

April 28, 2015

*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, 2015 and ending June 30, 2016 (FY16). This balanced budget represents months of hard work and effort by the staff coupled with the vision and decision-making efforts of our Board of Aldermen. As you will see outlined in this message, this budget year proves to be a very exciting one for New Bern. Revenue projections as provided by the North Carolina League of Municipalities are trending upward again at a very impressive rate. Home sales in New Bern are up, sales taxes are up, new businesses are coming to New Bern, existing businesses are expanding and hiring new employees, and interest in our City from outsiders, both residentially and commercially, is on the rise. Each of these listed items point to very positive indications for growth in our community going into FY16.*

*Taking the Board's direction from our February 2015 retreat, an emphasis has been placed on the economic growth of our City. Staff has identified several projects that could help spur growth in corridors where future growth in our City is expected and in others where reinvestment would help transform blight and dilapidation with vibrant neighborhoods. With economies rebounding and interest in New Bern renewed and on the rise, coupled with the City's focus on economic growth, we will stand fully prepared to accept growth with open arms. Embracing this inevitable change will allow us to wisely build upon the successes of years past to create a New Bern in the future that is more appealing and desired as a place people want to live, work, and visit while maintaining our historic character and small-town charm.*

*At the request of the Board of Aldermen, staff was asked to evaluate the possibility of a rate reduction in the enterprise funds. As presented in November 2014 at the Board's work session, the budget presented herein provides for utility rate reductions in each of the Electric (3%), Water (6%), and Sewer (4.5%) Funds. Also, at the printing of this budget document, the possible end is near regarding the potential sale of NCEMPA's share of assets for power generation. This is a contract that the City of New Bern and the other 31 municipalities of NCEMPA have been locked into since October 1981. The sale of these assets could create very positive impacts on the electric rates for the City of New Bern and further support economic development opportunities. While the debt associated with ownership of our share of the assets will not be completely paid in full should the asset sale be completed, the rates will be positively impacted due to a very large amount of the debt burden being removed from NCEMPA members. The*

*budget presented herein does not account for the asset sale at this time. However, upon the closing of the sale, a rate analysis will be performed and further reductions beyond the proposed 3% reduction in electric rates should be realized. Staff will bring forward to the Board of Aldermen an amendment to the rate schedule and budget amendments will be made accordingly to reflect the new rate structure.*

## **Detailed highlights of the FY 16 budget**

- *Personnel – At the direction of the Board of Aldermen, the City Manager was asked to perform an analysis to potentially reduce rates in our Enterprise Funds and look at our current staffing levels and evaluate positions that were vacant for long periods. This was presented to the Board of Aldermen at our November 2014 work session. At that time, many of the aforementioned positions were frozen and will remain that way for FY16. This year's recommended budget reflects a total of 453 funded positions. This is down from 477 last year, a 5% reduction. Detail of these reductions can be seen in the tables to follow. Also, maintaining competitive salaries with similar sized municipalities and in keeping with the salary study that was completed in 2012, a merit based salary increase has been incorporated in this fiscal budget. The proposed salary increases will continue to use the banding methodology that speeds up the time of which employees reach the midpoint of the salary grade. This is done so that employees are not lost to other employers due to pay after the City has invested in their training and professional development. The proposed salary increases would not have been possible if not for the efforts of staff during this year's budget process. The increases are budgeted for and scheduled to take effect in August 2015 after staff has been evaluated for performance during the month of July. The last salary increase for City employees occurred in October 2013.*
- *Utility Rate Reductions – As mentioned previously, a rate reduction was evaluated and proposed at the November 2014 Board of Aldermen work session. This proposal was closely evaluated by staff to ensure that our revenue bond covenants would not be affected adversely based on a rate reduction. Rate reductions are not a sustainable model in most cases due to the rising cost of materials and supplies, personnel, and debt associated with capital purchases. Most rate analyses that are performed internally and with consulting firms will recommend that rates should remain level or rise slightly every year to keep up with the cost to operate the utility. However, staff performed a very detailed analysis of each utility to determine if reductions were possible. The FY16 budget*

*reflects these efforts and proposes a reduction in all three of the major Enterprise Funds for FY16. The following are the proposed rate reductions: Electric – 3%, Water – 6%, and Sewer – 4.5%. It is recommended that the staff and Board continue to closely monitor these rates to ensure that the financial health of each fund is maintained and our bonds are protected from covenant faults. If any of these situations were to occur, rate increases would be required based on the formal fund balance policies now in place.*

