



FY 2009-10
Recommended Annual Operating
Budget and Performance Plan

W. Brian Hiatt, City Manager
May 26, 2009

Presentation Overview

- Key themes and trends guiding budget development
- Summary of balanced budget
- Summary of revenue sources (By Fund)
- Highlights of proposed FY 2009-10 projects and services (By Fund)
- Future needs and challenges
- Feedback on presentation format

GUIDING DOCUMENT

FY 2009-10 Mayor/City Council Goals

Overall Revenue Trends

- Continued conservative projections of revenue due to current economic conditions, including sales tax
- Loss of Philip Morris - \$1.8 million in water/wastewater in FY 09-10 and continued incremental loss in taxes in FY 09-10 (and again in FY 10-11)
- Little development in business and residential sectors, affecting both General Fund and Utility Funds
- Continued decline in interest earnings due to market conditions
- Revenue picture uncertain due to timing of economic recovery and State budget crisis

Overall Expenditure Trends

- Cuts, including significant cuts in operational line items
- Focus on basic levels of service, emphasizing efficiency and customer service
- Maintenance of city assets and facilities, including streets, buildings, and park properties
- Limited spending on capital, using pay-as-you-go financing
- Appropriation of fund balance for one-time capital expenditures to leverage other dollars

Overall Expenditure Trends

- No merit increases funded for co-workers
- Focus on area transportation needs
- Funding utility debt
- Increases in purchased price of electricity
- Uncertainty in fuel prices – down from last year, but creeping up

Recommended Positions

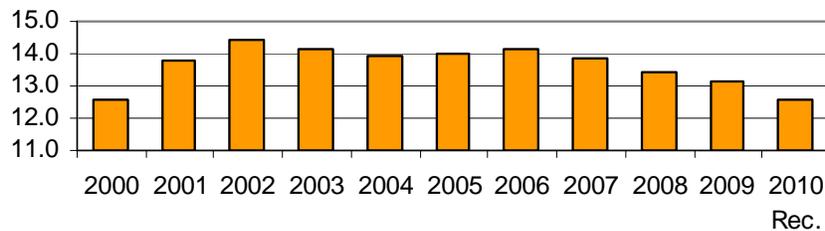
This budget represents **919.35 FTE (full-time-equivalent employees)**, with **1 new position recommended.**

Vacant and unfunded for FY 09-10:

- **18 Full-time positions**
- **4 Part-time positions**

(note that these positions do remain authorized, but not included in FY 09-10 FTE count)

**Number of City Employees
Per 1000 Population**



Total Recommended Budget FY 2009-10

\$191,546,936

- \$6.42 million (3.2%) decrease from the FY08-09 Adopted budget of \$197,968,252
- Have held aside \$9.3 million (unspent) this far in current year budget reductions.
- 3.1% reduction in Operations category (17.5% reduction if Wholesale Purchased Power removed)

Balanced Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 65,402,191	\$ 65,402,191
Municipal Service District	74,650	74,650
Home Consortium	383,190	383,190
CDBG	544,800	544,800
Transportation Improvement Fund	2,398,761	2,398,761
\$5 Vehicle Tax Fund (Transit)	250,000	250,000
Stormwater Fund	3,476,180	3,476,180
Electric Fund	67,960,984	67,960,984
Water Fund	18,609,500	18,609,500
Wastewater Fund	13,910,725	13,910,725
Golf Course Fund	2,550,399	2,550,399
Transit Fund	2,505,798	2,505,798
Aviation Fund	8,909,766	8,909,766
Public Housing	1,067,500	1,067,500
Section 8/Vouchers Program	3,502,492	3,502,492
Total Budget	\$191,546,936	\$191,546,936

