



# BUDGET MESSAGE

## FISCAL YEAR 2017-2018

February 8, 2017

Honorable Mayor and Members of the City Council, City of Fairmont, WV

Pursuant to City of Fairmont Charter, Article V, Financial Procedures, Sections 5.02 and 5.03, and with the assistance and cooperation of our Department Heads and Finance Director Eileen Layman, I am pleased to present to the Mayor and members of City Council the proposed Fiscal Year 2017-2018 (FY 18) budget for the General Fund, totaling **\$15,456,082**, a (\$85,435) decrease, (0.55%), over the FY 2017 budget of \$15,541,517. The Capital Improvement Plan for Fiscal Years 2018 through 2022 is similarly enclosed, totaling **\$939,760** a (\$336,552) decrease, (26%) over the FY 17 budget of \$1,276,312.

One of my duties as City Manager is to present a balanced budget to the Council. The FY 18 balanced budget reflects continued attention to fiscal responsibility with a strong emphasis on ongoing efficiency and effectiveness measures while maintaining and slightly enhancing existing service levels. As we continue to review these service levels and operations, we will balance our rather modest revenue gains/losses together with a few proposed new revenues (various Windmill Park fees), and slight increases to building and planning fees (first increases since 2000), and the fire protection services fee (first increase since 2003), to ensure we properly manage increased costs such as personnel, health care, infrastructure, and pensions. Consequently, we will continue to carefully allocate resources for the benefit of the entire Fairmont community. We will continue to develop an effective budget document and plan that provides City departments with the resources necessary to ensure the ongoing provision of high quality municipal services to all residents, businesses, and visitors. Additionally, our priorities will continue to focus on: fostering the development of our local and regional economy; providing cost effective City services and infrastructure; and ensuring the public safety.

We continue to see positive economic indicators throughout our main City corridors and entryways with various private investments ranging from small to mid-size retail (Sprint, Verizon Wireless, Dunkin' Donuts, Shop n Save, Sheetz) to small corporate relocation and expansion (Teleperformance, Tetra Tech, Fairmont Federal Credit Union), to the new construction that will house larger service-related industries (WVU Medicine, a proposed professional complex housing Mon General offices, and a new State Police Barracks). These and other commercial and residential investments including demolitions and renovations continue to add to our economic and revenue base through job creation, relocation, and growth as well as additional collections of taxes (property, B&O, excise) and fees (building permits, franchise fees, rental registrations) to help fund our municipal services. As we continue to experience some modest economic growth, we continue facilitating those investments by providing all necessary information, guidance, and approvals to fairly and professionally allow for the ease of all business expansion, relocation, and growth. Our friendly, professional staff is motivated and committed to ensure all business has an opportunity to succeed and to ensure all residents enjoy everything the City offers.

With our positive FY 17 and preliminary FY 18 economic outlook in our City and over-all in the North Central WV region, I am cognizant that we must be cautious with our budgetary decisions, particularly with the State of WV's continued budget struggles. Consequently, the proposed FY 18 General Fund budget shows a total slight decrease, the result of efficiencies (reduced fuel, communications, and supplies/materials expenses), combined with a few fee adjustments to ensure the City continues to maintain a positive financial position and remain competitive with neighboring jurisdictions. We have carefully analyzed and reviewed our budget decisions incorporating conservative financial revenue/expense estimates with the ultimate goal of positively managing our financial fiduciary responsibilities.

The City will similarly continue investing in our personnel, infrastructure, and public safety ensuring Fairmont retains and enhances its standing as a premiere City in North Central West Virginia providing a very high quality of life for its residents, businesses, and visitors.

