

City Manager's Budget Message

For Fiscal Year 2018

The City Manager's Recommended Budget for Fiscal Year 2018 responds to identified priorities in the key municipal responsibilities of Public Safety, Public Education, and Community Development, and to organizational priorities of facility maintenance, and technology for service delivery and support.

I am recommending a seven (7) cent increase to the real property tax rate. One (1) cent of the increase generates approximately \$171,000 and supports my proposal to organize a community development department that will strengthen administration of the planning function, the zoning ordinance, and the enforcement of the property maintenance codes. The initiative anticipates the retirement of a long-tenured employee which facilitates the re-organization of the stated functions. Six (6) cents of the seven cent increase is recommended to establish funding for the Waynesboro High School renovation project, anticipating that the City may issue debt and be obligated to begin debt service payments in Fiscal Year 2018.

Recommended new initiatives and accompanying expenditures in the areas of public safety, facilities, and technology are accomplished without reliance on the proposed increase in the real property tax rate.

The stated priorities of public safety, public education, community development, I believe, are commonly recognized. They are important to support services addressing crime and detrimental activity in the community and to promote order, appeal and health in the community. I believe further that the initiatives identified in these areas potentially deliver appreciable benefit by promoting community and organizational stability. Recommendations involving facilities and technology underpin the work of the municipal organization by providing necessary equipment, and reflect responsible care of municipal assets.

Public Safety

I am proposing to restore funding for authorized sworn positions in the Police Department that were "frozen" or unfunded as a temporary measure to contend the recessionary impacts on the municipal budget. Four sworn, patrol officer

positions are restored, with a plan to employ two officers on in July 2017 and two in January 2018; increasing the number of funded, sworn patrol positions to 33. Restoring staffing levels further ensures consistent and reliable service, by sustaining manpower during increased demand for officers, when officers are off duty because of injury and absence, training requirements, and affording officers appropriate opportunities for leave. It is important to remain cognizant of the service and support the Police Department provides to community festivals and events, and to the Waynesboro Public Schools, especially with respect to scholastic athletic activities and an increasing demand for police assistance during more routine school operations which cannot be met by the two school resource officers.

A market adjustment of 10% is provided for Emergency Operations Telecommunicators to raise compensation to approach that of neighboring agencies and nearby localities. The increase acknowledges the integral role in the delivery of public safety services dispatchers fill and is aimed at improving the recruitment and retention of well-qualified employees.

In the Police Department, a second phase of career development increases is recommended to promote retention and recognize the qualification above basic standards and special duties performed by officers. Career development programs are common in law enforcement agencies and are valuable tool in recruitment and retention in a labor market that is stressed by declining numbers of applicants experienced by many agencies in the Commonwealth, including the Virginia State Police, and resulting increasing competition for qualified candidates and experienced or certified officers among law enforcement agencies.

Restoring positions and supporting career development both potentially mitigate the impacts of attrition fortify the delivery of essential service by the Police Department.

Public Education

Waynesboro High School Renovation Project

As stated previously, the recommended budget proposes to increase the real property tax rate by seven cents, six of which is designated for the purpose of establishing a debt service reserve to fund the renovation and improvement of Waynesboro High School. Approximately \$1 million generated by the tax increase

is recommended for appropriation to a reserve for payment of project expenses and debt incurred for the WHS project.

Let me be absolutely clear in communicating that the WHS project will require a subsequent real property tax increase in fiscal year 2019. It is my firm recommendation that the six cent increase identified for the WHS Project in this budget recommendation and subsequent increases to the real property tax rate associated with the WHS project be exempted from inclusion in the Schools Funding Formula. Failure to do so will increase the need for subsequent tax increases to account for resulting increased contributions to the school operating budget.

Waynesboro Public Schools Fiscal Year 2018 Operating Budget

The Superintendent and the School Board have presented an operating budget for FY 2018 that communicates a need for an additional \$389,000 in local revenue. My recommended budget does not provide additional local revenue for the operation of the public school system in fiscal year 2018 above the \$147,000 increase derived from the funding formula. I advise against reducing recommended municipal expenditures to meet the need expressed by the School Board.

Since fiscal year 2009, the City has increased local support for Waynesboro Public Schools by \$3.1 million which is a 27% increase. The increase in local support for public education compares favorably to the national inflationary factor over the last five years. Discussion of local support for public education must contemplate the General Assembly's support, acknowledge that small and medium-sized municipalities like Waynesboro do not have equivalent capacity of the Commonwealth to provide financial support, and the history of support delivered by the municipal budget.

Community Development

My recommendations related to community development are aimed at consolidating planning, zoning, building, and property maintenance functions in a single location. Doing so facilitates collaboration and coordination of functional work and improves convenience for external and internal customers. Presently, the Building Official is assigned directorship responsibility for the Building Code,

the state and local codes related to property maintenance and minimum housing standards, and the Zoning Ordinance. It is a municipal organizational structure that is increasingly antiquated and peculiar in that assigns review approval, inspection and enforcement activity of multiple disciplines and codes too heavily in a single director.

The recommended model supports development while promoting compliance with local development and property maintenance codes; and in doing so moves the organization toward a coordination and facilitation mode especially where development interests and activities are concerned. Where property maintenance is concerned, the additional resource is recommended to increase enforcement and compliance activity removing conditions that are adverse to public health and safety.

