May 13, 2014

Honorable Mayor Outlaw, Board of Aldermen and Citizens of the City of New Bern:

I am pleased to present to you the City of New Bern Annual Budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015 (FY15). Each of the past few years, the City Manager's budget message has been presented with a theme that characterizes the upcoming year and the expectations that justify such a message. The FY15 budget could be characterized as "a new dawn" in the life of this great City. Some of the major accomplishments over the past year have led to great promise moving forward for the City of New Bern.

A new branding campaign was completed, and the implementation of the branding campaign with a new logo and tagline commenced. There have been multiple implementations of the new brand, such as a new citywide map available to residents and tourists, new flags being flown at city offices, and other projects currently underway such as the repainting of one of the City's water towers, and the installation of wayfinding signage downtown. While these examples are not all encompassing of the implementation, each of these projects has been critical in further exposing the new brand to the public. Work has also begun on the implementation of the City's new website, which should go live in the next few months.

The formation of the Metropolitan Planning Organization, with Craven County, the Town of Trent Woods, the Town of River Bend, and the Town of Bridgeton creates great partnership and collaboration in the region to create a strong, unified approach to infrastructure planning and prioritization in the greater New Bern area. This should prove fruitful in the future with the changes that have occurred to the State of North Carolina's funding mechanism for infrastructure improvements statewide.

The past few months have also yielded waves of change in leadership positions of the City. In November, a new mayor and three new aldermen took their posts as policy makers and leaders for the City. Also, the former City Manager tenured his resignation in December to pursue employment elsewhere. While the transition period is not complete, one can't help but recognize a new direction that this City will take, and given the financially positive steps that have been made over the past several years, it would be expected that this direction would also be like facing a new dawn awaiting the great things that are to come.

Like all budgets, the FY15 budget did not go without its tough decisions and financial hardships to reach a balanced state. In keeping with the successful approach that has been used over the

past several years, this budget has been developed and prepared by a select group of executive management staff. The executive budget team overcame a very complex budget deficit that began at $2,700,000 prior to departmental budget requests. To overcome this initial deficit and the subsequent departmental requests that exceeded expected revenues, staff used pointed Board of Aldermen direction from our February retreat and a very conservative approach to budget requests. This approach has ultimately yielded a budget that is balanced and fiscally responsible, while maintaining expected service levels for the citizens of New Bern. Additionally, the budget has been prepared in accordance with the City Charter and within the time frames established by our annual budget calendar. This year's budget adoption process has built in several opportunities for public input as the Board of Aldermen has requested. Below you will find a few highlights of this year's budget.

Detailed highlights of the FY 15 budget

- *Personnel – This budget shows a net gain of two additional employees, a total of 477 in FY15, which is up from 475 in FY14. However, this is somewhat misleading. Over the last several years, four police officer positions in our Police Department have been funded through grant funds. Grant funding of these positions will end in early FY15 at which time these positions will be fully funded by the General Fund. Excluding these four positions, citywide there was a reduction of two positions; one position was in the Tax Collector division due to the outsourcing of the collection of taxes to Craven County, while the other was a Senior Maintenance Technician position in the Sewer Treatment division that will be left vacant and unfunded. Additionally, no employee salary increases are proposed in this budget.*

- *Economic Development Alliance – Over the past few months, City administration has been working with the City of Havelock, Craven County, and the Committee of 100 to form a new alliance that will have a singular voice for Craven County with regards to economic development. Understandably, a singular voice coming from the region will show unity and focus on bringing new business to the area. A new request of $40,000 has been budgeted in the General Administration budget to cover the seed money buy-in and yearly dues for the first year.*

- *Community Development – There is a request of $100,000 within the General Administration budget under Community Development that includes $75,000 for the Pollock Street/Queen Street Fountain Project. As you may recall, the Board of Aldermen*

approved an exchange of land at this location for a small piece of City-owned land downtown to provide for a new park and corridor improvements along Pollock Street. These improvements are consistent with the Board of Aldermen approved Gateway Renaissance Plan. The expected goal of this park is to recreate the public gathering space that once existed at this location many years ago. This enhancement is expected to create additional reinvestment in the area and mark a positive step towards improving the amenities in the area and visual aesthetics of the corridor.