- *Street Resurfacing/Powell Bill – \$694,404 has been budgeted for in Public Works to resurface and perform repairs on 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 \$694,404 will provide for some much needed infrastructure improvements to our streets, the City may want to consider a bond in the future for street improvements. Many municipalities across the state utilize this method to generate revenue to offset the debt service taken on by large capital projects. It is recommended that the City develop a goal or formalized policy regarding the condition of our street infrastructure and budget accordingly each year to maintain a healthy street system. Staff has already been working on developing a schedule for resurfacing that project out costs several years ahead to ensure that we are keeping up with the maintenance of the street system in an appropriate manner. Also, steps are being taken to rate the City's street system on a regular basis to ensure that the funds being spent on street improvements are based on objective inspection of street conditions.*
- *Public Safety Vehicles – There is \$896,809 in the Police budget for twenty new police cruisers and related equipment for up-fitting the 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 deferrals of the replacement of fleet vehicles have led to a continued need for replacements needed in this budget year. After this year's purchases, staff feels that the City will be back on schedule and can replace cruisers at a more moderate rate.*
- *Township 7 Sewer System Improvements – The proposed budget provides \$525,000 in the Sewer Fund for sewer system improvements in the Township 7 area. These improvements fall on the heels of the Board approved policy reducing the restrictions on development in the Hwy 70 corridor in Township 7. These improvements will provide great benefit to the City and its sewer utility customers. Reduction of maintenance costs to the system,*

*improvement in the systems' operational efficiency, and promotion of further economic development opportunities in an area where it was not possible are just a few of the foreseeable benefits of this project. With economic development, revenues from sales tax and ad valorem tax should be realized from the investment in this infrastructure.*

*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.*

**Summary – General Fund Revenues**

General Fund Revenues	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16	% Change FY2014-15 FY2015-16
Ad Valorem Taxes	\$ 12,930,000	\$ 12,945,500	\$ 13,291,982	2.68%
Sales Taxes	\$ 5,082,000	\$ 5,025,000	\$ 5,971,406	18.83%
Intergovernmental Revenues	\$ 3,199,500	\$ 3,156,600	\$ 3,625,748	14.86%
Other Taxes & Fees	\$ 397,100	\$ 397,100	\$ 138,600	-65.10%
Interest Earnings	\$ 14,500	\$ 14,500	\$ 10,000	-31.03%
Miscellaneous Revenues	\$ 439,473	\$ 463,778	\$ 476,044	2.64%
Interfund Reimbursements	\$ 4,172,900	\$ 4,426,515	\$ 2,683,636	-64.94%
Interfund Transfers & Transfer Supports	\$ 5,004,146	\$ 4,108,059	\$ 3,943,541	-6.68%
Police Revenues	\$ 216,577	\$ 199,538	\$ 212,900	6.70%
Fire Revenues	\$ 27,604	\$ 27,341	\$ 27,680	1.24%
Recreation Revenues	\$ 201,107	\$ 201,107	\$ 195,100	-2.99%
Permits & Fees	\$ 522,068	\$ 384,753	\$ 398,358	3.54%
Public Works Revenues	\$ 130,000	\$ 141,000	\$ 115,000	-18.44%
Refuse Collection Fees	\$ 2,725,000	\$ 2,725,000	\$ 2,462,000	-9.65%
Proceeds from Debt Issuance	\$ 1,816,774	\$ 1,601,201	\$ 1,214,409	-24.15%
Fund Balance Appropriated	-	\$ -	\$ -	
<b>TOTAL REVENUES</b>	<b>\$ 36,878,749</b>	<b>\$ 35,816,994</b>	<b>\$ 34,766,404</b>	<b>-2.93%</b>

**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	2014-2015 Tax Rate	Change Increase/ (Decrease)	Total Valuation Fiscal Year End June 30, 2014	Latest Evaluation	Estimated Collection Percentage	Estimated Annual Ad-Valorem
Greenville	0.540	\$0.02	\$5,733,195,224	2012	99.02%	\$30,655,854
Goldsboro	0.650	-	\$2,303,892,425	2011	97.51%	\$14,602,416
Kinston	0.660	-	\$1,497,625,685	2009	96.62%	\$9,550,239
Washington	0.500	-	\$859,922,649	2010	96.17%	\$4,134,938
Havelock	0.485	\$0.02	\$952,543,030	2010	99.50%	\$4,596,735
Wilmington	0.460	\$0.01	\$12,933,092,128	2012	98.62%	\$58,671,231
Wilson	0.515	-	\$4,061,047,676	2008	97.81%	\$20,456,370
New Bern	0.410	-	\$3,197,305,926	2010	98.83%	\$12,955,580

