worst-case scenario.**

  In areas where the City has budgeted conservatively, the baseline adjusts revenue and expenditure projections accordingly. However, the baseline does not account for additional capital needs or emergent issues. As a result, even if revenues exceed expectations, the City may still face unanticipated operating costs and increased capital demands.

For Williamsport, it is likely that capital spending will need to exceed the baseline assumption, which holds capital expenditures flat at the 2025 budget level of $760,000. That amount is not sufficient to meet the City's needs, such as building a new police facility.

The baseline projection starts with the City's 2025 adopted budget and applies growth rates to the revenues and expenditures in that document, except where analysis indicates the 2025 budget may be too conservative or aggressive. The growth rates are calculated through a combination of historical data analysis; relevant sociodemographic data where available; and management insight.

As noted earlier, the City's 2025 budget assumes the City will draw down $1.4 million from its Emergency and Reserve Fund plus $3.0 million in prior year balance.[16]

The $1.4 million drawdown is related to a City ordinance[17] that directs excess tax revenue (defined as receipts above budget projections) to an Emergency and Reserve Fund controlled by City Council. Through a two-thirds majority vote, Council may allocate that revenue from that fund to "emergency or other urgent circumstances." The $1.4 million appropriated in the 2025 budget is excess tax revenue from prior years.

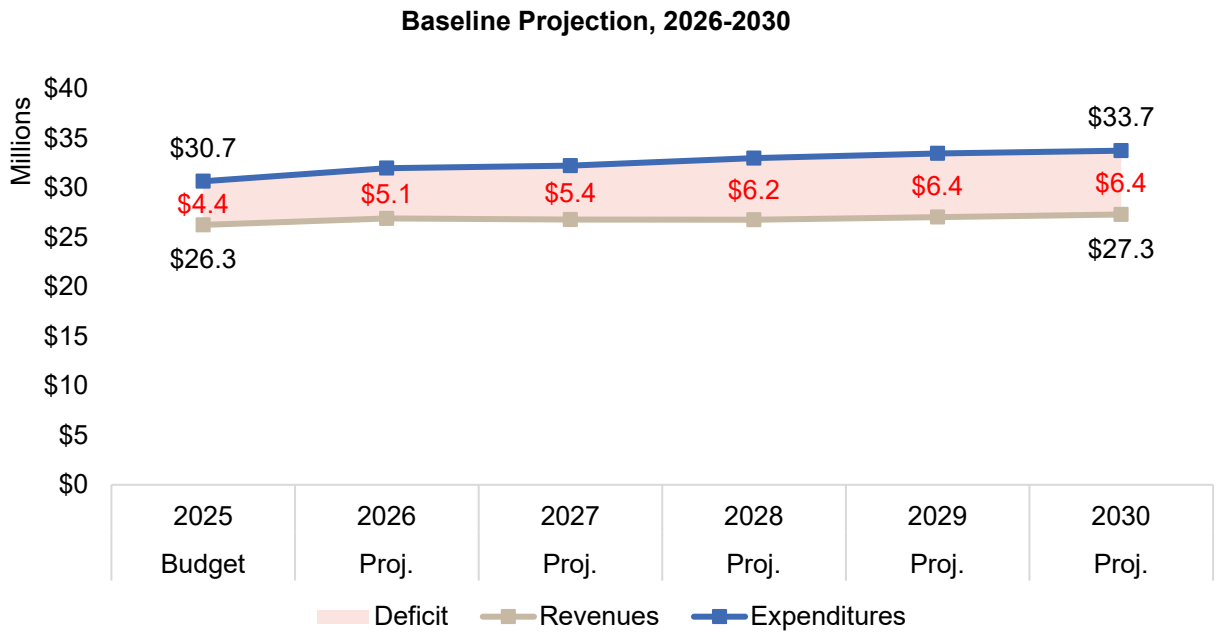
Like the $3.0 million in prior year's reserves, this is a non-recurring source of revenue, unless tax receipts continually exceed budget targets. The baseline does not assume further transfers in and out of this emergency reserve but instead adjusts revenue projections as needed so the City can use all revenues in the year in which they are collected. The baseline also does not assume further use of fund balance so the City's structural position is clearer.

As a result, the City starts the projection period with a $4.4 million deficit.

The Financial Condition Assessment slide deck, included in the appendix, outlines the key factors behind the City's shift from a surplus in 2024 to a projected deficit in 2025.

The baseline projects a budget deficit of $5.1 million in 2026, which is expected to grow to $6.4 million in 2030. These projected deficits reflect a structural imbalance between ***recurring revenues*** and ***recurring expenditures.***

[16] The 2025 budget document presents the prior year balance as "estimated beginning balance" which totaled $4.5 million at the beginning of the year.
[17] Article 135, Section 10 reads in part, "Any tax revenues received by the City Treasurer in excess of the budgeted amounts in the city's current adopted General Fund budget shall be transferred into the Emergency and Reserve Fund on or before March 31 of the subsequent year."

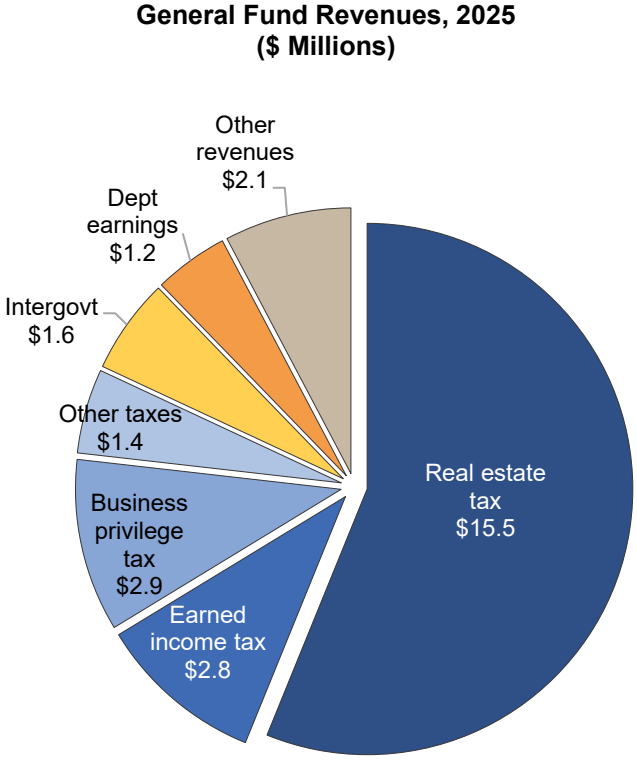


Revenues

The City of Williamsport's General Fund revenues come primarily from taxes. Real estate tax revenues make up 56.2 percent of total revenues, or $15.5 million, of the 2025 budget. Together with other taxes, such as earned income tax (EIT), business privilege tax (BPT) and local services tax (LST), total tax revenue represents 81.9 percent of the total budget. The sections below describe the underlying tax base for each major revenue and any anticipated changes in the tax base, millage, or collection methods.

The remaining 18 percent of the City's budget comes from intergovernmental revenues, the majority of which is State Pension Aid; departmental revenues; and other revenues such as interest income. The $1.4 million transfer from emergency reserves in 2025 is included in *other revenues*, but the baseline assumes no future transfers – leaving the City even more dependent on tax revenues.

Note that the revenue totals exclude the budgeted use of "estimated beginning balance" as presented in the 2025 budget document.



Real estate tax

The City's largest source of revenue is the real estate tax levied on the assessed value of taxable land and buildings. This assessed value of property generally remains static unless there is a countywide

reassessment. The City's gross assessed value declined by 0.3 percent per year between 2018 and 2023, and the 2024 budget assumed another small reduction last year.

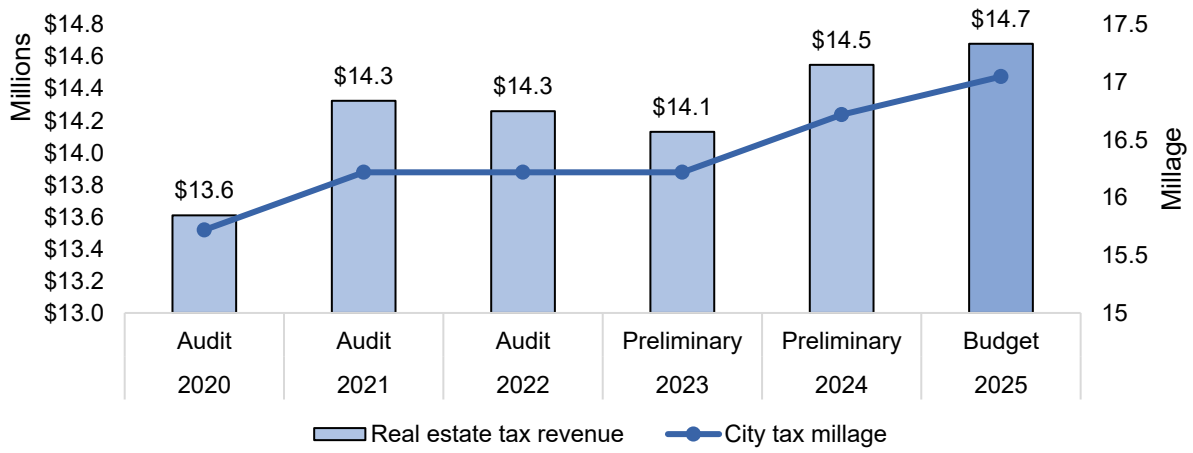
Gross Assessed Value ($ Millions)

2018 Audit	2019 Audit	2020 Audit	2021 Audit	2022 Audit	2023 Audit	2024 Prelim.	2018-23 CAGR[18]
$956.3	$951.6	$950.3	$948.7	$943.4	$943.1	$941.3	-0.3%

Lycoming County's last reassessment was completed in 2004, and it is currently working on an update of the assessment, with an effective date of the 2028 tax year. This reassessment will increase the total assessed value of property in Williamsport. However, once the new values are in effect, the City must adjust its real estate tax millage such that the reassessment does not result in any increase of the government's revenues – in other words, the reassessment must be revenue neutral for the taxing jurisdictions. Reassessment should distribute the tax burden more fairly across property owners, but the process on its own does not increase tax revenues.

Historically, tax revenues only increased when the City raised tax rates. In 2021, the City increased the millage by 0.5 (a 3.2 percent increase) which resulted in $700,000 in additional revenue compared to prior year. In 2022, the tax rate remained flat and the City's revenue dropped by $65,000 and then by $130,000 the next year. In 2024, the City added another half a mill to the tax rate, and the preliminary results show the City collecting $400,000 more than the prior year. Because the City's real estate tax base is gradually shrinking[19], the same tax increase in 2024 earned the City less than it did several years before.

Real Estate Tax Revenues and Millage, 2020-2025



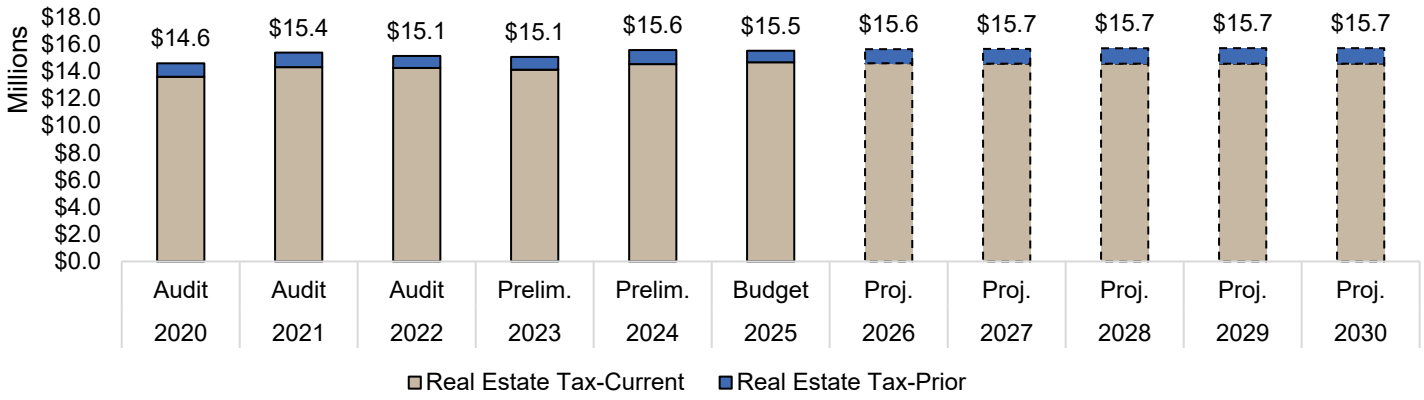
The baseline assumes a current year collection rate of 92 percent, matching the most recent five-year average and the City's own projection in the 2025 budget.

When real estate taxes are not paid in the year they are due, they become delinquent. The baseline projection assumes that the City will collect a little over $1 million per year in those delinquent, or prior year taxes. The baseline also includes a total of $100,000 in Local Economic Revitalization Tax Assistance (LERTA) tax abatements per year. The City does not anticipate an increase of the program use during the projection period.

[18] Compound Annual Growth Rate (CAGR)
[19] A slightly lower collection rate and a higher amount of Local Economic Revitalization Tax Assistance (LERTA) tax abatements in 2024 contributed to this trend.

Holding flat the tax and collection rates flat, the baseline projection shows that real estate tax revenues will continue to decline slightly (by 0.2 percent per year) until 2028.[20] The baseline assumes revenues do not change when the reassessment goes into effect in 2028 since the process on its own should be revenue neutral.

Current and Prior Year Real Estate Tax Revenue, 2020 – 2030



Trend #1: Real estate tax revenues, which account for more than half of the City's budget, only grow when the tax rate does.

Mathematically, it will be very difficult for the City to achieve structural balance, where recurring revenues grow enough to offset recurring expenditures, so long as half of its revenues are flat or slowly declining. The City will need to either increase other revenues enough to offset the stagnant real estate tax base or continually cut expenditures, which generally grow over time.

Tax base growth is the ideal solution to stagnant real estate tax revenues since it boosts the City's revenue without increasing tax rates, but it is not quick or easy. The City needs a specific kind of economic development that results in growth in the *assessed* value of taxable property for real estate tax revenues to rise. Gradual growth in market values achieved over time as property becomes more valuable does not help City government because tax rates are applied to the *assessed* value, and reassessments are infrequent and generally expected to be revenue neutral.

Instead, the City needs to encourage private investment in residential, commercial or industrial properties that results in large changes in the assessed value for specific properties. This includes building housing or commercial properties on vacant or underutilized properties. In addition to this "offensive" strategy that adds assessed value, the City needs a "defensive" approach to mitigate the erosion in tax base. This includes identifying properties where the market value (often identified through property sales) is much higher than the assessed values and the City needs to appeal the assessments, on its own or with the Williamsport Area School District.

Please see the Revenue Opportunities chapter for more discussion of these concepts.

Business privilege tax

Most businesses[21] in Williamsport are required to pay Mercantile/Business Privilege Tax (BPT), which is imposed for the privilege of conducting business in the city. Wholesalers pay $0.50 per $1,000 in gross

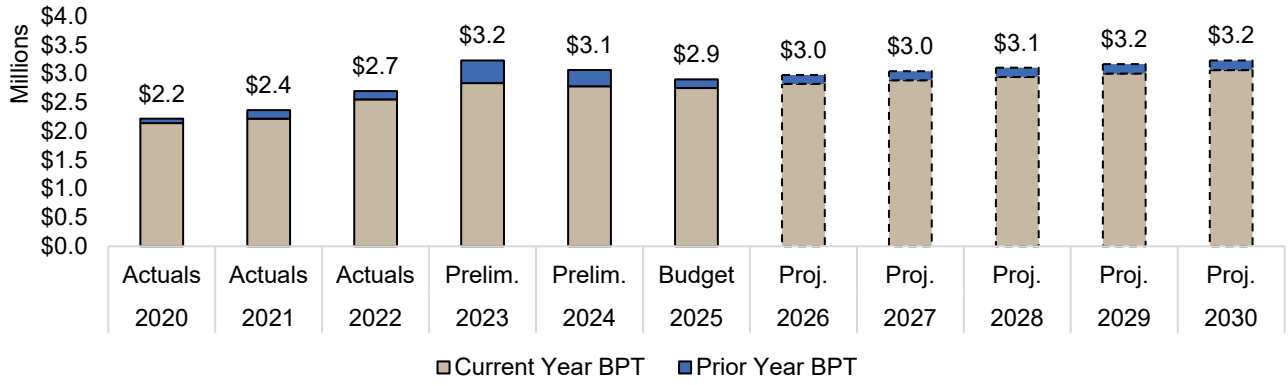
[20] The total real estate tax revenue appears to grow only because prior year taxes continue to increase. The model assumes that the City collects some percentage of the prior three years of the uncollected levy.
[21] Pennsylvania law exempts certain business activities, like manufacturing, from the BPT.

receipts, and retailers pay $0.75 per $1,000 in gross receipts. All other taxable businesses pay $4.00 per $1,000 in gross receipts. The BPT rates have been flat since at least 2020. With a flat tax rate, the tax base grows with increased sales/receipts, either at existing or new businesses.

BPT is the City's second largest revenue source and represents 10.5 percent of the General Fund budget. Between 2020 and 2024, BPT collections grew by an average of 8.4 percent annually, largely due to significant prior year collections. In 2023 alone, the City collected nearly $400,000 in delinquent BPT – up from $140,000 the year prior. With much of the prior year backlog already collected, prior year collections are expected to be between $150,000-$170,000 per year going forward (or 5 percent of current year BPT). Overall BPT revenue growth is projected at 2.0 percent, which matches projected gross domestic product (GDP) growth.[22]

In addition to the BPT on gross receipts, each person, partnership, association or corporation engaged in business in the City must pay an annual license fee of $10, which is included in the Mercantile & Business Privilege (MBP) tax forms. In the City's budget and the baseline projection, these amounts are included in the BPT revenues (the yellow bars below).

Prior Year and Current Business Privilege Tax, 2020 – 2030



Earned income tax

The earned income tax (EIT) is the City's third largest revenue source and accounts for 10.1 percent of the 2025 General Fund budget.

The City levies a resident EIT on the earnings and net profits for Williamsport residents, regardless of where they work. Those residents pay 2.0 percent resident EIT with 0.5 percent going to the City and the balance to the Williamsport Area School District. The City also levies a 0.5 percent EIT on non-residents who work in Williamsport, but the resulting revenue is usually remitted back to the commuters' home municipalities, provided they also use a resident EIT. Commuters only account for a very small portion of the City's total EIT revenue.[23]

EIT revenues grew from $2.4 million in 2020 to $2.8 million in 2023, or 6.4 percent annually. That revenue growth matches the growth in the City's earned income tax base as tracked by federal data sources. Between 2020 and 2023[24], median household income in Williamsport grew by an average of 6.2 percent per year and resident earnings grew by 7.6 percent. The number of employed residents rose by 1.2 percent over this period, though most of the gains were recovering losses suffered during the pandemic.

[22] Second Quarter 2025 Survey of Professional Forecasters, Federal Reserve Bank Philadelphia.
[23] All but one municipality in Lycoming County levies a resident EIT. Data from the first half of 2025 shows that non-resident tax only account for about 4 percent of collections.
[24] This was the most recent data set available at the time of analysis.

Income/Employment Demographics and City EIT Revenue, 2020 – 2023[25]

	2020	2021	2022	2023	CAGR
Median household income	$41,190	$45,060	$48,388	$49,363	6.2%
Median earnings	$36,197	$38,259	$41,638	$45,078	7.6%
Employment	11,830	11,775	11,943	12,277	1.2%
EIT revenue ($ Millions)	**$2.4**	**$2.3**	**$2.5**	**$2.8**	**6.4%**

The baseline EIT revenue projection accounts for three variables:

- The baseline assumes the **resident tax rate** remains 0.5 percent, which is the maximum amount the City can levy under the current form of government. If the City pursues Home Rule, it can gain flexibility to levy a higher resident EIT, as discussed later in this Plan.

- The baseline assumes the current-year **collection rate** does not change, though we note that the City has recently changed collectors. Beginning in 2025, Keystone Collections will collect the EIT on behalf of all municipalities and school districts that levy the tax in Lycoming County. We do not assume any change in collection performance during the projection period.

- The baseline assumes that the number of **employed residents** is flat, which was the long-term trend prior to the pandemic. From 2018 to 2024, the number of employed residents declined by 0.5 percent annually. The baseline assumes **resident earnings** grow by 3.0 percent a year, which is lower than the growth rate for 2020 through 2023 (7.6 percent). The preliminary 2024 results indicate the City's EIT revenue growth slowed to just 1.6 percent, though this result should be revisited after the 2024 audit is complete.

The City budgeted $2.8 million for EIT revenues in 2025, which would be 3.0 percent *less* than the City collected in 2024 ($2.9 million). The baseline boosts the 2026 projection to $3.1 million, assuming two years of 3.0 percent growth. Relative to the City's 2025 budget target, the baseline assumes 4.2 percent annual growth in EIT revenues. Once the City has audited EIT results for 2024, it should revisit this growth rate to see if revenues are growing fast enough to increase the projection.

Williamsport is unique in that the EIT generates the same or less revenue than BPT. This is partially due to the successful efforts of the prior Treasurers to boost delinquent BPT revenue collection, but it also raises the question whether the City is getting less from the EIT than it should. As the following table shows, the EIT generates significantly more revenue than the BPT in other Pennsylvania cities. Most of these communities use Home Rule to increase their resident EIT rate above the standard 1.0 percent maximum set by Pennsylvania law for non-Home Rule municipalities but even Pottsville (which is not Home Rule) has a bigger spread between EIT and BPT.

[25] Census Bureau American Community Survey (ACS) Table B19013 – Median Household Income, 5-Year Average; Bureau of Labor Statistics, Local Area Unemployment Statistics.

2025 Revenue Budget Targets

	Williamsport	Pottsville	Johnstown	Altoona	Easton	Reading	Wilkes-Barre
Earned income tax	$2,800,000	$1,535,000	$2,000,000	$6,477,000	$11,458,778	$28,865,400	$19,825,000
Business privilege tax	$2,900,000	$900,000	$1,240,000	$807,500	$802,895	$2,287,700	$2,400,000
EIT as % of Budget	**10%**	**13%**	**14%**	**15%**	**24%**	**30%**	**34%**
BPT as % of Budget	**11%**	**8%**	**8%**	**2%**	**2%**	**2%**	**4%**
Resident EIT rate	0.5%	0.5%	1.0%	1.2%	1.45%	2.1%	2.5%
Home Rule?	No	No	Yes	Yes	Yes	Yes	Yes

Trend 2: While EIT revenues have grown in recent years, this tax generates a relatively small portion of the City's total revenues and less than the business privilege tax, which is unusual.

Considering the stagnant growth in the real estate tax base, Williamsport needs to get more revenue – both in dollar value and as a percentage of the budget – from the earned income tax.

Home Rule provides one option for increasing EIT revenues as discussed later in the plan.

The City can also grow its EIT base by attracting new residents with earnings. Pennsylvania law gives the municipality where a person lives first preference in retaining EIT revenue over the municipality where a person works. So, City government benefits more when a resident moves into Williamsport, regardless of where they work, than when a local business adds a new job that may be filled by the same person.

The City should evaluate the most significant barriers to attracting and retaining higher-income residents and determine which of those it can realistically influence. For example, while the City cannot directly control broader economic forces such as the regional job market or demographic shifts, it does have authority over factors like zoning, land-use planning, and parking policy. Thoughtful action in these areas can create conditions that support desirable development, improve quality of life, and make the City more competitive in attracting residents with higher taxable income.

Please see the Revenue Opportunities chapter for more discussion of these concepts.

Other taxes

In addition to the earned income tax and business privilege tax, Williamsport also collects three other taxes authorized by Act 511: the local services tax (LST), the realty transfer tax and the mechanical device tax. This category also includes revenues from the public utility tax and beverage license tax.

Local services tax

The LST is a $52 per capita annual tax levied on individuals who are employed within City limits, regardless of where they live. The City budgeted $1 million in LST revenue in 2025.

Revenue from LST dropped from $1.1 million in 2020 to $970,000 in 2021, likely due to pandemic-related unemployment. Since then, LST revenues increased to and remained at $1 million per year. The projection grows revenues off the 2025 budget target by 0.1 percent per year.

Realty transfer tax

Realty transfer tax is imposed on the transaction value (contract price, deed, long-term lease) of real estate transfers, at a rate of 0.5 percent.[26] This tax is separate from the Commonwealth's 1 percent realty transfer tax. Between 2020 and 2024, the annual realty transfer tax revenue ranged from $300,000 to $600,000. The best years occurred coming out of the pandemic when the City received $505,000 in 2022 and $638,000 in 2023. Revenue has since dropped to $400,000 in 2023 and 2024. Given the volatile nature of the tax base (the future frequency and value of transactions are difficult to predict), the baseline increases the projection from $350,000 budgeted in 2025 to $375,000 projected in 2026 and then holds this amount flat.

Mechanical device tax

The mechanical device tax is an annual $100 tax for each amusement device or any other amusement that requires a payment or cover, such as "juke boxes, pinball machines, dances, plays, athletic events"[27] and more. Revenues from the mechanical device tax totaled $35,000 in 2024 and only represents 0.1 percent of the 2025 General Fund budget.

The two other, even smaller, tax categories are the beverage license tax and public utility tax. Together, they generate about $35,000 in revenues per year and are held flat for the duration of the baseline projection.

Intergovernmental revenue

The City received $25.5 million in ARPA funding through the State and Local Fiscal Recovery Funds provision of that federal act and transferred $10 million of that money to its General Fund between 2022 and 2024. The City used ARPA funding to balance its budget and fund daily operations in 2023 and 2024, but the City will not be able to use ARPA funding in this manner going forward[28]. The baseline projection does not include any further influx of ARPA funds. This, in part, explains why the City goes from a positive operating result in 2024 to a projected multi-million-dollar deficit in the 2025 budget.

Trend #3: The City can no longer use ARPA funding to pay for operations, as it did in recent years.

State pension aid

Under Act 205, Pennsylvania contributed $1.2 million in pension aid to Williamsport's employee plans in 2024. The amount the City receives depends on its employee headcount and the "unit value," which comes from state tax revenue on out-of-state insurance policies. Between 2020 and 2024, the unit value grew by an average of 6.3 percent. State Aid revenue for Williamsport spiked in 2023, reflecting higher headcount that year. The baseline forecasts 5.0 percent growth per year, assuming headcount remains the same throughout the projection period.

PILOTs, reimbursements, and grants

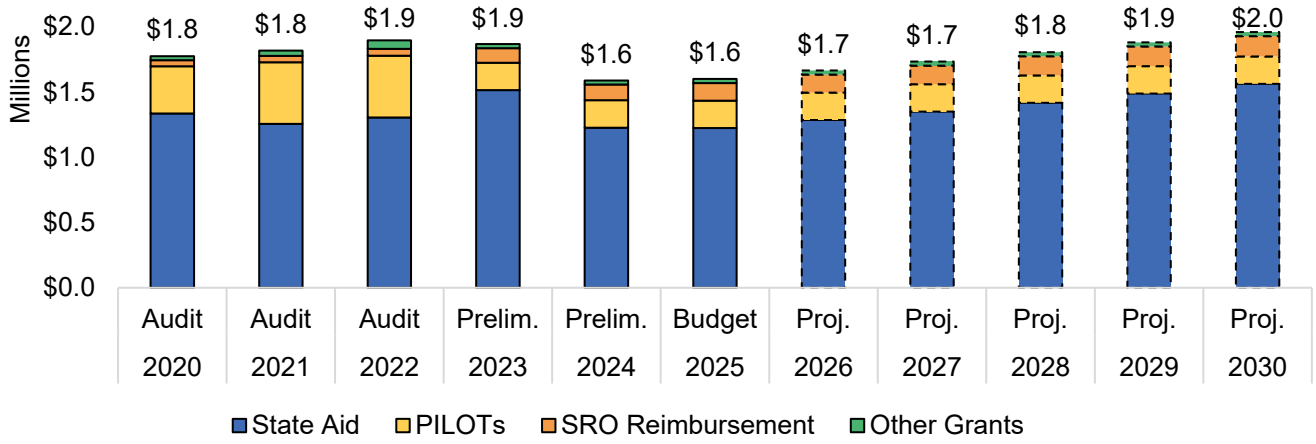
The City expects to receive $210,000 in Payments in Lieu of Taxes (PILOTs) in 2025, matching the 2023 and 2024 amounts. Prior to 2023, the City averaged more than twice that amount ($435,000 between 2020 and 2022) including contributions from University of Pittsburgh Medical Center (UPMC) Williamsport. The baseline uses 2025 budget target as a starting point, though there is an initiative related to increasing these payments outlined later in this Plan.

The City receives annual reimbursement for its two School Resource Officers (SROs) working for the Williamsport school district for part of the year. The baseline projects 3.0 percent growth for the SRO

[26] City of Williamsport Code of Ordinances, Article 345: Realty Transfer Tax.
[27] City of Williamsport Code of Ordinances, Article 331: Amusement Admission Tax.
[28] The federal deadline for cities to use the "revenue replacement" provision under ARPA to fund operations passed in December 2024. The federal deadline for spending all ARPA dollars is the end of 2026.

reimbursement, which blends projected base wage increases, longevity payments and benefits. The City covers pension contributions for both the Sergeant and Police Officer assigned to the SRO posts.

Intergovernmental Revenue, 2020 – 2030
(Excludes ARPA Revenue)

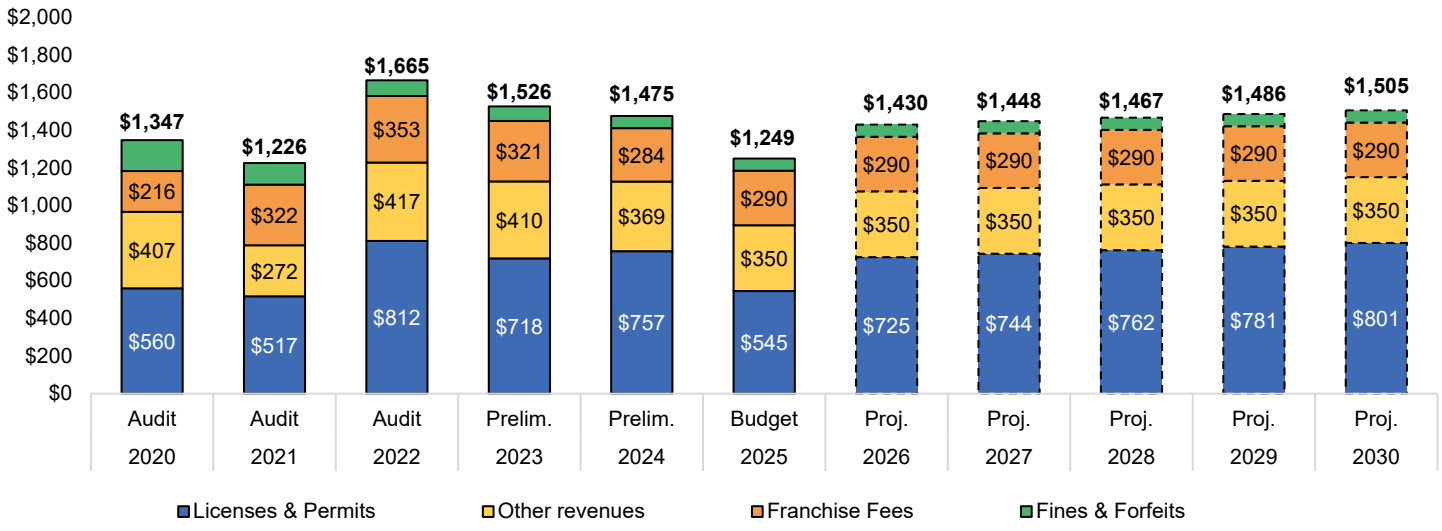


Department earnings

Departmental earnings, which include fees, fines, licenses, permits, and other service revenue, were budgeted at $1.2 million for 2025. In 2024, the City collected nearly $1.5 million, driven largely by building permits. Building permit revenue alone totaled $640,000 in 2024, and by mid-2025 the City had already collected $780,000. While this does not guarantee the final amount will double, it strongly suggests actual revenues will exceed the $1.2 million budget.

The baseline projection adjusts the building permit revenue up to $628,000 (the most recent four-year average, to correct for the conservative target in the 2025 budget. For 2027 and beyond, the model applies inflationary growth to the building permits revenue line item. Other licenses and permits are also expected to grow by inflation (2.5 percent). Franchise fees, concessions, traffic fines, and miscellaneous fees are held flat for the projection period, reflecting a flat fee or declining base (in the case of the cable television franchise fees).

Departmental Revenues ($000s)



Other revenue

Other revenues include interest income and interfund transfers. Interest income spiked to $1.2 million in 2023 as funds were placed in reserves. Since the 2025 budget anticipates the City will draw down some of its reserves this year, and the baseline shows deficits in the future, interest revenue is expected to decline. The baseline projection assumes this drawdown, with interest revenue returning to pre-ARPA levels by 2028. The baseline does not assume any non-interest transfers into the General Fund.

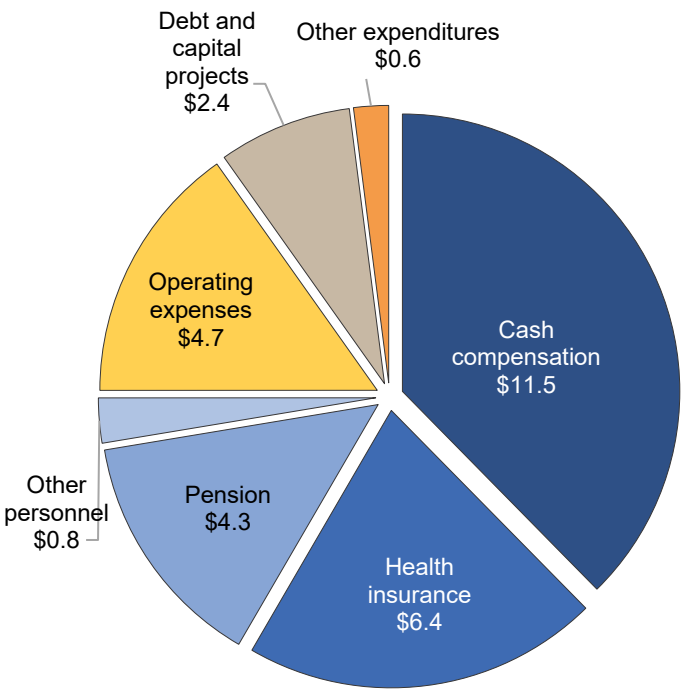
Summary of General Fund Revenues (in millions)

	Budget 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	2026-30 CAGR
Real estate tax	$15.5	$15.6	$15.6	$15.7	$15.7	$15.7	0.1%
Earned income tax	$2.8	$3.1	$3.2	$3.2	$3.3	$3.4	3.0%
Business privilege tax	$2.9	$3.0	$3.0	$3.1	$3.2	$3.2	2.0%
Other taxes	$1.4	$1.4	$1.5	$1.5	$1.5	$1.5	0.2%
Intergovernmental	$1.6	$1.7	$1.7	$1.8	$1.9	$2.0	4.2%
Dept earnings	$1.2	$1.4	$1.4	$1.5	$1.5	$1.5	1.3%
Other revenues[29]	$2.1	$0.7	$0.3	$0.0	$0.0	$0.0	-63.9%
Total revenues	**$27.6**	**$26.9**	**$26.8**	**$26.8**	**$27.0**	**$27.3**	**0.4%**

Expenditures

Like most Pennsylvania governments, most of Williamsport's General Fund budget is allocated to employee compensation. All combined personnel expenditures sum up to three-quarters of the 2025 budget (or $23.0 million). Expenditures can be divided into three broad categories: personnel, operating expenses, and debt and capital.

