



FY 2010-11 Recommended Annual Operating Budget and Performance Plan

W. Brian Hiatt, City Manager
May 25, 2010

Presentation Overview

- Key themes and trends guiding budget development
- Summary of balanced budget
- Summary of revenue sources (By Fund)
- Highlights of proposed FY 2010-11 projects and services (By Fund)
- Future needs and challenges

GUIDING DOCUMENT

FY 2010-11

Mayor/City Council Goals

“Maintain Basic Services”

Overall Revenue Trends

- No property tax increase proposed
- Continued conservative projections of revenue due to current economic conditions, including sales tax
- 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
- Use of Capital Reserve Funds for capital needs
- Plan for the worst – hope for the best

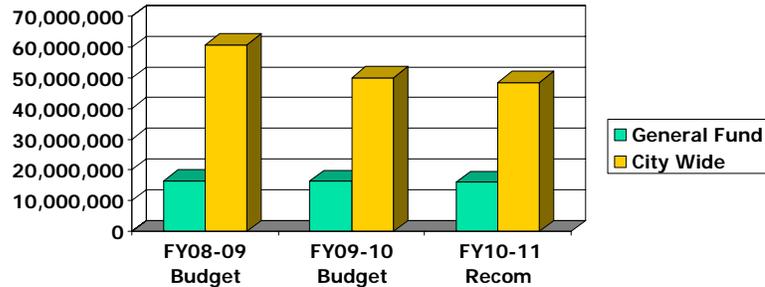
Overall Expenditure Trends

- Focus on basic levels of service, emphasizing efficiency and customer service and **the way we deliver services**
- “Holding the line” in operational line items, which is a continuation of the cuts made last year and more
- Limited spending on capital and maintained control of debt
- Appropriation of funds from Capital Reserve Fund for one-time capital expenditures in General Fund
- Maintenance of technology infrastructure (computers and radios) throughout City departments
- Maintenance of city assets and facilities, including streets, buildings, and park properties

Overall Expenditure Trends

- FY 2008-09 budget was reduced mid-year to reflect onset of the recession.
- FY 2009-10 budget as presented was reduced by 3.2% or \$6.42 million (\$10.7 Million/17.5% in Operational expenses) to avoid having to make mid-year reductions.
- Departments continued these cuts and, in some cases, cut more for FY 2010-11

Comparison of Operational Budget Expenses FY09 – FY11



**Purchase Power excluded from Electric

	FY08-09 Budget	FY09-10 Budget	FY10-11 Recom
General Fund	\$16,466,351	\$16,231,906	\$16,065,861
City Wide	\$60,738,818	\$50,077,785	\$48,512,560

Balanced Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 66,204,799	\$ 66,204,799
Municipal Service District	74,275	74,275
Home Consortium	296,936	296,936
CDBG	475,304	475,304
Transportation Improvement Fund	2,588,792	2,588,792
\$5 Vehicle Tax Fund (Transit)	250,000	250,000
Stormwater Fund	3,590,105	3,590,105
Electric Fund	70,246,245	70,246,245
Water Fund	18,294,013	18,294,013
Wastewater Fund	14,136,171	14,136,171
Golf Course Fund	2,451,412	2,451,412
Transit Fund	2,591,950	2,591,950
Aviation Fund	9,336,130	9,336,130
Public Housing	1,184,000	1,184,000
Section 8/Vouchers Program	3,426,500	3,426,500
Total Budget	\$195,146,632	\$195,146,632

**Total Recommended
Budget FY 2010-11**

\$195,146,632

\$1.9% increase from FY 2009-10

Increases to Budget

- Wholesale Purchase Power in Electric increase of \$1.8 million (3.5%)
- Fire Budget – addition of SAFER grant mid-year for 12 firefighters for ladder company serving western Concord – currently 90% FEMA funded
- Now includes recycling contract with Republic as an expense and a revenue for FY11 - \$825,000
- State Mandated Increase in Local Government Retirement Contributions - over \$700,000 city-wide
- Increase in City-funded portion of health insurance premiums – approx. \$350,000

Recommended Positions

This budget represents **925.5 FTE** (full-time-equivalent employees), with **6** vacant positions eliminated.

