Mayor Trent’s State of the City 2017-18

**As Mayor of my hometown and our wonderful City of Morehead, it is truly and honor and privilege for me to present the State of the City 2017-18.**  
 **First and foremost, I want to commend our great TEAM of over 80 full time and/or seasonal employees that we have working for the City of Morehead. These men and women are dedicated to making our community better every day. They take great pride in their work, often going the extra mile, and work well together in all departments. Without their efforts, attitudes and teamwork, we could not keep the city running as smoothly as it does. So, when you see a city employee thank them for all that they do.**

***~~Our City Budget 2017-2018 was finalized after several meetings with department heads, the city clerk, city attorney and a budget committee that was made up of three current members of city council. It was mine and the committee’s desire to present a budget that met the needs of the citizens and employees of the City of Morehead. With the limited resources available, I think you will see that needs were met and that proposed new capital projects will benefit the citizens of Morehead and our employees for years to come.~~***

***~~We have projected a $3.1 million carry over for the 2017-2018 fiscal year. This carry over is due to the administration and department heads once again managing the taxpayers’ funds in a conservative manner. The previous two years saw the City’s carry over has been $2.4 million in 2015-2016 and $2.9 million in 2016-2017.~~***

***~~For 2016, council voted to accept the compensating rate for property taxes and did not pass the tax rate which would have generated a 4% increase in revenues for city. Although, the City was able to efficiently operate without this increase, it may be necessary for Council to consider taking the increase this year so that City can generate additional income to assist with the necessary capital projects that are being proposed in the budget and those that have been discussed since I took office.~~***

**Additionally, I would ask that council once again consider a change to the Insurance Premium Tax as that is a revenue source that the City is not taking full advantage of. I say this knowing that increase in taxes is never a good thing for taxpayers. However, for the last two years we have been very conservative with spending. These additional revenues would help to replace the city’s aging infrastructure and equipment and meet the needs of the citizens. We must sometime make hard decisions that many will not agree, but will benefit from in the future.**

**GOALS**

***~~Our primary goal and responsibility is to provide our citizens with the very best community environment through programs, services and amenities with the funds entrusted to us. Over the last couple of years, needs for police and fire have been discussed including a new police/fire station. As you will see in the capital projects, I have proposed that we move forward with a new combined fire and police station and a new ladder truck for the Fire Department.~~***

***~~Although not allocated in the budget presented, I recommended that once we have the final cost for the fire/police station and fire truck purchased that we start negotiations for land acquisition for recreation purposes. I stress that it is important that the City starts to move forward on these projects which I have indicated have been discussed for years. It is my belief that these projects will increase the quality of life for our citizens and entice businesses and people to move to Morehead, Kentucky.~~***

***~~In order to meet the goal of providing our citizens first class services and amenities, we must maintain qualified employees who provide their very best day in and day out when they come to work. Currently the City of Morehead has these employees. It is important that the city offer a competitive compensation and benefit package to the employees. I strongly believe that our employee benefit package is the best that is offered in this region and possibly the Commonwealth.~~***

***~~However, the city’s salary scale may be lower than comparable positions in the region. I would like to put together a committee for a comprehensive compensation study which would include our benefit package so that we may know how we compare with other employers. This committee would also be given the task to look our health insurance benefit as it is very unlikely that the City will be able to continue to pay 94% of this cost. The study would be used to determine salary ranges and to design a new benefit package for employees.~~***

***~~REVENUES~~***

***~~As stated above we are plugging in a carryover of $3.1 million into the new budget. The City’s revenues consist of taxes, licenses and permits, intergovernmental revenue, other revenue and charges for services. After careful examination of the current year revenues, I have projected a $5,086,286.67 increase in revenues. This increase is due to the inclusion of $5.3 million loan proceeds for the purchase of the fire truck and the new police/fire station.~~***

***~~We will be watching the occupational/net profit tax revenue as an Interlocal Agreement between the City and County which provides the City receives a portion of said taxes from Guardian and Sealmaster will expire in December 2017. Further, the Alcohol Regulatory License fee will be monitored. Since the adjoining county has started selling alcohol, the city has seen a decrease in these fees. Additionally, there is an election coming up in Bath County and Fleming County just voted and is now a moist city. These changes may also have an impact on the sales within the City.~~***

***~~Also, he City’s Intergovernmental Revenues includes the addition of $75,000 for the Triplett Creek project. Road Aid monies for the coming year are close to same as the previous year.~~***

