



MEMORANDUM

To: Mayor and City Councilors
From: Rich Olson, City Manager
Date: June 17, 2015
Re: Consideration – Adoption of Fiscal Year 2015-2016 Budget Ordinance

BACKGROUND:

The City of Elizabeth City began the fiscal year 2015-2016 budget process on February 23, 2015 with a pre-budget work session. On April 20, 2015, I presented to the City Council the Manager's Recommended Budget pursuant to NCGS § 160A-147. The City Council discussed the FY 2015-2016 budget during two budget work sessions and the Finance Committee held an additional two meetings to discuss the budget and make recommendations to the full City Council.

Attached, you will find a copy of the FY 2015-2016 Budget Ordinance, which reflects the changes the City Council made to the Manager's Recommended Budget. The City is anticipating revenues in the General Fund of \$18,657,435, \$35,750,513 in the Electric Fund, \$9,247,725 in the Water and Sewer fund, \$430,284 in the Storm Water Utility Fund and finally, \$1,715,701 in the Solid Waste Fund. The total amount of revenue reflected in the fiscal year 2015-2016 budget is \$65,801,658. This amount is reduced for inter-fund payments of \$1,955,000. The net amount of revenue anticipated is \$63,846,658.

State law requires the City to have a balanced budget; therefore, the expenditures in the General Fund, Electric Fund, Water and Sewer Fund, Solid Waste Fund and Storm Water Fund reflect the available revenue. The net expenditures will be \$63,846,658.

The City's tax levy for fiscal year 2015-2016 will be \$.64 per \$100 of valuation. The valuation is estimated to be \$1,113,696,809. The Municipal Service District tax for properties located within the downtown district will be \$.085 per \$100 of valuation. The City Council authorized a 1.5% COLA for all City employees, along with a 1% Christmas Bonus and continuation of our existing longevity bonus plan. The City will continue to use Blue Cross/Blue Shield as our health insurance provider.

The Budget Ordinance includes a 13 percent decrease in electric rates effective with the August 2015 billing. The delay in putting the rate decrease in place is due to the delay in NCEMPA and DEP closing the transaction for the sale of generating assets. Please refer to the attached memo regarding this matter that was issued to you on June 17, 2015. Due to this change, the budget ordinance has been adjusted by \$450,000 in Electric Fund revenues and expenses.

The Budget Ordinance includes an increase in water and sewer rates of 3 percent. The ordinance further reflects the elimination of the water and sewer surcharge by rolling that charge into the basic water and sewer rates, which equates to a 7.25% increase.

The Budget Ordinance reflects funding for the Community Relations Commission in the amount of \$1,300. However, pursuant to Council's direction during the June 8, 2015 meeting, staff will present a budget amendment at the beginning of the 15-16 fiscal year to appropriate an additional \$1,200 for the Community Relations Commission in order to provide the full \$2,500 directed by the Council.

The Budget Ordinance also reflects a change in the term "longevity" to "pay compression adjustment" as directed by the Council during the June 8, 2015 meeting.

Finally, the City of Elizabeth City's fee schedule will be readopted.

The City Council held the required Public Hearing on the fiscal year 2015-2016 recommended budget on June 8, 2015.

PENDING LEGISLATIVE ACTION:

The Senate's version of the North Carolina budget was announced on Monday, June 15, 2015 and proposes to spend nearly \$800 million less than what the House agreed to spend to operate government when the House budget was rolled out on May 22, 2015. It does not appear that any legislative action will be agreed upon that will affect the City's fiscal year 2015-2016 budget.

STAFF RECOMMENDATION:

By motion, adopt the fiscal year 2015-2016 budget ordinance as presented.

RCO/vdw



MEMORANDUM

To: Mayor and City Councilors
From: Rich Olson, City Manager
Date: June 17, 2015
Re: Delay in Closing for Asset Purchase Sale

I received an email from Graham Edwards today stating that NCEMPA will not be able to close on the asset sale with Duke Energy Progress (DEP) by June 30, 2015. The closing date has been moved to July 31, 2015. The reason for the delay is that DEP filed the Cost Recovery Rider Rules (CRRR) with the North Carolina Utilities Commission (NCUC) on June 12, 2015. In their filing, they had requested expedited treatment and requested the Order approving the CRRR on or before June 30, 2015. The NCUC also set a date of July 7, 2015 for all parties to file reply comments. DEP has decided to delay the closing of the transaction to July 31, 2015.

All cities have approved all asset sales documents. We are now waiting on DEP. The FR-1 rate and respective riders that were scheduled to begin on July 1 have also been placed on hold. This delay will have minimal impact on the City's proposed FY 2015-2016 budget. The proposed rate decrease of 13% will need to be delayed until our August billing. The proposed budget ordinance will reflect the change.

I will be meeting with Sarah to discuss whether or not we should modify the numbers in the Electric Fund. The cost of purchased power will be more, but our revenues will reflect that. The City's margins will remain the same.

This delay of the closing will cost our customers approximately \$400,000.

