



MEMORANDUM

TO: Mayor and Members of the City Council

FROM: Rich Olson, City Manager

DATE: June 22, 2016

REF: Consideration – Adoption of Fiscal Year 2016-2017 Budget Ordinance

BACKGROUND:

The City of Elizabeth City began the fiscal year 2016-2017 budget process during the City Council's biennial retreat in January. City staff took many of the items included in the Council's adopted Goals and Objectives and incorporated them into the budget document. On April 16, 2016, I presented to the Council the Manager's Recommended Budget pursuant to NCGS §160A-147. The City Council discussed the fiscal year 2016-2017 budget during four budget work sessions. A Public Hearing was held on June 13, 2016; and only one written comment was received on the budget.

ANALYSIS:

Attached you will find a copy of the fiscal year 2016-2017 budget ordinance, which reflects the changes that the City Council made to the Manager's Recommended Budget. A spreadsheet showing those changes was provided to the Councilors during the June 13, 2016 Council meeting. The City is anticipating revenues in the General Fund of \$19,273,783, \$34,902,118 in the Electric Fund, \$9,441,503 in the Water and Sewer Fund, \$403,120 in the Storm Water Fund, and finally, \$1,679,688 in the Solid Waste Fund. The total amount of revenue reflected in the fiscal year 2016-2017 budget is \$65,700,212. This amount is reduced by the inter-fund transfer of \$1,875,000. The net amount of revenue anticipated for next fiscal year is \$63,825,212. State law requires the City to have a balanced budget; therefore, the expenditures in all funds reflect the available revenue. The net expenditures will be \$63,825,212.

The City's tax levy for fiscal year 2016-2017 will be \$.655 per \$100 valuation. The total valuation is estimated to be \$1,136,842,105. The increase in the tax levy will allow the City to upgrade its public safety radio system to the State's VIPER network. The 800 MHz system will enhance radio communications, especially in times of natural or man-made disasters.

The Municipal Service District Tax for properties located within the downtown district will be \$.085 per \$100 valuation.

The City Council authorized a 2% cost-of-living adjustment (COLA) for all City employees. It should be noted that 1% of the COLA came from converting the 1% Christmas bonus to a 1% COLA. The City will continue with its existing Pay

Compression Adjustment (longevity) bonus plan. The City will also continue to use Blue Cross/Blue Shield of North Carolina as our health insurance provider. The budget reflects the City allowing a buy-up option for our employees and retirees. The City will provide at no cost to our employees a basic health insurance plan. Employees and retirees may purchase enhanced coverage, which is equal to the plan now in place, by annually paying a small amount for that coverage.

The budget ordinance does not include a rate increase for the Electric Fund. However, rates have been restructured to reflect a higher basic charge and a lower cost for energy. The realigned electric rate schedule is included in the attached FY 2016-17 Fee Schedules document.

The City Council, through the budget ordinance, is increasing Water and Sewer rates by 3%, as we continue to address issues with our aging infrastructure. The adjusted rate schedule for Water and Sewer is also included in the Fee Schedules document.

No fee increases have been budgeted in the Solid Waste Fund or the Storm Water Utility Fund.

The Road Street Water and Sewer Improvement Project Capital Project Ordinance is also being adopted, and a copy is provided herein for reference.

Finally, the City of Elizabeth City FY 2016-17 Fee Schedules document and the Capital Improvement Plan, with the changes that the City Council has previously approved, will be adopted by reference in the budget ordinance for fiscal year 2016-2017. Copies of these documents are included for your reference.

Due to the number of changes made by the Council to the Manager's Recommended Budget, the new budget document will be distributed to the Council within a few weeks.

FINANCIAL:

The Finance Committee discussed this matter during their meeting of June 22, 2016. Upon motion made by Councilman Donnelly, seconded by Mayor Peel, the committee unanimously recommended approval by the City Council.

STAFF RECOMMENDATION:

By motion, adopt the fiscal year 2016-2017 budget ordinance and the Road Street Water and Sewer Improvement Capital Project Ordinance as presented.

RCO/vdw

FY 2016-2017 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, 2016 and ending June 30, 2017:

<u>General Fund</u>	
Current Year's Property Taxes	\$ 7,555,000
Delinquent Property Taxes	221,255
Sales Taxes	1,490,500
Powell Bill Funds	485,000
Local Option Sales Tax	3,550,000
Investment Earnings	20,000
Licenses and Permits	346,000
Sales and Services	686,840
Payments in Lieu of Taxes and Services	1,775,000
Other Revenues	3,144,188
 TOTAL GENERAL FUND REVENUES	 \$ 19,273,783
<u>Electric Fund</u>	
Energy Sales	\$ 34,000,000
Other Revenues	902,118
 TOTAL ELECTRIC FUND REVENUES	 \$ 34,902,118
<u>Water & Sewer Fund</u>	
Water Sales	\$ 4,944,000
Sewer Sales	3,090,000
Other Revenues	1,407,503
 TOTAL WATER & SEWER FUND REVENUES	 \$ 9,441,503
<u>Stormwater Utility Fund</u>	
Residential Revenue	\$ 205,000
Commercial Revenue	195,000
Other Revenues	3,120
 TOTAL STORMWATER UTILITY FUND REVENUES	 \$ 403,120
<u>Solid Waste Fund</u>	
Residential Revenue	\$ 1,600,000
Other Revenues	79,688
 TOTAL SOLID WASTE FUND REVENUES	 \$ 1,679,688
 SUBTOTAL	 \$ 65,700,212
 LESS INTERFUND PAYMENTS	 <1,875,000>
 TOTAL	 \$ 63,825,212

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, 2016 and ending June 30, 2017:

<u>General Fund</u>	
Legislative	\$ 130,473
Administrative	375,849
Finance	400,202
Tax	140,000
Legal	70,800
Planning	413,838
Public Building	476,346
Police	7,070,270
Fire	4,090,752
Fire Inspections	268,252
Inspections	458,973
Public Works	1,728,446
Parks and Recreation	2,474,885
Non-Departmental	787,455
Human Resources/Safety Liability	248,739
Information Technologies	138,503
TOTAL GENERAL FUND APPROPRIATIONS	\$ 19,273,783
<u>Electric Fund</u>	
Data Processing	\$ 165,394
Warehouse & Purchasing	185,354
Non-Departmental	29,210,432
Customer Service Department	570,460
Electric Distribution	3,453,642
Energy Management	1,316,836
TOTAL ELECTRIC FUND APPROPRIATIONS	\$ 34,902,118
<u>Water & Sewer Fund</u>	
Data Processing	\$ 120,131
Non-Departmental	1,733,568
Customer Service Department	514,849
Water Supply & Treatment	1,784,531
Wastewater Treatment	1,658,117
Water & Sewer Maintenance	3,630,307
TOTAL WATER & SEWER FUND APPROPRIATIONS	\$ 9,441,503
<u>Stormwater Utility Fund</u>	
Stormwater Utility	\$ 403,120
TOTAL STORMWATER UTILITY FUND APPROPRIATIONS	\$ 403,120
<u>Solid Waste Fund</u>	
Solid Waste	\$ 1,679,688
TOTAL SOLID WASTE FUND APPROPRIATIONS	\$ 1,679,688
SUBTOTAL	\$ 65,700,212
LESS INTERFUND PAYMENTS	<1,875,000>
TOTAL	\$ 63,825,212

SECTION 3. There is hereby levied a tax at the rate of \$.655 per \$100 valuation of property as listed for taxes as of January 1, 2016 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 \$1,136,842,105 and an estimated rate of collection of 95 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, 2016 located within the Municipal Service Tax District.

SECTION 5. That an increase of 2 percent cost of living adjustment be established for City payroll.

SECTION 6. That a Christmas bonus of 0 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 a revenue-neutral electric rate realignment be implemented as recommended in the Booth and Associates Cost of Service Study.

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

SECTION 11. That the parking rental fee be increased to \$25.00 monthly for City-owned parking lots.

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

SECTION 13. That the City of Elizabeth City Capital Improvement Program be adopted.

SECTION 14. That the Road Street Water and Sewer Improvement Capital Project Ordinance be adopted.

SECTION 15. The Budget Officer shall be authorized to reallocate departmental appropriations among the various expenditures within each department.

SECTION 16. Outstanding purchase orders and projects as of June 30, 2016, are hereby re-appropriated to this budget.

SECTION 17. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

ADOPTED this the 27th day of June 2016.

Joseph W. Peel
Mayor

Vivian D. White, CMC/NCCMC
City Clerk

**ROAD STREET WATER AND SEWER IMPROVEMENT
CAPITAL PROJECT ORDINANCE**

BE IT ORDAINED by the City Council of the City of Elizabeth City, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I. The project authorized is the Road Street Water and Sewer Improvement Capital Project.

SECTION II. The officers of this unit are hereby directed to proceed with the project within the terms of the project documents and the budget contained herein.

SECTION III. The following revenues are anticipated to be available to complete this project:

(473970.1000)	Transfer from Water & Sewer Fund	\$1,400,000
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SECTION IV. The following amount is appropriated for this project:

(476616.7300)	Capital Improvements	\$1,400,000
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SECTION V. Copies of this capital project ordinance shall be made available to the Budget Officer and Finance Director for direction in carrying out this project.

ADOPTED, this the 27th day of June 2016.

Joseph W. Peel
Mayor

Vivian D. White, CMC/NCCMC
City Clerk