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# MEMORANDUM

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**To:** Members of the Finance Committee

**From:** Rich Olson, City Manager

**Date:** June 2, 2015

**Re:** Consideration – Request to Hold a Public Hearing on the Fiscal Year 2015-2016 Budget Ordinance on June 8, 2015

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## **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 and an increase in water and sewer rates of 3 percent. Finally, the City of Elizabeth City's fee schedule will be readopted.

The Budget 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.

This Budget Ordinance does not include additional funding for the Community Relations Commission above \$1,300. Funds have also not been included to address the tennis courts at Enfield Park

***STAFF RECOMMENDATION:***

Recommend that the City Council:

1. HOLD a public hearing during the June 8, 2015 City Council meeting to receive comments from the public about the proposed budget ordinance; and
2. Have adoption of the budget ordinance placed on the June 22, 2015 City Council meeting for adoption.

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	\$ 32,804,232
Other Revenues	2,946,281
TOTAL ELECTRIC FUND REVENUES	\$ 35,750,513
<u>Water &amp; 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	\$ 65,801,658
LESS INTERFUND PAYMENTS	<1,955,000>
TOTAL	\$ 63,846,658

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	28,633,954
Customer Service Department	574,846
Electric Distribution	4,935,186
Energy Management	1,226,302
TOTAL ELECTRIC FUND APPROPRIATIONS	\$ 35,750,513
<u>Water &amp; 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	\$ 65,801,658
LESS INTERFUND PAYMENTS	<1,955,000>
TOTAL	\$ 63,846,658

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 a longevity bonus plan 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.

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.

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Joseph W. Peel  
Mayor

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Vivian White, NCCMC  
City Clerk