- *Public Safety Vehicles – There is $761,355 in the Police budget for twenty new police cruisers. These are all replacement vehicles for an aging fleet that is well beyond the recommended replacement schedule of mileage and age for frontline police vehicles. Prior year deferments of the replacement of fleet vehicles have led to a large amount of replacements needed in this budget year.*

- *Street Resurfacing - $500,000 has been budgeted for in Public Works to resurface various streets within the City. This allocation will be spent using various techniques to extend the life expectancy of the street system and increase the overall citywide rating for street infrastructure. While $500,000 will provide for some infrastructure improvements to our streets, this is significantly reduced from last year to account for the budget deficit that must be overcome to balance this fiscal year's budget. A recent inventory of the City's streets recommended a significant increase in funding reinvestment in one of the City's largest assets.*

- *Kale Road Space Utilization – During the spring 2014 Board of Aldermen retreat, direction was given to staff to begin planning, designing, and execution to utilize the Kale Road facility to house the Electric, Water, Sewer, and Warehouse divisions. This has commenced, and staff is currently working on implementation of this move. A project fund will be established, and we anticipate it to be paid for by revenue bond financing. This project and the financing mechanism being used will present a reduction in the overall expense that is being realized as rent payments within their current budgets. Revenue bond debt service is expected to not warrant any increase in rates in Electric, Water, or Sewer in FY15. This move will allow for other current city-owned assets that should generate some additional revenues for the City.*

In the following pages, summaries of the funds and other pertinent information have been provided to allow for better understanding of the budget being presented herein. Please bear in

mind that the deficit that was overcome in this fiscal year budget will continue to exist after this year and could potentially worsen due to future changes in law, costs of doing business, and other unforeseen impacts. Future considerations of cost increases in personnel, operating, and debt service must be heavily scrutinized in subsequent fiscal year's to overcome the deficit that is expected to continue while maintaining service delivery levels.

Summary – General Fund Revenues

General Fund Revenues	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15	% Change FY2013-14 FY2014-15
Ad Valorem Taxes	$ 12,680,500	$ 12,930,000	$ 12,945,500	0.12%
Sales Taxes	$ 5,000,600	$ 5,082,000	$ 5,025,000	-1.12%
Intergovernmental Revenues	$ 3,181,020	$ 3,199,500	$ 3,156,600	-1.34%
Other Taxes & Fees	$ 397,100	$ 397,100	$ 397,100	0.00%
Interest Earnings	$ 15,900	$ 14,500	$ 14,500	0.00%
Miscellaneous Revenues	$ 421,479	$ 439,473	$ 463,778	5.53%
Interfund Reimbursements	$ 6,422,373	$ 4,172,900	$ 4,426,515	6.08%
Interfund Transfers & Transfer Supports	$ 2,676,087	$ 5,004,146	$ 4,206,945	-15.93%
Police Revenues	$ 216,577	$ 216,577	$ 199,538	-7.87%
Fire Revenues	$ 24,637	$ 27,604	$ 27,341	-0.95%
Recreation Revenues	$ 121,107	$ 201,107	$ 201,107	0.00%
Permits & Fees	$ 611,595	$ 522,068	$ 384,753	-26.30%
Public Works Revenues	$ 221,000	$ 130,000	$ 141,000	8.46%
Refuse Collection Fees	$ 2,116,000	$ 2,725,000	$ 2,725,000	0.00%
Proceeds from Debt Issuance	$ 878,130	$ 1,816,774	$ 1,601,201	-11.87%
Fund Balance Appropriated	-	$ -	$ -	-
TOTAL REVENUES	$ 34,984,105	$ 36,878,749	$ 35,915,878	-2.61%

Proposed Ad Valorem Tax Rate

Staff is proposing no increase to our ad valorem tax rate. Therefore, the tax rate will remain at forty-one cents ($0.41) per one hundred dollars ($100) of value. You will notice in the below table this tax rate remains the lowest as compared to our benchmark cities.

