

## Mayor's Budget Message

TO: Morehead City Council, City Employees, & Citizens

FROM: Laura White-Brown, Mayor

DATE: May 16, 2019

RE: Budget Proposal and Message for FY 2019-2020

The Kentucky Revised Statutes (KRS) set forth the requirements and certain guidelines for financial administration of the fiscal affairs of cities. KRS 91A.010 through 91A.060, 83A.130(12), 83A.140(8) AND 83A.150(5) specifically address the requirements of financial administration and fiscal responsibility. As required, I am providing my annual message on the condition and needs of the City of Morehead along with my 2019-2020 proposed budget in accordance with KRS 83A.130(3).

It is a true privilege and honor to present the budget for the City of Morehead for fiscal year 2019-2020. In this budget, is a detailed revenue and expenditure plan based on the financial status and vital needs of the City as well as the public services provided to the citizens and community by the City. In creating this budget, I had open dialogue and communication with the department heads, City Clerk, City Attorney, City Planner and my budget committee. I appreciate the hours they have spent and their input in helping me present a budget that I feel meets the needs of the City and makes prudent use of taxpayers' dollars. In drafting this budget, it was my goal to supply all City departments with their needs along with some "wants" and to continue to provide quality services to the citizens of Morehead.

As a newly elected Mayor, coming in during the middle of a fiscal year can be daunting and demanding. Finding your place as well as the financial needs of both the community and employees quickly became a top priority. As your Mayor, I want to ensure that our citizens, the taxpayers, see the product of their tax dollars at work. Thus, I have taken appropriate steps in this budget to ensure thoughtful planning and spending on all upcoming projects and day to day operations. Please also note, I had Tim Eldridge, CPA, review the budget and provide guidance/feedback on the budget.

One of the first things I realized after taking office was that the City's employees are dedicated to serving the public. Day in and day out, many go above and beyond the call of duty. They truly take pride in their work and making Morehead a great place to live, visit and work. With that said, I have included a raise for all employees. Currently, the employee pays a portion of the insurance costs. They will see a 10% increase in health insurance for the upcoming fiscal year. In this budget, a cost of living raise of 1.9% per the Department of Local Government has been included. It raises the cost to the City by approximately \$50,000. The employees will be responsible for paying their portion of the increase in the health insurance

rate. I budgeted a 5% increase for the City Clerk. She completed 120 hours of required courses to achieve certification through the Kentucky Municipal Clerk's Association Education Committee and International Institute of Municipal Clerks. I have also proposed a \$1.00 per hour raise for police and telecommunications which I will justify herein. The other substantial difference reflected in the budget this year is that the county is going to be doing their own occupational tax collection. This is a \$28,000 contribution to our general fund that will be eliminated this year. Our budget can sustain the \$28,000 decrease however we will be looking some position consolidation and relocation between departments to make up for the loss of job duties.

At first glance at the budget, one will see that revenues are projected to increase by \$7,526,188. This significant increase is due to a \$7,000,000 loan expected for a new public safety facility. I understand that this facility has been budgeted for in the past but never came to fruition. It is my goal to break ground on a new facility no later than June 30, 2020. Due to the efficient and prudent spending by the Department Heads and Administration, I have projected a carryover of \$3,050,000. Taxes, user fees and licenses are expected to increase very little over the next fiscal year. Total appropriations/expenditures are expected to be \$16,758,507.19 which leaves a projected carryover of approximately \$1,063,136.81. As with previous administrations, I will continue to set aside \$1 million in savings for emergencies and possible hardships.

There was a considerable deduction to expenses in the area of Administration and Finance. A majority of this deduction was due to the reallocation of insurance costs to the each department. I think that by breaking it down for each department allows full transparency of the actual department costs to the City. I deleted the \$5,000 that had been allocated to Downtown Morehead, Inc./Vision Study. City records show that this expense was to be a one-time obligation for a vision study. However, the City continued to pay the \$5,000 for 4 years. Downtown Morehead, Inc.'s budget has increased from \$12,500 in 2016 to \$30,000 currently. Thus, I do not believe the additional \$5,000 annually is warranted. A new expenditure that I have incorporated in the budget includes \$6,600 for marketing/graphic design. It became apparent to me when I saw Mt. Sterling's events being advertised in our local restaurants that the City needed better promotion of our events. Also, I have allotted \$5,000 towards a celebration of the City's 150<sup>th</sup> birthday. We are planning several events to celebrate the City of Morehead. Professional Services was increased to permit the City flexibility in contracting with an engineer to assist with various projects and zoning questions when needed. Many of the changes to expenditures were due to the completion of projects and revaluation of usage of dollars that were budgeted in the past. Basically, if the funds allocated had not been used over the past several years, they were either cut or a smaller amount allocated. I have also included \$33,334.00 to KTCs for the Build Smart Campaign Pledge. This amount should have been paid in last year's budget, but wasn't. This will fulfill the City's obligation to this campaign. Two community services that were increased include the People's Clinic by \$1,000 and Cave Run

Symphony by \$500.00. The most significant increase to the expenditures in Administration is the estimated debt service payment on the public safety facility.