**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	FY12-13 Funded Positions	FY13-14 Funded Positions	FY14-15 Funded Positions	FY15-16 Funded Positions
Governing Board	1	1	1	1
Administration	4	4	4	4
Information Technology	8	8	8	7
Accounting	10	10	10	9
Warehouse	4	4	4	3
Tax	3	1	0	0
Human Resources	5	6	6	5

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Police	112	112	116	109.5
Fire	67	67	67	67
Recreation Administration	2	2	2	3
WNB Recreation	5	5	5	4
SWC Recreation	4	4	4	4
Parks & Grounds	14	14	14	13
Athletics	3	3	3	3
Development Services	17	17	17	15
PW Administration	3	3	3	3
Garage	4	4	4	4
Public Buildings	6	6	6	6
Streets	25	25	25	21
Leaf & Limb	7	7	7	7
<b>General Fund Total Positions:</b>	<b>304</b>	<b>303</b>	<b>306</b>	<b>288.5</b>

	<u>FY12-13 Funded Positions</u>	<u>FY13-14 Funded Positions</u>	<u>FY14-15 Funded Positions</u>	<u>FY15-16 Funded Positions</u>
<b>Enterprise Funds</b>				
Water Resources Admin	7	7	7	7
Water Treatment	11	11	11	11
Water System Maintenance	30	30	30	27
Water Fund Total Positions:	48	48	48	45
Sewer Treatment	21	21	20	19
Sewer System Maintenance	16	14	14	12
Sewer Fund Total Positions:	37	35	34	31
Electric Administration	7	7	7	6
Electric Distribution	32	36	36	34

Power Supply	4	4	4	3
Utility Control	6	6	7	7
Utility Business Office	16	16	30	29
<b>Electric Fund Total Positions:</b>	<b>85</b>	<b>84</b>	<b>84</b>	<b>79</b>
Stormwater	5	5	5	6
<b>Stormwater Fund Total Positions:</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>

	<u>FY12-13</u> <u>Funded</u> <u>Positions</u>	<u>FY13-14</u> <u>Funded</u> <u>Positions</u>	<u>FY14-15</u> <u>Funded</u> <u>Positions</u>	<u>FY15-16</u> <u>Funded</u> <u>Positions</u>
<b>Other Funds</b>				
E911 Fund Positions	2	2	2	1.5
MPO Positions	0	0	0	2
<b>Total Other Funds</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3.5</b>

<b>SUMMARY OF ALL FUNDS</b>				
<b>General Fund Total Positions</b>	<b>304</b>	<b>303</b>	<b>306</b>	<b>288.5</b>
<b>Water Fund Total Positions</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>45</b>
<b>Sewer Fund Total Positions</b>	<b>37</b>	<b>35</b>	<b>34</b>	<b>31</b>
<b>Electric Fund Total Positions</b>	<b>85</b>	<b>84</b>	<b>84</b>	<b>79</b>
<b>Stormwater Fund Total Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>
<b>Other Funds Total Positions</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3.5</b>
<b>Total All Funds</b>	<b>481</b>	<b>475</b>	<b>477</b>	<b>453</b>

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Power Supply	4	4	4	3
Utility Control	6	6	7	7
Utility Business Office	16	16	30	29
<b>Electric Fund Total Positions:</b>	<b>85</b>	<b>84</b>	<b>84</b>	<b>79</b>
Stormwater	5	5	5	6
<b>Stormwater Fund Total Positions:</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>

	<u>FY12-13 Funded Positions</u>	<u>FY13-14 Funded Positions</u>	<u>FY14-15 Funded Positions</u>	<u>FY15-16 Funded Positions</u>
<b>Other Funds</b>				
E911 Fund Positions	2	2	2	1.5
MPO Positions	0	0	0	2
<b>Total Other Funds</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3.5</b>

<b>SUMMARY OF ALL FUNDS</b>				
General Fund Total Positions	304	303	306	288.5
Water Fund Total Positions	48	48	48	45
Sewer Fund Total Positions	37	35	34	31
Electric Fund Total Positions	85	84	84	79
Stormwater Fund Total Positions	5	5	5	6
Other Funds Total Positions	2	2	2	3.5
<b>Total All Funds</b>	<b>481</b>	<b>477</b>	<b>479</b>	<b>453</b>

