

## **FY 2016-2017 CITY COUNCIL GOALS**

On February 9 and 12, 2016, the Mayor and City Council held the annual planning session. The direction provided by the Mayor and Council during the planning session has been developed into a statement of goals for the City of Concord for FY 2016-2017. These goals guide budget development and implementation. In addition to this statement of goals, the City has also developed a set of financial policies that are approved by City Council to guide the City in the financial management of all funds. Although North Carolina local governmental units must adhere to the requirements set forth in the North Carolina Local Government Budget and Fiscal Control Act, the financial policies approved by City Council are often more stringent than State requirements to assure the City of Concord will continue to function in a very fiscally sound manner.

The FY 2016-2017 goals are presented according to functional areas. During the year, monthly functional meetings are held to monitor progress on these goals and to identify new issues that must be considered for long-range planning. City Departments are evaluated on their performance in meeting these goals.

### **General Government**

- Communicate legislative goals and agendas to representatives for both the Federal and State legislative processes.
- Monitor the progress of the Cabarrus County revaluation process to determine the impact on the City of Concord and its tax rate as soon as possible during the FY 2016-17 budget process.
- Develop and launch a formal process to divest the City of extraneous properties, with goals of making the properties available to the private sector or otherwise highest possible use and eliminating unnecessary maintenance costs.
- Continue to maintain a fund balance goal of 30 to 35 percent of General Fund expenditures and use fund balance only for non-recurring capital expenditures.
- Continue to include a performance measurement component in the external agency process, requiring monitoring, and reporting of performance outcomes for funded agencies.
- Continue to adhere to approved financial management policies that maintain the City's financial strength and integrity including continuation of conservative revenue estimates that reflect economic conditions and the aggressive pursuit of revenues collections.
- Continue to prepare the City's annual budget document in compliance with criteria established to obtain the Government Finance Officers Association's (GFOA) budget award and submit the document for review to the GFOA.
- Continue to maintain a sound financial position that results in bond ratings that are at least as beneficial as current ratings.
- Continue to update and re-adopt the Capital Improvement Program, detailing capital projects, estimated costs, and funding sources.
- Continue to maintain accounting systems in compliance with the NC Local Government Budget and Fiscal Control Act.
- Continue to prepare the Comprehensive Annual Financial Report (CAFR) in compliance with the required criteria in order to obtain the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- Continue to finance capital costs so that future growth can help pay for major capital needs and improvements, but continue to use pay-as-go method for most other capital purchases.
- Continue to enhance partnership among management, directors, and Customer Service Advancement Team to serve our citizens and customers, apply best practices to enhance satisfaction levels, and focus on continuous improvement.
- Continue to support the recognized neighborhood program and seek opportunities to enhance the quality of relationships, strengthen communications, and build capacity of neighborhood leaders.

## **Transportation**

- Continue to routinely monitor projects and consider participation in additional projects to assure Transportation Fund revenues are being used to fund highest priorities and funds are available for local matches to leverage additional projects with a focus on City infrastructure.
- Continue, at a minimum, appropriating existing revenue amounts using 2-cents of the Ad Valorem tax and \$5.00 of the Vehicle tax for the Transportation Fund.
- Continue to maintain the \$400,000 minimum balance in the Transportation Fund.
- Budget \$150,000 annually within the Transportation Fund to implement priorities in the Pedestrian Improvement Plan based on established policy.
- Continue efforts to secure funding for Congestion Mitigation Air Quality (CMAQ), Federal Transportation, Community, and System Preservation Program (TCSP), Economic Enhancement, Highway Safety Improvement (HSIP), and small construction projects from the federal government and/or the NCDOT, and continue to coordinate associated local activities with NCDOT Division 10.
- Continue to perform City of Concord infrastructure rehabilitation projects that do not fit within the routine maintenance and/or resurfacing programs and have historically been neglected.
- Consider participation in Exit 49 economic development sustainability initiative.
- Establish priorities for future surface transportation fund projects for which construction dollars have not been committed.
- With the projected continued growth of both population and traffic congestion and the growing need for residents and visitors alike to move regionally, explore if there are the means to fund all day service between Concord and Charlotte via the proposed Rider Express.
- Address identified public safety needs at Concord Regional Airport, including funding additional Fire Department and a portion of Police Department positions and equipment to support operations, meet FAA Part 139 standards, and meet TSA requirements.

## **Environment/Solid Waste and Recycling/Stormwater**

- Continue emphasis on improving community appearance through regular street sweeping, litter pick-up and removal of signs that violate City ordinance.
- Continue to pursue strategies to reduce fuel consumption, including diversification of fueling methods, purchasing hybrid vehicles when possible, replacing aging light-duty vehicles with smaller more fuel-efficient vehicles, increasing fuel storage capacity and the use of blended fuels and target goals to reduce overall fuel consumption.
- Continue the current practice of only maintaining stormwater systems on public rights of way, and seek alternate funding mechanisms and encourage private owners to do the same to address drainage issues on property outside of public rights of way.
- Consider approval of the highest ranking projects on the integrated Stormwater project list during the Stormwater CIP and budget review process.
- Direct staff to negotiate a contract with Waste Pro to collect commingled recycling from businesses in the Downtown area or elsewhere in Concord that would like to participate at a cost of \$1.69/monthly per business for biweekly collection.
- Streamline the business corrugated cardboard collection program, such that the City pays for one dumpster to be serviced weekly per business by the contractor and businesses arrange directly with the contractor for additional services.
- Direct staff to negotiate a two-year contract renewal with Waste Pro for residential garbage, recycling, and bulky waste collection, including efficiency improvements for bulky waste such as every-other-week collection aligning with the recycling collection schedule.

## **Utilities**

- Continue to educate the public and all system customers on the importance of water conservation.
- Continue to pursue strategies to promote water conservation, water re-use, and investigate alternatives to reducing individual water use.
- Continue to work with WSACC to develop a plan to reuse water for irrigation and other permitted purposes.
- Continue to enforce consistent rights-of-way protection policy to include notification of property owners relative to existing obstructions, conflicts or structures within the utility right-of-way.
- Continue with the development of the water master plan and fund the wastewater master plan during FY 2016-17.
- Continue to follow the RW Beck recommendations for the Electric System.

- Allow the wholesale cost increases to be handled by the purchased power adjustment over the next few years that Duke has forecasted significant capital cost expenditures that will affect increases in the City's demand cost.
- Investigate ways to control/buffer these increases for customers through applying rate stabilization funds to the purchased power adjustment.
- Continue to match Duke Energy's avoided cost rate for purchase of renewable generation projects that attach to the City's system.

### **Planning/Economic Development/Redevelopment**

- Address and respond to current growth trends through a process to update the City's land use plan and small area plans, incorporating best land use practices and addressing demands and issues during this process.
- Following the completion of the Land Use Plan update, consider expand community input into other areas through an overall strategic planning process.
- Continue the process of updating the Downtown Master Plan, with remaining components to be completed including the market analysis and urban design phases. Proceed with identifying reuse and marketing opportunities for the City's vacant buildings on Union Street South, with the assistance of the UNC Development Finance Initiative.
- Incorporate the CVB's unified wayfinding system design in the downtown master plan public strategies and investment component.
- Continue to support the business recruitment and development efforts of the Concord Downtown Development Corporation (CDDC) in attracting new business and enhancing existing downtown businesses.
- Continue to work closely with economic development partners in Cabarrus County to present a complete coordinated recruitment and retention effort.
- Continue to regulate the design criteria for commercial development in accordance with the Concord Development Ordinance (CDO), with emphasis on low impact development.
- Continue the close working relationship between various City Departments on zoning and ordinance issues, and continue to use the methods in place to weigh the positives versus the negatives of future annexations.
- Incorporating feedback from City Council, finalize the sign ordinance draft for public input and review by the Planning and Zoning Commission, who will recommend an ordinance for adoption by City Council.