Vacant and unfunded for FY 10-11:

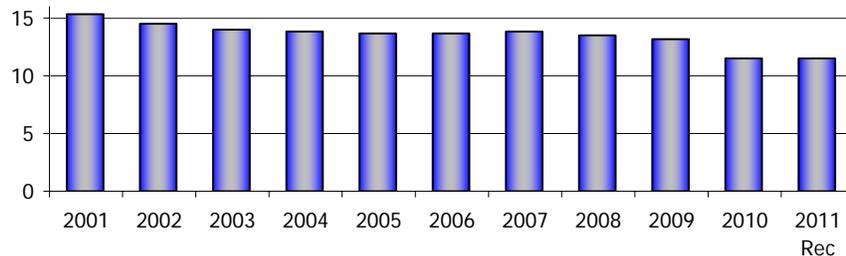
- 17 Full-time positions
- 6 Part-time positions

Value of Positions Frozen (savings): \$828,091

Value of Positions Eliminated (savings): \$263,949

3 new positions recommended

Number of Funded FTE Positions Per Capita



Proposed Eliminations

Customer Service (1 position):

- Meter Technician

Purchasing (1 position):

- Warehouse Clerk

Solid Waste & Recycling (1 position):

- Utility Service Worker (as of Jan. 1)

Engineering (2 positions):

- CAD Tech (upon filling CAD Analyst)
- Construction Inspector

Electric (1 position):

- Deputy Director

Unfunded Positions

General Fund (7 positions):

- Finance: Accountant
- Police: Customer Service Specialist
- Solid Waste/Recycling: Utility Service Supvr.,
Equipment Operators (2)
- Parks & Recreation: Parks & Rec Specialist
- Development Services: Development Services
Manager (employee currently reassigned)

Unfunded Positions

Electric Fund (2 positions):

- 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

Aviation Fund (2 full-time, 3 part-time positions):

- Customer Service Specialist
- Custodian/Courier
- Aviation Assistant (3 part-time positions – 10 hours/week each)

Internal Service Fund (2 full-time and 3 part-time positions):

Engineering:

- Staff Engineer

Unfunded Positions

Internal Service Fund (cont).

Building and Grounds:

- Custodian (3 part-time positions – 20 hours/week)
- Utility Service Supervisor

HOME Fund (1 position)

- Planner

Recommended New Positions

General Fund

- *Police*
 - (2) Customer Service Specialists
 - Positions will create a dedicated telephone reporting unit to allow officers more uncommitted time for active patrol (Discussion at Workshop)

Transit

- Transit Manager – Funded by Federal Transit Administration, Concord and Kannapolis

PROPOSED GENERAL FUND OPERATING BUDGET

Detailed Revenue and Spending Projections

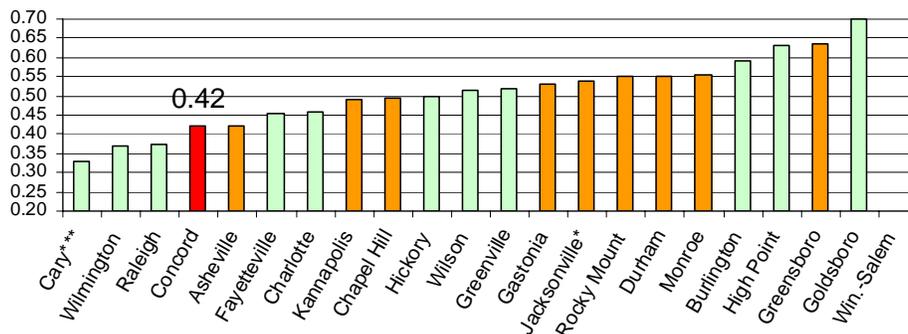
General Fund Revenues

- .4200 tax rate recommended
 - Unchanged from FY 08-09 and FY 09-10 tax rate
- General Fund Total - \$66,204,799
 - Ad Valorem taxes:
 - \$0.42 tax rate yields \$41,794,361 in anticipated current year tax revenue (after application of collection rate)
 - Valuation of \$10,241,817,189
- One cent on tax rate = approx. \$1 million