PROPOSED GENERAL FUND OPERATING BUDGET

Detailed Revenue and Spending Projections

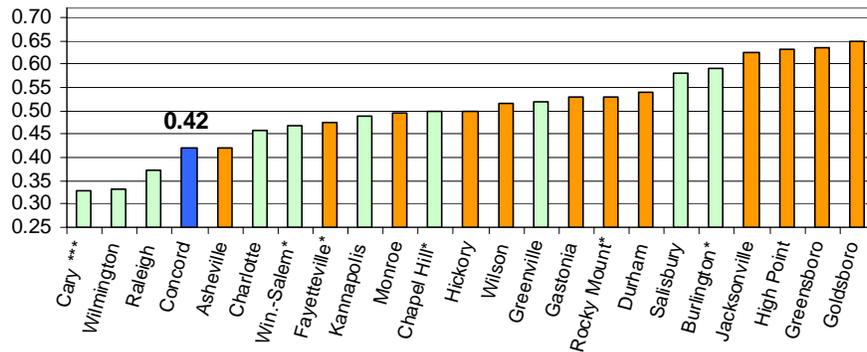
General Fund Revenues

- .4200 tax rate recommended
 - Unchanged from FY 08-09 tax rate
- General Fund Total - \$65,402,191
 - Ad Valorem taxes:
 - \$0.42 tax rate yields \$42,787,824 in anticipated current year tax revenue (after application of collection rate)
 - Valuation of \$10,493,796,139
- One cent on tax rate = approx. \$1 million

General Fund

- Meets Council Goal of low and stable tax rate
- Consistent with the low tax rates of the last ten years
- Includes 2-cent equivalent of tax rate dedicated for Transportation Improvement Fund - \$2,098,760
- Continues to remain one of the lowest tax rates among NC cities over 30,000 population

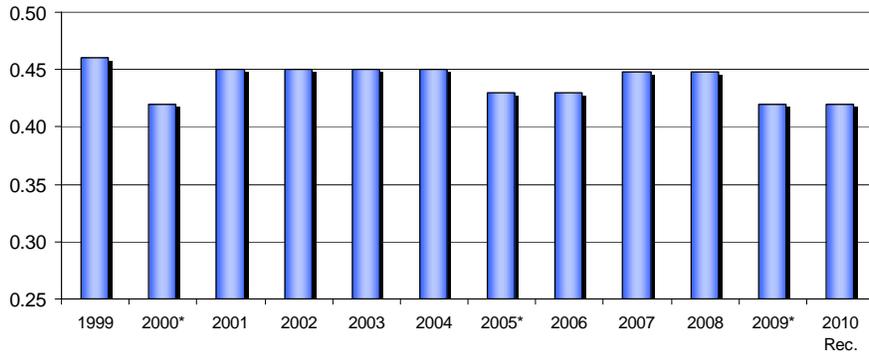
FY 2009-10 Proposed Property Tax Rates for NC Full-Service Cities Over 30,000 Pop. (Cents per \$100 Valuation)



* Represents Revaluation Year **Cary - extensive use of impact fees.
 *Cities in green apply a fee for solid waste collection (for some or all services) in addition to property tax
 Charlotte residents are assessed an annual solid waste fee for disposal of \$45 or \$27 (for multi-family) through Mecklenburg Co. tax bills.
 Note that Gastonia and Asheville charge a nominal recycling fee, but not for residential garbage or yard waste.

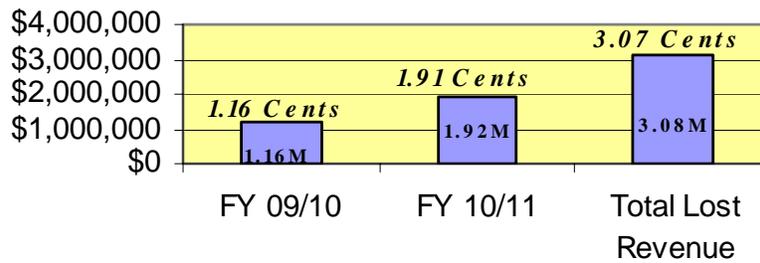
City Property Tax Rate

(cents per \$100 valuation; * indicates revaluation year)