### **Public Safety**

- Continue to explore opportunities to make Fire Station #1 on Church Street a museum if Fire Station #1 is relocated to another location in the future.
- Continue support of an Urban Archery Season consistent with state and local law.
- Continue to maintain code enforcement penalties and fees, with annual monitoring of potential changes in order to ensure that the penalties properly discourage code violations.
- Continue participating in the school resource officer program.
- Complete the purchase and deployment of the body worn cameras to every sworn officer.

### **Recreation/Parks/Open Space**

- By end of calendar year 2016, complete draft of Recreation Master Plan for consideration by City Council.
- Continue development the Hector H. Henry, II and McEachern Greenways, making full use of Carolina Thread Trail and Trust Funds money to acquire properties for future greenways if net cost to City is reduced.
- Fund the renovation of Hartsell Recreation Center and improvements to the property on Burrage Road.
- Support expanded programming on the greenways and cultural arts programming.
- Explore development of a large park to serve residents in northwest Concord, and consider partnership options with Cabarrus County for this or other new park facilities and greenway connectivity opportunities.
- Explore best practices and possible modifications for recreation facility use policies related to access and fee-waivers for 501(c) nonprofit organizations.



May 25, 2016

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

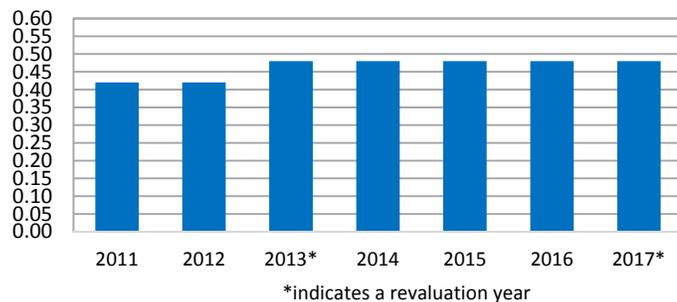
Dear Mayor Padgett and Members of the City Council:

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.

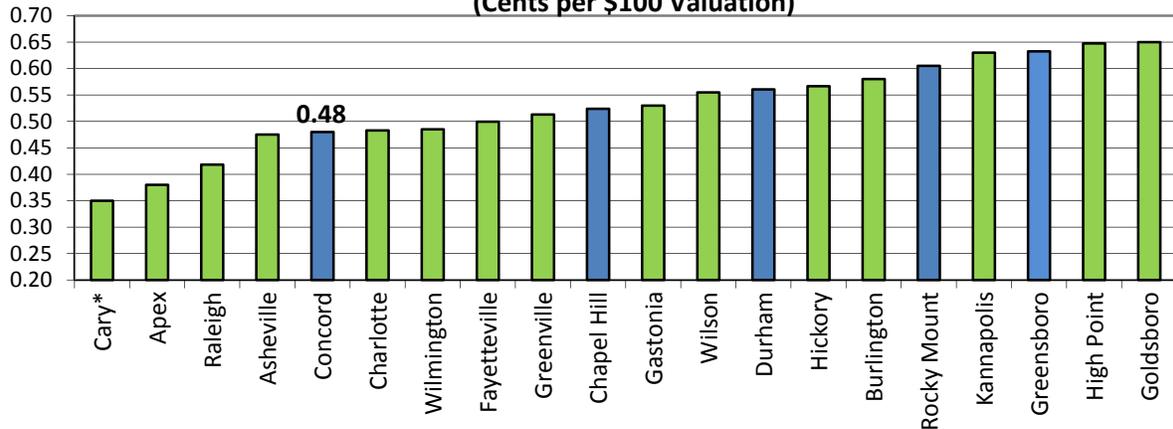
This recommendation assumes the General Assembly will not make changes to local government revenues that will impact the City of Concord.

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

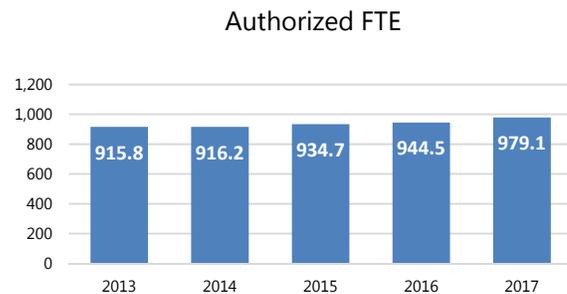
performance measures. Staff is working to meet the objective of only using measures that are meaningful to the elected officials and citizens and which truly reflect value added services. Staff also proposes that Concord continue participation in the North Carolina Local Government Performance Measurement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

# BUDGET PROCESS

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The budget is the single most important document presented to the Mayor and City Council. The budget document outlines policy direction, but it also serves the citizens by providing an understanding of the City's operating fiscal programs. It reflects the City's commitment to maintaining necessary services, improving the quality of service, and keeping the impact of taxes to citizens at a minimum.

The City operates under an annual budget ordinance adopted by the City Council in accordance with the provisions of N.C.G.S. 159 – known as the Local Government Budget and Fiscal Control Act. The City Manager is required to submit a balanced budget by June 1 and the Council must adopt the budget by July 1. The fiscal year encompasses the period between July 1 and June 30.

## Procedures

The City's budget process begins in November, at which time CIP instructions are explained and distributed to departments. All departments receive their operating budget forms and instructions in early January.

Department Directors are responsible for estimating departmental expenditures. The Finance Director in conjunction with appropriate Department Directors determines revenues. When budgeting expenditures, the basic requirements are to request sufficient funding to adequately operate the department and to request funding at the lowest reasonable level in order to achieve departmental goals and objectives. The departmental requests are submitted to the Finance Department, then organized and analyzed.

The budget reflects the service priorities of the Governing Body and Citizens of Concord. The service needs of the community are determined

by public hearings and feedback through the Mayor and City Council. The City Manager and Budget Staff then conduct a comprehensive review of service needs in light of departmental budget requests. After final service priorities are established and decided upon, a balanced funding plan is formulated. Through careful assessment of funding requirements and financing methods, a proposed budget document is organized into final format and submitted to the Mayor and City Council for their consideration and adoption.

The Mayor and City Council review the recommended budget packet, including departmental performance objectives, thoroughly with the City Manager and Budget Staff during special work sessions. A copy of the proposed budget packet with recommended changes is also filed with the City Clerk for public inspection. A public hearing is scheduled prior to the formal adoption of the budget. Adoption of the budget by the City Council establishes the legal authority to incur expenditures in the ensuing fiscal year. All annual appropriations lapse at fiscal year end.

## Budget Transfers & Amendments

Even though the budget begins July 1, changes to revenues and expenditures can occur throughout the fiscal year. Under a budget transfer, monies are transferred, within the departmental budget, from one line-item revenue or expenditure to another line-item. This process requires the approval of the City Manager (or his/her designee if sum is under \$10,000), and the City Manager may authorize any amount of money to be shifted within a cost center. The City Manager is also authorized to effect interdepartmental transfers within the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is reduced. A budget amendment usually involves larger sums of

money and results in a significant change to the department's overall revenue and/or expenditure level. Budget amendments require City Council approval. Budget transfers and amendments must adhere to balanced budget requirements and impose no additional tax levy liability on citizens.