General Fund Expenditures, 2025 ($ Millions)



Personnel costs

Cash compensation includes salaries and wages, overtime costs, tenure-based longevity pay, and severance pay. Salaries and wages grew at an average of 4.6 percent per year between 2020 and 2024, and overtime grew at 2.0 percent annually.

Total headcount increased from 149.5 full-time equivalents (FTEs) in 2020 to 156 FTEs in 2024, with most growth occurring in 2023 when ARPA funds became available (+8.1 FTEs). New positions were added in the fire department (+2.5 FTEs), police department (+3.0 FTEs), and planning department (+3.3 FTEs). The planning positions reflect a correction: they had previously been misclassified in the Community

[29] This category includes $1.4 million transferred into the General Fund from the Emergency and Reserve Fund. As noted earlier, we do not assume future transfers of this type, though the City could make them if tax receipts exceed budget targets.

Development Block Grant (CDBG) budget instead of the General Fund.

Trend #4: Total cash compensation grew faster (4.2 percent) than total tax revenues (2.7 percent) over the last five years. This is in part driven by headcount growth, especially in 2023.

The baseline projection assumes base salaries to grow based on the across-the-board wage increases provided in the existing bargaining agreements. In the case of expired agreements (fire and police), the baseline carries forward the latest base wage increase. The projection adds 0.5 percent growth to this percentage to account for the cost of step increases. For the office, blue collar, streets and parks employees, as well as non-bargaining employees, a flat 3 percent growth per year is maintained in the projection.

Across-the-Board Wage Increases and Assumptions by Bargaining Unit[30]

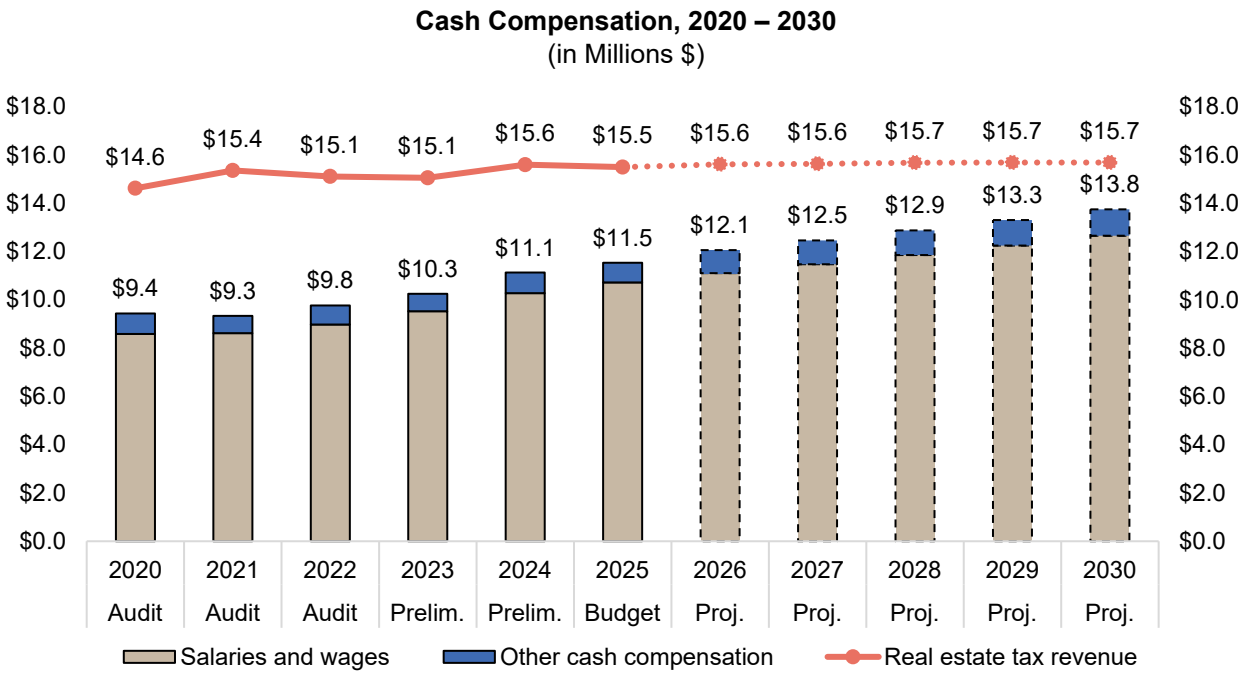
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Police	N/A	1.0%	2.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Fire	0.0%	1.0%	2.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Office & Blue Collar / AFSCME / City Employees	N/A	N/A	2.5%	3.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Streets, Parks & Flood Control	N/A	N/A	2.5%	3.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-Bargaining	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	3.0%	3.0%	3.0%	3.0%

Note: Shaded table cells indicate that the percentage is the assumption used after the expiration of the contract.

Overtime was budgeted at $710,000 in 2025, which seemed low compared to 2024 overtime spending ($820,000). The first year of the baseline projection adjusts for this underbudgeting by using the three-year post-COVID average of police overtime costs. This increases the 2026 projected overtime number by $110,000.

Even though the baseline does not assume any further headcount changes, the growth of cash compensation (3.3 percent) is still expected to exceed the growth of tax revenue to pay for it (0.8 percent). Looking just at these two components of financial performance, cash compensation grows from consuming a little less than two thirds of total real estate tax revenues in 2020 (64.5 percent) to nearly three quarters in the 2025 budget (74.4 percent) to nearly ninety percent by the end of the projection (87.6 percent), and the City needs to pay for more than cash compensation to provide services.

[30] Williamsport FOP Lodge 29 Contract Resolution (2021-2024); Williamsport IAFF Local 736 Resolution (2020-2024); Williamsport AFSCME Local 2674 Streets, Parks & Flood Control / City Employees Contract (2022-2025).



Health insurance

Health insurance accounts for a little over 20 percent of the City's 2025 budget, or $6.4 million. The City pays monthly premiums to Benecon (for most active employees and retirees) and Highmark (for some retirees). If premiums exceed the cost of claims, the balance is refunded to the City and returned to the health insurance line item. Employees can choose individual or family coverage, with family plans costing about 40 percent more. Active employees also pay a share of their premiums under their union contracts, and the reported expenditures already reflect these employee contributions.

Health insurance expenditures grew by just 2.2 percent per year during the review period, though the 2025 budget assumes a 10.2 percent increase over 2024 levels this year. Williamsport's historic growth rate of 2.2 percent is relatively modest compared to national trends. According to the 2024 Kaiser Family Foundation Employer Health Benefits Report,[31] premiums for single coverage grew by an average of 4.5 percent annually between 2019 and 2024, and 4.4 percent per year for family coverage. The City's slower growth may have specific explanations, such as fewer employee claims or other factors tied to the self-structure of its health plan, but additional information was not available for analysis.

The 2025 budget allocates $6.4 million for health insurance, which would be 10 percent more than the preliminary 2024 results show. Since this would be a large increase relative to recent experience, we apply the historic 2.2 percent growth rate after 2025 to project future spending. While the 2.2 percent annual increases are lower than we expect costs to grow, the combination of that growth rate and the high starting point in 2025 translates to 4.0 percent growth through the end of 2028. Just as the City should review and adjust its EIT projections (which may be too low), the City should review and adjust its health insurance expenditures (which may also be too low).

Pension

The City is required to make annual contributions called Minimum Municipal Obligations (MMOs) to its three employee pension plans. The City's actuary calculates the MMOs based on the plans' funding status,

[31] Kaiser Family Foundation 26th annual Employer Health Benefits Survey, 2024. Retrieved online at: https://www.kff.org/health-costs/2024-employer-health-benefits-survey/

performance relative to actuarial assumptions, payroll, and other factors. City employees also contribute to the cost of their future benefits.

The City's actuary provided MMO projections through 2030 using a similar *status quo* methodology to other parts of the baseline projection. The MMO projections assume that investment earnings meet their targets, experience matches actuarial assumptions, and the City makes timely contributions. Based on the 2023 valuation report, the City's MMOs will grow by $715,000 (or 16.7 percent) in 2026 due to deferred application of investment losses incurred prior to 2023. Beyond 2026, the City's MMO is projected to remain level for a few years until it is expected to drop by half a million dollars in 2030.

Trend #5: While the City has benefited from very modest growth in benefit costs in recent years, the City needs to monitor and manage these costs carefully since they can quickly add to projected deficits.

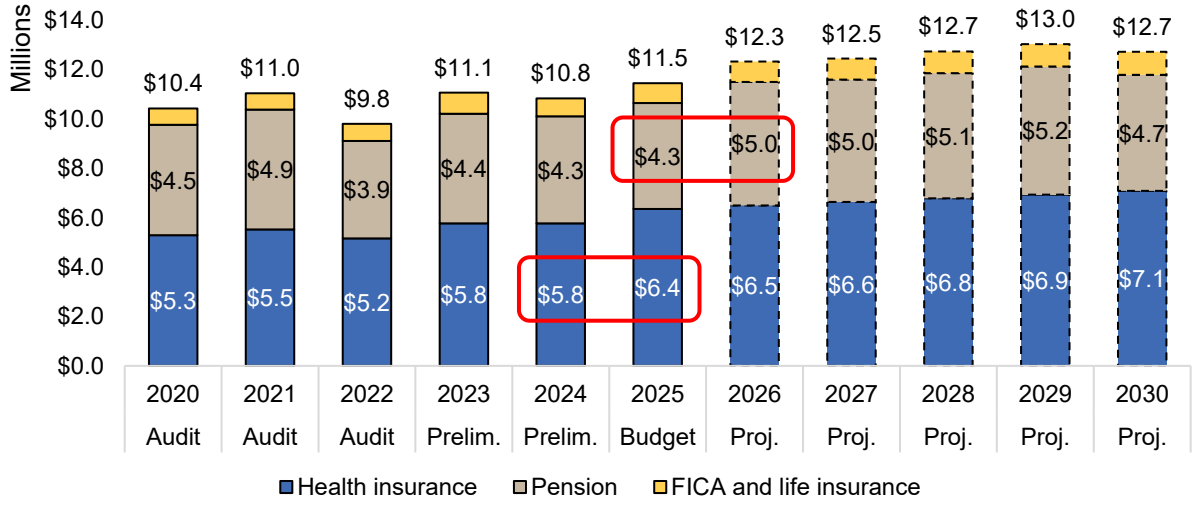
Together, health insurance and pension costs grew less than 1 percent on average over the last five years, which is a manageable level of growth for these expenditures. But past performance does not guarantee future success in keeping cost growth low.

Health insurance represents 20 percent of the budget, and it is harder to project or control than cash compensation. While base wage increases are often set by collective bargaining agreements several years in advance, the City has some discretion to manage the net cost of those increases by managing headcount. The terms of employee health benefits are also set by collective bargaining agreements years in advance, but the City cannot control when and how much its employees need health care. If premiums rise rapidly, the City will not have more than a few months' notice before the increases take effect and, unless the bargaining units agree to changes in the plan types and design, City government and its taxpayers are responsible for absorbing those increases.

While we did not receive additional information for our analysis, the City should learn more about why its health insurance expenditures were so low from 2020 through 2024. Identifying the causes for this favorable performance will help the City understand how likely it is that such performance will continue.

On the pension side, the City is going to absorb a $700,000 increase in pension costs in 2026. That is the equivalent of giving everyone an additional 7 percent wage increase in 2025. This increase also means that pension costs totaled more than $5 million for the first time, or 15 percent of total spending. While the City's actuary projects pension costs to come down in 2030, a close monitoring of such projections can help the City plan for – or even mitigate – higher contributions.

Fringe Benefits, 2020 – 2030



Please see the Revenue Opportunities chapter for more discussion of these concepts.

Operating expenses

Contracted services are the City's largest operating expense, budgeted at $1 million in 2025. This amount includes the remaining legal costs from the previously mentioned federal investigation and higher auditing expenses needed to address the backlog of outstanding audits. The baseline projection lowers contracted services to $900,000 in 2026 and $700,000 in 2027 as these non-recurring costs phase out.

General liability insurance costs grew by 8.6 percent per year during the review period as the City made various equipment purchases with ARPA funds, increasing the number of covered assets. The 2025 budget assumes a 7.0 percent increase in these costs, and the baseline carries that annual growth rate forward through 2030.

In 2023, the City created the City Hall Operating (CHO) Fund that allocates facility maintenance and information technology (IT) costs to departments. Each department pays a share of the fund's annual expenses, based on the percentage of facilities or computers it uses. The police department is responsible for the largest share of facilities cost (45 percent), and it has the most computers (45 percent). The City Clerk is the second largest facility user (14 percent), followed by Finance/Controller (8 percent). Codes and Fire are the second and third largest departments in terms of the share of computers. Every department, except IT itself, contributes to the IT allocation.

Most items in the operating expenses category have an inflationary growth rate, including vehicles, equipment, materials, supplies, office expenses and facilities. The baseline projects an average annual growth rate of 1.6 percent for all operating costs.

Operating budget vs. Operating expenditures

The City allocates 24 percent more for operating expenditures in its 2025 budget than it reportedly spent in 2024. Historically, this category has grown by about 12 percent per year, suggesting the 2025 budget may be overstated. To test whether this is a recurring pattern, we compared budgeted and actual spending in 2024.

That review showed the City often budgets conservatively (i.e. more money allocated to operating expenditures than will be spent). In 2024, the fire department spent only 55 percent of its supplies budget,

and the streets department underspent its gas and oil allocation by a similar margin. While the model adjusts for a few clear cases of overbudgeting, there are likely other line items where the 2025 budget allocates more than the City needs and the baseline carries that conservative estimate forward.

Mid-year 2025 results reinforce this trend. As of June 30, the City had spent 42 percent of its operating budget. Excluding general insurance, which is typically paid in a lump sum and already near budget, operating expenses were closer to one-third of the annual allocation. If spending in the second half of the year mirrors the first, the City could finish 2025 as much as $1 million under budget for operating expenditures. This pattern does not apply to compensation and benefits, where spending closely tracked budgeted levels at about 50 percent mid-year.

Trend #6: The City is on track to underspend on operating expenses listed in the 2025 budget, potentially saving up to $1 million if spending patterns hold.

Debt and capital

The City issued general obligation (GO) bonds in 2017 and 2019 and makes annual debt service payments (principal and interest) on these obligations. The 2025 General Fund budget allocates $1.6 million for these payments, which are scheduled to drop to $900,000 in 2029 (General Fund portion). The City has already spent the associated bond proceeds so any future large projects will require new debt that is not included in the baseline projection.

Before 2023, the General Fund budget did not allocate money for capital projects. With the arrival of ARPA funds, the City established the Capital Project Fund; transferred $2.3 million of its ARPA funding into it to begin planning for capital expenses; and adopted a multi-year capital budget. This approach allows departments to contribute annually toward larger, future expenses, calculating yearly “set-asides” based on the expected replacement year for each asset.

The baseline projection reflects only the capital needs identified during the 2025 budget process (the amounts in the 2025 Capital Budget), though we acknowledge additional investments will be needed. For major facility or infrastructure projects, the City will need to issue new debt.

Trend #7: The City will need more capital investments beyond what’s included in the baseline, and would likely need new debt to finance those projects.

Please see the Financial Management and Public Safety chapters for more discussion of these concepts.

Overall, the City’s General Fund expenditures grow by 1.4 percent over the five-year period in the baseline projection, with higher growth projected in the early years. The 2026 projected expenditures are 4.3 percent higher than the 2025 budget, even after adjusting for some of the conservative 2025 budget allocations, primarily because the City’s pension contributions increase by $0.7 million (or 16.7 percent). The baseline anticipates that spending on external legal and auditing services will drop, which will help offset annual increases in employee compensation costs. The baseline incorporates the scheduled reduction in debt service payments in 2029, but it does not account for the likelihood that the City will have to issue new debt before the end of 2030, which will increase those expenditures. It may also understate future employee health insurance costs, depending on what further analysis reveals about the very low growth rate that the City reportedly enjoyed during the review period.

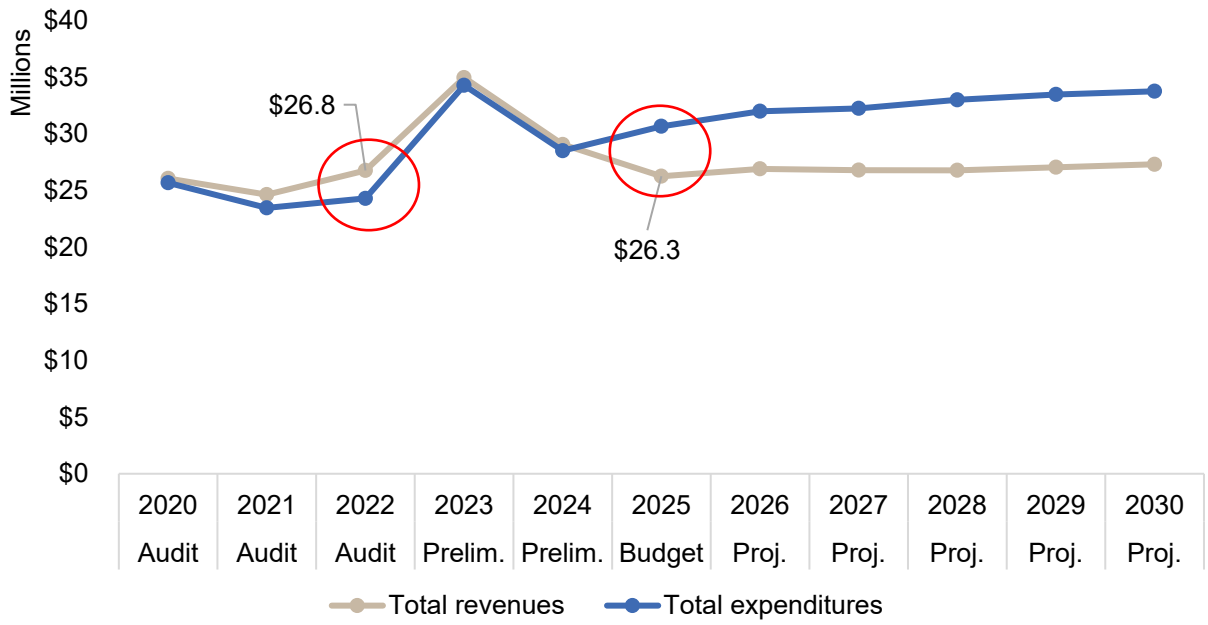
Summary of General Fund Expenditures (in millions)

	Budget 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	2026-30 CAGR
Cash compensation	$11.5	$12.1	$12.5	$12.9	$13.3	$13.8	3.3%
Health insurance	$6.4	$6.5	$6.6	$6.8	$6.9	$7.1	2.2%
Pension	$4.3	$5.0	$5.0	$5.1	$5.2	$4.7	-1.6%
Other personnel	$0.8	$0.8	$0.9	$0.9	$0.9	$0.9	3.1%
Operating expenses	$4.7	$4.6	$4.5	$4.6	$4.7	$4.9	1.6%
Debt and capital projects	$2.4	$2.5	$2.3	$2.2	$1.8	$1.8	-7.6%
Other expenditures	$0.6	$0.6	$0.6	$0.6	$0.6	$0.6	1.7%
Total expenditures	**$30.7**	**$32.0**	**$32.2**	**$33.0**	**$33.5**	**$33.7**	**1.4%**

Conclusion: Revenues rewind to 2022, spending does not

Assembling the revenue and expenditure components into a comprehensive baseline projection yields the following result. As described earlier, the City's adopted 2025 budget is $4.4 million out of balance after use of fund balance and transfers from the Emergency and Reserve are removed, and the deficits then grow to $6.4 million by the end of the projection because of the structural imbalance (expenditures naturally grow faster than the revenues available to fund them).

Baseline Projection (Millions)



	Budget 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
Total revenues	$26.3	$26.9	$26.8	$26.8	$27.0	$27.3
Total expenditures	$30.7	$32.0	$32.2	$33.0	$33.5	$33.7
Surplus / (Deficit)	**($4.4)**	**($5.1)**	**($5.4)**	**($6.2)**	**($6.4)**	**($6.4)**

At $26.3 million, the City's budgeted revenues for 2025 are slightly *lower* than they were in 2022, which was the first year that the City transferred ARPA funding into its General Fund. The City could collect more revenue than the $26.3 million budget target this year. As noted earlier, building permits had already exceeded the budget target in June. But strong performance in one area, especially where it is driven by non-recurring factors like large construction projects, is not enough to offset the stagnant growth from the real estate tax that accounts for more than half of the budget.

Meanwhile, the City's budgeted expenditures for 2025 have not rewound to 2022 levels. The 2025 budget allocations indicate 7.6 percent growth over preliminary 2024 results, though conservative budgeting could again explain some of the increase. Mid-year results indicate it is likely the City will spend less than budgeted on operating expenditures, which should reduce year-over-year growth. But compensation costs that account for nearly three quarters of the budget were on pace to hit budgeted levels midway through the year.

This dynamic – revenues rewinding to 2022 without also rewinding the spending to those same levels – is the primary challenge that the City will have to meet in the near term. The City will have to both increase revenues and reduce spending growth. There may be some areas where the City has to do more than slow spending growth and spend less now than it did in prior years, but it is unlikely the City can cut its way to a balanced budget given its small size and the practicalities that costs rise over time due to inflation, contractually obligated wage increases, and the rising cost of health care.

The final section of this Plan provides recommendations for actions the City can take to close the projected near-term deficits and move closer to structural balance. Achieving structural balance is both an end goal and a means to achieving other priorities, like ensuring that City government can provide the right mix of services to Williamsport's residents, businesses, and others. The next section of this Plan describes those services in more detail.

Management Review

City government's fiscal outlook is inseparable from the services it provides every day. Building on the prior chapter's analysis of revenues, expenditures, and trends, this chapter connects departmental missions to money, outlining what departments are responsible for, how these responsibilities are organized across departments, and how resources have been allocated from 2020 through 2024.

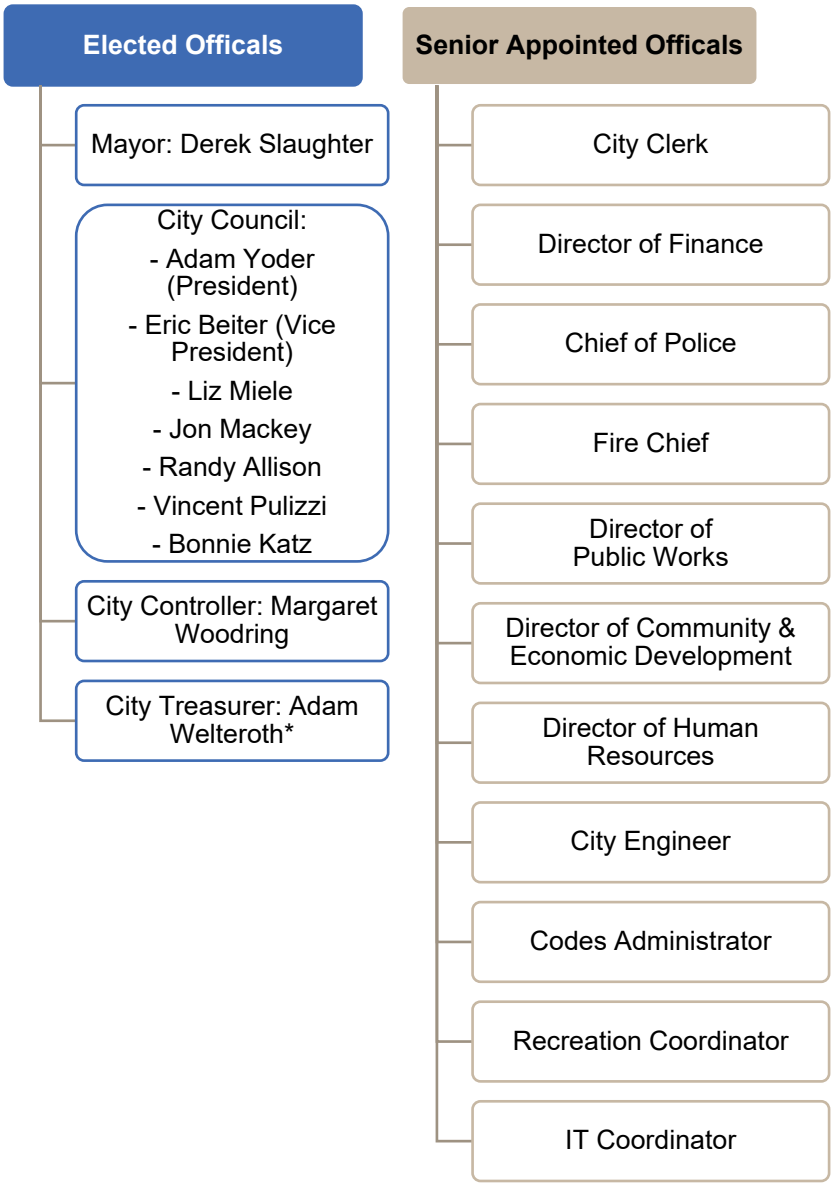
The chapter provides department profiles that summarize missions, staffing, spending trajectories, and the most salient operational pressures and longer-term goals identified through interviews with City leadership and staff. These sections highlight where efficiency gains, cost control, and revenue improvements are most achievable, which then leads to the recommendations in the final section of the Plan.

During the departmental review process, we conducted interviews with each department director and staff who were included in the process at the director's discretion. Interview discussions focused on each department or office's primary responsibilities, the allocation of staff to those functions, recent staffing changes, and other factors relevant to the City's financial and operational performance.

This chapter groups City departments into broader service categories to illustrate the types of services provided, rather than represent the City's formal organizational structure or reporting relationships. Please note this chapter does not discuss changes in non-departmental expenditures such as debt service, the City's contribution to River Valley Transit, or interfund transfers.

Before reviewing the departmental expenditures, the reader should be aware of an important accounting change implemented midway through the review period. In 2023, the City started to charge each department a share of the costs associated with information technology, facility maintenance, and other shared activities. Each department transfers money to the City Hall Operations (CHO) Fund, and then that fund pays the expenditures (e.g. IT employee salaries, utility bills). While that may be a more accurate reflection of each department's true cost of operations, it skews the historical comparison since it was not in effect for the entire review period. We have removed the CHO funding allocation from each department to show its spending patterns more clearly.

City of Williamsport Elected and Senior Appointed Officials



*Kevin Mackey was in the City Treasurer position at the start of this engagement. After Mackey's resignation in late 2025, Adam Welteroth was appointed to the position.

Mayor's Office

The Mayor's Office works to make Williamsport an enjoyable place to live, work, and play while serving as the leadership hub for the City's governance and administration.

Williamsport operates under Pennsylvania's Optional Third-Class City Charter Law. According to the City's Administrative Code, the Mayor serves as the chief executive, exercising executive authority over the administration (§123.01). The Mayor appoints department heads with the advice and consent of City Council and approves or removes departmental employees. The Mayor is also responsible for enforcing City resolutions and ordinances, ensuring compliance with applicable general laws, and providing executive oversight of all City departments.

The Mayor's Office has consistently had two positions – the Mayor and an Office Manager – and total expenditures were flat through the review period. The Office spent more on personnel over this period, mostly concentrated in fringe benefits (health insurance and pension contributions) and offset that increase by reducing operating expenditures.

Mayor's Office Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Prelim.	2024 Prelim.	CAGR[32]
Expenditures	$244,201	$268,730	$271,374	$258,693	$246,713	0.3%
Budgeted FTEs	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**0.0%**

City Council

City Council serves as the legislative body of Williamsport, responsible for creating and adopting local laws, approving budgets, and overseeing City finances. Led by the Council President, Council members work closely with the Mayor and City departments to set policies, manage public services, and guide community development, public safety, and overall quality of life.

Council has 7.5 full-time equivalents (FTEs), but no full-time employees. The seven council members receive a stipend of $3,000–$3,500 for their service and the City allocates a stipend for the secretarial work associated with the Historic Architectural Review Board (HARB). The City has previously provided health insurance coverage ($102,000 in 2024) but will eliminate that benefit going forward. That was the largest expenditure line in Council's 2025 budget.

City Council Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$212,381	$160,222	$159,642	$302,551	$279,252	7.1%
Budgeted FTEs	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

[32] Compound Annual Growth Rate (CAGR)

Office of the City Clerk

The City Clerk, appointed by City Council, serves as the official recordkeeper of the legislative branch. The Clerk prepares agendas, records and preserves Council minutes, and maintains ordinances and resolutions. The office holds notary powers for City business and ensures transparency by coordinating with the Mayor, Council, and City departments to maintain accurate legislative records, while also being responsible for swearing in police, fire, and other public officials and members of various boards and authorities in accordance with the Third-Class City Charter. Additionally, the office is responsible for numbering resolutions and ordinances, serving as the city's Right-to-Know officer, and filing annual reports with Department of Community and Economic Development (DCED) each December. It is the mission of the Clerk to dutifully and efficiently provide this suite of services in accordance with State law.

The Clerk position itself is the only one in the Office and the introduction of office rent charges in 2023 accounts for most of the spending growth.

City Clerk Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$85,975	$81,489	$81,515	$100,368	$101,699	4.3%
Budgeted FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**0.0%**

Most of City government's records remain in paper form, with significant backlogs of documents that require **digitization**. Progress for digitization was delayed by the COVID-19 pandemic and further complicated by a transition to a new website vendor, which resulted in the loss of previously scanned files. It is the goal of the Clerk's office to digitize the entirety of their records over the next five years. Other departments, like Finance, noted a similar need.

While the Clerk manages the duties of the office effectively, the City needs **succession planning** in the light of the Clerk's planned retirement in 2027. Currently, no formal plan exists to ensure the continuity of operations, though hiring a temporary part-time assistant position was suggested to support that transition.

Bureau of Law

The City Solicitor is appointed annually by majority vote of City Council (§125.01). The Solicitor and any Assistant Solicitors provide legal counsel to City Council, the Mayor, City Administration, and Council committees. Responsibilities include attending Council meetings, handling litigation and other legal matters, and ensuring compliance with applicable law. Legal services are provided under annual written contracts rather than by a full-time, in-house legal department. Spending increased because of the need for additional legal services related to the misappropriation of federal transportation funding and should fall as that case moves toward resolution.

Bureau of Law Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$95,235	$89,496	$114,872	$82,476	$183,790	17.9%
Budgeted FTEs	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**0.0%**

Office of the City Controller

The Office of the City Controller oversees accounting and financial matters for the City of Williamsport. Under the Code, the Controller administers the City's encumbrance system for budget operations, monitors revenues and expenditures, and issues monthly financial reports to the Director of Administration, Council, and department heads (§131.01). The Controller also reviews and preaudits all claims against the City, approving warrants for payment only if expenditures comply with budget allotments and legal requirements (§131.01). Williamsport's Controller, Margaret Woodring, is supported by a half-time Deputy Controller.

The Office's largest expenditure is its payment to the external auditing firm that produces the City's annual comprehensive financial report. The City has been working to produce prior year audits, which increased the Office's spending on this contracted service line from $2,000 in 2022 to $132,000 in 2024. At the time of analysis, the City Finance Director expected the 2023 audit would be released in Q4 2025 and then the City would use a competitive bidding process to select a firm to work on the 2024 and 2025 audits. Once the City addresses this backlog, auditing expenses will be lower.

Office of the Controller Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$158,310	$87,007	$93,434	$184,167	$238,564	10.8%
Budgeted FTEs	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**0.0%**

Office of the Tax Collector (Treasurer)

The City Treasurer is likewise elected. The Treasurer is responsible for receiving, depositing, and disbursing all City funds (§129.01–129.02). Specific duties assigned to this position by City statute include:

- Receiving all City revenues, including those collected by departments;
- Disbursing funds in accordance with warrants approved by the Controller and the Director of Administration (§129.01); and
- Designating depositories for City funds jointly with the Mayor and Director of Administration (§129.02).

Treasurer Kevin Mackey oversees the office, which has three positions – the Treasurer/Tax Collector, an Office Manager and a Teller, which was added first on a part-time basis in 2022 and then full-time in 2023.His office is responsible for collecting City and School Real Estate, Business Privilege, Mercantile, Amusement, and Local Services Taxes. All staff process payments, handle cash receipts, and conduct compliance checks. The Department's mission is to ensure efficient, accurate, and transparent collection of revenues that sustain City services while advancing improvements in compliance and customer service.

Office of the Tax Collector Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$222,547	$258,055	$252,230	$330,656	$334,013	10.7%
Budgeted FTEs	**2.0**	**2.0**	**2.5**	**3.0**	**3.0**	**8.4%**

During the management review, the Treasurer highlighted the following opportunities to increase revenues through stronger tax collection:

- Under the current Treasurer and his predecessor, the City has increased BPT revenues from $2.2 million in 2020 to $3.1 million in 2024, which translates to 8.4 percent annual growth for a revenue line that often has much lower growth. The Treasurer has identified $175,000 in **outstanding business privilege taxes and associated fines** that are owed to the City, and he needs information from the County government to pursue collections.

- The Treasurer noted that infrequent real estate reassessments undermine the fairness of the real estate tax system and limit the growth in real estate tax revenues for the City, absent tax rate increases. Lycoming County is responsible for reassessments and expects to complete the next one for tax year 2028, which would be the first since tax year 2005. He cited the value of **more aggressive pursuit of assessment appeals**, which the City could initiate on its own or in cooperation with the Williamsport Area School District. He also noted the need for higher contributions from the major non-profit institutions that hold a significant amount of tax-exempt property in Williamsport.

- The Treasurer expressed concern about pending state legislation (currently HB 1141) that could reduce Williamsport's revenues collected from games of skill. Currently, these machines generate about $33,000 in amusement tax and an estimated $40,000 in business privilege tax. The Treasurer expressed concern that this legislation could divert this money to the Commonwealth and then be reallocated among communities, resulting in a smaller share for Williamsport.

- The Treasurer voiced support for the City's **Local Economic Revitalization Tax Assistance Act (LERTA) program, especially as it relates to residential properties**. Currently, the County, School District and City offer a 10-year, 100% tax abatement to newly constructed residential property and a 7-year declining abatement for improvements to existing deteriorated properties, but only the City offers these benefits for *residential* properties. The Treasurer noted the importance of providing incentives for homeowners to improve their properties and close the gap in real estate tax rates between Williamsport and other communities, even if that benefit is time limited.

Please see the Revenue Opportunities chapter for further discussion of these issues and related recommendations.

Overall, the City's expenditures for elected and senior appointed officials increased by 8.0 percent per year, though some of the increase was driven by the backlog of outstanding financial audits and legal proceedings that are nearing completion. Once those expenditures return to prior levels, the City's spending in this area should drop and then grow less.

Elected and Senior Appointed Officials Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Mayor's Office	$244,201	$268,730	$271,374	$258,693	$246,713	0.3%
City Council	$212,381	$160,222	$159,642	$302,551	$279,252	7.1%
City Clerk	$85,975	$81,489	$81,515	$100,368	$101,699	4.3%
Bureau of Law (Solicitor)	$95,235	$89,496	$114,872	$82,476	$183,790	17.9%
City Controller	$158,310	$87,007	$93,434	$184,167	$238,564	10.8%
City Treasurer	$222,547	$258,055	$252,230	$330,656	$334,013	10.7%
Expenditures	**$1,018,650**	**$944,999**	**$973,067**	**$1,258,911**	**$1,384,031**	**8.0%**
Budgeted FTEs	**6.5**	**6.5**	**7.0**	**7.5**	**7.5**	**3.6%**

Administration

The **Finance Department** performs several core financial and fiscal management functions, including recording the City's financial activity, maintaining the computerized accounting system, processing payments to vendors, overseeing payroll, and providing citywide purchasing oversight. The Department also prepares and monitors the City's Annual Operating and Capital Budgets as adopted by City Council and supports transparent, accountable, and efficient financial operations across all bureaus.

