

Town of Elkton

To: Town Council,
From: Greg Lunsford, Town Manager
Subject: Budget Overview
Date: May 22, 2020

Thank you for your review of the FY 2020/2021 budget at our May 18 town council meeting. During the upcoming budget year, some notable projects affecting the budget include \$800,000 for Phase 3 of our wastewater treatment plant upgrade. This upgrade will increase our plant capacity from 400,000 gallons to 800,000 gallons with a completion date in mid-2022; \$150,000 for road paving and sidewalks, \$35,000 for new equipment at the EACC, \$39,740.80 in water line replacements and \$17,500 for electric transformers and poles.

For 2020/2021 the water rate will increase by the CPI at 1.5%. Sewer rates will increase by the CPI plus \$.62 for the base rate and CPI plus \$.19 for over 2,000 gallons' rate. Increasing water and sewer rates by the CPI was adopted by town council in 2012 and the sewer rate schedule was adopted in 2019 in order to provide adequate maintenance and improvements to the water and sewer utility systems and to meet the increased costs of providing these services due to inflation. The sewer rate schedule is also intended to help meet the costs of the Phase 3 Wastewater Plant upgrade as well as Phase 3 Sanitary Sewer rehabilitation projects. These water and sewer rate increases will generate approximately \$33,500 additional revenue for the 2020/2021 budget.

Town of Elkton Mission Statement
Positively serving the community while cultivating the future

Town council was sensitive to the current national and local economic outlook with this proposed budget. The total proposed budget of \$6,949,188 reflects an 8% decrease (over \$500,000) in regular operating and capital costs from the current budget. Significant savings will be seen in salaries which decrease by 13% from \$1,455,881 to \$1,264,070, as well as multiple other operating and capital line items where the town leadership team was able to identify savings. The town was also fortunate to learn that we have approximately \$1,400,000 in excess revenue relating to the Phase 3 wastewater treatment plant project. These funds can be used to offset certain items in the towns regular sewer budget. For 2020/2021 we have identified over \$90,000 in sewer expenses which can be offset by these funds.

The proposed budget does not include increases to any town taxes.