### Encumbrances

All monies at fiscal year end lapse and spending authority ceases, unless specific services or goods are encumbered. Encumbrances are a financial commitment or earmark for services, contracts, or goods that have not been delivered by June 30 – the end of the fiscal year. Encumbered monies are carried over into the new fiscal year's budget. Outstanding encumbrances at fiscal year end do not constitute expenditures or liabilities.

### Basis of Budgeting and Accounting

In accordance with the North Carolina Budget and Fiscal Control Act, the budget is developed and adopted under the modified accrual basis of accounting. Under this format, revenues are recognized when measurable and available and obligations of the City are budgeted as expenditures. During the fiscal year, budgets are monitored and accounted for using the modified accrual basis. At fiscal year end, the City's Comprehensive Annual Financial Report (CAFR) is prepared using Generally Accepted Accounting Principles, or GAAP. All governmental funds are reported using the modified accrual basis of accounting. Although the CAFR reports all proprietary funds using the full accrual basis of accounting, whereby revenues are recognized when earned and expenses recognized in the period incurred, for simplicity, the budget document reports all proprietary funds' prior year actuals using the modified accrual method.

### FY2017 OPERATING/CIP BUDGET & PERFORMANCE PLAN DEVELOPMENT CALENDAR

TASK	START DATE	DUE DATE(S)	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
Mgt. & Budget Team discuss process and calendar	11/12/15	11/12/15												
CIP Informational Meetings, CIPs due	12/12/15	1/1/16												
CIP & Budget software training	12/2/15	2/2/15												
Revenues estimated	12/1/2015	4/30/2015												
Budget Kickoff: Packets distributed to Dept Directors	1/11/16	1/11/16												
Council goals and objectives established at Mayor & City Council Planning Session	2/11/16	2/12/16												
External agency budget requests accepted and hearing before Mayor & City Council	2/1/16	2/29/16; 4/12/16												
Budget Requests, Budget Document Pages, 5-Year Capital/Personnel Estimates due for <b>Internal Service Depts. 2/12/16, for Operating Depts. 2/26/16</b>	2/12/16	2/26/16												
Departmental budget reviews	3/1/16	4/12/16												
Fees & Charges Schedule emailed to Dept Directors; Updates due	3/23/16	4/15/16												
City Manager's recommended budget compiled and presented to Mayor & City Council	04/01/16	05/25/15												
Budget available for public viewing at City Clerk's Office	05/25/16	06/16												
Mayor & City Council review budget and performance objectives, budget workshop held	05/25/16	06/16												
Public Hearing conducted; budget & Capital Improvement Plan adopted by City Council	06/16 (hearing)	06/16												
Evaluation of budget process	6/16	8/16												

Legend: 
  City Mgt., Budget Staff, Dept Directors & Staff
  City Mgt. & Budget Staff
  Internal Service Depts.
  Budget Staff, Department Directors
  Finance & Budget Staff
  Mayor, City Council, City Mgt., Dept. Directors, Budget Staff
  Budget Staff, Dept Dir. & Staff
  Mayor & City Council
  External Agencies, Budget Staff, City Manager, Mayor & City Council

# FUND AND BUDGET UNIT STRUCTURE (FY 2016-2017)

Below outlines the organizational structure the city uses to account for (including accounting numbers) revenues and expenditures of city operations. Revenues are accounted at the fund level. Expenditures are accounted at the budget unit level (e.g. Governing Body, Tree Trimming, Purchasing, Police, etc.).

## **GENERAL FUND**

### **FUND 100 – GENERAL FUND**

#### *General Government*

1. Governing Body – 4110
2. Public Services Admin. – 4115
3. City Manager’s Office – 4120
4. Human Resources – 4125
5. Wellness Center – 4126
6. Finance – 4130
7. Tax – 4140
8. Legal – 4150
9. Non-Departmental – 4190

#### *Public Safety*

10. Police – 4310
11. Code Enforcement – 4312
12. Emergency Communications – 4315
13. Radio Shop – 4330
14. Fire Operations – 4340
15. Fire Prevention – 4341
16. Fire Training – 4342
17. Emergency Management - 4343

#### *Public Works*

18. Streets & Traffic – 4510
19. Powell Bill – 4511
20. Traffic Signals – 4513
21. Traffic Services – 4514
22. Solid Waste & Recycling – 4520
23. Cemeteries – 4540
24. Fleet Services -- 4550

#### *Economic Development*

25. Planning & Neighborhood Development – 4910
26. Transportation Planning – 4915
27. Economic Development – 4920

#### *Cultural and Recreational*

28. Parks and Recreation – 6120
29. Aquatics – 6121

## **SPECIAL REVENUE FUNDS**

### **FUND 201 – MUNICIPAL SERVICE DISTRICT FUND**

1. Municipal Service District – 5000

### **FUND 210 – SECTION 8 VOUCHER PROGRAM FUND**

1. Housing Vouchers Program – 1500

### **FUND 257 – HOME CONSORTIUM FUND**

1. Administration – 2570
2. Projects 2016 – 2575

### **FUND 292 – ADDL. \$5 VEHICLE TAX (TRANSIT) FUND**

1. Addl. \$5 Vehicle Tax – 8200

### **FUND 307 – COMMUNITY DEVELOPMENT**

#### **BLOCK GRANT (CDBG) FUND**

1. Administration – 3070
2. Projects 2016 – 3075

## **ENTERPRISE FUNDS**

### **FUND 600 – STORMWATER FUND**

1. Stormwater Operations – 7100

### **FUND 610 – ELECTRIC SYSTEMS FUND**

1. Electric Administration – 7200
2. Purchased Power – 7210
3. Powerlines Maintenance – 7220
4. Tree Trimming – 7230
5. Electric Construction – 7240
6. Peak Shaving – 7241
7. Electric Engineering Services – 7250
8. Utility Locate Services – 7260

### **FUND 620 – WATER RESOURCES FUND**

1. Hillgrove Treatment Plt. – 7330
2. Coddle Creek Treatment Plt. – 7331
3. Waterlines Oper. & Maint. – 7340

### **FUND 630 – PUBLIC TRANSIT FUND**

1. Rider Transit System – 7613

### **FUND 640 – WASTEWATER RESOURCES FUND**

1. Wastewaterlines Operations & Maintenance – 7420

### **FUND 650 – GOLF COURSE FUND**

1. Rocky River Golf Club – 7501

### **FUND 680 – AVIATION FUND**

1. Aviation Operations – 4530

### **FUND 690 – PUBLIC HOUSING FUND**

1. Public Housing Operations – 1000

## **INTERNAL SERVICES FUND**

### **FUND 800 – INTERNAL SERVICES FUND**

1. Utilities Collections – 4200
2. Data Services – 4210
3. Billing – 4215
4. Customer Care – 4220
5. Engineering - 4230
6. Purchasing – 4250
7. Buildings & Grounds – 4270

## **PROJECT FUNDS**

### **FUND 285 – GENERAL CAPITAL RESERVE PROJECTS**

1. Capital Reserve Expenditures – 8150

### **FUND 420 – PARKS & RECREATION CAPITAL PROJECTS**

2. Parks & Recreation Capital Projects – 8300
3. Hector H Henry II Greenway – 8311
4. McEachern Greenway – 8312
5. Parks – 8313

