

2019 City Manager Budget Message

First and foremost, I must acknowledge the work of the City's Management Team in helping to develop this budget. Many hours are logged by each Department Head to develop a responsible budget that meets the needs of the City. Although the ultimate decisions on what is included or not is my responsibility, I could not complete the task without their input and recommendations. In particular, I would like to thank City Clerk/Treasurer Nancy Abdallah. She put many hours into this budget and I truly appreciate and am grateful for her work and dedication.

This budget is my second as City Manager, but the fifth City budget that I have been a part of developing. This budget has been by far the most challenging to prepare. The first review included a double-digit tax levy increase that in all likelihood would not be well received by City Council or the community. To reduce the levy increase, I've made difficult decisions and eliminated numerous requests from Department Heads that I would have liked to include and our normal contribution to the Capital Reserve.

Each year we set the goal of developing a budget that maintains Canandaigua as the Chosen Spot, while exercising prudence and fiscal responsibility. In doing so, it is easy to reduce all of the services the City provides to numbers and percentages and lose sight of the impact that our City government has on the lives of the residents of the community. As City Officials, we not only need to be fiscally responsible, but we must also think beyond the numbers to consider the value and quality of the services we deliver and how that resonates with the public we serve.

We must also recognize the inescapable truth that we can't do everything. Local governments across the country, especially in New York, continue to face new unfunded mandates and taxing limitations that make it increasingly difficult to meet the service demands and expectations of the community. In response, many local governments have reduced staffing levels, requiring existing staff to "do more with less" and continue to meet the same service levels. At the same time, the City is about to lose a great deal of skilled staff with great deals of institutional knowledge that cannot be easily replaced. Our City staff is at capacity for what can be accomplished with the resources available and without a transition plan and appropriate staffing service delivery could suffer.

It is important to note that although certain requests were eliminated from the recommended budget, we have a beautiful community that our residents enjoying living in. In the National Citizens Survey (NCS), seven (7) out of ten (10) City residents ranked City services as excellent or good and 91% of residents rated the City as an excellent or good place to live. Of the 130 areas surveyed through the NCS, the City met or exceeded the national benchmarks on 129. As with any budget, the goal and difficult part is finding the balance between improving and/or maintaining our high quality of life, while keeping taxes affordable for our current and future residents.

[Important Features of the Budget](#)

Staff in Transition

In last year's Budget Message, I referenced the impending increase in retiring employees across the country, especially in public sector. In forecasting those eligible to retire, it is likely that from 2018-2022

over 40% of the City staff will have changed due to retirement. The 2019 Budget reflects and an over 10% turn over in staff. If losing that institutional knowledge is not scary enough, our current climate is one in which there is a national negative perception of government. This negative perception affects those looking for jobs or planning their future. Many of today's youth may never see or realize the value of public service. This has devastating effects on recruiting quality people to fill the roles vacated by those retiring. Managing this transition will be difficult due to Civil Service rules and regulations as well as our available resources. Nevertheless, managing this transition will be vital to maintaining the quality of life in the City of Canandaigua.

In addition to the loss of institutional knowledge, the transition also carries a significant financial cost. In 2019, the expected retirements for the General Fund included three (3) from the Police Department, three (3) from the Fire Department and two (2) from DPW. Payouts for leave banks (sick time, vacation, and personal) and retiree health insurance are costly. We will need to fund these costs in our budget through these transition years. As you know, three (3) employees are expected to retire from the Waste Water Treatment Plant and is the reason for increased caused of employee benefits in the Sewer Fund.

Planning and Development

Code Enforcement

The retirements discussed above do not include the retirements of permanent part-time staff. The impending retirement of the person currently serving as the part-time administrative assistant to the Planning and Development Office provides us with an opportunity. One of the areas that City Council identified through the National Citizens Survey as an area of focus is Code Enforcement. Currently, the City's Code Enforcement efforts are divided between the Code Enforcement Office and the Fire Department. Under the current system, the Code Enforcement Office is responsible for monitoring residential properties and construction projects while the Fire Department is responsible for monitoring commercial properties. Various attempts have been made over the years to consolidate inspection programs and/or improve code enforcement, but at this point remain unsuccessful. Entering the budget season, I intended to add a Code Enforcement Officer as part of the 2019 Recommended Budget. As other components of the budget drove the tax levy to increase, I had to change course. Instead, I am recommending that we convert the part-time administrative assistant into a full-time position. The person in this position will take on more tasks than the part-time position, completing administrative tasks currently performed by Code Enforcement Officers allowing them to complete inspections and respond to complaints while increasing the amount of time spent on proactive enforcement throughout the City.

