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October 31, 2017

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

Dear Members of Council:

Attached is the proposed general operating budget for 2018. 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 30, 2017 at 6:00 PM and December 7, 2017 at 6:00 PM.

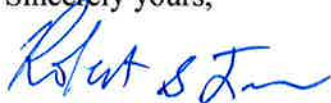
The proposed 2018 budget totals \$8,590,931.00 which is \$131,568.00 larger than the 2017 budget. The budget contains a 2% wage increase for fire and non-union employees. The proposed budget also conservatively projects the same increase for FOP (police) and AFSCME represented employees, in which both bargaining units current collective bargaining agreements expire at the end of 2017 and are encumbered in negotiations. The total cost of wages decreases next year for all three bargaining units and non-union employees by approximately \$50,000 due to retirements and efficient operations. Unfortunately, the savings in wages is utilized to offset mandated sick-time buy back for the employees retiring. For the first time, the budget includes \$109,249 in funding for sick-time buy back, previously an unfunded liability that the city is obligated to pay when its most senior tiered employees retire.

The 2018 budget proposes a .49 mill increase, generating an additional \$44,250 in real estate taxes to cover the required cost in leveraging the 1.9 million in previously awarded public improvement grants. In addition to the millage increase, the operating budget is supported by increased revenues, mostly in the area of real estate tax collection.

The proposed budget includes a \$201,993 allocation for capital improvements. The funds will be utilized for paving and small capital purchases in 2018. More importantly, the moneys will be used to leverage alternative funding sources and as matching funds for infrastructure grants.

The city's finances continue to improve, but for the first time since 2011 a tax increase is proposed, not to support operating expenses, but to complete much needed capital improvements that will enhance the quality of life for the city's citizens. The budget was prepared by carefully reviewing historical data in projecting revenue and in analyzing the realistic cost of providing valued services. In addition to the positive financial projections, I am confident the city employees are committed to serving Sharon residents and businesses in a manner that is affordable and valued. I look forward to discussing the budget and working with members of City Council through its eventual adoption.

Sincerely yours,



Robert G. Fiscus  
City Manager