**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 FY2014-15	FY2015-16	% Change
General	\$ 35,816,994	\$ 34,766,404	-2.93%
Water	\$ 10,657,609	\$ 10,008,967	-6.09%
Sewer	\$ 11,777,468	\$ 11,701,535	-0.64%
Electric	\$ 62,977,125	\$ 61,406,953	-2.49%
Stormwater	\$ 730,000	\$ 750,000	2.74%
Community Development	\$ 15,000	\$ 15,000	0.00%
Emergency Telephone (E911)	\$ 288,196	\$ 319,212	10.76%
Employees' Benefit Insurance	\$ 6,978,709	\$ 6,528,106	-6.92%
Grants	\$ 465,795	\$ 61,800	-86.73%
Municipal Service District	\$ 258,860	\$ 274,035	5.86%
Police Special Revenue	\$ 59,610	\$ 81,795	37.22%
Public-Private Partnerships	\$ 15,000	\$ 0	-100.00%
Sewer Capital Reserve	\$ 387,850	\$ 525,000	35.36%
Water Capital Reserve	\$ 277,500	\$ 193,475	-30.28%
Rate Stabilization Fund	\$ -	\$ -	-
Sewer Debt Service Reserve Fund	\$ 299,502	\$ 299,502	0.00%
MPO Plan Grant Fund	\$ -	\$ 229,500	
<b>TOTAL ALL FUNDS</b>	<b>\$ 131,005,218</b>	<b>\$ 127,161,284</b>	<b>-2.93%</b>

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	General Fund			
	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16
<b>Revenues:</b>				
Ad Valorem Taxes	12,680,500	12,930,000	12,945,500	13,291,982
Sales Taxes	5,000,600	5,082,000	5,025,000	5,971,406
Intergovernmental Revenues	3,181,020	3,199,500	3,156,600	3,625,748
Other Taxes & Fees	397,100	397,100	397,100	138,600
Investment Earnings	15,900	14,500	14,500	10,000
Miscellaneous Revenue	421,479	439,473	463,778	476,044
Interfund Reimbursements	6,422,373	4,172,900	4,426,515	2,683,636
Interfund Transfers & Transfer Supports	2,676,087	5,004,146	4,206,945	3,943,541
Proceeds from Debt Issuance	878,130	1,816,774	1,601,201	1,214,409
Police Revenues	216,577	216,577	199,538	212,900
Fire Revenues	24,637	27,604	27,341	27,680
Recreation Revenues	121,108	201,107	201,107	195,100
Permits and Fees	611,595	522,068	384,753	398,358
Refuse Collection Fees	2,116,000	2,725,000	2,725,000	2,462,000
Public Works Revenues	221,000	130,000	141,000	115,000
Fund Balance Appropriated	0	0	0	0
<b>Subtotal General Fund Revenues</b>	\$ 34,984,105	\$ 36,878,749	\$ 35,915,878	\$ 34,766,404
Grants and Gifts	0	0	0	0
<b>Total General Fund Revenues</b>	\$ 34,984,105	\$ 36,878,749	\$ 35,915,878	\$ 34,766,404
<b>Expenses:</b>				
General Government	1,535,704	1,598,167	1,454,814	2,997,171
Finance	2,955,074	3,354,114	2,980,396	1,168,858
Human Resources	469,405	574,046	568,565	522,021
Police	10,381,358	10,112,569	10,731,276	10,556,213
Fire and Fire Volunteers	6,064,484	6,599,124	5,875,475	6,074,902
Parks & Grounds	3,196,136	3,321,799	3,322,388	3,185,499
Development Services	1,731,416	1,886,244	1,643,991	1,631,399
Public Works	8,224,865	9,160,340	9,065,051	8,400,422
Charges for Shared Services	110,863	110,693	113,922	123,375
Interfund Transfers & Transfer Supports	224,574	0	0	0
Contingency	90,228	161,483	160,000	106,542
<b>Subtotal General Fund Expenses</b>	\$ 34,984,105	\$ 36,878,749	\$ 35,915,878	34,766,404
Grant Programs	0	0	0	0
<b>Total General Fund Expenses</b>	\$ 34,984,105	\$ 36,878,749	\$ 35,915,878	34,766,404
 # of Positions Funded	 304	 303	 306	 288.5

**FY 15-16 Recommended Budget Highlights  
General Fund**

**General Administration**

- Funding for new position of Assistant City Manager
- \$1,200 – Travel and Training for each Board member
- \$52,625 – Dues and subscriptions to various organizations important to City business
- \$45,000 – Professional services used at the discretion of the City Manager
- \$40,000 – Postage for all outgoing City mail, excluding tax and utility bills
- Reductions in all non-contractual appropriations made per BOA direction
- \$20,000 – Funding for Craven Alliance
- \$75,000 – Funding for contractual obligation to Public Library
- Funding for ward appropriations remains at \$1,000 each
- \$2,000 – Christmas decorations
- \$25,000 – Community Development, \$15,000 for Code Red emergency system and \$10,000 in funds for special projects that may arise during the year as authorized by the City Manager