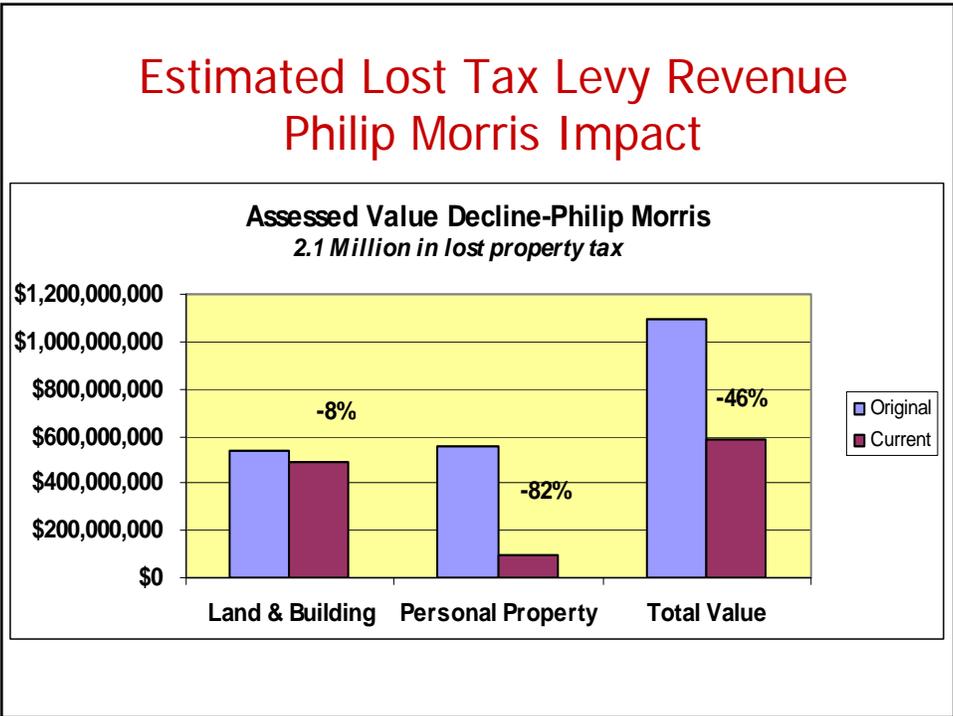
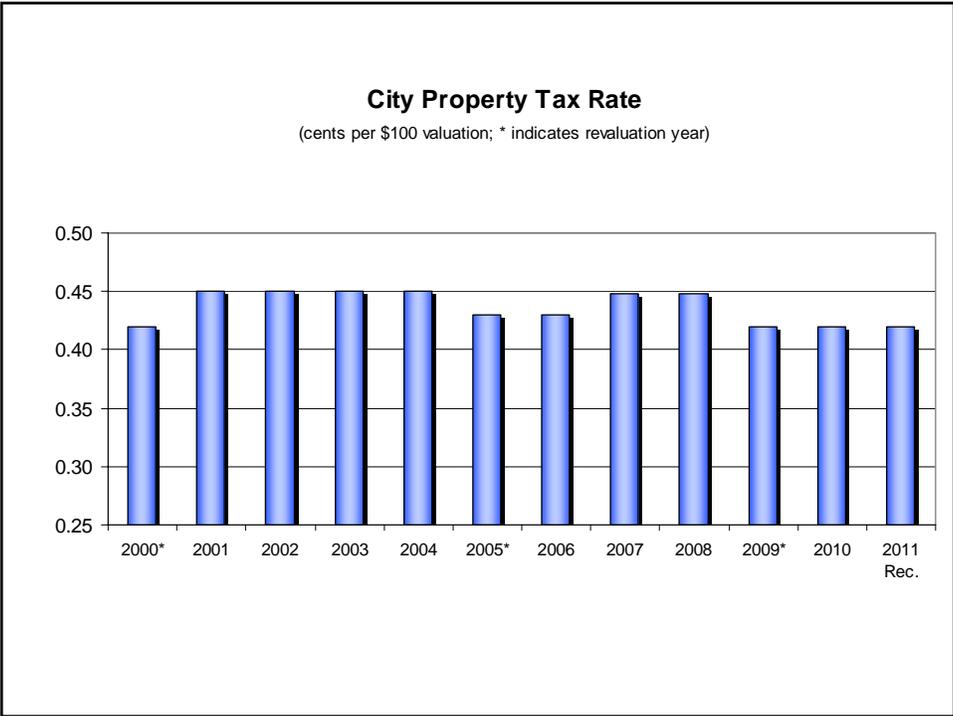
General Fund

