

City of Raleigh

Budget Note 01

* This note requires Council action.

INTEROFFICE MEMORANDUM

June 1, 2015

MEMO TO: Ruffin Hall, City Manager
FROM: Kenneth Waldroup, Assistant Public Utilities Director
SUBJECT: Budget Note 01 – Watershed Protection Revenue: Balance Reconciliation

Background

During the February 16, 2015 Budget Worksession, Council Member Maiorano requested a budget note explaining the reconciliation process for Watershed Protection Fee revenue.

In 2011, the City adopted a volumetric watershed fee to generate funds for the Watershed Protection Program. The voluntary program has permanently protected over 3600 acres and 44 miles of stream in the Falls Lake Watershed. In March of 2014, the Watershed Protection Taskforce, appointed by City Council, was asked to review the Public Utilities' Watershed Protection Program and provide recommendations for any potential improvements. As part of their deliberations, the task force looked at several administrative components of the program including the ordinance, contracting mechanism, and fund set up. During this process, staff also conducted a review of the program financials and worked collaboratively to come up with new mechanisms for tracking revenues and expenses and establishing specific projects within the capital fund to enable an annual roll over of funds. As part of this process staff determined that the previous fund set up did not allow for funds to easily roll over annual and that additional unappropriated watershed revenues existed from prior fiscal years.

The six-person task force unanimously recommended that staff reconcile the balance of the watershed protection fund since the fee's inception, on November 1, 2011, through June 30, 2014. This recommendation supported the language of the rate ordinance which states, "monies collected from this surcharge shall be deposited in a reserve fund which will only fund water quality protection and improvement projects upon approval from the Raleigh City."

Revenue Reconciliation

Staff reviewed the department's revenue history and determined a balance of \$411,000 remains between total revenue collected and expenses incurred since November 1, 2011. This balance resides in the Water Capital Projects Fund.

Proposed Budget

To realign the Watershed Protection budget with the watershed protection fee revenues, staff recommends Council budget the \$411,000 identified above as a fund balance appropriation within the Water Capital Projects Fund in FY16 and use the revenue to support several high-quality proposed projects for the watershed quality program.

Council approval of this appropriation would result in the following changes to the FY16 Budget:

Water Capital Projects Fund

Increase Revenue:

320-0000-532990-000-CIP01-79990010	Appropriation from Prior Year	\$411,000
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Increase Expense:

320-5210-737010-73731-CIP01-99370000	Watershed Initiatives	\$411,000
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