



To: Council, Citizens and Employees of the City of Elkton
Date: May 21, 2015
Subject: FY 2016 Budget Proposal and Message

Introduction

I am pleased to present this budget proposal and message for the fiscal year beginning July 1, 2015 and ending June 30, 2016.

This budget proposal represents the diligent work over the last month, of the city council members, department heads and our City Clerk/Treasurer. We have reviewed the past year's actual figures, current year to date totals, and discussed our future goals for Elkton.

The major goal of the city government is to continue to improve the quality of services it provides to the citizens of Elkton, while keeping the costs of these services as low as possible.

Revenues

This budget is conservative in our statement of anticipated revenues.

The city continues to rely on taxes, including occupational license, insurance premium, and property taxes, which account for approximately 83% of general fund revenues. Therefore, our general operating revenues depend closely on the investment of our citizens, small businesses, and industries in our community.

During FY 2015, occupational license tax revenues were slightly stronger, approximately 3.3% more than anticipated. Therefore, we are conservatively estimating about a 2.3% increase in FY 2016.

As for property tax revenue, we anticipate a slight increase in revenue due to increased construction and improvements in the city.

There are no proposed rate increases in the water and sewer departments, at this time. However, Elkton utilities' infrastructure is in need of many upgrades and improvements to continue its quality of service. In the future, the city council may need to consider an increase in water and sewer rates and fees for services to pay for these much needed improvements.

Expenditures

This budget proposal contains a 1% cost of living salary increase to all full-time employees, part-time employees, and city officials. However, as Mayor, I personally declining any increase in salary and I have and will waive health insurance from the city.

There are a few special projects and goals proposed in this budget, including the following:

Administration

- No Special Projects or Purchases
- It is proposed that the city continue to support industrial recruitment and economic development in Elkton and Todd County with \$30,000 budgeted for these purposes.
- I propose continuing our annual contribution to the Elkton and Todd County Recreation Commission in the amount of \$17,000 for operation and maintenance of the City-County Park and sports programs.
- The budget proposal includes salaries for the Mayor and 6 City Council, 3 full-time City Hall staff, 1 part-time Welcome Center employee, 1 part-time zoning and code enforcement officer and 1 part-time janitor.

Police Department

- No Special Projects or Purchases
- The department will continue its lease of new body cameras for officers. This is a project we have just begun FY 2015, and it will continue for the next three years.
- Debt retirement in the amount of \$8,400 is included for the third of four installments on the purchase of a police vehicle.
- The budget includes funding for 7 full-time and 1 part-time police officers.

Fire Department

- The Fire Department is continuing its work to purchase needed equipment with a goal to lower the fire class rating in the city. This will not only provide better service to Elkton and surround fire protection area, but also lower insurance premiums for our citizens.
- The budget includes an increase in wages to accommodate the increase in fire run payments approved in FY 2015 to the volunteers.
- The budget includes a part time Fire Chief and part time Assistant Fire Chief as well approximately 18 volunteer firemen.

Street Department

- The proposed budget includes \$105,000 from the Municipal Road Aid Fund for the North Main Street Sidewalks project. This project is in conjunction with the state's project to install new curb, gutter, and

sidewalks in the area. The city's portion of the project includes installation of decorative lighting and burial of utility lines on the first block of North Main Street.

- It is also proposed to budget \$40,000 in paving and maintenance out of the Municipal Road Aid Fund.
- Street department expenses, in the general fund, include salaries for 1 part-time street cleaner and 1 part-time animal control officer.

Water and Sewer Departments

- The cost of supplies and ongoing maintenance of water distribution lines, water tanks, and waste water treatment continues to be an ongoing and increasing expense. There are many needs in these departments that are not addressed in this proposal and require serious consideration in the future including maintenance of two water tanks, the repairing of aging water lines, sewer plant repairs and more.
- While the water department total expenses were reduced by about 3.8% over last year, the department needs to increase expenses for supplies, in order to purchase and install new valves and listening devices. This will make it easier to find water leaks in order to keep the water loss expense low.
- In the sewer department, overall expenses decreased by 8% mainly due to the lack of proposed sewer main line extensions. But, maintenance expenses continue to increase. To address these issues, this proposal includes \$8,000 in funding to rebuild the chlorine contact basin and \$27,000 for the purchase of one of two badly needed aerators at the sewer treatment plant.
- Debt retirement payments in the water department total about \$26,000 and about \$55,000 per year in the sewer department.
- The budget proposal includes 4 full-time utility maintenance employees.

This proposal and explanations are presented for your consideration and it is my trust that you will find them both reasonable and workable. I appreciate and thank the city council and all of Elkton staff for their hard work in assisting me with the preparation of this proposal.

Sincerely,

Jackie Boyd Weathers, Mayor