- 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 - \$2,007,563
- Continues to remain one of the lowest tax rates among full-service NC cities over 35,000 population

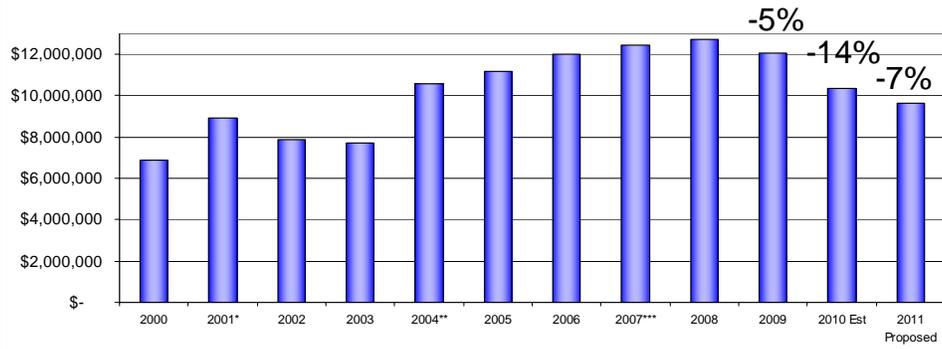
**FY 2010-11 Proposed Property Tax Rates for
NC Full-Service Cities Over 35,000 Pop.
(Cents per \$100 Valuation)**



* Represents Revaluation Year **Cary - extensive use of impact fees.
 ** Cities in green apply a fee for solid waste (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.

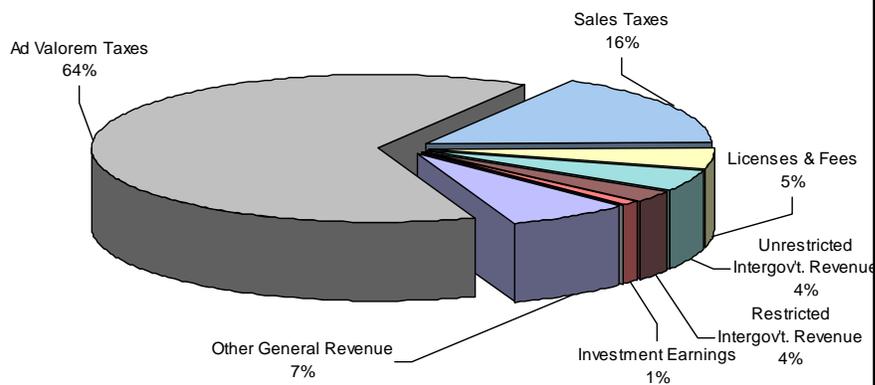


Sales Tax Revenue



*Changed accounting method (includes 5 Q's) **Includes additional 1/2 cent effective 7/1/03 ***Due to increase in Cabarrus County's property tax rate

