



BUDGET MESSAGE FISCAL YEAR 2020-2021

February 11, 2020

Honorable Mayor and Members of the City Council,

This is the first budget message and proposed budget and capital plan that I am submitting for your review. Pursuant to the City of Fairmont Charter I am charged with presenting a budget message, balanced budget and capital plan to the Mayor and City Council. This proposed budget document for FY21 represents not only my work, but the General Fund department heads and provides a comprehensive and balanced budget for your review. Creating and presenting a balanced budget is not always an easy task as there are many factors to be considered. We face challenges and concerns such as reduced or stagnant availability of financial resources, the rising costs of providing City services, the needs of all of our Employees that provide those services, and the growing needs and desires of the residential and business community. This is understood as the constant struggle of any Government; how to continue to provide the level of services desired while faced with possible financial shortcomings and recognizing that increasing tax or fee burdens on our residents and businesses is difficult.

With that being said, I am pleased to report that the proposed FY21 budget does not contain any increases in taxes and only a contractually obligated 3% increase with our third-party garbage/recycling contract fees. No other fee increases are being proposed at this time for FY21. I believe there are several areas where we can possibly consider increases in future budget years. One area for consideration is the commercial rate of the Fire Service fee where we are significantly below those in comparison to other nearby communities. Also, the Fire Service fee is only covering 21.2% of the cost of the Fire service. Another area is the vacant building registration program where the City is currently not charging any fee while we continue to incur costs associated with managing the

program. I recommend we take some time during FY21 to analyze our fee structures in total to determine if any changes are warranted for future fiscal years.

I am also pleased to report that the proposed FY21 budget contains no reductions in any City General Fund service currently being provided. For example, we are continuing such services as existing infrastructure and right-of-way maintenance and improvements including street sweeping, street maintenance and paving, mowing, and litter control, also fire protection, police protection, code enforcement and building inspection, planning, zoning and marketing and overall administrative services.

We will continue to utilize our resources in a fiscally responsible manner and as efficiently as possible to continue to be able to provide this level of high-quality services to our residents and the business community. Our general priorities never waiver; we will provide cost effective, high quality City services; we will focus on economic development and growth in the residential and business areas; we will focus on infrastructure improvements and beautification; and we will ensure our public safety.

Throughout this proposed FY21 budget, staff has also attempted to include and reflect projects and initiatives to support the goals and priorities that you established in November 2019. You will see projected funding for such projects as City Image/promotion, marketing, citizen and business outreach, business attraction, event support such as the 200th celebration, beautification projects, new signage for City gateways, initial development of the trail, reduction of blight, and City parks improvements to name a few. Some of these items are included in the five-year Capital plan.

Also included in the proposed budget are manpower increases. Included in Code Enforcement is a part time position to mainly assist with the increasing property management issues. During our goal setting meeting much discussion was held regarding parks improvements and beautification projects. Staff and I explained that the City doesn't have full time dedicated parks employees. Therefore, to be able to complete the requested goals and priorities I have included two additional full-time and one part time staff persons in the parks department. One of the full-time positions will be a property maintenance person that will handle property matters including parks and City owned buildings. This is a position that has been needed for quite a while.

FY21 proposed budget includes a 1.5% salary increase for all City employees including those collective bargaining employees. It also includes the new certification pay for the IAFF local 318 employees as discussed during contract negotiations. Any pay changes that are included in the final FY21 budget will be included in an updated Pay Plan and will come before you for formal adoption to be effective within the new Fiscal Year.

The next section of this budget message will summarize the proposed General Fund FY21 Budget, the Capital Improvements Plan, the Coal Severance Fund and the Parking Fund FY21 budgets.

I send a well-deserved thank you to all General Fund department heads for their review and work on this proposed budget, performing hours of thought and diligence to prioritizing the programs and projects for inclusion. Preparation of this budget is a unified effort, but I must recognize our Finance Director, Priscilla Hamilton as the lead in guiding the budget preparation process. Special thanks to her and her team.

GENERAL FUND FY21 PROPOSED BUDGET

General Fund FY21 Proposed - \$17,485,224

Revenues: The proposed FY21 General Fund Operating Budget of \$17,485,224 represents a \$101,245 decrease from the submitted FY20 Budget of \$17,586,469. If we examine Revenues and exclude fund balance carryovers (FY20 \$915,750 and FY21 proposed \$1,086,817) and compare a net FY20 revenue budget of \$16,670,719 to a net FY21 proposed revenue budget of \$16,398,407, we have a reduction of \$272,312 or 1.63%. It is important to mention that the AD Valorem tax proposed is only estimated at this time. The City will not receive the property valuations until March 3rd. At that time, Priscilla will plug the valuations into the levy pages and it will calculate the exact numbers for us to include in the budget. If the difference is not too large, we can adjust our contingencies up or down or of course you can decide if you would want to make changes elsewhere.

Revenue reductions occurred in several revenue categories such as Taxes (We are projecting lower Ad Valorem until valuations come in), Charges for Services and Intergovernmental Revenue. These reductions account for \$422,932. Revenue increases occurred in Fines and Fees, Licenses and Permit fees, and miscellaneous revenues. These increases account for \$150,620. These numbers together make up the reduction mentioned above of \$272,312.