Property Tax Comparison

City	2013-2014 Tax Rate	Total Valuation for 2012-2013	Latest Reevaluation	Estimated Collection Percentage	Estimated Annual Ad- Valorem
Greenville	0.520	$5,671,171,579	2012	98%	$28,900,290
Goldsboro	0.650	$2,110,459,169	2011	96%	$13,169,265
Kinston	0.660	$1,432,191,928	2009	96%	$9,074,368
Washington	0.500	$844,895,000	2010	94%	$3,971,007
Havelock	0.465	$956,257,090	2010	98%	$4,357,664
Wilmington	0.450	$12,755,610,614	2012	99%	$56,826,245
Wilson	0.515	$4,016,288,608	2008	97%	$20,063,370
New Bern	0.410	$3,194,459,681	2010	98%	$12,835,339

Personnel

Recognizing that personnel-related costs are the largest portion of most of our operating expenses, we continue to closely scrutinize all funding requests for new positions. Below is a table highlighting all requested positions by fund.

General Fund	FY11-12 Funded Positions	FY12-13 Funded Positions	FY13-14 Funded Positions	FY14-15 Funded Positions
Governing Board	1	1	1	1
Administration	4	4	4	4
Accounting	10	10	10	10
Warehouse	4	4	4	4
Information Technology	7	8	8	8
Tax Collector	3	3	1	0

Human Resources	5	5	6	6
Police	114	112	112	116
Fire	66	67	67	67
Recreation Administration	2	2	2	2
WNB Recreation	5	5	5	5
SWC Recreation	4	4	4	4
Parks & Grounds	13	14	14	14
Aquatics	0.4	0	0	0
Athletics	3.6	3	3	3
Development Services	17	16	17	17
GIS	1	1	0	0
PW Administration	3	3	3	3
Garage	4	4	4	4
Public Buildings	5	6	6	6
Streets	25	25	25	25
Cemeteries	1	0	0	0
Leaf & Limb	8	7	7	7
Sanitation/Liter Abatement	0	0	0	0
General Fund Total Positions:	306	304	303	306

Enterprise Funds	FY11-12 Funded Positions	FY12-13 Funded Positions	FY13-14 Funded Positions	FY14-15 Funded Positions
Water Resources Admin	7	7	7	7
Water Treatment	12	11	11	11
Water System Maintenance	25	30	30	30
Hydrant Maintenance	0	0	0	0
Water Fund Total Positions:	44	48	48	48

Sewer Treatment	21	21	21	20
Sewer System Maintenance	21	16	14	14
Sewer Fund Total Positions:	42	37	35	34

Electric Administration	7	7	7	7
Utility Billing	5	5	5	0
Utility Service	15	15	10	0
Electric Distribution	32	32	36	36
Power Supply	4	4	4	4
Utility Control	5	6	6	7
Customer Service	16	16	16	30
Electric Fund Total Positions:	84	85	84	84

Stormwater	0	0	5	5
Stormwater Fund Total Positions:	0	0	5	5

SUMMARY OF ALL FUNDS				
General Fund Total Positions	306	304	303	306
Water Fund Total Positions	44	48	48	48
Sewer Fund Total Positions	42	37	35	34
Electric Fund Total Positions	84	85	84	84
Stormwater Fund Total Positions	0	0	5	5
Total All Funds	476	474	475	477

Overall Budget Summary -Highlights of our major funds

On the following pages, you will see the overall budget summary for each of our major funds including: General Fund, Water, Sewer, Electric, and Stormwater Funds. This snapshot will give you a good overall view of the funding amount and the highlights for each of the funds.

