

# CITY OF HIGH POINT

## AGENDA ITEM



### **Title: Adoption of FY 2016-2017 Annual Budget**

**From:** Eric Olmedo, Budget Director

**Meeting Date:** June 6, 2016

**Public Hearing:** N/A

**Advertising Date:** N/A

**Advertised By:** N/A

**Attachments:** Budget ordinance and related documents

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### **PURPOSE:**

Consideration of an ordinance to adopt the FY 2016-2017 Annual Budget ordinance and associated fee schedules for the City of High Point.

### **BACKGROUND:**

Staff has worked in conjunction with the City Council and the City Manager to prepare the FY 2016-2017 Annual Budget. A series of budget meetings were held throughout the first few months of 2016. Budget meetings were held January 7th, January 21st, February 4th, February 18th, March 10th and March 17th. The City Council held a Strategic Planning retreat on March 22nd.

The Proposed Budget was presented to the City Council on Wednesday, May 11th. A public hearing on the Proposed Budget was held on May 16<sup>th</sup>. City Council held worksessions on May 18<sup>th</sup> and May 19<sup>th</sup>, and public comment was heard on May 19th.

Listed below are the ordinances and schedules necessary to adopt the 2016-2017 Budget:

- Budget ordinance for fiscal year 2016-2017
- NCMPA Electric Rate Rider RECR-1
- NCMPA REPS Retail Rate Rider
- Water/Sewer Rate Schedule

### **BUDGET IMPACT:**

n/a

### **RECOMMENDATION / ACTION REQUESTED:**

The Budget Department recommends and asks the Council to approve the budget ordinance and associated fee schedules.

**CITY OF HIGH POINT, NORTH CAROLINA**  
**Fiscal Year 2016-2017 Budget Ordinance**

BE IT ORDAINED BY THE CITY OF HIGH POINT, NORTH CAROLINA:

Section 1. The following amounts are hereby appropriated for the operation and maintenance of the City's various governmental departments and divisions for the Fiscal Year beginning July 1, 2016 and ending June 30, 2017:

(1) That for said fiscal year there is hereby appropriated out of the GENERAL FUND for general governmental operations the sum of:

\$ 106,453,058

(2) That for said fiscal year there is hereby appropriated out of the SPECIAL GRANTS FUND for purposes outlined within the various grant provisions, the sum of:

\$ 4,575,782

(3) That for said fiscal year there is hereby appropriated out of the COMMUNITY DEVELOPMENT FUND for purposes outlined within the grant, the sum of:

\$ 2,759,012

(4) That for said fiscal year there is hereby appropriated out of the ECONOMIC DEVELOPMENT FUND, the sum of:

\$ 757,000

(5) That for said fiscal year there is hereby appropriated out of the GENERAL DEBT SERVICE FUND for the payment of debt service charges on general obligation debt, the sum of:

\$ 8,993,524

(6) That for said fiscal year there is hereby appropriated out of the GENERAL CAPITAL PROJECTS FUND for the purpose of construction and/or acquisition of certain long-lived assets, the sum of:

Capital Projects	\$ 977,000
Transfer to Other Funds	180,000
	\$ <u>1,157,000</u>

(7) That for said fiscal year there is hereby appropriated out of the CENTRAL SERVICES FUND the following:

Fleet Services	\$ 12,320,347
Radio Repair Shop	1,644,985
Computer Replacement	734,384
	\$ <u>14,699,716</u>

(8) That for said fiscal year there is hereby appropriated out of the WATER and SEWER FUND the following:

Operations	\$ 26,845,984
Debt Service	18,446,217
Transfer to Capital Projects Fund	6,350,000
TOTAL WATER and SEWER FUND	\$ <u>51,642,201</u>

(9) That for said fiscal year there is hereby appropriated out of the WATER and SEWER CAPITAL PROJECTS FUND the following:

Water Sewer Capital Projects	\$ <u>6,350,000</u>
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(10) That for said fiscal year there is hereby appropriated out of the ELECTRIC FUND the following:

Operations	\$ 122,521,098
Capital Projects	9,531,000
TOTAL ELECTRIC FUND	<u>\$ 132,052,098</u>