Economic Development

This year the City, Town, and Canandaigua Chamber of Commerce collaborated to gather, organize, and prioritize specific actions to improve economic development in the Canandaigua Community. Hundreds of ideas were generated, broken into categories, and rated based on importance, feasibility and satisfaction. The key finding was that community is aligned, and there is little difference around what is important to both the Town and the City respondents. The result of this study included a recommendation to create a joint development entity to organize, manage, support and execute action in strategic areas. The strategic areas included protecting the lake; focusing on downtown as a destination; creating, retaining and expanding jobs; connecting downtown to the lake; promoting and protecting agriculture operations; and optimizing lakefront and lake access. Going into budget season, the intent was to have the Town and the City each include a \$50,000 placeholder to fund such a joint entity. Based on discussions and public hearings involving multiple projects with incentives within the City, City Council appears to be split

regarding to economic development and the path that the City should take. Economic development involves providing incentives to attract certain businesses or encourage redevelopment, especially in the case of blighting influences such as old manufacturing sites. In light of the impending levy increase, other budgetary needs and split support among City Council, I did not include funding for economic development in the 2019 Recommended Budget.

Fire Department

While there are several topics that incite discussion in the community, the Fire Department, in particular staffing levels, tends to dominate the conversation. Nevertheless, this year we made tremendous progress to focus on what is ahead of us and move forward.

Earlier this year, I rolled out a strategic approach to move the Fire Department forward including a joint study with the Town of Canandaigua of local fire service by the Center for Public Safety Management (CPSM). The CPSM study included 26 recommendations, including a recommendation to add staffing to eventually achieve a staffing level to have four on-duty firefighters. As I have outlined in our discussions over the last several months, the plan is to add staffing incrementally over several years to achieve the recommendation. This will involve adding two (2) firefighters in 2019, three (3) firefighters in 2020 and three (3) firefighters in 2021. This plan is contingent upon the continued partnership with the Town of Canandaigua in sharing the costs. This recommended budget includes two (2) additional firefighter positions to bring the total firefighters from ten (10) to twelve (12) in 2019. The cost of these two positions is approximately \$200,000. It should be noted that the costs of these two positions will increase over the next several years with Step increases outlined in the collective bargaining contract. As our Fire Department serves a large portion of the Town of Canandaigua, the Town has agreed to increase its payment to the City for fire service from \$400,000 in 2018 to \$500,000 in 2019 to share the costs. In addition, and as mentioned above, we are also planning for three (3) retirements from within the Department in 2019. This will mean that our Department will have at least five (5) new firefighters out of the total of twelve (12).

Last year, I recommended that we eliminate the part-time administrative assistant for the Fire Department and replace the position with a Deputy Fire Chief that could help achieve several goals and initiatives while also adding firefighting capability. We ultimately, changed direction during the year and hired a 10th firefighter instead with the plan of having on-duty firefighters would be able to assist the Fire Chief complete administrative tasks. This plan has not been completely successful and has resulted in the Fire Chief spending a great deal of time completing administrative tasks instead of planning and working towards achieving other Department initiatives. As such, the 2019 Recommended Budget, includes the restoration of the part-time administrative assistant position.

Overall the Fire Department budget (excluding employee benefits) increased 17.89% from \$1,201,550 in 2018 to \$1,416,479 in 2019.

Police Department

One of the more difficult budget decisions I had to make this year was cutting the Youth Officer requested in Chief Hedworth's 2019 budget that was originally removed from the budget several years ago. New York State changed the age of criminal responsibility and thus, thorough more interaction with youthful offenders, increased the workload of police departments while presenting another unfunded mandate for local governments to address. Further, the number of incidents at schools throughout our country is

alarming and fueling the argument that more security in schools is needed. A Youth Officer would support efforts to engage youth in a positive manner while offering an added layer of protection. The cost of the Youth Officer, as proposed, would be split between the Canandaigua City School District and the City at a cost of approximately \$64,200 for each. The position was contingent upon the funding being included and approved in the next School District budget to be voted on in 2019. At that time, City Council could choose to add the position for the remainder of the year utilizing fund balance or contingency for the City's share knowing that the 2020 Budget would then include the position fully funded.

In addition, we are planning on the retirement of three (3) members of our Police Department in the first quarter of next year. The timing will make it difficult to recruit and hire police officers to fill these vacant positions. The recommended budget includes funding to hire an additional police officer effective to have a person hired and in the police academy in February. It should be noted that police academies are only offered certain times during the year. After the academy, the officer also will need to complete local field training.