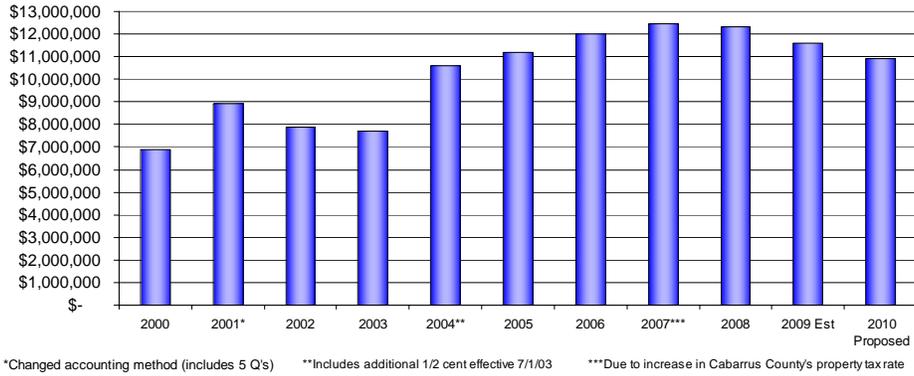


Estimated Lost Tax Levy Revenue Philip Morris Impact

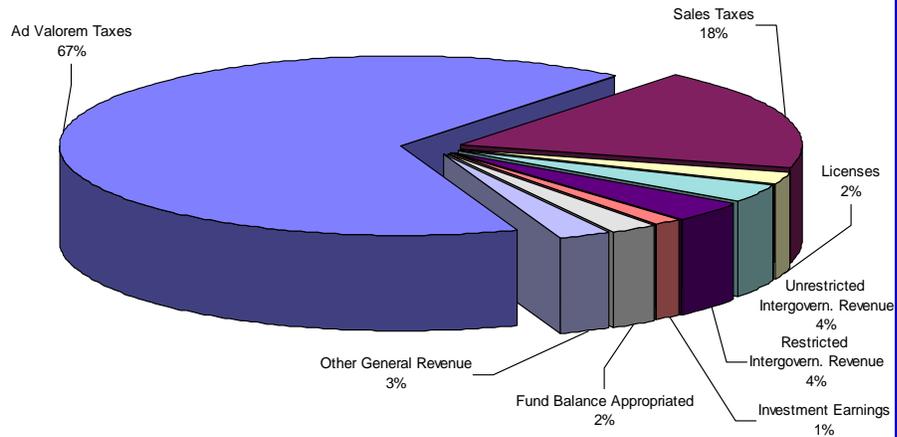
TOTAL LOST TAX REVENUE - PHILIP MORRIS
(BASED UPON PROPOSED RATES)



Sales Tax Revenue



General Fund Revenues by Source

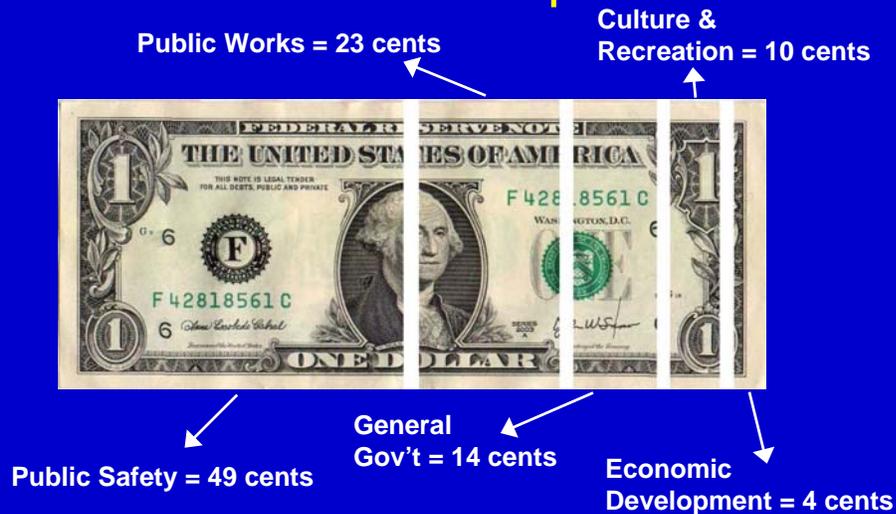


General Fund Balance

- Undesignated Fund Balance will meet 30% - 35% goal
- \$1.5 million in fund balance recommended to be appropriated for FY 2009-10
 - Parks and Recreation projects
 - Landfill Host City Fee revenues allocated for Morehead Road realignment project (match for NCDOT project)

Summary of Recommended General Fund Expenditures

How will each General Fund tax dollar be spent?