**PEG**

- \$24,000 – Professional services for filming and development of programming for PEG channel
- \$6,150 – Software and hardware maintenance for PEG channel

**Information Technology**

- Maintenance & Support Contracts – Contractual agreements will exist with various vendors to ensure that maintenance, repair and critical security updates are readily available for New Bern's IT systems. It will also ensure the availability of critical skill sets for the management of network perimeter security devices (firewalls), network infrastructure, databases and critical applications.
- Network Security – This budget also includes funding to improve the security posture of the network and to more efficiently and securely manage mobile devices, to include smartphones and tablets on the network.
- Financial system Enhancement – Banner will be upgraded to include a new user-friendly graphical interface, Document Imaging, and Employee Self Service capabilities. This will greatly improve the utility and efficiency of the system by providing the capability for end users to view invoices and other documentation directly inside of Banner, and to retrieve financial information from the system without assistance from HR, Accounting or Warehouse personnel.

## Development Services

- Operating costs have increased over FY14-15 due to major IT related upgrades, implementation of the Enterprise GIS program, and financial support to implement economic development goals and objectives

## Finance

- \$11,125 – Other Professional Services includes: \$5,000 for IRS debt arbitrage analysis; \$600 for the Government Finance Officers Association CAFR application fee; \$400 for an actuarial study for law enforcement officer separation allowance and \$5,125 for the OPEB actuarial study which are required for the CAFR
- \$127,500 – Ad Valorem & Short Term Lease Collection Fees
- \$15,000 – Temporary Services at the Warehouse

## Fire

- \$46,502 – Fire Department's portion of radio purchase
- \$28,000 – Personal Protection Equipment (turn-out gear) for career firefighters in accordance with NFPA's 3 year rotation standard
- \$21,000 – Semi-rugged laptops for apparatus (6 with vehicle docks)
- \$16,500 – OSHA & NFPA required medical exams for career firefighters
- \$12,000 – Stipends for Volunteer firefighters
- \$10,000 – Turn out gear, safety equipment, uniforms and supplies for Volunteer firefighters
- \$8,000 – Repairs and maintenance to all fire pumps and apparatus including valves, gauges, etc.
- \$7,000 – Fire protection contracts with Tri-Community Volunteer Department for Bridgeton area and No. 7 Twp. Fire & Rescue for Stillwater Harbor Development (Required by DOI being properties are over 5 miles from Fire Station)
- \$5,500 – Linen supplies/maintenance for all fire stations
- \$5,400 – Preventive maintenance service contracts on Sutphen Engines and Ladder apparatus
- \$5,000 – Miscellaneous confined space rescue equipment
- \$4,875 – Portable radio and pager batteries
- \$4,400 – Replacement of 4 PC's as recommended by IT
- \$4,000 – OSHA required SCBA parts and maintenance
- \$3,900 – Fire House software annual maintenance
- \$3,500 – Miscellaneous Urban Search & Rescue (USAR) equipment
- \$3,200 – Piston intake valves
- \$2,500 – Repairs and maintenance to Thermal Imaging Camera
- \$30,000 – Self-Contained Breathing Apparatus (SCBA) for on-going rotation program to ensure OSHA and NFPA compliance with current standards
- \$20,000 – Replace aging, outdated Thermal Imaging Cameras – on-going rotation program to ensure firefighters are equipped with the necessary equipment in emergency incidents in which normal visibility is compromised

- \$11,000 – Fire Department's portion of railroad cameras being installed from Bridge Point to South Glenburnie Road

## **Human Resources**

- \$6,200 – Increase in IT Eq (IT – Restricted Use Only) line is due to the need to purchase port switches as recommended by IT Staff. Also included are funds to purchase a replacement PC for the Human Resources Assistant

## **Parks & Recreation**

- The utilization of national procedural standards of operation (CAPRA) as well as "best practice" design standards that are available and recommended within the public parks and recreation industry
- Continued development of community programs and events, with emphasis given to fitness and well-being, community partnerships, and grants
- Continued maintenance of facilities using national standards (CAPRA) and "best practice" designs
- \$50,000 – Outdoor Lighting
- \$55,000 – Vehicle Replacement
- May extend morning aquatic center hours to general admission customers on some days; more special activities/events with partners
- Evaluating programs to improve cost recovery on programs and activities

