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October 31, 2016

City Council
City of Sharon
155 W. Connelly Blvd.
Sharon, PA 16146

Dear Members of Council:

Attached is the proposed general operating budget for 2017. Following this submission to council, as required by the City Charter, the budget will be posted on the city's web site. Budget hearings have been scheduled for November 21, 2016 at 5:30 PM and December 1, 2016 at 6:00 PM.

The proposed 2017 budget totals \$8,346,801.00 which is \$52,525 larger than the 2016 budget. The budget contains a contractual 2.0% wage increase for police, a 1.5% wage increase for members of AFSCME and a 2.0% increase for non-union employees. The proposed budget also projects a 2.0% increase for fire. The total cost of wage increases next year for all three bargaining units and non-union employees is approximately \$119,519. In addition, all employees will share the cost of healthcare by contributing 15% of the premium cost.

I characterize the proposed 2017 operating budget as being conservative. The 2017 budget proposes no increase in taxes, which is attributed to growing revenues, primarily in the area of earned income tax and the city's continued diligence in improving operational efficiencies. The police and fire departments, the two (2) largest budget cost centers, are projected at less than a 2% increase.

The proposed budget includes the position of Finance Director. The position has enabled the restructuring of the finance department and will be essential in the continuing improvement related to the fiscal health of the city. The budget also includes the additional position of Deputy Fire Chief in the fire department, at a projected cost of an additional \$8400.00. The addition of both positions is funded through the savings created by merging the City Manager and Fire Chief positions. All other departments will remain at the same staffing levels.

The proposed budget includes a \$99,758 allocation for capital improvements. The funds will be used to fund paving and small capital purchases in 2017. More importantly, the moneys will be used as leverage and matching funds for public improvement grants. In addition to the capital funds the city will see

nearly an additional 2 million dollar investment in public improvements through alternative funding sources.

The proposed budget includes an increase of \$52,000 in debt service for public safety equipment. Nearly all of the increase in 2017 will be offset by an increase in revenues through grants and fundraising efforts.

I have an optimistic outlook that the city has a bright future in its fiscal health. Finance Director, Jason Tomko, and the finance department worked diligently in reviewing historical data in projecting revenue and in analyzing expenditures to ensure the appropriate funds are allocated. We used a forward thinking approach, not only considering next year's budget, but also those that will follow. In addition to the positive financial projections, I am confident the city's employees are dedicated to provide affordable and valued services to the citizens. I look forward to discussing the budget and working with members of City Council through its eventual adoption.

Sincerely yours,



Robert Fiscus
City Manager