



May 25, 2016

The Honorable J. Scott Padgett, Mayor  
 Members of the City Council  
 Concord, North Carolina

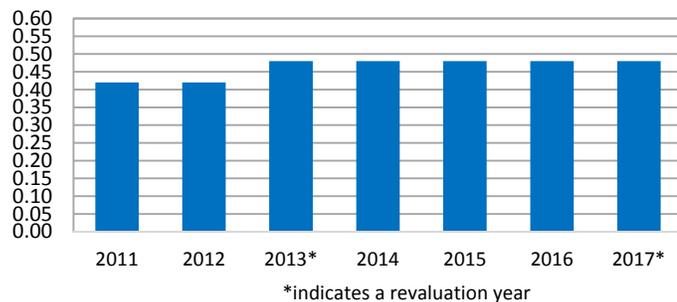
Dear Mayor Padgett and Members of the City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, attached is the recommended FY 2016-17 Budget for your review and consideration. I want to thank the Mayor and Council for providing staff with specific direction to maintain basic City services as indicated in the FY 2016-17 Goals Statement. I used this document as a guide in making recommendations. I also want to thank Deputy Manager Merl Hamilton, Assistant City Manager Lloyd Payne, all department directors and their respective staffs, Finance Director Pam Hinson and, in particular, Budget and Performance Manager Robin Barham and Budget Analyst Lesley Reder for their assistance in preparing this proposal.

The City-wide budget totals \$230,157,100 for all funds, including utilities and special revenue funds.

The recommended General Fund budget for FY 2016-17 totals \$78,771,691 for City personnel, operations, capital improvements and debt service. Due to the need to implement Council's aggressive goals for the community, the failure of the General Assembly to provide an alternate revenue source after eliminating the business license tax, increasing demands for service as part of a growing economy and the continued use

**City Property Tax Rate**  
 (cents per \$100 of valuation)



of the ad valorem basis for distribution of sales taxes in Cabarrus County, I am recommending that the tax rate remain at 48¢ per \$100 of valuation. As in past years, this proposed tax rate includes restricting the 2¢ budgeted for use in the Transportation Improvement Fund as mandated by City Council. Including an overall 8% increase in Concord's assessed property values determined during the 2016 Cabarrus County revaluation process, the revenue neutral tax rate, using the formula provided in G.S. 159-11(e), is calculated at 45.94 cents for FY 2016-17.

I am recommending no rate increases for the Stormwater, Water or Wastewater funds, despite a 5% increase in our wastewater treatment rates from WSAAC. No changes are recommended in electric rates at this time. As is the practice, if there is a need to consider a Purchased Power Adjustment, changes would be implemented in the September time frame.

For the first time since before the Great Recession, we started the budget process with departments being asked to prepare a budget with up to, but no more than, a 2% operational increase. Many departments

did use this opportunity to address smaller but much needed operational items; however several departments did not request operating increases at all. As a separate review process, departments were able to identify additional needs beyond their current operations. Management considered the impact of these operational needs in an environment of a strengthening economy and growth, and recommended those new requests that will meet Council goals and/or have the greatest impact on direct service delivery to our citizens. The budget was balanced using conservative revenue projections.

The growth in all sectors of the economy in Concord speaks well for the desirability of our community. We have been extremely conservative in expenditure growth over the past eight years, first due to the recession, then to the turmoil caused by the General Assembly's elimination of the business license revenue and the debate on sales tax redistribution. With the growth, the City cannot maintain current services levels or meet Council goals without adding positions and increasing operational line items. My FY 2015-16 Message pointed out how the decrease in City positions per capita could not continue in light of the upturn in residential growth if the City is to maintain service levels. That is why there are such increases recommended.

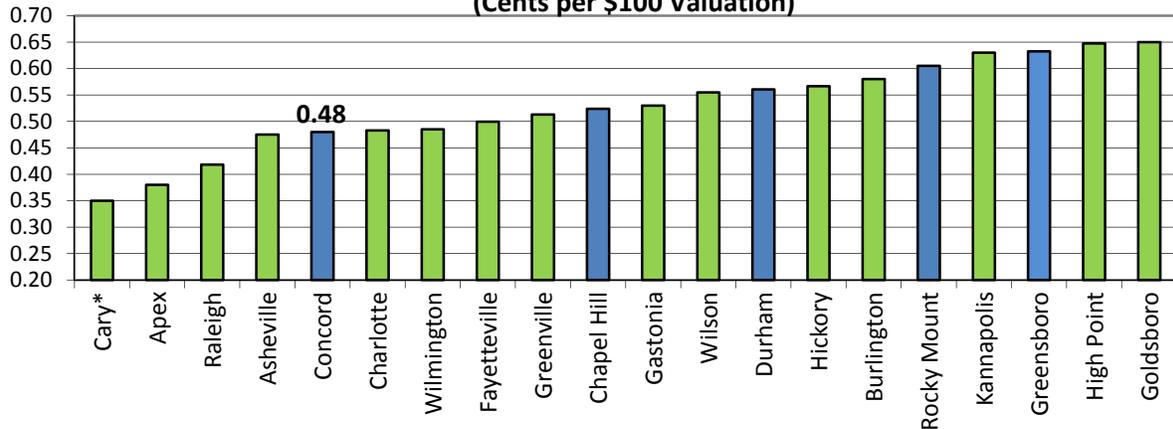
This recommendation assumes the General Assembly will not make changes to local government revenues that will impact the City of Concord.