The Department has 4.5 FTEs in 2025 – the Director; the Budget and Fiscal Officer; the Grant Administrator, who works mostly with the Planning Department; an Accounting Assistant and part-time clerical support.

The Finance Department's expenditures increased by $478,000 over the review period, or 10.9 percent per year, but that high growth rate needs context for a full understanding. Salary spending appears to have almost tripled from 2020 to 2024 because the City increased its headcount from 3.0 to 4.5 FTEs. In the early years, the City did not allocate any salary for the Finance Director position to the Finance Department, so the number of employees charged to the department more than doubled over this time from 2.0 to 4.5.

The Finance Department carries Citywide expenditures for general liability insurance ($547,000 in 2024); the Municipal Tax Office ($83,000) and certain planning expenditures ($168,000). The Planning Department is a separate unit described later in this chapter. Finance also has some debt expenditures,[33] though these should be considered City-wide and not only for the Finance Department.

Finance Department Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Salaries & Wages	$95,716	$107,481	$85,213	$128,733	$255,289	27.8%
Other personnel	$93,510	$70,982	$57,719	$70,654	$129,539	8.5%

[33] These are interests and penalties that, prior to 2024, were recorded as a transfer to the debt service fund.

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Insurance - Commercial Policies	$393,013	$427,968	$450,027	$460,418	$547,075	8.6%
Planning Expense	$100,496	$134,967	$168,708	$161,580	$168,300	13.8%
Municipal Tax Office Expense	$150,874	$83,016	$75,852	$82,958	$82,958	-13.9%
Other operating expenditures	$90,112	$25,042	$138,888	$230,557	$48,409	-14.4%
Debt	$4,682	$0	$3,279	$1,984	$175,268	147.4%
Expenditures	**$928,403**	**$849,457**	**$979,686**	**$1,136,885**	**$1,406,839**	**10.9%**
Budgeted FTEs[34]	**3.0**	**3.0**	**3.0**	**2.8**	**4.5**	**10.7%**

Prior to 2023, the City also recorded its **Information Technology** related expenditures within this department ($89,000 in 2022). Most IT expenditures are now recorded in the separate City Hall Operating Fund, with each department contributing an amount to that fund based on their facility and computer usage.

Information Technology Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$125,236	$103,596	$88,678	$0	$0	-100.0%
Budgeted FTEs	**1.0**	**1.0**	**1.0**	**0.0**	**0.0**	**-100.0%**

The **Human Resources** (HR) Department plays a strategic role in helping City departments attract, motivate, develop, and inspire excellent employees so the City can fulfill its mission to residents. The department provides a full range of services including recruitment, selection, and staffing; labor and employee relations management; retention and engagement; health benefits and wellness administration; safety and risk management; training and development; performance management; and workers' compensation administration.

Its goals are to deliver high quality customer service; employ technology and methods that enhance service and productivity in a cost-effective manner; recruit and retain qualified and diverse employees; maintain the City's compensation program; and administer cost-effective, value-added benefit programs that enable the City to attract and retain talent.

The HR Director is the Department's only employee, and most expenditures are related to Director compensation, including pension and health insurance benefits. While the Department administers benefit programs, such as workers compensation and employee health insurance, the cost of those benefits are distributed throughout the organization.

[34] The Finance Director position was vacant in 2020, 2021 and 2022 and then partly funded by the General Fund in 2023. It was moved to and fully supported by the General Fund in 2024.

Human Resources Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	$95,512	$94,943	$100,449	$105,404	$117,242	5.3%
Budgeted FTEs	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**0.0%**

Finance and HR both noted the time intensive nature of producing payroll since the City uses multiple timekeeping systems. Police and Fire use a separate system from the rest of City government because of their unique scheduling needs, and the systems do not integrate well together. As a result, the City pays for three systems and manually reconciles differences between them.

Please see the Workforce Management chapter for further discussion of these issues and related recommendations.

Bureau of Police

The Williamsport Bureau of Police (WBP) is charged with enforcing the law, preserving the peace, and providing effective police services that improve the quality of life for all residents while upholding the values of courage, commitment, integrity, loyalty, professionalism, and esprit de corps.

The Bureau is led by a Chief and Assistant Chief who manage 48 sworn officers at the following ranks:

- One captain
- Two lieutenants
- Four sergeants
- Six investigative agents
- Five corporals
- 30 Police Officers

The Bureau also has three full-time civilians – an Office Manager, Records Supervisor, and a Data Systems Operator, who support information technology coordination and community relations. The Bureau also has three grant funded positions. The Information Technology Coordinator has been an especially valuable addition since that position provides IT support for the department's equipment, most notably for body-worn cameras and patrol vehicles. The other two grant-funded positions are part-time Community Relations Liaisons, but all three grant positions are part of a pilot program that expires at the end of 2025.

The department is exploring other opportunities to use civilians for work currently assigned to police officers ("civilianization") so those officers can focus on core policing duties. These roles could include intelligence/crime analysts, property and evidence staff, and mental health supports.

The Bureau provides a full suite of public safety services through divisions that include Patrol, School Resource Officers, a K-9 Unit, a Crisis Emergency Response Team, a Criminal Investigations Unit, a US Marshals Task Force Officer, and an FBI Liaison Officer, along with administration, records management, and community outreach functions (see organizational table provided by the Bureau on next page).

Between 2020 and 2024, the Bureau's expenditures increased by 3.8 percent on average with most of that growth concentrated in cash compensation and capital purchases (including vehicles). Cash compensation (mostly salaries and overtime) increased when the City increased headcount from 50 in 2022 to 55 in 2024.

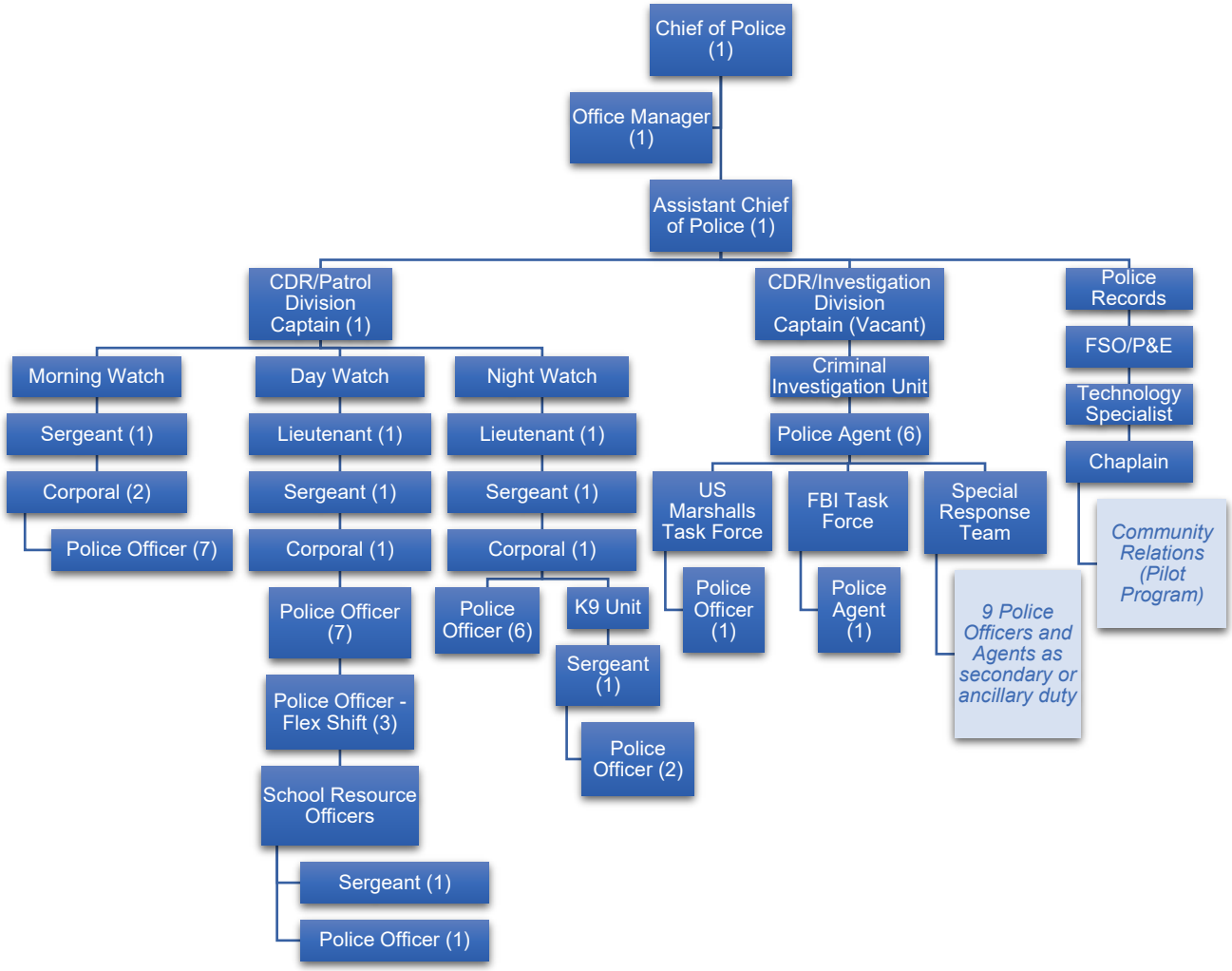
The City has recently been investing in vehicle replacement and capital projects, where it only spent $20,000 combined in 2020 and 2021.

Bureau leadership also noted their success in securing grants to fund core operations, such as a $1.6 million grant from the Pennsylvania Commission on Crime and Delinquency (PCCD) for training, equipment, and programming. This external support is welcome since it lessens the draw on tax revenue to fund these services, but it does create some risk if the grant funding ends.

Bureau of Police Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Cash compensation	$4,214,585	$4,345,090	$4,669,717	$4,702,551	$5,072,266	4.7%
Pension	$1,834,987	$1,924,363	$1,896,938	$1,928,413	$1,932,665	1.3%
Health insurance	$2,345,788	$2,467,401	$2,026,103	$2,514,595	$2,495,036	1.6%
Other personnel	$218,592	$245,996	$258,329	$254,861	$257,597	4.2%
Vehicle / Capital Purchase	$20,246	$0	$81,928	$426,715	$251,171	87.7%
Operating Expenditures	$444,963	$355,487	$458,694	$526,358	$516,740	3.8%
Expenditures	**$9,079,161**	**$9,338,338**	**$9,391,709**	**$10,353,492**	**$10,525,476**	**3.8%**
Budgeted FTEs	**52.0**	**49.0**	**50.0**	**53.0**	**55.0**	**1.4%**

Williamsport Bureau of Police Organizational Chart as of July 2025[35]



Calls for service

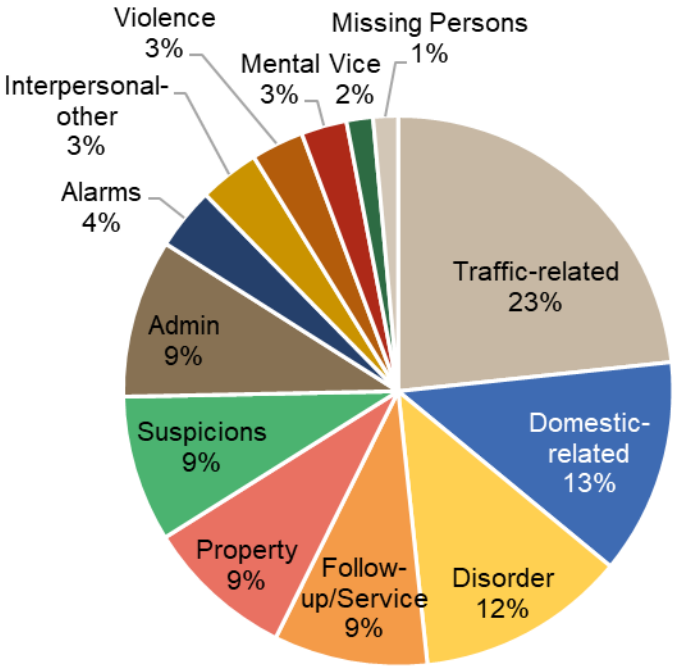
The calls for service data presented below will provide the reader with some sense for the Bureau's total workload. The data includes both officer-initiated activity and responses to incidents, but it does not present clearly the distinction between that self-initiated, proactive work (e.g., traffic stops and community outreach) and their reactive work (responding to 911 calls). This data also does not show how long it takes to respond to a particular call, if more than one police unit arrived on scene, or the time spent on activities like investigation that follow the initial call response. While we acknowledge those limitations, this is a useful, data-driven description of an important part of the Bureau's work.

WBP officers respond to a mix of call types, but three types of calls account for nearly half of calls for service. The largest category is **traffic-related incidents** (23 percent of calls in 2024), which are mostly traffic stops (54 percent of traffic incidents), accidents and other vehicle-related issues (stolen, abandoned, etc.). **Domestic-related calls** represent about 13 percent of the total call volume, and the majority (90 percent) of those are domestic disputes without injury or violence. Only a small portion of the domestic-

[35] In the organizational chart, FSO/P&E means forensics and property and evidence.

related calls are abuse or result in injury (child abuse, domestic w/ injury). A close third category in call volume are **disorder** calls, mostly reported as *disturbance*, which covers a wide range of incidents. The other half of the Bureau's call volume is split across different activities as shown below.

Williamsport Bureau of Police Calls for Service by Category, 2024



According to the data provided, the volume of calls for service has trended down from 16,000 in 2020 to 14,700 in 2024, an average decline of 2.4 percent per year. The biggest reductions were in administrative calls, disorder, and traffic-related incidents. The volume of follow-up/service calls increased by 88.4 percent (or 17.2 percent per year) over this time. This is driven by a shift in how the Bureau handles non-urgent or lower priority calls. Rather than dispatching a patrol unit in every situation, these calls are often resolved over the phone.

Total Williamsport Police Calls Reported by Lycoming County Communication Center[36]

	2020	2021	2022	2023	2024	CAGR
Traffic-related	4,433	4,591	4,461	3,580	3,425	-6.2%
Domestic-related	1,905	1,972	1,863	1,903	1,858	-0.6%
Disorder	2,356	2,074	2,112	2,240	1,813	-6.3%
Admin	1,911	1,625	1,217	1,325	1,355	-8.2%
Follow-up/Service	706	810	1,120	1,536	1,330	17.2%
Property	1,240	1,268	1,338	1,341	1,297	1.1%
Suspicions	1,176	1,107	1,128	1,323	1,262	1.8%

[36] The numbers include all calls provided to WBP by Lycoming County. Each year, roughly 15 to 20 percent of calls list a non-police agency (e.g., ambulance, sheriff's office) as the primary responder. WBP leadership noted these calls were likely later handed off to police and so they were included in the total call volume here.

	2020	2021	2022	2023	2024	CAGR
Alarms	625	580	680	571	537	-3.7%
Interpersonal-other	512	526	520	516	522	0.5%
Violence	462	509	480	501	454	-0.4%
Mental	384	424	447	403	395	0.7%
Vice	281	281	258	215	229	-5.0%
Missing Persons	171	190	173	185	215	5.9%
Total Calls for Service	**16,162**	**15,957**	**15,797**	**15,639**	**14,692**	**-2.4%**

Please note that falling call volume on its own does not mean the Bureau could reduce staffing without compromising service quality. Department leadership notes the Bureau should emphasize crime *prevention* over crime *reaction,* seeking to expand community outreach, build relationships, and addressing the root causes of crime (e.g., mental health and substance abuse issues). In the initiative section, we will suggest an additional level of analysis that would go deeper into related issues not considered here (e.g., how long does an officer spend on each call) and provide the City with a more comprehensive view of whether the Bureau should change its staffing levels, overall and by rank.

The data analyzed included time stamps for when police officers were marked en route to a call, which allowed us to chart when calls generally occur. WPB has its highest call volume in the late afternoon (hours 14 through 17, or 2 pm to 5 pm) during the workweek. This correlates with the frequency of traffic-related responses, which are more likely to occur during these times.

2024 Call Volume by Hour / Day

Hour	Su	M	T	W	Th	F	Sa
0	97	41	48	42	54	61	98
1	109	41	17	26	43	63	106
2	79	26	24	13	39	55	77
3	48	19	17	16	19	27	45
4	28	15	19	18	20	13	20
5	23	19	18	16	17	9	17
6	18	27	28	31	15	25	23
7	13	41	31	36	46	32	26
8	43	92	83	70	76	65	33
9	45	107	107	93	90	97	50
10	56	125	108	125	117	96	75
11	58	118	132	133	107	98	86
12	78	104	134	104	107	114	75
13	64	109	128	126	117	109	81
14	70	139	146	114	104	135	81
15	51	108	94	99	120	130	60
16	87	134	141	159	129	124	88
17	82	132	127	126	123	122	106
18	75	93	87	122	108	95	95
19	83	91	84	98	102	92	98

Hour	Su	M	T	W	Th	F	Sa
20	91	108	102	98	118	105	102
21	98	108	103	92	112	131	109
22	81	75	97	88	96	121	103
23	43	43	52	67	58	77	99
Invalid	192	277	250	284	274	230	225
Avg	**63.3**	**79.8**	**80.3**	**79.7**	**80.7**	**83.2**	**73**

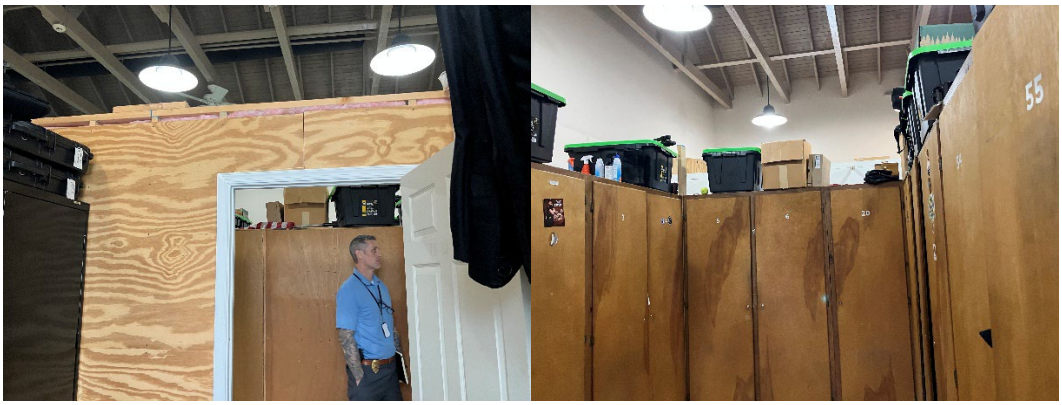
According to the Police Chief, the department's current staffing levels, coupled with the minimum manning provisions and paid time off (PTO) policies, drive higher overtime usage, especially during large events such as the Little League World Service and the MLB Classic. During these events, patrols are stretched thin, leading to increased overtime demands. While the Bureau is reimbursed for some overtime related to special events (e.g., Little League World Series), other overtime is not (e.g., MLB Classic).

The Bureau's largest operational need, by far, is related to its facilities that are both inefficient and insufficient. The Bureau's operations are spread across multiple locations, primarily the Trade and Transit Center (100 West Third Street), which houses Police command staff and Police Headquarters (810 Nichols Pl).[37]

Under this configuration, Police command staff cannot communicate or coordinate easily in person with the rest of the department. A simple face-to-face conversation requires staff at one site to leave their building, find an available vehicle, drive to the other site, and then return to their regular workplace. Police headquarters is particularly deficient as it was constructed to be a train museum and not intended to accommodate the needs of modern law enforcement. Some of the deficiencies noted on our facility tour include:

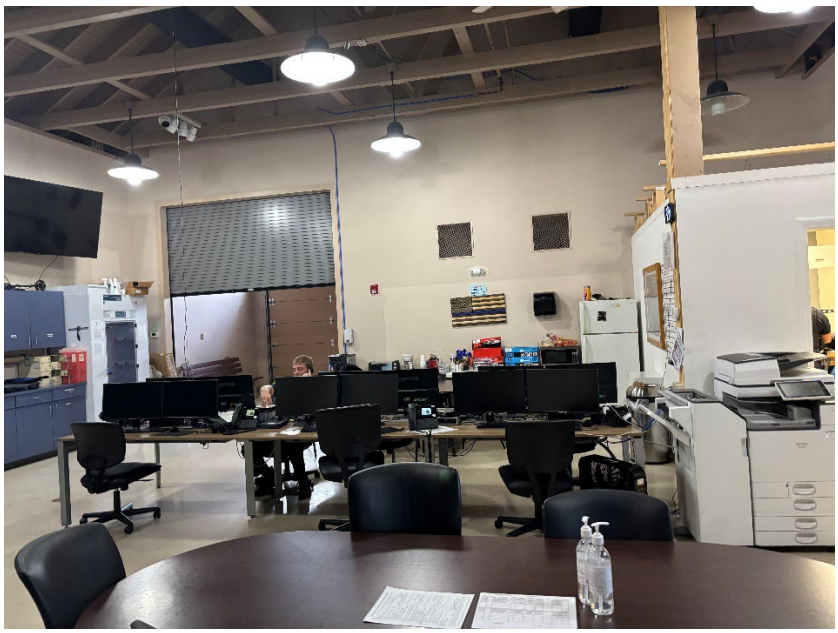
- Lack of secure parking for police vehicles
- Improvised, wooden lockers to house police officer belongings and equipment
- Insufficient space to house all police tools and equipment. As a result, police officers spend time traveling between locations to collect what they need before they can respond to a call
- Insufficient space within the building to keep sensitive activities from occurring within proximity of each other
- Insufficient space for record keeping and evidence storage

[37] The City uses three other locations where it houses records, equipment, vehicles and other items that are important to daily police operations.



Left: Doorway, Right: Police Lockers

For example, the building's layout forces officers to take calls in a shared open space, where noise from processing rooms and interview areas can disrupt communications and impede concentration. Additionally, when witnesses provide statements, officers must take extraordinary measures to prevent their exposure to alleged assailants, often requiring multiple personnel to coordinate movements through constrained spaces, at times in close proximity to critical systems such as the department's mainframe.



Williamsport Police HQ

Providing better space for the Williamsport Police should be one of the City's highest priorities over the five-year planning period. The City is not currently in a good position to issue debt to fund a new facility or improve the current police headquarters, which appears to be located on a large enough plot that the City could potentially build on a plot it already controls. Focused efforts to improve the City's overall financial picture should enable the City to address this significant shortcoming, which is currently a higher priority than addressing the City's other facility needs.

Please see the Public Safety chapter for further discussion of these issues and related recommendations.

Bureau of Fire

The Williamsport Bureau of Fire (WBF) provides fire suppression, rescue, and emergency medical services to Williamsport. The Bureau covers an area of more than nine square miles and a year-round population of roughly 30,000 full-time residents, plus college students, commuters and visitors. The Bureau's core mission is to protect life, property, and community well-being through fire response, technical rescue, and emergency medical care across the City.

The Bureau is led by a Chief, Deputy Chief and Assistant Chief who manage 34 firefighters at the following ranks:

- Four platoon chiefs
- Four lieutenants
- One fire prevention inspector
- One maintenance engineer
- 21 Fire Engineers
- Three firefighters

The Bureau also has an administrative secretary.

The Bureau's expenditures grew by 2.2 percent per year over the review period. Personnel costs, which account for most of the Bureau's budget, grew by just 1.0 percent over the review period, even after the City added three positions. As with police, the City has started to set aside money each year to cover the Bureau's capital expenditures, which are mostly related to its vehicles and its stations. Department leadership noted they are especially interested in renovating headquarters to create adequate storage and meeting space.

Bureau of Fire Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Cash compensation	$2,758,837	$2,579,340	$2,595,165	$2,800,793	$3,019,663	2.3%
Pension	$1,578,565	$1,903,370	$1,180,775	$1,643,174	$1,607,229	0.5%
Health insurance	$1,992,079	$2,102,771	$2,189,766	$1,948,296	$1,959,837	-0.4%
Other personnel	$139,756	$155,200	$144,656	$125,092	$156,284	2.8%
Operating expenditures	$255,230	$253,662	$355,159	$440,832	$331,026	6.7%
Capital projects	$0	$0	$0	$257,219	$269,720	N/A
Expenditures	**$6,724,467**	**$6,994,342**	**$6,465,522**	**$7,215,407**	**$7,343,759**	**2.2%**
Budgeted FTEs	**34.0**	**35.0**	**35.5**	**38.0**	**38.0**	**2.8%**

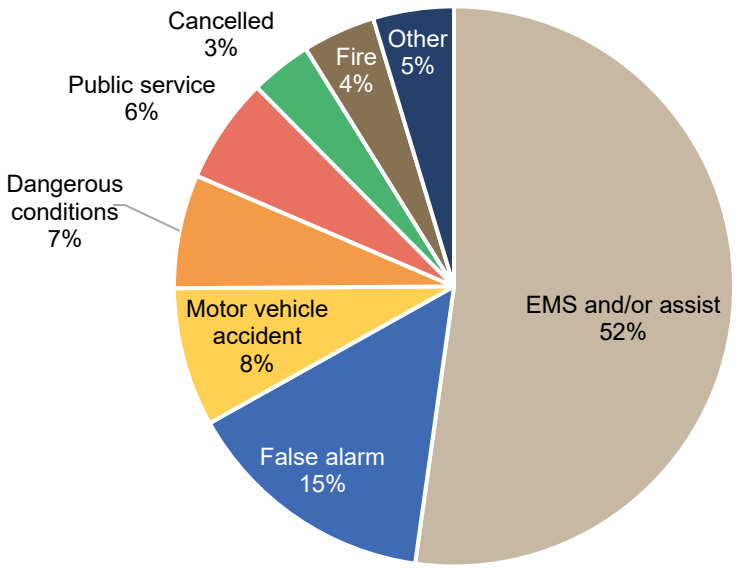
Overtime (a component of cash compensation) dropped from $370,000 in 2020 to $243,000 in 2021 and then fell to $183,000 in 2023, which was the first year that the City budgeted for 38 firefighters. Overtime rose to $231,200 in 2024, putting it close to 2021 levels. Department leadership notes that overtime usage is primarily driven by the combination of minimum manning requirements and the use of paid time off, which is concentrated in the summer and around holidays.

Calls for service

The calls for service data presented below will provide the reader with some sense for the Bureau's workload – the time that Williamsport firefighters spend responding to an incident. This data does not capture the Bureau's entire workload since firefighters also spend time on preventative activities, including investigations where the Department would like to add capacity and integrate with code enforcement, as well as equipment maintenance, training and other activities. While we acknowledge those limitations, this is a useful, data-driven description of an important part of the Bureau's work.

By far, the most common call for service is those related to **emergency medical services (EMS)** or medical assists. They accounted for more than half of calls in 2023[38] and the volume of those calls increased most years during the review period. Basic life support (BLS) and advanced life support (ALS) paramedic services are provided by the regional provider Susquehanna Regional EMS, separate from City government, but WBF also responds to EMS calls to provide Quick Response Services (QRS) support until ambulances arrive.

Williamsport Bureau of Fire Calls for Service by Category, 2023



The next two most common calls for service are **false alarms** and **motor vehicle accidents**. The false alarm category is driven by unintentional alarm activations, followed by smoke alarm malfunctions. Both incident types have dropped in volume over time. The Bureau dispatches two vehicles for motor vehicle accidents – the closest engine and the tower truck that has the rescue equipment. The Bureau dispatches all units for any residential fire alarm to maximize the number of firefighters on scene for a potential response. Fires accounted for about four percent of total call volume in 2023, though the number of fire incidents has increased by an average of 7.7 percent per year since 2019.

[38] The Bureau changed software in early 2024 which resulted in a two-month gap in the data available for analysis. We instead use 2023 as the most recent year for which 12 months of data is available.

According to the data provided, the volume of calls for service has trended up from 2,400 in 2019 to 2,700 in 2023, an average increase of 3.3 percent. The biggest increases were in EMS or medical assists; public service calls; and fires, while the number of cancelled calls has declined.

Calls for Service, 2019 - 2023

Incident Category (PFM)	2019	2020	2021	2022	2023	CAGR
EMS and/or assist	1,009	1,034	1,272	1,443	1,400	8.5%
False alarm	422	399	438	446	393	-1.8%
Motor vehicle accident	250	195	225	218	215	-3.7%
Dangerous conditions	169	124	139	201	176	1.0%
Public service	122	125	161	167	164	7.7%
Cancelled	155	136	97	94	95	-11.5%
Fire	84	105	96	133	113	7.7%
Other	143	129	121	123	125	-3.3%
Total Unique Incidents	**2,354**	**2,247**	**2,549**	**2,825**	**2,681**	**3.3%**

While police calls for service are higher on weekday afternoons, fire calls are concentrated between 9 am and 9 pm. There are twice as many calls in that half of the 24-hour cycle. Call volume is also higher on Mondays than other days of the week.

Number of Calls for Service by Hour and Day of Week

Hour	Su	M	T	W	Th	F	Sa
1	9	8	8	11	12	4	13
2	8	9	4	6	7	6	6
3	8	10	4	4	5	4	5
4	7	3	4	7	7	3	5
5	1	10	9	1	5	6	7
6	5	9	5	4	4	4	2
7	4	7	7	6	11	10	8
8	15	20	9	12	7	17	6
9	9	18	13	14	20	15	9
10	18	26	16	16	19	19	12
11	16	21	17	24	15	15	12
12	15	21	13	16	17	20	19
13	22	23	15	22	11	20	14
14	18	20	20	18	16	15	18
15	24	22	18	17	20	15	18
16	22	24	24	18	12	24	9
17	17	20	28	21	19	22	20
18	22	17	27	14	13	20	8
19	24	37	19	17	21	17	20
20	19	21	22	20	22	20	21
21	19	31	17	12	10	15	21

Hour	Su	M	T	W	Th	F	Sa
22	14	13	25	17	13	12	18
23	11	8	10	13	9	10	12
24	8	6	11	10	15	7	11
Avg	**14**	**16.8**	**14.4**	**13.3**	**12.9**	**13.3**	**12.3**

Bureau leadership has been actively pursuing opportunities to have Williamsport serve as the center for a more regionally based fire response system. The Bureau already has two firefighters stationed in Old Lycoming Township, which borders Williamsport's Newberry section to the north, and is discussing a regionalization proposal with one of the larger neighboring municipalities. This regionalization concept, which is a promising one for operational and financial reasons, is discussed more in the Initiatives section.

Please see the Public Safety chapter for further discussion of these issues and related recommendations.

Bureau of Codes

The Williamsport Bureau of Codes is charged with protecting the public health, safety, and property of Williamsport by inspecting rental properties, new businesses, new homes, and construction projects; enforcing all zoning ordinances and property maintenance standards; and issuing building, electrical, plumbing, event, and demolition permits.

In 2025, the Bureau is staffed with 6.5 FTEs: one Zoning Officer, one Office Manager, four Code Enforcement Officers, and a half-time Public Improvement Coordinator. The current staffing model relies on code officers to conduct rental inspections, respond to property maintenance complaints such as high grass and garbage, and enforce zoning and permit regulations, while the office manager handles daily intake and processes roughly 25 to 30 permits each day. The Bureau supplements capacity through a contracted Building Code Official who reviews structural permits and issues certificates of occupancy.

Over the review period, the City eliminated two positions in the Bureau – a Clerk/Typist in 2021 and the in-house Building Official in 2023 – resulting in personnel costs dropping by $178,000. While the new contract with the external Building Code Official offset some of those reductions, the Bureau's spending dropped by 2.3 percent per year over this period.

Bureau of Codes Expenditures

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Cash compensation	$396,253	$374,483	$345,284	$297,085	$303,548	-6.4%
Pension	$166,880	$164,909	$121,662	$88,925	$86,665	-15.1%
Health insurance	$138,752	$122,225	$120,341	$122,428	$142,311	0.6%
Other personnel	$34,816	$31,747	$29,616	$26,290	$26,036	-7.0%
Contracted services	$4,875	$81	$32,993	$73,872	$98,270	111.9%
Other operating exp	$93,063	$64,196	$69,469	$56,811	$70,214	-6.8%
Demolition/capital projects	$0	$0	$0	$24,246	$31,880	N/A

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	**$834,640**	**$757,641**	**$719,363**	**$689,656**	**$758,924**	**-2.3%**
Budgeted FTEs	**8.5**	**7.5**	**7.5**	**6.5**	**6.5**	**-6.5%**

The Bureau's work is closely tied to the City's blight remediation program, supporting the Blight and Review Committee and the Redevelopment Authority in returning vacant and hazardous properties to productive use, with $2.3 million allocated to the Redevelopment Authority for that purpose. Blight remediation is time intensive and requires cooperation with the Redevelopment Authority and the court system.

In recent years, the Bureau has generated about $700,000 in revenue, primarily from building permits related to development projects as Wawa, Sheetz, Chick-fil-A, and those at Lycoming College and UPMC.

Permit and Rental Inspection Revenues

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Building Permits	$395,808	$367,079	$669,742	$578,607	$636,422	12.6%
Street Excavation Permits	$70,395	$69,535	$67,635	$49,465	$35,813	-15.5%
Other Licenses and Permits	$93,659	$80,190	$74,225	$90,322	$84,910	-2.4%
Rental Inspections	$27,690	$36,591	$36,885	$51,171	$39,152	9.0%
Revenues	**$587,552**	**$553,395**	**$848,487**	**$769,565**	**$796,297**	**7.9%**

The Bureau is pursuing permit-process modernization and enhanced interdepartmental coordination to improve efficiency and service delivery. While most applications can be submitted online, the current software does not allow applicants to track their permit applications, leading to significant staff time being dedicated to updating responding to requests via phone for application updates. The department hopes to modernize software and permit systems to streamline this process and improve customer service and productivity.

Please see the Public Safety chapter for further discussion of these issues and related recommendations.

Public Works

The Department of Public Works (DPW) is responsible for maintaining the City's infrastructure throughout the year. Its work spans street and alley maintenance; brush and leaf removal; snow response; traffic and streetlight repair; levee maintenance; and flood control.

DPW has four divisions staffed as follows:

- **Office of the Director (3 FTEs):** General Manager, Assistant General Manager, Office Manager
- **Engineering (1 FTE):** Engineer
- **Flood control (2 FTEs):** Working Foreman, Utility Man

- **Streets and Traffic Control (18 FTEs):** Two Working Foremen; one Dispatcher; two Mechanics (including lead); three Equipment/Sweeper Operators; three Truck Drivers; six tradespeople[39]; and one laborer

Department expenditures grew by 1.9 percent over the review period, though the inclusion of large one-time expenditures related to specific infrastructure can skew growth year to year. For example, operating expenses in the Flood Control Division dropped from $150,000 in 2020 to $80,000 in 2021 because the City had a $65,000 charge for levee recertification in the former year.

Public Works Expenditures[40]

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Personnel expenditures	$329,506	$253,801	$345,230	$234,594	$356,202	2.0%
Operating expenditures	$28,498	$8,778	$17,390	$43,700	$45,061	12.1%
Office of the Director subtotal	**$358,005**	**$262,579**	**$362,620**	**$278,295**	**$401,264**	**2.9%**
Personnel expenditures	$0	$0	$0	$110,587	$107,233	N/A
Operating expenditures	$0	$0	$0	$3,455	$8,608	N/A
Engineering subtotal[41]	**$0**	**$0**	**$0**	**$114,042**	**$115,841**	**N/A**
Personnel expenditures	$201,515	$191,139	$192,628	$251,520	$190,517	-1.4%
Operating expenditures	$149,863	$79,613	$94,752	$99,901	$70,953	-17.0%
Grafius Run/Capital expenditures	$0	$0	$0	$232,748	$10,134	N/A
Flood control subtotal	**$351,378**	**$270,753**	**$287,379**	**$584,169**	**$271,604**	**-6.2%**
Cash compensation	$867,203	$909,824	$956,841	$953,098	$985,222	3.2%
Pension	$375,480	$371,045	$312,844	$266,777	$259,995	-8.8%
Health insurance	$354,616	$390,028	$399,720	$546,683	$501,438	9.0%
Other personnel	$107,077	$114,303	$120,577	$57,394	$116,226	2.1%
Utilities	$72,931	$67,485	$61,557	$91,006	$72,135	-0.3%
Street reconstruction	$178,743	$164,900	$0	$156,198	$137,992	-6.3%
Other expenditures	$259,595	$206,426	$348,488	$237,796	$294,248	3.2%
Streets/Traffic Control subtotal	**$2,215,645**	**$2,224,011**	**$2,200,027**	**$2,308,952**	**$2,367,255**	**1.7%**

[39] Two Utility Men plus one each of Sign Maker, Blacksmith/Welder, Brint & Cement Man, and Electrician.
[40] This summary excludes DPW spending on parks, which shifted to the Recreation Department during the review period.
[41] The Engineer was budgeted under the Director's Office prior to 2023.