In FY 18 we will continue funding all existing City services (personnel) with the proposed addition of one new position, a Program Manager, in our Planning & Development Department. The position will perform various duties namely to expand and enhance our business expansion and recruitment efforts promoting Fairmont as a wonderful City to invest; assisting the abandoned building registry and related abatement processes; begin the development process of a City-wide Geographic Information System (GIS); and perform neighborhood/community outreach including code enforcement efforts. In addition to a proposed 1% salary increase, this budget includes various pay adjustments in our Fire department, specifically the firefighter job classification and to secretarial/clerical positions whose duties have evolved to more customer service/public interaction, data gathering/analysis, report writing, and over-all office management in 4 departments (Fire, Planning & Development, Building Inspection, and Finance).

The FY 18 budget similarly continues existing infrastructure and right-of-way maintenance and improvements including street sweeping, street maintenance and paving, mowing, litter control, and additional projects managed by our Public Works Department. We are enhancing

a few beautification programs to better manage litter control and beautify our City entryways and downtown streets/areas.

Additionally, Public Safety, Police and Fire, continue the same funding levels with additional capital including a new East Side Fire Station and Police officer body cameras. We are including in FY 18 funding for continued preventative maintenance of our Police and Fire vehicles and apparatuses to ensure their long-term viability.

I would like to thank all Department Heads and City staff for their continued hard work and dedication in helping to compile the FY 18 budget and for continuing to make the City of Fairmont a wonderful place to live, learn, work, and play. I would also like to thank the Mayor and Council for their continued support of our City staff and for their guidance and input on the FY 18 budget.

### **General Fund Budget**

**\$15,456,082**

**Revenues:** The proposed FY 18 General Fund Operating Budget of **\$15,456,082** is a decrease of **\$85,435, 0.6%**, over the current revised FY 17 Operating Budget of **\$15,541,517**.

The proposed slight revenue reductions are attributable to a predominantly flat Tax growth (i.e., B&O Tax 0.0%, ad valorem 0.8%, excise tax on electricity 1.9%), to a decline in various Tax categories (i.e., all other excise taxes 12%, hotel/motel 44%, Sales Tax 5%), to a potential 25% decline in Fines, Fees, and Court costs. To offset the various declines and continue to generate growth and fee parities, I am proposing various Licenses and Permits revenue/fee increases specifically for building permits that will produce an estimated additional \$30,000 revenue and rental registrations (inspections) that will generate an additional \$13,000. Additional increase proposals include new revenues for Windmill Park teams/leagues usage and advertising, approximately \$6,500, and an increase in the fire protection services fee that will generate an additional \$51,500.

Additional FY 18 tax revenue forecasts primarily show minimal growth to some reductions. The B&O tax is estimated at \$5,250,000, a slight increase over FY 17. Ad Valorem (property) tax collections are estimated at \$2,415,908, a 0.5% increase, including the estimated \$250,000 in additional tax increment financing (this revenue amount restricted to public purpose projects within the established tax increment financing district). The \$1,074,080 Excise tax on Utilities collections (including state public utility tax, water, sewer, gas, electric, telephone) is estimated at an 8% decrease in FY 18. Hotel/Motel Occupancy taxes forecasted at \$30,000, a decrease of 44%. Gas/Oil Severance at \$26,000 and Alcoholic Beverage taxes at \$200,000, show a decrease of 35% and no change. We are also forecasting a slight 5% reduction in the additional 1% sales tax in FY 18. In total, forecasted FY 18 tax collections do reflect a 1.7% decrease from \$10,314,908 to \$10,135,988,

Other FY 18 revenues are forecasted from declines to steady to nominal increases: Fines, \$205,000, a 25% decrease; Licenses & permits, \$562,400, a 10.5% increase due to building permit fees increasing from \$10 - \$12 in valuation up to \$100K, \$5 to \$7 for valuations from \$100.01K to \$500K, and \$3 to \$5 for valuations exceeding \$500K and rental

registration/inspections increasing from \$20 to \$30 (2 year validation); Charges for Services, increasing by 2.5% due to new Windmill Park fees and increased garbage fees.