Per Council's direction, the focus of this budget is maintaining essential services provided to our residents and businesses and fund the essential projects necessary to maintain and improve the quality of life in a growing community. To do this and to continue to make basic capital purchases, we are recommending the use of \$2,985,540 from the City's Capital Reserve Funds. RESERVES ARE NOT BEING USED TO FUND OPERATIONAL LINE ITEMS.

The City Council is to be commended for continuing its past conservative practices, not only in projecting revenues, but also holding down expenditures and maintaining reserves to help meet essential needs. Operations continue to remain lean but these practices have enabled us to remain in a solid financial position. This could be undermined by past and future actions of the General Assembly.

For FY 2016-17, the recommended Concord property tax rate continues to be among the lowest third of full-service North Carolina municipalities with populations greater than 40,000 and the lowest of those that do not charge solid waste and/or recycling fees. The property tax comparison chart on the next page summarizes the proposed property tax rates for these comparable cities. Most of the cities whose property tax rates are lower than Concord's make extensive use of State authorized impact fees, and/or charge additional user fees for solid waste collection and/or disposal. Some of the lowest are cities in the Triangle, a region with rapid growth in sectors resulting in high property values and disposable income.

**FY 2016-17 Proposed Property Tax Rates for  
NC Full-Service Cities Over 40,000 Pop.  
(Cents per \$100 Valuation)**



**Note:**

\*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.

Due to increasing customer needs, several departments requested new positions or to “unfreeze” positions for FY 2016-17. Many of these are recommended. These include 28 new full-time positions, 1 part-time position, 6 unfrozen positions, and 2 positions moving from part-time to full-time status.

The Council’s goal is to maintain a General Fund balance target between 30% and 35% of expenditures. The General Fund balance will continue to meet the Council goal.

This stability in fund balance is possible only because our elected officials have been good stewards of the City’s revenues in the past. Regardless of its size, over reliance on fund balance in any one fiscal year is a dangerous practice in times of slow growth, particularly if used for ongoing operations. With this diligence, we have tried to avoid the practice of over reliance on fund balance or retained earnings, which would require us to eventually generate ongoing replacement revenue or new sources of funding. If we see more of the worst case revenue scenario coming from the General Assembly later this year, the Council will have difficult decisions to make regarding using reserves, raising revenues and/or cutting services.

The overall budgetary principles on which this document is based are:

- Basic City services are continued by recommending any increases needed to maintain current service levels.
- Revenue projections are estimated with the assumptions outline earlier in this message.
- We have used the Mayor/City Council Goals Statement as our guide in recommending new projects and services.

## **EXPENDITURE HIGHLIGHTS BY FUND**

While highlights of each operating fund are contained within the individual program summary pages located throughout this document, the expenditure highlights of major funds for the FY 2016-17 Recommended Budget are listed below:

### **GENERAL FUND**

- *Police* – Addition of 4 Police Officer positions and 1 Sergeant position for Proactive Policing Unit (including equipment/supplies/vehicles) - \$593,053.
- *Police* – Addition of 4 Police Officer positions and 1 Sergeant position dedicated to Concord Regional Airport (including necessary equipment/supplies/vehicles) - \$532,953.
- *Police* – Evidence.com subscription for body-camera program - \$147,500.
- *Police* – Supplies and equipment to outfit 16 bicycles for Police use (bicycles are being purchased with Asset Forfeiture funds) - \$14,720.
- *Police* – Purchase of 8 tablets/licenses, mounting and docking equipment for remainder of SROs (ensures all SROs have tablets for computer/data access) - \$62,240.
- *Code Enforcement* – Addition of 1 Code Enforcement Officer position to more efficiently handle an increased workload/cases - \$87,469.
- *Emergency Communications* – Addition of 1 Administrative Assistant position to assist with false alarm and database management (offset with increased revenue from bringing the collection of fees in-house - effective October 1, 2016) - \$42,374.
- *Fire* – Replacement of an aerial platform ladder truck and associated equipment - \$1,400,000.
- *Fire* – Addition of 3 Lieutenant and 3 Captain positions dedicated to Concord Regional Airport (including necessary equipment/supplies) - \$404,265.
- *Fire* – Increased maintenance needs at Fire Stations (renovation of kitchen at FS7, roof replacement at FS3) - \$100,000.
- *Fire* – Purchase of vehicle exhaust system for FS9 (FS7 and FS9 are the only stations now that do not have it, however FS7 is eligible for a grant to purchase) - \$58,000.
- *Fire Prevention* – Addition of 1 part-time Fire Marshal position to offset increases in plan review workload - \$24,192.
- *Fire Prevention* – Replacement of Fire Safety House (including carport) - \$82,962.
- *Emergency Management* – Addition of an Assistant Emergency Management Manager to assist with emergency response, developing plans, conducting risk assessments, etc. (including supplies/equipment/vehicle) - \$118,625.
- *Emergency Management* – Purchase of an Unmanned Aerial System for use primarily in public safety - \$12,000.
- *Transportation* – Addition of 1 Senior Equipment Operator position and 1 Equipment Operator position for utility cut patching (includes supplies/equipment/vehicle) - \$134,106.
- *Transportation* – Continuation of additional \$30,000 for contracted sidewalk repair.
- *Solid Waste and Recycling* – Addition of residential recycling disposal costs (as defined in new service contract with Sonoco; due to substantial decreases in the recycling market) - \$120,000.
- *Fleet Services* – Reduction of \$400,000 in city-wide fuel costs (due to lower prices) - \$1.3 million.
- *Fleet Services* – Unfreezing and funding of Master Mechanic position to assist with workload due to increased fleet size (includes supplies/equipment) - \$55,026.
- *Cemeteries* – Continued maintenance funds for monument repair, landscaping, and sidewalks at all three City-owned cemeteries - \$28,000.
- *Planning and Neighborhood Development* – Addition of 1 Planner position to assist with community development - \$60,705.