Public Safety

Police-

- Addition of School Resource Officer (SRO) position for Cox Mill High School. Salary and benefits are funded by Cabarrus County Schools; City expenses are for uniform/equipment and purchase of patrol car only. Cost to City - \$54,000.
- Maintenance of one car per officer plan through 15 replacement vehicles - \$375,000
- Replacement of 70 ballistic vests for Patrol Division and 25 ballistic vests for SWAT team - \$100,000
- Purchase of additional 15 MCT's to increase police officer presence in the field - \$48,000

Public Safety

Code Enforcement-

- Prolonged impacts on economic downturn include increasing demand and need for Code Enforcement. Conditions of foreclosed properties present unique challenges that require a proactive approach by Code Enforcement Officers
- Transfer of one in-house position

Emergency Communications –

- Replacement of 911 PSAP switch equipment by joint-installment purchase with the City of Kannapolis - \$65,522

Public Safety

Fire and Life Safety –

- Reclassify three existing Firefighter positions to Captain as the department combines several two-man rescue squads into one fully staffed rescue company - \$12,000
- Scheduled replacement of a fire pumper with a triple-combination pumper - \$503,560

Culture and Recreation

Parks and Recreation -

- Offset with energy stimulus funds, exterior improvements to the Logan Recreation Center - \$40,000. Total project cost \$305,380
- Renovations to the west side interior of the Logan Recreation Center - \$300,000
- Stream restoration project to minimize flood damage from Afton Run at Dorton Park - \$300,000
- Enclose rear stairwell at Hartsell Recreation Center - \$97,000
- Funding for future park land acquisition and greenways - \$850,000

Economic Development

Business and Neighborhood Services -

- Offset with energy stimulus funds, exterior improvements to the Logan Day Care Center - \$80,000. Total project cost \$196,000.
- Neighborhood Matching Grant Program - \$12,500

Economic Development

Economic Development -

- Continue incentive grant funding for commercial and industrial economic development projects already approved by Council - \$604,076
- Continue to support efforts of Cabarrus Economic Development (\$60,000) and Concord Downtown Development Corp (\$50,000)
 - Includes matching grants for business development, design, and beautification, etc. in downtown - \$17,000

Economic Development

Development Services -

- Evaluation of development review permit fees and determination of various cost-recovery plans for Council's consideration
- Includes \$16,000 towards Historic Designation of Downtown Concord

Public Works

Solid Waste and Recycling –

- Use of temporary labor to meet critical demand only during loose leaf season – reduction of \$101,000.

Cemeteries –

- Complete final phase of cemetery resurfacing project

Public Works

Transportation -

- Funds for street resurfacing:
 - \$525,000 General Fund
 - \$575,591 Powell Bill (projected 10% decrease in total Powell Bill revenue for FY10)
- Update Lake Concord Road signals to include fiber for Hwy 29 to NC 3 systems - \$205,000

General Government

Administrative Departments–

- Continuation of the Customer Service Initiative begun in FY 07-08
- Customer Service/Planning/Administrative functions space needs study per Council goal - \$100,000
- Restructuring of front space at BOC to eliminate contract position and improve customer service - \$26,000

General Government

Human Resources -

- Restructuring of self-funded insurance plan, with no increase in health insurance premiums for basic employee HRA plan
- No merit increases for performance in FY10

General Government

Human Resources (cont.)-

- Funds included to cover formal career development training completed in FY 2008-09 and for salary survey results
- Post Employment Benefits - \$100,000 set aside (pro-rated by full-time FTE counts in all departments) as a contribution to the State health insurance trust fund for retirees
- Baby Boom retirement factor

Summary of Reductions Made:

