2020 BUDGET SUMMARY

TO: Honorable Mayor Howie Reynolds and Common Council

This document is submitted for Common Council consideration as the budget to guide City operations for calendar year 2020. This budget was designed using the past budgets for format and using Council discussions and decisions as the financial basis for the content. The goals of this document are as follows: 1) To put in place a plan to meet the public infrastructure improvements as outlined by the Council, while also insuring the City maintains and acquires the necessary personnel and equipment to properly implement those plans. 2) Maintain and when necessary improve essentials services and facilities to a level that meets the day-to-day needs of our community. 3) Devise a realistic and manageable financial plan for these goals.

Prior to the creation of this document, meetings were held with each City Department Director to ascertain their perspective on the needs of the City for 2020 and beyond. Those thoughts along with the discussion on available finances were weighted together in the final preparation of the 2020 budget.

The Council will also receive a verbal budget summary from each department director to allow for perspective on any amendments that may be proposed.

DEPARTMENT HIGHLIGHTS

General & Financial Administration – Financial savings were accomplished with the combining of the City Administrator and Finance Director duties. City Administrative staff were shuffled to varying degrees to insure all administrative functions were adequately supported. While it remains a work in progress, we are happy with the cooperation of all staff in meeting this outcome.

Law Enforcement – The Police Department under the guidance of Chief Joel Christensen continues to operate shorthanded, but are working diligently on the process of filling those vacancies. There will be a review of additional personnel needs, which will be addressed in the 2021 budget.

Fire Protection – The Fire Department, under the direction of Chief Rod Smith, continues to perform these vital public safety services for Fire & Emergency Medical Services (EMS) with resources that continue to diminish. That essential resource is personnel and it has been diminishing over the last 10 years. The City of Elkhorn is blessed with giving residents, which includes surrounding towns, that still offer service to this department on a volunteer basis, but times have changed and so must we, as a community. In days of the past Firefighters and EMT's
came at the sound of an alarm from local businesses, but due to changing technology, that is no longer possible. Many volunteers also commute for work, which leaves them unavailable during normal working hours. The City made the move to contract for daytime personnel a few years ago and that helped to slow the growing personnel problem. This was merely a band-aid because contracted employees are usually getting the experience while waiting for a full-time Firefighter/EMT position to become available. This situation usually leaves the Fire/EMS services shorthanded.

In November, 2020 the City will submit a referendum question to our electorate, as will the surrounding towns we provide Public Safety services to, to address the need for full-time Firefighters and EMT’s. This IS NOT an item that we need to sell, because the public safety need sells itself. What we DO NEED is to provide the facts to our residents; that being that this department will always strive to meet all public safety needs, but we need a minimum number of people to roll out a fire truck or an ambulance and that is becoming an alarming issue due to availability of personnel.

Public Works – This department is headed-up by Matt Lindstrom, with nine full-time personnel. They recently lost an employee and will be looking to fill that vacancy in the coming weeks. The Council also authorized the department to hire an Engineering Tech, but the number of applicants seeking that position have been few, with only a couple that could even be considered. That position will be re-evaluated because it remains a key component to the desired upgrade of this department.

With the new Public Works facility now fully housed by personnel & equipment we will be in a position to improve that service with the appropriate space to store and work on vehicles and equipment as needed. We also can address winter conditions faster, with the new salt shed being on-site for quicker access.

Recreation – This department under the direction of Karl Sorvick has continued to provide recreational programs enjoyed by many segments of the community. With the addition of a recreation program director, the department will now be better equipped to handle all its duties. The previous staff of only two full-time employees ran a little too lean and did not offer the opportunity to consider other programs of interest to the public.

Library - This department is supervised by Director Lisa Selje, since I hear very little about the department, I assume the residents are happy with the services provided. I have been pleased with the operations and I know Lisa always goes that extra step to insure her finances are in order and her employees are treated fairly. She operates under the direction of the Library Board, but the Council decides on the level of funding to be provided via real estate taxes.
**Sanitary Sewer Utility** – This department is also under the supervision of Matt Lindstrom and he utilizes employees under the general title of Public Works to perform the duties and responsibilities of this Utility.

We have a couple of reports that should be completed in the near future that will deal with some issues that the Sewer Utility will need to address in the near term. While the sewer utility issues need to be addressed rather quickly the actual solutions for some of our deficiencies’ will probably be a more long term approach with a reasonable amount of improvements planned into each year’s budget.

**Electric & Water Utility** – This department operates under the direction of John Murphy. The big undertaking for this department is their remote read project, which has been discussed for a number of years and is now due to be undertaken in 2020. The Public Service Commission (PSC) will have to authorize the project, but the anticipation is the program being implemented in 2020.

The Water portion of the Utility will be looking to decommission the old water treatment plant located off W. Centralia Street after receiving authorization from the Department of Natural Resources (DNR) and participating in the remote meter-reading project.

**CURRENT OVERVIEW**

The proposed revenues for the 2020 budget include an allocated $57,000 from an increase in net new construction in 2019. The restrictive nature of our State legislature, when it comes to municipal operations, has been discussed many times, so I will pass over that dialogue. The better news is the restructuring of the General & Financial Administration office has allocated some savings that will along with a few revenue increases allow me to present a balanced budget to the Council, which will always be the case.

**PROPERTY TAX OVERVIEW**

The modest personnel and operating expenses fall well within our revenue streams and no major adjustments are planned for 2020. The area of focus is always the capital projects and what improvements can the City accomplish based on a limited revenue supply. The City maintains a 5-year capital improvement plan to allow for dealing with annual needs while also maintaining a long-term view and plan for the City. The only tool we are allocated for capital projects is debt service, so monitoring of that resource is an on-going process, which allows for the best distribution of those funds to Common Council approved projects.

In 2020, the City is projecting the following projects: 1) Construction of a new City Hall. 2) Reconstruction of a portion of W. Court Street, which will include storm water and sanitary sewer replacement. 3) Street improvements to E. Page Street and S. Getzen Street. 4) New
Pavilion and restroom at Babe Mann Park. 5) Maintaining Capital Equipment on a replacement program.

The property valuation for 2019 shows a trend for increasing property values in the residential and industrial classifications of the City, while commercial property values, for the most part, have remained flat. This market valuation factor will cause tax increases for residential and industrial property and tax decreases for commercial property.

**LONG-TERM OVERVIEW**

As previously discussed in this summary, the City will consider placement of a referendum on the November, 2020 Presidential Election ballot that will deal with personnel issues related to Fire & EMS operations.

The present 5-year Capital Improvement Plan calls for total reconstruction of E. Centralia Street and W. Centralia Street, which will include replacing storm water infrastructure, sewer & water mains. This work is proposed for the years 2021-2023. Babe Mann Park improvements are proposed in a 5-6 phase project that will be implemented per Common Council directive.

A Capital equipment plan schedules replacement on a life cycle basis. This plan reduces maintenance costs and allows for an orderly replacement rather than an as needed basis. Under this plan, all equipment scheduled for replacement with a life cycle of 10 years or more is expensed as part of the annual capital plan and equipment scheduled for replacement with a life cycle of less than 10 years is expensed through the vehicle replacement fund. If that fund does not have sufficient funds than an alternative financing plan would need to be approved. The one proposal discussed recently is a form of short-term borrowing.