



CITY OF COVINGTON

333 W. LOCUST STREET, COVINGTON, VIRGINIA 24426

Thomas H. Sibold, Jr., Mayor
David S. Crosier, Vice-Mayor
William E. Carson Jr., Councilman
Raymond C. Hunter, Councilman
S. Allan Tucker, Councilman

Krystal M. Onaitis, City Manager
Mark C. Popovich, City Attorney
Kyla D. Crosier, City Clerk

May 24, 2022

Greetings Mayor Sibold, Vice-Mayor Crosier
and Honorable Members of Covington City Council,

As your City Manager, it is a privilege to stand before you for a third time, to present the City Administrations's proposed fiscal year 2023 (FY23) budget, per City Charter Chapter 4 section 2. It is my hope that you all as City Council do as you all have done previously and receive these recommendations with an open mind. It is important to all that careful review occurs and that you all as Council provide your thoughts through review of this proposed FY23 budget. I know the past two years both budget development and adoption presented uncharted territory for us all, not just in our City, but all localities as the COVID-19 Pandemic impacted all facets of government services and normalcy. Now it seems we are also entering into waters that present the unknown, in that we have worked carefully and conservatively to project state numbers as the state budget is not finalized and there is economic uncertainty arising due to a variety of factors outside of our control on the national and international levels of government.

I would be remiss if I did not state the obvious that inflation has begun to impact the cost of acquiring materials for other aspects of City operational areas as has the minimum wage increases, this is covered and costs associated with this are projected in this proposed budget. This has especially been challenging for our Water and Waste Water Plants, who operate off of funds from service charges. City Administration based on the need to ensure financial sustainability of the operational and maintenance costs of our Water and Waste Water Operations has proposed a nominal increase of \$1.00 to the base rate for each of these services. This increase is also recommended by our municipal financial advisors given that these funds must be supported by rates from service charges, not local tax dollars per law.

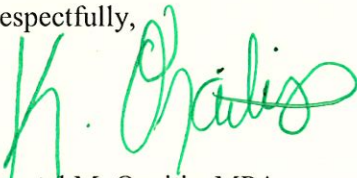
This proposed FY23 budget is balanced and represents several focuses that are worthwhile to note:

- This budget presented to you all also once again prioritizes mandated services that our City provides, with a General Fund (GF) total of \$23,337,236.00
 - Without SLFRF \$20,028,236.00 (ARPA)
 - All ARPA uses consistent with guidelines originally issued of one time needs of equipment, infrastructure and projects
 - Government Administration budgets requests met as requested for largest part
 - Sidewalks \$100,000 normally \$50,000 annually
 - Camera Technology improvements in Police Department, firearms, and canine officer
 - E-911 Workstation desk/chair and headset improvements, software grant application

- Fire Department additional \$220,000 for SCBA equipment
- Rescue funds provided for \$130,000 match portion of \$260,000 new ambulance and battery powered extrication device 50/50 grant
- Paving \$500,000 and \$175,000 total \$675,000 normal year \$175,000, \$50,000 for bridge repairs – outside of inspection funds
- Brine Spreader in the Storm Fund for pre-treatment ahead of winter weather
- Parks and Recreation \$23,000 for new pool and other park improvements downtown and with Maple Phase III
- Jeter-Watson Center continued park improvement funding with \$20,000 for drainage/parking area
- Cedar Hill Cemetery funding (\$30,000) has been included for a replacement utility vehicle
- There is \$500,000 earmarked in the utility fund for water and waste water plant projects needed to continue to support operating capacity as well.
- Focus is placed on continuing regionalism with funding joint/shared services to the best of our ability with the current projected general fund revenues.
- Continuing efforts to promote development and tackle blight in a methodic manner given the uptick in tourism, the Demolition Fund has \$40k proposed along with \$24k for overgrown lot mowing (double the funds from years past).
- The final local match installment of \$111k is proposed for Rayon Bridge Replacement as previously discussed with VDOT, this project will cost the City \$400k, but is slated to cost up to \$14M.
- Dedicated funds for employee relations and adjustments to cover benefit increase changes, the COLA approved in January 2022, retirement payouts, minimum wage increases etc. are proposed in this budget under Human Resources, as we continue to play catch up in this area.

Again, I trust that you all as City Council will consider this proposed budget and its core recommendations for FY23 favorably. As I say to you all in our conversations, I am more than happy to discuss anything presented, address any questions, comments or concerns that you all may have.

Respectfully,



Krystal M. Onaitis, MPA
City Manager