



CITY OF POQUOSON

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April 11, 2022

TO: City Council
FROM: Randy Wheeler, City Manager
SUBJECT: Fiscal Year 2023 City Manager Recommended Annual Financial Plan

Thank you for allowing me to present the City Manager's Recommended Annual Financial Plan for Fiscal Year 2023 (Budget). The budget presented to you was developed with guiding principles to ensure stable tax rates, continuation of existing program and level of services, adhering to financial guidelines, reflecting updated revenue and expenditure estimates based on trending analysis and State and Local guidance; while balancing new initiatives.

Additionally, the budget prioritizes and focuses on three of the five established strategic areas:

- The first strategic focus area is Public Education and continuous support. The budget includes a recommended increase of \$617,173 above last year's approved budget. The increase will allow Schools to provide an additional 1% pay adjustment for eligible staff above the School Superintendent's requested 5%. This budget fully funds the requests of the Superintendent.
- The second strategic focus area is quality of services. For the upcoming fiscal year I am not recommending any new programs or significant service enhancements in the General Fund and have chosen instead to recommend a focus on increasing employee compensation to help insure our ability to recruit and retain quality employees. The necessity of this action has been made even more pressing by the very high rate of annual inflation projected to be between 6-8% for the coming year, significant public and private sector wage competition and a noticeable decrease in the number of applicants the City has been receiving for open positions. For these reasons I am recommending a general wage increase of 5% plus \$1,500 for all full-time permanent positions as well as pay rate adjustments for part-time personnel.
- The final strategic focus area is Public Safety. The Recommended Budget includes two specific items in support of public safety. First the recommended Capital Projects Fund budget includes a number of new federally funded projects, including most notably the construction of a new Public Safety Building. The funding for this project includes utilizing both discretionary federal funds and the

City's available debt capacity (without a tax rate increase) for a total project budget of approximately \$13 million. Second, this budget includes a special pay adjustment of \$1,000 for all sworn public safety officers in recognition of significant recruitment and retention pressures being experienced by the City specifically and by local governments in our area generally. This special pay adjustment is intended to be in addition to the general compensation increases recommended for all general employees, as mentioned in the second strategic focus area.

The recommended budget does not have any new initiatives in the focus of quality of life. It should be noted that during this fiscal year, the City has acquired property for a new park off of Kelsor Drive. The Parks and Recreation Advisory Board currently seek public comments as it works to develop a specific plan for the development of the park.

In addition, the City Council has appropriated funds for the construction of restroom facilities at South Lawson Park. Also, the City completed the Poquoson Avenue sidewalk project which completes a walkable connection between the City's two school complexes.

The City Council has approved funding for significant maintenance and renovations at the Municipal Pool and allocated funding sufficient to begin implementation of the City Hall area park improvements project. Lastly, the City has installed two new micro parks on Wythe Creek Road and is in the process of replacing the bleachers at Messick Point.

I am pleased that this recommended budget was developed with the guiding principles, and afforded initiatives for Public Education, Public Safety and Quality of Services. I am especially pleased that this recommended budget does not reflect a real estate tax rate increase to implement the aforementioned budget initiatives for Fiscal Year 2023.

I would like to note that again for Fiscal Year 2023, the Finance Department has utilized the budget document within ClearGov, a cloud based software. This software will allow for City Council, citizens and departments to easily navigate through the cloud to find information about the budget.

We have a Public Hearing scheduled for April 25, 2022 on the Recommended Annual Financial Plan for Fiscal Year 2023. Staff and I are available to answer any questions surrounding the information presented in the budget.