(11) That for said fiscal year there is hereby appropriated out of the MASS TRANSIT FUND for the purpose of operating High Point's Transit System, the sum of:

\$ 4,411,793

(12) That for said fiscal year there is hereby appropriated out of the MASS TRANSIT CAPITAL PROJECTS FUND, the sum of:

\$ 560,000

(13) That for said fiscal year there is hereby appropriated out of the PARKING FACILITIES FUND for the purpose of operating City parking facilities, the sum of:

\$ 372,001

(14) That for said fiscal year there is hereby appropriated out of the SOLID WASTE FUND the following:

Operations	\$ 14,650,648
Capital Projects	1,921,000
TOTAL SOLID WASTE FUND	<u>\$ 16,571,648</u>

(15) That for said fiscal year there is hereby appropriated out of the STORM WATER FUND the following:

Operations	\$ 2,287,389
Debt Service	1,948,693
Capital Projects	1,322,100
TOTAL STORM WATER FUND	<u>\$ 5,558,182</u>

(16) That for said fiscal year there is hereby appropriated out of the MARKET AUTHORITY FUND, the sum of:

\$ 2,990,000

(17) That for said fiscal year there is hereby appropriated out of the INSURANCE RESERVE FUND, the sum of:

\$ 15,387,430

Section 2. It is estimated that the following revenues will be available during fiscal year beginning July 1, 2016 and ending June 30, 2017:

General Fund	
Ad Valorem Taxes	\$ 56,792,208
Sales & Use Taxes	26,532,500
Intergovernmental Revenues	9,846,723
Licenses & Permits	2,448,650
Charges for Services	4,562,362
Miscellaneous	2,715,000
Fund Balance Appropriated	3,555,615
Total Revenues and Other Financing Sources	<u>\$ 106,453,058</u>

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Grants Fund	
Intergovernmental Revenues	\$ <u>4,575,782</u>
Community Development Fund	
Intergovernmental Revenues	\$ <u>2,759,012</u>
Economic Development Fund	
Transfer From General Fund	\$ 75,000
Transfer From Electric Fund	400,000
Fund Balance Appropriated	<u>282,000</u>
Total Revenues and Other Financing Sources	\$ <u>757,000</u>
General Debt Service Fund	
Ad Valorem Taxes	\$ 3,121,202
Interest on Investments	80,000
Miscellaneous	529,631
Transfer from Other Funds	4,743,550
Fund Balance Appropriated	<u>519,141</u>
Total Revenues and Other Financing Sources	\$ <u>8,993,524</u>
General Capital Projects Fund	
Transfer from Other Funds	<u>1,157,000</u>
Total Revenues and Other Financing Sources	\$ <u>1,157,000</u>
Central Services Fund	
Charges for Services	8,212,543
Miscellaneous Revenues	5,774,674
Fund Balance Appropriated	<u>712,499</u>
Total Revenues and Other Financing Sources	\$ <u>14,699,716</u>
Water and Sewer Fund	
Charges for Services	\$ 48,663,135
Non-operating Revenues	717,000
Retained Earnings Appropriated	<u>2,262,066</u>
Total Revenues and Other Financing Sources	\$ <u>51,642,201</u>
Water and Sewer Capital Projects Fund	
Transfer from Water and Sewer Fund	\$ <u>6,350,000</u>
Electric Fund	
Charges for Services	\$ 131,613,098
Non-operating Revenues	239,000
Retained Earnings Appropriated	<u>200,000</u>
Total Revenues and Other Financing Sources	\$ <u>132,052,098</u>
Mass Transit Fund	
Charges for Services	\$ 2,673,598
Intergovernmental Revenues	910,360
Transfer From Other Funds	<u>827,835</u>
Total Revenues and Other Financing Sources	\$ <u>4,411,793</u>

