



# BUDGET MESSAGE FISCAL YEAR 2022-2023

February 8, 2022

Honorable Mayor and Members of the City Council,

I am pleased to present the City of Fairmont's proposed FY23 General Fund budget, the 5-year Capital Improvement Plan (CIP), and the FY23 Coal Severance budget for your review. Pursuant to the City of Fairmont Charter, it is my duty and pleasure to present a budget message, balanced budget and capital plan to the Mayor and City Council. This proposed budget document for FY23 represents a team collaboration; not only my work, but the work of the Finance Director and other General Fund department heads and provides a comprehensive and balanced budget for your review. Creating and presenting a balanced budget is not an easy task as there are many factors and challenges to consider. This year we face familiar and new opportunities, challenges and unfortunately, the COVID-19 pandemic is still impacting our daily lives, both personally and professionally.

The challenges can be summed up in several categories such as possible stagnant availability of financial resources, the rising costs of providing City services, the needs of our employees that provide those services, and the growing needs and desires of the residential and business community. With the pandemic still in our lives, we have come to accept the challenges it created; not only in how we perform our day-to-day work tasks, but how it impacted the economy. We now have to consider the higher than usual inflationary impacts, the slowed supply chain and the work force challenges.

We also have before us a tremendous new opportunity in the funding we have received and will receive from the American Rescue Plan Act (ARPA). This FY23 General Fund proposed budget before you does not include any direct funding or considerations of use of the ARPA funds. It was my goal to present to you a

balanced budget without the use of these funds. While it is likely that some of the funds will be recommended for allowable spending on direct City operational and capital needs, I did not want to include any of these considerations at this time. I wanted to confirm that the proposed FY23 budget could be balanced and stand alone. After finalizing this FY23 General Fund budget, our next priority will be to review the ARPA community survey, discuss the changes that came out of the Federal Final Rule and establish your spending plan for the ARPA funds.

Throughout the past few years, I have asked our dedicated staff to commit to doing additional duties under even more challenging work conditions. They have continued to do so and I commend them. I believe you will find this to be true as we review the proposed FY23 budget. It represents our continued commitment to prudent fiscal management, to high quality and effective delivery of City services, and to supporting an affordable quality of life for our residents and the business community.

Last year, during the FY22 budget work session, we discussed many things including a needed review of revenue sources. I explained that many fees for services were created years ago at a time when the cost of providing the associated services were at much lower levels than they are today; and that we needed to consider raising the rates if we were going to continue to provide the same level of services. Over the last year, and maybe because of the lingering issues with pandemic, we have found that the need and requests for city services have increased, while our revenues have not. I also understand and recognize that households and businesses are also struggling with inflation, supply delays and even workforce shortages. Therefore, I decided for the proposed FY23 budget, I would concentrate on only one area of service and its revenue sources, that being, Code Enforcement. Code Enforcement directly, positively impacts Mayor and Council's goals regarding Neighborhood Revitalization. As such, there has been an increased amount of work and focus in the areas of property maintenance, cleanup and demolition. Our revenue categories under the permits section were thoroughly reviewed. During the review of this proposed FY23 budget, we will review the included associated fee increases that will go directly to support the Building Inspection and Code Enforcement work.

With that being said, besides our contracted solid waste contract, there are no other recommendations for increases to other fees or taxes. We will need to revisit other General Fund revenue sources throughout the year to determine if other adjustments are needed.

As in the past years, I am very pleased to report that the proposed FY23 budget contains no reductions in any City General Fund service currently being provided, in most cases we are doing more. For example, we are continuing or increasing 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, demolitions, planning, zoning, and marketing and overall administrative services.

As always, 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 citizens and the business community. Our general priorities never waiver: to be great stewards of the taxpayer dollar, to provide cost-effective, high-quality services; we will focus on economic and community development and growth in the residential and business areas; we will focus on infrastructure improvements and beautification; we will focus on integrity and transparency; we will provide outstanding customer service; and we will ensure public safety. I am so very proud of the senior leadership team and their commitment to share support of these goals with me.

Throughout this proposed FY23 budget, we have also attempted to include and reflect projects and initiatives to support the City goals and priorities that were previously established. As mentioned above we will be regrouping at a later date to consider the establishment of goals and priorities supported by the ARPA funds. In the meantime, we will review the status of the current goals and priorities.

