



To: Council, Citizens and Employees of the City of Elkton
Date: May 23, 2016
Subject: FY 2017 Budget Proposal and Message

Introduction

I am pleased to present to you this budget proposal and message for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

This budget is being proposed after diligently working over the last month with each city council member, department heads and City Clerk/Treasurer 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.

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 2016, occupational license tax revenues have come in stronger than expected, approximately 6.5% more than anticipated. Therefore, we are conservatively estimating about 1.5% increase in FY 2017.

The utility departments continuously need ongoing maintenance and repairs to water lines, water tanks, sewer lines and the waste water treatment plant. Both departments have been delaying needed maintenance as long as possible. However, it is time for major repairs to be made and will be highlighted in later discussion. Therefore, after

consultation with the department head and City Clerk/Treasurer, it is proposed in this budget an increase in the water and sewer rates. Also, service charges and tap fees need to be reviewed and adjusted in order to pay for much needed improvements in utility infrastructure. The water and sewer rate increase includes a 5% increase on the minimum charge and then a 10% increase in additional usage over the minimum. We are all concerned how this affects our customers. The minimum bill will increase \$2.70 per month. The average usage bill of 4,000 gallons per month will increase \$4.87 per month.

Expenditures

This budget proposal contains a 2% cost of living salary increase to all full-time and part-time employees and city officials. This small increase helps keep Elkton employees' salaries comparable to surrounding communities our size.

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 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
- Debt retirement in the amount of \$17,000 is included in this proposal to pay off the municipal lease of a new vehicle purchase in FY 2016.
- The Police Chief has also recommended the city participate once again in the Pennyrile Narcotics Task Force by making an annual contribution of up to \$750.
- The budget includes 7 full-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 proposal also includes shifting funds from an annual hydrant maintenance contract to the salaries for the Fire Chief and Assistant Fire Chief to take over fire hydrant maintenance inspections working in partnership with the utility department. The Chief and Assistant Fire Chief are certified inspectors. By using our own people, this will save the city about \$900 on fire hydrant inspection. The salaries will increase for each position by \$150.00 per month to inspect and document fire hydrant maintenance.
- This year's proposal does include \$8,500 in hydrant repairs that need to be made following the most recent hydrant inspection.
- 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 \$160,000 for the North Main Street Sidewalks project in conjunction with the state 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.
- The city also received a \$130,000 TAP grant and will match \$30,000 for the construction of new sidewalks on West Main Street from Dairy Queen to the Dollar General.
- It is also proposed to budget \$125,000 in street 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, 1 part-time animal control officer and two temporary full time employees for 6 weeks.

Water and Sewer Departments

- The cost of supplies and ongoing maintenance in utilities continues to be an ongoing and increasing expense.
- One special project proposed is to scour and paint the water tank on Morningside Drive. The total cost of this project is estimated between \$100,000 and \$150,000. The city will bid this project and hopes to pay for the cost over a period of 4 to 5 years at about \$30,000 per year.
- The department also proposes to replace water lines in several areas of town. The department intends to do this work in house.
- In the sewer department, overall expenses continue to increase. This proposal includes expected maintenance items, however a larger grant project will be proposed at a later date for major repairs to the waste water treatment plant. There is \$38,000 budgeted for major needed renovations to the drying beds, and new aerators and oxidation ditch.

- Due to new housing construction in the B. White Road area, the sewer department proposes to extend the sewer line to accommodate this growth.
- 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 staff for their hard work in assisting me with the preparation of this proposal.

Sincerely,

Jackie Boyd Weathers, Mayor