Public Hearing
FY 05-06 Budget
May 16, 2005

A Public Hearing was held on May 16, 2005 at 6:00 P.M., in Council Chambers with Mayor Wayne E. Printz presiding. The purpose of the Public Hearing was to receive comments on the proposed Town of Elkton FY 05-06 Budget. The following Council members were present:

PRESENT
J. T. Dean
C. McDaniel
T. Pence
S. Sigafoose
R. Snow
P. Workman

Town Manager Dennis R. Donachy, Director of Public Works Marty Shifflett, Treasurer Clairen Sipe, Chief of Police Richard Pullen, and Clerk of Council Richard Carey were also present. Town Attorney Nathan Miller arrived at 6:22 P.M.

Cathy Murphy, 110 North Stuart Avenue, asked if personal property taxes would increase along with all the other proposed tax and rate increases. Stating that land line phones are necessities for the elderly and single parents, placing a tax on a "lifeline" would be a "burden." Citing large deficits in various departments (expenditures vs. incomes) she believed Council was looking at Cemetery funds to balance other departments' budgets. She was puzzled that the Cemetery budget had a surplus of $150,000.00 and no capital projects. What salaries were included, what were "Professional Services," and what were "Vehicle Repairs," as the Cemetery has no vehicles? Other questions were the $50,000.00 payment to Ms. Kite and $103,000.00 for land acquisition for Wrangler, for which "there has been no public discussion." In Public Works, Ms. Murphy determined a deficit of $469,000.00 in Water and Sewer, with a most profit of $93,000.00 in Electric. After doing the math, she concluded that the loan of 1.4 million dollars when applied to the negative balances in Water and Sewer would result in a $257,000.00 surplus. Where is that money destined? She could not determine the repayment to REPO, plus interest. Identifying increased staffing positions, Ms. Murphy stated, "I am flabbergasted why we need three additional people to do what one was supposed to do. Public Works, Economic Development, and grant writing were all included in the job description when the Town Manager was hired.

"How can you have a Public Hearing before you have a finalized budget?" That was the question asked by Lee Dearing of 124 North Street. He observed there had been no work session at which Council would have been involved in budget preparation. The work session, at which the figures will certainly change, is scheduled after the Public Hearing, creating the need for an additional Public Hearing. "What you really need to say to us now is we don't want your input," stated Mr. Dearing. He added, "If you change the budget you must tell us what you changed, and we must have a chance to comment. It is procedure." He wanted to know if the proposed water/sewer rate increases were included in the budget. If the revenue is included in the budget, and Council opts not to pass the increases, where will the money come from to make up that loss in the budget? If the increases are not included, and Council passes the increases, then the budget must be amended again to reflect the increased revenue. After calculating the 1.4 million dollar loan for the Pentecostal Hill project, Mr. Dearing added together the $650,000.00 in REPO and $250,000.00 from the County and concluded that the Town needed to borrow just $500,000.00. His afterthought was unless the Town intended to repay REPO $650,000. Mr. Dearing remarked, "Two months ago you reallocated money from last year's budget. You moved it all around. I have yet to see the amended budget. Is there one? I can't find it."

Hazel Crider, 114 Hillside, understood that the Pentecostal Hill project was a six year phase-in, where the income from the annexed areas would help cover the cost. What happened to that plan "to put the Town in this financial status?"

Mr. Donachy spoke to various comments and questions. The purpose of the Public Hearing was to present the draft budget, give the citizens the opportunity to comment, and then consider all that was heard to promote a productive budget work session. Mr. Donachy quoted Virginia Code, 15.2-2506A, which states this Public Hearing can be adjourned, recorded as such, and then reconvened at an announced place and time. This method negates the need to advertise another Public Hearing. It saves money to hold a Public Hearing before the work session.

"A budget is a living, breathing document," stated Mr. Donachy. A portion of the 1.4 million dollar loan will be used to repay what is used from REPO. As for the departments "breaking even," Mr. Donachy's comment was "the Police Department will never break even unless we become a police state. Garbage will never break even because the Town produces garbage. The sewer plant produces waste that has to be trucked over to the County. That is one of our biggest costs – getting rid of sludge. So garbage will never break even unless you want to raise the rates to citizens to cover the cost of what the Town generates." Income is necessary to pay for capital projects.

Speaking of grants, Mr. Donachy stated, "Unfortunately, this Town is not like other towns. This Town – I know we have some citizens who are hard pressed, one was talked about tonight – but the overall economy of Elkton is good. If you look at the statistics from the census report, Elkton is above average for the whole state. Not only that, you go for a grant, they look down and say you're getting a check for 4.75 million dollars. What do you need this for? I thought you were a depressed area. Most of your grants are for depressed areas. It has to do with income. It has to do with economics. We don't need any of those, but we are still looking. That is where your capital projects come from."

Mr. Donachy's original budget was in the red because he wanted capital projects. An immediate project is the infrastructure of water and sewer. Mr. Donachy removed every capital improvement from the budget, except mandated projects, in an effort to avoid tax increases.

Recreation is a "feel good" department, as it is viewed as tax dollars supporting a department that is available to all citizens through its programs. "It will never break even," commented Mr. Donachy.

Vice Mayor Snow stated Council considered time, convenience, and final cost when they decided to borrow money to complete Pentecostal Hill in "10 months instead of 5 years."

Ms. Murphy took issue that money was not available for Cemetery projects. She believed the $180,000.00 that will be transferred from the Cemetery has been distributed to other departments. She was strongly opposed to Recreation showing a deficit of $77,000.00. She called for the funds included in the Public Safety, Recreation, and General Government budgets to be transferred back to the Cemetery budget to finance "Cemetery issues." She concluded by saying, "Your argument for Elkwood is not viable. I understand construction costs go up. I understand that this might be a wonderful deal on Pentecostal Hill to get it finished. The people in Elkwood have been complaining about water pressure for at least 10 years. Where is the push to get that project done? Borrow the money then to get that project done and get the water pressure right for those people. It's very sad when infrastructure is so excellent in an area that we just annexed and people in town who have been long-lived residents have to suffer with less than inferior infrastructure."

As there were no additional comments, Council member Workman moved, second by Council member Dean, and carried to adjourn the Public Hearing until 6:00 P.M., at the next Council meeting.

YEAS: J. Dean, C. McDaniel, T. Pence, S. Sigafoose, R. Snow, and P. Workman

Motion carried (6 – 0 roll call)

Mayor:_____
Wayne E. Printz, Mayor

Recorder:_____
Richard D. Carey, Clerk