General Fund Revenues by Source

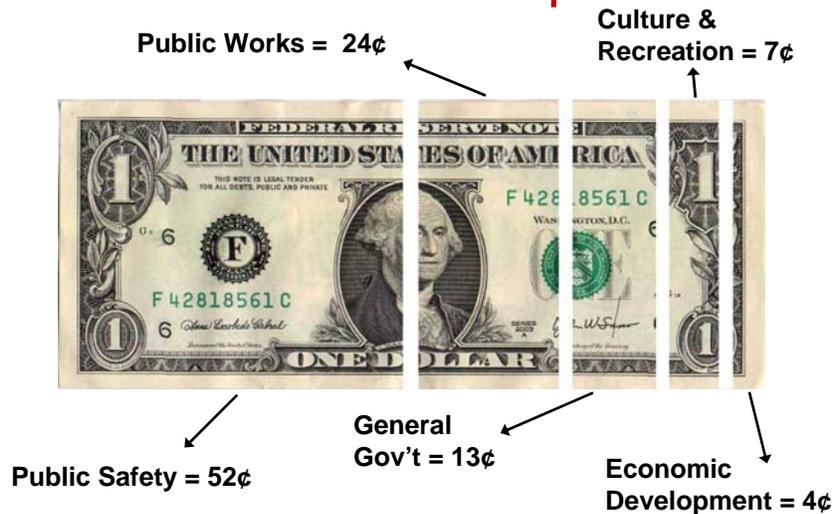


General Fund Balance/Capital Reserve Fund

- Undesignated Fund Balance will meet 30% - 35% goal
- \$1.6 million in funds from Capital Reserve Fund recommended for appropriation for FY 2010-11
 - \$1.3 M in General Fund for one-time only capital expenditures
 - \$209,000 for Dorland Ave Realignment
 - \$75,000 for Design of Fire Station 5 Improvements

Summary of Recommended General Fund Expenditures

How will each General Fund tax dollar be spent?



General Government

Administrative Departments–

- Continuation of the Customer Service Initiative begun in FY 07-08, including use of performance measurement component (Council Goal)
- Energy Efficiency Improvements at BOC - \$14,725
- Safety and Customer Service modifications to the City Hall Annex Building- \$15,000
- Upgrade of Jantek Payroll System in Finance - \$53,500

General Government

Human Resources -

- No increase in health insurance premiums for basic employee HRA plan but some increases in family coverage for HRA plan and employee/family costs for PPO plan
- Increase full-time employee salaries for those receiving a performance evaluation rating of "meets expectations" or better by \$600

General Government

Human Resources (cont.)-

- Funds included to reward formal career development training completed in FY 2010-11
- 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
- Increase in Employee Retirement contribution (total of \$700,000 increase across all funds)

Public Safety

Police-

- Addition of two Customer Service Specialists as a dedicated telephone reporting unit, will increase officer availability in the field - \$73,084 (Discussion at Budget Workshop)
- Maintenance of one car per officer plan through 15 replacement vehicles - \$390,000
- Replacement of 2 K-9 vehicles - \$60,000
- Purchase of additional 55 wireless cards to complete access to wireless in police vehicles - \$26,400

Public Safety

Code Enforcement-

- Impact of economic downturn includes increasing demand and need for Code Enforcement. Council goal of additional funding for a proactive approach to violations - \$30,000
- Maintain transfer of one in-house position

Emergency Communications –

- Replacement of OSSl message switch - \$16,400
- 911 Network Time Synchronization System - \$6,575

Public Safety

Radio Shop -

- Replacement of Recording Equipment for 911/Call Center/Customer Service and Police Headquarters - \$86,517

Fire and Life Safety –

- Installment purchase of replacement of a ladder apparatus for Ladder Company 5- \$155,000 – only new debt of any kind in General Fund