### **FUND 421 – WASTEWATER CAPITAL PROJECTS**

1. Wastewater Projects – 8402
2. Quail Haven – 8403
3. Irish Buffalo/Zion Church Outfall – 8404

### **FUND 423 – TRANSPORTATION CAPITAL PROJECTS**

1. Streets Projects – 8600

### **FUND 426 – FIRE & LIFE SAFETY PROJECTS**

1. Fire & Life Safety Projects – 8670

### **FUND 429 – WATER CAPITAL PROJECTS**

1. Water Projects – 8700

### **FUND 430 – GENERAL CAPITAL PROJECTS**

1. BOC Capital Projects- 8800
2. Business & Neighborhood Service Projects – 8801
3. Solid Waste Projects – 8802
4. Data Services Projects - 8803
5. General Fund Capital Projects – 8804

### **FUND 451 –AIRPORT PROJECTS**

1. Airport Projects – 6300

### **FUND 473 – ELECTRIC PROJECTS**

1. Electric Projects – 6949

### **FUND 474 – STORMWATER PROJECTS**

1. Stormwater Master Plan – 7101
2. Stream Restoration Project – 7102
3. Stormwater Projects – 7103

### **FUND 475 – ROCKY RIVER GOLF COURSE PROJECTS**

1. Golf Course – 7550

## **FIRST CONCORD/DEBT SERVICE FUNDS**

### **FUND 550 – 2010 LIMITED OBLIGATION**

1. 2010 LOBS – 7020

### **FUND 552 – 2014 LOBS**

1. 2014 LOBS First Concord – 6990

### **FUND 553– 2005 CERTIFICATES OF PARTICIPATION**

1. Police Headqrtrs & Commun – 7000

### **FUND 569 – 160A-19 FINANCING AGREEMENT**

1. Golf Course – 4600
2. Aviation – 4650

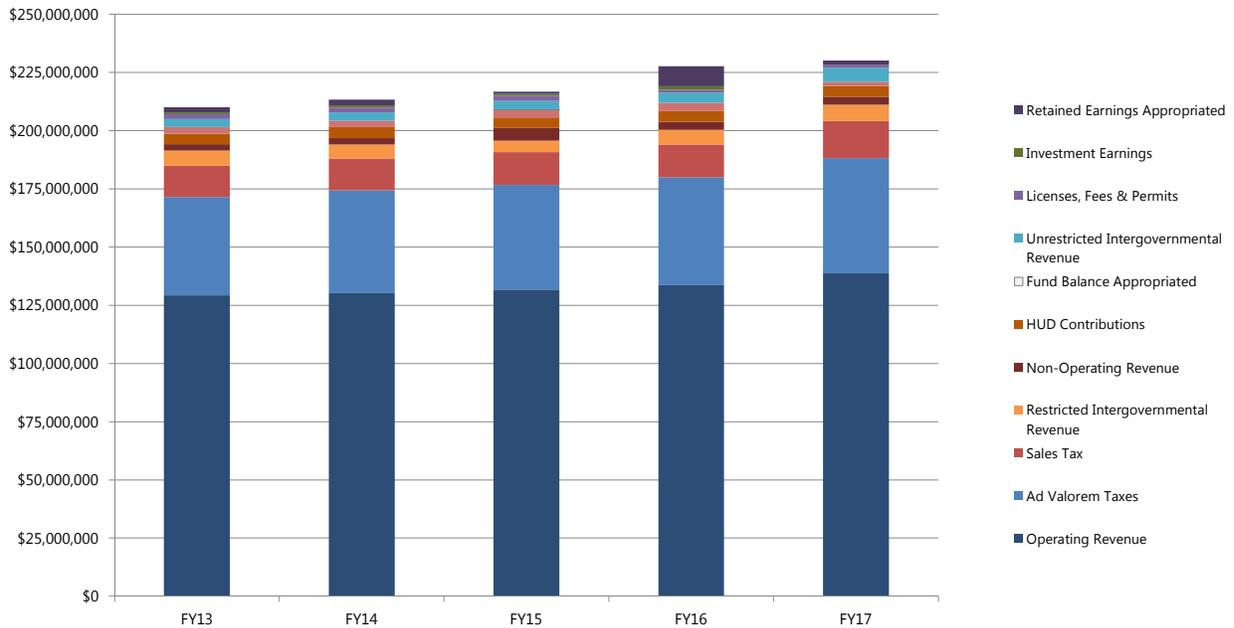
# FY 2016-2017 Budget

Revenues:	General Fund	Special Revenue Funds					Stormwater
	General Fund	Municipal Service District	Section 8 Voucher Program	HOME Consortium	CDBG	\$5 Vehicle Tax	
Ad Valorem Taxes	\$ 49,439,665	\$ 89,000	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	\$ 15,949,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Fees & Permits	\$ 926,000	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ -
Unrestricted Intergovernmental Revenue	\$ 6,003,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovernmental Revenue	\$ 3,848,083	\$ -	\$ -	\$ 183,440	\$ 463,245	\$ -	\$ -
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,923,000
Other/Non-Operating Revenue	\$ 2,604,852	\$ -	\$ 501,000	\$ 33,753	\$ 7,500	\$ -	\$ 1,500
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings Appropriated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HUD Contributions	\$ -	\$ -	\$ 3,762,033	\$ -	\$ -	\$ -	\$ -
Transfers	\$ -	\$ -	\$ -	\$ 62,023	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	<b>\$ 78,771,691</b>	<b>\$ 89,000</b>	<b>\$ 4,263,033</b>	<b>\$ 279,216</b>	<b>\$ 470,745</b>	<b>\$ 350,000</b>	<b>\$ 3,924,500</b>

Expenditures:							
Personal Services*	\$ 42,580,996	\$ -	\$ 280,661	\$ 60,964	\$ 81,066	\$ -	\$ 1,270,597
Operations	\$ 23,478,848	\$ 89,000	\$ 3,982,372	\$ 218,252	\$ 389,679	\$ -	\$ 626,680
Capital Outlay	\$ 4,667,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,000
Debt Service	\$ 3,657,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost Allocations	\$ (1,354,318)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,760
Transfers	\$ 5,741,153	\$ -	\$ -	\$ -	\$ -	\$ 350,000	\$ 1,136,463
<b>TOTAL EXPENDITURES</b>	<b>\$ 78,771,691</b>	<b>\$ 89,000</b>	<b>\$ 4,263,033</b>	<b>\$ 279,216</b>	<b>\$ 470,745</b>	<b>\$ 350,000</b>	<b>\$ 3,924,500</b>

\*Note: Personal Service costs for the Internal Service Fund (\$6,810,813) are captured in the Cost Allocations line above