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Expenditures	**$2,925,028**	**$2,757,343**	**$2,850,026**	**$3,285,457**	**$3,155,964**	**1.9%**
Budgeted FTEs	**24**	**23**	**23**	**23**	**24**	**0.0%**

While the most expenditures above relate to daily operations, Public Works also carries most responsibilities related to the City's capital assets. For example:

- The **Williamsport Levee system** requires upgrades for FEMA recertification to reduce flood insurance costs. The levee system is only staffed by two employees, plus additional staff are reallocated here as weather emergencies dictate. The City is shouldering financial and operational responsibility for the levee which is a regional asset that protects several communities besides Williamsport.

- DPW is responsible for maintaining the City's **underutilized properties**, such as the former City Hall building and Engine Company No. 4 station on Almond Street.

- The Department maintains the City's **vehicle fleet,** which DPW has been incrementally moving into a more regular replacement cycle that maintains fleet reliability and prevents sudden spikes in capital expenditures.

The Department plans to develop a comprehensive facilities inventory and needs assessment to improve long-term planning for both capital investments and ongoing maintenance across City buildings.

It also plans to implement fleet tracking software to improve operations by providing real-time GPS location, plow/accessory status, material usage, and vehicle diagnostics sent directly to the garage. Over the next five years, the department has a goal to expand this technology to 50 fleet units (e.g., pickups, sweepers, leaf trucks). This technology will offer enhanced operational visibility, maintenance efficiency, and accountability, while potentially lessening overtime demands.

Please see other chapters for further discussion of these issues and related recommendations.

Recreation

The Recreation Department is responsible for managing the City's network of parks and recreational facilities, as well as providing programming and special events for residents. The Department oversees Brandon Park, Max M. Brown Memorial Park including Muncy Bank Ballpark at Historic Bowman Field, Phillip E. Preziosi Park in Newberry, Lose School Park, Young's Woods, Elm Park, and Shaw Place Park. It also manages recreational programs such as two summer day camps, field usage scheduling, pavilion rentals, and operations at the community swimming pool, Splash Cove. Beyond its facilities, the Department coordinates major annual events including the STREAT Food Festival, Williamsport Welcomes the World, and the City's Christmas Parade.

As of 2025, the Recreation Department employs 7.5 FTEs, including the Recreation Coordinator. The **Recreation Administration** office, headed by the Coordinator, also includes half of a secretarial position.

With the Parks Division transferred from Public Works to Recreation in 2023, staffing expanded to include three truck drivers, one working foreman, one forestry specialist, and one mechanic.

Seasonal employment also plays a significant role in operations, particularly staff hired during the summer months to support aquatic programs at Splash Cove. lifeguards, and recreation counselors. The Recreation Coordinator noted that recruiting seasonal help is difficult due to the City's hourly rates that are lower than other seasonal job opportunities. As a result, summer camp programs are limited in how many participants they can welcome, the resulting revenues are also limited, and the programs are financially and operationally fragile.

Recreation spending increased by 3.2 percent per year over the review period, including the parks spending that was recorded in the Public Works until 2023. If the capital spending in recent years is removed, the spending growth dips below 2.0 percent per year.

Recreation Department Expenditures[42]

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Personnel expenditures	$96,116	$86,025	$87,619	$114,400	$101,682	1.4%
Operating expenditures	$19,113	$3,128	$13,179	$8,412	$7,860	-19.9%
Recreation Administration	**$115,229**	**$89,152**	**$100,798**	**$122,811**	**$109,543**	**-1.3%**
Personnel expenditures	$26,936	$39,950	$24,769	$32,246	$25,920	-1.0%
Operating expenditures	$30,991	$34,017	$31,040	$37,401	$48,029	11.6%
Recreation programming	**$57,927**	**$73,967**	**$55,809**	**$69,647**	**$73,949**	**6.3%**
Operating expenditures	$18,990	$1,222	$14,061	$31,147	$32,969	14.8%
Capital expenditures	$0	$0	$0	$15,800	$13,785	N/A
Swimming program	**$18,990**	**$1,222**	**$14,061**	**$46,947**	**$46,754**	**25.3%**
Cash compensation	$290,263	$299,209	$310,864	$316,086	$336,514	3.8%
Pension	$125,160	$123,682	$104,281	$88,926	$86,665	-8.8%
Health insurance	$109,475	$109,824	$104,894	$155,688	$166,454	11.0%
Other personnel	$34,492	$37,603	$46,384	$18,804	$39,287	3.3%
Utilities	$8,130	$16,477	$11,651	$30,553	$16,612	19.6%
Other operating expenditures	$87,063	$40,270	$65,813	$50,412	$51,895	-12.1%
Capital expenditures	$0	$0	$0	$43,000	$45,667	N/A
Parks maintenance	**$654,583**	**$627,066**	**$643,887**	**$703,468**	**$743,095**	**3.2%**
Expenditures	**$846,730**	**$791,407**	**$814,555**	**$942,873**	**$973,341**	**3.5%**

[42] This includes parks maintenance spending that was recorded in the Department of Public Works until 2023.

Budgeted FTEs	**7.5**	**7**	**7.5**	**7.5**	**7.5**	**0.0%**

During the departmental interview, we noted the staff's willingness to deliver as much recreational service to as many Williamsport residents as possible, despite limited resources. The Department is emphasizing increasing access to recreation, putting more programs in different locations, especially for community members who walk or use public transportation.

By its nature, this type of program is less focused on cost recovery (revenues collected offset as many program expenditures as possible), and that is a reasonable approach. The revenues most readily identifiable with recreation functions have dropped since the pandemic and only cover a very small portion of the department's costs. The swimming pool fares a little better when viewed in isolation – $22,000 in swimming pool admission revenues offset about two thirds of pool operating costs in 2024, but only 47 percent of total costs once capital expenditures (which are significant for this facility) are included. One large equipment purchase at the pool would sink the cost recovery rate for that facility, too.

Quick Cost Recovery Calculation – Recreation Programs

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	CAGR
Recreation Program Income	$16,584	$16,256	$17,305	$14,436	$12,061	-7.7%
Swimming Pool Admission	$25,637	$0	$4,409	$16,920	$21,752	-4.0%
Naming Rights - Bowman Field	$35,000	$0	$30,500	$30,500	$30,500	-3.4%
Special Events	$25,455	$8,980	$16,055	$4,470	$5,033	-33.3%
Recreation revenues	**$42,039**	**$25,236**	**$33,360**	**$18,906**	**$17,094**	**-20.1%**
Expenditures	**$846,730**	**$791,407**	**$814,555**	**$942,873**	**$973,341**	**3.5%**
Cost recovery rate	**5.0%**	**3.2%**	**4.1%**	**2.0%**	**1.8%**	

If our description is accurate – if the City's recreation strategy is to providing program access to as many Williamsport residents as possible – then we raise these questions for further discussion in the Initiative section.

1) What additional partnerships can the City leverage from Williamsport's private sector or non-profit community that would enable the City expand program participation? For example, if a group of organizations could provide enough funding to hire additional recreation counselors, would the City be able to provide the same recreation opportunities at more sites?

2) What programs and facilities are most likely to draw the most interest from Williamsport residents? Are there any programs and facilities with relatively modest attendance and relatively high costs where the City should consider reallocating resources?

Please see other chapters for further discussion of these issues and related recommendations.

Planning Department

The Office of Planning and Economic Development (recorded in the General Fund as Community and Economic Development) advances Williamsport's planning, housing, and economic development priorities.

The Department develops and implements plans, policies, and programs that foster economic growth, expand housing opportunities, and support neighborhood revitalization while managing the City's planning functions. It leads identification, securing, and administration of state and federal grant funding for local projects, oversees land use and transportation planning, and guides long-term strategic growth. The Department coordinates closely with other City bureaus and external partners to align development and planning efforts with Williamsport's long-term goals.

In 2025 the Department is staffed with five full-time employees: the Director; an Assistant Director/City Planner; a Program Administrator, a Community Development Specialist, and an Office Manager. Between 2020 and 2025, one position was added to the department.

Detailed data was not available to provide a trend analysis of spending in the Planning Department. The General Fund shows only $20,000 in combined expenditures on these functions for 2020 through 2022. While the 2020 budget shows four positions funded with a total salary allocation of $219,000, the expenditures were not recorded in the General Fund.

The 2024 budget split the salaries for four positions between funds, with the General Fund carrying the equivalent of 2.2 of the department's four positions. The 2025 budget shows all five positions within the General Fund, which is the best presentation for this activity. It more clearly, simply and transparently shows the City's total expenditures on these functions, and the City can still reimburse the General Fund for those costs that are grant eligible.

The Department leaders noted the City previously struggled to comply with the terms of its federal grant funding. The City charged items to the federal grants (including employee payroll) without determining or documenting their eligibility, and has had to repay hundreds of thousands of dollars because of their misuse. The Department hopes to clear this backlog of compliance concerns so it can focus on how best to proactively use federal funds, instead of quantifying and resolving liabilities associated with prior years.

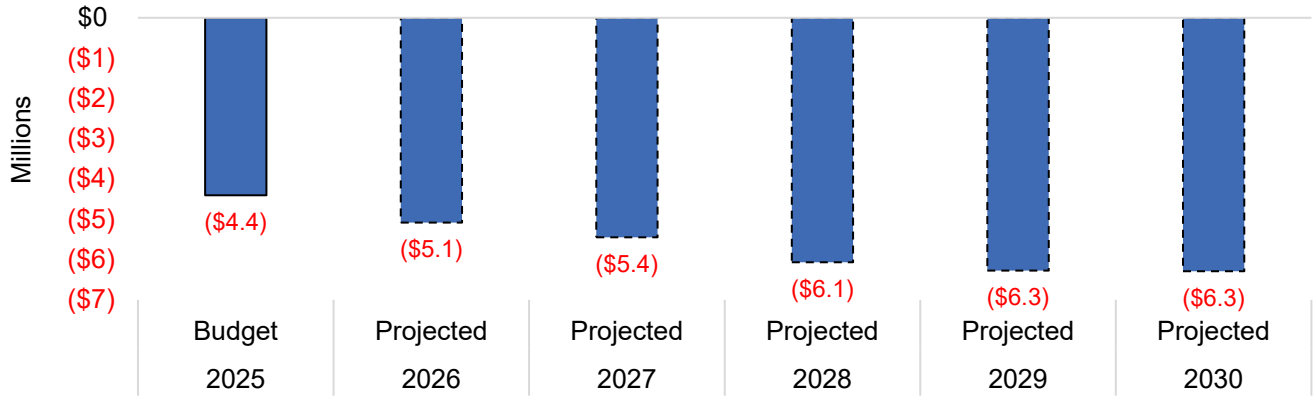
Department leaders discussed how improved use of data and technology and staff reorganization would bolster the City's capacity in this critical area. Since this department is one of the City's primary tools for growing the real estate and earned income tax base – and that growth is fundamental to better financial performance – we will discuss these ideas more fully in the Initiative section of the Plan.

Please see the other chapters for further discussion of these issues and related recommendations.

Financial Management

As discussed in the Financial Condition Assessment, the City will need to make difficult choices to overcome its structural deficit in the baseline projection. The City's adopted 2025 budget was $4.4 million out of balance, relying on prior year reserves to fund daily operations. Since the baseline methodology assumes no corrective action, that deficit is larger in 2026 and then grows each year since recurring expenditures grow faster than recurring revenues.

Williamsport General Fund Baseline Projection, 2026 – 2030



Other chapters outline options to increase revenues and reduce expenditure growth to help close these deficits and improve financial performance. The City does not need to close the entire projected deficit immediately, but the corrective actions taken now should help close future deficits, and not just postpone their arrival through overreliance on temporary fixes for structural problems.

This chapter discusses improvements to financial management to bolster the City's ability to make well-informed decisions and execute them effectively. Initiatives in this chapter address budgeting practices, use of technology, and capital planning. We start with a discussion of reserves since it is likely the City will have to use them as a bridge until other structural improvements take effect.

Financial reserves

FM01	**Use non-emergency reserves until other initiatives take effect and set a cash balance policy**
Goal(s)	Close 2026 budget gap while maintaining a strong cash position
Responsible parties	Mayor, Council, and Finance
Fiscal impact	Up to $2.8 million

The multi-year financial projection indicates that the City's 2026 budget may have a deficit as large as $5.1 million. With only a few months between the presentation of the baseline projection findings and 2026 budget adoption, the City does not have enough time to enact all the changes needed to restore structural balance where recurring revenues cover recurring expenditures. Some options, like pursuing Home Rule, will take years.

So, the City will likely have to use some of its reserves to bridge the gap until those initiatives are completed. However, the City should use this near-term problem to set the parameters that govern how it will use its reserves in the future.

The most common, comprehensive measure of a local government's reserves is its *fund balance*, which includes non-cash assets and liabilities and is addressed in the next initiative. In the context of deficit closing discussions, the City should focus on ***cash reserves***.

The 2023 financial statements show the City finishing that year with $10.4 million in cash and cash equivalents in its General Fund account[43]. In 2023, the City established the Emergency and Reserve Fund, which is not a separate fund but rather a cash account within the City Council section of the General Fund budget (§135.10). Any tax revenues received over the budgeted amounts are transferred into the Emergency and Reserve Fund on or before March 31st of the subsequent fiscal year. The cash in this account may be used at Council's discretion – after a two-thirds majority vote – in the annual budget for emergency or other urgent circumstances. The 2023 audit noted that $4.9 million (or 47.1) percent of the $10.4 million cash balance sat in the Emergency and Reserve Fund. About $3 million of that amount is reserved as a local match for federal grants funding levee improvements[44] and to repay the Federal Transit Administration (FTA) for misappropriated funds in prior years.

During the 2026 budget process, City Finance projected Williamsport would end 2025 with $4.9 million in cash, excluding the amounts in the Emergency and Reserve Fund. The City needs some of that amount for cash flow, ensuring that the City can pay obligations like payroll and utility bills when they come due throughout the year. Many Pennsylvania governments issue Tax Revenue Anticipation Notes (TRANs) so they can pay their bills early in the year before tax revenues arrive, and then they repay the TRAN by year's end. This is common, but not ideal since the local government pays interest to borrow money solely to fund daily operations.

To its credit, Williamsport last used a TRAN in 2020 and has not used one since. Protecting the City's strong cash position is a priority and the City should hold enough cash in its General Fund so that it does not need to borrow money at any point in the year for cash flow purposes.

We estimated that the City needs $2.1 million in 2026 for cash flow purposes, though City Finance should revisit and regularly update this amount since it will rise with the cost of operations. Removing that $2.1 million from the estimated cash balance at the end of 2025 leaves $2.8 million available to temporarily close operating deficits until structural improvements take effect. We recommend the City use about half of that amount to close the 2026 deficit and keep the other half for the 2027 budget process.

Est. cash balance - 12/31/25	$4.9
Set aside for cash flow	($2.1)
Balance available	**$2.8**

The City should adopt a cash balance policy that sets the minimum amount that it will maintain in each of its funds and how the cash balance should be replenished if it falls below the minimum level. As a starting point for setting the minimum level of General Fund cash, the City can use the minimum amount of cash that City needs to meet its cash flow needs throughout the year as determined by City Finance.

[43] The City also had $249,000 in restricted cash at the end of 2023.
[44] Please see initiative PS05 in the Strengthening Public Safety chapter for more information on this topic.

FM02	Adopt a fund balance policy
Goal(s)	Maintain appropriate financial reserves; Define use and replenishment
Responsible parties	Mayor, Council and Finance
Fiscal impact	None

Good financial management requires more than having a strong cash position. The City should establish clear financial policies, maintain compliance with audit standards, and engage in forward-looking planning to preserve fiscal health over time.

A strong financial framework begins with clear rules for managing the City's existing resources, including reserves. The City should establish a formal fund balance policy that establishes clear guidance for how and when those funds can be used, as well as an appropriate fund balance level consistent with GFOA guidance.[45]

The City's external audits quantify and describe fund balance levels at the end of each fiscal year. Fund balance accounts for more than cash and cash equivalents. On the asset side of the ledger, fund balance includes money that the City has not yet received but is likely to be received soon enough to pay obligations. These "receivables" can come from taxes, grants, other funds within the same government, or other entities. On the liability side of the ledger, fund balance includes "payables" (amounts owed to others that have not yet been expended), compensated absences (e.g., unpaid leave that employees can convert to cash upon retirement), and money that should be transferred to other funds.

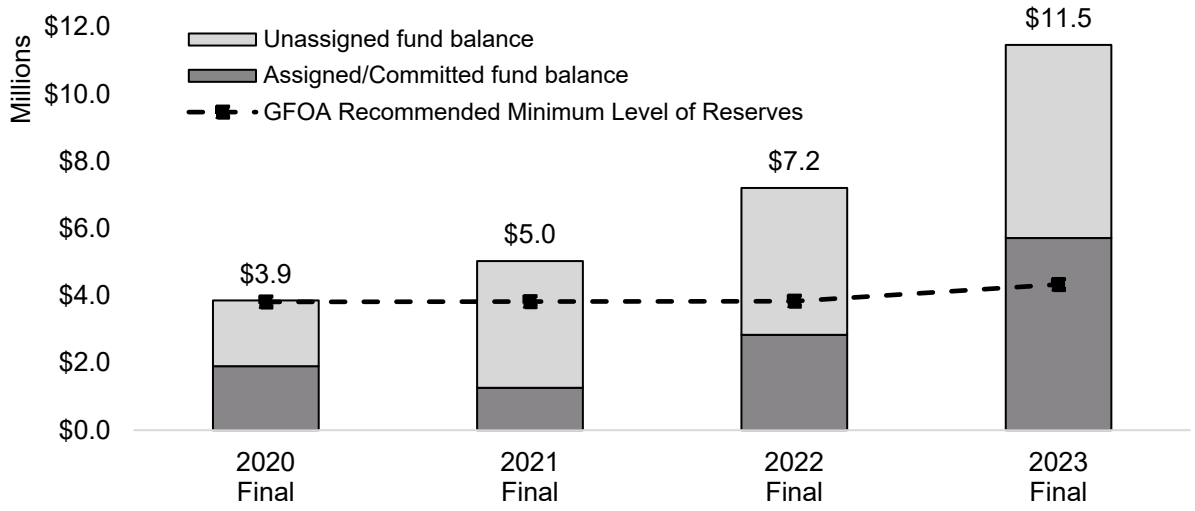
Fund balance is categorized depending on how easily the City can use the reserves. Small amounts of fund balance are "non-spendable" because the asset cannot be converted to cash. The rest is considered *restricted* because of constraints set by creditors or statutory considerations beyond the City's control; *committed* because of constraints set by City Council through formal action[46]; *assigned* where the City has taken less formal action to determine how the money should be used; and *unassigned*, where none of these constraints apply. Our analysis focuses on unrestricted fund balance (committed + assigned + unassigned) since the City has discretion over how to use the reserves.

The City's fund balance trend has been positive since 2020. Over the three-year period between 2020 and 2023, unrestricted fund balance almost tripled from $3.9 million at the end of 2020 to $11.5 million at the end of 2023. About half of the 2023 year-end fund balance was unassigned, meaning the City had a lot of discretion over how to use it.

[45] Government Finance Officers Association (GFOA). Fund Balance Guidelines for the General Fund. https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund

[46] Money held in the Emergency and Reserve Fund falls into this category

Audited Fund Balance by Type, 2020-2023



Determining minimum fund balance

The Government Finance Officers Association recommends "at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." The City was close to that 16.7 percent minimum target in 2020 and has since pushed past it to 45 percent of operating expenditures at the end of 2023.

We note that the GFOA here recommends a *minimum* target. The following situations or factors would require an increased level of fund balance:

+ Unpredictable revenue streams. The higher the share of revenues that are subject to unpredictable fluctuations or have a volatile base (e.g., real estate transfer tax revenues), the higher the risk and the more likely it is that the City will need to tap its reserves. *Williamsport revenue mix is relatively stable, so the risk here is low.*

+ Perceived exposure to significant one-time expenses (e.g., reliance on state funding subject to budget cuts). *The City is at moderate risk for extreme events that could drive unexpected large expenditures (natural disasters such as flooding; large emergency repairs at former City Hall building).*

+ Potential drain upon general fund resources from other funds. *Only the Debt Service Fund relies on a General Fund transfer, and it is part of the multi-year financial forecast. The risk may increase if the debt burden does with potential future bond issuances, but is minimal now.*

+ Risk of increased cost of borrowed funds because of a drop in bond rating. *The City does not currently have a bond rating but may need one to fund large capital needs. This is an unknown future risk.*

+ Any funds have already been assigned to a specific project and not available for general use.

  This is relevant for Williamsport since the City has $1.4 million set aside for repaying the FTA and $2.2 million have been set aside for the levee project. Neither should be considered available for general use at this time.

The GFOA published a General Fund reserve calculation worksheet that qualitatively assesses the risk related to fund balance targets. The spreadsheet provides a risk score with corresponding recommendations for target reserve levels. There is a tab for each of the risk categories described above, and City staff can self-assess the City's relative risk in each of the categories. City leadership should fill out the worksheet and follow the matrix below to find its recommended reserve target.

Target Reserve Levels with GFOA Calculated Risk Scores[47]

Your Score	Risk Assessment	Analytical Guidance
8 - 16	Minimal	Consider a target equal to the GFOA minimum recommended reserve of 16.6% of revenues/expenditures.
17-24	Low to moderate	Consider adopting a reserve target somewhat higher than the GFOA minimum (e.g. 17-25% of revenues/expenditures). Since risk is low, do not invest excessive analytical effort in determining an exact target amount. Consider a short, informal benchmarking study with peer agencies to provide guidance.
25-31	Moderate to high	Consider adopting a target amount of reserves significantly higher than the GFOA recommended minimum (e.g., 26 - 35%). Consider a short, informal benchmarking survey as a starting point, but then analyze your most significant risk factors to make sure they are adequately covered by what the survey suggests is reasonable.
32 - 40	High	Consider adopting a much higher target than the GFOA minimum (e.g., greater than 35%). Consider performing a more in-depth analysis of the risks you face to arrive at target level of reserved that provides sufficient coverage.

External credit rating agencies also closely monitor fund balance levels as one of the primary determinants for a municipality's credit rating that in turn determines the cost of borrowing. For example, Moody's Ratings divides the sum of available fund balance *and* net current assets by revenues to measure whether a municipality has flexibility to pay for potential new obligations, cover unexpected revenue shortfalls or pay for unanticipated cost increases.[48]

The City should adopt a formal fund balance policy that sets the minimum target; defines the conditions in which the City can use portions of that fund balance; and describes how the City would replenish its fund balance if it dropped below the minimum level.

In the near term, the prior initiative that addresses cash balance will provide more insight on how much of the fund balance can be used as a temporary deficit closing measure. But, in the longer term, best practices should guide how the City uses fund balance for potential uses such as:

- Capital projects to address deferred maintenance
- Early debt repayment or legacy cost reduction (pensions or other post-employment liabilities)
- Advancing strategic goals related to housing or economic development

[47] From the final tab of the downloaded spreadsheet "GF_Reserve_Calculation_Worksheet." Retrieved online at https://www.gfoa.org/materials/general-fund-reserve-calculation-worksheet

[48] Moody's Ratings. Rating Methodology US Cities and Counties. 24 July 2024. https://ma.moodys.com/rs/961-KCJ-308/images/PBM_1401434.pdf

The key principle is that the City should match recurring resources with recurring needs, and use of prior year reserves (whether cash or fund balance) is a non-recurring resource. It should be used to fund non-recurring expenditures, such as capital projects or pension contributions above the minimum amount required by law each year. It should not fund recurring expenditures, though again that may be necessary until other deficit-closing measures take effect.

FM03	Return to full audit compliance with the 2025 financial statements
Goal(s)	Compliance with State statutes; provide timely information for management decisions
Responsible parties	Finance
Fiscal impact	None[49]

Once the City adopts a fund balance policy, it will measure compliance with that policy by reviewing the fund balance as calculated in the annual audit. Fund balance is one of several important calculations that are only available in those audits, which is one reason that Williamsport should continue its work to get current on this core reporting duty.

The 2023 audit was released in Fall 2025, and the City recently hired a new firm to complete the 2024 audit. Continuous communication throughout the year between Finance, Council, and the independent auditors is also crucial to ensure staying on schedule and preventing any potential delays. The City hopes to complete the 2024 and 2025 audits by Fall 2026, which will put Williamsport back on schedule.

Pennsylvania's Third-Class City Code requires Williamsport to file an annual Audit and Financial report covering the prior year's financial activity and performance. These reports are separate from the audits themselves, but municipalities the size of Williamsport generally need the full audit to provide the information requested in the Commonwealth's report.

Some Commonwealth agencies, like the Department of Community and Economic Development, require completed audits for grant or program eligibility. Financial institutions like banks and credit rating agencies also may require audits before they give the City access to money for capital projects.

Beyond these statutory reasons for completing audits on time, the information in those reports can help City leaders answer questions such as:

- How did actual performance during the prior year differ from budget?
- How are the City's reserve levels changing, in terms of the size and type of fund balance?
- How are the City's long-term liabilities changing?
- How much money is owed to the City – by taxpayers, other organizations, other governments? How are those "receivables" changing and what does that mean for projecting future revenues?

The answers to these questions are especially helpful for making mid-year corrections. For example, if the City completes the 2025 audit by mid-2026, the results can help Finance refine its projections for 2026 and improve projections for 2027. Audited results are also an important data set for updating the city's multi-year projection, as described later in this chapter.

The City should complete the 2024 and 2025 audits in a timely manner and then stay on schedule with its annual auditing cycle going forward.

Budget process

[49] Once the City eliminates this backlog, it will only need to pay for one audit per year and its contractual expenditures should drop. This is already incorporated in the baseline projection.

Pennsylvania law requires the City of Williamsport to pass a balanced budget annually. As described in the Financial Condition Assessment, the statutory standard for adopting a balanced budget (revenues plus reserves equal expenditures) is much lower than the standard for adopting a ***structurally*** balanced budget. The GFOA defines structural balance as recurring revenues are greater than or equal to recurring expenditures in the adopted budget.[50]

Budgets have legal value in that they authorize the City to allocated amounts on specific items and they set the tax rates for the next year. They have accounting value in showing how revenues and expenditures will be recorded and provided a structure for measuring progress throughout the year. Good budgets also have value as tools for communicating priorities and decisions to City employees, residents, and other parties vested in City government's success.

A good budget should be:

- ***Accurate***: The budget document should represent management's best estimate of what will be collected and spent during the upcoming fiscal year, recognizing that reality will often diverge from even the most carefully deliberated plans.

- ***Clear:*** The budget document should explain how City government is funded and how it uses the resources entrusted to it, both from a tactical perspective (City will spend X on Y) and a strategic perspective (The City will spend X on Y because the City's priorities are…)

- ***Flexible:*** While the budget includes the best estimates available, the budget process (including amendments and adjustments) allows for items to shift as new information becomes available, or as the situation changes.

We evaluated the 2025 adopted budget and 2026 budget process and identified opportunities to improve in each of these areas as recommended below.

FM04	Improve annual operating budget document
Goals	Improve the accuracy, clarity and flexibility of the budget and budget process
Responsible parties	Finance (primary); Mayor and Council
Fiscal Impact	TBD[51]

Accuracy – Leverage better data for better projections

In the early years of the review period, the City's budget overstated revenues and expenditures.

For example, the 2022 audit shows the City projected $27.4 million in revenues plus transfers into the General Fund, when the actual results were $26.7 million. On the expenditure side, the City projected $28.6 million in spending plus transfers out of the General Fund, when the actual results $24.6 million. In total, while the 2022 budget anticipated a $1.2 million deficit, the actual results were a $2.2 million surplus. The trend also holds for 2020 and 2021, though the COVID-19 pandemic caused actual results to vary from budget targets throughout the Commonwealth.

[50]Government Finance Officers Association (GFOA). Achieving a Structurally Balanced Budget. https://www.gfoa.org/materials/achieving-a-structurally-balanced-budget

[51] Good budgets drive smarter decisions, and smarter decisions drive better results. While we do not project a specific amount gained from the recommendations described here, experience shows that improved financial performance is likely to follow.

That trend changed in 2023 when the City underbudgeted revenue plus transfers into the General Fund. The biggest budget-to-actual variances were tax revenues ($1.4 million) and interest, rents and royalties ($1.2 million). The City transferred the additional tax revenue to the Emergency and Reserve Fund in early 2024 and then used it to help balance the 2025 budget.

Budgeted vs. Actual, 2020 – 2023 (in millions)[52]

	2020 Audit	2021 Audit	2022 Audit	2023 Audit
Budgeted revenues/transfers in	$25.7	$26.4	$27.4	$32.4
Actual revenues/transfers in	$23.9	$24.6	$26.7	$35.0
% collected over/under budget	**-7.0%**	**-6.7%**	**-2.6%**	**7.8%**
Budgeted expenditures/transfers out	$28.1	$28.2	$28.6	$36.6
Actual expenditures/transfers out	$23.5	$23.7	$24.6	$35.3
% spent over/under budget	**-16.2%**	**-16.1%**	**-14.2%**	**-2.6%**

In preparing the baseline projection, we compared the 2025 budget to the 2024 preliminary year-end results and found instances where the City likely budgeted revenues too low. In each instance below, the City projected revenues would finish lower than they had the prior year and reverse the growth trend from 2020 through 2024.

	2024 Prelim.	2025 Budget	Projected Change	Historical Trend
Earned Income Tax	$2,886,133	$2,800,000	-3.00%	5.20%
Realty Transfer Tax	$418,655	$350,000	-16.40%	8.60%
Building Permits	$636,422	$450,000	-29.30%	12.60%

It is better for the City to err on the side of conservatism, so revenues are more likely to finish higher than projected than risk having a revenue shortfall that exacerbates the deficit. Some revenues, like realty transfer taxes and building permits, are also volatile since they can spike and sink based on the presence or absence of a couple large transactions. That said, budgeting too conservatively makes the budget process more difficult and could eventually erode trust in the numbers and process that the City uses to make spending and taxing decisions.

Fortunately, the City is improving the quality of its financial data, which should help revenue projection accuracy. As the City continues this work, we recommend that the City use this information, especially from more recent years, to guide revenue projections. Over time, the City's revenue projection accuracy should improve, and there should be smaller variances for the major revenues.

The same is true for expenditure lines where the City repeatedly spends less than budgeted, and careful trend analysis can improve accuracy. When a department submits its preliminary budget, Finance staff should evaluate the proposed budget, identify instances where numbers vary substantially from the historical trend, and then discuss those with the department in question. The deviation may be warranted, but checking projections against the recent trends can help avoid over- or understating a target, and that will help the City manage through the next few years of anticipated budget shortages.

[52] Source: 2020-2023 Audited Financial Statements, page 10 or 11 (Budget to Actual – General Fund)

Clarity – Add elements of GFOA Distinguished Budget

A good budget is an effective communication tool that presents critical information in a way that is easy for a wide audience to understand. This is especially important and timely for Williamsport, given the need to make difficult decisions that bring the budget into structural balance.

The GFOA administers a program through which governments can receive a Distinguished Budget Presentation Award[53] if their budgets meet 25 criteria across six major sections: introduction and overview; financial structure, policy, and process; financial summaries; capital and debt; departmental information; and document-wide criteria.

While receiving that Award could be a long-term goal, the award criteria can be used now to incrementally improve the City's budget document. For example, the GFOA Award criteria recommends organizational charts that show positions and chain of command in each department. The City already has a list of positions through its salary detail, so the next step is converting that data into a chart.

Starting with the 2027 budget, the document submitted to Council should have a narrative summary at the front of the document that explains which revenues and expenditures are non-recurring and shows the estimated structural surplus or deficit (difference between recurring revenues and recurring expenditures). That will make it easier to measure and discuss the City's progress toward closing the structural deficit. The sample chart to the right illustrates this concept.

Total revenues	$10.0
Asset sale proceeds	*($0.5)*
Use of reserves	*($1.0)*
Grant revenue	*($0.8)*
Recurring revenues	**$7.8**
Total Expenditures	$10.0
Grant project	*($0.8)*
Early debt repayment	*($1.0)*
Recurring revenues	**$8.3**
Structural surplus / (deficit)	**($0.5)**

Flexibility – Consider changing level of expenditure control

The City ordinance governing the budget process requires that the proposed budget "shall be construed to be a line-item budget."[54] After adoption, if the City needs to spend more on one line item and less on another, the Director of Finance can initiate a transfer but "if the amount transferred is more than 5% or $500, whichever is greater, of the appropriation item, then the Director shall not make such transfer without obtaining the approval of at least four members of Council at a meeting of Council."[55]

In theory, this level of budget control improves accountability and transparency since any material diversion from the budget needs to be discussed and approved publicly before it occurs. In practice, if taken too far, this level of budgetary control creates additional work for Finance to prepare and initiate transfers and may distract Council from discussing more substantive matters, if they review and act upon dozens of minor adjustments through the year.

This level of budgetary control also encourages departmental staff to overstate their operating expenditures when proposing their budget. From their perspective, it is better to request a higher amount and have the

[53] Government Finance Officers Association (GFOA). Budget Award https://www.gfoa.org/budget-award
[54] Williamsport Code of Ordinances §135.03 Budget Form and Transfers. https://codelibrary.amlegal.com/codes/williamsport/latest/williamsport_pa/0-0-0-762
[55] Williamsport Code of Ordinances §135.04 Budget Form and Transfers

authorization available if needed than to request a lower, more accurate amount and wait through the budget transfer process.

Council should continue to review the line items during the budget process, but the City should consider having a different threshold for triggering Council approval. For example, the City could give the Administration more flexibility to move money as needed between classes in the same department while still requiring Council approval for amendments that move money between departments; increase total expenditures; or increase salary expenditures. We recognize that the City may need to make progress first in terms of budgetary accuracy and clarity before there is comfort in granting more flexibility.

One final change – Better budgeting software

While City Finance has transitioned many of its processes to a more modern financial management platform, [56] the budget process is very manual, with City Finance staff manipulating multiple spreadsheets and converting each one into a PDF to produce the budget document. This is inefficient, increases the likelihood of errors, and prohibits the City Finance staff from spending time on more substantive matters, like providing the narrative summary and analysis recommended above.

The City should procure budget software that integrates with the existing financial system, so the budget process is more automated, efficient and effective. The system should help the City organize and present information on its revenues and expenditures in a way that facilitates discussion, analysis and decision making. For example, departmental expenditures should be presented with more information as shown on the next page, instead of a list of account codes and amounts.

