



# MEMORANDUM

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**To:** Mayor and Members of the City Council

**From:** Reginald Goodson, City Manager  
Dwan Bell, Public Utilities Director  
Brian Lewis, Interim Finance Director  
Jon Hawley, Grants Administrator

**Date:** November 5, 2025

**Re:** Consideration - Budget Amendment, Closing Fee for Revolving Loan Award for Lead Service Line Inventory Phase II, and Revised Project Ordinance

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## ***BACKGROUND/ANALYSIS:***

Last year, the NC Department of Environmental Quality awarded the City of Elizabeth City a Drinking Water State Revolving Fund award of \$1 million. The City Council accepted this award on July 8, 2024. This award is for a citywide inventory of the City's water system for lead service lines (LSLs). The award is a partially forgivable loan, with up to \$600,000 in principal forgiveness and \$400,000 repayable at 0% interest over five years. As a potential, significant new debt, the state's Local Government Commission had to approve the City drawing on loan proceeds. The LGC provided that approval on August 5, 2025.

One key, final step before the City can access this loan is to pay a closing fee to NCDEQ equal to 2% of the award, or \$20,000.

City staff request the Council adopt the enclosed budget amendment, which will move available funds within the Public Utilities Department's budget to cover the costs.

Finally, City staff also request the Council adopt an updated project ordinance to reflect these additional funds.

## ***STAFF RECOMMENDATION:***

By motion: Approve the proposed budget amendment for payment of the required closing fee of \$20,000 for the Lead Service Line Inventory funded through DWSRF, and adopt the enclosed, amended project ordinance.



**GRANT PROJECT ORDINANCE # 2025-11-01(AMENDED)**  
**The Lead Detection & Removal Plan, Phases I and II**  
**Grant No. AIA-D-ARP-0233, SRF-D-LSL-0023**

**BE IT ORDAINED** by the City Council of Elizabeth City, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted:

**I.** The project authorized is the Lead Detection and Removal Plan, Phases I and II. Phase I was adopted by ordinance on April 8, 2024, and this document hereby amends that ordinance to include Phase II as provided herein.

**II.** The officers of this unit are hereby directed to proceed with the project within the terms of the project documents and the budget contained herein.

**III.** The following revenues are anticipated to be available to complete this project:

[31-3490-8285]	NCDEQ – AIA Grant (LSL Phase I)	\$100,000
[68-3490-8100]	NCDEQ – Drinking Water SRF (LSL Phase II)	\$1,000,000
[68-3970-0000]	Transfer From Water & Sewer Fund	\$20,000

TOTAL REVENUES: \$1,120,000

**IV.** A sum of \$100,000 was originally approved for project expenses, to paid from the account below. The total appropriation for project expenses is hereby amended as follows:

[31-8280-0402]	Lead Service Line Inventorying (LSL Phase I)	\$100,000
[68-8100-0400]	Lead Service Line Inventorying (LSL Phase II)	\$1,020,000

TOTAL EXPENSES: \$1,120,000

**V.** The finance officer is hereby directed to maintain within the capital project fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and federal regulations. The terms of the bond resolution also shall be met.

**VI.** Funds may be advanced from the General Fund for the purpose of making payments as due. Disbursement requests should be made to the grantor agency in an orderly and timely manner.

**VII.** The finance officer is directed to report, on a quarterly basis, on the financial status of each project element in section 3 and on the total grant/loan revenues received or claimed.

**VIII.** The Budget Officer is directed to include a detailed analysis of past and future costs and revenues on this capital project in every budget submission made to this board.

**IX.** Copies of this grant project ordinance shall be made available to the clerk to the governing board (City Clerk), the Budget Officer, and Finance Director for direction in carrying out this project.

Adopted this 10th day of November 2025.

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E. Kirk Rivers  
Mayor

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April D. Onley, NCCMC  
City Clerk

[INSERT SEAL]



AMENDMENT TO FISCAL YEAR 2026 BUDGET ORDINANCE  
CITY OF ELIZABETH CITY

**BE IT ORDAINED** by the City Council of the City of Elizabeth City, North Carolina:

**SECTION I.** To amend the Budget Ordinance for Fiscal Year 2026, the appropriations are to be changed as follows:

Account #	Department / Account Title	Decrease	Increase
31-8100-0400	Professional Services (Water)	\$ 10,000.00	
31-8280-0400	Professional Services (Sewer)	\$ 10,000.00	
31-6600-9168	Transfer to W&S Grant Project Fund		\$ 20,000.00
	<b>Total</b>	<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>

Total Change in Expenses \$ -

**Section II.**

To amend Fiscal Year 2026 Budget Ordinance, the anticipated revenues are to

Account #	Department/Account Title	Decrease	Increase
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

Total Change to Revenues \$ -

ADOPTED, this 10th day of November 2025

Attest:

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E. Kirk Rivers,  
Mayor

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April Onley, NCCMC  
City Clerk