FUND	Adopted FY2013-14		FY2014-15	% Change
General	$36,878,749	$	35,915,878	-2.61%
Water	$11,659,945	$	10,657,609	-8.60%
Sewer	$13,123,398	$	11,777,468	-10.26%
Electric	$63,432,516	$	63,072,125	-0.57%
Stormwater	$730,000	$	730,000	0.00%
Community Development	$10,000	$	15,000	50.00%
Emergency Telephone (E911)	$390,285	$	235,111	-39.76%
Employees' Benefit Insurance	$6,910,000	$	7,013,709	1.50%
Grants	$1,491,826	$	465,795	-68.78%
Municipal Service District	$252,150	$	258,860	2.66%
Police Special Revenue	$20,820	$	59,610	186.31%
Public-Private Partnerships	$69,000	$	15,000	-78.26%
Sewer Capital Reserve	$476,050	$	387,850	-18.53%
Water Capital Reserve	$237,900	$	277,500	16.65%
Rate Stabilization Fund	$1,451,930	$	-	-100.00%
Sewer Debt Service Reserve Fund	-	$	299,502	-
TOTAL ALL FUNDS	$137,134,569	$	131,221,017	-4.31%

	General Fund			
	Adopted Budget FY2011-12	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15
Revenues:				
Ad Valorem Taxes	12,363,502	12,680,500	12,930,000	12,945,500
Sales Taxes	4,679,457	5,000,600	5,082,000	5,025,000
Intergovernmental Revenues	3,123,900	3,181,020	3,199,500	3,156,600
Other Taxes & Fees	362,000	397,100	397,100	397,100
Investment Earnings	8,000	15,900	14,500	14,500
Miscellaneous Revenue	433,136	421,479	439,473	463,778
Interfund Reimbursements	6,256,973	6,422,373	4,172,900	4,426,515
Interfund Transfers & Transfer Supports	2,128,200	2,676,087	5,004,146	4,206,945
Proceeds from Debt Issuance	794,856	878,130	1,816,774	1,601,201
Police Revenues	216,277	216,577	216,577	199,538
Fire Revenues	278,761	24,637	27,604	27,341
Recreation Revenues	108,500	121,108	201,107	201,107
Permits and Fees	501,940	611,595	522,068	384,753
Refuse Collection Fees	2,095,200	2,116,000	2,725,000	2,725,000
Public Works Revenues	203,000	221,000	130,000	141,000
Fund Balance	0	0	0	0
Subtotal General Fund Revenues	$ 33,553,702	$ 34,984,105	$ 36,878,749	$ 35,915,878
Grants and Gifts	0	0	0	0
Total General Fund Revenues	$ 33,553,702	$ 34,984,105	$ 36,878,749	$ 35,915,878
Expenses:				
General Government	1,486,697	1,535,704	1,598,167	1,454,814
Finance	2,721,020	2,955,074	3,354,114	2,980,396
Human Resources	473,449	469,405	574,046	568,565
Police	9,957,965	10,381,358	10,112,569	10,731,276
Fire and Fire Volunteers	5,674,072	6,064,484	6,599,124	5,875,475
Parks & Grounds	2,997,080	3,196,136	3,321,799	3,322,388
Development Services	1,567,600	1,731,416	1,886,244	1,643,991
Public Works	8,154,889	8,224,865	9,160,340	9,065,051
Engineering/Water Resources	0	0	0	0
Equipment Purchases	0	0	0	0
Charges for Shared Services	105,000	110,863	110,693	113,922
Interfund Transfers & Transfer Supports	343,812	224,574	0	0
Contingency	72,118	90,228	161,483	160,000
Subtotal General Fund Expenses	$ 33,553,702	$ 34,984,105	$ 36,878,749	$ 35,915,878
Grant Programs	0	0	0	0
Total General Fund Expenses	$ 33,553,702	$ 34,984,105	$ 36,878,749	$ 35,915,878
# of Positions Funded	306	304	303	306

FY 14-15 Recommended Budget Highlights
General Fund

General Administration

- $25,000 – Professional services at discretion of City Manager
- $40,000 – Postage for all outgoing City mail, excluding tax and utility bills
- $5,600 – Internet service for Aldermen
- $1,500 – City Clerk Training
- $11,000 – Implementation of electronic agendas for Board of Aldermen meetings
- $40,000 – Funding for Alliance for Economic Development with Craven County, City of Havelock, and Committee of 100
- $75,000 – Contract with Public Library for annual funding
- Non-contractual appropriations have been reduced by 50%.
- Funding for ward appropriations remain at $1,000 each.
- $2,000 – Property the City could decide to accept from a delinquent taxpayer in lieu of the taxpayer paying the taxes due
- $2,000 – Christmas decorations for City committee responsible for decorating City Hall
- $2,500 – Payment of any OSHA fines, if assessed
- $100,000 – Community Development: $15,000 designated for Code Red emergency system, $75,000 designated for Pollock St./Queen St. Fountain project, and $10,000 in undesignated funds for special projects that may arise during the year as authorized by the City Manager