- *Planning and Neighborhood Development* – Increase in hours worked by Clearwater Studios Supervisor to become a full-time position (includes benefits) - \$16,930.
- *Planning and Neighborhood Development* – CVB Wayfinding Sign Fabrication project in the downtown area (Concord's participation) - \$42,000.
- Economic Development – Enlist a Recruitment Consultant to target specialty retail - \$30,000.
- *Parks and Recreation* – Install playground equipment at the Weddington Road Bark Park - \$35,000.
- *Parks and Recreation* – Replace windows/doors and HVAC units on west side of Academy Recreation Center - \$59,000.
- *Parks and Recreation* – Addition of funds needed to construct McEachern Greenway Cabarrus Phase - \$100,000.
- *Parks and Recreation* – Expand and make improvements to the Daniel Pharr building located near Caldwell Park - \$68,000.
- *Parks and Recreation* – Funding for design of Hector H Henry Greenway Airport phase (\$52,500) and land/ROW acquisition associated with Hector H. Henry Greenway Riverwalk phase (\$50,000).
- *Parks and Recreation* – Use of Capital Reserve funds for construction of Hartsell Recreation Center renovations (\$1,815,000), renovation of property on Burrage Road for future programming space (\$309,540) and partial construction funding of McEachern Greenway Fink phase (\$311,000). Remaining \$1 million in construction funds for Fink phase is recommended for funding in the General Fund Parks and Recreation budget.
- *Parks and Recreation Aquatics* – Resurface inside of the pool - \$38,000.
- *Public Services Administration* – Replacement of Warehouse roof at the Brown Operations Center - \$275,000.
- *City Manager's Office* – Updated process for Biennial Citizens Survey - \$16,000.
- *Human Resources* – Addition of 1 HR Analyst position to assist with Benefits (and related compliance) workload - \$64,963.
- *Finance* – Upgrade of budgeting software to Questica product - \$60,000.
- *Non-departmental* – Inclusion of funds for Mosquito Control Program administered by Cabarrus Health Alliance - \$12,000.

**MUNICIPAL SERVICE DISTRICT FUND:**

- A total of \$89,000 is appropriated to the Concord Downtown Development Corporation for use in the promotion and improvement of the City's downtown district. The Revenue Neutral tax rate for the MSD is \$.23 per \$100, so no change is recommended in the tax rate.

**STORMWATER FUND:**

- Provide funds for the replacement of culverts at Chelwood Dr and Hanover Circle – combined budget of \$769,000.
- Matching funds for the construction/completion of Army Corp of Engineer's Stream Restoration project at the Academy and Stricker branch - \$362,892.

**ELECTRIC FUND:**

- FY17 Wholesale Purchase Power budget reflects 6.7% decrease from FY15-16 budget.
- Perform Solid State Relay Conversions at Substation M (\$495,000) and Substation C (\$935,000).
- Construction of Substation P near Hwy 601 and Hwy 49 - \$2,500,000.
- Funds for HID to LED Lighting Replacement Program - \$1,000,000.

**WATER FUND:**

- Water Treatment Plant Security Improvements- \$100,000
- Hillgrove Treatment Plant Design & Construction of Motor Control Center Lineup - \$190,000
- Coddle Creek Treatment Plant Settling Basin Improvements - \$225,000
- Coddle Creek Secondary Raw Waterline & Flow Meter- \$1,190,000 (use of retained earnings)
- Upsizing of lines/extension of mains - \$285,500
- Waterline for Derita Road Widening - \$125,000
- George Liles Extension Waterline Phase 3 - \$282,430
- Creation of a reserve fund for future projects.

**WASTEWATER FUND:**

- Accent Drive Outfall replacement - \$590,000.
- Continue to invest in pipe lining for wastewater lines - \$721,035.
- Engineering work associated with Wastewater Master Plan - \$150,000.
- Reflects 5% increase in utilities paid to WSACC for the treatment of sewer – addtl. \$318,323.
- Creation of a reserve fund for future projects.

**PUBLIC TRANSIT FUND:**

- Transition to TransDev as the provider of CK Rider services.
- First year for ADA Paratransit service.
- Expand access to and quality of customer service at the Rider Transit Center utilizing additional staffing (increase of part-time position to full-time) - \$17,459.

**GOLF COURSE FUND:**

- Budget reflects increased revenue/rounds associated with recent course and clubhouse improvements.
- Course bunker restoration and irrigation repairs - \$199,650.

**AVIATION FUND:**

- Expansion of commercial service with opening of new terminal and parking deck in August 2016, additional flights, destinations and potentially, a new carrier.
- Addition of 11 dedicated Public Safety positions to Concord Regional Airport as directed by TSA or FAA (highlighted under General Fund section).
- Addition of 6 positions (4 new, 2 unfrozen/funded) targeted at customer service, operations, and maintenance of the new facility, as well as the existing terminal - \$235,097.