***~~The CDBG (Community Development Block Grant) monies for operation of the Inspiration Center seem to keep coming so we will continue to participate. The CDBG for redevelopment in the Center Street and Cline/Hill Court is still ongoing and is included in the budget. We hope to have this project finalized in 2017-2018.~~***

***~~EXPENDITURES~~***

***~~Since the late eighties, the City has paid most, if not all, of the employees’ health, dental, and vision insurance. Also, the City pays for a life insurance for all employees. These benefits have been very beneficial in recruiting and maintaining good employees, especially with the Police Department. Currently the city pays 94% of these benefits and the employee pays 6%. This includes a family plan health insurance policy.~~***

***~~The city’s loss ratio with health insurance has steadily increased over the last three years which is a reason for our increased premiums. This year the loss ratio was 406.22%. The City Clerk and City Attorney met with a representative from KLC on Monday, May 15, 2017. KLC provided quotes for coverage through their association and also through Anthem direct. It was decided to continue with the association through KLC and offer the employees a similar plan as to what is offered currently. This plan was more cost efficient for the City than staying with the same plan the City currently offers.~~***

***~~The difference in the plan is that the City will be contributing $500 for single and $1,000 for a non-single plan to an HRA which can be used by the employee to meet their deductible. Additionally, the employee will now have to pay a co-pay, plus 20% of the contracted amount after the deductible has been met. Dental and Vision insurance remained the same. The cost for insurance is budgeted at $935,000.00, which is $80,000 more than last fiscal year.  
Please note that this budgeted amount this assumes that all HRA funds are used by the employees. This amount could possibly be less as the City will only pay that portion of the HRA money that is used. Since the amount was less than the quote we originally were given, I am recommending that the City continues to pay the 94% of said benefits. However, as stated above this benefit will be part of the compensation study and may need to be changed next year.~~***

***~~I have budgeted a $.30 cent per hour raise across the board. As you are aware, we gave a $.25 cent per hour raise across the board in January 2017. The biggest investment that we make in in our lifeblood, our employees. We have the best employees around and they deserve much more, but at this time I believe the $.30 cent per hour raise is manageable.~~***

***~~It has been my ongoing mission to ensure that we have no employee making less than $10.00 per hour before my first term is up. This proposed raise of $.30 per hour will get most employees, with the exception of a two – three at the $10.00 per hour mark. It is my hope that we will again receive a good audit and will be able to afford another $.25 to $.30 per hour raise mid-year in January that would assure all employees would be at or above $10.00 per hour. Retirement contributions increased slightly. Non-hazardous contribution went from 18.68% to 19.18% and hazardous contribution went from 31.06% to 31.55%.~~***

***~~Administration & Finance~~***

***~~Under contractual services, I allocated $75,000 towards a Community Development Plan. It was my understanding that the County was also going to allocate $75,000 towards this plan. However, this expenditure was not included in the County’s 2017-2018 budget. Please remember that the City completed a comprehensive plan in 2014.~~***

***~~I also increased funding to Downtown Morehead, Inc. by $7,500 for a total of $30,000. Tony Pence and Downtown Morehead, Inc. are assets to the City and worth the investment due to their tireless work of promoting the city with festivals and events whose attendance has grown steadily since 2015.~~***

***~~I increased the service contracts by $2,000.00. This line item is used for our monthly copier and printer services and software support which costs have increased over the last year.~~***

***~~Two new services for 2017-2018 are WMKY Underwriting PSA in the amount of $3,600 and the Zoning Ordinance Update Project in the amount of $55,000 for our zoning code update project. With regard to the WMKY underwriting, the City will air advertisement on WMKY to promote the City and City’s sponsored events. The Zoning Ordinance update contract was previously approved by Council.~~***

***~~We had hoped to get the project started in last fiscal year, but that did not happen. Funding for the airport was also increased by $5,000. Last year the airport board asked for $30,000 and we budgeted $25,000. Telephone and Travel and Training expenses were also increased to meet the ongoing needs.~~***

***~~Under Administration, I have included an estimated debt payment for a new police/fire station in the amount of $203,000. The project is also included under capital projects. This payment is based on a loan of $4.0 million financed over 30 years. Although we are still in the beginning stages of this project, I wanted to include it to ensure that the city can make the annual estimated payment. Again, I want to encourage all to move forward with this project.~~***

***~~Community Center – Perkins Bldg.~~***

***~~The only change to the Perkins Community Center’s budget was the deletion of the sick leave purchase. The center continues to be an asset to the community and is used almost on a daily basis.~~***

***~~Fire Department~~***

***~~The Fire Sub-Station Loan which is an annual payment of $31,155.07 will be paid off this month. Council previously authorized Chief Anderson to move forward to purchase a new aerial apparatus (ladder truck). The estimated annual payment for this truck is $125,000.00 which I have included under debt service. This payment is based on a loan in the amount of $1.3 million and financed over 12 years. Materials and supplies increase by $9,690 and contractual services by $500.  
  
