

The Mayor and Commissioners of the Town of Elkton

MINUTES

April 24, 2013

A special public meeting (workshop) of the Mayor and Commissioners of the Town of Elkton (“the Board”) was held on this date at 4:00 p.m. with the following persons present: Mayor Joseph Fisona, Commissioners Charles H. Givens, Sr.; Charles E. Hicks, V, (arriving at 4:15); Mary Jo Jablonski and Earl M. Piner. Sr., (arriving at 4:10); Town Administrator Lewis H. George, Jr.; Finance Director Steven H. Repole; Assistant Finance Director Beth Moran; Administration Office Secretary L. Michelle Henson; and Town Attorney H. Norman Wilson, Jr.

Mayor Fisona called the workshop to order at 4:00 p.m.

Discussion – Fiscal Year 2014 Budget

Mr. Repole distributed updated Revenue and Expense data to the Board, stating the data reflected the outcome of meetings between Mayor Fisona and Department Heads during which reductions in department expense requests were identified. Mr. Repole stated the cuts amounted to \$577,000 however the Fiscal Year 2014 (FY 2014) budget still faced a \$2.1 million deficit. He stated property tax rates would have to be increased by just over 19 cents per \$100 of assessed value in order to address the deficit without utilizing fund balance.

Mr. Repole stated real property assessments were down by 11%. He said the Constant Yield Tax Rate (CYTR) generated 50% of the Town’s revenue, and that one cent generated \$108,000 in revenue. Mr. Repole stated the FY 2014 Budget was prepared based on the CYTR.

Mr. George stated the Town had \$3.3 million in reserve funds at the end of calendar year 2012. Commissioner Jablonski stated the recommended rainy day fund for municipalities was 15% - 25%, adding the Town had 29%. Mr. Repole stated the amount could decrease due to unforeseen circumstances.

Mayor Fisona stated the Board needed to make a decision regarding tax increases in order to continue providing the same services to residents.

Mr. Repole stated the Town spent over a \$1 million more than it took in during the last 2 Fiscal Years. He stated as the reserves were depleted the Board was faced with the inevitable decision to raise property taxes. Mayor Fisona concurred with Mr. Repole, stating the longer the Board waited to raise taxes, the higher the increase would have to be.

Commissioner Jablonski stated she researched municipalities in Cecil and Harford County, stating the towns of Aberdeen, Havre de Grace and Bel Air were most comparable to Elkton.

Commissioner Jablonski stated all contracts should be put to bid, and any loans should be re-evaluated for lower interest rates.

Discussion ensued regarding procedures to identify and address anticipated issues with future Budgets. Commissioner Hicks stated the Board needed to try different avenues to maintain revenue while helping residents. Commissioner Givens stated the Budget should be discussed at several meetings per year.

Discussion continued regarding use of fund balance to offset the Budget deficit.

Commissioner Piner expressed concerns regarding raising property taxes, adding new revenue sources needed to be identified, such as raising the hotel tax. Mr. Repole concurred with Commissioner Piner, adding that an increase in the hotel tax would have to be approved at the State level. Commissioner Piner stated citation fines should be increased. Discussion continued regarding revenue from parking meters.

Discussion ensued regarding costs associated with trash dumping at the Cecil County Landfill, and the decrease in refuse rebates from Cecil County Government. Discussion continued regarding the trash pickup schedule. Mr. George reminded the Board the Town had committed to recycling; therefore recycling pickup could not be eliminated.

Mr. George advised the Board a Public Hearing was scheduled for May 15, 2013, at which time the FY 2014 Budget would be presented for introduction. He said an advertisement of the Public Hearing, to include the tax rate for real property, was required prior to the meeting. He added that the deadline to place the public notice was Monday April 29, 2013.

Discussion ensued regarding the Personal Property Tax paid by businesses. Mr. Repole stated the current rate was \$1.11 per \$100 of assessed value. He stated an increase of one cent would result in an increase of \$8,600. He stated increasing the cap from \$15 million to \$20 million would result in an additional \$111,000. Commissioner Jablonski expressed concerns regarding the impact on economic development.

Mayor Fisona queried the Board for a consensus regarding the CYTR, the Real Property Tax Rate, and the Personal Property Tax paid by businesses. Commissioner Piner expressed concerns regarding increasing tax rates. Mr. George stated he agreed with Commissioner Piner's feelings, adding that the Town could not continue to provide the same services to residents without increasing taxes. He said, as a matter of example, if the Town eliminated the Departments of Planning, Zoning and Parks & Recreation, there would still be a \$1.7 million deficit.

Mr. Repole expressed concerns regarding Fiscal Year 2015, saying the discussed tax increases would address the Fiscal Year 2014 Budget deficit, however the Elkton Police Pension, insurance and other costs would continue to climb, and the Board would be faced with tax increases and/or cuts in services again.

Mr. George stated that he and Mr. Repole could not recommend the Board operate with expenses higher than revenue, and said the Board needed to come to a decision regarding increasing the tax rate in order to meet expenses. Commissioner Hicks questioned the amount of increase needed to do so. Mr. George answered the preliminary number was a 25-cent increase in the Real Property Tax Rate.

Commissioner Jablonski suggested drawing \$100,000 from the fund balance, leaving a 25% "rainy day fund", which would result in a 1-cent reduction of the 25-cent increase.

Mayor Fisona asked Mr. Repole to project revenue scenarios based upon tax increase various scenarios, including use of \$100,000 in fund balance, increases in the Personal Property Tax cap, etc.

Mr. George stated the Fiscal Year 2014 Budget would be presented for introduction at a Public Hearing on May 15, 2013, and would be presented for adoption on June 5, 2013. He advised the Board that the CYTR had to be set prior to May 20, 2013, as the Town's deadline to send the information to the Maryland Department of Assessments and Taxation was May 20.

Commissioner Jablonski questioned the amount of property tax increase the owner of a \$200,000 home could expect. Mr. Repole stated the owner could expect an approximate increase of \$28 per month.

Mayor Fisona queried the Board for consensus regarding projections based on the previously referenced variables by Mr. Repole; an increase in the Personal Property Tax cap; refinancing of Town loans; reducing the Fund Balance to 25%; and financing of new equipment. Mayor Fisona advised the Board that a consensus was needed by Monday April 29, 2013.

Hearing no additional business to come before the Board, Mayor Fisona adjourned the meeting at 5:30 p.m.

L. Michelle Henson
Administration Office Secretary