**Expenditures:** FY 18 Expenditure budgets reflect personnel increases primarily from longevity pay increases, 1 new position, a 1% salary increase, adjustments to 5 job classifications, and health care benefits. Total personnel costs are budgeted at \$9,845,024, an increase over FY 17 of \$282,262, 3%. Approximately 74.5% of the FY 18 personnel costs are allocated to Police at \$3,420,228, 34.7% and Fire at \$3,909,533, 39.7%. Public Works comprises the 3<sup>rd</sup> largest category at \$940,996, 9.6% of total personnel expenditures with remaining personnel costs encompassing: Administration, \$447,354, 4.6%; Finance/Data Processing, \$436,210, 4.4%; Planning & Code, \$497,310, 5.1%; and Legal/Court \$193,393, 2%.

We are proposing one (1) additional position, a program manager in our Planning & Development Department, increasing our General Fund total personnel from 142.10 to 143.10. I am also proposing a Budget adjustment to allow for a 1.0% salary increase for all general fund positions at a cost of approximately \$56,000.

Other operating expenditures listed under Contracted Services and Commodities totaling \$3,323,298, represent approximately 21.5% of the total FY 18 budget and an increase of, 6.4%, over the FY 17 budget. Included in these categories are some expense reductions such as: Telephone, Travel, Training & Education, Supplies & Materials, and Fuel, as well as increases for equipment maintenance and materials for various City beautification (i.e., parks and trash/refuse decorative receptacles). Over-all, we continue analyzing and implementing operational efficiencies to lower costs, while maintaining high service levels, particularly through enhanced technology use (onsite webinars in lieu of paid travel), innovation, and simply determining whether staff needs a specific piece of equipment (cell phone), or if there is a lower cost alternative that will continue providing the same high quality service level (i.e., review of vehicle routes and miles driven).

Street paving expenditures in the preliminary FY 18 budgeted at \$1,348,000, represent 8.7% of total expenditures. This amount will most likely see a budget adjustment (increase) as we will look to increase City street paving by approximately 40% over FY 17 in which we spent \$1,072,779. The resident street maintenance charge collections of \$817,000, represent 59% of this budget, the same level as in FY 17. Non-resident collections budgeted at \$531,000, represent 41% of the Street paving budget.

Pursuant to the WV Code, contributions to the Marion County Health Department \$6,000, the Marion County Convention and Visitors Bureau \$15,000, and the Region VI Planning and Development Council \$12,158, are included in the FY 18 Budget, totaling \$33,158. Per a contractual obligation with the Marion County Commission, we are also budgeting \$41,000 to help fund Animal Control Services. The City received an additional \$74,695 in requests from Outside Agencies. The proposed FY 18 Budget recommends funding 44% of those requests totaling \$33,100. The total Outside Agency funding in FY 18 is \$106,258.

**Parking Fund****\$304,214**

The FY 18 budgeted revenue of \$224,982, reflects a (5.6%) decrease over FY 17, \$232,707. Parking violation revenues are budgeted at approximately \$30,000, a 6% increase over the FY 17, \$28,300. Violation revenues tend to fluctuate over the years as they are subject to variables such as weather, compliance with parking regulations, number of visitors, etc. Consequently, they can be a budget challenge. However, other revenues at metered spaces and/or off-street spaces and lots tend to occasionally correlate to decreased violations. In FY 17, we increased the amounts of the 2<sup>nd</sup> and 3<sup>rd</sup> violations from \$10 to \$20 and from \$20 to \$40. So far, the increased amounts have resulted in minimal violations issued.