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Mass Transit Capital Projects Fund	
Federal Grant	\$ 448,000
State Grant	56,000
City Matching Funds	56,000
Total Revenues and Other Financing Sources	<u>\$ 560,000</u>
Parking Facilities Fund	
Charges for Services	\$ 212,000
Transfer From Other Funds	62,162
Fund Balance Appropriated	97,839
Total Revenues and Other Financing Sources	<u>\$ 372,001</u>
Solid Waste Fund	
Operating Revenue	\$ 14,937,111
Miscellaneous	152,500
Transfers from Other Funds	1,482,037
Total Revenues and Other Financing Sources	<u>\$ 16,571,648</u>
Storm Water Fund	
Charges for Services	\$ 5,143,182
Miscellaneous	40,000
Retained Earnings Appropriated	375,000
Total Revenues and Other Financing Sources	<u>\$ 5,558,182</u>
Market Authority Fund	
Room Occupancy Taxes	\$ 365,000
Licenses & Permits	1,625,000
Transfer from General Fund	240,000
Transfer from Water-Sewer Fund	50,000
Transfer from Electric Fund	710,000
Total Revenues and Other Financing Sources	<u>\$ 2,990,000</u>
Insurance Reserve Fund	
Transfer From Other Funds	15,387,430
Total Revenues and Other Financing Sources	<u>\$ 15,387,430</u>

Section 3. There is hereby levied the following rates of tax on each one hundred dollars (\$100) valuation of taxable property, as listed for taxes as of January 1, 2016, for the purpose of raising the revenue from current year's property tax, as set forth in the foregoing estimates of revenue, and in order to finance the foregoing appropriations.

**Rate per \$100 Valuation**  
**General Fund     \$.6475**

Such rates of tax are based on an estimated total valuation of property for purpose of taxation of **\$9,125,801,713** and an estimated rate of collections of **98.0%** during the current year.

Section 4. That the reserve for encumbrances at June 30, 2016, representing the unearned portion of contracts as of that date, shall be re-appropriated and distributed as it applied in order to properly account for the payment against which the fiscal year in which it is paid.

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Section 5. That the unencumbered balances as of June 30, 2016 of those capital projects and operating encumbrances which were not completed in Fiscal Year 2015-2016 be reappropriated into the Fiscal Year 2016-2017 budget in order to allow completion.

Section 6. That the unencumbered balances in Grant funds which remain as of June 30, 2016 be re-appropriated into the Fiscal Year 2016-2017 budget for the completion of their original purposes.

Section 7. That the landfill closure funds previously expended and established as a liability in the Landfill Development and Maintenance Capital Reserve Fund and which remain as of June 30, 2016 be appropriated in the Fiscal Year 2016-2017 budget for their intended purposes.

Section 8. The number of persons to be employed and the salaries and wages to be paid shall be those which are included in the detailed operation budgets; unless provision is made by the City Manager or City Council for employing additional persons.

Section 9. The City Manager is hereby authorized to approve transfers of appropriations within any fund, provided transfers between funds, and authorization for making expenditures from excess revenue shall be made by the City Council.

Section 10. There is hereby levied a tax of twenty dollars (\$20.00) per year upon any vehicle resident within the City, pursuant to G.S. 20-97 (c).

Section 11. There is hereby levied a fee of twenty-five dollars (\$25.00) per year upon any qualifying business within the City, pursuant to G.S. 160A-194.

Section 12. There is hereby levied a solid waste availability fee of fourteen dollars (\$14.00) per month for services provided by the City.

Section 13. There is hereby levied a stormwater management fee of four dollars (\$4.00) per month for single family residential units and a fee of four dollars (\$4.00) per equivalent residential unit (ERU) for other property for services

Section 14. Utility payments will be applied in the following order: Deposits, credit/collection fees, oldest bill first, miscellaneous fees/charges, and utility services.

Section 15. Copies of this ordinance shall be furnished to the City Clerk and the Director of Financial Services to be kept on file by him for his direction in the collection and disbursement of City funds.

Section 16. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Adopted this 6th day of June, 2016.