## **Police**

- Current obligations & services is decreased by 9% due to a reduction in Telephone Services, Printing, R&M Building, R&M Vehicles and Central Garage Charges
- \$1,091,809 – Capital Funds will be utilized to purchase: Police vehicles and equipment, MorphoTrak upgrade for the fingerprint system, Access Control System to upgrade the building security, Railroad camera upgrade (cost shared with the FD), and other IT related purchases

## **Public Works**

- \$2,450 – New Computer for the Director of Public Works to replace one transferred to the City Manager
- \$4,650 – Three new iPads and data service for use with new work order system
- Insurance renewal rates have decreased this year by approximately 7%
- \$23,820 – Yearly Maintenance Contract for Tyler Technologies; Work Order System
- \$1,200 – One new computer for the garage mechanics
- Reduction in operation cost due to a higher level of in-house repairs
- \$110,000 – Maintenance and repairs to City Facilities
- \$60,000 – Cleaning service for City Facilities
- \$75,000 – Contractual obligations for record storage and generator preventative maintenance service
- \$14,000 – Replace carpet in Administrative side of Headquarters Fire Station as carpet is 15 years old and showing much wear and tear

- \$16,000 – Repair/replace front and rear door glass panels/windows at Elizabeth Avenue Fire Station to eliminate further energy loss
- \$694,404 – Implement street resurfacing contract
- \$165,000 – Alfred Cunningham Bridge operations
- \$8,750 – Four iPads and data service and one computer replacement
- \$28,912 – Radio Communication yearly fee for all of Public Works Department
- \$395,000 – Estimated electricity charge for street lights
- \$20,000 – Replace 2 traffic controllers and boxes
- \$6,000 – Roller for asphalt potholes attached to patch truck
- Reduction in operation cost through efficiencies
- \$150,000 had been added for the disposal of brown/white good (furniture, refrigerators, bikes, mattresses, etc.) In the past, this service had been provided by Craven County in exchange for the City accepting leaf and limb debris. Craven County has opted not to continue with the current arrangement and a new arrangement is being proposed.
- Residential refuse collection provided by GDS. Rates expected to increase this year per contract due to CPI-U Index of 0.8%
- No increase expected from CRSWMA

**Water Fund**

	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16
<b>Revenues:</b>				
Charges for Sales & Service	10,649,200	10,655,000	10,250,500	9,625,500
Capital Recovery Fee	118,800	0	0	0
Connection Fees	18,465	15,400	30,000	30,000
Investment Earnings	3,500	3,500	1,700	1,700
Miscellaneous Revenue	2,500	2,500	2,500	2,500
Interfund Reimbursements	291,596	146,174	147,339	151,236
Interfund Transfer - Sewer	160,000	114,396	0	0
Proceeds from Debt Issuance	0	242,700	225,570	0
Fund Balance Appropriated	80,627	410,531	0	198,031
<b>Total Water Fund Revenues</b>	<b>\$ 11,324,688</b>	<b>\$ 11,590,201</b>	<b>\$ 10,657,609</b>	<b>10,008,967</b>

<b>Expenses:</b>				
Water Resources Administration	590,379	584,694	592,011	604,943
Water Treatment	2,138,182	2,301,550	2,117,433	2,097,417
Water Distribution Maintenance	3,530,345	3,098,497	2,922,785	2,788,651
Debt Service	2,785,853	2,838,599	2,869,593	2,919,728
Charges for Shared Services	2,043,211	1,632,866	1,572,827	1,349,029
Interfund Transfer - General	236,718	1,134,015	317,695	249,199
Interfund Transfer - Sewer	0	0	0	0
Interfund Transfer - Other	0	0	0	0
Transfer to - Fund Balance	0	0	265,265	0
Contingency	0	0	0	0
<b>Total Water Fund Expenses</b>	<b>\$ 11,324,688</b>	<b>\$ 11,590,201</b>	<b>\$ 10,657,609</b>	<b>\$ 10,008,967</b>

# of Positions Funded	44	48	48	45
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**FY 15-16 Recommended Budget Highlights  
Water Fund**

- \$435,000 – Utilities for the operation of the WTP and (20) production wells
- \$300,000 – Chemicals for water treatment and lab testing to meet State and Federal regulations
- \$135,700 – Service and maintenance of (6) elevated water tanks and (3) ground storage tanks
- \$65,000 – Repair, replacement, and installation of water meters and meter boxes
- \$37,300 – Contract lab analysis, proficiency samples, equipment calibration