Department of Public Works

The Department of Public Works is the City's largest Department and as such accounts for the largest percentage of our annual budget. Despite being several staff short in comparison to past years, our DPW is continually asked to increase their workload without any additional resources. In summary, the DPW has fewer resources and greater demands. There are several areas that are worth discussion.

Parks Maintenance

Our Parks Maintenance staff is responsible for managing the City's 14 parks, urban forest (over 4,500 public trees), rain gardens and landscape beds and landscaping around all other public facilities, two (20) cemeteries. The workload has and will continue to increase with additional landscape beds, stormwater management practices, investments in new park facilities/amenities and increased usage of our parks. While the increased use of the City's parks is positive and additional landscape beds help to provide a unique character and beautify the community, it also indicates a potential need for additional staffing as the workload increases. Further, our urban forest is demanding and the community is expressing a need for more proactive management of the urban forest. Maintaining our parks, urban forest, landscape beds and rain gardens is not only vital to maintaining and improving the City's quality of life, but also our economic development efforts.

Additionally, balancing effective weed and pest management, the demand for well-manicured landscapes, weed and pest free athletic fields and the mandates to protect and conserve our natural resources is a tough endeavor that will strain our resources, specifically, staffing, equipment needs, and funding for materials and testing. Based on initial research alternative practices typically increase maintenance costs by 25% in terms of labor and supplies. The recommended budget does not include any additional staffing, equipment, or funding for materials; however, we will continue to seek out expert advice to have a better understanding of the resources necessary to maintain our parks to the level that the community demands without the use of pesticides or herbicides.

Building Maintenance Mechanic

DPW is charged with maintenance of the City's buildings and grounds, but there has never been a person charged with managing the maintenance of the City's facilities. The work has been divided over many individuals and across different divisions of DPW and is only completed when time, staffing and resources

allow. As a result, building maintenance is both inefficient, less effective and ultimately a short coming in DPW. The Director of DPW, Jim Sprague, requested for the second consecutive year, to create a Building Maintenance Mechanic position that would be the point of contact for all City employees who identify a building maintenance item, track, manage and perform routine maintenance activities, and be responsible for all maintenance contracts for items such as elevators, HVAC, and fire alarms. This position was not included as part of the recommended budget.

City Engineer

The front office staff at the DPW provides long term planning for the department's activities, daily prioritization of what needs to be pursued immediately, senior oversight of work being completed, budget management, and clerical support to maintain records. We are behind on our implementation of the Municipal Separate Storm Sewer System (MS4) program. The long-term implementation and maintenance of this federal and state mandated program will take time and effort from the DPW administration. Further, in recent years, the City has attempted to communicate more proactively with the public regarding DPW activities and projects. This has resulted in a dramatic increase in the amount of effort needed to respond to requests for explanations and additional information. Associated with this communication effort has come multiple requests for preliminary engineering and/or cost estimating. The Director of Public Works requested an additional professional staff member, a City Engineer to assist in fulfilling these obligations. Unfortunately, in light of the impending levy increase, I did not include this position as part of the recommended budget.

Bulk Waste Collection Program

City Council members have expressed the desire to restore the bulk waste collection program again this year. Although the City has not provided this service since 2008, the restoration is discussed on a nearly annual basis. The bulk waste collection program involved curbside collection of bulk waste items twice per year (spring and fall) and residents were permitted to bring bulk waste directly to the transfer station. The program was reduced in 2009 and 2010 to free disposal of bulk waste at the transfer station for residents and eliminated entirely in 2011. Prior to the program being eliminated, DPW had additional staffing and a fully operational transfer station operated by an independent contractor. At the time, City Management and City Council made very difficult decisions in relation to the budget due to the fiscal reality of the economic downturn that significantly impacted the City's budget and eliminated positions throughout the City, including positions in the Department of Public Works.

The previous program produced 480 tons of waste in 2008 for the spring and fall curb pick-up. Since that time, there have been increased regulations concerning waste disposal and the City's transfer station has been converted into a solar array. Based on the previous program, restoring this service would require the entire Streets Division of DPW for approximately one month and a request for assistance from other municipal crews and nearly all of the Department's equipment. The restoration of this service would require additional staff; foregoing construction and maintenance activities such as repaving streets, installing sidewalks, rebuilding catch basins and storm sewers, etc and/or the elimination of another DPW service such as leaf collection. Additional equipment and facilities would be needed to provide the service and meet current regulations. During our discussion earlier this year, City Council expressed an interest in obtaining quotes to contract this service to a third party. In August, per City Council's direction, City staff requested quotes to provide bulk waste collection from regional waste collectors with multiple options of delivering the waste collection program. Despite several follow-up attempts over the last few months, no quotes have been received to date.