[56] Springbrook Solutions https://springbrooksoftware.com/solutions/advanced-budgeting-and-planning/

Sample Departmental Budget Template

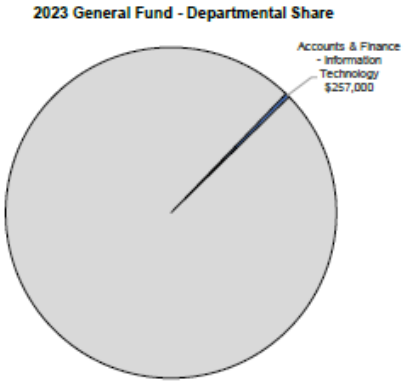
Accounts & Finance - Information Technology

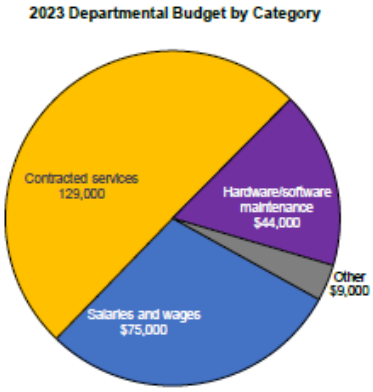
The City uses this unit to record expenditures on information technology for all of City government. Beginning in January 2023, the City will have an IT Specialist to provide in-house, onsite capacity, in addition to the external service contract.

Financial activity

Aside from the new position, the IT budget is split between the City's contract with an external vendor for IT support; equipment; and hardware/software maintenance. The City will also make the final installment payment for its new financial software, though that payment will be covered by the federal stimulus money.

Account Code	Account Description	2021 Budget	2022 Budget	2023 Budget	2022-23 Growth
01-02-407-5130-00	Salaries and wages	0	0	75,000	N/A
01-02-407-5310-00	Professional Services - IT support	110,000	125,000	129,000	3.2%
01-02-407-5750-00	Small equipment purchases	7,500	7,500	8,000	6.7%
01-02-407-5932-00	Employee Computer Training	500	1,000	1,000	0.0%
01-02-407-6928-00	Computer maintenance and upgrade	20,000	20,000	21,000	5.0%
01-02-407-6952-00	Internet T1 maintenance charges	12,500	12,500	13,000	4.0%
01-02-407-6968-00	Financial Software Maintenance	130,000	10,000	10,000	0.0%
Accounts & Finance - Information Technology		**$280,500**	**$176,000**	**$257,000**	**46.0%**





Staffing

The 2023 budget funds a new Information Technology Specialist position, which will report to the Chief Operating Officer.

		2022 Adopted Budget			2023 Adopted Budget			
Budgeted Positions	Group	FTEs	Salary	Allocation	FTEs	Salary	Allocation	% Change
Information Technology Specialist	Non-Union	0	$0	$0	1	$75,000	$75,000	N/A
Total		**0**		**$0**	**1**		**$75,000**	**N/A**

Multi-year financial planning

The multi-year financial projection described in the Financial Condition Assessment revealed that the City has a significant structural deficit that requires correction action, starting with the 2026 budget. The multi-year projection also shows where the City needs to take corrective action by explaining the factors that contribute to this structural deficit.

Throughout the multi-year plan development, City leaders repeatedly cited the value that this type of analysis gives them when making difficult decisions. If the City only evaluated its financial position and

performance within the context of its budgets, the nature of the deficit may not have been fully evident, and the potential solutions to close the deficit may not be appropriately sized or targeted to close future deficits.

The City's proactive and thoughtful engagement in this multi-year financial planning process deserves recognition and reflects a genuine commitment to getting back on solid financial footing. To continue this momentum, the City should adopt a multi-year approach to financial planning and budgeting. The financial planning tool developed and described in the Financial Condition Assessment provides a foundation for this work by modeling revenues and expenditures over multiple years.

FM05	Continue updating the multi-year financial projection
Goal(s)	Improved financial management; close structural deficit and advance strategic priorities
Responsible parties	Finance
Fiscal impact	See below

The City should update the baseline financial projection presented in the Financial Condition Assessment to refresh the multi-year perspective that will be critical to addressing the City's structural deficit. The City does not need to close the deficit every year right away, but taking a multi-year perspective will make it more likely that the corrective actions that the City takes each step along the way will improve its financial performance for years to come. A multi-year perspective also gives the City time to make deliberate changes that can solve a financial challenge over time, instead of waiting until the problem becomes a full-blown crisis, and the only options are very difficult.

Ideally, the City should update the multi-year projection at least twice a year – once in the late Spring or early summer when the audited results are available and again in the Fall when the City discusses the next year's budget. The Spring/Summer update gives the City a place to discuss how financial performance varied from the prior year's budget and what that means for this year's budget. The Fall update puts the budget discussions in a multi-year perspective.

The projection updates can be simpler and quicker than the analysis presented in the Financial Condition Assessment. That level of detail is important for setting or occasionally refreshing the initial baseline but, if the City regularly updates the baseline projection, shorter, simpler updates should capture the changes most likely to impact the City's financial performance in the next couple years.

The updated baseline projection also provides an important reference point when making financial decisions such as:

- Issuing new debt or restructuring/refinancing existing debt;
- Negotiating with collective bargaining units;
- Deciding whether to add or eliminate positions
- Evaluating taxing options (including during any Home Rule process[57])

For the next couple years, the City's multi-year projections should focus on the City's progress in closing the structural deficit described in the Financial Condition Assessment. Depending on how quickly the City

[57] Please see initiative RV01 for more information on Home Rule.

can close that deficit, the City should also begin to think about strategic priorities, such as how to borrow money to build a new police station.

The cost of implementing this initiative depends on how the City executes it. If City Finance can update the baseline projection on its own, the only cost is the time spent on the analysis. The City could also seek a subsequent grant through the Strategic Management Planning program that funds this work and outsource the analysis. Even if the City has a matching requirement for that grant funding, the financial and strategic benefits of using the multi-year projection will far outweigh those costs.

Capital project management

The benefits of strong financial management extend beyond clean, timely accounting documents and thoughtful, responsible budgets. Strong financial management should also enable the City to more readily fund the services and assets that residents value, including the infrastructure they see, touch and use every day, like roads, bridges, sidewalks, parks, playgrounds, and public spaces.

Strong financial management contributes to responsible management of the City's physical and capital assets. Poor financial management does not alleviate the City from the responsibility of maintaining or replacing these assets. It just increases the likelihood that the City will have to react to an emergency, when time is short and costs are high.

Since 2023, the City has been setting aside money within its departmental budgets to invest in capital assets. Each department works with Finance during the annual budget process to update its list of needs and insert them into the capital schedule, dividing the estimate replacement/repair cost over estimated useful life of the asset. The capital budget includes the anticipated cost of each item, replacement year, funding method, and the amount that set aside to date.

The current capital budget includes:

- **Fire allocation ($274,000 per year[58]):** Most of the allocation goes toward replacing the Bureau's vehicles, including an aerial/tower ladder truck with an estimated $2 million cost. Smaller amounts go toward equipment replacement and systems work at the Fire Department headquarters (air conditioning, roof replacement).

- **Police allocation ($211,000 per year):** The largest items in the Police allocations are equipment, like tasers, radios and body-worn cameras. There is currently no allocation for facility improvements.

- **Streets/traffic control ($148,000 per year):** This allocation goes entirely to vehicles and equipment. Most have a relatively long life cycle (about 15 years on average) and do not need replacement until 2030 or later. The City has also accumulated close to $940,000 for these investments through the end of 2025.

- **Parks and Recreation ($110,000 per year):** This department has the oldest vehicles, and the vehicles used for parks maintenance account for a little more than half of the allocation. The rest goes to facility improvements and the swimming pool ($34,000 per year).

There are also smaller annual allocations for codes ($14,000); flood control ($14,000) and information technology ($34,000).

The City deserves credit for making room in its General Fund budget to fund essential resources and for setting aside funding to meet them before they arrive. Williamsport's level of capital spending as a portion

[58] Exact amounts vary by year, but the amounts listed in parentheses will give the reader a sense for each department's share of the total.

of the General Fund is also in line with other comparable cities. Altoona, Johnstown and Reading also transfer around 2.5 to 3.0 percent of total expenditures to a separate capital projects fund in their 2025 budget.

City leaders also recognize the $760,000 annual allocation is not nearly enough to fund all capital needs. The current allocation mostly focuses on vehicles and equipment, with relatively little set aside for facilities or other public spaces. This allocation also does not address the City's most pressing capital need, which is a new police department building. The following initiatives provide some next steps to build on the City's progress; expand the scope of its capital planning; and prepare the City for the level of investment needed to build a new police facility.

FM06	Temporarily reduce capital allocation
Goal(s)	Generate temporary savings
Responsible parties	Mayor; Council; Finance
Fiscal impact	Up to $760,000

The baseline projection includes $760,000 per year for capital improvements, based on the level of investment by department in the 2025 budget. While it is not desirable in the short-term, nor sustainable in the long-term, the City will likely have to reduce its capital allocation for 2026 and possibly 2027 to fund operations until other structural changes take effect. This follows the same reasoning as the anticipated draw down of some of the City's cash reserves described in initiative FM01.

FM07	Strengthen the existing capital improvement plan
Goal(s)	Guide use of limited resources to maintain and improve community assets
Responsible parties	Mayor; Council; Finance; Public Works
Fiscal impact	See below

Municipal governments use capital budgets to allocate money each year to acquire, build, replace, improve or renovate their buildings, vehicles and other infrastructure, and they use capital improvement plans (CIP) to apply those same budgetary concepts to funding decisions over multiple years.

The CIP is a financial document that lays out anticipated revenues and expenditures for specific projects scheduled in specific years over multiple years. The CIP is also a strategic document that helps leaders decide how to use their limited resources to fund competing priorities in a way that improves the community beyond the immediate benefit of the individual project.

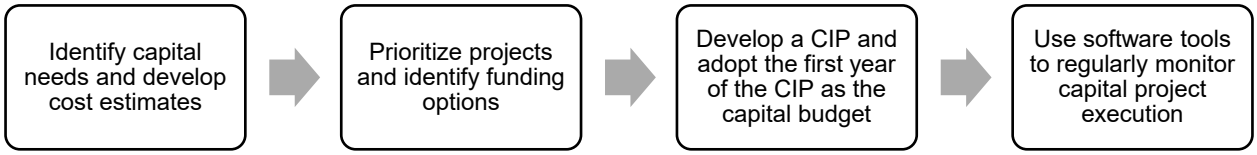
City ordinances require the Mayor to propose a six-year CIP to the City Planning Commission for its review and recommendations by May 1st each year. The Commission has a month to respond and then the Mayor is required to send the CIP to City Council, which can modify the Plan.[59]

[59] Williamsport Code of Ordinances §135.02 Budget.

Williamsport already has the beginning of a strong CIP. The City has identified some of its needs and the estimated timeline for executing them, and has even made the responsible, proactive decision to begin setting money aside to execute those projects before they begin. This initiative will help Williamsport take its CIP to the next level, so the planning process and document itself are more comprehensive and strategic.

The graph below summarizes the capital planning process, which begins with identifying the needs and finishes with project execution and close out supported by appropriate processes and technology.

Capital Planning Process



Identifying the needs

The City's capital budget allocates $760,000 per year mostly to equipment and vehicle replacement. The list of projects includes some related to information technology (server replacement) and some related to the fire headquarters, but facility spending represents a small portion of a small allocation and other potential categories – road/bridge improvements; parks and playgrounds; streetscaping and land use changes – are not represented at all.

While department leadership, especially the senior staff in Public Works, has a good working knowledge of the City's needs and risks, the City should have a more thorough condition assessment for its capital assets. That assessment should:

- Document specific deficiencies for City owned facilities and public spaces that will likely need remediation in the next five to ten years, describe the remediation needed, and estimate the cost of doing so
- Categorize all recommendations in terms of relative urgency according to clear criteria set in advance by City leaders
- Provide a baseline list of projects that City staff can update as projects are completed, rescheduled, added or removed from the list

Getting one comprehensive assessment of all City assets could be expensive, so the City could choose to review one asset class at a time (e.g. facilities, then roads/bridges, then parks/playgrounds). The City could add money to its capital budget in 2027 or 2028 (depending on its overall financial performance) to fund the first phase of this work.

Prioritizing projects

When a community first starts making capital investments after years of neglect and deferral, the most urgent needs are sometimes evident. Very old vehicles and equipment or decrepit facilities that pose a health or safety risk quickly rise up the list of priorities. Williamsport does not need to undertake a strategic evaluation to know it needs to create a better police facility, but the condition assessment referenced above will help City staff ensure it captures all needs, beyond those that are most visually evident. Looking beyond the obvious and urgent, the CIP should also fund strategic priorities.

Strategic planning

It is important to think strategically and with a long-term perspective, particularly in a volatile, resource-constrained environment. Strategic planning should be less about producing a document and more about engaging in a shared process of envisioning the City's future. The GFOA recently published guidance[60] that challenges traditional approaches to developing mission and vision statements, strategies, and performance metrics that guide decisions for years after adoption. Instead, this new perspective emphasizes that strategic planning can be an ongoing process with periodic discussions among elected and appointed officials, department leaders, and the broader community, including residents, businesses, and nonprofit organizations.

The first step in this strategic process is a discussion: What is important to us and how can we start moving the needle on what's important in the next two to three years?

Focus on a limited number of priorities: Identify the most important strategies that give the City and its partners the best chance of success. Constrain the discussion to areas of action that have broad community support, are operationally feasible, and impact residents in a tangible way.

Engage in strategic conversations on a rolling basis: It is difficult to predict accurately now what resources will be available; which partners will be engaged; and which tactics will be most effective three to five years from now. Therefore, the City should periodically refine the strategies agreed upon so it can respond to changing conditions and priorities.

Some components of strategic planning remain relevant even if the actions or strategies change: the **vision** for the City maintains its value and guides all other work, and the **problems** analyzed once typically do not change until and unless they are resolved.

The City's elected leaders should discuss the two questions noted above – what is important to our community and how can we start to move the needle on what's important – as it relates to the City-owned buildings and public spaces, including parks and playgrounds. The City's current capital budget already accounts for vehicle and equipment needs.

That discussion can be condensed into a brief written statement at the front of the CIP document that explains which capital projects the City will fund and when. The statement can also be expanded to set the strategic criteria for selecting capital projects because the City will always face difficult decisions on how to use limited resources to meet many needs.

The City already treats the first year of its CIP as its capital budget, and should continue to do so, adopting that list of projects and funding sources by ordinance along with its operating budget each year. The last area for improvement is use of technology.

Use of technology

The City invested some of the federal stimulus funding that it received from the American Rescue Plan Act of 2021 (ARPA) into refreshing its vehicle fleet. The City cannot rely on another wave of external funding to replace its vehicles, several of which could reach the end of their useful life simultaneously since they were purchased together. Instead, the City will need to plan strategically for ongoing vehicle upkeep and replacement within its regular budget framework.

Fleet management software can support this approach by tracking vehicle age, mileage, and maintenance costs. This allows leadership to prioritize replacements based on objective condition data rather than simple age or mileage thresholds. Daily vehicle maintenance activities will also benefit from more detailed

[60] Kavanagh, S., & Morrill, C. (2022, June). *Rethinking strategic planning: Rethinking the rules for more effective planning.* Government Finance Review. Government Finance Officers Association. https://www.gfoa.org/materials/gfr622-rethinking-strategic-planning

understanding of fleet condition. The City currently spends about $100,000 per year on vehicle maintenance and another $40,000 on vehicle fuel.

Fleet management software can help the City in the following areas:

- **Potential for cost savings:** Tracking fuel efficiency, improving driving behavior and purchasing different types of vehicles can reduce fuel costs.
- **Greater cost control and predictability:** Fleet management software typically integrates replacement scheduling and maintenance projections, which will improve the City's capital budgets
- **Operational efficiency:** The City can use the fleet software to identify any underutilized vehicles to make informed decisions about selling or reallocating them.
- **Reduced risk of high-cost emergency repairs:** Automated alerts for scheduled maintenance prevent costly breakdowns and ultimately extend vehicle life.

The City could apply for subsequent funding under the Strategic Management Planning Program to purchase fleet management software. Other potential candidates for STMP-funded technology improvements include:

- Budgeting Module (see initiative FM04)
- Capital Asset Module
- Grant Management Software

FM08	Digitize the City's historical records
Goal(s)	Properly retain, digitize or dispose of the City's historical records
Responsible parties	TBD

A related, technology oriented, candidate for future STMP funding is **digitizing the City's historical records**. Most of the City's historical records – financial and otherwise – are paper copies, collected in boxes held at City Hall. The City recently received a $125,000 grant from a local foundation that will help the City start to digitize these records. That effort will ensure important historical information is retained, preserved and more easily searchable. Digitization will also mitigate the need to find safe, adequate space to retain all paper records. The City should use the foundation grant to complete the initial phase of digitization. STMP grant funding should then be used to further advance the effort so the City can complete the work in time to sell or lease City Hall.

Capital project funding

There are two primary methods for funding capital projects: "**pay-as-you-go**" and **debt financed**. There are advantages and drawbacks to each, as described below[61], so the City should use both.

	Pay-as-you-go (PAYGO)	Debt financed
Ideal for funding…	Small projects Assets with short useful lives Projects with a local match requirement	Large projects Assets with longer useful lives Projects with a predictable stream of future revenue
Pros	Saves interest and issuance costs Preserves flexibility and borrowing capacity	Provides more money upfront Intergenerational equity (*Distributes the cost of a long-term asset to everyone who will use it)* Easier to distribute spending over time through scheduled debt repayments
Cons	Usually insufficient to fund all needs Uneven expenditures Lack of "intergenerational equity"	Adds interest and issuance costs Limits financial flexibility and reduces borrowing capacity

The City currently relies exclusively on pay-as-you-go funding, setting aside cash in its operating budget to fund current and future capital projects. That works well for vehicle purchases, equipment upgrades, and information technology projects where the acquired asset has a relatively short useful life. But the City will need to borrow money and use debt financing to advance large projects, like building a new police facility.

The City is not in a financially strong enough position to issue new debt yet, but that should be City leadership's goal by the end of this planning period – to have stabilized the City's financial performance enough that the City can re-enter the capital market and borrow money to improve the police facilities.

[61] Adapted from *Capital Improvement Programming: A Guide for Smaller Governments*, Patricia Tigue, GFOA

Revenue Opportunities

As described in detail in the Financial Condition Assessment, Williamsport's recurring revenues are not growing enough to cover the growth in the City's recurring costs, resulting in a structural budget deficit. Real estate tax revenues account for more than half of the 2025 budget, and they generally do not grow absent tax increases. At the same time, the compensation costs that make up 38 percent of the budget are expected to increase by an average of 2.7 percent annually over 2025 budgeted levels. That results in the baseline deficit summarized below.

Baseline Projection ($ millions)

	Budget 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030
Total revenues	$26.3	$26.9	$26.8	$26.8	$27.0	$27.3
Total expenditures	$30.7	$32.0	$32.2	$33.0	$33.5	$33.7
Surplus / (Deficit)	($4.4)	($5.1)	($5.4)	($6.2)	($6.4)	($6.4)

The City needs to take corrective actions on both sides of the financial ledger to close this deficit. It must manage the growth in its expenditures ***and*** accelerate the growth in its recurring revenues. The City needs more robust revenue growth, and the options for achieving that growth:

- Diversifying the types of tax that the City uses, within the limits set by Pennsylvania law
- Increasing the tax rates or fee rates charged to current payers
- Improving tax collection and fee administration for existing revenue sources
- Growing the tax base

The rest of this chapter describes strategies in each of these areas that the City should pursue in the next five years to boost revenue growth.

Revenue diversification

The City has three large revenue sources: real estate tax, business privilege tax (BPT), and earned income tax (EIT). Combined, they represent more than three-quarters of the City's 2025 budget.

Under the leadership of the prior two Treasurers, the City has improved BPT collections, to the point where the 2025 budget shows those two sources generating roughly the same amount. As described in the Financial Condition Assessment, this is very unusual because the EIT generates substantially more revenue than the BPT in many Pennsylvania cities.

While the City should remain focused on collecting BPT from all parties that should be paying the tax[62], Pennsylvania law prohibits the City from increasing the BPT rates or changing which types of business are considered taxable, so we do not anticipate stronger growth in BPT revenues than projected in the baseline.

The **real estate tax** is levied on the *assessed* value (AV) of taxable land and buildings, not their market value, and the AV generally remains static unless there is a countywide reassessment. The City's gross assessed value declined by 0.3 percent per year between 2018 and 2023, and the 2024 budget assumed

[62] Please see initiative RV08 for more discussion of this topic.

another small reduction that year. Even when reassessment occurs, Pennsylvania law requires the City to reduce its tax rate to offset the gain in AV, so the process should be revenue neutral.

The real estate tax's greatest strength is also its greatest weakness. The tax base is stable, so the tax on that base provides a reliable amount of revenue that is relatively easy to project and collect. But the real estate tax base in Williamsport is also *stagnant*, so revenues have very little growth.

The City's **earned income tax** is levied on wages, salaries, commissions, net profits, and other forms of cash compensation of Williamsport residents at a rate of 0.5 percent.[63] Additionally, the Williamsport Area School District (WASD) levies a 1.5 percent EIT on Williamsport residents.[64] In total, Williamsport residents pay 2.0 percent of their wages or earnings for local earned income tax, and only a quarter of it goes to the City.

Non-resident EIT applies to the wages and earnings of people who work in Williamsport but live elsewhere. Williamsport only receives revenue from this non-resident EIT when the worker's home municipality does not levy its own EIT.[65] Although detailed data on non-resident EIT was not available, we do not expect this revenue to exceed 5 percent of total EIT collections with the current tax base.

Unlike the real estate tax, there have not been any changes in the local EIT rates in years.

Williamsport Earned Income Tax (EIT) Rates, 2020 – 2025

	2020	2021	2022	2023	2024	2025
Act 511: City	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Act 511: School District	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Act 50: School District	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Resident EIT Rate	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Total Nonresident EIT Rate (City only)	**0.5%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**

Another difference between the real estate tax and the EIT is the EIT base (generally resident earnings) grows over time, as residents receive base wage increases, so the City's revenues also grow, even without tax rate increases. The Financial Condition Assessment describes the employment and earnings trends that contributed to 5.2 percent annual growth in resident EIT revenues from 2020 to 2024 – higher growth than the real estate tax rate had, even *after* the real estate tax rate increases (1.6 percent per year).

Pennsylvania caps the tax rates that the City can assess for the real estate tax and the earned income tax. Williamsport's real estate tax rate sits far below the maximum rate allowed for cities like Williamsport, but the City's earned income tax rate does not. The City cannot generate more revenue from increasing its resident EIT under its current form of government. To gain the flexibility that the City needs to increase its resident EIT rate – and to gain the revenue generating capacity that it needs to stabilize its finances – Williamsport needs to use Pennsylvania's Home rule process.

[63] Income that is **not** subject to the EIT includes dividends, interest, payments for disability benefits, retirement pay, pensions (except payments deemed as Early Distributions), Social Security benefits, public assistance or unemployment compensation payments, and any wages or compensation paid by the United States for active service in the armed forces of the United States.
[64] Act 50 of 1998 authorized School Districts to impose EIT up to 1.5 percent if approved by a voter referendum. The Williamsport Area School District (WASD) approved the optional tax structure in 1999.
[65] Most local governments in the region levy a resident EIT. Only three percent of Pennsylvania municipalities do not levy an EIT, and those municipalities are concentrated in the southeast and northwest parts of the Commonwealth.

RV01	Gain taxing flexibility through Home Rule
Goal(s)	Generate additional revenue to help close the structural budget deficit, reduce the reliance on the real estate tax, and rebalance tax burden
Responsible parties	Mayor, Council, Solicitor
Fiscal impact	See below

In Pennsylvania, Home Rule provides a local government with the ability to adopt its own charter, or "local constitution" to govern itself with greater autonomy. Under Home Rule, the basic authority to act shifts from Commonwealth law to the newly adopted local charter that allows a municipality to tailor the organization to its community's needs.

The critical benefit of Home Rule for Williamsport is that it would give the City more flexibility to set its own resident EIT rates, outside of the limits set by Pennsylvania's Local Tax Enabling Act, and address the structural deficit that otherwise threatens the City's financial stability. The City should start the Home Rule process by adopting an ordinance placing the Government Study Commission question on the ballot in May 2026.

According to the provisions in the Home Rule Charter and Optional Plans Law, the question the City needs to put on the ballot will be similar to the following:

> *"Shall a government study commission of (seven, nine, or eleven) members be elected to study the existing form of government of the municipality, to consider the advisability of the adoption of a home rule charter; and if advisable, to draft and to recommend a home rule charter?"*

In addition to this question, the ordinance should also designate the number of members to be elected to the Government Study Commission (seven, nine, or eleven). Within five days after the final enactment of the ordinance, the City Clerk must file a certified copy with Lycoming County. **The City must file this ordinance with the County no later than February 17, 2026, so the question is placed on the ballot for May 19, 2026.**

How the process works

The Home Rule process starts with forming a Government Study Commission (the "Commission"), the members of which are elected by the majority vote of the electors. Residents interested in serving as Commission members must circulate nominating positions and file them with the County to be placed on the May 2026 ballot, like other locally elected officials.

The Commission is charged with analyzing the current form of government and comparing it to an alternative form permitted under the Pennsylvania Home Rule and Optional Plans Law. The Commission releases a report stating its findings and, if the Commission recommends adopting a Home Rule charter, the Commission proceeds to drafting the charter, subject to approval through a second voter referendum.

If the referendum on the Home Rule charter passes, Williamsport would switch from an Optional Third Class City to a Home Rule city, though the current governance structure does not have to change. Other communities, like the City of Lancaster, have switched to Home Rule without substantially changing how responsibilities are distributed between the elected Mayor, City Council and other parts of city government.

Home Rule Steps and Sample Timeline

Step	Description	Deadline/ Maximum Time
Initiation	Whether by Council ordinance or an elector petition, City puts the question on the next election ballot whether to form a Government Study Commission. The Council also adopts an ordinance specifying whether the Commission shall have seven, nine, or 11 positions.	February 2026
Petition Circulation	Residents who wish to serve on the Commission must circulate nominating petitions, attain the required number of signatures, and file the petitions with the County to be placed on the electoral ballot.	March 2026
Election	Residents vote to create the Government Study Commission and elect Commission members.	May 2026
Convene & analyze	The Government Study Commission analyzes the current form of government and compares its functions and operations to the forms of government under a Home Rule charter to determine whether an alternative form of government would improve operations, revenues and expenditure options. Within nine months from the date of election, the Commission must release a report of its findings and recommendations, including any recommendation whether the City should adopt a Home Rule charter.	No later than February 2027 (Could be faster)
Charter Drafting	If the Commission elects to prepare a Home Rule charter, the Commission must release the proposed Charter for citizens' review and consideration within eighteen months from the date of election. A copy of the final report and any proposed charter must be filed with the Department of Community and Economic Development.	No later than November 2027 (Could be faster)
Discharge	The Commission may amend the Charter at any time prior to 60 days before the date of the referendum.	Final version of charter would have to be complete by early September 2027 for November 2027 referendum
Referendum	If the Government Study Commission proposes a Home Rule charter, the charter shall be subject to voter referendum in the next primary or general election occurring no less than 60 days from the date of filing of the Commission's report and proposal.	November 2027

Step	Description	Deadline/ Maximum Time
Adoption	If the charter referendum passes, and depending on how the charter is written. the City could change its resident EIT by ordinance in late 2027 so the new tax rate takes effect January 1, 2028.	January 2028

In addition to adopting the ordinance placing the Government Study Commission question on the May 2026 ballot, City leadership should encourage residents to run for the Government Study Commission.

If the voters approve the Government Study Commission, but not enough residents run to fill the Commission seats, the process fails. Participation in the Commission does not require legal or political expertise, though those skills are welcome. It is just as important that participants bring wisdom, practical judgment, and enthusiasm for the process.

Every Williamsport resident will be affected by the important question on the May 2026 ballot and the (potential) subsequent process. City government protects public safety, maintains public spaces, runs recreation programs and supports community development initiatives to ensure Williamsport is a place where people want to live, work, and raise their families. Unfortunately, the revenues generated by the City are not naturally growing enough to cover the cost of service. **Home Rule is the City's lifeline to financial stability, short of repeated real estate tax increases and service reductions.**

If the City adopts a Home Rule charter and gains the authority to increase the EIT rate, it would give the City one more lever to balance its budget. A half-percent increase in the resident EIT would generate roughly $3 million in additional revenue, an amount that would otherwise require about 3.5 mills in new real estate taxes.

Revenue Trade-Off: Resident EIT vs. Real Estate Tax

Resident EIT Increase		Real Estate Tax Increase	Associated City Revenue
0.5%	is the equivalent of	3.49 mills (20% increase)	$3 million
1.0%		6.97 mills (41% increase)	$6 million

A 0.5 percent increase in the EIT could stabilize the City's finances, while it would cost a resident with annual earnings of $50,000 less than $5 per week. The flexibility provided under Home Rule could even enable the City to potentially *reduce* its real estate tax rate, depending on the resident EIT chosen and the rest of the City's financial picture. But the City and its residents must go through the Home Rule process to gain that flexibility.

RV02	Consider fully implementing the admissions tax
Goal(s)	Diversify revenue streams, reducing burden on city residents
Responsible parties	Mayor, Council, and Finance
Fiscal impact	TBD

As discussed before, Williamsport is the cultural and entertainment hub of the region. The arts, cultural, and sporting events held in Williamsport do not directly generate revenues for City government, though they may increase its workload for public safety and public space upkeep related to the events.

Several cities levy an Admissions or Amusement Tax as authorized by Pennsylvania's Local Tax Enabling Act. Article 331 of Williamsport's Code of Ordinances lists an amusement admission tax, but the ordinance language describes something different. City code imposes a tax "upon the sale of admission to any amusement within the city," but then only specifies a flat $100 annual tax per amusement device or amusement.

While the City's ordinance defines amusement in broad terms,[66] the ordinance appears to only apply the $100 per year fee to "amusement devices." The ordinance appears to blend and confuse two different concepts – the admissions tax (generally a percentage levy on admissions to an event) and the mechanical device tax (fixed fee levied per mechanical device).

In comparison, here is how the City of Bethlehem structures its admissions tax[67]:

> A tax is hereby imposed, for general revenue purposes, at the rate of 5% of the price of admission to each and every amusement within the City of Bethlehem, Lehigh and Northampton County, Commonwealth of Pennsylvania.[68]
>
> "Admission" means the established price or regular monetary charge of any character whatsoever, charged, paid, or in any manner received by producers, as herein defined, from the general public, or a limited or select number thereof, directly or indirectly, for the privilege of attending or engaging in any amusement, as herein defined.
>
> "Amusement" means any manner or form of entertainment within the City of Bethlehem, including, but not limited to, the following: circuses, shows, concerts, lectures, sports events, amusement parks, athletic contests, auto races, and any other form of diversion, sport, pastime or recreation, for which admission is charged or paid.

Williamsport's 2025 budget lists the revenue as Mechanical Device Tax, estimated at $35,000. The revenue collected grew by an average of 4.0 percent per year, from $29,700 in 2020 to $34,700 in 2024.

Local governments may impose a tax up to 5 percent on the sale of various forms of entertainment and recreation under Act 511. This tax typically applies to activities where admission is charged, including theater performances, concerts, circuses, sporting events, and amusement parks. Events whose proceeds explicitly and exclusively benefit religious, educational, or charitable organizations are generally exempt, as are school-district-sponsored events (including athletics) and movie theaters.

Williamsport should consider the amusement tax as a potential revenue diversification tool. Changing the ordinance to include a percentage charge on admissions to events could add a stream of revenue that comes primarily from visitors, unlike the residency based real estate and earned income tax. Though we do not anticipate the tax will generate hundreds of thousands of dollars, it would provide marginal revenue diversification and a revenue source that should grow over time, without the City having to change the tax rate.

[66] Amusement is defined as "all manners and forms of entertainment within the city, including, but not limited to, the following: juke boxes; pinball machines; dances; plays; athletic events; musical presentations; roller skating; shows other than movies; concerts and exhibitions; and any form of mechanical and/or electronic device for which admission is charged or paid."
[67] City of Bethlehem Codified Ordinances, Article 304.
[68] Bethlehem's ordinance caps the admissions tax at a maximum of $2 per single admission.

If the City is interested in pursuing this option, the next step is to discuss the following core components

- **Determine and define which amusement can be taxed**

  The nature of the type of amusement to be taxed is not strictly determined by Commonwealth law, so its definition must be in the local ordinance. Article 331 already includes traditional amusement venues, but the covered forms of entertainment appear outdated. The City should consider whether the definition should be broadened to include fairs, bowling alleys, and outside recreational experiences or activities, for example.

- **Quantify the tax base**

  To estimate potential revenue, the City should determine the number of venues that would fall within the tax base; estimate the number of events; and estimate the attendance at those events. Then the City can assume a five percent tax on admissions charges and determine if the revenue is worth the effort associated with creating and collecting the tax, though collection efforts should be minimal since there will be a small number of facilities and event organizers who are subject ot the tax.

- **Set a percentage levy on admissions to events**

  This aspect appears to be missing from the City's ordinance, though the language that lists activities like "dances, plays, athletic events, musical presentations suggests they were meant to be taxed. Pennsylvania limits the maximum admissions tax rate to five percent. The City should consider adding this provision.

RV03	Consider imposing a parking tax
Goal(s)	Diversify revenue streams, reducing burden on city residents
Responsible parties	Mayor, Council, and Finance
Fiscal impact	Unknown

Diversifying the City's revenue sources helps stabilize the budget by reducing reliance on a small number of revenues. Williamsport is already using two of the three primary sources for funding local governments (real estate and income tax), and Pennsylvania law prohibits Williamsport from using the third source (sales tax).

The Local Enabling Tax Act does allow the City to use two taxes that are not currently being fully implemented – the amusement tax (described in the prior initiative) and the parking tax. These options are not worth nearly as much revenue as increasing the resident EIT rate through Home Rule, but they are still worth consideration because they diversify the City's revenues and expand the tax base. The admissions and parking taxes have a larger geographic base since they are paid by commuters, and visitors to Williamsport, unlike the residency-based EIT or the property-ownership based real estate tax.

The parking tax would be levied on the cost of parking permits or hourly parking rates, so the tax would only be paid by people who use the associated service, unlike the real estate tax or EIT that are not tied to a specific service.

Many Pennsylvania municipalities impose a parking tax on gross receipts from non-residential parking. Based on a benchmarking comparison of other Pennsylvania cities, the rate typically falls between 10 and 25 percent of all receipts or transactions. The tax could also be accompanied by a flat, annual fee. For

instance, parking facility operators in the City of York must apply for an annual license, which costs $100 plus $2 per parking space. In addition to this license fee, each parking transaction is taxed at 15 percent. In Harrisburg, the annual license costs $1 per parking space, and the parking transactions are taxed at 20 percent. Some municipalities slowly built up the tax percentage after the tax was enacted. For example, in York, the parking tax started at 2 percent in 2006 and increased by 2 percent each year until the cap of 15 percent in 2012.

Most of the cities in the comparison table collect their own parking taxes, though the City could discuss whether the Williamsport Parking Authority has the capacity to do so, for an administrative fee that covers the WPA's costs.

Parking Tax Benchmarks for PA Cities

Municipality (Population)	**Tax Base**	**Tax %**	**Collected by…**
Harrisburg (50,000)	Each parking transaction by a patron of a nonresidential parking place	20%	City Treasurer
York (45,000)	Each parking transaction at a non-residential parking facility	15%	Business Administrator or duly appointed designee
Middletown (Bucks) (46,000)	All transactions of each operator of a commercial parking place, garage, or lot where motor vehicles are parked or stored for a period of time in return for consideration	10%	Private collector
Norristown (36,000)	Gross receipts of all parking lots or parking garages in the municipality of Norristown	13%	Norristown Tax Collector
Chester (33,000)	All transactions of each operator of a non-residential parking lot	15%	Private collector

Before enacting a parking tax, we recommend City leadership engage with the Williamsport Parking Authority (WPA) on this subject. The WPA operates 15 municipal parking lots and two parking garages in the City's central business district. It also maintains the street parking meters and other street traffic zones. The WPA's presence does not rule out a municipal parking tax. The City of York has a parking tax and publicly owned and maintained garages and lots.[69] But the WPA's role in providing parking and managing enforcement in the Central Business District should inform the City's consideration of creating a parking tax. The City should also determine if there are paid parking lots at institutions, like the hospital or colleges, that would be potentially subject to the tax and how to treat them.