## Budgeted Revenues FY13-FY17

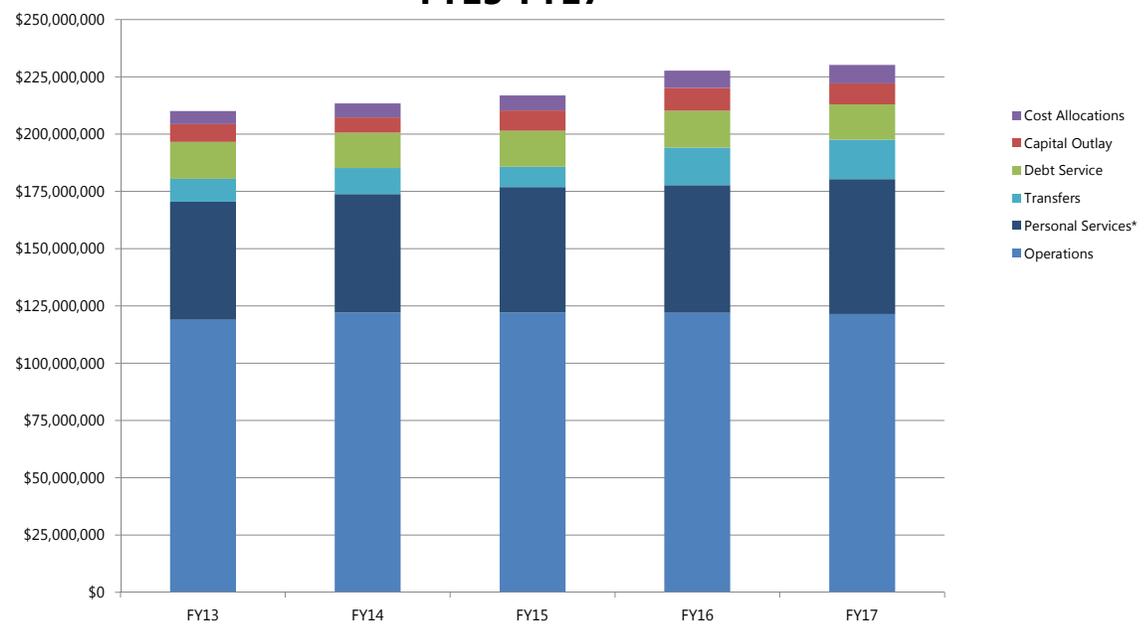


# Summary By Fund

Enterprise Funds								
Revenues:	Electric	Water Resources	Transit	Wastewater Resources	Golf Course	Aviation	Public Housing	All Funds
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	49,528,665
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,949,919
Licenses, Fees & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,276,000
Unrestricted								
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,003,172
Restricted Intergovernmental								
Revenue	\$ -	\$ -	2,476,907	\$ -	\$ -	10,000	\$ -	6,981,675
Operating Revenue	\$ 84,262,000	\$ 22,886,000	\$ 275,000	\$ 16,572,000	\$ 1,661,853	\$ 8,799,758	\$ 337,120	\$ 138,716,731
Other/Non-Operating Revenue	\$ 30,000	\$ 34,000	\$ -	\$ -	\$ 18,794	\$ 92,124	\$ 23,301	\$ 3,346,824
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Retained Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Appropriated	\$ -	\$ 1,190,000	\$ 731,184	\$ -	\$ -	\$ -	\$ -	\$ 1,921,184
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
HUD Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 893,919	\$ 4,655,952
Transfers	\$ -	\$ -	\$ -	\$ -	\$ 937,780	\$ 777,175	\$ -	\$ 1,776,978
<b>TOTAL REVENUE</b>	<b>\$ 84,292,000</b>	<b>\$ 24,110,000</b>	<b>\$ 3,483,091</b>	<b>\$ 16,572,000</b>	<b>\$ 2,618,427</b>	<b>\$ 9,679,057</b>	<b>\$ 1,254,340</b>	<b>\$ 230,157,100</b>

Expenditures:								
Personal Services*	\$ 5,488,448	\$ 4,250,008	\$ 311,965	\$ 1,917,624	\$ -	\$ 2,090,551	\$ 497,583	\$ 58,830,463
Operations	\$ 65,630,424	\$ 8,770,393	\$ 3,133,994	\$ 7,907,953	\$ 1,576,005	\$ 5,093,178	\$ 724,778	\$ 121,621,556
Capital Outlay	\$ 1,321,700	\$ 1,365,900	\$ -	\$ 1,242,035	\$ -	\$ 178,000	\$ -	\$ 9,032,589
Debt Service	\$ 2,621,355	\$ 4,015,329	\$ -	\$ 2,652,373	\$ 937,780	\$ 1,604,262	\$ -	\$ 15,488,157
Cost Allocations	\$ 3,721,679	\$ 2,702,342	\$ 37,132	\$ 1,931,159	\$ -	\$ 310,402	\$ 973	\$ 7,983,129
Transfers	\$ 5,508,394	\$ 3,006,028	\$ -	\$ 920,856	\$ 104,642	\$ 402,664	\$ 31,006	\$ 17,201,206
<b>TOTAL EXPENDITURES</b>	<b>\$ 84,292,000</b>	<b>\$ 24,110,000</b>	<b>\$ 3,483,091</b>	<b>\$ 16,572,000</b>	<b>\$ 2,618,427</b>	<b>\$ 9,679,057</b>	<b>\$ 1,254,340</b>	<b>\$ 230,157,100</b>

