



THE OFFICE OF THE MAYOR, DR. TIMOTHY J. MAHONEY

Members of the Fargo community and Fargo City Commissioners,

The City of Fargo's 2018 Preliminary Budget is being presented for your review and consideration. I would like to express my appreciation to the department heads, division heads, commissioners and the budget team for their excellent work in arriving at a budget plan that will work for Fargo.

INTRODUCTION

When we began this process, I had five goals in mind for the 2018 Preliminary Budget, as follows:

1. Limited or no growth in the General Fund budget.
2. A property tax reduction of two mills.
3. Moving a portion of the General Fund capital into a Capital Projects Fund.
4. Utilizing a portion of regionalization revenue to fund City capital projects.
5. Continuing our increased investments into public safety priorities.

We then began the process of meeting with each department, during which ideas, recommendations and conversations occurred to create the document before you today. Throughout this process, we have all remained devoted to providing the high quality of services that our residents have come to expect, while also continuing our commitment to being fiscally conservative with the people's money.

It goes without saying that we were impacted by the recent challenges surrounding the budget of the State of North Dakota. However, you will see in the 2018 City budget our utility strategies are not only helping other metro communities by providing excellent drinking water and wastewater solutions, they are helping Fargo residents by providing for increased and reliable revenue streams. With the help of the commissioners, the budget team feels the 2018 Preliminary Budget addresses the needs of a city transitioning into one of the Midwest's most vibrant urban areas.

WEIGHING THE NEEDS OF A GROWING CITY

Our community is continuing its upward trajectory in several measureable ways, including population, geographic footprint, infill development activities and stronger neighborhoods. While there has been substantial progress, there is always more to attain as we strive to implement smart growth strategies. We are constantly seeking new partnerships with the private sector to achieve sustainable and impactful growth. The Fargo community has almost 40 recognized neighborhoods and we need to continually work together to ascertain ways of empowering and energizing residents to become civic leaders within these neighborhoods to truly allow our city to thrive.

Fargo finds itself within a global society that consumes data at an unbelievable rate. We took a huge step forward by launching an entirely new City website at the end of May to improve and expand our digital,

online City Hall. This process allowed for a full site reorganization and the generation of new content for our residents and visitors, all optimized for mobile devices. Relatedly, our staff members serving on the Data Governance Committee are in the process of inventorying the types of data currently held within various print and electronic documents in the City. This will help to determine what could be interesting and useful to make available on an open data portal for public use.

In 2017 and 2018, the City of Fargo is focusing on customer satisfaction and service improvements with the Customer Service Experience Initiative. This study focuses on our current performance while identifying strategies for future incorporation to provide the highest level of service. The Preliminary 2018 Budget continues these efforts and invests in the City of Fargo customer service brand and outcomes. Additionally, we have also included funding within this budget to implement the first steps of the emerging Public Arts Master Plan, which seeks to identify opportunities within our community for the incorporation for art and arts education.

We continue to see the necessity of a strong commitment to public safety within our city. Calls for service are ever increasing, which is the product of urbanization. Our new investments, coupled with our past commitments, are a testament to the value we place on ensuring Fargo is a safe community for everyone. Fargo's actions to promote sustainability are stronger than ever, highlighted by the launch of our new All-In-One recycling program in mid-2017. This program will help reduce the amount of materials being placed into our landfill and contribute to the larger mission of recycling in the nation. The community has embraced the All-In-One program, with nearly 90% of residents opting into the service.

As always, the health of our people is extremely important. The issue of opioid overdoses has devastated our community. The Mayors' Blue Ribbon Commission on Addiction and Fargo Cass Public Health are collaboratively working on this issue and we will continue to strongly support their efforts. Strategic tactics for economic development and workforce training are complimentary to each other and vital for our community's long-term success. While there have been notable achievements, we are redoubling our efforts in these sectors to ensure we are doing everything possible to lay the groundwork for the next decade and beyond.

PRIORITY AREAS IDENTIFIED FOR 2018

PUBLIC SAFETY

- This budget includes five new police officers and their corresponding equipment.
- The purchase of a new pumper truck for the Fire Department.
- Continued support for the Mayors' Blue Ribbon Commission on Addiction.

EMPLOYEE COMPENSATION

- Competitive Wage Adjustment of 2% for full-time employees on Jan. 1, 2018.

ARTS & CULTURE

- Additional and expanded Arts & Culture opportunities.
- Potential repurposing of the Civic Center.

BUILDINGS & GROUNDS

- Completion and fit-up of the new City Hall.
- Police Department lease of Border States Electric warehouse.
- Demolition of the old City Hall and redevelopment of the City Plaza.

INFRASTRUCTURE

- Permanent flood protection (FM Diversion and in-town levees).

TRANSPARENT CAPITAL PROGRAM

- A portion of General Fund capital has been moved into the Capital Projects Fund.

OTHER PRIORITIES

- Growth of regionalized utility services.
- New focus on strategic planning and Gov. Doug Burgum's Main Street Initiative.
- Reorganization of the Department of Planning and Development.
- Reorganization of the Enterprise Utility Departments.

SUMMARIZING THE 2018 BUDGET

The reduction in aid from the State of North Dakota required us to tighten our belts and we responded accordingly. We have formulated a preliminary budget that is balanced, while also offering our citizens a level of property tax relief through a two-mill reduction in the total mill levy. The City's General Fund budget is proposed to just slightly increase by 0.7%, with a 5.6% decrease in operating expenses. We are proposing the addition of eight new full-time employees (3.5 from the General Fund and 4.5 from the Enterprise Fund).

This budget includes a modest increase of utility rates, which haven't been raised for several years. We have conducted rate analyses, which resulted in these recommendations. The proposed increases would raise the average homeowner's water fees by less than \$1 per month and wastewater fees by less than \$0.50 per month. Fargo's municipal utility rates are at the lower end of the spectrum compared to other North Dakota cities, with our residents continuing to highly rank the quality of Fargo services. These rate adjustments are a slight increase that will pay dividends in maintaining our services and facilities.

Simply put, this is a smart, strategic and lean budget. It addresses the ongoing needs of our growing city while minimizing the growth of government. Our entire City of Fargo team of employees are devoted to providing excellent services at a reasonable cost. We are using technologies and efficiencies to improve our services while keeping costs down. Thank you to everyone who played an active role in this process.

LET'S WORK TOGETHER TO ACHIEVE OUR MISSION OF BEING 'FAR MORE'

Undoubtedly, the next several years will bring abundant opportunities, trying challenges and unexpected surprises. However, we have a strong foundation to build on and Fargo remains the envy of many in the region. It is a tremendous honor to be a part of this community and its local government. Fargo truly offers **Far More** than people expect. We can bring this city to even greater heights if we work together to advance the interests of our citizens.

Sincerely yours,



Dr. Timothy J. Mahoney
Mayor of the City of Fargo