Governmental Facility Maintenance and Replacement

The recommended budget addresses a number of key facility replacement and maintenance measures, some of which have been postponed through deferring maintenance to mitigate the impacts of the recession. Key items in this budget priority area include:

Replacement of the Repeater Station and Repeater Equipment (\$202,000)

Replacement of heating and cooling (heat pumps) units Gorsuch Building (\$110,000)

Replacement of the boiler and air conditioning units at the Fire Department (\$67,819)

The repeater station which houses the essential radio equipment for public safety and public works communications is a modular building purchased and installed in 1990. The facility has been maintained and repaired through the years, but staff indicate that the building's condition prevent the continued repair and modification necessary to keep the environment free from moisture, dust, and temperature fluctuations which can damage equipment.

The current Waynesboro Fire Department was constructed in 1958; the boiler is believed to be original to the building and warrants replacement for reasons of safety, reliability, and efficiency. The air conditioning units which are believed to

be 15 to 20 years old have received regular maintenance and attention, but failed persistently during the last cooling season; I recommend replacement to due to the 24/7 operations at the facility.

The heating and cooling units that serve offices and spaces housing computer and communication equipment are original to the renovation of the Gorsuch Building completed in the 1990's. As such the units are 15 years old and are beginning to fail with some predictability, despite a program of regular inspection, cleaning and, maintenance. The planned replacement focuses on the EOC and Police Department that operate 24/7 and the Information Technology Department which contains equipment sensitive to overheating.

Also included in the budget are minor facility initiatives that replace or repair building components.

Equipment and Vehicle Replacement

Though not a stated priority for this budget, furnishing departments with adequate equipment and vehicles to deliver service is an important consideration for each annual operating budget. Like the building initiatives detailed previously, vehicle and equipment replacement is funded by appropriation from reserve funds, in this case the Governmental Vehicle and Equipment Replacement Reserve. The total for recommended vehicle and equipment purchases is \$242,937.

Technology Investments and Replacements

The budget recommends \$549,000 of technology related hardware and software purchases that support the real estate appraisal function, the scheduled replacement of personal computers and laptops, system-wide data archiving equipment, laptops for polling locations (Registrar), and mobile connectivity for the Police Department. These recommended expenditures are funded by appropriation from the Technology Reserve.

Expenditures Requested but not Recommended, What the Budget Does not Accomplish

The budget does not provide a cost of living or merit opportunity for municipal employees. While my recommendations address important community and organizational priorities, I am personally disappointed that employee

performance and contribution is not recognized in this budget through an increase to compensation.

As mentioned previously, the expressed need for additional local funding for Waynesboro Public Schools (above that established by the funding formula) is not answered in my recommended budget.

Funding for requested additional Fire Department suppression personnel is not recommended nor are funds for requested for additional compensation to promote retention of experienced fire personnel. Retention is an increasing concern for the Fire Department.

I have not included funds for the Wayne Theatre in the City Manager's Recommended Budget.

Approximately \$5,000,000 of departmental requests were cut or are supported through reliance on reserves (expenditures if a nonrecurring nature) to achieve the balanced recommended budget focusing on the priorities of public safety, public education, community development, facilities and technology.

The use of reserves to fund facility maintenance, equipment replacement, investments in technology and other similar one-time expenditures affords the organization the ability to meet these needs without necessarily increasing the operating budget from year to year. Many unfunded departmental requests are foregone not solely because of their expense in the current year but because of their anticipated impact to subsequent annual operating budgets.

It is my duty to inform the City Council that the majority of the departmental requests which I have determined not to include in the recommended are well-reasoned and legitimate requests that maintain or improve facilities, enhance or improve programs and services, train and educate employee, replace equipment and supplies and merit consideration. In most cases, departmental requests were level or near level funded.

Enterprise Funds

I am recommending a 10.2% increase in fixed and consumption rates in the Water Fund and a 7.5% increase in fixed and consumption rates in the Sewer Fund. At the April 5th work session, City Council will be provided additional information concerning this recommendation which is intended to address the financial challenges of debt service associated with mandated system improvements in

both the water and sewer systems, necessary ongoing infrastructure improvements, system expansions regulatory compliance obligations, and overall enterprise fund health and stability.

Concluding Comments

In closing I recognize and express gratitude to the employees of the organization who will ultimately deliver the real value of an adopted budget. A thoughtful and goal-oriented spending plan is essential to the sustainable health of a productive organization. A budget's benefit to the community, however, rests on the performance of the employees who convert the plan into services, projects, and daily performance that promotes safety, prosperity, enjoyment, education, literacy, skill development, efficient transportation, and a healthy environment for citizens, businesses, and visitors.

Special appreciation is expressed to the department directors who prepare and submit budgets with the awareness that not all of their plans and recommendations will be realized, and to members of the City Manager's budget review and preparation team, Mr. Cliff Prevete, Ms. Alisa King, and Mr. Jim Shaw. The budget review team accomplishes valuable work organizing, formatting, vetting, analyzing, and forecasting which create the ability to assign refined costs to activities and priorities.

I look forward to working with you through the next steps in the budget process in which the City Manager's Recommended Budget will become the City Council's Adopted Budget. It is my hope that in that process we will evaluate whether the recommended budget is aimed at the right aspirations of the Council as a whole, and if so addresses them in adequate measure. One measure of an effective manager is the ability to discern alignment with the elected body and reflect it in a budget recommendation. One might ask is the ladder on the right wall and is it extended to the proper height?

Stewardship is as much about applying resource to proper objectives as it is about understanding where each dollar is assigned. Both are important, neither carries much value alone.