## Budgeted Expenses FY13-FY17

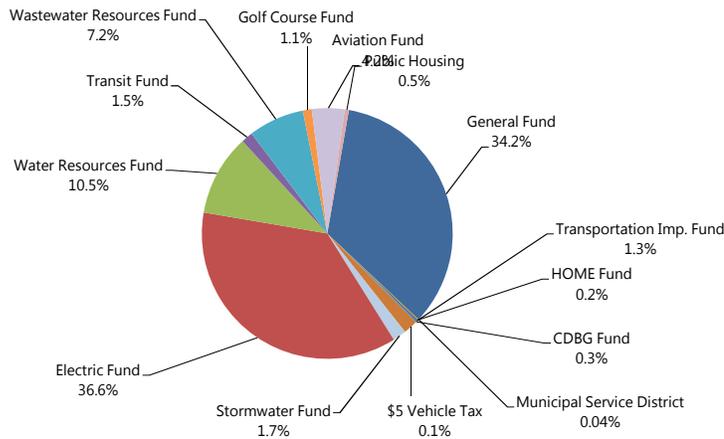


# City Revenues

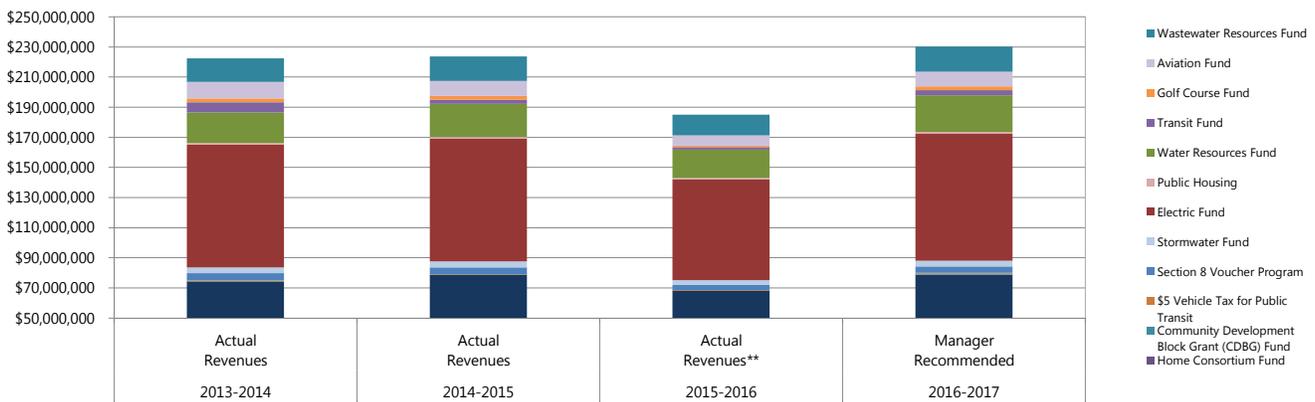
By Fund	2013-2014	2014-2015	2015-2016	2015-2016	2016-2017	2016-2017
	Actual Revenues	Actual Revenues	Council Approved*	Actual Revenues**	Manager Recommended	Council Approved
General Fund	\$ 74,167,576	\$ 78,496,818	\$ 89,719,030	\$ 67,883,624	\$ 78,771,691	\$ -
Municipal Service District	\$ 99,007	\$ 104,399	\$ 113,475	\$ 104,910	\$ 89,000	\$ -
Home Consortium Fund	\$ 132,582	\$ 140,492	\$ 277,299	\$ 209,552	\$ 279,216	\$ -
Community Development Block Grant (CDBG) Fund	\$ 288,600	\$ 137,148	\$ 492,545	\$ 90,441	\$ 470,745	\$ -
\$5 Vehicle Tax for Public Transit	\$ 512,378	\$ 393,292	\$ 400,245	\$ 279,290	\$ 350,000	\$ -
Section 8 Voucher Program	\$ 4,514,998	\$ 4,295,194	\$ 4,829,256	\$ 3,365,416	\$ 4,263,033	\$ -
Stormwater Fund	\$ 3,936,574	\$ 4,016,619	\$ 3,862,178	\$ 3,248,401	\$ 3,924,500	\$ -
Electric Fund	\$ 81,513,408	\$ 81,535,116	\$ 89,748,264	\$ 66,839,536	\$ 84,292,000	\$ -
Water Resources Fund	\$ 20,388,795	\$ 21,847,759	\$ 28,575,538	\$ 18,699,674	\$ 24,110,000	\$ -
Transit Fund	\$ 6,578,015	\$ 2,874,514	\$ 3,686,268	\$ 1,741,451	\$ 3,483,091	\$ -
Wastewater Resources Fund	\$ 15,535,860	\$ 16,365,188	\$ 16,929,021	\$ 13,850,589	\$ 16,572,000	\$ -
Golf Course Fund	\$ 2,539,685	\$ 2,349,334	\$ 2,653,992	\$ 1,028,273	\$ 2,618,427	\$ -
Aviation Fund	\$ 11,100,573	\$ 9,977,766	\$ 9,582,591	\$ 6,711,824	\$ 9,679,057	\$ -
Public Housing	\$ 1,032,799	\$ 1,191,338	\$ 1,254,210	\$ 1,041,073	\$ 1,254,340	\$ -
<b>TOTAL CITY REVENUES</b>	<b>\$ 222,340,850</b>	<b>\$ 223,724,977</b>	<b>\$ 252,123,912</b>	<b>\$ 185,094,054</b>	<b>\$ 230,157,100</b>	<b>\$ -</b>
% budget change		1%		-17%	-9%	

\* as amended \*\*as of May 11, 2016

## FY 2016-2017 City-wide Revenues (by Fund)



## Total City Revenue Trend



# City Expenditures

By Fund	2013-2014	2014-2015	2015-2016	2015-2016	2016-2017	2016-2017
	Actual Expenses	Actual Expenses	Council Approved	Actual Expenses**	Manager Recommended	Council Approved
General Fund	\$ 71,448,110	\$ 66,632,706	\$ 89,719,030	\$ 66,548,886	\$ 78,771,691	\$ -
Municipal Service District	\$ 99,007	\$ 104,399	\$ 113,475	\$ 104,904	\$ 89,000	\$ -
Home Consortium Fund	\$ 136,230	\$ 173,481	\$ 277,299	\$ 91	\$ 279,216	\$ -
Community Development Block Grant (CDBG) Fund	\$ 67,337	\$ 115,707	\$ 492,545	\$ 100,301	\$ 470,745	\$ -
\$5 Vehicle Tax for Public Transit	\$ 512,378	\$ 393,292	\$ 400,245	\$ 241,836	\$ 350,000	\$ -
Section 8 Voucher Program	\$ 4,596,323	\$ 4,439,762	\$ 4,829,256	\$ 3,459,933	\$ 4,263,033	\$ -
Stormwater Fund	\$ 4,951,644	\$ 4,181,879	\$ 3,862,178	\$ 3,228,350	\$ 3,924,500	\$ -
Electric Fund	\$ 76,407,890	\$ 72,207,758	\$ 89,748,264	\$ 67,476,413	\$ 84,292,000	\$ -
Water Resources Fund	\$ 20,486,213	\$ 16,941,493	\$ 28,575,538	\$ 20,777,965	\$ 24,110,000	\$ -
Transit Fund	\$ 8,424,176	\$ 2,950,147	\$ 3,686,268	\$ 2,297,868	\$ 3,483,091	\$ -
Wastewater Resources Fund	\$ 14,782,971	\$ 13,945,885	\$ 16,929,021	\$ 12,963,945	\$ 16,572,000	\$ -
Golf Course Fund	\$ 2,539,685	\$ 2,382,769	\$ 2,653,992	\$ 1,153,156	\$ 2,618,427	\$ -
Aviation Fund	\$ 11,748,745	\$ 10,027,833	\$ 9,582,591	\$ 6,861,879	\$ 9,679,057	\$ -
Public Housing	\$ 1,663,512	\$ 1,738,432	\$ 1,254,210	\$ 1,064,432	\$ 1,254,340	\$ -
Internal Service Fund***	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL CITY EXPENDITURES</b>	<b>\$ 217,864,221</b>	<b>\$ 196,235,543</b>	<b>\$ 252,123,912</b>	<b>\$ 186,279,959</b>	<b>\$ 230,157,100</b>	<b>\$ -</b>

% budget change

-10%

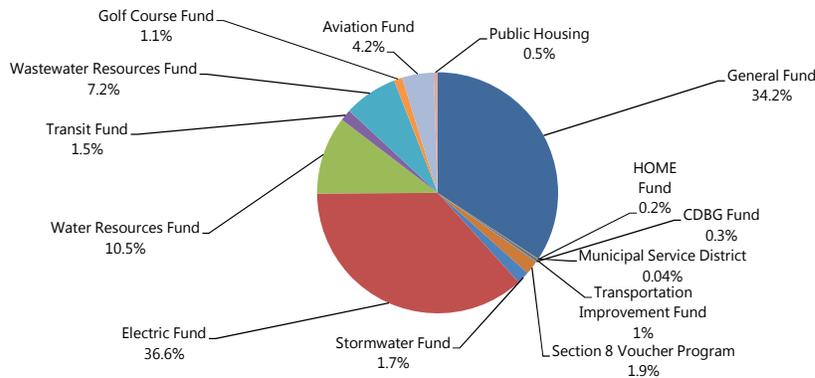
-5%

-9%

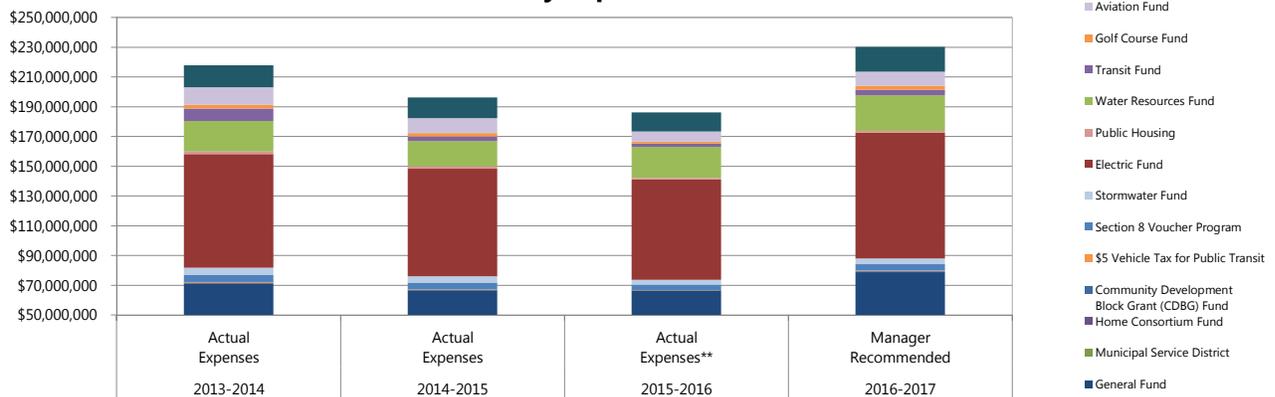
\* as amended \*\*as of May 11, 2016

\*\*\* All Internal Service Expenditures are allocated to other City departments.