- No Merit Raises for Employee Performance
- Travel and training reduced city-wide
- 10 General Fund departments have cuts at least 10% from their Operations category
- Delay of building maintenance and replacement of equipment/vehicles where feasible

Summary of Reductions Made:

- Reduced the transfer to Aviation to equal the amount of property tax generated by the facility - \$699,301, covers portion of debt service
- Ability to use Energy Stimulus funds for projects requested in FY 10 – Logan Recreation Center and Logan Day Care Exterior Improvements – savings of \$381,380
- Negotiated reductions/savings of vendor maintenance contracts under Data Services - \$51,440 from proposed FY10 budget

Summary of Reductions Made:

- \$1.3 million for Renovation of Fire Station 5
- \$400,000 for construction of a Skateboard Park
- \$875,000 in vacant and frozen positions; none are front line Public Safety employees
- Reduction of \$101,000 in temporary worker expense to supplement Yard Waste crews

One Recommended New Position City- Wide

General Fund

- *Police*
 - (1) School Resource Officer (Police Officer) - 7/1/09 for Cox Mill High School
 - Salaries and Benefits funded by Cabarrus County Schools. Equipment and vehicle provided by City of Concord. Concord provides funding for 5 SROs.

Unfunded Positions for FY09-10

General Fund (6 positions):

- Finance: Accountant
- Police: Customer Service Specialist
- Streets and Traffic: Utility Service Worker
- Solid Waste/Recycling: Utility Service Supvr.
- Parks & Recreation: Parks & Rec Specialist
- Development Services: Development Services Manager (employee currently reassigned)

Unfunded Positions for FY09-10

Electric Fund (3 positions):

- Deputy Electric Director
- Electric Systems Technician I
- Project Engineer

Water Resources Fund (2 positions):

- Staff Engineer
- Utility Service Worker

Wastewater Fund (1 position):

- Utility Service Worker

Unfunded Positions for FY09-10

Aviation Fund (1 full-time, 3 part-time positions):

- Customer Service Specialist
- Aviation Assistant (3 part-time positions – 20 hours/week each)

Internal Service Fund (5 full-time and 1 part-time positions):

Engineering:

- Construction Inspector
- Staff Engineer
- CAD Analyst

Unfunded Positions for FY09-10

Internal Service Fund (cont).

Building and Grounds:

- Custodian (1 part-time position – 20 hours/week)
- Utility Service Supervisor

Fleet:

- Fleet Services Supervisor (will fund 0.25 of position to fill in Spring of 2010)

External Agency Funding

General Fund Recommended - \$88,600

Reduced 8% from FY09 level of funding

- | | |
|--|---|
| ■ Cabarrus Arts Council - \$27,000 | ■ Habitat for Humanity Cabarrus County (Affordable Housing Construction Grant) - \$20,000 |
| ■ Cabarrus Events Association - \$5,000 | ■ LifeSpan (formerly Cabarrus Workshop) - \$3,600 |
| ■ CVAN Sustaining Grant - \$9,500 | ■ Special Olympics Cabarrus County - \$3,500 |
| ■ Concord Museum/Historic Cabarrus - \$5,000 | ■ Cabarrus Cooperative Christian Ministries - \$10,000 |
| ■ Boys & Girls Club - \$5,000 | |

External Agency Funding

CDBG Recommended - \$41,000

Reduced 5% from FY09 level of funding

- Cabarrus Cooperative Christian Ministry - \$6,500
- Cabarrus Literacy Council - \$5,000
- Cabarrus Meals on Wheels - \$4,500
- Coltrane LIFE Center - \$4,500
- Hispanic Learning Center - \$4,500
- Prosperity Unlimited - \$10,000
- Prosperity Community Connection - \$1,500
- Serenity House - \$4,500

Summary of Recommended Utility Fund Revenues

Water, Wastewater and Electric

Water Rate Structure

Base Charge

- Billing Component
- Readiness to Serve Component (based on meter size)

Volume Charge

- Residential
 - Block One (0 – 6,000 gal)
 - Block Two (6,001 – 8,999 gal)
 - Block Three (> 8,999 gal)
- Irrigation: Residential, Commercial, and Industrial at Block Three rate