**INTERNAL SERVICES FUND:** The Internal Service amounts are charged back to user departments and are reflected in each department or fund's recommended budget amount. Highlights include:

- *Engineering* – Unfreeze and fund Engineering Manager position - \$86,938.
- *Building and Grounds* – Addition of 1 Grounds Maintenance Worker (including equipment and vehicle) associated with facility additions at FS11, Weddington Road Bark Park and Hector H Henry II Greenway - \$91,681.
- *Data Services* – Continue upgrade of City's network infrastructure and capacity - \$75,000.
- *Data Services* – Various server replacements across the City to ensure application and network reliability, as well as data security – combined \$172,000.

The budget is presented in a format that groups expenditures into major areas: personnel services, operations, capital outlay, debt service, and non-departmental allocations. This format is consistent with Council's goal of developing a results-oriented budget with performance measures rather than just numbers not tied to specific goals and projects. This is an extension of the Mayor and Council's annual process of formally setting goals to track results. There has been a refinement of many departmental

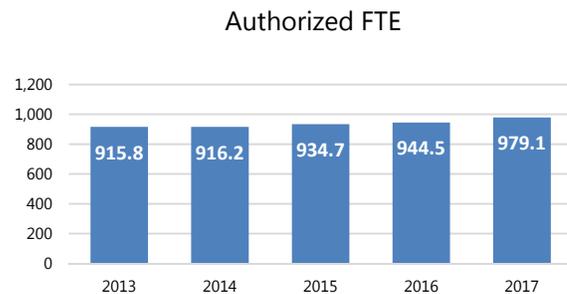
performance measures. Staff is working to meet the objective of only using measures that are meaningful to the elected officials and citizens and which truly reflect value added services. Staff also proposes that Concord continue participation in the North Carolina Local Government Performance Measurement Project as it has proven to assist in benchmarking and performance improvement.

The City Council adopted Fiscal Policies addressing Revenues, Capital Improvements, Accounting, Debt and Reserves. These policies have been updated annually as part of the Mayor/Council Goals and have been addressed in preparation of this budget.

The five-year Capital Improvement Program is also updated and also presented herein for your review.

### **PERSONNEL HIGHLIGHTS**

Personnel expenditures include salaries, FICA, group insurance, retirement, 401K, longevity pay, merit pay, and other miscellaneous benefits for co-workers. Contract, legal, medical, and other outside professional services are not included under personnel. They are included under the Operations category. For FY 2016-2017, personnel expenditures account for \$65,641,276 or 28% of the total budget.



This year we are proposing funds for reasonable performance based merit increases. An overall average increase of 3.5% is recommended with merit increases to range from 3% to 4%, depending upon performance. The City will also continue with career development programs for many classifications.

A total of 35.1 FTE in additional staffing is recommended for FY 2016-17. Twenty-eight new full-time positions and one new part-time positions are recommended for funding, while 6 current "frozen" positions are recommended to be funded and filled. In addition, 2 part-time positions are recommended for full-time status to better meet customer needs. The recommended positions are as follows:

General Fund (23 full-time positions, 1 part-time, 1 part-time to full-time, and 1 frozen position)

- Human Resources:
  - 1 - HR Analyst (Compliance and Benefits)
- Police:
  - 4 – Police Officers
  - 1 – Police Sergeant
  - 4 – Police Officers (dedicated to Concord Regional Airport)
  - 1 – Police Sergeant (dedicated to Concord Regional Airport)
- Code Enforcement:
  - 1 - Code Enforcement Officer
- Emergency Communications:
  - 1 – Administrative Assistant (effective October 2016)
- Fire:
  - 3 – Fire Lieutenants (dedicated to Concord Regional Airport)
  - 3 – Fire Captains (dedicated to Concord Regional Airport)
  - 1 – PT Assistant Fire Marshall
- Emergency Management:
  - 1 – Assistant Emergency Management Manager

- Transportation/Streets:
  - 1 – Senior Equipment Operator
  - 1 – Equipment Operator
- Fleet Services:
  - 1 – Master Mechanic (unfrozen position)
- Planning and Neighborhood Development:
  - 1 – Planner
  - 1 – Clearwater Studios Supervisor position to move from part-time to full-time (+12 hours)

Electric Fund (1 position unfrozen and filled):

- 1 – Electric Engineering Specialist

Water Fund (1 position unfrozen and filled):

- 1 – Utility Service Worker

Aviation (4 full-time positions, 2 positions unfrozen and filled):

- 2 - Customer Service Representative
- 1 – Custodian
- 1 – Aviation Service Worker
- 1 – Custodian (request to unfreeze)
- 1 – Senior Customer Service Representative (request to unfreeze)

Transit Fund (1 part-time position to full-time status)

- 1 – Customer Service Representative to move from part-time to full-time (+12 hours)

A total of 979.1 full-time equivalent positions are recommended for funding. Due to changing priorities within departmental operations and efficiencies gained in recent years, 6 previously “frozen” positions have been evaluated and determined suitable for elimination. All were previously unfunded and unfilled:

General Fund (4 full-time positions):

- Solid Waste:
  - 2 – Equipment Operators
  - 1 – Solid Waste Crew Supervisor
- Parks and Recreation:
  - 1 – Parks and Recreation Specialist
- Aviation (1 full-time position):
  - 1 – Accounting Supervisor
- Building and Grounds (1 part-time position):
  - 1 – PT Custodian

Our health care premiums and benefits were adjusted in anticipation of the new budget year. The City’s HRA health care plan continues to be used by most coworkers. Employees have the option of selecting this plan at a lower cost with the City paying most of the full cost for the individual. The alternate PPO based plan, which is similar to the plans used by most employers in the region, provides a “richer” level of benefits at a higher cost for coverage and the coworker must pay most of the additional cost over that of the HRA for employee only and family plans. Both plans are self-funded and administered by Blue Cross/Blue Shield.