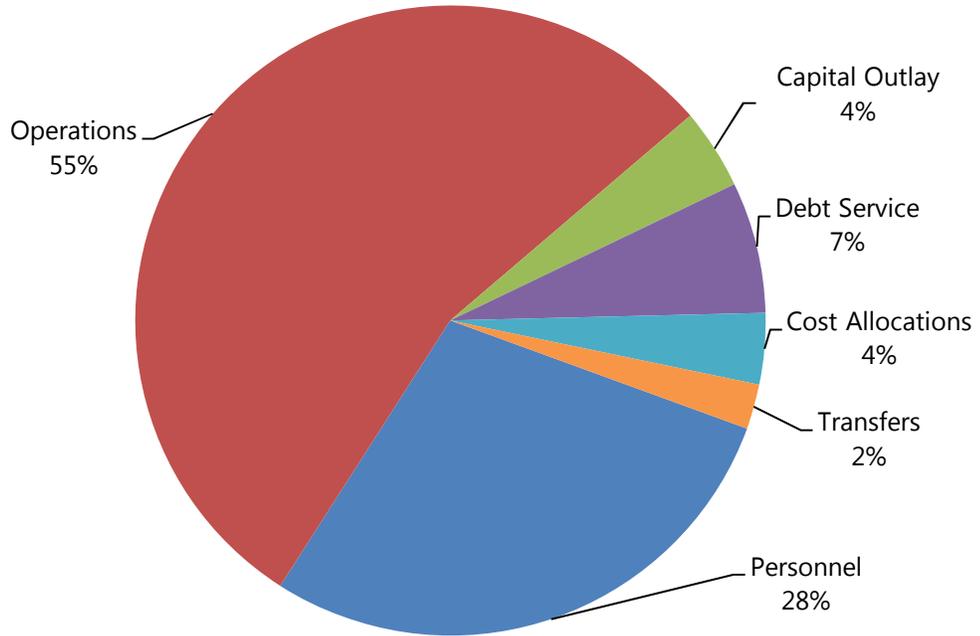
## FY 2016-2017 City-wide Expenditures (by Fund)



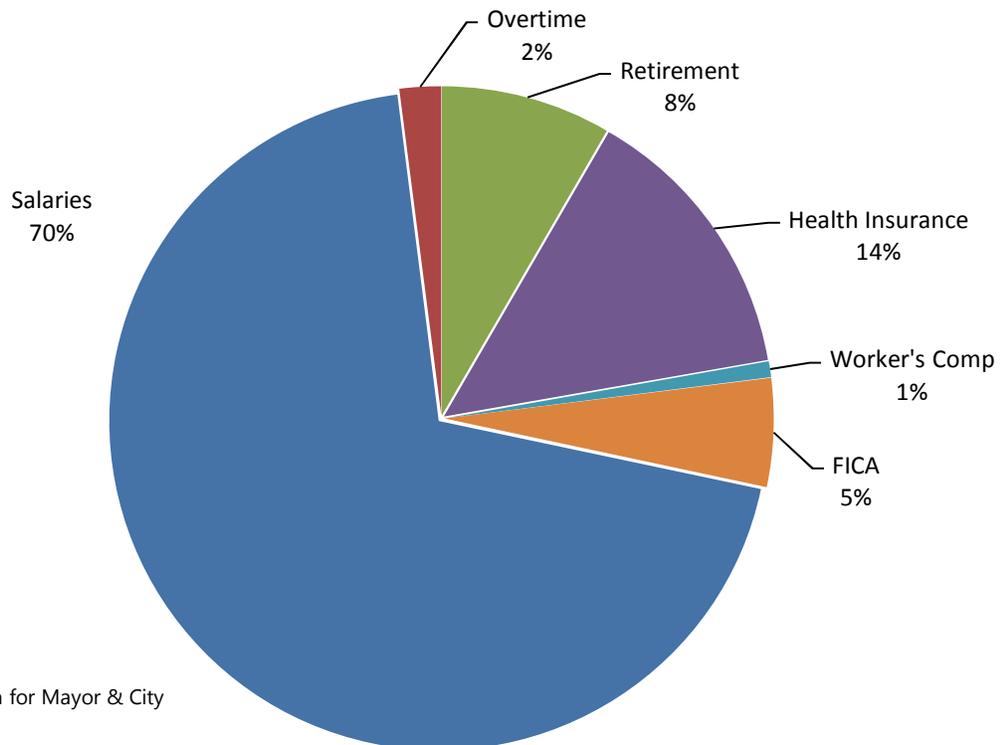
## Total City Expenditure Trend



## FY 16-17 Expenditures by Line-item Category (City total = \$230,157,100)



## FY 16 -17 Summary of Budgeted City-wide Compensation Expenditures\* (\$65,641,276)



\*Includes compensation for Mayor & City Council Members

# MAJOR REVENUE SOURCES

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**General Fund:** The current General Fund budget for the 2016-17 fiscal year totals \$78,771,691 compared to the amended budget of \$89,719,030 for FY 2015-16. Factoring out transfers, financing proceeds and appropriations from fund balance (non-operating revenue); there is a revenue increase of \$6,630,139 (9%) when compared to the current amended budget. The increase in revenues for the City's General Fund budget proposal is the result of a 7% growth in the City's assessed values. This increase is the result of a reassessment of property values in Cabarrus County. The City's tax rate of 0.48¢ per \$100 will not change. Sales tax collections were estimated very conservatively in FY 2015-16 due to uncertainty in the state's legislature rulings on this subject; therefore the 2016-17 budget includes an increase in expected revenue from this source in the amount of \$1.8 million. The City has estimated revenues conservatively using information provided by the North Carolina League of Municipalities, historical and statistical trends, and other local factors. Again, this budget was prepared under the assumption that the City of Concord will receive all of its State shared revenues for the 2016-17 fiscal years.

**Property Taxes:** The budget is balanced with a property tax rate of \$.48 per \$100 valuation. This will yield \$49,439,665 in total current and prior year ad valorem tax revenue based on an average real and personal property collection rate of 97.70%. The tax base used in this budget preparation represents a 7% increase in property values for a total valuation of \$10,467,302,137 (including motor vehicles). One cent on the City's tax rate produces \$1,014,206 in revenue, after the City's estimated collection rate is applied. This rate compares favorably to past City tax rates and remains one of the lowest in the state among medium to large size cities.

**Sales Taxes:** Local sales taxes levied by the City and County comprise 2.25% of the total 7.0% sales tax paid on retail sales in North Carolina. The local sales tax portion consists of a 1-cent tax that was first levied in 1971, a ½-cent tax levied in 1983, a ½-cent tax levied in 1986 and an additional ½-cent that was levied July 1, 2003. Effective October 1, 2008, the State took over one-quarter cent of the Article 44 local option sales tax and effective October 1, 2009 the state took over the remaining one-quarter cent of this local tax. The City will be completely reimbursed for the loss of this revenue with hold harmless payments. The State of North Carolina collects the sales taxes and distributes them to the local units.