- \$58,000 – Repair and maintenance of existing pump and well components
- \$36,600 – Pickup Truck Replacement
- \$18,000 – Compact SUV Replacement
- \$145,000 – Utilities required for system components and operations facility
- \$33,250 – Repair and maintenance of operational equipment; backhoes, excavators, pumps, air compressors
- \$90,300 – Pipe, fitting, couplings used in the repair of existing water mains
- \$37,500 – NC One Call and contract locating
- \$250,000 – Various water system improvements
- \$32,000 – Pickup Truck Replacement
- \$150,000 – Maintenance Building Improvements

Sewer Fund

	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16
<b>Revenues:</b>				
Charges for Sales & Service	11,102,300	11,140,500	10,986,000	10,468,000
Capital Recovery Fee	326,100	0	0	0
Connection Fees	91,190	88,300	46,550	46,550
Investment Earnings	1,000	1,000	1,000	1,000
Miscellaneous Revenue	1,500	3,000	3,000	2,000
Trent Woods	618,856	599,988	581,118	562,250
Interfund Transfer - Water	0	0	0	0
Proceeds from Debt Issuance	929,000	551,500	159,800	525,000
Fund Balance Appropriated	0	430,051	0	96,735
<b>Total Sewer Fund Revenues</b>	<b>\$13,069,946</b>	<b>\$12,814,339</b>	<b>\$11,777,468</b>	<b>\$11,701,535</b>
<b>Expenses:</b>				
Sewer Treatment	2,818,237	2,835,484	2,378,598	2,706,911
Sewer Collection System Maint	5,007,711	3,307,994	3,219,954	3,724,477
Debt Service	2,332,382	3,052,653	3,136,445	3,108,776
Charges for Shared Services	2,325,370	1,698,904	1,693,627	1,495,194
Interfund Transfer - General	0	1,804,908	382,413	385,543
Interfund Transfer - Water	545,782	114,396	0	0
Interfund Transfer - Other	0	0	299,502	280,634
Transfer to - Fund Balance	0	0	334,463	0
Contingency	40,464	0	0	0
<b>Total Sewer Fund Expenses</b>	<b>\$13,069,946</b>	<b>\$12,814,339</b>	<b>\$11,777,468</b>	<b>11,701,535</b>

**FY 15-16 Recommended Budget Highlights  
Sewer Fund**

- \$611,500 – Utilities required for operating pumps, blowers, heaters, and other miscellaneous equipment
- \$301,000 – Chemicals required for treatment process to meet State and Federal regulations
- \$111,900 – Testing/calibration of lab equipment; contract monitoring; lagoon bank stabilization
- \$25,000 – Roof replacement on the WWTP digester building
- \$370,000 – Utilities required to operate 111 sanitary sewer lift stations and operations facilities

- \$45,000 – Repair and maintenance of operational equipment; backhoes, excavators, pumps, air compressors
- \$62,000 – Repair and maintenance of sanitary sewer lift stations
- \$155,000 – Rehabilitation/repair of sanitary sewer mains
- \$285,000 – Replacement/installation of pumps & accessories for the 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
- \$525,000 – TS7 Sewer Improvements Project
- \$250,000 – Rehabilitation of (2) sanitary sewer lift stations
- \$83,000 – Replacement of 200 KW Generator
- \$42,800 – Replacement of Telemetry Service Van
- \$20,000 – Hydraulic mower attachment
- \$12,800 – Light Tower

**Electric Fund**

	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16
<b>Revenues:</b>				
Charges for Sales & Service	62,523,153	62,506,701	61,976,081	60,305,444
Investment Earnings	2,000	2,000	2,000	2,000
Miscellaneous Revenue	64,541	73,869	73,869	82,565
Interfund Reimbursements	809,694	715,848	625,453	608,944
Proceeds from Debt Issuance	0	134,098	299,722	408,000
Fund Balance Appropriated	0	0	0	0
<b>Total Electric Fund Revenues</b>	<b>\$63,399,388</b>	<b>\$63,432,516</b>	<b>\$62,977,125</b>	<b>\$61,406,953</b>
<b>Expenses:</b>				
Electric Administration	817,403	798,944	783,929	711,485
Utility Billing	447,667	490,752	0	0
Utility Service	1,289,738	758,927	0	0
Distribution O & M	4,748,665	4,812,179	4,888,567	5,116,790
Power Supply	48,864,097	48,356,119	47,558,988	46,950,115
Communications Control	389,724	392,958	472,634	467,961
Utility Business Office	1,083,978	1,165,213	2,358,813	2,511,845
Debt Service	0	912,079	1,031,089	1,205,206
Charges for Shared Services	3,677,721	2,225,791	2,392,436	1,123,454
Interfund Transfer - General	2,053,588	3,517,153	3,407,951	3,308,799
Contingency	26,808	2,401	82,719	11,298
<b>Total Electric Fund Expenses</b>	<b>\$63,399,388</b>	<b>\$63,432,516</b>	<b>\$62,977,126</b>	<b>\$61,406,953</b>
 # of Positions Funded	 85	 84	 84	 79