It should be noted that the Ontario County landfill will be closing in 2028. We are challenged with reducing the amount of waste we send to the landfill as well as increasing the amount that is reduced, reused or recycled. In regard to bulk waste, both the Salvation Army and Habitat for Humanity provide a pick-up service for bulk items that can be reused (furniture and appliances). Both organizations utilize this items to support their efforts to serve the community. This is not the only option of residents to discard bulk items. City residents can dispose of bulk waste utilizing the Town transfer station on the second and fourth Saturdays of each month. As part of our shared services efforts, the City and Town continue to explore how this service can be expanded for City residents. Further, City Council established a fee structure in 2012, to allow for the collection of bulk waste on-demand curb side pick-up within the community. Lastly, companies that sell new furniture, appliances or flooring also offer the removal of old furniture, appliances and flooring. As such, this recommended budget does not include the restoration of the program.

Revenues and Expenditures

Revenues

New York State's Impact

As you know, New York State acted to control the growth of property taxes in New York State, but has failed to act on its impacts on local property tax levies. To discuss all of the unfunded State mandates and State actions that significantly impact local governments could consume more pages than our entire budget. As such, I will focus on only two issues (the same two that I focused on in last year's budget message) that could be addressed in the next State budget and would positively impact the City's fiscal position.

Arterial Maintenance

Since its inception in 1951, the arterial maintenance agreement has been an effective and efficient model for maintenance of New York State roadways. The agreement relieves the State of its maintenance responsibilities and provides municipalities a certain amount of autonomy in handling the how and when the roads are maintained. This agreement could represent one of the best examples of shared services in the State, but shared service agreements can only be successful when all parties involved receive meaningful benefits in return. While the costs of street cleaning, snow and ice control, pothole patching, signage and pavement markings have increased drastically over the last thirty years, the State has not increased its reimbursement rate since 1987. If the current reimbursement rate of \$0.85 per square yard of pavement was increased by the Consumer Price Index (CPI) for the time period since 1987, the new rate would be approximately \$1.98. This would result in approximately \$170,000 for the City of Canandaigua. The State's refusal to increase reimbursement rates negatively impacts the fiscal health of municipalities all over New York.

AIM Funding

Aid and Incentive for Municipalities (AIM) is state aid provided to all New York's cities, towns and villages. The original revenue sharing formula was intended to redistribute state tax revenues to municipalities that do not have the tax base or the taxing authority to generate revenues on their own; however, the formula has been ignored and AIM funding has continually been cut by the State. AIM funding in the New York State budget was \$1.1 billion in 1988/1989 and was cut by approximately 50% between 1988 and 1993. These decreases have put tremendous pressure on local property taxes to support essential municipal services. When AIM funding was increased, the growth in property tax levies

remained under the cost-of-living. AIM funding was reduced for the City of Canandaigua by \$73,486 from 2009 to 2010 and another \$22,843 in 2011 and has been \$1,119,304 since.

The restoration of AIM funding to the 2009 level (\$96,329) and the State paying its fair share for the services the City provides in regard to arterial maintenance (\$150,000) could be used to provide items that were not included in the 2019 recommended budget and improve services for our residents.

Revenues – 2019 Recommended Budget

The best practice in budgeting is to budget revenues conservatively and this budget does just that. When we are too aggressive with revenues and fall short, we set ourselves up for budget and fiscal disaster. There are a number of municipalities that can be looked at as examples. Total revenues increased by \$728,012, driven by property tax, the Town of Canandaigua’s Fire Service payment increase, sales tax and interest. I should note that one non-property tax revenue, the occupancy tax, was reduced from \$50,000 to \$5,000 due to the closing of the Inn on the Lake for all of 2019.

Interest & Earnings

Interest rates have recently started rising and as such, the amount of interest that we can gain from our funds will increase. The 2019 recommended budget includes a \$75,000 increase in interest earnings from \$10,000 in the 2018 Adopted Budget.

Sales Tax

Sales tax revenue accounts for approximately one third of revenue. The 2019 recommended budget includes a reasonable 2% increase in sales tax revenues or a growth of \$89,175 from \$4,458,781 to \$4,547,956.