Wellness efforts have been a priority, both for the benefit of our coworkers and to reduce costs. The City of Concord Wellness Center offers free health care services to all full-time City of Concord employees, along with retirees, spouses, and dependents who are enrolled in the City's self-funded insurance plan. The Wellness Center provides a basic level of routine medical care and health screenings. It is not intended to replace an individual's primary care physician, but rather to provide a convenient, no-cost access point for basic medical care. The Center is staffed by a licensed nurse practitioner and a medical office assistant with direct oversight by a licensed physician. A Wellness committee, comprised of coworkers, meets monthly to help create and promote wellness activities city-wide. The City has been working to provide equipment for coworkers to exercise on-site before or after work, or during lunch.

An incentive has been offered to coworkers again this year for managing their health. Employees who completed a Health Risk Assessment and certified they do not use tobacco, or attended a tobacco cessation program if they do, receive a reduction in monthly health care premium costs. The Health Risk Assessment includes the completion of a questionnaire, biometric measures and a fasting blood draw.

The City's required contribution levels to the North Carolina Local Government Employees Retirement System will increase with FY 2016-17. The contribution per general employee increased to 7.25%, while contributions for law enforcement officers are at 8.0%. Actuarial projections point to continued modest increases in future fiscal years. The budget also maintains the City's 401(k) contribution for coworkers at 3.5%. By State mandate, the city contributes 5% to accounts for sworn law enforcement officers.

We also continue to monitor the impact of retiree health care benefits. The City provides health care benefits to eligible retirees up to the time they are Medicare eligible. As with other retiree benefits, these health care plans have gone through drastic changes over the years. Retiree healthcare subsidies started with large private employers, with governmental employers jumping in later as the struggle to compete with the salaries and benefits in the private sector became more pronounced. State governments, including North Carolina, jumped in next to cover teachers and other employees. The market has changed dramatically since then, but many state and local governments still provide retiree health care at some level. These benefits are costing the City more as baby boomers continue to retire. This is particularly true for public safety coworkers who tend to retire earlier than the general employee population, thus staying on the City's plans for a longer period of time. This past year, the number of retirees receiving health care benefits from the City grew from 116 to 128.

Staff is recommending that Concord continue to allocate \$100,000 to go into the State trust fund established for this purpose in order for the city to participate in the future if it decides to do so. In the meantime, staff will continue to monitor what other local governments are doing in response and evaluate the use of this trust.

## **KEY RECOMMENDATIONS, ACCOMPLISHMENTS AND CHALLENGES FOR THE FUTURE**

### **THE NORTH CAROLINA GENERAL ASSEMBLY AND REVENUES**

As noted, this budget recommendation assumes the General Assembly will not make, or threaten to make, changes to local government revenue sources as in previous fiscal years. The elimination of the Business License Tax two years ago resulted in the loss of over \$1,000,000 to the City of Concord, equivalent to over a penny on the property tax rate. Last year's discussion of sales tax redistribution produced schemes that would have resulted in Concord eventually losing millions of dollars in revenues. The compromise solution finally adopted ended up redistributing all sales taxes on new services, but leaving the existing

revenue alone. Hopefully any of the anticipated tweaks to these new taxes to eliminate some of the confusion that has been caused will not impact Concord's revenues.

Recall that sales taxes are distributed among Cabarrus local governments using the ad valorem basis. This is the distribution method Cabarrus County has chosen instead of the per capita basis. Using this method, the dollar amounts of *ad valorem* (property) taxes levied by the county and each municipality in the county in the preceding fiscal year are added. The proportion that each unit's levy bears to the total levy of all units in the county determines the amount of local sales and use tax revenue that each local government receives. Thus, when one Cabarrus local government increases its tax rate and/or grows significantly more than another, it will impact the distribution of these sales taxes. Currently, Concord receives 21.53% of the local sales tax returned. Concord's portion has been on a downward trend over the last ten years, primarily due to changing tax rates among local governments.

Since this is a revaluation year, the setting of the tax rate has a direct impact on the amount of sales tax the City will receive in future years. Since it appears most, if not all, of other Cabarrus local governments are recommending maintaining their current property tax rate, it is important that Concord do so too to avoid further decline in the proportion of sales tax received.

### **THE ECONOMY AND THE CHALLENGES OF GROWTH**

The economy is strong and there are many opportunities to plant seeds for the future of better paying industrial and technology jobs, mixed-use office parks, and the continued redevelopment of Concord's downtown.

The next twelve months will be a year full of activity for City staff, City Council and residents of Concord. With the growth of our community comes the need to constantly plan for the future. These are exciting times as the City needs to prepare not only for the services and lifestyle for a very active baby boomer generation, but also for the younger generations that are staying in their hometown to live and raise families in the community they grew up in, or are moving here due to the quality of life.

Over the past few months, the Planning and Neighborhood Development Department has been coordinating an update to the City's Downtown Master Plan. This started with a comprehensive parking study and then proceeded to the next step with a market analysis that focused on the great potential that exists for continued development in the areas of residential, retail, dining and office uses. In March, contracted experts worked with our staff to solicit input from stake owners on future design aspects of downtown, using the information from the parking study and the market analysis to support ideas on how we can make Concord's downtown even more appealing to people that would like to live, work and play in an urban environment. These ideas are being formally presented to City Council for prioritization of the elements of the plan.