Expenditures: Since the City is a service provider, it is logical that the FY21 proposed General Fund expenses center around personnel costs. Total personnel expenditures which include the 1.5% base pay increase are budgeted at \$11,482,575, and represent 65.7% of the General Fund operating budget.

Other operating expenditures can be summarized as transfers to capital at \$459,500 or 2.6%; Police protection and Street Maintenance at \$1,300,000 or 7.4% (this includes \$650,000 of street paving); and all other expenses, those listed under Contracted Services, Commodities and other, totaling \$4,243,149 and represent 24.3% of the total FY21 budget. Within these numbers is a

healthy contingency of \$582,648. This contingency is very important to be able to account for unexpected items throughout the fiscal year.

The following is a summary of Outside Agency contributions. Pursuant to the WV Code, contributions to the Marion County Health Department at \$6,000, the Marion County Convention and Visitors Bureau at \$2,000, and the Region VI Planning and Development Council at \$12,158, are included in the FY21 Budget, totaling \$20,158. Per a contractual obligation with the Marion County Commission, we are also budgeting \$51,682 to help fund Animal Control Services. The City received an additional \$86,500 in requests from Outside Agencies. The proposed FY21 Budget recommends funding 72.2% of those requests totaling \$62,500. The total Outside Agency funding in FY21 is \$134,340. Details are found in your FY21 budget book under the agency tab.

We will continue funding our demolition/bad buildings program at \$300,000 for FY21. (\$100,000 in Operations and \$200,000 in capital)

Details of all departmental expenditures are found in the individual sections of the budget book. During our work sessions these details can be reviewed however Council wishes.

CAPITAL IMPROVEMENT FIVE-YEAR PLAN

Capital Improvement Plan FY21 Proposed- \$1,341,851

Our FY21 Capital Improvement Budget provides \$688,151 of projected Debt Service. An additional \$653,700, is budgeted for the capital needs of Planning, Data processing, Demolitions, City Hall, Police, Fire, Streets, Traffic, Parking and Parks Departments.

New projects of note in the FY21 projected Debt Service category include the construction of the replacement Fire Station on the East Side, budgeted at \$198,576 a year estimating a \$3M project. At the time of this budget we do not have a bid opening to confirm the price of the Fire Station. Also included is the estimated repair of the Public Safety building at \$50,000 a year or a \$500,000 project and the development of the greenspace on Adams Street for \$50,000 a year or \$500,000 total. And lastly in this category is a \$350,000 Fire Rescue truck estimated payback at \$70,000 annually.

Projects of note in other categories include \$65,000 in planning to work on the trail, beautification and improvements to City entryways, all a part of Council's goals and priorities. Also, park improvements at \$30,000 and demolitions at \$200,000 to continue working towards the goals and priorities.

To round out the remaining Capital appropriations, proposed are: Data Processing, \$24,800; City Hall, \$15,000; Police, \$90,000; Fire \$69,900; Streets, \$110,000; Traffic \$4000; Parks \$35,000; and Parking at \$10,000.

This details only the FY21 Capital Plan. A full five-year Capital Plan is included in the budget book. Department Heads will be on hand during the work session(s) to discuss any Capital Project in any of the five years.

COAL SEVERANCE FUND FY21 PROPOSED BUDGET

Coal Severance Fund FY21 Proposed - \$60,006

The entire Coal Severance Tax distribution in FY21 will continue to be appropriated as additional resources to the general fund for snow removal as it has in prior years. The \$60,006 budget is allocated as follows: \$18,098, personnel (overtime snow removal), \$30,908, supplies (salt & cinders), and \$2,000, contracted services.

PARKING FUND FY21 PROPOSED BUDGET

Parking Fund FY21 Proposed- \$313,698

The FY21 projected budgeted revenue of \$186,660, reflects a 19.3% decrease from FY20 revenue of \$231,308. The majority of this decrease stems from a needed contribution in FY20 from the reserve of \$44,048 that will not be budgeted for FY21. Key proposed revenues include: Parking violation revenues at \$30,000, Parking Garage – State of West Virginia at \$43,450, parking meters and passport at \$67,500, Parking Garage at \$22,500, and rental income at \$18,000.

FY21 Parking fund expenditures are projected at: for personnel, \$87,933, depreciation, \$83,204, contracted services, \$70,537, commodities, \$6,600 and Debt Service on the Adams St Parking Garage at \$65,424 for a total of \$313,698.

In closing, my desire is that this budget book is informative and gives Mayor and Council a good understanding of the City's main operating fund, the General Fund. It also provides information regarding Capital Projects, the Coal Severance and the Parking Fund. I again thank our Finance Director and Department Heads for their work in assisting in the development of the proposed FY21 Budgets.

We look forward to discussing all of these items with the Mayor and Council at our scheduled Budget work sessions on Tuesday, February 18, and Tuesday February 25, 2020.

Respectfully Submitted,

Valerie A. Means

Valerie A. Means, City Manager