SAFER Grant – 12 Firefighters

	FEMA	CITY
• First year	90%	10%
• Second year	80%	20%
• Third year	50%	50%
• Fourth year	30%	70%
• Fifth year	0%	100%

Funds included to reclassify three Firefighter positions to Captain for supervision of Ladder Company 5

Culture and Recreation

Parks and Recreation -

- Addition of 3 PT Rec Center Leader slots to increase staffing availability, no change in funding as positions draw from the same pool of funds
- Replastering and retiling of pool - \$29,500
- Recreation Capital Reserve available for limited greenway and open space opportunities

Economic Development

- Heilig Meyers Building Maintenance - \$60,000
- Dorland Ave Realignment (budgeted in project fund) - \$209,000
- Concord portion of Cabarrus Economic Development Commission funding - \$60,000
- Continue incentive grant funding for commercial and industrial economic development projects already approved by Council - \$607,275

Economic Development

Business and Neighborhood Services -

- Neighborhood Matching Grant Program -\$11,500

Development Services -

- Includes \$16,000 towards a study for the Historic Designation of Gibson Village

Development Services Study

- Expect to complete analysis and comparison of fees for Development Review and Permitting
- No fee increases recommended at this time
- Discussion to be held at Budget Workshop

Public Works

Transportation –

- Funds for street resurfacing:
 \$525,000 General Fund
 \$631,811 Powell Bill
- Fiber Splice Trailer & Materials - \$36,000

Cemeteries –

- Roof replacement at West Concord Cemetery
Gazebo and Office - \$9,000

Public Works

Solid Waste and Recycling –

- Funds for yard waste processing and disposal -
 \$185,000
- Replacement of single-axel dump truck -
 \$80,000
- Complete RFP Process for garbage and
recycling services

Recommended Changes in Solid Waste

- Efficiency and cost savings by changing method of metal, appliance and tire collections
- Bidding garbage and recycling collections in preparation for FY 2011-12 per Council Goal
- New fees proposed related to solid waste code enforcement
- Discussion to be held at Budget Workshop

Summary of Recommended Utility Fund Revenues

Stormwater, Water,
Wastewater and Electric

Stormwater Fund - \$3,590,105

NO RATE INCREASE

- Operating Revenues \$3,575,405 (99.5%)
- Non-Operating Revenue \$14,700 (0.5%)
- Retained Earnings Appropriated \$0 (0%)

Reflects no increase in total budget proposal as compared to FY10 projected final numbers.

Water Fund - \$18,294,013

NO RATE INCREASE

- Operating Revenues \$18,126,063 (99%)
- Non-Operating Revenue \$167,950 (1%)
- Retained Earnings Appropriated \$0 (0%)

Reflects 1.6% decrease in total budget proposal as compared to FY10 final estimates.

Wastewater Fund - \$14,136,171

DRAMATICALLY IMPACTED BY PHILIP MORRIS

• Operating Revenue	\$14,073,171	(99.5%)
• Non-Operating Revenues	\$63,000	(0.5%)
• Retained Earnings Appropriated	\$0	(0%)

Reflects 2.5% increase in total budget proposal as compared to FY10 final estimates.

Wastewater Fund - Recommended Rates

Wastewater Base Charges

Base Charges	Proposed FY11
¾"	\$ 3.39
1"	4.80
1½"	8.02
2"	12.05
3"	21.51
4"	34.99
6"	68.40
8"	108.65
10"	155.74

Wastewater Volume Charges

	Proposed FY11	Approved FY10
<u><i>Inside City</i></u>		
Rate per 1,000 gallons	\$ 5.29	\$ 5.09
Flat Sewer Charge	35.32	33.96
<u><i>Outside City</i></u>		
Rate per 1,000 gallons	\$ 6.35	\$ 6.11
Flat Sewer Charge	42.38	40.75

Wastewater Rates

The resulting monthly increase for a City residential wastewater bill with a monthly household consumption of 4,800 gallons (if adopted) would be **96** cents.