After that is completed, staff will be following-up quickly to engage help from a consultant to facilitate the updating of the City's Land Use Plan. City Council has adopted this as one of its goals for Fiscal Year 2016-17. It presents a vision for the future, with long-range goals and objectives for all development activities. This includes guidance on how to make decisions on public and private land development proposals. In other words, it provides an outline of how we want the community to grow and look in future years. Like the Downtown Master Plan, there will be many opportunities for stakeholder input as we plan for the future.

## **DOWNTOWN DEVELOPMENT**

With the completion of the New City Hall, Council is now determining the fate of the two vacated buildings on Union Street. The School of Government's Development Finance Initiative; who also conducted the market analysis for the Downtown Master Plan, is completing studies of these two buildings that have focused on the best use of these sites and will also help with locating a private sector buyer and the financial assistance needed to support the redevelopment.

30 Market is slated to be demolished to make more room for a public plaza. Before that can happen, a building for the Traffic Management Center, currently located in the basement will need to be constructed. This will be at the Brown Operations Center unless other opportunities arise.

Another need related to the demolition of 30 Market and construction of the Plaza is finding public parking to replace the adjacent parking lot. Cabarrus County is currently developing concepts for a new public parking deck that could be built on the current surface parking lot on Barbrick. The City is seriously considering partnering with the County to provide for general downtown parking needs and to replace the spaces lost in the Spring Street lot beside of 30 Market.

The completion of the historic rehabilitation of Lofts 29 into apartments has been successful and is sparking interest in other downtown projects. The process leading to the rehabilitation of Hotel Concord is well underway, with the possibility of construction starting in early 2017.

## **WATER AND WASTEWATER NEEDS**

Concord, Kannapolis and Albemarle completed the Albemarle water line in 2015. It is now delivering Yadkin River water treated at Albemarle water plants.

While we now have a major new source of water, the City must continue to plan for water and wastewater infrastructure. A growing population a3We have taken a major step in bringing in more water with our partners in Kannapolis with the completion of the Albemarle water line; however, we continue to evaluate the condition of our existing water plants and lines to make improvements to protect our investment, meet higher environmental standards, and prepare for future needs. Staff is coordinating an update to our Water Master Plan and will do the same for the Waste Water Plan with the coming of the new fiscal year.

In concert with Electric Systems, Water Resources has started implementation of advanced metering technology as part of the City's efforts to develop a utility smart grid. It was determined earlier this year it would be more beneficial to go ahead and do a full implementation at the same time as the Electric Department. Both the City and its customers will be able to benefit greatly from this new technology.

WSACC implemented another rate increase for the wholesale treatment of wastewater; however, the recommendation is to delay an increase to customers until FY 17-18. This budget also includes funds for capital improvements and maintenance of the wastewater system, particularly in areas of Concord where aging lines are more likely to lead to rainfall infiltration.

## **ELECTRIC SYSTEMS**

The major project for FY 2016-17 is the continued implementation of the Smart Community effort. The implementation of new meters and related technology will improve our service response, systems reliability and will provide both the City and its customers with sophisticated tools to analyze and manage use. While the system is being deployed the City will actively educate customers about the meter

installations, communicate the benefits, roll out programs and aggressively engage customers to use these new tools.

The City's current contract to purchase power from Duke Energy is based on Duke Energy's system average cost. Costs are tied to Duke's expenditures and go up (or down) depending upon market conditions and infrastructure investment. Concord has entered into a contract with NTE, the builder and operator of a natural gas fired plant under construction in Kings Mountain. Under the terms of the agreement, the City of Concord will be provided with electric generation services by NTE using a portion of the capacity and energy generated by the facility for an initial term of 20 years. This will allow Concord to utilize this source when the Duke contract ends in 2019. The contract also provides for access to power produced from other types of generation if it is more cost effective to buy on the market.

## **AIR AND SURFACE TRANSPORTATION**

### **Air transportation**

The growth of commercial air service at Concord Regional Airport (CRA) has had a dramatic impact on this budget. In order to prepare for more commercial flights, a new terminal for passengers and related parking is being constructed on the south end of the Airport. The new terminal is partially funded through a FAA grant matched by the City of Concord. The adjacent parking deck has been financed with passenger fees and parking fees eventually generating the revenue to cover the debt.

New personnel must be hired in advance of the new services, so the General Fund is recommended to help by providing supporting revenues for the public safety positions until the new commercial flights will generate the revenues to pay for these jobs. Four Police Officer positions and a Sergeant are being assigned to meet TSA requirements. There will be Federal reimbursement available for salaries for these jobs. Three Fire Captains and three Fire Lieutenant positions are also being added to provide for minimum staffing levels necessary to meet requirements for a commercial airport. Finally, funding for four new Aviation Department positions and two unfrozen positions are recommended to provide customer service and building maintenance services at the new facilities.

Commercial activity has already helped to solidify the airport's position in qualifying for FAA funding for airports with commercial type operations. Concord Regional Airport intends to continue being a top General Aviation airport that helps to spur economic activity. The growth in commercial operations is intended to provide funds to help support that General Aviation infrastructure.

### **Surface transportation**

This budget maintains the Transportation Improvement Fund created by the City Council to fund transportation projects. These funds come from 2 cents of the property tax rate and are supplemented by dollars generated from local vehicle license fees. Many of the projects described will be at least partially funded through this source.

The NE Subset sidewalk extension will be constructed in FY 2016-17 in the Burrage Road/Beverly Hills area. In addition, the design work for improvements to Brookwood Avenue continues along with the matching dollars for the traffic management grant and the funding set aside for the Virginia Street improvements. The Transportation Fund also includes all the dollars that have been set aside previously for participation with NCDOT on other projects.