Separate Volume Rates for:

- Commercial/Institutional
- Industrial
- Other Municipals
- City of Kannapolis

*Outside-city residential rate is 1.2 times inside-city rate

Water Resources - Recommended Rates

<u>Residential Base Charges:</u>	<u>Water Base Charge</u>	
	Proposed FY10	Approved FY09
¾"	\$4.04	\$3.51
1"	5.76	5.01
1½"	9.71	8.45
2"	14.66	12.75

<u>Residential Volume Charges:</u>	<u>Water Volume Charges</u>	
	(all rates per 1000 gallons)	
	Proposed FY10	Approved FY09
<i><u>Inside City Residential</u></i>		
Block 1 (0-6,000 gallons)	\$5.08	\$4.90
Block 2 (6,001 – 8,999 gallons)	6.61	7.11
Block 3 includes irrigation (>8,999 gallons)	8.14	n/a
<i><u>Outside City Residential**</u></i>		
Block 1 (0-6,000 gallons)	6.10	5.89
Block 2 (6,001 – 8,999 gallons)	7.93	8.53
Block 3 includes irrigation (>8,999 gallons)	9.77	n/a

Drought surcharge:
10% surcharge applied to Blocks 2 & 3 of residential rate.

Water Resources - Recommended Rates

Water Volume Charges
(all rates per 1000 gallons)

	Proposed FY10	Approved FY09
Inside Commercial Volume Charges:		
Commercial	\$5.06	\$4.69
Commercial Irrigation – Block 3	8.14	7.11
Outside Commercial Volume Charges:		
Commercial	6.07	5.63
Commercial Irrigation – Block 3	9.77	8.53
Inside Industrial Volume Charges:		
Industrial	4.20	3.90
Industrial Irrigation – Block 3	8.14	7.11
Outside Industrial Volume Charges:		
Industrial	5.05	4.68
Industrial Irrigation – Block 3	9.77	8.53
Harrisburg Volume Charge: (capacity per contract)	2.99	2.74

Water Fund - \$18,609,500

■ Operating Revenues	\$17,910,600	(96%)
■ Non-Operating Revenue	\$698,900	(4%)
■ Retained Earnings Appropriated	\$0	(0%)

Reflects 5.7% decrease in total budget proposal as compared to FY09 Adopted budget.

Wastewater Fund - Recommended Rates

Wastewater Base Charges

Base Charges:	Proposed FY10	Approved FY09
3/4"	\$3.39	\$2.80
1"	4.80	4.03
1 1/2"	8.02	6.83
2"	12.05	10.40
3"	21.51	18.86
4"	34.99	30.92
6"	68.40	60.80
8"	108.65	96.80
10"	155.74	138.92

Wastewater Volume Charges

	Proposed FY10	Approved FY09
<u>Inside City</u>		
Rate per 1,000 gallons	\$5.09	\$4.86
Flat Sewer Charge	33.96	32.08
<u>Outside City</u>		
Rate per 1,000 gallons	\$6.11	\$5.83
Flat Sewer Charge	40.75	38.50

Wastewater Fund - \$13,910,725

■ Operating Revenue	\$13,709,225	(98%)
■ Non-Operating Revenues	\$201,500	(2%)
■ Retained Earnings Appropriated	\$0	(0%)

Reflects 9.5% decrease in total budget proposal as compared to FY09 Adopted budget.

Electric Fund - \$67,960,984

- Operating Revenues \$ 67,385,984 (99%)
- Non-Operating Revenues \$575,000 (1%)
- *Increase of 4.7% over FY09 Total Adopted budget (due to 17% increase in Purchase Power)*
- *Removing Purchase Power, 25.6% decrease from FY09 Adopted budget.*

Electric Fund

- Revenues recommended to balance the Electric Fund includes a projected rate increase of 7% effective in January 2010 – will be reviewed as part of system evaluation study conducted this fall