**FY 15-16 Recommended Budget Highlights  
Electric Fund**

- Utilities – Expense increased by \$3500 due to Kale Road Property relocation
- \$45,000 – Replacement of U-3 1 – ton Crew Truck
- \$192,000 – Replacement of U-87 Bucket Truck
- \$166,000 – Replacement of O-5 Service Bucket Truck
- \$80,000 – Replacement of U-2 Backhoe
- \$50,000 – Replacement of U-83 Trencher

- \$18,000 – Replacement of Fiber Fusion Splicer
- \$100,000 – Replacement of SCADA equipment in Glenburnie and Trent Road Substations
- Communications Control utilities expense increased by \$1,500 due to Kale Road relocation
- \$102,000 – Temporary Help Services for contract work to help during staff vacancies and transition from field meter reading to (AMI) remote meter reading/remote service order business process technology
- \$122,800 – Miscellaneous Other Services for lockbox, online banking payment processing, bill and customer insert 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.
- \$3,600 – S&M Contracts – Office Equipment for GPS fleet management tracking services to improve field work efficiency
- \$50,000 – Replacement/upgrade of 2 vehicles from compact pickups to ½ ton trucks
- \$100,000 – Interior safety renovations and updating of Fort Totten facility. Project includes updated physical security, lighting, and customer focused aesthetic improvements based on APPA Organizational Check Up recommendations to model office area similarly to other public utility operations

Stormwater Fund

	Adopted Budget FY2012-13	Adopted Budget FY2013-14	Adopted Budget FY2014-15	Budget FY2015-16
<b>Revenues:</b>				
Charges for Sales & Service	764,316	690,000	690,000	670,000
Proceeds from Debt Issuance	0	40,000	40,000	80,000
<b>Total Stormwater Fund Revenues</b>	<b>\$ 764,316</b>	<b>\$ 730,000</b>	<b>\$ 730,000</b>	<b>750,000</b>
<b>Expenses:</b>				
Stormwater	744,379	642,033	591,436	609,989
Debt Service	0	73,176	79,035	83,247
Charges for Shared Services	0	0	59,529	57,764
Contingency	19,937	14,791	0	0
<b>Total Stormwater Fund Expenses</b>	<b>\$ 764,316</b>	<b>\$ 730,000</b>	<b>\$ 730,000</b>	<b>\$750,000</b>
# of Positions Funded	5	5	5	6

**FY 15-16 Recommended Budget Highlights  
Stormwater**

- \$60,657 – Stormwater Improvement Projects
- 2 iPads for Staff Engineer and LEO II to work with new work-order system
- \$80,000 – New Mini Excavator

**Conclusion**

*As with any budget, great thought and effort went into its creation. The contributing employees of the City dug deep to meet the goals of the Board of Aldermen and produce a budget that is financially sound and utilizes the public's money to its fullest potential. Each department evaluated their budgets in detail to reduce waste and utilize staff to its fullest potential to produce a budget that is nearly \$2.3 million lower than last year. By doing so, we are able to pass along to our customers the fruits of this labor through reduced rates in our enterprise funds, while maintaining a high level of customer service.*

*Less than five years ago, this City faced severely low balance reserves in all of our funds which prompted the Local Government Commission to issue notices of violation of fund balance reserve policies. Currently, the City has over 90 days of cash on hand in each of our major Enterprise Funds (Electric, Water, and Sewer) and over 35% reserves in the General Fund. This is a testament to this City's resolve to make financial accountability and prudent decision-making a focal point of the past few years' budgets. This diligence and effort of the Board of Aldermen and staff serves as the ultimate level of customer service to our citizens and should continue to be our mission from this day forward. As I stated in last year's budget message, it is imperative that the executives of the City act as good stewards of the public's money by using the funds contributed by our citizens to provide high quality service at the lowest rate. I strongly feel that we have done so with the submission of this budget, and staff will continue to seek efficiencies in the way we do business to ensure this for the future.*

*Respectfully submitted,*

*Mark A. Stephens, PE  
City Manager*