

FRIDAY, MAY 29, 2015 – 4:00 P.M.
SPECIAL MEETING OF THE OXFORD BOARD OF COMMISSIONERS
BUDGET MESSAGE
OXFORD CITY HALL – COMMISSIONERS’ BOARD ROOM

The Board of Commissioners for the City of Oxford met at the above-mentioned time and place. All members of the Board and local news media were notified of the same as well as the purpose of the meeting.

Present were Mayor Jackie Sergent, Mayor Pro Tem Howard Herring, Commissioners James (Danny) Currin, Robert B. Williford, Sr., Calvin (C.J.) Harris, Frank Strickland, and S. Quon Bridges. Present also were City Manager Randy Hemann and City Clerk Barbara Rote.

Absent: Commissioner Patricia T. Fields and City Attorney J. Thomas Burnette

CALL TO ORDER

Mayor Sergent called the meeting to order.

CITY MANAGER HEMANN PRESENTS FY 2015-2016 BUDGET MESSAGE

The following is City Manager Hemann’s budget message as written by him and presented to the Board.

Dear Mayor Sergent and Members of the City Board of Commissioners:

You will find attached a proposed balanced budget for FY 2016. The following budget message is provided to meet the requirements of NCGS 159-11(b) which calls for comment on the general changes to the budget.

The General Fund Budget for FY 2016 is \$8,948,680 which is 5.8% greater than the current budget. Some highlights on the revenue side are as follows:

- Ad Valorem taxes are up 13.5%.
- The collection of vehicle taxes by the DMV boosted income in that area which helped make up for the loss of around \$215,000 from the State Legislatures elimination of our authority to issue Business Privilege Licenses.
- Revenues are also slightly higher due to an accounting change where we will now account for loan proceeds and expenses for capital purchases in a slightly different manner. Those purchases are anticipated to be \$392,334.
- In Departmental Revenues, we are expecting additional revenue from Outside Fire Protection (Industries outside the City limits that we serve on a contract basis), as well as Recreation Fees which includes concessions and camp revenue.

Some highlights on the expense side are as follows:

- Consolidation of OPD Communications (dispatch) services with Granville County Sheriff's Department Emergency Communications System is anticipated to take effect July 1, 2015 and save the City around \$100,000 per year.
- Originally forecasted to increase by 20%, Health insurance is expected to increase a little less than 12%, thanks to the work of our HR Director who made our plan a little leaner on the benefits side.
- This budget includes the addition of one employee, a mechanic for our garage. Maintaining a fleet of close to 100 vehicles and pieces of heavy equipment with complete dependency on outside repair sources makes service delivery difficult. While we will continue to rely some on outside repair sources, the addition of a mechanic will help us better maintain our fleet and provide reliable service delivery to our citizens.
- In an effort to improve maintenance, the budget for street and sidewalk repairs has been increased from \$9,000 to \$25,000. All Street, Water and Sewer Department trucks are being equipped with new permanent patch product that will fill, tamp, water, and then cure in 30 min. Adding to this line item removed the burden of street repairs from the Powell Street Fund Budget, and will allow us to focus those funds on larger paving projects.
- The Downtown Master Plan is underway and is funded in this budget at \$30,000.
- Our greatest asset is our employees, and we have a dedicated team. Over the last 5 years during a time when the cost of living has increased by 9.2%, our employees' salaries only increased by 2.5%. This budget includes a 3% cost of living increase for employees.
- Over 265 municipalities and 73 counties offer 401(k) as a benefit in order to help retain valued employees. This budget includes funds to create a 401(k) with a voluntary match of anywhere between 1% and 5% for those who want to save for their retirement. The benefit is expected to cost less than \$45,000 annually, which is less than the cost of replacing and training two employees.

The use of \$47,035 in Fund Balance will allow us to continue to provide the same level of service without a tax increase. The tax rate is proposed to remain at \$.64 per \$100 value. Over the last two years fund balance has increased to a little more than \$3 million. While that fund balance is still lower than what the Local Government Commission (LGC) desires, it has increased by 10% over the last two years and remains strong enough to allow us to take advantage of matching funds for the implementation of planned projects, like the sidewalk on Industry Drive, when those opportunities present themselves.