Summary of Recommended Utility Fund Expenditures

Water, Wastewater and Electric

Water Resources

- Work with potential partners to negotiate water agreements consistent with water basin transfer agreement
- Budget for Purchase of Water at \$1.06 M for FY10 compared to \$1.68 M for FY09 adopted budget. FY09 year end projection of \$900,000
- Continued funding for educational materials promoting water conservation - \$10,000

Water Resources

- Continued security enhancements at Hillgrove WTP - \$55,000
- Sludge Removal/Cleaning Lagoons - \$560,000
- Continued maintenance of waterlines, mains, and valves; replacement/upgrade of problem areas
- Transfer to Project Fund of \$405,000 for future waterline and rehabilitation projects
- Funding of engineering work associated with Yadkin Waterline through project fund reserves

Impacts of Budget Reductions Made:

- \$900,000 loss of anticipated revenue from Philip Morris in addition to lower consumption numbers from customers, little to no growth
- 18.7% reduction in operation line items since FY09 budget adoption – continuing cuts made in FY10
- Delays in equipment maintenance, purchase of finished water and valve replacement projects

Wastewater

- Small outfall replacements/upgrades:
 - Lark Haven
 - Epworth
 - Walnut
 - Harris to Gibson
- Continue to invest in slip lining for wastewater lines - \$504,662
- Developer Upsizing - \$250,000

Impacts of Budget Reductions Made:

- Loss of revenue associated with Philip Morris \$900,000 in addition to lower consumption numbers by customers, little to no growth
- 51.6% reduction in capital category from FY09 Adopted
- Outfall (Capital) Projects on hold:
 - Franklin Street
 - Irish Buffalo to Zion Phase II
 - Roberta Woods
 - Great Road Upgrade
 - Hendrick Area Outfall
 - Havencrest Outfall

Electric System

- Purchased Power budget has increased an additional 17%. FY10 Projection - \$50.9 million, equal to 73% of total Electric budget.
- Funds for a System Cost of Service and Valuation Study - \$325,000
- Downtown Underground Upgrade - \$100,000
- Reduced funding for adding thoroughfare lighting - \$60,000 budgeted

Impact of Budget Reductions Made:

- 34% decrease in operational line items (\$2.9 M) from FY09 Adopted Budget
 - Reduced \$1.2 million in contract crews under Tree Trimming & Elec. Construction from FY09 Adopted Budget
 - \$1 M reduction (28.6%) in Materials budget for Elec. Construction from FY09 Adopted budget
- Holds 3 positions vacant
- Delays scheduled replacement of 2 large bucket trucks under capital outlay

Stormwater

- Funds for construction of Georgia Street and Young Street Culverts - \$156,000 each
- Set aside funds for future projects as a result of Master Plan - \$690,381
- Engineering for Stream Restoration project funded by project reserve account

Stormwater Fund

- No increase in Stormwater Utility Rate
 - Rate remains \$4.30 per ERU
 - Rate will generate \$3,522,169 in revenues
- Operating budget balanced at \$3,476,180

Transportation Improvement Fund

- Funds designated for the future local match of Derita Road improvements – \$462,700 & Burrage Road Bridge Replacement - \$324,530
- Continue Pedestrian Improvement Program (sidewalk extensions) - \$100,000
- Participation in NCDOT Congestion Mitigation Air Quality projects at Poplar Tent Hwy 29; FY10 proposal of \$82,475 will complete Concord's share of \$179,425
- Appropriation for future projects - \$144,000

Public Transit

- Continue funding of *Rider* and *Concord Express*
- Increase of \$172,000 (or 9%) in contract costs with Veolia due to expiration of CMAQ funding for Saturday and race week service, and increased operational costs of the provider
- Transit Center will begin construction in FY09-10



Public Transit Fund – \$2,505,798

*Revenues from bus fares have increased
13% since FY 2006-07*

- | | | |
|-----------------------------|-------------|-------|
| ▪ Intergovernmental Revenue | \$1,737,978 | (69%) |
| ▪ Operating Revenue | \$200,000 | (8%) |
| ▪ Non-Operating Revenue | \$567,820 | (23%) |
- No fare increases are projected for FY 2009-10.