Regarding personnel numbers, there are no full-time personnel additions in this FY23 budget that had not been previously approved. There is included for your consideration a summer intern for work in planning. We believe this could be a great opportunity to mentor a new planning professional.

Regarding personnel salaries, the FY23 proposed budget includes a 4% base salary increase for all represented employees in the United Steelworkers group and the represented members of the Police (FOP) and Fire (IAFF) departments. I have been giving you weekly updates on the work of the current salary study for all the non-represented positions in our pay plan ordinance and it is now completed. I send a big thank you to Priscilla and Paula for their work, research and assistance on this needed study. While there have been more recent reviews and adjustments on the represented pay scales, these non-represented positions have not been thoroughly reviewed since the last salary study completed in 2015. We cannot ignore that competition in the workforce has become fierce. This is not just true for our public safety employees but for all of our employees. We cannot keep ourselves in the vulnerable position to lose valuable talent; that is why I believed this is the right time to make these pay plan adjustments.

Included in the proposed FY23 General Fund budget personnel line items are the results of the study for each of the non-represented, non-exempt and exempt positions, pay class grade numbers 300 through 775. This was completed by studying the salary scale of nine cities and establishing average differences between our current scale and each of theirs, for each position. All of these differences were averaged to calculate the proposed salary base for each of the positions in our pay scale, hierarchy numbers 300 through 775. We also recognized that there were certain positions in our lower pay class grades that

were woefully under scale in comparison. Part of our goal was to address that concern and we were able to do so in the new scale, while keeping the full hierarchy mainly intact. Because changes to each of these positions were the result of the study, they were not based on any set percentage. Priscilla and I then reviewed each position's proposed salary with the respective department head. We are all in agreement and highly recommend moving forward with the new scale as is included in the proposed FY23 budget.

Any pay changes that are included in the final approved FY23 budget will be included in an updated Pay Plan and will come before you in separate legislation for formal adoption to be effective within the new FY23. This will include the represented groups as well.

I send a well-deserved thank you to all General Fund department heads for their review and work on this proposed FY23 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 finance team. And a thank you also to Rebecca for compiling and organizing all the information into your budget binders.

The next section of this budget message will summarize the proposed General Fund FY23 Budget, the 5-year Capital Improvements Plan, and the Coal Severance Fund FY23 budget.

## GENERAL FUND FY23 PROPOSED BUDGET

### General Fund FY23 Proposed - \$20,537,337

The proposed FY23 General Fund Operating Budget of \$20,537,337 represents a \$504,886 increase or 2.5% from our current FY22 budget of \$20,032,451. While this FY23 proposed budget reflects an increase from where we are currently sitting in FY22, considering the 2021 year-end inflation rate of 7%, I believe this to be an expected but modest increase.

**Revenues:** If we examine General Fund Revenue year-over-year excluding fund balance carryovers and compare a net FY22 revenue budget of \$16,782,802 to a net FY23 proposed revenue budget of \$16,957,025 we have a modest overall net increase of \$174,223 or 1%. This overall net increase is made up of projected increases in our tax category and the licenses and permit increases that we discussed above and decreases under intergovernmental and miscellaneous categories.

As is usual every budget cycle, it is important to mention that the AD Valorem Tax proposed at \$2,500,000 is only estimated at this time. The City will not

receive the property valuations from the Marion County assessor until March 3<sup>rd</sup>. At that time, Priscilla will plug the valuation numbers into the levy page spreadsheet and it will calculate the exact numbers that we are required to include in the FY23 budget. If the difference is not too large, I recommend that we adjust our contingencies up or down to reflect that change while keeping our budget in balance.

Details of all General Fund revenues are found in the revenue section of the budget book. During our work session(s) these details can be reviewed however Council wishes.

**Expenditures:** Since the City is a service provider, it is expected that the FY23 proposed General Fund expenses center around personnel costs and that they represent the largest percentage of our expenditure budget. Total personnel expenditures, which include the position and salary increases as mentioned above, are budgeted at \$12,526,770 and represent 61% of the General Fund operating budget.