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Attest: Lisa B. Vierling, MMC  
City Clerk

**City of High Point  
Renewable Energy Credit Rider  
Electric Rate Rider RECR-1**

**AVAILABILITY**

This optional rate rider is available to customers on any City of High Point (“City”) rate schedule who operate solar photovoltaic, wind powered, or biomass-fueled generating systems, without battery storage, located and utilized at the customer’s primary residence or business. To qualify for this rate rider, the customer must have complied with the City’s Interconnection Standards and have an approved Interconnection Request Form. As part of the Interconnection Request Form approval process, the City retains the right to limit the number and size of renewable energy generating systems installed on the City’s System. The generating system that is in parallel operation with service from the City and located on the customer’s premises must be manufactured, installed, and operated in accordance with all governmental and industry standards, in accordance with all requirements of the local code official, and fully conform with the City’s applicable renewable energy interconnection interface criteria. Qualified customers must be generating energy for purposes of a “buy-all/sell-all” arrangement to receive credits under this rate rider. That is, the City agrees to buy all and the customer agrees to sell all of the energy output and associated energy from the renewable energy resource. Customers with qualified systems may also apply for NC GreenPower credits or North Carolina Municipal Power Agency 1 (“NCMPA1”) Renewable Energy Certificate (“REC”) credits.

The Fixed Long-Term Rates on this Rider are available only to Customers who have executed a Power Purchase Agreement with the City on or before July 1, 2017 [or other date determined by City] for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the Power Purchase Agreement.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the City on an “as available” basis and receive energy credits based on the Variable Rates identified in this Rider for the delivered energy.

**MONTHLY CREDIT**

Monthly credits are paid according to the type of renewable generation.

**Wind and Biomass Energy Credit (\$ Per kWh):**

		<b><u>Fixed Long-term Rate</u></b>		
	<b><u>Variable</u></b>	<b><u>5 Years</u></b>	<b><u>10 Years</u></b>	<b><u>15 Years</u></b>
On-peak energy*	\$0.028	\$0.0315	\$0.0337	\$0.0361
Off-peak energy	\$0.0103	\$0.0108	\$0.0110	\$0.0117

City of High Point  
Electric Rate Rider REPS  
Renewable Energy Portfolio Standards (REPS) Charge

**Applicability**

The Renewable Energy Portfolio Standards Charge set forth in this Rider is applicable to all customer accounts receiving electric service from the City of High Point (“City”), except as provided below. These charges are collected for the expressed purpose of enabling the City to meet its Renewable Energy Portfolio Standards compliance obligations as required by the North Carolina General Assembly in its Senate Bill 3 ratified on August 2, 2007.

**Billing**

Monthly electric charges for each customer account computed under the City’s applicable electric rate schedule will be increased by an amount determined by the table below:

<u>Customer Type</u>	<u>Monthly Charges</u>		
	<u>Renewable Resources</u>	<u>DSM/Energy Efficiency</u>	<u>Total REPS Charge</u>
Residential Account	\$ 0.54	\$ 0.07	\$ 0.61
Commercial Account	\$ 2.95	\$ 0.00	\$ 2.95
Industrial Account	\$30.41	\$ 0.00	\$30.41

**Exceptions**

Industrial and Commercial Customer Opt-out

All industrial customers, regardless of size, and large commercial customers with usage greater than one million kWh’s per year can elect not to participate in City’s demand-side management and energy efficiency measures in favor of its own implemented demand-side management and energy efficiency measures by giving appropriate written notice to the City. In the event such customers “opt-out”, they are not subject to the DSM/Energy Efficiency portion of the charges above. All customers are subject to the Renewable Resources portion of the charges above.

Auxiliary Service Accounts

The following service schedules will not be considered accounts because of the low energy use associated with them and the near certainty that customers served under these schedules already will pay a per account charge under another residential, commercial or industrial service schedule:

- Schedule 17 & 29 – Outdoor Lighting Flood Lighting Service (metered and unmetered)
- Schedule Z – Street and Public Lighting Service
- Schedule 20 & 22 – Traffic Signal Service
- Etc.

**Sales Tax**

Applicable North Carolina sales tax will be added to charges under this Rider.

Effective for service rendered after July 1, 2016.



Solar Photovoltaic Energy Credit (\$ Per kWh):

		<u>Fixed Long-term Rate</u>		
	<u>Variable</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>
All energy*	\$0.0304	\$0.0336	\$0.0359	\$0.0383

\* These energy credits include a capacity component.