Property Tax Levy

The New York State Tax Cap for the City for fiscal year 2019 is 2.25%. The levy increase in this recommended budget is 7.06% which exceeds the tax cap by \$241,587. The proposed levy results in a property tax rate of \$7.328 per \$1,000 of assessed value which is an 5.79% increase from the 2018 tax rate of \$6.93. The median single-family home assessed value \$166,000 will have an increase in property tax totaling \$66.62 from \$1,149.72 ($\$6.926 \times 166$) to \$1,216.41 ($\$7.33 \times 166$).



TAX LEVY INCREASE:	\$356,388
7.06% INCREASE	
TAX RATE:	\$7.33
5.79% INCREASE	

BID Assessment

The BID has been an important partner for economic development and works continuously to recruit and assist businesses Downtown. In the last several budgets, the property tax levy for the BID has increased by the growth factor percentage determined by New York State as part of the New York State Tax Cap formula and was increased to the maximum permissible by New York State law last year. The BID requested that the funding level from the General Fund and the levy remain level for 2019. In light of the proposed property tax levy increase, the recommended budget does not include an increase in the tax levy for the BID.

Fund Balance

The City's Fund Balance Policy requires that our fund balance be a minimum of two (2) months of expenditures with a target of three (3) months of the ensuing year's budgeted expenditures. The recommended budget's total expenditures of \$15,173,791 make this range \$2,528,965 to \$3,793,448. The recommended budget includes a Fund Balance appropriation of \$539,722 which is an increase of \$64,193 from the appropriation in the 2018 Budget of \$475,529. With this appropriation and projected finished of the 2018 fiscal year, the projected fund balance is \$4,226,256 which is 432,808 over the target. Some of these funds could be applied to further decrease the tax levy; however, I caution that the use of fund balance to cover reoccurring expenditures is not best practice and will further exacerbate a fundamental and structural imbalance in our budget. I recommend that the fund balance in excess of the three (3) month target be used for one-time expenditures such as the demolition of condemned and unsafe property on Arsenal Terrace, the demolition of the Tom's Mobil building, and toward a pending litigation settlement. Further, given our plan to continue to add firefighters in the 2020 and 2021, we will likely need to utilize fund balance to lower the tax levy impacts.

Expenditures

In summary, this budget recommends general fund expenditures totaling \$15,173,791 which is an increase of \$713,441 or 4.93% from the 2018 Adopted Budget of \$14,455,242. The majority of this increase is a result of adding firefighters, accounting for anticipated retirements and two percent (2%) wage increases in accordance with collective bargaining agreements.

Capital Projects

This budget continues the fiscally prudent plan of transferring funding from the General Fund to the Capital Reserve to plan for current and future capital expenditures. However, in an effort to reduce the tax levy increase, I am recommending reducing the \$850,000 annual contribution to \$750,000 for 2019. This lowers the tax levy by 2% to the recommended 7.51%. We should thank our predecessors for establishing the Capital Reserve and committing to funding it each year. This prevents the budget from being on a roller coaster from year to year and ensures that the City maintains its capital. I am only recommending the decrease in the Capital Reserve spending for one (1) year and re-evaluate in 2020.

In summary, the recommended budget involves \$1,782,453 in equipment, facilities maintenance, vehicles/trucks, and infrastructure funded by a transfer of \$1,451,818 from the Capital Reserve, \$20,000 from the Kershaw Park Reserve, \$23,000 from the Town of Canandaigua and \$287,635 from grants, donations and CHIPS.

The complete Capital Budget and Plan is included as part of this recommended budget; however, I would like to note a few projects.

Hurley Building Roofs

In 2018, the Hurley Building was renovated with the scope of the overall project reduced to stay within planned bonding. During the project, the various roof sections of the facility that were not replaced as part of the project were determined to need replacement. Over the next four years the Capital Plan will address the roofs of the building with the first section taking place in 2019 at an estimated cost of \$150,000.

Fire Station 1

In the 2018 Capital Budget \$20,000 was included to being to update the facility. City Council also approved a 2018 Capital Budget amendment to replace the apparatus bay floor and purchase new lockers and equipment to wash and dry hose/gear. The 2019 recommended Capital Budget includes \$150,000 to replace the apparatus exhaust system and \$30,000 to continue to update the facility.

