

MAYOR
Jude S. Hehman

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Sharmili Reddy



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MEMORANDUM

To: Members of City Council and Department Heads
From: Mayor Jude Hehman
Date: May 31, 2018
Subject: Budget Message

You have previously received a draft copy of the original budget for fiscal year ending June 30, 2019. Please allow this memorandum to serve as the Mayor's Budget Message.

Serving as the mayor these last three years, my vision for the city has always been to protect the life and health of our residents. Every year we plan for essential services, quality economic development and infrastructure projects. This budget however, places greater emphasis on the City's long-term fiscal health while addressing the pension crisis that communities across the Commonwealth are experiencing.

In order to provide a reasonable timeframe for cities to accommodate the increased pension cost, a four-year phase-in was put in place by the Kentucky Legislature. The City of Fort Mitchell's estimated annual increase in pension costs by year four will be approximately \$550,000. To be fiscally responsible and to pay for this increase, I am proposing that the City's payroll tax be increased from 1% to 1.25% and a gas and electric franchise fee of 3% be implemented. We have not increased payroll tax since it was originally implemented and even with the increase, we would be one of the lowest in Kenton County. I also believe that instituting a franchise fee is equitable since non-property owners, that use the City's services, will also pay for the increase in pension costs.

I hope that you will support this budget moving forward so we can continue to work towards being fiscally responsible and continue to provide the level of service our residents have come to expect.

General Fund

Revenues

The property tax rate will remain the same. Payroll tax revenue is budgeted to increase approximately \$185,000 based on a 1.25% payroll tax rate and \$100,000 is budgeted for a new utility franchise fee estimated to be effective January 1, 2019. Also, the Crestview Hills fire/ems service and private street snow removal contracts that previously did not reflect the actual cost of service, were renegotiated and increased by \$160,000.

General & Administration Department

One full-time position has been eliminated and an administrative and recreation position were combined to improve internal efficiencies and control costs. Also, in 2016, a Certified Arborist identified that many of the trees along Dixie Highway are not a good species to have in the long-term and recommended that the City take a proactive approach by implementing a planned and phased tree removal and replacement project. In early 2018, the City's Tree Board developed a Master Plan and requested funds to start implementation for which \$20,000 has been allocated in the budget. In addition, \$5,000 is budgeted to develop a similar plan for Edenderry Drive.

Police Department

The police department budget includes continued staffing with 15 officers to maintain adequate road coverage, increase safety at both Beechwood and Blessed Sacrament schools and organize community events to engage the community with the police department. Increased patrolling of side streets to monitor and curb speeding will continue.

Fire Department

The fire department budget includes continued staffing of four employees around the clock and an additional 1-2 employees during business hours, when the run volume is highest. A continued emphasis will be placed on volunteer recruitment at the schools and retention of current volunteers. Opportunities for increased collaboration with surrounding cities to improve efficiency also continues to be a priority. The department has also applied for a \$30,000 federal grant for two defibrillators.

Public Works Department

The public works department's budget includes an increase in work week hours from 37.5 to 40. The public works budget also includes a work order software program and new radios.

Recreation Department

Recreation programs continue to be very successful by having a community focus. This is evidenced in the number of attendees at the larger events. An annual report published in the Fall of every year, available on the city's website, outlines the attendees and costs incurred by the City for each program offered. Adjustments are made to the program based on community interest and participation.

Municipal Road Aid Fund

The City has budgeted for normal road maintenance and snow removal, as well as, funds to construct a sidewalk on Orphanage Road for which easements are currently being negotiated with property owners. The budget also includes engineering for the missing piece of sidewalk on Beechwood Road from Grandview Tavern to Fort Mitchell Place. The City's Safety Committee will also undertake a study to reduce speeding and improve safety on Beechwood Road from Dixie Highway to Thompson Avenue.

Park Fund

The Park board is continuing to work on a Long-Range Plan for General Ormsby Mitchell Park based on resident feedback. While the park has been generally maintained since its original establishment, no major improvements have been made. Planned improvements include making the park ADA compliant, providing additional parking, realigning the baseball field, developing a walking trail, and constructing new pavilions. The Park Board will hold a public meeting before bidding out the project in Winter 2019.

Road Tax Fund

The City has a comprehensive five-year road plan that is evaluated every two years. Based on this plan, this year's budget includes resurfacing of Greenbriar, Highland Avenue and Oak along with some related storm sewer and water-line costs. Engineering costs for Ridge, West Orchard, Pieck Lane and some Dixie curb reconstruction, as well as, Coleman resurfacing are also included.

Capital Fund

The Capital Replacement Fund includes purchases of two police vehicles, one fire vehicle, two public work's maintenance trucks and a street sweeper that the City shares with Edgewood. Radios for police and fire for the upgraded Northern Kentucky system are included also. Other Capital Replacement budget items are miscellaneous building expenses and purchase and improvement of a small amount of land behind the public works building. The City will continue to plan for future capital purchases and annually contribute to the Capital Replacement Fund to stay fiscally strong.

Conclusion

The City has been vigilant in maintaining a healthy fund balance (3-6 months) as recommended by our auditors, to better deal with economic down turns and unexpected expenditures. This year's budget keeps us on that path to being fiscally strong despite the large pension crisis. I am presenting a budget that allows us to strengthen our community through targeted investments and keep it vibrant. Thank you for reviewing and considering the information and issues contained in my report. I look forward to discussing the budget with you.

Respectfully,

Jude Hehman
Mayor