Staff has been able to develop a fully functional traffic management operation center on a very tight budget. As noted earlier, the traffic management center has been housed in the basement of 30 Market Street in the old Police Headquarters. Additional funds are included in this budget, partially out of the

Transportation Fund, to construct a new facility and supporting infrastructure on land at the Brown Operations Center if another location is not secured.

The City is also ready to begin implementation of the Intelligent Transportation System grant that was received a few years ago. The ITS Grant Project provides for the signal system master plan to prepare us for future growth and expansion. It will involve the design and construction of dynamic message board signs for the Exit 49 area as well as provide funding for CCTV cameras, video servers, fiber and wireless communications infrastructure, laptop computers for signal technicians and the video wall for the New/relocated traffic management operation center.

**Projects impacting NCDOT facilities that are programmed with Concord’s participation:**

I-85 Widening Project, NC 73 to 29-601 Connector in Rowan County - The NCDOT, I-85 project from NC 73 to 29-601 Connector in Rowan County is underway. This includes significant improvements to the interchanges at Exits 58 (US 29) and 60 (Copperfield/Dale Earnhardt). The City of Concord and the City of Kannapolis are cooperating to include aesthetic improvements to the end of the bridges at these interchanges.

Exit 49- Three projects have been solidified as priorities in the I-85 – Exit 49 area. These include a “fly over” directly into the first entrance to Concord Mills Mall, pedestrian improvements along Bruton Smith Boulevard and the completion of the Derita Road widening project, including the bridge, from the Rocky River to the end of Concord Mills Boulevard. All of these projects now have been included for NCDOT funding and planning is underway. The City of Concord has pledged to provide 20% of the cost of these projects.

Derita Road – Traffic congestion is choking this important corridor that serves the Airport, the growing industrial area, and Concord Mills. Concord was required to pick up the total cost to match the Federal funds for Phase 1 construction of this NCDOT Road going from Poplar Tent Road to the Rocky River Bridge. The match is estimated to be \$3,036,763. However, as noted above NCDOT has now allocated funds to complete the rest of the project all the way to Concord Mills Boulevard. Design and permitting is completed and right-of-way acquisition for the Phase I portion has been underway. Construction was delayed to allow the full project to be bid at the same time so it will begin in 2017.

George Liles Parkway Extension – Project continues with Blythe acting as contractor. The contractor has finished the between Weddington and Concord Parkway (US 29). The entire project to Roberta Road should be completed in 2017, including the interchange at US 29.

Congestion Mitigation and Air Quality Project – Concord continues to work with NCDOT on a CMAQ road project to improve the intersection of Poplar Tent and US 29 (C-4918-A). This required a local match that has been budgeted using the Transportation Fund. The City will manage the project during construction. The construction will incorporate “superstreet” design. It has been delayed repeatedly due to the approval process but should begin by the end of 2016.

**Public Transit**

The Rider System will be changing contractors for the new fiscal year with Transdev North America talking over operations and maintenance from First Transit. No major changes are anticipated as Transdev is seeking to hire many of the existing personnel.

The biggest obstacle for the future continues to be changes and/or decreases in Federal revenue. The Cabarrus County Transportation System and the Salisbury fixed-route bus system are now lumped in with the Rider System to compete for Federal Transit Administration funding. Rowan County may be included

in future fiscal years. This could result with the revenue "pie" being near the same with more systems getting funding from the same source. These changes could eventually have a dramatic impact on the ability to maintain the current level of service. Cabarrus County is looking to fund a study to analyze better coordination between the Rider and Cabarrus County systems, or even consolidation. Rider will participate with funding once details are finalized by the County.

Conversations will continue to take place with Charlotte's CATS system as to how to link riders in Concord with the Blue Line in the University area. The current express bus arrangement will likely be outmoded when the light rail line opens. However, there is not adequate parking for Concord residents to drive and park, generating the need to link by bus for riders going both ways.

## **PUBLIC SAFETY**

With a growing city comes the need for new police personnel. In addition to the positions added at Concord Regional Airport, four Police Officer positions and one Sergeant are recommended to form a unit to supplement targeted efforts within the Police Districts. We anticipate staff will be evaluating the need for additional personnel in FY 2017-18.

Fire Station 11 was completed on Weddington Road beside the Bark Par. It includes a ladder company and a Cabarrus County EMS unit. The budget recommendation includes many capital needs for the Department, including a platform ladder truck replacement. Staff continues to evaluate the need to construct other new stations, along with the associated staffing and equipment.

## **RECREATION AND OPEN SPACE**

The Weddington Road Bark Park (for dogs) was completed in 2016, along with the Hector H. Henry, II Greenway section that runs from this park and connects to the sidewalk system near the Concord Convention Center. Playground equipment for the Park is included in the budget recommendation. Also included is money for planning for the extension of the greenway along the Rocky River both north and south from the Weddington Road Bark Park.

Continued development of the McEachern Greenway is also a priority. The phase from Mickey McGee Park north to beyond Cabarrus Avenue is funded but construction has been held off until obstacles due to land acquisition are overcome. In order to save mobilization dollars, additional funds are recommended to extend this project under Cabarrus Avenue to use the Fink property already acquired. This was targeted to take place in a future phase but since the project is already designed the recommendation is to build it now. It is hoped that the project can be bid before the end of 2016.