[69] York's Parking Bureau sits within City government. It is not a separate authority.

RV04	Increase payments in lieu of taxes (PILOTs)
Goal(s)	Increase non-tax revenue to reduce burden on homeowners and residents
Responsible parties	Mayor, Council
Fiscal impact	$260,000 per year or more

Payments in lieu of taxes (PILOTs) are voluntary payments to local governments made by tax-exempt institutions in recognition of the value they receive from tax-funded public services, like police and fire protection and road maintenance. **Tax-exempt institutions often account for a meaningful portion of the total assessed value of property in a city, and that is especially true in Williamsport where tax-exempt organizations hold $435.9 million worth of assessed value, or 46.3 percent of the total.**[70]

The largest tax-exempt institutions in Williamsport are:

- Pennsylvania College of Technology –$83.5 million across 15 properties
- Williamsport Area Joint School -- $80.1 million across 13 properties
- UPMC (Main campus + Divine Providence) -- $66.8 million across 86 properties
- Lycoming College -- $28.5 million across six properties

While those four organizations hold $255.0 million worth of AV, that accounts for less than 30 percent of the total held by tax-exempt organizations, which includes federal, Commonwealth, and local governments; municipal authorities (Parking, Water); and many religious institutions.

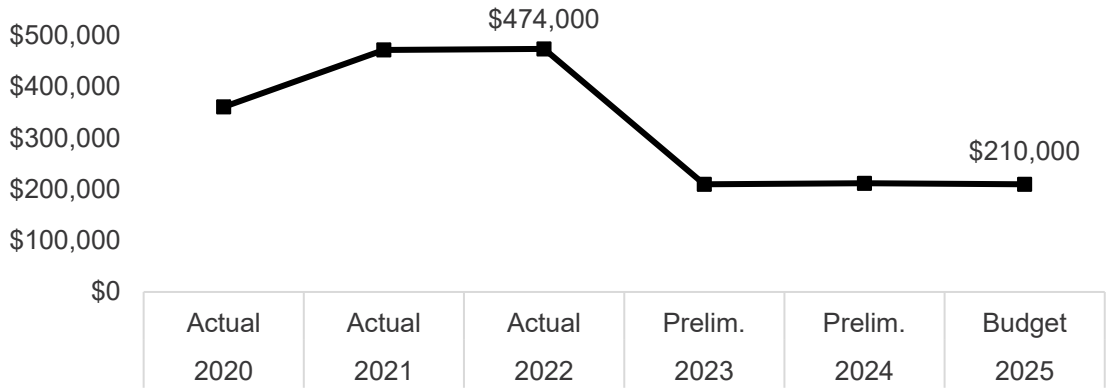
Tax-exempt organizations make Williamsport stronger through their pursuit of their mission, whether that be educational, healthcare, religious or something else that adds to the city's vibrancy and quality-of-life. Tax-exempt organizations also are not exempt from employment-based taxes, so they withhold and remit EIT and local services tax, like private sector organizations. But tax-exempt organizations do not pay the real estate tax that accounts for most City revenue and therefore funds vital public safety and public works services.

Pennsylvania law does not prescribe a mechanism for tax-exempt organizations to reach PILOT agreements with their host communities. In other states, communities have used the assessed value of tax-exempt property, multiplied by the local millage at a discounted rate, as a starting point for discussions. Some communities seek broad participation from all tax-exempt institutions, regardless of size, while others focus on the largest property holders.

Williamsport's PILOT revenues make up less than one percent of the City's 2025 budget at $210,000, but they were more than double that amount in 2022. The primary difference is the City stopped receiving PILOT payments from UPMC Williamsport. The hospital operator has since offered the City an agreement that would include a one-time payment for prior years.

[70] Assessed value totals are for the 2025 billing year.

Payments in Lieu of Taxes (PILOT) Revenue, 2020 – 2025



Discussions on the appropriate size of PILOT payments often consider whether tax-exempt organizations – especially those that own large amounts of property – are paying their "fair share." It is reasonable to note that homeowners, who generally have less income, are subject to tax increases while tax-exempt institutions are not, and that private businesses that generate employment-related tax revenues also pay real estate taxes. It is also reasonable to try to achieve some degree of fairness across tax-exempt organizations within the same community, possibly by indexing PILOT payments to the value of property held by each institution.

But Williamsport leaders should not become so preoccupied with *fair* that they lose sight of what is *practical*. Pennsylvania law does not require tax-exempt organizations to enter PILOT agreements, and it may be easier to revisit payment amounts once an agreement is in place. From a financial perspective, signed agreements should cover multiple years to provide predictability for budgeting purposes. The amount paid should also ideally grow marginally each year to reflect the local government's rising cost of service.

The Mayor and City Council should review the proposed PILOT agreement with UPMC, discuss its impact on the City's financial performance, and decide whether to accept it by no later than end of Q1 2026. The City should also revisit the payment arrangements with Lycoming College, Penn College of Technology and other large tax-exempt organizations with a view to extending their term and revisiting the amount paid each year as needed.

The City should consider whether to pursue a broad-based PILOT program, where all organizations are asked to pay something. Most of the AV held by tax-exempt institutions is held by organizations other than UPMC and the two colleges, but the administrative effort required for this approach may not be worth the potential gain in revenue.

The City should pursue this initiative with the goal of increasing PILOT revenues at least to the level received in 2022, which would be $264,000 more than assumed in the baseline projection.

Tax and fee increases

Diversifying the tax base is an important goal and will help stabilize the City's financial performance, especially if Williamsport completes the Home Rule process and gains more local control over its resident EIT rate. But the City cannot wait for revenue growth until 2028. The City has a structural deficit now and must take actions to close it. The three initiatives include one action the City will have to take, one action the City should take if it is authorized to do so, and one the City should take over the next five years.

RV05	Increase the real estate tax rate
Goal(s)	Generate revenue to help close the structural deficit

Responsible parties	Mayor and Council
Fiscal impact	$860,000 per mill in 2026

Other sections of this Plan describe measures that the City will likely have to take, solely for financial reasons, to close the structural deficit until better, more structural solutions are executed. The City will likely have to draw down its reserves[71] and reduce its spending on capital projects[72] in 2026 and 2027, even though those are temporary solutions for a structural problem.

The City may also need to reduce headcount, ideally through attrition.[73] Unlike drawing down reserves or postponing capital projects, position cuts have a recurring benefit since, once in place, they generate savings every year relative to the baseline. However, the City may have to cut more positions than it otherwise would until it can gain flexibility to increase its earned income tax rate through the Home Rule process, at which point some positions could be restored.

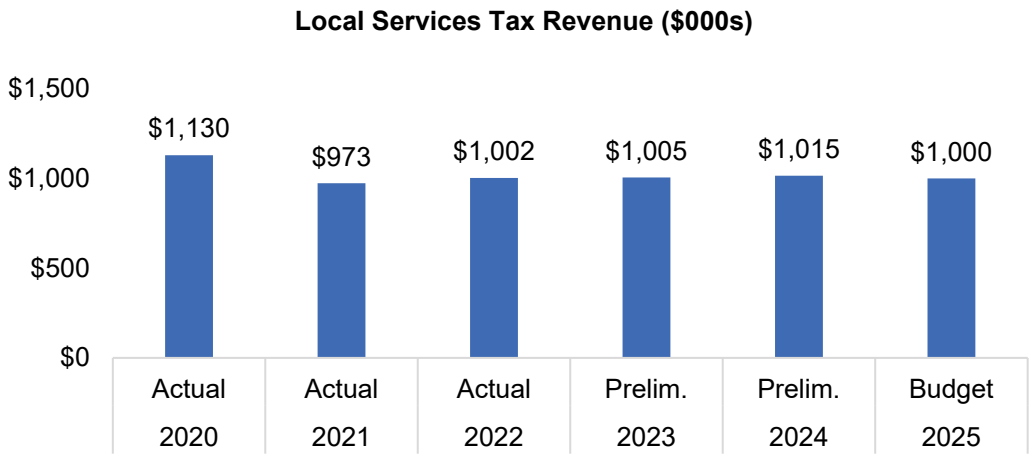
This initiative has the same reasoning as position cuts – increasing the real estate tax rate is a structural response to a structural problem since the City will gain revenue every year the higher tax rate is in effect. And it may be necessary to do higher real estate tax increases in the short term than would otherwise be pursued because increasing the real estate tax is the only tool available that can generate several hundred thousand dollars in recurring revenue quickly and reliably.

RV06	**Increase the local services tax if authorized by Commonwealth legislation**
Goal(s)	Generate revenue to close structural deficit
Responsible parties	Mayor, Council, and Finance
Fiscal impact	$2 million per year or more

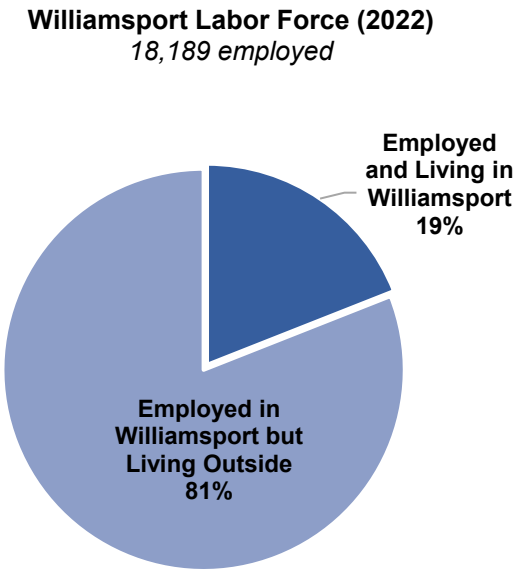
The Local Services Tax (LST) is the City's primary means to share the cost of providing services with commuters who work in Williamsport during the day but pay their real estate and earned income taxes where they live. From a financial perspective, the LST is an imperfect tax because the amount charged is very low ($1 per week in Williamsport), and it is neither indexed to the taxpayer income, nor to local government's cost of providing service. It is a regressive tax that has less purchasing value each year.

The LST rate has been frozen at $52 per year since 2008, while national inflation rose by 46 over that period.[74] Williamsport's LST revenues have been stagnant around $1 million per year, except for 2021 when many communities had lower LST due to pandemic-related employment.

[71] Please see initiative FM01 in the Financial Management chapter.
[72] Please see initiative FM06 in the Financial Management chapter.
[73] Please see initiative WF02 in the Managing Workforce Costs chapter for more information.
[74] Bureau of Labor Statistics (BLS) Consumer Price Index for All Urban Consumers (CPI-U).



Despite its limitations, the LST is valuable because it marginally expands the City's tax base beyond Williamsport residents and property owners. It is paid based on the location of the job, therefore mostly paid by commuters. According to 2022 Census data, there were a little over 18,000 people employed[75] in Williamsport and almost 15,000 of them (or 81 percent) were commuters. The majority (62.5 percent) of those commuters fall into the "higher-earning" category (workers earning more than $3,333 per month), while this is a smaller portion (50.0 percent) for resident workers.



A state legislative effort is underway to raise the LST rate to $156 per person. Only financially distressed municipalities subject to oversight under Act 47 may currently use this higher levy. The most recent effort is in the early stages, and it would provide more municipalities with the opportunity to increase their LST ***before*** state financial oversight is necessary. Assuming the workforce remains steady, tripling the LST rate would roughly triple the City's revenue.

The City cannot rely on this potential change to balance its budget since the likelihood and timing for enactment is unknown. But, if the General Assembly does give the City authorization to increase the LST, it should do so.

RV07	Periodically review and adjust fees
Goal(s)	Improve or maintain cost recovery
Responsible parties	Mayor; Council; Finance; Various department heads
Fiscal impact	See below

The City's 2025 budget anticipates $668,000 in revenue from licenses, permits and departmental earnings. These service charges are an important part of the City's revenue structure since they generate almost $1

[75] This number includes all primary jobs, for both public and private employers. This is the latest available data for OnTheMap, a tool that illustrates inflow and outflow of workers.

million cumulatively and they are more efficient than taxes at charging the cost of service to the person who benefits most from that service. For example, the entity that benefits most from the City reviewing construction plans for a new commercial development is the developer submitting those plans for review,[76] and that entity should pay the associated costs. In contrast, it is difficult to accurately determine who benefits most from police patrol or fire suppression, so those costs are paid through broad-based taxes.

Service charge revenues averaged $807,000 per year during the review period, with a low of $618,000 in 2021 and a high of $920,000 in 2022. The largest item in this group is building permits, which account for more than two-thirds of the 2025 budget and more than 70 percent of actual receipts for these items. Building permit revenue, which averaged $530,000 over the review period, fluctuate year to year depending on the presence or absence of large projects. Smaller service charges include recreation program income, pool concessions, and street excavation permits.

The City should periodically review its service charges to determine if they need to be adjusted according to the following criteria:

- **Cost recovery:** This is most applicable to services that are expected to "pay for themselves." Since the cost of providing service rises, the amounts charged to the person benefiting most from that service should also increase. There are some services that could theoretically pay for themselves through high enough service charges, but the City has made a policy decision not to set the charges that high. For example, the person who benefits most from participating in a City-organized recreation program is the program participant, but charging the full cost to that person would likely limit their ability to afford and access the program. In that case, it is reasonable to set the service charge at a low rate that does not discourage participation and subsidize the cost through tax revenues, but it is also easier to manage that subsidy if it is quantified and monitored.

- **Market competitiveness:** This is applicable to services where the City is competing with other communities to attract activity to Williamsport and especially true for services related to growing the City's residential tax base. Trading lower fees at the front end of the process for higher, recurring tax revenue is worthwhile because of Williamsport's structural financial challenges, but that tradeoff is only worthwhile if reduced fees truly incentivize development.[77]

These criteria may surface competing priorities, where cost recovery suggests higher fees and market competitiveness suggests flat or lower fees, and the City's elected leaders will have to strike the right balance in setting service charge levels. The City should review some of its service charges and adjust them as needed each year, working through all of them over a five-year cycle.

Tax administration and collection

RV08	Diligently enforce and collect taxes and fines
Goal(s)	Generate additional one-time revenue
Responsible parties	Treasurer
Fiscal impact	~$175,000-$200,000

Williamsport's Tax Collection Office has recently achieved success in collecting delinquent Business

[76] The eventual tenants for the new development also benefit from ensured compliance with safety standards, and they eventually pay a portion of the developer's costs through their rent or lease.
[77] This is also the argument in favor of the City's Local Economic Revitalization Tax Assistance (LERTA) program where property owners pay a reduced real estate tax bill as an incentive to develop their property. The critical question is whether LERTA catalyzes development that otherwise would not have occurred.

Privilege Taxes (BPT). In 2023, delinquent BPT revenues more than doubled when compared to the three years before, and it remained elevated in 2024. This is largely thanks to the diligent pursuit of outstanding obligations by the prior Treasurers. This progress highlights an opportunity for the City to generate additional revenue by proactively pursuing delinquent accounts.

The City has several tools available for pursuing delinquent accounts, including filing tax liens and requesting wage garnishments. As a first step, the City should identify the total amount of outstanding taxes, fees, and fines, and then determine the most appropriate collection strategies.

Since a third-party collects EIT for all Lycoming County municipalities, there is relatively little for the City to do, other than discuss delinquent collection efforts during the Tax Collection District meetings. The City should focus on delinquent property taxes, business privilege taxes, local services taxes, and various fees and fines. Depending on the collection method selected, the City may need to obtain a court judgment to proceed and depending on the type of tax, wages may only be garnished when specifically authorized by the court.

Until reassessment occurs, the City should also monitor property sales and pursue appeal assessments where they appear to be clearly undervalued. The assessment appeal process may cost money and time, but those costs could potentially be shared with the School District if it joins appeals. Diligent tax collection is important for increasing revenues and ensuring fairness for those who are paying their taxes in full, on time.

Tax base growth

While the prior initiatives describe steps the City should take to increase revenues over the next five years, the best way to increase revenues is through tax base growth. When the City's taxable economic activity grows, that diversifies the number of taxpayers and it "organically" increases revenues for City government, meaning revenues rise without the City government increasing tax rates.

Tax base growth is related to economic growth (improving the local economy in a way that creates more and better jobs; higher output from local businesses; and a higher standard of living for residents), and it is related to community development (improving a wider range of assets including education, housing, social systems). But tax base growth is more specific because Pennsylvania local governments only have a specific set of taxing powers.

Tax base growth for Williamsport primarily means:

- **Real estate tax base growth: Growth in the assessed value of taxable property (land and buildings)**

  Growth in the *market* value of real estate is a sign of improving economic strength, but it does not translate to higher recurring revenues for City government. When a property's market value increases, that can translate to a short-term boost in tax revenues when the property is sold at a higher price and generates more transfer tax revenue. But the recurring revenue from the real estate tax is tied to the lower and stagnant assessed value.

  Similarly, if a college or hospital purchases and develops land to launch a new program, that can improve Williamsport's community development by expanding health or educational services, and the construction will generate some new, non-recurring revenues through building permits. But colleges and hospitals are exempt from the real estate tax, so their expansion does not increase the City's real estate tax base. Their purchase may even decrease the City's tax base, if the purchased lands shifts from a taxable owner to a tax-exempt owner.

- **EIT growth: Growth in resident earnings, either through more employed residents or increased earnings for each resident**

  Pennsylvania law directs local earned income tax revenue to the municipality where the employee lives, not where the employee works. A business that moves into or expands in Williamsport and brings several new jobs into the city does not directly produce much benefit for City government if the jobs added are mostly filled by non-residents. Each new non-resident employee will only pay the $1-per-week LST to the City. Similarly, if a successful organization increases pay for its employees, the incremental growth in those earnings will only benefit the City directly if the employees live in Williamsport.

This does not mean that the City should take a narrow view of economic and community development and only support projects that directly translate to higher real estate and earned income tax base growth.

Each of the prior examples of economic and community development could translate to a higher quality of life for Williamsport residents. Higher residential property values signal an increase in homeowner wealth. New medical services improve residents' health. City leaders should value these improvements on behalf of their residents, even if the associated projects do not directly translate to higher local tax revenue.

Similarly, effective economic development will have a spinoff benefit or ripple effect where one improvement catalyzes others that generate higher City tax revenues. A business that adds dozens of new jobs downtown may increase foot traffic to other businesses that pay business privilege taxes to the City, and new educational programs can help residents get new or better jobs with higher earnings.

But not all forms of economic and community development have an equal benefit for City government, and City government does not have unlimited resources to direct toward economic and community development. As detailed in the Financial Condition Assessment, Williamsport's City government needs revenue growth over the next five years to offset expenditure growth, otherwise the City will have to curtail services or increase tax rates, which can have a negative impact on Williamsport's ability to attract and retain new residents.

So, we encourage the City to use its economic and community development resources – its time, money and energy – to work with other partners on initiatives that are likely to produce a measurable increase in the assessed value of taxable property and resident earnings. Those priorities guide the following recommendations.

RV09	Complete housing study and plan
Goal(s)	Grow the real estate and resident earned income tax base; address high-priority community and economic development need
Responsible parties	Planning Department
Fiscal impact	See below

The Planning Department has identified several areas where the City can better use quantitative and qualitative data to inform prioritized strategies that will improve Williamsport. Those include:

- Parks and recreation plan funded by the Pennsylvania Department of Conservation and National Resources

- Comprehensive road safety plan funded by the U.S. Department of Transportation's Safe Streets and Roads for All (SS4A) program

- Downtown Strategic Plan developed in partnership with the Williamsport Business Association

Writing and ***then executing*** data-informed, prioritized plans gives City government a chance to "play offense" in its efforts to grow the tax base. Public safety and public works services are important to community and economic development because they mitigate negative conditions and perceptions that would otherwise discourage economic activity ("playing defense"). But the Planning Department should be at the forefront of proactive efforts to attract new residents and businesses to Williamsport.

One of the most critical planning efforts involves a full evaluation of the City's housing stock and housing needs.

Multiple interview participants identified housing as one of the biggest obstacles to growing the City's tax base. Williamsport needs housing that will attract residents at all stages in life, but especially at the point when they have increased earnings. As noted above, Pennsylvania law incentivizes Williamsport to attract and retain mid-career residents because those individuals pay resident EIT to the City, in addition to real estate tax in conjunction with their mortgage or rent.

We heard multiple opinions on which types of housing Williamsport needs most. One interview participant noted the lack of market rate housing for people who have completed college, are just starting their career, and want more space than a rental apartment without incurring the cost and upkeep responsibility for one of Williamsport's large, older homes. Another participant noted that there is a lack of housing for retirees who need to downsize and shift to a one-story home for mobility reasons. A third participant noted that lack of workforce housing is the primary obstacle to growing the local economy because local businesses have jobs they cannot fill because Williamsport lacks the housing that potential employees want.[78]

The City should **complete a housing study** that uses quantitative and qualitative data to identify and quantify the disconnect between housing demand and housing supply in Williamsport. The study should account for the differences in the city's neighborhoods and the variations in housing supply/demand across Williamsport.

Once the study is completed, the City should **develop a housing strategy** with specific, prioritized actions to address the shortcomings identified in the study. The housing strategy will likely include initiatives that City government cannot execute independently. Partners in the private and potentially non-profit sector will have to contribute to the overall effort to improve Williamsport's housing stock. But City government will be a critical contributor to that effort because it has primary responsibility for zoning, code enforcement, parking and other local regulations that impact housing decisions.

The City should apply to the Commonwealth's Municipal Assistance Program (MAP) for grant funding to support this effort by the April 1st deadline.[79] The City should also pursue implementation grants under the Strategic Management Planning (STMP) program to fund this initiative.

RV10	Leverage GIS software for City-wide development strategy
Goal(s)	Use data to inform economic and community development decisions and improve service efficiency and effectiveness
Responsible parties	Planning, Information Technology

[78] Several participants also cited the importance of strengthening the City's code enforcement, which ensures the existing housing stock complies with health and safety standards. Please see initiative PS06 for more discussion of that topic.
[79] MAP emphasizes the value of "multi-municipal plans," so the City should consider where any neighboring municipalities have interest in studying this issue jointly with Williamsport. That could increase the chances of receiving funding and provide a regional perspective on a challenge that likely extends beyond Williamsport's boundaries.

Fiscal impact	TBD

As noted above, writing and executing data-informed, prioritized plans gives City government a chance to "play offense" in its efforts to grow the tax base, and the City needs timely, accurate meaningful data and the effective analytical tools to inform those plans.

One powerful tool that the City lacked until recently is adequate Geographic Information System (GIS) software. In late 2025, City Council approved the Planning Department's request for funding of a software license for interactive platform ArcGIS (Esri). It has since been purchased and installed. This tool enables the City to organize and analyze location-based (spatial) data to detect patterns and trends in ***where*** activities, opportunities and risks are concentrated and how that changes over time.

Identifying the geospatial patterns for criminal offenses, EMS calls, or code enforcement violations will help the City target and coordinate its limited resources to respond to these problem "hot spots." GIS analysis makes it easier to see how property values change based on proximity to public infrastructure (parks, streetscape improvements, streetlights) and informs decisions on where to make the next investment. It will enable the City to identify specific blocks where a marginal change in spending and service delivery could prevent a negative trend from spiraling or catalyze a positive trend to grow exponentially. It would help the City analyze how well current zoning accommodates desired commercial property occupancy types and inform the discussion on whether and how to change zoning (see next initiative).

The City should maintain funding for GIS software in the Planning Department's operating budget. The Planning team should manage the tool, though responsibility for compiling data and the benefits of the resulting analysis will touch all City departments.

RV11	**Consider reorganizing planning and zoning functions**
Goal(s)	Maximize the City's resources to facilitate community and economic development
Responsible parties	Mayor, Planning, Zoning
Fiscal impact	TBD

The City's Planning Director explained that her department is taking a more expansive view of its duties than it previously did. She notes that, prior to the current administration, the Planning Department focused primarily on administering the federal grants that Williamsport receives through the Community Development Block Grant (CDBG) and the HOME Investment Partnerships programs. In some City documents, the Department is still called by the name of these specific programs.

Under the current administration, the Planning Department has a more creative, proactive scope of work. It strives to develop and implement plans, policies, and programs that foster economic growth, expand housing opportunities, and support neighborhood revitalization.

Municipal zoning work – which divides land in Williamsport into districts and prescribes what types of land use are allowable in each one – is closely related to municipal planning work, but Williamsport's zoning functions sit outside the Planning department. The City Zoning Officer, who also oversees code enforcement, is part of the Department of Public Safety, along with Police and Fire.[80]

[80] It is not unusual for Code Enforcement to fall within the Public Safety department in a Pennsylvania local government.

The decision to combine zoning and code enforcement within Public Safety was reportedly made from practical necessity instead of strategy. The City had difficulty finding a permanent Code Enforcement Director, so those duties were eventually assigned to the Zoning Officer, who still oversees both functions.

Planning and zoning sit in two different departments that each report to the Mayor as part of City government's executive branch. There are multiple bodies with responsibilities related to planning and zoning that do not report to the Mayor, including the following: [81]

- The **Planning Commission** is a nine-member board[82] responsible for preparing the City's zoning ordinance, building code and housing codes and preparing and administering subdivision and land development ordinances (SALDOs). According to the City's ordinances, the Building Code Official cannot approve final issuance of a permit until the Commission has had 30 days to review the application, and the Commission provides non-binding recommendations on issues like signage, streetscaping and façades within the Central Business District to City Council.[83] The Planning Commission primarily works with the Zoning Officer, but is an autonomous body.

- The **Zoning Hearing Board (ZHB)** is a five-member body[84] that helps ensure that proposed development or redevelopment projects within Williamsport comply with the City's zoning ordinance. While the Zoning Officer has primary responsibility for determining compliance with the zoning ordinance, the ZHB has the authority to hear appeals to those determinations. The ZHB also has authority to grant variances when a proposed project or property use requires modification to the zoning ordinance because the ordinance provisions "inflict unnecessary hardship" on the owner.[85]

Multiple interview participants noted that the City's zoning ordinance – most of which was adopted by City Council in 1998 – is outdated and should be revised. They pointed to the frequency of variance requests and approvals as an indicator that the ordinance is losing its relevance as a framework for guiding development.

One participant noted that linking zoning and code enforcement increases the likelihood that zoning activity will be used primarily as an obstructive tool to prevent unwanted activity (*You cannot build that here because it is not allowed*) without it also being a constructive tool that facilitates desired growth *(You can build that here if you do it in this manner because this is what we want to encourage*).

This raises the question whether the City should move the zoning functions out of Public Safety and into the Planning Department, where it could be better coordinated with and supportive of proactive, creative strategies that facilitate tax base growth, while still preserving the historical, functional and safety attributes of each neighborhood.

The prior initiative mentions the value of adopting strategic plans related to housing, recreation, and downtown improvement, but it is equally important that the City execute those plans after adoption. Effective execution may require updating portions of the zoning ordinances, so having zoning and planning working cooperatively now could reduce likelihood that the City will spend time, money and energy on strategic plans, only to have its own ordinances block implementation. Bringing zoning and planning together could also improve coordination between the Planning *Department* and the Planning *Commission,* which works primarily with Zoning.

[81] Other bodies with related duties include the Blighted Property Review Committee; the Board of Historical Architectural Review; and the Redevelopment Authority.
[82] Commission members are appointed by the Mayor with the advice and consent of City Council.
[83] Article 1301.
[84] City Council appoints ZHB members.
[85] Articles 1311.99 and 1319.13.

We encourage the Mayor, Council (where changes to ordinances are required) and leadership of these bodies to discuss this potential reorganization within the context of the question, “What organizational structure will be most effective for facilitating economic growth and community development?”

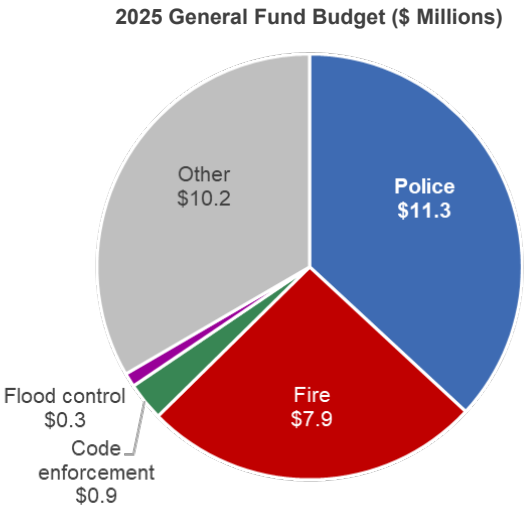
We also note that, if the City does move Zoning within Planning, it will need to resolve the prior question who oversees code enforcement. The City could conceivably move code enforcement under Planning, too, but that may expand Planning’s purview too far and dilute its focus on work that grows the tax base. Wherever code enforcement is placed, it needs enough resources to be effective, including a designated leader who oversees daily operations.

Strengthening Public Safety

While City government has several responsibilities, and its services impact residents in multiple ways, its primary responsibility is protecting health and safety for people and property in Williamsport.

Williamsport's Department of Public Safety includes the Bureaus of Police, Fire, and Environmental Control and Code Enforcement.[86] The Department of Public Works also has public safety responsibilities such as flood control (tracked separately in the chart to the right), traffic control and parks maintenance (grouped in "other").

In 2025, the City directly allocated two out of every three dollars in the General Fund budget to public safety. The 2024 preliminary year-end results show public safety accounting for a similarly large share of General Fund expenditures.



The City's path to financial stability depends on effectively and efficiently delivering public safety services. The City must manage its spending, and public safety accounts for most of its expenditures. Viewed through a different lens, spending on employee compensation accounts for most of the City's spending, and the Police and Fire Bureaus account for most of the City's current workforce and retired employees, who rely on the City for pension and other post-employment benefits (i.e., health insurance).

The opposite is also true – public safety services depend on the City's financial stability. The City's ability to provide a competitive compensation package to attract and retain employees depends on its ability to balance those recurring expenditures against recurring revenues. Without adequate financial stability, the City will struggle to invest in the equipment, facilities and vehicles that police officers and firefighters need to do their jobs well.

This chapter highlights initiatives that the City should pursue over the next five years to keep public safety expenditures in balance with financial stability, for the benefit of each side of that relationship and Williamsport's residents.

Police

The Williamsport Bureau of Police is charged with enforcing the law, preserving the peace, and providing services such as patrol, crime prevention and crime investigations. The Bureau's largest operational need, by far, is better facilities since the current arrangement is both inefficient and insufficient. The City does not have a ready-made space to centralize and modernize police operations, so it will have to build one. To build a new facility, it will have to borrow money and then repay millions of dollars in principal and interest.

To ensure there is enough budgetary capacity to make this investment, the City should review its operations and police staffing levels. City leaders should also come to a final decision on the Police's prior home and put that resource back into a different, productive use.

[86] Please see the Management Review for a discussion of departmental duties, historical expenditures, and headcount.

PS01	Construct a modern police headquarters
Goal(s)	Improve operational efficiency; return former City Hall to productive use
Responsible parties	Multiple
Financial impact	See below

Williamsport's former City Hall (454 Pine Street) previously housed the Williamsport Bureau of Police (WBP), but we do not recommend the Bureau return to that site.

Modern policing requires specialized facilities, secure spaces, and controlled access that City Hall cannot support. A dedicated facility would better meet the Bureau's operational, safety, and service needs.

Purchased by the City in 1977, City Hall previously housed the U.S. Post Office and later served as municipal offices and the WBP headquarters.

City Hall (Source: WVIA)

In July 2021, the City settled a lawsuit involving accessibility deficiencies in City Hall, agreeing to install a new ramp and make upgrades to the building's elevators. Shortly after this agreement, the building began experiencing roof leaks, which raised concerns about mold throughout the facility. By August 2021, City building inspectors condemned the structure, prompting municipal offices and police operations to relocate to separate facilities.

Since vacating City Hall, the City has considered multiple paths for the property, including rehabilitating it, a lease buyback, or selling the property to a private developer. As of November 2025, the City had not decided how it will use the vacant property, though it continues to incur costs to maintain the facility in a safe and minimally functional condition.

In 2024, the City spent an estimated $39,500 directly on City Hall. These costs include contracted services, electric utilities, natural gas, water and sewer services, and facility maintenance. These expenses reflect only the basic services and maintenance needed to keep the building secure and prevent further damage – not the additional costs that would be needed to bring City operations back to the facility

2024 City Hall Operating Expenditures	
Contracted Services	$5,300
Electric	$10,800
Gas	$14,400
Water and Sewer	$800
Facility Maintenance	$8,200
Total Annual Estimate $39,500	

The facility generates other indirect costs. WBP and Public Works staff are assigned to the building to ensure it is secure and does not deteriorate further. The property still requires general liability coverage, the cost for which is not shown in the table above.

There are also opportunity costs associated with owning, but not using, this facility. The building is a unique, visually striking, historically significant property that was added to the national register of historic places 50 years ago. It sits in a strategically important location, very close to dining, hotel, entertainment, arts and

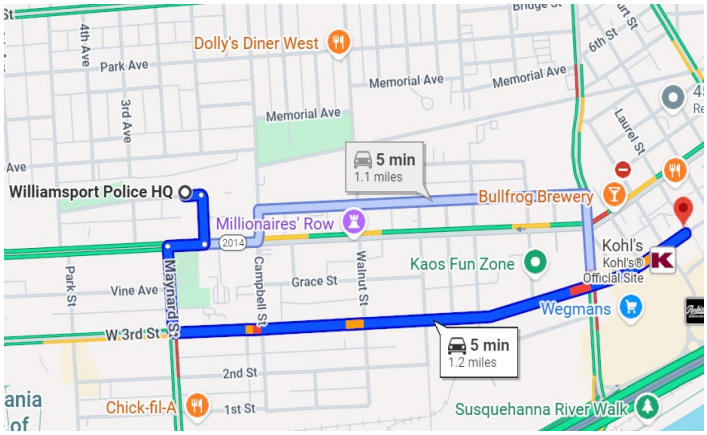
cultural venues. The property could be a vibrant part of Williamsport's downtown, but it instead sits vacant, waiting to be put back into productive use.

That said, the old City Hall facility is not a strong candidate to house WBP, and it had limitations when it was used for that purpose. The building was not designed to support police operations and trying to fit those specialized functions into that facility created significant operational challenges. For example, since the building hosted public events (including City Council meetings), the Bureau had to implement additional security measures to protect members of the public and elected officials, which strained resources. This included posting an officer at an entrance so members of the public could be escorted safely past recently arrested individuals.

The Bureau's current facilities are also insufficient. WBP operations are spread across multiple locations, primarily the Trade and Transit Center (100 West Third Street), which houses Police command staff, and Police Headquarters (810 Nichols Place).[87] Additional locations are spread throughout Williamsport for evidence, vehicle, and supply storage.

Operations Headquarters at 810 Nichols Place

As currently arranged, police command and street-level staff cannot meet in person quickly or efficiently. Simple in-person conversations require employees to leave their worksite, secure a vehicle, travel to the other building, and then make a return trip.



Travel between Police HQ and the Trade and Transit Center (Google Maps)

The current police headquarters presents additional challenges: originally constructed as a train station, it is not designed to suit the functional needs of a modern police department. Our walkthrough of the facility revealed multiple deficiencies, including:

- Lack of secure parking for police vehicles
- Improvised, wooden lockers to house police officers' belongings and equipment
- Insufficient space to house all police tools and equipment. As a result, police officers spend time traveling between locations to collect what they need before they can respond to a call

[87] The City uses three other locations where it houses records, equipment, vehicles and other items that are important to daily police operations.

