# MEMORANDUM

**To:** Mayor and Members of the City Council

**From:** Rich Olson, City Manager

**Date:** June 19, 2020

**Subj:** Consideration - Hold a Public Hearing for Adoption of Fiscal Year 2020-2021 Budget Ordinance

## *BACKGROUND:*

Unfortunately, this will be my last budget as your City Manager. I wish we were not facing our existing challenges.

During the City Council Retreat held on February 21, 2020, the City Council had a preliminary pre-budget work session. Based on the outcome if this meeting, City staff began preparing our Fiscal Year 2020-2021 Budget. On March 28, 2020, a draft copy of the Manager's Recommended Budget was prepared and ready to be presented to the City Council. The draft copy of the Budget included most of the items requested during the February 21st retreat; however, towards the end of March, we began to see the effects of the COVID-19 virus and the ripple effect it was having on the City's revenue sources. The Budget was reworked and presented to the City Council on April 6, 2020. This rewrite caused a great deal of discussion by the City Council, which led to a total of five meetings on the Budget, and subsequently, several additional changes were ultimately made to the Manager's Recommended Budget.

## *ANALYSIS:*

Attached you will find a copy of the Fiscal Year 2020-2021 Budget Ordinance, which reflects the changes the City Council made to the Manager's Recommended Budget. The City is anticipating revenues on the General Fund of \$21,864,635; \$33,019,800 in the Electric Fund; \$11,482,677 in the Water and Sewer fund; and \$1,722,000 in the Solid Waste Fund. The total amount of revenue reflected in the Fiscal Year 2020-2021 Budget is \$68,679,112. This amount includes an inter-fund transfer of \$1,875,000. 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 \$66,804,112.

There is no tax increase proposed for FY 2020-2021. The City's tax levy will remain at \$.655 per \$100 valuation. The total valuation is estimated to be \$1,139,042,530.

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

The proposed budget does not include a cost-of-living adjustment (COLA) for City employees. I would strongly encourage the City Council to revisit this issue in January once we are able to determine the budgetary effects of COVID-19. The budget does include a $250 per month raise for all members of the City Council. In addition, there will be a $300 Christmas bonus for all FLSA-exempt employees. Health insurance coverage will transition to Blue Cross / Blue Shield. Employees and eligible retirees shall pay $39.72 per month towards their health coverage. The employees' health clinic has been inserted back into the budget.

There is no fee increase in the Electric Fund, Solid Waste Fund or Storm Water Utility Fund.

The budget does reflect a 2% increase in Water and a 25% increase in Sewer rates, as directed by the City Council.

Lastly, the City of Elizabeth City FY 2020-2021 Fee Schedules document and Capital Improvement Plan will be adopted by reference in the Budget Ordinance for fiscal year 2020-2021, and may be reviewed by the City Council and citizens online.

Due to the number of changes made by the City Council to the Manager's Recommended Budget, the new budget book will be distributed to the City Council within a few weeks. A copy of the Budget Ordinance will be forwarded to our auditor and the LGC for approval of our wording.

***AT THE CONCLUSION OF THE PUBLIC HEARING***

***STAFF RECOMMENDATION:***

By motion, adopt the Fiscal Year 2020-2021 Budget Ordinance.

SECTION 1. It is hereby appropriated for the operation of the City of Elizabeth City and its activities for the fiscal year beginning July 1, 2020 and ending June 30, 2021; the General Fund is budgeted by departments as listed below, and the Enterprise Funds are budgeted by function (fund). The detail provided is for internal use only.

| | |
|---|---|
| **General Fund** | |
| Legislative | $159,204 |
| Administrative | 578,205 |
| Finance | 477,060 |
| Tax | 145,000 |
| Legal | 68,800 |
| Code Enforcement | 159,300 |
| Planning | 365,335 |
| Public Building | 611,771 |
| Police | 7,576,009 |
| Fire | 3,953,792 |
| Fire Inspections | 300,285 |
| Building Inspections | 333,120 |
| Public Utilities | 2,524,107 |
| Parks and Recreation | 2,996,906 |
| Non-Departmental | 877,635 |
| Human Resources | 350,334 |
| Information Technology | 387,772 |
| **TOTAL GENERAL FUND** | **$21,864,635** |
| **Electric Fund** | |
| Data Processing | $130,520 |
| Warehouse and Purchasing | 217,550 |
| Non-Departmental | 27,128,315 |
| Customer Service Department | 473,745 |
| Electric Distribution | 3,918,210 |
| Energy Management | 1,151,460 |
| **TOTAL ELECTRIC FUND** | **$33,019,800** |
| **Water and Sewer Fund** | |
| Data Processing | $130,520 |
| Non-Departmental | 1,084,631 |
| Customer Service Department | 471,945 |
| Water Supply and Treatment | 3,759,240 |
| Wastewater Treatment | 2,120,980 |
| Water and Sewer Maintenance | 3,915,361 |
| **TOTAL WATER AND SEWER FUND** | **$11,482,677** |
| **Stormwater Utility Fund** | |
| Stormwater Utility | $590,000 |
| **TOTAL STORMWATER FUND** | **$590,000** |
| **Solid Waste Fund** | |
| Solid Waste | $1,722,000 |
| **TOTAL SOLID WASTE FUND** | **$1,722,000** |
| **SUBTOTAL** | **$68,679,112** |
| **LESS INTERFUND PAYMENTS** | **(1,875,000)** |
| **TOTAL** | **$66,804,112** |

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, 2019 for the purpose 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 $15.00 per vehicle.

The tax rate is based on an estimate total valuation of property for the purpose of taxation of $1,139,024,530 and an estimated rate of collection of 96 percent.

SECTION 4. There is hereby levied a tax that at the rate of $.085 per $100 valuation of property listed for taxes as January 1, 2020 located within the Municipal Service Tax District.

SECTION 5. That the City water rates be increased by 2% and the sewer rates by 25% effective with the July billing date.

SECTION 6. That no increase for cost of living adjustments be established for the City's personnel.

SECTION 7. That a holiday bonus of $300 be given to all FLSA exempt employees in November.

SECTION 8. That a longevity payment be continues at the rate of $125 per year of employment.

SECTION 9. That the health insurance coverage be authorized with Blue Cross and Blue Sheild of NC and employees and eligible retirees shall pay $39.72 per month towards their health insurance coverage.

SECTION 10. That the parking rental fee remain $25 monthly for City-owned parking lots.

SECTION 11. That the City of Elizabeth City fee schedule be adopted by reference.

SECTION 12. That the City of Elizabeth City Capital Improvement Program be adopted.

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, 2020, are hereby re-appropriated to this budget.

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

Adopted on this __th day of June 2020.

Bettie J. Parker
Mayor

April Onley
City Clerk