Street Sweeper

The 2019 recommended Capital Budget includes the replacement of the City's street sweeper. The current street sweeper has been a maintenance nightmare and has not been a reliable piece of equipment. The street sweeper was out of service for repair for a large portion of the street sweeping season this year. Fortunately, we were able to borrow Ontario County equipment for a portion of this repair time, but have been unable to complete the normal street sweeping of our streets. Street sweeping is an important part in protecting the lake and our local water ways by removing sediment and other debris from the roadway before entering the stormwater system. The street sweeper was not scheduled to be replaced until 2020, but due to the maintenance issues that have been experienced this year, a garbage truck scheduled for replacement was moved to 2019 and the street sweeper was moved up to 2019. The cost of a new street sweeper is \$260,000.

Enterprise Funds – Water and Sewer

The Water Fund and Sewer Funds are independent of the General Fund and are Enterprise Funds. Each operates as a business and must generate sufficient revenues to pay its own expenses. The primary revenue sources for both funds is the rate charged for usage, based on metered water consumption.

Water Fund

The variable of water consumption is very depended on the weather and it makes the Water Fund susceptible, especially as not much can be done to limit expenditures as the plant must continue to operate and water mains must continue to be maintained to ensure that clean potable water will be available when residents turn on the faucet. For example, last year, it felt like it rained everyday over the summer. When our area experiences a “wet” season, the amount of water consumption decreases which resulted in a decrease of 11.23% last year. That resulted in revenues not meeting budget for 2017 and a water rate increase for 2018 of 3% to \$3.317. This year we experienced drought conditions in the spring and early to mid-summer which increased water consumption. We are projecting a 7.36% increase in consumption and a resulting in a \$33,245 surplus. Total operating expenditures actually increase slightly from the 2018 budget to the 2019 recommended budget from \$2,793,051 to \$2,812,768 which is a 0.71% increase. When capital expenditures are added the recommended 2019 budget is \$4,345,068 which is an increase of \$351,047 or 8.79% from the 2018 Budget of \$3,994,021.

The City supplies water to the Towns of Canandaigua, Farmington, Hopewell, and Manchester and the Village of Manchester. There is a complex formula that determines the whole sale water rate that these municipalities pay on an annual basis. In summary this formula is extremely dependent on water consumption. The formula utilizes the prior year's actual expenses and the volume of water produced as a water denominator. The final rate is set in February when all prior year costs are known. When water consumption increases, the rate decreases and the whole sale rate has done just that for these municipalities for the projected rate in 2019 with a projected decrease of 2.77%. Note that last year, the 11.81% decrease in water consumption projected a 17.28% increase in the whole sale rate with an actual 15.16% increase.

It should be noted that this is a whole sale rate and is not the final rate that residents of these municipalities ultimately pay. An amount is added by each municipality to account for the costs in maintaining the water distribution systems in their municipalities.

For City residents, the recommended budget includes at 2% increase of the water rate which will increase the water rate from \$3.317 to \$3.383. The minimum bill which includes the first 11,200 gallons of water per quarter will increase from \$37.15 to \$37.89. The average annual water bill increases \$5.00.

Sewer Fund

The primary revenue sources in the Sewer Fund are the usage rate charged to City customers (which is based on their metered water use), revenue from the County sewer districts that send their wastewater to our plant and share proportionally in the operational costs through an intermunicipal agreement, and payments for the processing of liquid waste that is trucked to the plant from various sources by private haulers. The County also shares in the cost of capital improvements to the sewer treatment plant and the debt service payments for capital projects.

Although the Sewer Funds primary revenue source is the usage rate, it was not as deeply impacted like the Water Fund. We are projecting that the Sewer Fund will end the year with a budget deficit of \$64,762 instead of the budgeted \$21,528 due mostly to sewer rent revenue falling short by \$52,781. Expenditures increased 6.12% from \$3,323,512 to \$3,527,055 related to employee benefits and capital projects. As a result, this recommended budget includes an increase in the sewer rate of 3%. The sewer rate will increase from \$4.00 per 1,000 gallons to \$4.12 per 1,000 gallons with a minimum bill increase from \$44.80 to \$46.14. The average annual sewer bill will increase \$9.11.

Conclusion

As I wrote above, I believe that this recommended budget will strengthen our community with the understanding that there is more that we could do. There are items that I wish that could have been included, but we also must recognize the tax burden of our community. We must and will continue to be on the lookout for efficiencies, new revenues and continually review and discuss the level of services that our community desires in an effort to add some of our wishes to this and future budgets.

Pursuant to our City Charter, I respectfully submit for your consideration and adoption the City Manager's Recommended Budget for 2019.



John D. Goodwin
City Manager



“We must consult our means rather than our wishes.”

George Washington