PEG

- $4,000 – PEG services for Video on Demand and live streaming
- $34,000 – PEG production services and video services for contractors beyond in-house staff
- $6,150 – Software and hardware maintenance

Development Services

- No capital expenditures are budgeted for fiscal year 2014/15
- $15,000 - For implementation assistance for various community and economic development plans

Finance

- $35,600 – Cost of annual financial audit
- $13,500 – Outside Professional Services includes: $5,000 for General Obligation bond-related consultation expenses, $3,500 for IRS debt arbitrage analysis, $500 for an actuarial study for separation allowance and $4,500 for the OPEB Study, which are required for the Comprehensive Annual Financial Report
- $15,750 – Motor Vehicle Collection Fee (moved to Accounting from Tax in FY15 as a result of the tax collections moving to the County)

- $127,915 – Ad Valorem & Short-term Lease Collection Fees (moved to Accounting from Tax in FY15 as a result of the tax collections moving to the County)
- $2,220 - Replacement of Stair-climbing Hand Truck
- $59,000 - Disaster Recovery Backup to the Cloud
- $50,000 - O365 Cloud Email Solution that will provide a more efficient and scalable email platform
- $15,000 - OTDR Fiber Tester - This will replace end-of-life fiber testing equipment.
- $71,000 - Upgrade End-of-Life Phone System (DEC 2014)
- $19,000 - Create Test Platform and associated systems. This is needed to test application deployment and develop new systems.

Fire

- $30,600 - Turn-out gear for career firefighters (to ensure NFPA compliance of 3-year rotation)
- $19,000 - Turn-out gear for volunteer firefighters (to ensure NFPA compliance of 3-year rotation), in addition to other uniforms and equipment
- $16,500 - OSHA and NFPA required medical exams for career firefighters
- $15,000 - Portable radios (5 @ $3,000)
- $10,500 - Computer replacements as recommended by IT Department (5 @ $2,100)
- $9,600 - Security cameras for Station #2 (Thurman Road) and Station #4 (Elizabeth Avenue)
- $8,000 - Repairs/maintenance to fire pumps and apparatus including valves, gauges, etc.
- $7,000 - Fire protection contracts with Township #7 Fire & Rescue for Stillwater Harbor Development ($3,500), and Tri-Community Volunteer Fire Department for Bridgeton area ($3,500)
- $5,500 - Rescue equipment
- $4,600 - Service contracts for preventive maintenance inspections on fire apparatus
- $4,000 – OSHA-required SCBA repair parts and maintenance
- $3,600 - Firehouse annual software maintenance
- $3,000 - Education programs presented to 6,000 children in city public/private schools and daycare centers teaching fire escape techniques and survival skills
- $3,000 - Fire equipment and pump repair parts (nozzles, filters, etc.)
- $3,000 – Positive Pressure Ventilation (PPV) Fan
- $32,500 – Self-Contained Breathing Apparatus (SCBA) – (5 @ $6,500) – Phase out older models due to difficulty in finding replacement parts and replace with the 2013 Standard models

Human Resources

- $2,100 – Increase in Dues and Subscription is due to increase in cost for Employment Law related publications. This line will also be used to pay for Safety Council Membership which will allow the Safety Officer access to beneficial resources in addition to reduced Safety Council sponsored training costs.
- $7,895 – Slight increase in I/T line request due to recommended purchase of replacement computers (Assistant Director of HR and HR laptop)

