



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

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Members of the Fargo community and Fargo City Commissioners,

The City of Fargo's 2021 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.

During our departmental meetings, many 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 our residents have come to expect, while also continuing our commitment to being fiscally mindful with taxpayers' money.

In just the last few years, Fargo has been nationally recognized with many honors. The following is just a sampling of these rankings:

- #1 Hottest Job Market {ZipRecruiter, 2020}
- #1 Best City to Start a Career {Zippia, 2020}
- #8 Best City for Renters {WalletHub, 2020}
- #10 Best Run Cities {WalletHub, 2019}
- #10 Happiest Places to Live {WalletHub, 2020}

We all should be especially proud of the "best run cities" ranking. This comparison placed Fargo in direct competition with the nation's most populous cities, including major metros. Fargo is a regional leader and the nation is taking notice.

It is without question that 2020 has been a year like no other. Throughout the City's response to the COVID-19 virus, our team has continued to provide award-winning services every day to our residents and visitors. In fact, the City remains under an emergency declaration to this day. In crafting this budget, we tackled several fiscal challenges including:

- Expected reductions in municipal highway funds
- Expected reductions in state aid distribution
- An unknown pandemic timeline
- Maintaining a prudent budget while managing growth

However, we also are fortunate to serve a community that continues a strong trajectory of growth and resilience. Even during an unprecedented pandemic, the following are a handful of positive economic indicators for a strong future for Fargo:

- Building permit values are double from the previous year
- Sales tax revenue is outpacing the previous year
- Property tax revenue is remaining steady

In consideration of all of these factors and with the input of the Fargo City Commission, the budget team feels the Preliminary 2021 Budget addresses the needs of a community that has placed itself on the radar as one of the Midwest's most vibrant urban centers while also being financially cognizant of the uncertainty caused by the COVID-19 virus.

### **A PROACTIVE, PRACTICAL AND PRUDENT BUDGET**

The budget team embraced the themes of proactive, practical and prudent for the 2021 budget. We were laser-focused on five overarching themes in our recommendations:

1. Focus on critical needs
2. Maintain high service levels
3. Continue infrastructure investments
4. Maintain replacement and repair schedules
5. Nurture community relationships

These themes were reflective in shaping six major priorities and initiatives for our metro:

1. F-M Area Flood Diversion Project
2. Red River Valley Water Supply Project
3. Wastewater expansion and regionalization
4. Interactive utility billing rollout
5. Planning for the future Fargo Fire Station Number 8
6. Workforce Development

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 allow Fargo to thrive.

We are committed to advancing on the Core Neighborhoods Plan formation, the Land Development Code (LDC) diagnostic analysis, implementing the updated infrastructure funding policy, continuing to expand community relationships and inclusivity efforts, expanding utility regionalization and maintaining our street-level excellence.

### **SUMMARIZING THE 2021 BUDGET**

We are funding the commitments made by the City Commission, continuing our steadfast commitment to in-town flood and drought protection projects and investing in organization-wide

capital improvement projects. Staff members have identified short-term and long-term needs to produce better budgets in the future.

The budget team is not recommending any increase in tax mills for 2021. The City has had a stable City mill levy history for the past several years; in fact, mills have been reduced by 5.25 since 2013.

The budget team is also proposing a modest increase of \$2.50 per month in the residential wastewater rate, which were factored into the Wastewater revenue fee models. Without our successful utility regionalization efforts, this rate increase would have likely been higher. The proposed residential rate in 2021 would be the same as it was in 2013. The Forestry Division is also proposing a modest fee increase of \$0.48 per month in 2021. This increase would allow the City to continue offering its very popular curbside brush chipping program. Without this additional revenue, the program have been substantially curtailed.

For the General Fund budget, 77% is dedicated to the salaries and benefits of our employees. Simply put, street-level services require people. To provide the excellent services we do, personnel is a critical and very large component of our budget. We are recommending the net addition of 2.25 new full-time employees from the General Fund from the 20.25 positions requested. For the enterprise departments, a total of 13 full-time positions were requested and two were approved. With the two retirements in the Civic Center not being filled, this results in a net zero increase for the enterprise funds. Due to financial uncertainties associated with the COVID-19 virus, the budget team is not recommending any competitive wage adjustments for City employees in 2021.

### **FARGO: OUR STORY OF SUCCESS**

We are incredibly fortunate to serve the citizens of Fargo in our roles as elected leaders. We are incredibly grateful for the vital ingredients that allow us to achieve great things in our community. Among these are a strong tax base fueled by economic activity, steady population growth, robust activity in the construction sector and street level excellence at reasonable rates. When combined, these factors produce a synergy that makes Fargo a community where people choose to live, work and play.

This is Fargo. This is our story of success. We are incredibly proud of our public employees, grateful to our citizens and appreciative of our strong business community. Fargo remains the envy of the Upper Midwest. Together, let's take this community to even greater heights.

Sincerely yours,



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