- Insufficient space within the building to keep sensitive activities from occurring within proximity of each other

- Insufficient space for record keeping and evidence storage

The City needs to return the old City Hall to productive use, prevent its further deterioration and stop allocating limited resources to a facility that does not benefit Williamsport residents in a meaningful way. The City also needs to identify a new site to house WBP so police officers have a better place to do their critical work every day. And the City *also* needs to meet this need within the realities of its financial limitations. We recommend the following steps to meet these needs over the next five years.

Step 1: Return the old City Hall to productive use

The City does not have the financial resources to restore the old City Hall building to a state where it could host municipal functions (like City Hall meetings) and the facility is not suited to house modern police operations. The City also should not use its limited current-year resources to maintain a facility that has great potential, but no practical benefit for Williamsport residents.

The City should sell or lease the facility to another owner/operator who will put the building back into productive use. The City should give priority to proposals that preserve the City's historical attributes and complement the commercial, arts and cultural activities that occur in this section of downtown. The City will benefit in the short-term from the sale/lease proceeds, but maximizing short-term proceeds should not be the City's primary objective in evaluating what to do with the building. The greater financial benefit is in shedding responsibility for the facility *and* restoring this architectural asset to productive use.

City leaders noted that there was recently a proposal from a private developer, which we have not reviewed. If the Administration determines the proposal meets the general criteria described above, it should submit that proposal for consideration and action by Council. If the proposal does not meet the general criteria, the City may seek new ones. In either case, the City should have a plan in place for the facility by the end of 2026 and execute that plan expeditiously.

Step 2: Establish a detailed space and operational requirements plan

Williamsport should begin formal planning for a new police headquarters by identifying the Bureau's operational, spatial, technological and safety needs. A space and operations plan will provide the foundation for evaluating prospective sites and ensure that the design will support the Bureau's operations for years to come. Planning efforts should include:

- **Site feasibility and operational assessments,** including circulation, access, parking, utilities, and any environmental impacts

- **Space design** that shows how building layout will support workflow demands

- **Costing estimates** to provide an understanding of project scale and feasibility

When we toured the Bureau's facilities, Police leadership noted that, while the old train museum facility is insufficient, the site itself at 810 Nichols Place could work as the location for the new police station. It is large enough to accommodate the construction of a modern headquarters, conveniently located, and under public ownership, which would reduce the project costs to acquire property elsewhere.

The plan could identify potential sites for a new police headquarters or evaluate the 810 Nichols Place site, but it is more critical at this point to describe what the Bureau needs and why. The City is likely a couple of years from borrowing money needed to start construction (see next step), so the plan created needs to be "evergreen," meaning it can be launched with minimal changes whenever the City's financial condition improves.

The City should fund this planning work in 2027 from a portion of the proceeds generated by selling/leasing the old City Hall building.

Please see the Financial Management chapter for more information on capital planning recommendations.

Step 3: Establish access to capital markets

To deliver a capital investment of this scale, the City will need to borrow funds through the issuance of bonds. Major facility projects, such as a new police headquarters, typically require long-term financing due to their cost and lifespan. The City should continue to take the necessary steps to issue new debt to finance a project of this scale, including executing the Home Rule process that will help stabilize the operating budget and help the City launch this investment.

Please see the Financial Management chapter for more information on capital project funding recommendations.

PS02	Conduct police staffing analysis
Goal(s)	Align City resources with community demand and policy priorities
Responsible parties	Mayor; Police Department
Fiscal impact	See below

Centralizing police operations in a modern facility will make the Bureau's work more effective and efficient, but the WBP should also examine its largest cost-center: personnel. More than 36 percent of the City's budget is spent on police, primarily driven by salaries, overtime, and personnel benefits (totaling over $10 million in the 2025 budget).

Elected officials have questioned the appropriate number of sworn staff and the methodology used to determine the "right-sized" workforce. They have also expressed concern about the ratio of command staff (e.g., sergeants and lieutenants) to line staff (e.g., police officers). Improvements in staffing allocation and deployment could yield operational efficiencies and meaningfully reduce City expenditures overall, which would in turn help the City cover the additional debt needed to build the police headquarters.

Based on our analysis to date, we offer the following high-level observations on police staffing.

In 2025, the WBP had a budgeted headcount of 51 sworn officers and three civilian positions. This is a slight increase in comparison to prior years. In 2020 – the start of our review period – the City had 49 sworn officers and three civilians.

Budgeted Staffing, Bureau of Police, 2020 – 2025

Rank	2020	2021	2022	2023	2024	2025	CAGR
Chief & Asst. Chief	2	2	2	2	2	2	0.0%
Captain	0	1	1	1	2	2	N/A
Lieutenant	4	3	3	2	2	2	-12.9%
Sergeant	5	5	5	5	4	4	-4.4%
Police Agent	6	5	6	6	5	6	0.0%
Corporal	3	3	3	4	4	4	5.9%
Police Officer	29	29	28	31	32	31	1.3%
Total Uniform	**49**	**48**	**48**	**51**	**51**	**51**	**0.8%**
Total Non-Uniform	**3**	**3**	**2**	**2**	**3**	**3**	**0.0%**
Total Staff	**52**	**51**	**50**	**53**	**54**	**54**	**0.8%**

Staffing by rank has remained largely stable. In 2025, the command structure included two captains, one for patrol and one for investigations. Two lieutenants, down from four in 2020, were assigned to patrol shifts (one on day shift, one on nights).[88] Police agents serve in the criminal investigation unit and function as detectives. One corporal and two officers are detailed to specialized functions such as forensics, evidence management, and the U.S. Marshals Service. All remaining officers, corporals, and sergeants are assigned to patrol shifts, which operate in four shifts, including a flex shift without set hours or minimum staffing.[89] The morning, day, and night shifts each require at least 7 patrol officers and 3 supervisors.

WBP handled approximately 14,700 calls in 2024. Traffic incidents accounted for the largest share (23 percent), followed by domestic-related incidents (13 percent) and disorder calls (12 percent). Overall call volume has declined, averaging 2.4 percent annual decrease since 2020.

Please see the Management Review for a high-level analysis of calls for service.

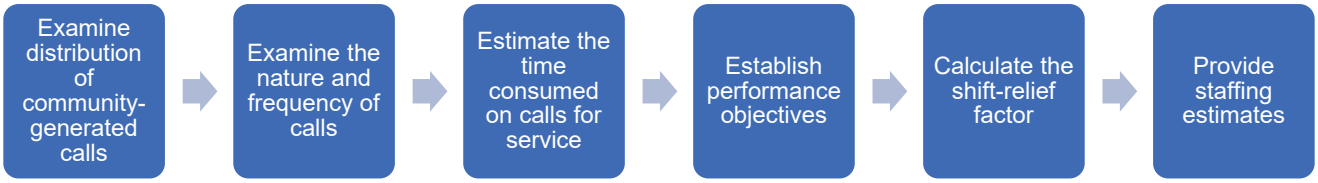
The high-level analysis provided in this Plan does ***not*** further examine WBP proactive work such as community engagement and proactive criminal investigations, nor does it evaluate the time spent on each task, and the resources needed to effectively meet the needs of residents, visitors, business owners, and the broader community.

The City should conduct a workload analysis to optimize the allocation of sworn personnel. A workload analysis can identify ways to improve service quality and efficiency and help moderate the growth in personnel costs.

- **Analyze the workload:** A closer look into the types of calls handled and which call types are driving the downward trend in call volume could reveal opportunities for the City to implement call diversion policies or modify response policies to ensure sworn officers can focus on tasks that best match their skills. A patrol analysis would begin with reviewing historical call volume and composition,

[88] The morning shift, which is scheduled from midnight to 8 am, is led by a sergeant instead of a lieutenant, according to the Bureau's 2025 organizational chart.
[89] According to the now-expired bargaining agreement between the City of Williamsport and the Fraternal Order of Police (FOP) Lodge #29, the flex shift will have no more than 6 biddable patrol officer slots.

estimate the level of effort and number of officers to achieve a sufficient patrol response time and consider shift relief factors (e.g., leave time, training days).



- **Assess span of control:** Span of control refers to the number of direct reports for which each supervisor should be responsible. The optimal ratio depends on several factors, including the similarity and complexity of functions and the level of supervision needed. The study should address the appropriate span of control, informed by quantitative and qualitative analysis and supported by research and best practices.

- **Deploy resources efficiently:** The study should, at a minimum, establish a target staffing level aligned with the City's workload. It may also identify opportunities to optimize the allocation of officers and command staff by evaluating the organizational structure, shift design, and response policies. A more efficient deployment model could reduce emergency response times and curb routine overtime spending, saving those dollars for the most critical needs.

- **Leverage professional staff:** Well-trained professionals (civilians) and retired police officers can alleviate the burden on active sworn staff by providing administrative and analytical support. Agencies with sworn officers in administrative roles are often underutilizing their skills and training. Converting these positions into civilian roles can free up sworn officers to make effective use of their skills and act as a force-multiplier. In patrol functions, professional staff can handle lower-priority calls for service, reducing demands on sworn officers and enabling them to focus on community engagement and higher-priority responses.

Examples of Professionalization of Duties

Patrol	Investigations	Administration
▪ Abandoned vehicles ▪ Recovery of stolen vehicles ▪ Improperly parked vehicles ▪ License plate theft ▪ Located property	▪ Minor property crimes ▪ Background investigations of new hires ▪ Data review (open source, cell ping data, etc.)	▪ Evidence management ▪ Performance analytics (e.g., compile reports for Council) ▪ Traffic complaints ▪ Follow-up calls/emails

The analysis could result in better use of full-time staff and less use of overtime. If the study helped the City by decreasing overtime[90] by 5 to 15 percent, the City could achieve savings up to $75,000 per year. It is important to note that the results of such an analysis may yield increases in personnel costs if the study

[90] For this cost estimate, "overtime" includes overtime pay and compensatory leave payouts. Compensatory leave is earned through additional hours worked and may be taken as time off instead of being paid out.

determines that additional personnel are required to meet the Bureau's service demands. The costs of increasing personnel would be netted out from the potential gross savings in overtime costs.

The City should consider using a subsequent phase of grant funding under the Strategic Management Planning (STMP) program to fund this analysis. The first implementation grant will likely be used to support the Home rule process and record digitization work,[91] but the second implementation grant could fund this work.

Fitting the pieces together

These two initiatives are part of a broader plan to stabilize the City's operating budget; ensure efficient use of police resources; regain access to the capital markets; and build a new police headquarters.

At a high level, the major steps are:

- **2026:** Begin the Home Rule process (initiative RV01);[92] complete all financial audits through 2025 (initiative FM03);[93] and execute the sale/lease of the old City Hall (PS01);
- **2027:** Complete the Home Rule process; create the space and operations plan for a new police headquarters (PS01); complete a police staffing study (PS02);
- **2028:** Implement the changes enabled through Home Rule to stabilize the City's operating budget; choose a location for the police headquarters (PS01);
- **2029 – 2030:** Enter the capital markets to fund police headquarters.

Fire

PS03	Pursue opportunities for joint fire services with neighboring municipalities
Goal(s)	Reduce the City's net costs
Responsible parties	Elected Officials; Fire; Finance
Financial Impact	See below

Intergovernmental cooperation can take many forms, ranging from cooperative purchasing to full consolidation into a new regional unit. Intergovernmental contracting – where one municipality pays another for service – is a common form of intergovernmental cooperation, especially for public safety services. That approach can provide financial benefits if the City shifts some overhead or fixed costs to another municipality that would still receive the services at a lower cost than if the municipality stood up its own police or fire department.

Intergovernmental contracting is also beneficial for operational reasons. The two largest municipalities after Williamsport – Loyalsock and South Williamsport – employ a combination of full-time staff and volunteer firefighters. Most other municipalities rely on volunteer firefighters for fire protection, and it is becoming

[91] Please see initiative FM08 in the Financial Management chapter for more information.
[92] Please see the Revenue Opportunities chapter for more information.
[93] This will help the City access the capital markets.

increasingly difficult to staff volunteer departments consistently. In the table below, "none" indicates that no fire company is physically located within the municipality, not that residents lack fire protection.

Fire Protection Coverage in Lycoming County Municipalities[94]

Type of Fire Department	Municipalities	% of Total
All Volunteer	28	54%
Combination Paid/Volunteer	2	4%
Fully Paid Company	1	2%
None	21	40%
All Municipalities	**52**	**100%**

During 2025, the City reached an agreement to provide service to South Williamsport Borough.[95] Under this agreement, the Borough will pay an annual amount to the City starting at $186,000 in 2026 and gradually increasing, in return for Williamsport Bureau of Fire (WBF) responses to fire alarms mostly from City Fire Headquarters and occasionally from City employees stationed at the Borough.[96] Given the City's minimum staffing requirements, we estimate that WBF will locate firefighters in the Borough around 30 days per year.[97] All other days, the City will respond to calls in South Williamsport from City stations with City apparatus.

The agreement between the City and Borough could represent the first step in a larger process that results in more reliable fire coverage for neighboring municipalities and a reduced net cost for Williamsport taxpayers – outcomes that would benefit all Lycoming County residents and property owners.

WBF is well positioned to lead future discussions on how to provide critical fire services cooperatively and more efficiently than the current system. WBF is the only full-time professional department in Lycoming County, and it has expertise on subjects that would benefit firefighters and residents outside Williamsport, like fire prevention and training. We commend Fire leadership for initiating these discussions with surrounding communities and elected leaders for supporting this endeavor.

The financial benefits of regionalization come from economies of scale and shared overhead costs. It is easier to share equipment, including very costly apparatus, across municipal boundaries when that equipment is owned by one central department serving multiple municipalities. A regional department can provide services like fire prevention or fire inspections more readily than each individual municipality could provide them on their own.

The financial goal of regionalization is not to equalize costs across participating communities. Because of its size, urban character, and historic building stock, Williamsport has different service needs than neighboring municipalities, and its residents should pay a different amount for that level of service. Each community is distinct, and cost allocations should reflect those differences.

[94] Municipal Fire Services Data. Pennsylvania Department of Community and Economic Development (DCED). https://apps.dced.pa.gov/Munstats-public/ReportInformation2.aspx?report=MuniFire
[95] Resolution #9970 Authorizing an Intergovernmental Fire Services Agreement. Adopted November 6, 2025. https://cityofwilliamsport.org/news/document-center/resolution-9970-authorizing-an-intergovernmental-fire-services-agreement/
[96] When a day shift platoon is fully staffed, the City agrees to station two firefighters (one on straight time, the other on overtime) at the Borough's station to respond to any alarms in Borough-owned apparatus.
[97] The Bureau's minimum staffing level is currently set at seven firefighters per shift under the collective bargaining agreement.

But the core financial principle is that the arrangement should always result in a lower net cost for Williamsport taxpayers than the status quo.

As described by WBF leadership, the agreement with South Williamsport will be financially beneficial to the City because it can cover the Borough's calls without hiring more firefighters or purchasing more equipment. If WBF did not respond to calls in the Borough, the City would have the same number of firefighters; the same facility expenditures; and the same expenditures for overhead (e.g. command staff, technology, training). If Borough residents pay even a fraction of the staff, facility and overhead costs – which they should since they are benefiting from those services – it will reduce the cost to Williamsport taxpayers without compromising service quality.

Responding to fire calls in South Williamsport Borough will result in a marginal increase in the WBF materials and equipment costs (vehicle gasoline, wear-and-tear on equipment used) that the City can recover through its service charge. The City will occasionally call back firefighters on overtime to staff the Borough station – and those overtime costs should be covered by the Borough – but most days the City will respond to Borough calls with its regularly scheduled staffing complement.

City overtime expenditures could increase if there is an incident in Williamsport that requires all staff to respond *and* a simultaneous call in South Williamsport that also requires a response. In that instance, the City may have to call back firefighters on overtime to respond to both incidents. **The City should monitor overtime spending closely to ensure that the current payment covers all overtime expenditures.**

The City's 2026 budget projects $191,000 in fire department revenue, mostly related to the South Williamsport agreement, and then allocates more than prior years for overtime, vehicle fuel, and vehicle repairs. The net result should be positive for the City's budget. The City should monitor the operational and financial impacts closely and apply what it learns to future agreements, including any extensions with South Williamsport.

PS04	Adopt a false alarm fee
Goal(s)	Improve efficiency of resource allocation
Responsible parties	Elected Officials; Fire; Finance
Financial Impact	See below

As discussed in the Management Review, the most common service call received by WBF is for emergency medical services (52 percent of the total) and the second most common type is false alarms (393 calls in 20234, or 15 percent of the total). False alarms include unintentional alarm activations and smoke alarm malfunctions. The Bureau dispatches all units for any residential fire alarm to maximize the number of firefighters on scene for a potential response, so false alarms get the same initial resource allocation as structural fires.

The City should adopt a false alarm fee schedule that charges at least a portion of the cost to respond to the property owners.[98] The fee will help cover the unnecessary cost associated with dispatching vehicles to the incident, but the fee's primary function is not revenue generation. It should incentivize property owners to address the underlying cause of the false alarms.

[98] While we are primarily focused on fire, the concept can also be extended to false burglar alarms if those account for a significant number of WBP responses.

There are a variety of fee structures that the City could consider. Some municipalities give property owners one or two "free" responses over a defined period and then charge for subsequent false alarms. For example, the City of Wilkes-Barre does not charge for the first two responses to a false alarm during a calendar year; then charges $100 per response for the third and fourth response; then $250 for the fifth response; and $500 each for subsequent responses.[99] The City of Greensburg recently adopted an ordinance that charges homeowners $100 and commercial property owners $250 if they have more than two false alarms in 30 days or four alarms in a year.

Leadership in Finance and WBF should work cooperatively on an ordinance that sets a false alarm fee schedule, and Council should adopt that ordinance during 2026.

Flood control

Williamsport's Bureaus of Fire and Police provide one type of opportunity for intergovernmental cooperation that would benefit the City and its municipal neighbors. In those cases, the City already has the foundational level of staff, resources and expertise to provide services to other communities, at a lower cost and less effort than if each of Williamsport's neighbors tried to build their own department. The flood levee system maintained by the City's Public Works Department presents a different type of opportunity, where the City and other municipalities should act to mitigate a risk they jointly face.

PS05	Initiate discussions to regionalize flood control
Goal	Ensure adequate funding for asset that protects residents and property owners throughout the region
Responsible Party	Elected Officials; Public Works Director
Financial impact	See below

The City maintains a levee system that protects Williamsport, Loyalsock Township, Old Lycoming Township and South Williamsport Township from flooding on the West Branch of the Susquehanna River. The economic activity that would be negatively impacted by a flood extends beyond those municipalities' borders. The levee is the second largest in Pennsylvania and the U.S. Army Corps of Engineers estimates that the levee system – pump stations, electrical systems, relief wells, cross pipes – protects more than $4.3 billion in economic assets in Lycoming County[100].

Williamsport's Flood Control division, which is part of the Department of Public Works, is part of the City's General Fund and funded by real estate, earned income and other taxes. Since flood control is not funded by a revenue source designated for that purpose, Williamsport's ability to fund flood control is predicated on City government's ability to overcome the significant financial challenges outlined in the Financial Condition Assessment.

The City allocated $327,000 in its 2025 budget to maintain the levee, and the 2026 budget holds that allocation constant. Public Works leadership notes that, while the system needs about 10 employees to run it properly, the City can only fund two (a working foreman and a utility man) and then temporarily reassign staff to manually operate the pump stations during an emergency.

[99] Wilkes-Barre Code of Ordinances. Chapter 9, Article II. Emergency Alarm Systems.
[100] Congressman Dan Meuser press release on federal grant support released April 2024.

In addition to the operational needs, the levee system needs substantial, costly upgrades to be recertified, which is also important to reduce flood insurance costs for property owners. The federal government provided $3.5 million for the project in 2024 and another $7 million through a federal grant in 2025. The City also holds $2.2 million in its Emergency and Reserve Fund[101] to provide the local match needed to fund levee investments. If the system requires more expensive and extensive changes, the City will need more outside funding to make those investments because it cannot issue debt right now to fund a large infrastructure project.

The City should not shoulder responsibility for funding this regional asset, and its neighboring municipalities should not be relegated to hoping this regional asset will successfully compete against other needs in the Williamsport City budget process. Elected leaders in Williamsport and the neighboring communities should discuss how to share responsibility to operate and fund this critical regional asset.

One possibility is creating a new regional authority that would own, operate, and maintain the levee, separate from City or any other local government. Distributing these costs across the region could allow City government[102] to reduce or reallocate $325,000 currently budgeted to maintain a regional asset to other needs. If creating a new municipal authority is too difficult, the parties could instead use intermunicipal agreements that direct contributions from other municipalities to Williamsport to shore up operations and set aside money for levee capital improvements.

Code enforcement

PS06	Consider outsourcing rental inspections
Goal	Improve health and quality-of-life for renters; improve neighborhood cleanliness and curb appeal
Responsible Party	Mayor; Council; Code Enforcement
Financial impact	See below

Within the Department of Public Safety, Williamsport's Bureau of Codes is charged with inspecting rental properties, new businesses, new homes, and construction projects; enforcing all zoning ordinances and property maintenance standards; and issuing building, electrical, plumbing, event, and demolition permits.

The Bureau is led by the Zoning Officer who oversees one Office Manager, four Code Enforcement Officers, and a half-time Public Improvement Coordinator. The current staffing model relies on code officers to conduct rental inspections, respond to property maintenance complaints such as high grass and garbage, and enforce zoning and permit regulations, while the office manager handles daily intake and processes roughly 25 to 30 permits each day. The Bureau supplements capacity through a contracted Building Code Official who reviews structural permits and issues certificates of occupancy.

Throughout the Management Review, multiple participants expressed concerns about the City's struggles with code enforcement. They expressed frustration with persistent quality-of-life issues; the lack of reports that would document and track workload, productivity, and efficiency; and insufficient use of technology.

[101] This is the difference between the anticipated 2026 balance in the Emergency and Reserve Fund ($3.6 million) less the scheduled payment to the Federal Transit Authority (FTA) of $1.4 million. Any additional interest gains are not included.
[102] City residents and property owners would still have some responsibility to fund the newly created authority, but those costs would be more appropriately shared across a wider fee or tax base.

The Zoning Officer notes that the Bureau's struggles are partially due to reduced staffing and that the City previously had seven code enforcement officers, instead of four. The City eliminated two positions in the 2023 budget (Clerk/Typist and in-house Building Official), and, when City Council asked the Zoning Officer how to improve performance during the 2026 budget cycle, he recommended reinstating the part-time clerical support.

Code Enforcement is one of the few major functions where City spending *dropped* during the review period, falling from $835,000 in 2020 to $759,000 in 2024, even with inflation and salary increases. The Bureau is in a difficult position where it recognizes the need for improvement, but it is working with a flat or declining amount of resources to meet those needs.

At the same time, the City is not in a position financially to double down on the current model by hiring additional code officers and hoping for better results. Until the City has better technology and performance management in place, it would be difficult to measure the City's return on investment, even if the City could afford to make it.

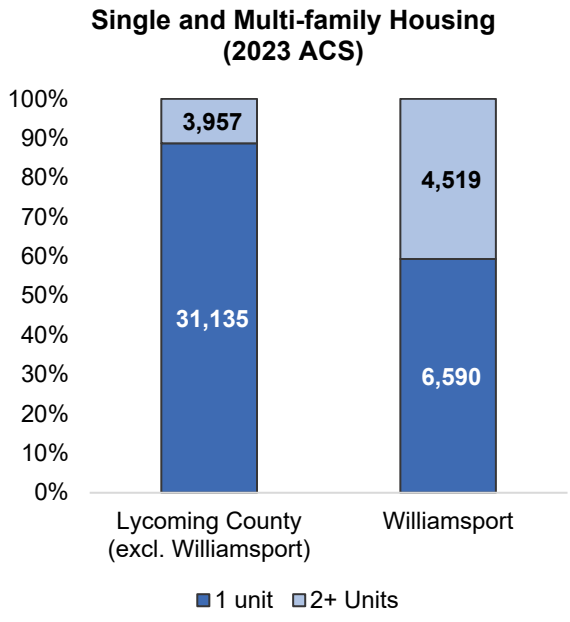
The City also cannot afford to let code enforcement weaknesses linger without corrective action. Code enforcement is one of the proactive, front-line duties that City government must execute well to improve and protect quality-of-life for its current and prospective residents.

Multiple participants raised the possibility of outsourcing code enforcement functions, and Pennsylvania law allows municipalities like Williamsport to use outside service providers. The Bureau already uses this model, contracting with an external Building Code Official. The City should take another step in this direction and consider outsourcing residential rental inspection duties.

We focused our review on the City's residential rental inspection program since success in this realm is especially important to the health and safety of Williamsport's residents, a large percentage of whom live in rental housing. The program also has its own distinct revenue line in the budget and a fee schedule that facilitates financial analysis. So, we should be able to assess the program on its operational and financial merits.

First, though, we will explain the housing market within which this program operates.

Housing and Rental Market Context



According to recent ACS data[103], Williamsport's housing stock differs notably from Lycoming County as a whole.

While single unit structures account for 81.6 percent of housing units countywide, they represent just 59.3 percent of units within the city. So, Williamsport has more multi-unit residential housing and is relatively denser than the rest of Lycoming County.

Williamsport's housing is also older and has marginally higher vacancies. Nearly half of the rental housing units in Williamsport were built before 1939, compared to one-third in Lycoming County. The City's vacancy rate is 15.4 percent, compared with 12.3 percent countywide.

Most notably, Williamsport has a higher portion of renter-occupied units than the county. While most housing units in Lycoming County are owner-occupied (77.3 percent), most of Williamsport's housing units are renter-occupied (56.5 percent).

The combination of factors – denser housing, older housing, more vacant housing, and more rental housing – elevates the importance of the City's residential rental inspection program.

Current rental inspection program

Williamsport requires all residential rental units to undergo periodic inspection and hold a Certificate of Inspection prior to a unit being rented. Williamsport's rental regulations require that all units meet basic health and safety standards prior to occupancy, including compliance with occupancy limits, sanitation, structural integrity, fire safety systems, and the safety of plumbing, heating and electrical systems. Rental property owners must register with the City, maintain up-to-date contact information, and provide notice to tenants prior to inspections occurring.

Inspections are conducted by the Bureau of Codes' four Code Officers who focus on compliance with the International Property Maintenance Code. Code Officers rotate responsibilities monthly (e.g., an officer may go from rental inspections to health license inspections), meaning their time available for rental inspections varies throughout the year.

As part of this analysis, the City provided summary-level information describing the scope of the rental inspection program. The Department reports that the City currently tracks approximately **5,645 rental units** within its inspection program, all of which are intended to be inspected on a **four-year cycle**. By contrast, the most recent American Community Survey (ACS) estimates **approximately 6,274 rental units** in Williamsport (±505), suggesting that **roughly 10 percent of rental units may not be captured in the City's current registration and inspection universe**.

To administer the inspection program, the City assigns registered rental properties to districts based on tax wards, with each ward scheduled for inspection during a designated three-month window within the four-year cycle. From an operational standpoint, a four-year cycle applied to the 5,645 registered units translates to approximately **1,411 inspections per year**, or roughly **350 inspections per inspector**, before accounting for re-inspections or complaint-driven work.

In addition to this baseline workload, the Department estimates that **approximately 20 percent of registered rental units fall out of compliance with registration or inspection requirements** during their four-year cycle. These noncompliant properties require additional staff time to locate owners, secure access, coordinate scheduling, and conduct follow-up inspections, increasing the administrative and field workload beyond what is reflected in the base inspection count.

The City could not provide data for analysis on the program's productivity -- number of inspections conducted per year, number of inspections conducted per Code Officer, number of citations issued, etc.

[103] U.S. Census Bureau. 2023 American Community Survey 5-Year Estimates

So, it is unknown whether the City is conducting enough rental inspections to meet the 1,411 per year or 350 per inspector target needed to cover all identified rental properties.

The City also could not provide data for analysis on the program's effectiveness – percentage of properties in compliance with the property maintenance code, average amount of time needed for a property to get into compliance, percentage of citation revenues collected.

Cost recovery

From a financial perspective, the residential rental program should pay for itself. The revenues collected for registrations and inspections should cover the full cost of operating the program, including all staff costs for inspectors, clerical support, and management.

The City's financial records show an average of $38,000 in program revenue from 2020 through 2024, with a low of $28,000 in 2020 (potentially related to the pandemic) and a high of $51,000 in 2023. That level of revenue does not appear to be sufficient to cover the program's costs. In 2024, the program generated $39,000 in revenue and the average salary cost for a Codes Enforcement Officer was $46,000.

While the primary function of code enforcement programs should not be revenue generation, this amount of revenue does not even cover the salary costs for 1 FTE, let alone fringe benefit costs, plus any overhead, equipment and supplies or technology costs, and we assume the City is assigning more than 1 FTE to these duties throughout the year.

Again, the City is not financially in a position where it can afford to try to fix the program by spending significantly more money on the current model. The City could increase fees to improve cost recovery, but there is insufficient data available to conclude that current model is productive or effective, even if it is operating at a financial loss.

Considering this analysis, the City should consider outsourcing rental inspections to improve service delivery and cost recovery.

Rental inspections are a good candidate for potential outsourcing because it is easier to identify the market of potential providers with experience and interest in providing these services to Williamsport. Other Pennsylvania communities outsource their residential rental inspections, so City officials can learn from their experience. Rental inspection programs have an established cycle by which property owners and inspectors must take certain actions, making it easier to plan and bill for that work. While cost recovery is not the primary goal for government, it is a prerequisite to attracting external providers.

Rental inspections are also a candidate for outsourcing in Williamsport because the city needs strong performance. As the initial ordinance noted, the City needs to take action to support "the health, life safety and welfare of occupants of these non-owner occupied properties."

Next steps

Outsourcing is not an inherently "good" or "bad" approach. It is a tool that should be used thoughtfully to advance financial or operational objectives. Outsourcing rental inspections in Williamsport will not automatically lead to better results unless the City takes the time to execute the process properly. We recommend the following next steps:

Step 1) Define success - what are our service level expectations?

In early 2026, the Administration should convene a discussion with City Council to establish what the City leaders' expectations are for this program. How often should properties be inspected? What process should

the City follow when a property is non-compliant? What are the consequences for property owners who do not participate in the program?

The existing ordinance already provides a baseline answer to some of these questions, and City leaders could choose to simply endorse and continue this approach. If the City wants to revisit or revise its program features, it is best to make those changes before beginning the procurement process, so the expectations are clear for potential bidders.

Step 2) Use an RFQ to pre-qualify bidders

Before issuing a request for proposals, the City should consider issuing a request for qualifications (RFQ) to identify which providers have capacity and interest in executing the work according to the standards for success that the City defines in the first step. The RFQ will document and communicate the City's expectations and make it easier to identify a wider range of potential providers. The RFQ process will also facilitate dialogue between the City and potential providers so the City can make any amendments to its program before it issues the RFP.

Step 3) Issue the RFP and select a vendor

Once the City has validated or changed its program requirements and has identified qualified bidders, it should move expeditiously to issue a request for proposal (RFP) and select a provider. The City should target completion of this process by the end of 2026 so the new vendor is in place beginning in 2027.

Step 4) Reassess in-house staffing levels

As noted earlier, there is a disconnect between the level of concern expressed during interview process about the current code enforcement program and the City's decision to reduce how much it spent on code enforcement from 2020 to 2024. We assume the City's goal for outsourcing is not to reduce spending on code enforcement overall, but to have a more effective program at the same cost.

If the City can successfully outsource rental inspection program, that should reduce the workload for its inspectors and create an opportunity to assess how best to use its internal staff. Once the RFP process is underway, the Administration should create a plan for how best to perform the Bureau's other functions.[104] For example, the City could potentially reduce the number of inspectors and use that money to hire a full-time director, separate from the Zoning Officer, who is responsible for managing the residential rental inspection contract and directing the staff on other activities.

[104] Please see the Revenue Opportunities chapter for more discussion on the Bureau's zoning duties.

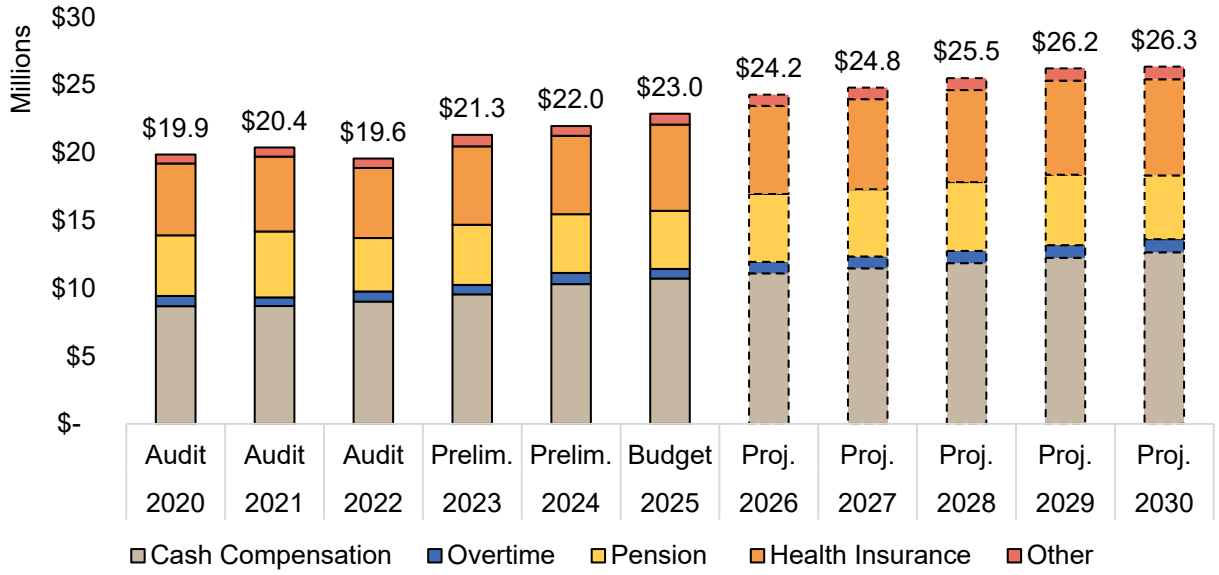
Managing Workforce Costs

The employees of the City of Williamsport are central to the City's mission of delivering essential services to residents, businesses, and visitors. Williamsport relies on City employees to respond to and prevent crime, fight fires, pave roads, ensure building safety, and manage local government's finances. The City cannot meet these obligations without employees who are appropriately compensated, equipped, and trained.

As with most local governments, personnel costs are the City's largest expenditure category and its most important investment. In 2025, the City allocated $23.0 million for employee compensation, including salaries, pension contributions, and fringe benefits, representing 75 percent of the General Fund budget.

From 2020 to 2024, personnel costs grew at a compound annual rate of 2.6 percent, helped in part by unusually low growth in health insurance expenditures (2.0 percent per year). The baseline projection assumes 2.7 percent annual growth over the 2025 budgeted levels, inclusive of the projected pension contributions provided by the City's actuary.[105]

Personnel Expenditures: 2020 through 2030



As noted in the Financial Condition Assessment, the City's growth in health insurance expenditures during the review period was low relative to national trends. According to the 2024 Kaiser Family Foundation Employer Health Benefits Report, premiums for single coverage grew by an average of 4.5 percent annually between 2019 and 2024, and 4.4 percent per year for family coverage. The City's slower growth may have specific explanations, such as fewer employee claims or other factors tied to the structure of its health plan, but additional information was not available for analysis.