FY 18 budgeted revenues reflect flat increases in Meter and off-street parking revenues. While on-street meter rates increased by \$0.25, in January 2017, not enough time has elapsed to determine the revenue impacts, most likely increases. Toward the end of FY 17, we will accordingly adjust both the 17 and FY 18 budgets to reflect the expected increased revenues. Additionally, the addition of our Pay-by-phone payment option debuted in January 2017 which will similarly have an impact on the budget. Parking Meter revenues continue to comprise the largest Parking Fund revenue source, budgeted in FY 18 at \$65,000 or 29% of total revenue. The use of the City's Adams Street Parking Garage by the State of WV represents the second largest parking fund revenue source, budgeted in FY 18 at \$43,450, or 19% of total revenue. Remaining 52% of fund revenues comprise: Interfund Transfers, \$39,982, 18%; Citations \$30,000, 13%; Adams St Garage other parking, \$24,000, 11%; Rental Income \$20,880, 9% and other off-street parking, \$1,250, 0.5%.

The Parking Authority continues working with staff to further lessen dependence from the General Fund. The referenced pay-by-phone parking payment option and the \$0.25 meter rate increases will help reduce the dependency. Activity from January through June 2017 will provide data necessary to make those budget adjustments beginning in July 2017 continuing through spring 2018.

FY 18 Parking fund expenditures for personnel, \$86,858, contracted services, \$66,200, and commodities, \$6,500, totaling: \$159,558, represent a decrease of \$1,593 over the FY 17 total of \$161,151. Debt Service on the Adams St Parking Garage remains the same as in FY 17 at \$65,424.

**Coal Severance****\$40,005**

The entire Coal Severance Tax distribution will continue for snow removal in FY 18, as it has in prior years. The proposed budget allocates \$21,532 for supplies (salt & cinders) with the balance being appropriated for overtime, \$18,473, and maintenance of the snow removal equipment covered by Public Works staff. We hope the 2017-2018 winter will allow the Department to meet its expectations even with projected revenues from the Coal Severance Tax remaining stagnant in FY 18 and beyond.

**Capital Improvement Plan****\$939,760**

Our FY 18 Capital Improvement Budget provides \$629,215 for Debt Service, a 0.2% decrease from the FY 17 amount of \$642,512. An additional \$310,545, a decrease of \$323,255 (51%)

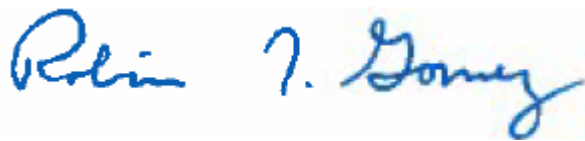
from the FY 17 total of \$1,276,312 is budgeted for the capital needs of Building Inspection, Public Works, the Police Department, the Fire Department, Planning & Development, Data Processing and our Parks.

Two of the projects funded in the FY 18 Debt Service category include the development and eventual construction of a replacement Fire Station on the East Side, budgeted at \$126,258 (1<sup>st</sup> year of a 10 year finance totaling \$1,064,000). An additional new project in FY 18 will be the development of the green space at the 100 block of Adams St, budgeted at \$109,154 (1<sup>st</sup> year of a 5 year total finance of \$500,000). We will continue to review our revenues as FY 17 ends to make appropriate adjustments to continue funding various parks enhancement/improvement projects including resurfacing tennis and basketball courts.

Capital appropriations include: City Hall, \$25,000; Police, \$124,705; Planning & Development \$15,000; Parks \$20,000; Streets, \$62,000; Fire 45,440; Data Processing, \$8,400; and Parking at \$10,000. While not specifically listed in the FY 18 budget, we will have a carryover of at least \$150,000 in FY 17 to utilize in FY 18 for building demolitions. Additionally, we will amend the FY 18 budget at either first and/or second budget revision, to add funding to the building demolitions project which has been budgeted at approximately \$200,000 per year.

Again, I would like to thank our Finance Director and Departments Heads for their work in developing the proposed Budget. We look forward to discussing these items with the Council at our scheduled Budget work sessions on February 14<sup>th</sup> and February 28<sup>th</sup>.

RESPECTFULLY SUBMITTED,



Robin I. Gomez

City Manager