RCO/vdw

FY 2015-2016 BUDGET

BE IT ORDAINED by the City Council of the City of Elizabeth City, North Carolina:

SECTION 1. It is estimated that the following revenues will be available for the City of Elizabeth City for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

<u>General Fund</u>	
Current Year's Property Taxes	\$ 7,081,000
Delinquent Property Taxes	407,305
Sales Taxes	1,406,300
Powell Bill Funds	485,000
Local Option Sales Tax	3,346,574
Investment Earnings	11,000
Licenses and Permits	266,000
Sales and Services	662,538
Payments in Lieu of Taxes and Services	1,775,000
Fund Balance Appropriated	47,006
Other Revenues	3,169,712
TOTAL GENERAL FUND REVENUES	\$ 18,657,435
<u>Electric Fund</u>	
Energy Sales	\$ 33,254,232
Other Revenues	2,946,281
TOTAL ELECTRIC FUND REVENUES	\$ 36,200,513
<u>Water & Sewer Fund</u>	
Water Sales	\$ 4,882,265
Sewer Sales	2,777,735
Other Revenues	1,587,725
TOTAL WATER & SEWER FUND REVENUES	\$ 9,247,725
<u>Stormwater Utility Fund</u>	
Residential Revenue	\$ 200,000
Commercial Revenue	195,000
Other Revenues	35,284
TOTAL STORMWATER UTILITY FUND REVENUES	\$ 430,284
<u>Solid Waste Fund</u>	
Residential Revenue	\$ 1,459,701
Other Revenues	256,000
TOTAL SOLID WASTE FUND REVENUES	\$ 1,715,701
SUBTOTAL	\$ 66,251,658
LESS INTERFUND PAYMENTS	<1,955,000>
TOTAL	\$ 64,296,658

SECTION 2. The following amounts are hereby appropriated for the operation of the City of Elizabeth City and its activities for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

<u>General Fund</u>	
Legislative	\$ 130,026
Administrative	376,608
Finance	387,631
Tax	140,000
Legal	66,800
Planning	377,714
Public Building	1,037,008
Police	6,280,806
Fire	3,535,913
Fire Inspections	297,641
Inspections	451,362
Public Works	1,752,490
Parks and Recreation	2,738,007
Non-Departmental	698,582
Human Resources/Safety Liability	264,515
Information Technologies	122,332
TOTAL GENERAL FUND APPROPRIATIONS	\$ 18,657,435
<u>Electric Fund</u>	
Data Processing	\$ 173,920
Warehouse & Purchasing	206,305
Non-Departmental	29,083,954
Customer Service Department	574,846
Electric Distribution	4,935,186
Energy Management	1,226,302
TOTAL ELECTRIC FUND APPROPRIATIONS	\$ 36,200,513
<u>Water & Sewer Fund</u>	
Data Processing	\$ 133,649
Non-Departmental	1,879,634
Customer Service Department	502,929
Water Supply & Treatment	1,894,814
Wastewater Treatment	1,496,233
Water & Sewer Maintenance	3,340,466
TOTAL WATER & SEWER FUND APPROPRIATIONS	\$ 9,247,725
<u>Stormwater Utility Fund</u>	
Stormwater Utility	\$ 430,284
TOTAL STORMWATER UTILITY FUND APPROPRIATIONS	\$ 430,284
<u>Solid Waste Fund</u>	
Solid Waste	\$ 1,715,701
TOTAL SOLID WASTE FUND APPROPRIATIONS	\$ 1,715,701
SUBTOTAL	\$ 66,251,658
LESS INTERFUND PAYMENTS	<1,955,000>
TOTAL	\$ 64,296,658

SECTION 3. There is hereby levied a tax at the rate of \$.64 per \$100 valuation of property as listed for taxes as of January 1, 2015 for the purpose of raising the revenue listed as "Current Year's Property Taxes" as set forth in the foregoing estimates of revenue and a motor vehicle fee of \$5.00 per vehicle.

The tax rate is based on an estimated total valuation of property for the purpose of taxation of \$1,113,696,809 and an estimated rate of collection of 94 percent.

SECTION 4. There is hereby levied a tax at the rate of \$.085 per \$100 valuation of property listed for taxes as January 1, 2015 located within the Municipal Service Tax District.

SECTION 5. That an increase of 1.5 percent cost of living adjustment be established for City payroll.

SECTION 6. That a Christmas bonus of 1 percent be given.

SECTION 7. That pay compression adjustment be continued at the rate of \$125 per year of employment.

SECTION 8. That the health insurance coverage be authorized with Blue Cross & Blue Shield of North Carolina and employees shall participate in Healthy Outcomes Program or pay \$50 month towards their health insurance coverage.

SECTION 9. That electric rates be decreased by 13 percent effective with the August 2015 billing.

SECTION 10. That water and sewer rates be increased by 3 percent.

SECTION 11. That the water and sewer surcharge be eliminated and water and sewer basic rates be increased by 7.25% to generate revenue equivalent to the surcharge.

SECTION 12. That the City of Elizabeth City fee schedule be adopted by reference.

SECTION 13. The Budget Officer shall be authorized to reallocate departmental appropriations among the various expenditures within each department.

SECTION 14. Outstanding purchase orders and projects as of June 30, 2015, are hereby re-appropriated to this budget.

SECTION 15. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

ADOPTED this, the 22nd day of June 2015.

Joseph W. Peel
Mayor

Vivian White, NCCMC
City Clerk