I have allocated \$12,000 in payments to the TIF Board which the City is obligated to pay under the Local Participation Agreement. Recently, council passed a resolution agreeing to convey the parking lot on Main Street to Lockett & Farley as a part of the TIF Development. The plan is that a hotel development will be located on said lot. If this development proceeds as planned and projected, this will not only revitalize our downtown area, but also provide additionally funds to the City to offer more services to our citizens.

The Carl Perkins Center considers to be an asset to our Community. This facility is used daily by the citizens. Based on its use, it is my hope that we can continue to make this building accessible to the citizens. Expenses to maintain this facility are expected to increase by less than \$1,000 in the upcoming fiscal year.

The City of Morehead is the only city with a college that does not have a paid fire department. Thankfully, the City has wonderful volunteers who respond daily to the call of duty to protect our city. However, we cannot continue to rely upon volunteer service. Studies show that volunteer fire departments are slowly losing members. Therefore, it is vital that we start planning for the future. I have had lengthy discussions concerning moving towards a paid fire department. At this time, based upon the recommendation of Chief Anderson and the budget committee, I have allocated money in this budget for part time fire employees. The dynamics of these employees are still being figured out. The \$50,000 allocated is a start in providing part time employees to ensure that our citizens have this vital service in times of need to protect life and property. The City will maintain its volunteer program and it is my hope that both paid members and volunteers will work side by side in the future. On a positive note, Engine 11 will be paid off in June!

The Police Department is a priority of focus for me as your Mayor. The department works hard to protect and serve our community on a daily basis. Every time our officers put on their uniform and serve our City, they are risking their lives. Therefore, I have allocated an additional \$1.00 per hour raise across the board for Police and Dispatch. In the past five years there has been more turnover in this department than any other department in the City. Many cities are seeing the same thing. The expenses associated with hiring and training police and dispatch come at a high cost. Because of these expenses, I firmly believe that the \$1.00 per hour raise across the board is needed and warranted. There were only minor other expense increases to the Police Department's budget.

During my first five months on the job, I quickly learned that the employees of the Public Works department are responsive and timely complete all assigned duties. In February 2019, the main garbage truck broke down. The City amended its 2018-2019 budget to purchase a new truck. I have proposed that a second garbage truck be purchased this fiscal year also. We are also going to continue our work on Triplett Creek by budgeting \$5,000 for tree removal.

The Recreation Department is one of the most visible departments in the City. I recently appointed Matt Hamilton as the Director of Parks and Recreation. This appointment led to several changes in the Parks Maintenance department. These changes resulted in a deduction to the salary expenses for this department. New items in the Recreation budget include expenses for the operation of the Splash Pad and the Laughlin Health Building. I am excited to see the new opportunities that will be offered to the citizens of the city and county through this joint effort in the operation of Laughlin. I have also allocated \$1,000 for Friends of Rodburn so they may continue their efforts in cleaning and maintaining Rodburn Park. Our citizens are fortunate to live in a community with so many that volunteer their time to improve livability. A couple of areas I would like to see the Recreation Department focus more on in the future is outdoor recreation for all ages. Along with the Triplett Valley Trail project we have recently applied for a grant to improve the trail along Triplett Creek.

Capital expenses increased by a little more than \$6 million. This was due to the projected \$7 million Public Safety Facility. Individually, each department's capital expenses were less in this budget than last fiscal year.

I have recently proposed to Council that the City and County form a joint tourism board. A joint board would increase the funds available to the Tourism Commission to market Morehead and Rowan County. This could greatly increase the number of tourist we see and the tourist dollars that are spent in our town.

After reviewing the financials of the city, I find that the City is in sound financial shape. The City has been fortunate in the past couple of years to have carry overs in excess of \$3 million dollars. However, this does not reflect that the City is over taxing its citizens. I believe the excess growth has been due to large construction projections that have brought additional occupational taxes to the City. Many of these projects have been completed and the occupation taxes are no longer being paid. Thus, the City may not see this same carry over in future years.

The city has and will continue to operate and provide first class services within its means. I believe that this budget meets the city's needs, and some wants, as well as being a good steward of taxpayers' and service users' dollars. As stated herein a priority during my term as Mayor is to see a new Public Safety Building. This will be at a significant cost, but cannot be put off any longer. Not only do our public safety employees deserve a new facility but our citizens and community do too. I promise the citizens of Morehead that the facility built will be a first class facility within our financial means. In addition to the Public Safety building, I will continue to maintain the services and programs that have been used in the past as well as continue to work towards additional services and programs to offer to our citizens. As many of you will recall a term used during my campaign was "Livability". I work, and will continue to work, every day to find ways to make Morehead a livable community so that people who work here will also want to live here. I can think of no better place to live than Morehead, Kentucky! Additionally, I ran a campaign on transparency. With that said, any citizen is welcome to come to my office and review this budget in detail.