The Water Fund Budget is proposed at \$4,358,707, which is an increase of 7% from last year. Some highlights in the Water Fund are as follows:

- The cost of water provided to the City of Oxford by the Kerr Lake Regional Water System will increase by 5%.
- The City of Oxford is entering into a partnership with Granville County to provide water to the Triangle North Granville Industrial Park. In consideration of the reservation of water, Granville County will pay a water allocation reservation fee of \$6,900,000 to Oxford. There will be an initial payment of \$1,400,000 to Oxford in FY 2016 and the remainder will be financed by Oxford over a period of 7 years. This partnership will allow Oxford to help the County attract industrial growth and invest in needed water and sewer infrastructure throughout the City.
- In order to serve the Industrial Park and meet State requirements for water storage, the City will be investing in additional infrastructure including a 16" water main on the outer loop and a 750,000 elevated water storage tank. Those two projects total close to \$4 million and will be carried out over the next several years. We will be applying for a loan from the State for the elevated water storage.
- The KLRWS continues to work toward plant expansion as anticipated. The plant expansion is expected to cost over \$25 million. Our rate consultant has been preparing for some time for these projects and our strategy has been to institute small increases in order to pay for improvements over a long period of time.

Because of the 5% increase in our wholesale water costs and the current/upcoming infrastructure improvements, our rate consultant has suggested an increase in the volume charge for both water and sewer. This budget proposes a 3% water volume increase and a 3% sewer volume increase. Those who live alone and use very little water (2,000 gallons) will experience an increase of \$.68 in their monthly bill. A family using 4,000 gallons per month would experience an increase of around \$1.36 per month.

This year's budget proposes addressing the stormwater issue at Alston Court. Between the stormwater fund appropriated fund balance and next FY's stormwater income, we expect to spend over \$500,000 (design and final estimate pending) to solve the flooding problem in that area.

Likewise, the City has a prioritized list of paving projects that is based on the condition of streets. This year's budget includes over \$385,000 for street paving, which includes anticipated revenue from the upcoming year, as well as \$143,792 in appropriated fund balance from the Powell Bill Street Fund. Staff will also be studying the feasibility of an even larger paving project that might be financed over time in order to take advantage of the lower unit costs that come with a larger paving contract.

The combined budget of \$19,281,649 represents a step forward for Oxford as the City continues to invest in the future in a prudent manner in order to insure that the needs of our citizens are met both now and in the future.

The mission of the City of Oxford is to serve and improve our community by providing high quality, affordable services, sound planning for growth and development, and offering the highest possible quality of life - while maintaining the public's trust through open communication and ethical standards at all times.

We have proposed a budget that meets that mission by maintaining a high level of service and addressing the priorities which came out of our Board of Commissioners' Planning Retreat.

The staff of the City of Oxford operates as a team. Our Management team as well as Finance Director Pat Kehoe and his team worked hard to prepare this year's budget and to them I am grateful.

We will hold a public hearing for this budget at the Tuesday June 9, 2015 regularly scheduled Board of Commissioners Meeting. I welcome your suggestions and comments.

PUBLIC HEARING SCHEDULED FOR JUNE 9, 2015

MPT HERRING MADE A MOTION TO CALL FOR A PUBLIC HEARING IN CONJUNCTION WITH THE JUNE 9, 2015 REGULAR SESSION TO RECEIVE COMMENTS FROM THE PUBLIC ON THE FY 2015-2016 CITY OF OXFORD BUDGET. ALL VOTES WERE IN THE AFFIRMATIVE. **THE MOTION CARRIED**

A copy of the budget will be available for review in the lobby of city hall, in the office of the City Clerk an online.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, AT APPROXIMATELY 4:30 P.M., COMMISSIONER HARRIS MADE A MOTION TO ADJOURN THE MEETING. ALL VOTES WERE IN THE AFFIRMATIVE. **THE MOTION CARRIED.**

Barbara J. Rote, City Clerk

ATTEST:

Jacqueline vdH Sergent, Mayor