The City's 2025 budget incorporates a 10.2 percent increase in health insurance expenditures over the preliminary year-end 2024 numbers, and then the baseline applies a 2.2 percent growth rate to that starting point, which brings the growth rate relative to 2024 to 3.5 percent in the absence of better information. We note this low growth rate because it could significantly understate future spending in this category that

[105] Please see the Financial Condition Assessment for more details on the baseline projection.

accounts for more than 20 percent of the 2025 General Fund budget[106]. The City should revisit and update this assumption.

Even with modest growth in personnel expenditures, the City remains structurally imbalanced. The baseline projection shows a $5.1 million deficit in 2026, growing to $6.3 million in the outyears. As essential as the workforce is to the City's mission, there are practical limits to how much Williamsport can spend on employee compensation.

- Williamsport, like most cities in Pennsylvania, depends heavily on real estate taxes to fund day-to-day operations, and these revenues remain flat absent tax increases or new development.
- Unless the City goes through the Home Rule process,[107] the City cannot increase its tax rates for the earned income tax or real estate transfer tax. Other local tax rates are also capped by Pennsylvania law.
- Employees need more than appropriate compensation to do their jobs. They need modern, reliable equipment; safe, effective workplaces; and appropriate training, all of which are funded from the same limited pool of resources. A Public Works department without functioning vehicles or Planning Department without planning software cannot provide high-quality service, regardless of staffing levels or compensation.

The City cannot solve its financial challenges solely by slowing the growth of personnel costs. As outlined elsewhere in the Plan, Williamsport must also strengthen its revenue base, invest in critical infrastructure, and maintain healthy reserves. However, achieving these goals is impossible without also carefully managing workforce costs that account for three out of every four dollars spent.

This section details a set of strategies to better manage the City's workforce-related expenses. This analysis recognizes that meaningful and lasting cost controls require a balanced approach that supports fiscal responsibility while maintaining a high-performing workforce. Most potential initiatives will need to be implemented through collective bargaining with the City's unions who represent Williamsport's police, fire and public works employees. Collaboration and negotiation are therefore central to any long-term strategy to achieve long-term financial objectives and maintain an efficient workforce.

Position control

WF01	**Retain the support of professional external public employment labor counsel and regain/ensure management rights**
Goal(s)	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Council; Finance; Human Resources[108]
Fiscal Impact	TBD

Most City government employees belong to one of four collective bargaining units. The terms of employment, including compensation, for members of those bargaining units are set by collective bargaining agreements (CBAs) between the unions and the City. At the time of analysis, the CBAs with the

[106] Underscoring this risk, the City reported during the 2026 budget process that it expected double-digit increase in health insurance premiums for that year.
[107] Please see the Revenue Opportunities chapter for more information on Home Rule.
[108] The City's Finance and HR leaders should be involved in collective bargaining to ensure that affordability and logistical considerations related to payroll are considered during collective bargaining.

Fraternal Order of Police (FOP) and International Association of Fire Fighters (IAFF) were expired, and the CBAs with the two units represented by the American Federation of State County and Municipal Employees, District Council 86 (AFSCME) were set to expire at the end of 2025.

Bargaining Units and Contract Expirations

Bargaining Unit	Contract Expiration
Fraternal Order of Police (FOP), Lodge #29	12/31/2024
International Association of Fire Fighters (IAFF), Local 736	12/31/2024
AFSCME, Local 2674 (City employees)[109]	12/31/2025
AFSCME, Local 2674 (Streets/Parks/Flood Control)	12/31/2025

To close the structural deficit, the City will have to negotiate changes that keep personnel expenditure growth in line with the revenues available to fund them, like the initiatives described in this chapter. The City should therefore retain the support of experienced, external public employment labor counsel for negotiations, as it currently does[110]. This is especially true for negotiations with the FOP and IAFF, which have access to binding arbitration under Pennsylvania Act 111 and often use their own experienced external labor counsel. The arbitration process requires a specialized set of skills and experience that external legal counsel can provide.

As the City completes negotiations with each of its unions, the external labor counsel should create comprehensive, updated collective bargaining agreements that encompass all relevant arbitration awards, side letters and Memorandums of Understanding (MOUs). That will give the City and its unions one shared, executed, updated document from which to work together.

External labor counsel can also help the City review and, where necessary, regain management rights over staffing levels. Workforce costs are the product of two sets of variables – the cost for compensating each employee and the number of employees. Compensation terms must be negotiated under collective bargaining, but City management needs the ability to change staffing levels to balance its budget and shift resources where needed.

Throughout the Management Review, multiple City employees commented on staffing changes they reportedly could not make because of staffing provisions in the CBAs including the following:

- Article 3 of the IAFF agreement requires the City to maintain a minimum Fire Department complement of 34 positions, 32 of which must be bargaining unit employees.
- Article 13.10 of the AFSCME Local 2674 collective bargaining agreement also includes a minimum staffing requirement, stating “13.10 For the term of this agreement there shall be no reduction in the workforce”.

City management needs to fully understand what these provisions do – and do not – require, and external labor counsel can provide that guidance. In addition to understanding what the law and CBAs require, the

[109] This unit represents employees in code enforcement, community development, finance, and clerical positions.
[110] The City is using experienced, external public employment labor counsel for its current collective bargaining, and the City should continue to use them as needed outside of the bargaining cycle.

City needs to pursue and regain management control over staffing levels in the next round of collective bargaining, and it will need external labor support to do so.

WF02	Reduce positions through attrition as needed
Goal	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Council
Fiscal Impact	See below

Other sections of this Plan describe measures that the City will likely have to take, solely for financial reasons, to close the structural deficit until better, more structural solutions are executed. The City will likely have to draw down its reserves[111] and reduce its spending on capital projects[112] in 2026 and 2027, even though those are temporary solutions for a structural problem.

The City will also likely need real estate tax increases in 2026 and 2027. Unlike drawing down reserves or postponing capital projects, the real estate tax increase has a recurring benefit since, once in place, it generates revenue every year. However, the City may have to do larger real estate tax increases until it can gain flexibility to increase its earned income tax rate through the Home Rule process, at which point the real estate tax increase could be partially rolled back.

This initiative has the same reasoning as the tax increase – reducing headcount is a structural response to a structural problem since the City will gain savings for every year the position does not exist. And it may be necessary to do more position cuts in the short term than would otherwise be pursued, until other structural changes take place and enable the City to restore some of the positions.

Ideally, any financially-driven position cuts can be achieved through attrition. As employees separate from service through retirement or voluntary separation, the City should analyze if these positions need to be filled to maintain core services and then reduce headcount accordingly. This avoids the short-term costs (i.e. unemployment claims) and longer-term morale impact of layoffs, while still producing savings.

The table below estimates the cost savings associated with eliminating a full-time equivalent position (FTE) for the most common titles in City government. The savings are calculated based on the compensation paid to an employee at the top of the salary schedule, though the specific position eliminated will depend on the circumstances. The savings relative to the baseline grow each year since the compensation costs are assumed to grow.

2026 Estimated Savings per Position ($000)

	Salary	FICA	Health Insurance	Total
Police Officer – 5th Year	$81	$6	$25	**$112**
Fire Fighter – 5th Year	$76	$6	$25	**$107**
Truck Driver	$51	$4	$25	**$80**
Laborer	$49	$4	$25	**$78**

[111] Please see initiative FM01 in the Financial Management chapter.
[112] Please see initiative FM06 in the Financial Management chapter.

Do less with less?

While personnel reductions are sometimes described as asking government to do more with less, we encourage Williamsport's leaders to consider potential cuts through attrition from the perspective of asking operating departments to do *less* with less.

While there may be instances where the City can reduce headcount and maintain the same quality and level of services, that should not be the expectation. Instead, the City should discuss which service levels need to be reduced in concert with position reductions.

This requires an honest, thoughtful and (ideally) data-driven evaluation from department directors on how service quality would change after a position cut, as measured through response times, speed/frequency of task completion, or some other quantified measure. Departments that cannot describe how service quality will be impacted by service reductions become more vulnerable to the false conclusion that the impact will be negligible or is subjective.

This is especially important for 24/7 operations like police and fire that use overtime to keep staffing at certain levels ("minimum manning"). If the City's service priorities change – for example, if the City changes how many police officers or fire fighters are dispatched to certain calls for service[113] – the City can reduce staffing while minimizing the impact on overtime. Also, **there is seldom a direct causal relationship between staffing and overtime (i.e. cutting a position automatically increases overtime) because of other factors that drive overtime such as:**

- Staff availability (i.e. volume and timing of paid and unpaid leave usage)
- Organizational structure and position distribution
- Types, volume and timing of calls for service
- Call response protocol
- Types of overtime worked (reimbursable or not, and at what rates)

To illustrate this relationship, note how the City's police overtime costs ***rose*** when the City added police officer positions between 2021 and 2024.

	2021	2022	2023	2024
Overtime costs	$111,619	$146,723	$163,576	$207,787
% Change		**31.5%**	**11.5%**	**27.0%**
Budgeted headcount	48	48	51	51
% Change		**0.0%**	**6.3%**	**0.0%**

To guide discussions on headcount, we offer the following questions, which should be answered specifically and with data, as much as possible:

- What responsibilities were previously assigned to the employee who filled this position?
- What was the output/productivity of that position?
- How will the department's overall productivity or effectiveness change without the position? How can we measure the impact to know whether the cuts had that result?
- Assume the position is eliminated – what changes will the department directors make to redistribute or reduce workload across the department? What services will be reduced?

[113] Please see initiative PS02 for more discussion of this concept.

Cash compensation

WF03	Moderate wage growth
Goal	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Finance; Human Resources
Fiscal Impact	See below

Personnel costs represent the largest component of the City's budget, and salaries are the largest type of personnel cost at $10.7 million, or 35 percent of the 2025 General Fund budget.

Since 2020, both Police and Fire employees received a gradual escalation of wage increases, starting at 1.0 percent in 2021; then 2.0 percent in 2022; and then 3.0 percent annually between 2023 and 2025. The remaining represented workforce, which includes office workers, blue collar workers, Streets, and Parks employees experienced alternating 2.5 and 3.0 percent increases. The baseline carries the most recent wage increase forward throughout the projection period.[114]

Baseline Projection: Across-the-Board Wage Increases and Assumptions by Bargaining Unit[115]

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Police	N/A	1.0%	2.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Fire	0.0%	1.0%	2.0%	3.0%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Office & Blue Collar / AFSCME / City Employees	N/A	N/A	2.5%	3.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Streets, Parks & Flood Control	N/A	N/A	2.5%	3.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-Bargaining	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	3.0%	3.0%	3.0%	3.0%

Note: Shaded table cells indicate that the percentage is the assumption used after the expiration of the contract.

Wage Scenario Summaries

PFM modeled three compensation scenarios to evaluate the fiscal impact of wage adjustments between 2026 and 2030. For simplicity, we assumed that the wage patterns would be applied simultaneously to all bargaining units, though practically we recognize that is unlikely since the collective bargaining agreements have different expiration dates.

	2026	2027	2028	2029	2030
Scenario 1: Delayed Adjustment	0.0%	Baseline (3-3.5%)	Baseline (3-3.5%)	Baseline (3-3.5%)	Baseline (3-3.5%)
Scenario 2: Moderate Up-Front Increase	1.5%	Baseline (3-3.5%)	Baseline (3-3.5%)	Baseline (3-3.5%)	Baseline (3-3.5%)

[114] An additional 0.5 percent is added to police and fire bargaining unit member's ATB wage increases to account for the costs of step increases within ranks.
[115] Williamsport FOP Lodge 29 Contract Resolution (2021-2024); Williamsport IAFF Local 736 Resolution (2020-2024); Williamsport AFSCME Local 2674 Streets, Parks & Flood Control / City Employees Contract (2022-2025).

Scenario 3: Steady Growth	2.0%	2.0%	2.0%	2.0%	2.0%

Scenario 1: Delayed Adjustment Strategy (Wage Freeze in 2026)

Under Scenario 1, employees do not receive an increase in 2026 and receive the percentage increases in the baseline beginning in 2027. Because the freeze alters the wage base for all future years, this option has the largest cumulative savings relative to the baseline projection from 2026 through 2030, rising from $525,000 in 2026 to $594,000 by 2030.

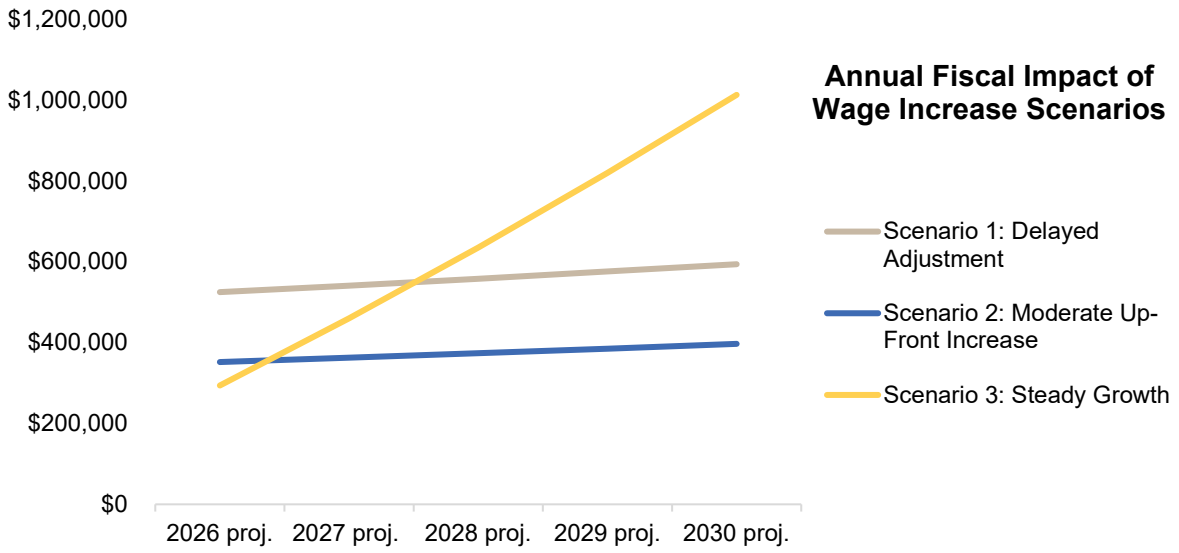
Scenario 2: Moderated Up-Front Increase (1.5 percent Increase in 2026)

Under Scenario 2, employees are given a 1.5 percent wage increase in 2026, reducing the base from the projected increases of 3.0 to 3.5 percent in PFM's financial model. The increase in 2026 relative to Scenario 1 leads to lower annual savings relative to the baseline projection throughout the forecast period, starting at $352,000 in 2026 and rising to $397,000 by 2030.

Scenario 3: Steady Growth (2.0% Annual Increases)

Scenario 3 applies a consistent 2.0 percent annual wage increase from 2026 through 2030. While this approach provides the lowest savings relative to the baseline in the short term, the impact of these wage adjustments increases significantly over time. Relative to the baseline projection, savings start at $294,000 in 2026 and increase to $1.013 million by 2030.

Overall, these three scenarios provide a series of trade-offs – Scenario 1 maximizes immediate savings, Scenario 2 minimizes the impact on employees, and Scenario 3 trades immediate savings for long-term savings.



	2026	2027	2028	2029	2030
Scenario 1: Delayed Adjustment	$525,000	$541,000	$558,000	$576,000	$594,000

Scenario 2: Moderate Up-Front Increase	$352,000	$363,000	$374,000	$385,000	$397,000
Scenario 3: Steady Growth	$294,000	$460,000	$635,000	$820,000	$1,013,000

As the City negotiates new agreements with the FOP, IAFF, and AFSCME unions, the City should prioritize moderating wage growth consistent with the fiscal capacity of the City. Slowing the rate of salary increases, even moderately, will have a compounding effect on long-term expenditure growth.

WF04	Manage other forms of cash compensation
Goal	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Finance; Human Resources
Fiscal Impact	See below

Most employees receive other types of cash compensation, beyond their base salaries, including:

- **Longevity (All four unions):** Tenure-based payments that increase the base salary (i.e. an additional X percent for every Y years of service)
- **Shift differential (AFSCME Public Works):** Additions to the base salary rate for hours worked in the evening or early morning
- **Holiday pay (Police, Fire, AFSCME Public Works**): Additional cash compensation for working on designated holidays
- **Clothing allowance (Police, Fire, AFSCME Public Works):** Cash provided to offset cost of maintaining uniforms and duty gear
- **Education benefit (Fire):** Additional cash paid to an employee with a college degree in a relevant field
- **Severance pay (All four unions):** This provision is discussed in the next initiative

While these additional types of cash compensation are common for municipal employees in Pennsylvania, the City is not in a strong enough financial position to add new types of premium payments or enhance the existing payments, and it should not do so without having offsetting savings in another type of compensation.

It is also important that the City administer these types of pay accurately. The Director of Human Resources noted that the City's pay rate and premium structure have developed inconsistencies over time, largely due to the way negotiated across-the-board wage increases have been applied to AFSCME Public Works employees. Specifically, when wage increases – such as a 3.0 percent pay scale adjustments – have been implemented, these increases have also been applied to an individual employee's pay premiums.

This practice causes compounding growth in total compensation, as both base pay rates and premiums increase with each adjustment. Over time, this practice leads to widening pay disparities among employees in similar positions.

Example: Prior to a 3.0 percent wage increase, an employee earns $20.00 per hour plus a $0.80 per hour night shift premium. When the 3.0 percent increase is applied to both the base and premium, the rates

become $20.60 and $0.82 per hour, respectively. While the difference in the premium is only two cents per hour in Year 1, continued increases over time compound this difference, creating unintended inequity and budget pressures.

Scenario 1: Employees base hourly rate ($20.00) and night shift premium ($0.80) receive an annual 3.0 percent adjustment

Scenario 2: Employees base hourly rate ($20.00) receives an annual 3.0 percent adjustment; no change to pay premium rate ($0.80)

Year	Annual Raise	Scenario 1: Total Hourly	Scenario 2: Total Hourly	Scenario 1: Annual Compensation	Scenario 2: Annual Compensation	Difference
0	n/a	$20.80	$20.80	$43,264	$43,264	$0
1	3.0%	$21.42	$21.40	$44,562	$44,512	$50
2	3.0%	$22.07	$22.02	$45,899	$45,797	$101
3	3.0%	$22.73	$22.65	$47,276	$47,121	$154

While the per-hour premium difference appears small, the effects of compounding increase annual pay by $50 in Year 1, $83 in Year 2, and $145 in Year 3 per employee versus an increase to the base only. Over time and across many employees, these incremental increases add up and create widening variation in employee compensation. In future collective bargaining agreements, the City should clarify language regarding premium compensation and specify whether and how negotiated wage increases apply to cash compensation other than salaries.

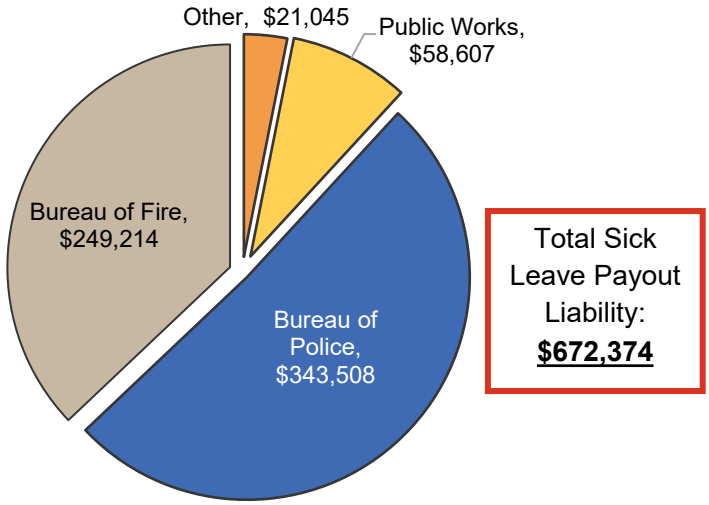
WF05	Reassess payout terms for unused sick leave
Goal	Close structural deficit while providing fair, competitive compensation to employees; Reduce long-term liabilities
Responsible parties	Mayor; Finance; Human Resources
Fiscal Impact	See below

The City's collective bargaining agreements set the paid leave (sick and vacation) accrual and payout policy for the City's unions. The basic structure is that employees receive an annual allotment of sick and vacation days that they can accumulate and carry into future years if they are not used. Then, when the employee leaves City employment, they can convert a portion of the accumulated unused leave into a cash severance payment. In Williamsport, an employee can convert their unused leave to cash using the higher salary they earn at the *end* of their career, not the salary they had when the leave was earned.

This provision has a near- and long-term cost. The near-term cost manifests each time an employee leaves employment and converts their unused leave to cash. The City's financial data shows severance payments to firefighters averaging $53,000 from 2020 to 2024, with a minimum of $27,000 and a maximum of $93,000. The City allocated $65,000 in its 2025 budget for severance payments to firefighters and $40,000 for payments to police officers.

The long-term cost is that the City's future obligation to pay out unused leave is tracked in the City's financial statement as a liability. The 2023 audit shows $165,000 in compensated absence liabilities for that fiscal year and $2.0 million in liabilities that are payable after one year. The 2020 audit shows $1.6 million in long-term liabilities associated, so the long-term cost of these compensated absences grew by 8 percent per year from 2020 to 2023.

Current City data shows that if current employees reach retirement age, the City would be liable to pay $672,374 for unused sick leave under current contract terms.



The primary variables that determine severance pay are:

- The number of sick and vacation days allotted per year
- The number of unused sick/vacation days that can be carried over, year to year
- Whether and how unused sick/vacation days are paid out upon separation

Sick leave benefits provided to City employees exceed those provided to local government and private industry workers. The City offers three to four times more annual sick leave (18-21 days) than the average for private industry workers (six days). Williamsport also provides unlimited sick leave accrual while, according to the Bureau of Labor Statistics' (BLS) employee benefits data, the average local government caps sick leave accrual at 128 days (~4 months), compared to 33 days for private employers. However, unlimited accrual is not uncommon, as the same dataset shows that 53 percent of local governments offer unlimited accrual.

In addition, Williamsport's union contracts provide for cash-out provisions upon retirement, a benefit that is rare in the private sector. Under current agreements, police officers receive a 20 percent payout for up to 240 days of unused sick leave (~eight months); firefighters receive a 30 percent payout up to 120 days (about four months); and AFSCME-represented employees are paid $15 per day for up to 450 days of unused leave.

	FOP Lodge 29	IAFF Local 736	Non-Uniformed	Private Industry Average (BLS)
Annual Sick Leave	21 days	21 days	18 days	6 days
Accrual	Unlimited	Unlimited	Unlimited	33 days

Sick Leave Payout	20% of daily rate, up to 240 days (~8 months)	30% of daily rate, up to 120 days (~4 months)	$15 per day, up to 450 days	N/A

Proponents of these provisions point to two benefits.

First, allowing employees to accrue unused sick leave provides a resource they can draw down if they become ill and cannot work for a longer period. The sick leave bank provides the same type of benefit as a disability insurance policy, but it does not require the City to make annual premium payments and potentially provides the employee with a higher payout than insurance policies that may only pay out a portion of the income lost. Whether Williamsport's policy is more advantageous than having a disability insurance policy requires more analysis.

The second argument for sick leave accrual is it discourages employees from taking sick leave when they are not ill under a "use it or lose it" mentality. Sick leave has an indirect cost, especially in 24-7 operations, when it creates open shifts that the City must fill by recalling employees to work at overtime rates. Allowing employees to accrue sick leave, with the career-end incentive of converting that unused leave to cash, offsets the temptation to use sick leave throughout the year.

Only using sick leave when an employee is ill should be a baseline expectation, not something that is rewarded with cash compensation. There are other sick leave abuse provisions that the City can use to prevent unnecessary use of sick leave, which should be used instead of a cash incentive. Similarly, while sick leave is a critical benefit for supporting employee health, it should not be treated as a supplemental retirement benefit, on top of pension payments.

With the support of its external labor counsel, the City should evaluate the terms of sick leave payouts and pursue beneficial amendments in the next round of collective bargaining, potentially including:

- Reducing the amount of sick leave allotted per year
- Reducing the amount that can be accumulated and carried over
- Reducing the formula for paying out unused leave upon separation
- Offering annual payouts for unused sick leave at a lower conversion rate, instead of allowing the days to accumulate and be paid at the employees' higher rate upon separation

Fringe benefits

WF06	Consider health insurance plan options and design changes
Goal	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Finance; Human Resources
Fiscal Impact	See below

The City's second largest personnel cost is health insurance for its active and retired employees. At the time of analysis, the City's most recent other post-employment benefit (OPEB) valuation report showed more retired employees and surviving spouses eligible for City-funded health or life insurance (219) than active employees using those same benefits (159).[116]

[116] Actuarial Valuation Report for the City of Williamsport on Postemployment Benefits Other than Pensions as of January 1, 2022. The City's 2025 budget shows 134 active employees and 196 retirees.

The City is self-insured through the Pennsylvania Health Insurance Cooperative administered by Benecon, so it pays the actual cost of health care claims, instead of paying a monthly premium regardless of the level of care received (fully insured).

Currently, the City offers two health insurance plans, an HMO plan (HMO Plus) for Fire Department employees hired before 1/1/2021, and a PPO plan (PPO Blue) for all other employees. The table below summarizes the major plan design elements for the PPO plan. The annual deductible is $500 for individuals and $1,500 for families, with a maximum out-of-pocket cost of $8,700 for single coverage and $17,400 for family coverage to protect members from catastrophic costs.

When compared to the national average for similar health plans across all employers, Williamsport's PPO plan is considerably more generous. The City's deductibles are less than half the national average for single and family coverages, while $5 and $10 copays for primary and specialty care trail the national average of $27 and $45, respectively. One point where the City exceeds the national average is maximum out-of-pocket costs, which are almost double the national average for single coverage (family coverage data was not available). This means that employees have much lower costs for standard routine care but may experience higher out of pocket costs.

City of Williamsport Plan Comparison: PPO Plan vs. National Averages

Benefit	PPO Plan	National Average (PPO Coverage)
Deductible (Individual/Family)	$500/$1,500	$1,337/$3,118
Out of Pocket Maximum (Individual/Family)	$8,700/$17,400	$4,423 (single coverage)
PCP Visit Copay	$5	$27
Specialist Visit Copay	$10	$45
Rx Low-Cost Generic (Formulary / Non-Formulary)	$0/$0	$12 (all plan types)
Rx Generic (Formulary / Non-Formulary)	$8/$8	$40 (all plan types)
Rx Brand (Formulary / Non-Formulary)	$15/$30	$71 (all plan types)

As noted above, the City enjoyed very modest growth in employee health insurance costs during the review period at just 2.0 percent. However, since the City is self-insured, its spending on health insurance could vary significantly year to year, depending on the types of health care its employees need. Given that volatility, the City should prepare for faster growth over the projection period. For example, the assumptions used to calculate the City's OPEB liability assume medical and prescription drug costs will grow by 4.5 to 7.5 percent per year, and the City's 2026 budget process anticipated a double-digit increase in health insurance costs.

The City has several options to manage these costs going forward including the following:

- One of the primary variables for health insurance costs is the number of active employees and retired employees on the City's health insurance plans. The City should (either on its own or through an external provider) periodically conduct health insurance eligibility audits to ensure coverage is provided to those who have earned this benefit.

- The City currently offers an HMO and PPO plan. Another plan type gaining popularity is High Deductible Health Plans with savings options (HDHP/SO). HDHPs may be paired with Health Savings Accounts (HSAs) where the employee or employer makes regular contributions toward

the cost of future health care. A health plan must have two features to qualify as an HDHP under federal regulations. The minimum deductible must be at least $1,650 for single coverage and $3,300 for family coverage, and the out-of-pocket maximum must be $8,300 for single coverage and $16,600 for family coverage.[117]

The benefits of HDHPs/SOs are lower premium costs (which translates to lower employee contributions) and employees can save for health insurance expenditures and lower their tax liability. The drawbacks are employees pay more upfront until they meet their deductible.

In 2006, only four percent of covered employees nationally used HDHP/SOs. In 2025, 33 percent of covered employees were enrolled in these plans. Among state and local governments, this is now the second most common plan type (20 percent) behind only PPOs[118]. The City could consider offering a HDHP/SO to active employees.

- The City could change elements of plan design (co-payments, deductibles) without changing the plan type to reduce plan costs. The City's insurance broker can provide analysis on which plan design changes would be most impactful.

- The City could implement wellness incentives such as reduced employee contributions for those who have regular risk assessment or biometric screenings (see text box to right).

Lowering costs through incentives?

Survey data from the Kaiser Family Foundation shows that among large employers, 53% incentivize health risk assessments, 43% incentivize biometric screenings, and 83% provide wellness and lifestyle programming for employees.

The City should consult with its insurance broker to determine which of these approaches would be most likely to mitigate future growth in employee health insurance costs and then pursue them during collective bargaining. The City should also schedule quarterly meetings with its insurance broker, if they are not happening already, to review trends and performance related to health insurance expenditures such as:

- Variances between claims experience and projected claims costs
- Trends in health care and prescription drug usage among the employee population
- High-cost claims that trigger any stop-loss coverage and reimbursement

These meetings will reveal important trends like how increased use of GLP-1s drugs for diabetes and weight management impacts spending. Last year, 59 percent of firms with more than 5,000 employees reported higher-than-expected utilization, with 66 percent saying that GLP-1 utilization had a significant impact on overall prescription drug spending[119]. Williamsport City government has had the same experience.

Second, the City should record in its budget its claims spending on health insurance for retired employees, tracking it separately from active employees.

The City provides medical, prescription drug, vision and life insurance coverage to retired police officers and firefighters[120] who have at least 12 years of service and have attained the age of 50. The City reduced the benefit for employees hired on or after January 1, 2021, though it will be decades until those employees reach retirement.

[117] These amounts change every year under IRS guidelines.
[118] Kaiser Family Foundation 2023 Employer Health Benefits Survey, pages 85-86
[119] Kaiser Family Foundation. *2025 Employer Health Benefits Survey*. Published October 22, 2025
[120] Depending on the retirees' hire date, their spouses and dependents may also be eligible for coverage. Former River Valley Transit (RVT) employees are also eligible for retiree health insurance, which the City funds and then receives reimbursement from the Authority.

As of January 1, 2022, the City's liability for providing these benefits was $98.3 million with no assets set aside to offset them. For comparison, that is nearly ***six times*** the size of the City's $17.0 million net pension liabilities at the end of 2023. The City would benefit from tracking claims spending on retirees so it is clearer how this large liability translates to annual expenditures and contributes to the City's financial challenges.

WF07	Change employee health insurance cost sharing structure
Goal	Close structural deficit while providing fair, competitive compensation to employees
Responsible parties	Mayor; Finance; Human Resources
Fiscal Impact	See below

Some City employees share the cost of their health insurance by making contributions from their paycheck, regardless of whether they receive health care. On a percentage basis, employees contribute 0 to 4.25 percent of the premium costs, with the City government covering the balance. Police Officers and firefighters make smaller contributions as they become more senior and have no contribution after 15 and 20 years of service, respectively. In this structure, employees contribute *less* to their cost of insurance as they age and potentially need more care, despite having higher earnings to pay those contributions.

Even the City employees who make premium contributions do so at a much lower level than public sector employees nationally. According to the BLS's employee benefits dataset[121], local government employees contribute an average of 13 and 30 percent for single and family coverage respectively.

Employee Family Healthcare Coverage Contribution as a % of Overall Cost

Years of Service	Non-Uniformed (hired before 1/1/2018)	Non-Uniformed (hired after 1/1/2018)	IAFF Local 736	FOP Lodge 29	National Average – Local Gov't
0 to 9	3.0%	4.3%	3.4%	2.7%	30.0%
10 to 19	2.0%	4.3%	2.7%	2.7%	30.0%
20 to 29	1.0%	4.3%	0.0%	0.00%	30.0%
30+	0.00%	4.3%	0.0%	0.0%	30.0%

The City should pursue higher employee contributions in its next round of collective bargaining.

To assess potential cost saving opportunities, PFM evaluated changes to employee contributions to quantify their impact. In the first scenario, employee contributions are doubled, with employees who currently contribute nothing paying 2 percent of total premium costs. This adjustment would save the City $106,000 annually starting in 2026. In the second scenario, all employees are required to contribute a uniform 10 percent of premium costs. Under this scenario, the City would save an estimated $277,000 starting in 2026.[122]

[121] U.S. Bureau of Labor Statistics. *Employee Benefits in the United States, March 2025*. September 2025
[122] Like the salary savings calculations in initiative WF02, these estimates assume for simplicity that the increased employee contributions take effect on January 1, 2026. In practice, the effective dates would be subject to collective bargaining.

Health Insurance Contribution Change Scenarios

		Financial Impact (2026)
Scenario 1	All contribution percentages double; everyone at 0% goes to 2%	$106,000
Scenario 2	Employees pay 10% of overall cost	$277,000

WF08	Consider self-insurance for workers' compensation coverage
Goal	Close structural deficit while ensuring income protection for City employees
Responsible parties	Finance; Human Resources
Fiscal Impact	See below

Workers' compensation is another form of insurance coverage that ensures employees receive their wages when they are injured and unable to work. The City is currently fully insured for workers' compensation, meaning it pays its insurance provider a set amount each year for this coverage, as opposed to paying for the actual claims costs when workers are injured (self-insured).

The Director of Human Resources noted that the City's actual claims costs ($10,000 - $15,000 per year) are substantially less than the premiums paid to the insurance company ($354,000 budgeted in 2025). While low claims experience could help lower insurance premiums, claims experience is not the only factor in how premiums are set. The types of workers covered, size of employee payroll, and other factors impact workers' compensation premiums.

The HR Director suggested the City consider shifting from fully insured to self-insured for workers' compensation, which involves a process where the City must submit information to the Commonwealth Bureau of Workers' Compensation.

The benefit of being self-insured is that the City could substantially reduce its annual expenditures (see hypothetical example below) and put itself in position to benefit financially in years when claims costs are low. The risk of self-insurance is that, if the City has more or more expensive claims than expected, the City would have to find the cash during the fiscal year to cover those costs. Self-insurance puts City government and its taxpayers in the risk/reward position that insurance companies otherwise hold to their financial benefit.

If Williamsport wants to pursue self-insurance, we recommend it consider the following:

- The City should consider **stop-loss coverage**, which is a supplemental form of insurance that the City would use to cover very large claims. This would give the City some protection against spending much more than budgeted in a year when claims costs are unusually high. Premiums for stop-loss coverage may be lower than the premiums for the existing coverage, though they also may grow at a faster rate, depending on the City's claims experience.

- The City should establish and fund a **workers' compensation reserve** at the level deemed appropriate by City Finance and Human Resources, giving the City another resource to pay claims when they are larger or more numerous than expected. The City would direct the initial savings from converting to self-insurance to that reserve until it was fully funded and then keep the reserve funded at that level.

For example, if City Human Resources and Finance determined that the City should self-insure for workers' compensation, and that the reserve should hold $700,000, then the City's spending relative to the baseline would change as follows. The City would not have any General fund savings in the first two years, while it funds the reserve, but then would potentially have significant savings in the outyears.[123]

Hypothetical Self-Insurance Scenario

	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected
Baseline: Premiums	**$365,453**	**$377,590**	**$390,130**	**$403,086**	**$416,472**
Self-Insurance scenario					
Claims costs	$20,000	$20,700	$21,425	$22,174	$22,950
Direct to reserves	$345,453	$356,890	$0	$0	$0
Scenario: Total expenditures	**$365,453**	**$377,590**	**$21,425**	**$22,174**	**$22,950**
Savings to General Fund	**$0**	**$0**	**$368,705**	**$380,911**	**$393,521**
Workers' Comp Reserve	**$345,453**	**$702,343**	**$702,343**	**$702,343**	**$702,343**

[123] This is a hypothetical scenario to illustrate the concept. The size of the reserve and claims costs could differ from what is shown here. The City would also have costs for stop-loss coverage that are not included above.