Police Department~~***

***~~The budget for the police department is projected to increase by $72,131.09 which is mostly due to expenses associated with salaries and benefits. A new Communications Officer’s position has been included in this budget. Also, the citation position will now include communication duties so that that person can assist the dispatchers when not out enforcing the parking ordinances.~~***

***~~Public Works~~***

***~~The only increases in the Public Works’ budget were associated with the $0.30 per hour raise for all employees and $1,000.00 added for sweeper repairs. This increase was due to the cost of brooms and general maintenance items for the new sweeper truck.~~***

***~~Parks & Recreation~~***

***~~Parks & Recreation continues to offer many programs not only for the citizens of the City, but also for the citizens of Rowan County and the surrounding counties and are always looking for new activities to offer. Expense for Recreation decreased overall by $42,203.99 mainly due to the payoff of Park Lighting Project. As stated in the goals, it is my desire to have additional property purchased this fiscal year so that we can expand our services.~~***

***~~The proposed plan is to have suitable property for an area with splash pads and kayak launches along with a facility for indoor recreation events. I believe that if the 4% increase in tax revenue is taken and that if the Council will amend the Insurance Premium Tax, that the city will have ample revenue to make an annual payment on said project.~~***

***~~The allocation for Triplett Creek trails was increased to $10,000. We need to take more advantage of the trails to attract more tourism to our area and I believe an increase in funding will assist with this effort.~~***

***~~Capital Projects~~***

***~~I am proposing that capital project expenditures increase by $5,137,406. For the first year in a very long time, each department received everything they requested during the budget meetings. The reason being is that the City has been conservative in its spending over the years on capital projects and it is time to replace equipment in our departments. In the police department, I believe we are able to purchase six new vehicles as requested by Chief Blevins.~~***

***~~It is very important that our officers have safe and dependable vehicles in order to protect their lives as well as the lives of our citizens. The largest item in Public Work’s capital expense includes two new service trucks.~~***

***~~As discussed above, the purchase of a ladder truck is included in the Fire Department’s capital budget. The current ladder truck is 33 years old and is in need of replacement. The recreation department capital projects include new playground equipment for the park, allocation for a dog park, and renovation of the outdoor basketball court. The Chamber’s leadership class will also be assisting with the costs of the new dog park.~~***

***~~Additionally, the lot adjacent to the City that was purchased last year will be graveled for parking for recreational events. The City has applied for a grant which will pay $75,000.00 towards the playground equipment and installation. These proceeds are NOT included as revenue in the budget as they have not been received.~~***

***~~Conclusion~~***

***~~The total proposed budget for 2017-2018 includes resources of $15,470,698.98 and appropriations of $14,203,105.17. It is also proposed that $1,000,000 be transferred to savings. Thus, the ending balance is projected to be $267,593.81, which would give the City a $1,267,593.81 carry-over for 2018-2019. We do expect that with careful management of the funds as we have in the passed the carryover will be more than $1,267.593.81 as was the case for the current fiscal year.~~***

***~~Therefore, we continue to maintain services and programs for our citizens and investing in our future through capital projects while always operating within our means. I want to thank my staff for their hard work. All department heads as well as Administration manage their departments within the confines of their budget. Further, Chief Anderson, Chief Blevins, and Public Works Director Greg Jones and Parks and Rec Director David Morris are always searching for grants to assist in funding for future projects.~~***

***~~In conclusion, the city is in sound financial shape thanks to the employees who continue to be excellent stewards of the tax payers’ money. We continue to look for ways to improve the City within the revenues available to us and are always open for suggestions. I invite council and the public to stop by my office anytime for discussions on how to improve the services offered and the quality of life for the citizens of Morehead.~~***

***~~Respectfully,~~***

***~~Mayor Jim Tom Trent~~***