MONTHLY ENERGY

Monthly Energy shall be the total kWh of energy produced by the generating facility during the current calendar month. All energy produced by the Customer's renewable energy generating system must be delivered to the City, since the city does not offer net metering at this time.

ON-PEAK ENERGY

On-Peak Energy shall be the metered energy during the On-Peak Energy Period of the current calendar month, whereby the On-Peak Energy Period is defined as non-holiday weekdays from 7:00 AM to 11:00 PM EPT.

OFF-PEAK ENERGY

Off-Peak Energy shall be the Monthly Energy less the amount of energy billed as On-Peak Energy.

CONTRACT PERIOD

Prior to receiving service under this Rider, the City and the customer shall have entered either an Interconnection Agreement or executed a Certificate of Completion (inverter-based generators less than 10 kW) and a Power Purchase Agreement which covers the special terms and conditions for the customer's requirements related to the interconnection of the customer's renewable energy generating system.

Each of these agreements shall have a minimum term of one (1) year. Either party may terminate the agreements after one year by giving at least thirty (30) days previous notice of such termination in writing.

GENERAL

Service under this Rider is subject to the provisions of the Service Regulations of the City contained in the City of High Point's Code of Ordinances

SPECIAL CONDITIONS

The customer's service shall be metered with two meters, one of which measures all energy provided by the City and used by the customer, and the other measures the amount of energy generated by the customer's renewable energy generator which is provided to the City.

In the event that the City determines that it is necessary to install any additional equipment to protect the safety and adequacy of electric service provided to other customers, the customer shall pay for the cost of such equipment in accordance with the terms of its Power Purchase Agreement.

Effective July 1, 2016.

## City of High Point Water and Sewer Rate Schedule Effective October 1, 2016

Water Rates:			
Commodity Charges (Residential)		Inside Rate	Outside Rate
All Units	\$	2.82	\$ 5.64
Commodity Charges (Commercial and Industrial)			
		Inside Rate	Outside Rate
First 35 units	\$	2.82	\$ 5.64
Next 765 units		2.55	5.10
Next 2200 units		2.27	4.54
Over 3000 units		1.96	3.92
Commodity Charges (Intergovernmental)			
All units	\$	1.96	\$ 3.92
Commodity Charges (Irrigation)			
All units	\$	4.21	\$ 8.42
Fixed Charges:			
Meter Code	Meter Size	Inside Rate	Outside Rate
WT1	5/8" & 3/4"	\$ 8.51	\$ 17.02
WT2	1"	21.26	\$ 42.52
WT3	1-1/2"	42.48	\$ 84.96
WT4	2"	67.95	\$ 135.92
WT5	3"	135.96	\$ 271.92
WT6	4"	212.43	\$ 424.86
WT7	6"	424.84	\$ 849.68
WT8	8"	679.09	\$ 1,358.18
WT10	10"	1,231.67	
WT12	12"	1,826.21	
1 unit = 748 gallons			

Sewer Rates			
Commodity Charges		Inside Rate	Outside Rate
All units	\$	4.90	\$ 9.80
Fixed Charges			
Meter Code	Meter Size	Inside Rate	Outside Rate
WT1	5/8" & 3/4"	\$ 13.17	\$ 26.34
WT2	1"	\$ 32.99	\$ 65.98
WT3	1-1/2"	66.01	\$ 132.02
WT4	2"	105.56	\$ 211.12
WT5	3"	211.15	\$ 422.30
WT6	4"	329.92	\$ 659.84
WT7	6"	659.82	\$ 1,319.64
WT8	8"	1,055.75	\$ 2,111.50
Industrial Surcharge			
BOD		\$ 59.34	\$ 118.68
SS		\$ 52.74	\$ 105.48
Residential Flate Rate Sewer		\$ 47.56	\$ 95.12
Septage Tickets			
1 ticket per 1000 gallons of tank capacity or fraction thereof:			\$ 42.10
1 ticket per 3000 gallons of tank capacity or fraction thereof:			\$ 126.30