Highlighting other key expenditure categories, there are transfers to capital at \$450,000- 2%; street maintenance at \$2,311,182- 11% (this includes \$500,000 FY23 projected plus the carryover of \$1,811,182); and all other expenses, those listed under contracted services, commodities, contributions and other, totaling \$4,749,385-23%. Lastly, within this budget is a healthy contingency of \$500,000 or 3% of the total FY23 budget. 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 \$2,500 and the Region VI Planning and Development Council at \$12,158, are included in the FY23 Budget, totaling \$20,658. Per a contractual obligation with the Marion County Commission, we are also budgeting \$54,830 to help fund Animal Control Services. The City received an additional \$205,550 in requests from Outside Agencies. This included a funding request of \$100,000 for the construction of a new animal shelter for the MC Humane Society. The proposed FY23 Budget recommends funding 49% of those requests totaling \$100,050, including \$25,000 towards the new animal shelter. The total Outside Agency funding in FY23 is proposed at \$175,538. Details are found in your FY23 budget book under the outside agency tab.

We will continue funding our demolition/bad buildings program at \$250,000 for FY23. (\$100,000 in operations and \$150,000 in capital) We also know it is likely that additional funds from ARPA will be used directly on demolitions, but as I mentioned earlier, I did not add any ARPA spending to this FY23 proposed budget.

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 FY23 Proposed- \$1,613,115

Our FY23 Capital Improvement Budget provides \$444,715 of projected Debt Service. An additional \$1,168,400 is budgeted for the capital needs of the other categories such as Code Enforcement, Planning, Data Processing, Demolitions, City Hall, Police, Fire, Streets, Traffic, Parking and Parks Departments.

Projects of note in other categories include \$45,000 in Planning to work on beautification, and improvements to City entryways and way finding signage, all a part of Council's goals and priorities. Also, park improvements at \$183,000 and demolitions at \$150,000 to also continue working towards Council's goals and priorities.

Also, our technology needs city wide are great. The IT department has made substantial improvements already with our IT plan and we plan to continue in the new fiscal year. We have included \$76,800 in FY23 for these continuing upgrades.

To round out the remaining Capital appropriations, proposed are: Code Enforcement, \$30,000; Police, \$199,200; Fire \$91,600; Streets, \$256,000; Central Garage \$5,000; Parking at \$98,800; Street Lights, \$13,500; and City Hall, \$19,500

This highlights only the FY23 Capital Plan. A full five-year Capital Plan is included in the budget book. Staff will be on hand during the work session(s) to discuss any Capital Project/Equipment request in any of the five years.

### **Future Year Totals:**

**Year 2, FY24 - \$2,839,365**

**Year 3, FY25 - \$1,522,315**

**Year 4, FY26 - \$1,235,915**

**Year 5, FY27 - \$1,757,815**

## COAL SEVERANCE FUND FY23 PROPOSED BUDGET

### Coal Severance Fund FY23 Proposed - \$37,006

The entire Coal Severance Tax distribution in FY23 will continue to be appropriated as additional resources to the general fund for snow removal as it has in prior years. We continue to see expected reductions in revenue. The \$37,006 budget is allocated as follows: \$8,823, personnel (overtime snow removal), \$21,833 supplies (salt & cinders), and \$6,350 contracted services.

## CLOSING COMMENTS

In closing, my desire is that this proposed FY23 budget book is informative and gives Mayor and Council a good understanding of the City's main operating fund, the General Fund. It is intended to give you the pertinent information needed to make sound decisions on moving forward with the necessary FY23 budget approval. It also provides information regarding Capital Projects, and the Coal Severance Fund. Once finalized and approved by City Council, the budget establishes the direction for all City government programs and services for the coming fiscal year. It will represent the consensus of Council direction and staff recommendations on how best to accomplish the goals and priorities set forth and to respond to the highest priorities of the Community's needs.

I again thank our Finance Director and Department Heads for their work in assisting in the development of the proposed FY23 Budgets.

We look forward to discussing all these items with the Mayor and Council at our scheduled Budget work sessions on Tuesday, February 15<sup>th</sup>, and if needed, Tuesday, February 22, 2022.

Respectfully Submitted,

*Valerie A. Means*

Valerie A. Means, City Manager