Electric Fund - \$70,246,245

• Operating Revenues	\$69,691,595	(99.2%)
• Non-Operating Revenues	\$54,650	(0.1%)
• Transfers	\$500,000	(0.7%)
• Retained Earnings Appropriated	\$0	(0%)

*Increase of 3.4% over FY10 Total Adopted budget (due to 3.5% increase in Purchase Power). Removing Purchase Power, 2.7% increase from FY10 Adopted budget.
Transfer from General Fund for cost of street lights.*

Electric Fund

- Revenues recommended to balance the Electric Fund include a projected average rate increase of 4.3% effective in January 2011.
- This is part of the comprehensive recommendations from the RW Beck study approved by City Council in December 2009.

Summary of Recommended Utility Fund Expenditures

Water, Wastewater, Electric and
Stormwater

Water Resources

- Work with potential partners to finalize water agreements consistent with water basin transfer agreement
- No new funds in FY11 operating budget towards Yadkin Waterline Project; Engineering work to be completed with existing project funds

Water Resources

- Hazardous Stimulus Mitigation Plan - \$250,000
- Building repairs on both Coddle Creek and Hillgrove Water Treatment Plants - \$95,570
- Set aside ½ funds for Sludge Removal (done every 2 years) - \$250,000
- Continued maintenance of waterlines, mains, and valves; replacement/upgrade of problem areas

Wastewater

- Hold the line on services, limited capital spending
- Small outfall sewer replacements/upgrades:
 - Lark Haven
 - Branch Drive
 - Parkwood Street
 - Walnut Outfall
- Continue to invest in slip lining for wastewater lines - \$475,481
- Continue flow monitoring and smoke testing

Electric System

RW Beck Study Recommendations

- Movement of \$1.5 million in operational funds under materials budgets to infrastructure line items under capital
- Transfer of \$250,000 each to Rate Stabilization Fund and Retained Earnings
- \$511,000 Payment to General Fund In Lieu of Taxes
- General Fund payment for Street Lights
- Changes to Internal Service allocations which reduced costs to Electric Fund (and increased costs to other funds)

Electric System

- Purchased Power budget increase of 3.5%.
FY11 Projection of \$52.7 million, equal to 75% of total Electric budget
- Downtown Underground Upgrade - \$150,000
- Conversion of overhead facilities to underground distribution - \$100,000
- Reconductoring to increase Overhead capacity - \$50,000

Electric System

- Replacement of SCADA and IVR servers - \$77,800
- Replacement of 1 Bucket Truck (\$190,000) and 1 Line Truck (\$210,000)

Stormwater

- Funding for Second Basin Capital Projects Master Plan - \$350,000
- Set aside funds for future projects as a result of Master Plan - \$683,869
- Transfer of funding needed for Corps Stream Restoration project - \$202,250

Transportation Improvement Fund

- Funds designated for the future local match of Derita Road improvements – \$500,000 and Cabarrus Railroad Bridge Railing - \$250,000
- Continue Pedestrian Improvement Program (sidewalk extensions) - \$100,000
- Provide 40% local match to NCDOT for sidewalks and bicycle lanes along Poplar Tent Road and NC Highway 73 in interchange areas with I-85 - \$500,000

Public Transit

- Continue funding of *Rider* and *Concord Express*
- Increase of \$9,532 (or 0.5%) in contract costs with Veolia.
- Transit Center to open in late summer.
- Provides funding for Transit Manager (new) and Customer Service Specialist (transferred from Fleet) for Transit Center.



Public Transit Fund – \$2,591,950

*Revenues from bus fares have increased
10% since FY 2007-08.*

• Intergovernmental Revenue	\$1,740,125	(67%)
• Operating Revenue	\$200,000	(8%)
• Non-Operating Revenue	\$651,825	(25%)

No fare increases are projected for FY 2010-11.