Another major project funded is for major renovations to the Hartsell Recreation Center. This will incorporate improvements similar to those already implemented at the Logan Multi-purpose Center and the Academy Center. Improvements to the Pharr building at Caldwell Park are also recommended. Finally, renovation of the home the City owns as part of the acquisition of property on Burrage Road will take place to provide meeting space for Recreation programs.

As the community grows, so does the demand for recreation services and facilities. Another FY 2016-17 Council Goal is the updating of the Parks and Recreation Master Plan. Obviously more facilities are needed to meet the demands of a growing population, particularly in the Northwest portion of Concord. At the same time we must plan for the needs of an active aging population and those of kids and younger adults looking for more opportunities for recreation. This is another process where feedback from our residents will be an important component.

The Rocky River Golf Club continues to be one of the highest quality municipal golf courses in North Carolina. A small project to expand the clubhouse was completed and now gatherings of larger groups can be accommodated, resulting in increased revenue. The FY 2016-17 recommendation includes funds for the first phase of a project to rehabilitate the bunkers on the course.

## **TECHNOLOGY**

Today's customers demand that we keep up with technology as it impacts the way they interact with the City. With more and more people being technologically "savvy" and possessing smart devices, this creates a challenge to advance City technology to meet customer expectations. For example, customers now have technology in the hands as they can report service needs using a City app and their smart devices.

The implementation of the Accela software continues in partnership with Cabarrus County. The end user now has one source to go to when going through the development process. This technology should prove to very useful to developers and their engineers and architects, as well as small business people who may not have the money to spend on support staff for their development project(s).

Finally, the City has worked hard over the years to develop a fiber optic system to link City facilities. This is a valuable asset. Tech Edge has added personnel better suited to oversee this system to make sure we are maximizing its use for the betterment of all departments and Concord as a whole.

## **CUSTOMER SERVICE AND CITIZEN COMMUNICATIONS**

Citizen communications will continue to be varied. Direct mailings such as the "City Circular" newsletter, newspaper placements, the electronic newsletter, the City's website, news releases, television, radio and other outlets will continue. However, we have also moved into new media such as blogs, Facebook, and RSS feeds, as citizens get their news from vastly different media outlets than a few years ago. The Connect CTY calling system continues to be a very valuable tool to notify groups during emergency situations and notify citizens of work that might impact their neighborhood, changes in City services and changes in schedules during holidays. The City continues its partnership with the school system by offering various opportunities to learn about City services. The City's Civic Education program involving 3<sup>rd</sup> grade students attending participating elementary schools continues to expand. One of the best ways to teach the parents about local government is through their children. Also, the highly successful Youth Council will continue this year. Concord 101 and the Public Safety Academy are very well received by participants. These programs give residents an opportunity to learn more about their municipal government and to provide feedback on important local needs and issues. Funds are budgeted to continue these programs in the new fiscal year.

As noted above, the Accela software has been implemented to provide a more seamless experience for those seeking to develop in our City.

The Customer Care Center continues to be essential in providing a human contact for citizens who phone in service needs. Customer Care handled 118,385 calls in 2015, resulting in an average of 9,865 per month. Coworkers have expanded their ability to handle full transactions so fewer calls are being transferred to others for disposition. Also, the move to the New City Hall has allowed for the relocation of Customer Care Center staff and walk-in customer staff to the same floor, allowing for better coverage depending upon the workload.

## **EMPLOYEE COMPENSATION AND BENEFITS**

It is clear that many employers in the public and private sectors have been enhancing their compensation offers as we continue to see increased competition for certain types of coworkers. The City continues its efforts to be competitive in FY 2016-17; however, it is always a challenge for the public sector during periods of strong economic growth as we are competing with private sector employers who are willing to pay what it takes for particular jobs where there is a shortage in the labor market.

The cost of retiree health insurance overall and the supplemental retirement benefits in the Police Department continue to rise as baby boomers retire. Police and Fire employees will generally draw the retiree health insurance longer as they tend to retire at younger ages.

Finally, we are determining the impact of the Federal government's final Fair Labor Standards Act overtime rule that was released in late May. This raises the salary threshold for overtime calculations from \$23,660/year (\$455/week) to \$47,476/year (\$913/week), thus increasing the cost for the City of Concord.

## **EXTERNAL AGENCY FUNDING**

For FY 2016-17, external agencies requested \$164,780 from the City of Concord. This compares to the \$137,500 appropriated for such purposes in FY 2015-16. These agencies play an important role in ensuring a high quality of life in our community and, in some cases, providing a safety net for those in need. However, Concord must focus on its core mission of providing municipal services. While many of the services these agencies provide are vital, they are not considered municipal in nature in North Carolina. Community Development Block Grant funds can be used for human services and housing, but they are limited to a certain percentage of the grant amount.

The recommendations call for funding requests from many of the agencies that received City support last year. \$85,780 is recommended from the General Fund, a 27% increase from FY 2015-16. \$42,000 is recommended from Community Development Block Grant monies, which represents a 20% decrease over FY 2015-16. \$15,000 is recommended from the utilities funds. The individual agency funding recommendations are included within the budget of their associated functional areas as directed by Council.

## **CONCLUSION**

The FY 2016-17 budget proposal operationalizes the goals for the City of Concord established by the Mayor and City Council. The services, programs, and facility needs prioritized in the City Council Goals Statement were addressed. In addition, basic services have been maintained.

While this budget is proposed by the City Manager, it is neither final nor is it necessarily a reflection of what will be approved by the City Council. The Mayor and City Council will review these recommendations to arrive at what it considers the proper expenditure of the available revenues for the upcoming year.

Respectfully submitted,



W. Brian Hiatt  
City Manager