



MEMORANDUM

To: Finance Committee
From: Rich Olson, City Manager
Date: October 2, 2013
Re: Consideration – Budget Amendment for Water and Sewer Fund

BACKGROUND:

In January 2012, the City entered into a Municipal Agreement with NCDOT to relocate a twenty (20) inch and a six (6) inch water line, which was in conflict with the Knobbs Creek Bridge project. The estimated cost under the agreement was \$620,000, but the project came in at \$290,150. City staff made arrangements to have the state pay for the relocation cost; with the City reimbursing the state over a three-year period in equal annual installments. Below you will find the exact wording in the contract:

“Upon completion of the utility work, reimbursement shall be made in three (3) annual principal installments with the first payment due within sixty (60) days of invoicing by the Department but not later than one (1) year after the project is let to contract. The second and third installment payments shall be due at one (1) year intervals on the same date as the first payment is due. The first and second payments will be based on the Department’s estimated cost of the work. The third payment will be based on the actual bid prices and actual quantities used. The Department shall be responsible for billing the Municipality at the appropriate time.”

The project was not completed until the NCDOT contractor connected the Rosedale Subdivision to the new lines the City relocated. This work was completed approximately three weeks ago. However, the project was let on June 19, 2012.

City staff refused to pay NCDOT until the City received functional use of the improvements. This was done to hurry along the NCDOT contractor. Since the City did not pay the first installment by August 18, 2013, NCDOT deducted \$96,716.67 from the City’s Powell Bill allocation. By NCDOT doing this - with the original purpose of the agreement to pay for water and sewer improvements - the City will need to reimburse the Powell Bill account from the Water and Sewer Account to reverse this transaction.

STAFF RECOMMENDATION:

By motion, recommend that the City Council adopt the attached budget amendment as presented.

RCO/vdw

BUDGET AMENDMENT

BE IT ORDAINED by the City Council of the City of Elizabeth City that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2014:

SECTION I. That the Water & Sewer Retained Earnings Appropriated (313990.000) and DOT Water Line Reimbursement (318280.7311) be increased by \$96,717.

(To record 1st of three installment payments for water line relocation for Knobbs Creek Bridge. Due to miscommunication between DOT and Public Works Director, this is being withheld from the City's Powell Bill Funds. This will require a transfer from Water & Sewer to General Fund to reimburse Powell Bill.)

Joseph W. Peel, Mayor

Dianne S. Pierce-Tamplen, MMC, City Clerk