Aviation

- Primary focus on safety, security and the provision of excellent service.
- Continue reductions in operations due to decrease in overall business activity/slowdown of the economy.
- Fuel sales have begun to recover, a small increase in fuel sales is projected for 2011.
- Other capital projects dependent on grant funding.



Aviation Fund - \$9,336,130

- | | | |
|-----------------------------|-------------|-------|
| • Operating Revenues | \$8,467,930 | (91%) |
| • Non-Operating Revenues | \$169,200 | (2%) |
| • Transfers | \$699,000 | (8%) |
| • Debt Service-General Fund | | |

Rocky River Golf Course

- Capital Improvements to the Facility:
 - Replacement appliances and improvements to kitchen area of grill & interior improvements to the Building - \$32,900
- Discussion at Budget Workshop



Golf Course Fund - \$2,451,412

- | | | |
|--|-------------|-------|
| • Operating Revenues | \$1,449,489 | (59%) |
| • Non-Operating Revenues | \$50,627 | (2%) |
| • Transfers
(designated for debt service) | \$951,296 | (39%) |

Public Housing

- Continue to partner with the community on the Logan Revitalization Plan
- Modernize and retrofit public housing stock using funding received through the American Recovery and Reinvestment Act of 2009 (Stimulus Grant)
- Currently have 1,222 families on the Public Housing and Section 8 waiting lists

Public Housing & Section 8 Voucher Revenues

Public Housing Fund

• Charges for Services	\$274,500
• Other Revenue	\$ 14,500
• HUD Contribution	<u>\$895,000</u>
	\$1,184,000

Section 8 Voucher Program Fund

• Restricted Intergov't Revenue	\$3,400,000
• Program Income	<u>\$ 26,500</u>
	\$3,426,500

Special Revenue Funds

- Municipal Service District Fund \$ 74,275
(Tax Rate set at 0.18 cents)
- Transportation Improvement Fund \$ 2,588,792
(\$5 Vehicle tax included)
- CDBG \$ 475,304
- Home Consortium \$ 296,936
- \$5 Vehicle Tax (Transit) \$ 250,000

External Agency Funding

General Fund Recommended: \$74,874

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ Cabarrus Arts Council - \$27,000 • Cabarrus Events Association - \$5,000 • CVAN - \$9,500 • Concord Museum/Historic Cabarrus - \$6,000 • Boys & Girls Club - \$6,000 • Multicultural Student Union- \$2,000 | <ul style="list-style-type: none"> • Habitat for Humanity (Affordable Housing Construction Grant) - \$17,874 • Cabarrus Co. Museum of Fine Art & African-American History - \$1,500 |
|--|---|

*Utility Funds
Recommended: \$10,000*

- Cabarrus Cooperative Christian Ministries - \$10,000

External Agency Funding

CDBG Recommended: \$45,000

- Cabarrus Arts Council - \$2,000
- 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
- United Family Services - \$2,000

LOOKING AHEAD

- Economy
- Philip Morris - direct impact on property and sales tax
- Potential for State of North Carolina to impact revenues/services
- Federal Funding and stimulus
- Implementation of Electric System study recommendations

LOOKING AHEAD

- Solid waste efficiencies
- Growth management vs. economic development
- Implementing IBT authority
- Recreation and open space
- Radio communications infrastructure
- Customer Service

LOOKING AHEAD TRANSPORTATION

- Morehead Road
- Derita Road Project
- CMAQ – Poplar Tent and Concord Parkway
- CMAQ – McCachern Blvd.
- George Liles Blvd.

The Budget Adoption Process:

Budget Workshop June 8, 2010

Budget Hearing (regular meeting)
June 10, 2010

Budget Adoption
??

For More Details:

The entire budget document, including the City Manager's Message, can be viewed on our website at:

www.ci.concord.nc.us

There will be a link from the City's main page.

Hard copies will also be available at Central Library and the City Clerk's Office (inside Municipal Building).