Aviation

- Primary focus on safety, security and the provision of excellent service
- Reductions in operations due to decrease in overall business activity/slowdown of the economy
- Fuel sales anticipated to be significantly reduced



Aviation Fund - \$8,909,766

■ Operating Revenues	\$8,202,475	(92%)
■ Non-Operating Revenues	\$-8,200	(0%)
(accounts for fees for use of credit card sales)		
■ Transfers	\$699,091	(8%)
■ General Fund	\$699,091	

Rocky River Golf Course

- Capital Improvements to the Facility:
 - Replacement appliances and improvements to kitchen area of grill - \$12,000
 - Interior Improvements to the Building - \$8,000
 - Improvements to the Driving range - \$15,000



Golf Course Fund - \$2,550,399

Anticipates decrease in earned
revenue of 16.5%

■ Operating Revenues	\$1,640,045	(64%)
■ Non-Operating Revenues	\$35,051	(1%)
■ Transfers (designated for debt service)	\$875,303	(35%)

Public Housing

- Continue to partner with the community on the Logan Revitalization Plan
- Estimated opening in August 2009 of the Technology center in the Logan community for job training, educational opportunities of clients – paid for by Neighborhood Network grant
- Currently have 1275 families on the Public Housing and Section 8 waiting list

Public Housing & Section 8 Voucher Revenues

Public Housing Fund

■ Charges for Services	\$277,500
■ Other Revenue	\$10,000
■ HUD Contribution	<u>\$780,000</u>
	\$1,067,500

Section 8 Voucher Program Fund

■ Restricted Intergov't Revenue	\$3,492,492
■ Program Income	<u>\$10,000</u>
	\$3,502,492

Special Revenue Funds

■ Municipal Service District Fund (Tax Rate set at 0.18 cents)	\$ 74,650
■ Transportation Improvement Fund (\$5 Vehicle tax included)	\$ 2,398,761
■ CDBG	\$ 544,800
■ Home Consortium	\$ 383,190
■ \$5 Vehicle Tax (Transit)	\$ 250,000

Looking Ahead – The Economy, Philip Morris and State/Local Revenues

- Job losses and impact on sales tax
- Philip Morris direct impact on property and eventually, sales tax
- Potential for State of North Carolina to keep local government revenues and/or delegate responsibility for services without providing new revenues

Looking Ahead – Federal Stimulus Money

- EECBG - \$638,000
- Brownfields Assessment - \$200,000
- HUD CBDG - \$103,998
- HUD Public Housing - \$331,941
- Byrne Justice Assistance - \$142,322
- COPS, Water/Wastewater Grants applied for
- Other opportunities such as Fire, Aviation, Neighborhood Stabilization

Looking Ahead – Water Opportunities

- Yadkin River
- Catawba River
- Continue Leadership Role in Conservation

Looking Ahead – Growth Management

- Central Area Plan
- Pay back for infrastructure
- Troubled subdivisions

Looking Ahead – Electric System Analysis

- Comprehensive analysis of cost and levels of service and the future direction of the retail and wholesale markets

Looking Ahead – Solid Waste

- Comprehensive look at the way we provide these services and the use of technology to maintain or increase service levels at lower costs
- General Fund vs. stand alone

Looking Ahead - Transportation

- Who does what in the future
- Derita Road Project - \$2,136,763
- CMAQ – Poplar Tent and Concord Parkway & Branchview and Warren Coleman - Potential match of \$400,000
- Morehead Road – Engineering and \$1,500,000 construction

Looking Ahead - Transportation

- George Liles Parkway Ext. – \$10,000,000 up-front
- New RIDER Transit Center
- Potential for Light Rail

Looking Ahead – Customer Service and Citizen Education and Communications

- Continuing Customer Service Focus – Customized training wrapping up
- Utilizing all methods of communication – media, direct mail, e-mail, blogs, social networking sites, Connect –CTY
- Customer Care Center
- Civic Education, Youth Council, Concord 101, Public Safety Academy

The Budget Adoption Process:

Budget Workshop June 9, 2009

Budget Hearing (regular meeting)
June 11, 2009

Budget Adoption
??