Parks & Recreation

- Introduction of electronic registration and reservation system
- Anticipation of the following grant opportunities:
  - National Trail grant ($35,000 local match)
  - Playground additions & improvements grants ($25,000 local match)
- Continue to work with consultant regarding anticipated grant application for expansion project
- Improve parking lot lighting
- $26,000 – Install new bleachers for the gymnasium
- Continue community outreach initiatives to other organizations and local churches
- $45,436 – Request of a mini-bus for use in various programs and events
- Continue the improvements and additions to the City's landscaping
- Continue the improvements of the appearance and management of City cemeteries
- Begin the execution of segments of the recently updated park comprehensive master plan
- $32,500 - Request the continuation of the department's paving program
- $15,000 - Request equipment for City cemeteries
- $15,000 - Request for "misting" equipment at Pleasant Hill Park, for neighborhood children
- Continue revenue streams i.e.; increase tournament play

Police

- Increase in Medical Professional Services to comply with OSHA regulations
- $5,000 - to replace aging Police K9
- $24,233 - (11%) decrease in S & M Contracts – IT Equipment
- $22,757 - (23%) increase in S & M Contracts – Communication Equipment to maintain service contract for equipment no longer under warranty
- $6,765 - (127%) increase in ammunition to replenish depleted ammo supply at an elevated cost.
- $761,355 - for new police vehicles (including equipment) to replace 20 aging vehicles ranging from model year 2001 to 2004
- $22,000 - Digital Video/Audio Recording System (CIS).
- $18,000 - Backup UPS (Windhill Tower) which reached end of life this year
- $93,200 - Mobile 10 Upgrade (MDC)
- $27,500 - Windhill Building Repairs (911 Center Backup)

Public Works

- Replacement of (3) computers
- $23,820 – Yearly maintenance contract for Tyler solutions work order and asset management system
- Insurance providers are estimating no significant increases in premiums. Budgeted projections have been adjusted to compensate for last year's volatile increases due to significant weather related claims across the nation affecting insurance rates.
- Reduction in operating costs due to more in-house repairs citywide
- Some escalation in costs of tires and fuel expected

- $6,850 – Addition of 12,000 lb. vehicle lift to increase in-house repair capability and reduce outside repair charges
- $175,000 – Maintenance and repairs to city facilities
- $67,000 – Cleaning services for multiple properties
- $78,150 – Contractual obligations for record storage and generator preventative maintenance services
- $25,000 – Relocation of Dunn Building Employees
- $500,000 – Implement street resurfacing contract
- $165,000 – Alfred Cunningham Bridge operations
- $45,000 – Flat Bed Truck
- $65,000 – Heavy Duty Service Truck with Crane for Heavy Equipment Mechanic
- $35,000 – Pick-Up Truck
- $4,700 – Inmate service contract with Carteret Correctional facility in Newport, NC
- $365,000 – Tub Grinder to replace existing tub grinder that is nearing end-of-life. Critical to daily operations.
- Residential refuse collection provided by GDS. Rate expected to increase this year per contract due to CPI-U index of 1.7.
- Commercial refuse collection provided by Waste Industries. Rate expected to increase this year per contract due to CPI-U index of 1.7.
- No increases expected from CRSWMA for refuse disposal

Water Fund

	Adopted Budget FY2011-12	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15
Revenues:				
Charges for Sales & Service	10,530,481	10,649,200	10,655,000	10,250,500
Capital Recovery Fee	0	118,800	0	0
Connection Fees	200,000	18,465	15,400	30,000
Investment Earnings	3,500	3,500	3,500	1,700
Miscellaneous Revenue	2,000	2,500	2,500	2,500
Interfund Reimbursements	270,550	291,596	146,174	147,339
Interfund Transfer - Sewer	160,000	160,000	114,396	0
Proceeds from Debt Issuance	0	0	242,700	225,570
Fund Balance	0	80,627	480,275	0
Total Water Fund Revenues	$ 11,166,531	$ 11,324,688	$ 11,659,945	$ 10,657,609

Expenses:				
Water Resources Administration	551,806	590,379	584,694	592,693
Water Treatment	2,057,967	2,138,182	2,301,550	2,114,739
Water Distribution Maintenance	3,116,786	3,530,345	3,139,396	2,965,502
Debt Service	2,938,091	2,785,853	2,867,424	2,869,590
Charges for Shared Services	1,809,502	2,043,211	1,632,866	1,572,825
Interfund Transfer - General	220,000	236,718	1,134,015	542,260
Interfund Transfer - Sewer	0	0	0	0
Interfund Transfer - Other	0	0	0	0
Transfer to - Fund Balance	0	0	0	0
Contingency	472,379	0	0	0
Total Water Fund Expenses	$ 11,166,531	$ 11,324,688	$ 11,659,945	$ 10,657,609
# of Positions Funded	44	48	48	48

