



To: Council, Citizens and Employees of the City of Elkton
Date: May 28, 2020
Subject: FY 2021 Budget Proposal and Message

Introduction

I am pleased to present to you this budget proposal and message for the fiscal year beginning July 1, 2020 and ending June 30, 2021.

This budget is being proposed after working over the last month with department heads in reviewing past year's actual figures, current year to date totals and discussing future goals.

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

Without the necessary updates and improvements included in this budget the city will struggle to maintain services and to prepare for growth. This budget challenges us to maintain the city infrastructure and to prepare for necessary changes that must be addressed for the health, safety, and welfare of our citizens.

Revenues

The city continues to rely on taxes, including occupational license, insurance premium and property taxes, which will account for approximately 62% of all general fund revenues next year. However, due to the novel coronavirus and state of emergency we are currently under, we do expect a \$65,000 decrease in revenue in the general fund due to the shutdown of businesses in Elkton.

The water and sewer departments continuously need ongoing maintenance and repairs to water lines, water tanks, sewer lines and the wastewater treatment plant. Over the next several years, each department will need major repairs and some of those will be highlighted in later discussion. In order to properly maintain the system more revenues will need to be generated for this budget and in the years to follow.

I feel it is important to point out that without the constant effort to seek grants and assistance from state and federal sources the city could not complete many tasks. This is not a source of revenue we can depend on for revenue but it is of major benefit to our community.

Expenditures

This budget proposal contains a 2.3% cost of living salary increase to all full-time and part-time employees other than utility department staff and excludes the Mayor and city council members. Utility Department staff have already received adjustments in pay scale grades after a review of job duties and functions in recent months.

Logan-Todd Regional Water Commission has decreased the wholesale cost of water from \$3.91 to \$3.31 per 1,000 gallons. This decrease will allow the city to maintain current rates while making needed improvements in the water department.

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

Administration

- It is proposed that the city continue to support industrial recruitment and economic development in Elkton and Todd County with a contribution to the Todd County Industrial Foundation of \$15,000.
- It is proposed to hire GRW Engineering at a cost not to exceed \$30,000 to continue working on plans to remove the dam at City Lake to eliminate its High Hazard designation.

Police Department

- The budget includes 7 full-time police officers, which will continue to provide 24 hour police service as city ordinances require.

Fire Department

- The fire department will continue to apply for grant funds to update turnout gear and Self-Contained Breathing Apparatus.

Street Department

- The city has been awarded a Transportation Alternatives Project through the Transportation Cabinet to install new sidewalks and a bicycle lane on Goebel Avenue. The total project cost will be about \$485,000 with 80% (\$388,000) being funded through TAP. This project will continue the city's effort to reach goals to improve walkability as stated in the city's Pedestrian and Bicycle Plan.

Culture and Recreation

- I propose continuing our annual contribution to the Recreation Commission in the amount of \$17,000 for operation and maintenance of the City-County Park and sports programs.
- Even though Elkton's bicentennial celebration plans have recently been postponed due to the novel coronavirus, we will continue to monitor social distancing guidelines and celebrate our Bicentennial as soon as we safely can.

Water and Sewer Departments

- In the sewer department, the Sewer Improvements Project will continue in this fiscal year with the completion of Phase I to rehab and replace sewer lines throughout the city and the beginning of Phase II and Phase III, which will include a new sewer force main and wastewater treatment plant upgrades to improve inflow and infiltration.
- The water tank on Morningside Drive needs to be painted and other repairs need to be made with the total cost estimated at \$130,000. It is proposed to use reserve funds for this project.
- The water and sewer departments will also share in the expense of purchasing new water meters, meter reading equipment and software at a cost of about \$200,000. Current water meters have shown to be failing and are not registering water usage accurately, which effects revenue in both departments. It is estimated both the water and sewer departments will see an increase in revenue after installing new meters.

This proposal and explanations are presented for your consideration and it is my belief that you will find them both reasonable and workable. However, this budget does not include any potential cost the city may incur in the continuing efforts to address the Stinson Lake remediation agreement once plans for removal of the dam are approved by the state.

I appreciate and thank the city council and staff for their hard work in assisting me with the preparation of this proposal and the guidance of the City Clerk with my first budget proposal.

Sincerely,

Arthur Green, Mayor