FY 14-15 Recommended Budget Highlights
Water Fund

- $475,000 – Utilities for the operation of the new water treatment plant and (20) production wells
- $355,000 – Chemicals for water treatment and lab testing to meet State and Federal regulations
- $147,100 – Service and maintenance of (6) elevated water tanks and (3) ground storage tanks
- $50,000 – Repair, replacement, and installation of water meters and meter boxes
- $20,000 – Contract lab analysis, proficiency samples, equipment calibration
- $52,500– Repair and maintenance of existing pump and well component
- $26,000 – Pickup Truck Replacement
- $12,000 – Utility Vehicle Replacement
- $145,000 – Utilities required for system components and operations facility
- $33,250 – Repair and maintenance of operational equipment; backhoes, excavators, pumps, air compressors
- $9,500 – Repair and maintenance of the telemetry system
- $33,250 – Temp. seasonal help to maintain utility easements per State requirements
- $81,798 – Rent for Kale Road property
- $37,500 – NC One Call and contract locating services
- $200,000 – Various water system improvements
- $89,770 – Rubber Tire Backhoe – Replacement
- $10,350 – Piercing Tool - Replacement
- $109,800 – (3) Pickups – Replacement

Sewer Fund

	Adopted Budget FY2011-12	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15
Revenues:				
Charges for Sales & Service	10,927,800	11,102,300	11,140,500	10,986,000
Capital Recovery Fee	0	326,100	0	0
Connection Fees	350,000	91,190	88,300	46,550
Investment Earnings	700	1,000	1,000	1,000
Miscellaneous Revenue	1,500	1,500	3,000	3,000
Trent Woods	637,724	618,856	599,988	581,118
Interfund Transfer - Water	0	0	0	0
Proceeds from Debt Issuance	925,000	929,000	551,500	159,800
Fund Balance	0	0	739,110	0
Total Sewer Fund Revenues	$12,842,724	$13,069,946	$13,123,398	$11,777,468
Expenses:				
Sewer Treatment	2,605,456	2,818,237	2,835,484	2,741,631
Sewer Collection System Maint	5,577,959	5,007,711	3,267,095	3,189,392
Debt Service	2,353,426	2,332,382	3,402,611	3,136,441
Charges for Shared Services	2,065,035	2,325,370	1,698,904	1,693,626
Interfund Transfer - General	0	0	1,804,908	382,413
Interfund Transfer - Water	160,000	545,782	114,396	0
Interfund Transfer - Other	0	0	54,325	299,502
Transfer to - Fund Balance	0	0	0	334,463
Contingency	80,848	40,464	0	0
Total Sewer Fund Expenses	$12,842,724	$13,069,946	$13,123,398	$11,777,468
# of Positions Funded	42	37	35	34

FY 14-15 Recommended Budget Highlights
Sewer Fund

- $608,500 – Utilities required for operating pumps, blowers, heaters, and other miscellaneous equipment
- $289,000 – Chemicals required for treatment process to meet State & Federal regulations
- $126,900 – Outside lab testing & calibration of laboratory and monitoring equipment to comply with State & Federal regulations; repair of lagoon walls at NB7 WWTP
- $50,000 – WWTP Operating Pumps – Replacement
- $380,000 – Utilities required to run 111 sanitary sewer lift stations and operations facilities
- $21,000 – Repair and maintenance of operational equipment; backhoes, excavators, pumps, air compressors
- $62,000 – Repair and maintenance of sanitary sewer lift stations

- $24,000 – Repair and maintenance of Air-Vac sewer stations
- $32,000 – NC One Call and contract locating services
- $285,000 – Pumps and accessories for Township No. 7 STEP System
- $75,000 – Control panels for Township No. 7 STEP System
- $95,000 – Pipe and fittings for Township No. 7 STEP System
- $250,000 – Lift Station Rehabilitation Projects
- $ 86,600 – 200 KW Generator - Replacement
- $ 69,200 – (2) Pickup – Replacement
- $ 17,800 – Trench Box and Trailer
- $ 10,600 – Mower

Electric Fund

	Adopted Budget FY2011-12	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15
Revenues:				
Charges for Sales & Service	61,825,803	62,523,153	62,506,701	61,976,081
Investment Earnings	2,000	2,000	2,000	2,000
Miscellaneous Revenue	70,000	64,541	73,869	73,869
Interfund Reimbursements	722,252	809,694	715,848	625,453
Proceeds from Debt Issuance	160,000	0	134,098	394,722
Fund Balance	0	0	0	0
Total Electric Fund Revenues	$62,780,055	$63,399,388	$63,432,516	$63,072,125
Expenses:				
Electric Administration	753,386	817,403	798,944	782,519
Utility Billing	427,069	447,667	490,752	0
Utility Service	1,143,822	1,289,738	758,927	0
Distribution O & M	4,380,099	4,748,665	4,812,179	4,967,415
Power Supply	48,483,701	48,864,097	48,356,119	47,558,637
Communications Control	278,553	389,724	392,958	472,634
Utility Business Office	1,012,951	1,083,978	1,165,213	2,386,618
Debt Service	0	0	851,748	1,031,088
Charges for Shared Services	3,909,725	3,677,721	2,225,791	2,392,434
Interfund Transfer - General	1,711,100	2,053,588	3,517,153	3,407,951
Contingency	679,649	26,808	62,732	72,829
Total Electric Fund Expenses	$62,780,055	$63,399,388	$63,432,516	$63,072,125
# of Positions Funded	84	85	84	84

FY 14-15 Recommended Budget Highlights
Electric Fund

- $150,000 - Replacement of underground river crossing cable
- $204,000 - Replacement of Directional Boring Machine
- $40,000 - Replacement of one utility truck
- $50,000 - New Equipment Shed
- $56,000 - Vacuum Machine for Directional Boring
- $122,800 – Miscellaneous other services for lockbox, online banking payment processing, bill and customer newsletter printing, and electronic bill payment and presentment services to facilitate expeditious and efficient service. Community involvement and outreach communications programs are also funded from this line item.
- $10,000 - IT Supplies data switch unit/cabling for move of billing staff (5) to 1st floor for better customer service
- $7,500 - Repairs & Maintenance Buildings for office area and entrance improvements for improved service
- $3,600 - S & M Contracts-Office Equipment for GPS (15) fleet mgt. tracking services to improve field work efficiency

Stormwater Fund

	Adopted Budget FY2011-12	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Budget FY2014-15
Revenues:				
Charges for Sales & Service	75,000	764,316	690,000	690,000
Proceeds from Debt Issuance	0	0	40,000	40,000
Total Stormwater Fund Revenues	$ 75,000	$ 764,316	$ 730,000	$ 730,000
Expenses:				
Stormwater	75,000	744,379	642,033	591,436
Debt Service	0	0	73,176	79,035
Charges for Shared Services	0	0	0	59,529
Contingency	0	19,937	14,791	0
Total Stormwater Fund Expenses	$ 75,000	$ 764,316	$ 730,000	$ 730,000
# of Positions Funded	0	5	5	5

FY 14-15 Recommended Budget Highlights
Stormwater

- $140,000 – Construction improvement projects of poorly performing drainage infrastructure
- $40,000 – 1-Ton Pick-up truck to replace aging vehicle previously disposed of by another department of the City

Conclusion

Sound financial decision making is at the heart of fiscal control and responsibility. The executive budget team and I have made this a top priority in completion of this budget. It is imperative that the executives of the City act as good stewards of the public's money by using these funds as outlined above to provide high quality service at the lowest rate. I feel strongly that we have accomplished this task by submission of this FY15 budget and look forward to the bright days ahead as the "new dawn" crests the horizon ahead.

Respectfully submitted,

Mark A. Stephens, PE
Interim City Manager