Local option sales taxes, telecommunications sales taxes and video programming sales taxes are estimated to be \$15,933,959 for fiscal year 2016-17. This revenue source is expected to increase 2.75% when compared to the current year estimated collections. Sales tax allocations for Cabarrus County are based on proportional property tax levies. The City has projected no growth in local option sales tax allocations for FY 2016-17 when compared to FY 2015-16 budgeted collections. The City continues to apply a conservative approach when estimating this revenue source. Although sales continue to increase, the methods of distribution continue to be discussed at the State legislature. A conservative estimate ensures the City can react to any changes in revenue distribution methods.

Legislation passed during the 2001 session repealed the utility franchise tax on telephone companies and replaced it with a sales tax on telecommunications of 6% of gross receipts (now 8%). As State and local tax rates change, the percentage of the net proceeds on which the municipal distribution is based also changes in order to keep municipality's revenue share neutral. The rate is currently 18.7%. The estimated telecommunications sales tax included for FY 2016-17 is \$480,405, which represents a 2% decline when compared to FY16 estimated collections. Much of the recent decline has been driven by a loss in revenue from landlines as consumers have increasingly opted to go solely wireless.

The N.C. Department of Revenue distributes part of the state sales tax collected on video programming and telecommunication services to counties and cities. Local governments receive 23.6% of the sales tax collections from video programming service, an additional 7.7% of the existing telecommunications sales

tax and 37.1% of sales tax collections on satellite television service. The estimated video programming sales tax included in FY 2016-17 is \$520,756, which represents a 2% decline in this revenue source when compared to FY16 estimates. The decrease in revenue is attributed to more consumers switching from traditional cable and satellite television services to Internet-based viewing services.

**Electric Sales Tax & Piped Natural Gas Sales Tax:** Effective July 1, 2014, the distribution method for the electricity sales tax changed as a result of the tax reform legislation passed during the General Assembly session in 2013. The general sales tax rate is now being applied to the sales of electricity, and 44 percent of the proceeds from the sales tax are returned to cities and towns. That percentage was chosen with the intent that it would be sufficient to hold municipalities harmless from the amount they were currently receiving in utility franchise tax distributions. The amount of electricity franchise tax municipalities received in Fiscal Year 2013-14 was intended to serve as a baseline for the amount they were to receive going forward. The City has projected Electric Sales Tax in FY2016-17 to be \$4,602,337 which is based on actual estimated collections in FY2016. As with the electricity sales tax, the distribution method for the tax on piped natural gas was changed as part of the tax reform legislation passed during the General Assembly session in 2013. The general sales tax rate is now applied to the sale of piped natural gas, and 20 percent of the proceeds from the sales tax are returned to cities and towns. Similar to the electricity sales tax, that percentage was chosen with the intention that it would be sufficient to hold municipalities harmless from the amount they were currently receiving in piped natural gas distributions. The amount of piped natural gas excise tax municipalities received in Fiscal Year 2013-14 is intended to serve as a baseline for the amount they are to receive going forward. The FY2016-17 proposed budget of \$363,700 is based on estimated collections for FY2016. These revenue sources are expected to increase 3% when compared to the current year's estimated collections.

**Powell Bill Street Allocation:** These funds represent redistribution by the State of a portion of the motor fuel taxes collected. The use of these funds is restricted to maintaining, repairing, constructing, reconstructing or widening any public street or thoroughfare within the City limits. Bridges, drainage, curb and gutter and other necessary appurtenances are also approved uses of these funds. One-quarter of distribution is based on the number of miles of local streets in the City and the remainder is distributed on a population basis. These funds are expected to provide \$2,300,995 for FY 2016-17, which represents no growth when compared to current year estimates. This revenue source continues to remain flat as the State's allocation per street mile does not increase; in some years, it is reduced.

**Fund Balance:** The City's unassigned General Fund balance was \$50,118,453 as of June 30, 2015. It is anticipated that the City will meet our target goal of a 30-35% minimum General Fund unassigned fund balance at June 30, 2016. The City has transferred \$12 million into the capital reserve fund for general fund in the current year; this transfer will reduce the unassigned fund balance by \$12 million. Our ability to maintain a healthy fund balance in previous fiscal years was attributable to the economic vibrancy present in the City of Concord and increases in available cash for investments, collection percentage of property taxes, and conservative estimates on revenues. As the City experienced a slowing economy, our conservative policies and procedures were even more important. The proposed budget for FY 2016-17 does not include an appropriation from fund balance.

The recommended budget does appropriate \$2,985,540 from the General Capital Reserve fund balance for one-time capital expenditures. In FY2007-08 the City created a General Fund Reserve to begin preparing for future projects and each year the City contributes available resources to this Capital Reserve Fund. Although these reserves (approximately \$26,600,000) now reside in a separate fund from the General Fund and are no longer included in the City's General Fund *Balance*, the amounts are still available for projects and capital designated by the City Council.

**Special Revenue Funds:** The Municipal Service District tax rate is \$0.23 per \$100 assessed valuation. Also, included in the Special Revenue Fund is the budget request for Community Development Block Grant

Funds, the H.O.M.E. Program, the \$5 Vehicle Tax fund (Transit), and the Section 8 Housing Vouchers program. The special revenue funds total \$5,451,994.

**Enterprise Funds:** Stormwater, Electric, Water and Wastewater rates and charges will generate \$124,775,000 in revenues.

**Stormwater:** The Stormwater Fund is comprised of \$3,900,000 in operating revenue and \$1,500 in non-operating revenues. No rate or fee increases are proposed for the Stormwater program. Rate revenue for FY 2017 is expected to increase 1% when compared to FY 2016 year-end estimates.

**Electric Fund:** The Electric Fund is comprised of \$84,262,000 in operating revenues and \$30,000 in non-operating revenues, with no appropriation from retained earnings. Electric revenues are estimated using the City's rate model. The proposed budgeted revenue does not include a rate increase. The purchase power adjustment to rates will be evaluated during the year, but the FY 2017 budget proposal does not project increases in purchase power rate adjustments. FY 2017 rate revenue is anticipated to increase 2% when compared to FY 2016 year-end estimates. This growth is due to system expansion as residential and commercial development in the City is increasing.

**Water Fund:** The Water Fund is comprised of \$22,886,000 in operating revenue, non-operating revenue of \$34,000, and an appropriation from retained earnings of \$1,190,000 for one time capital project costs. There are no water rate increases included in the FY 2017 budget. Water rate revenue is projected to increase 5% when compared to FY 2016 year-end estimates. This increase is a result of the new agreement with Kannapolis regarding the purchase of additional water from the Albemarle connection and anticipated system growth resulting from development.

**Wastewater Funds:** The Wastewater Fund is comprised of operating revenue of \$16,572,000. There is no appropriation from retained earnings. There are no wastewater rate increases in the FY 2017 budget and the flat charge sewer rates were reduced to more adequately reflect the cost of that service. Wastewater revenues are expected to increase 2% based upon current residential and commercial development trends.

**Public Transit:** The Public Transit budget is comprised of \$275,000 in operating revenue, \$2,476,907 in restricted intergovernmental revenue, and transfers of \$731,184. In FY 2016-17, Concord's General Fund contribution to the Transit system is \$381,184, which includes our portion of the CATS 79x service. A \$2.00 ADA Paratransit fare is proposed for the FY 2016-17 budget.

**Golf Course:** The Golf Course Fund anticipates earned revenue for FY 2016-17 to remain stable when compared to the amended budget of the prior year. Total revenues are estimated at \$2,618,427 which includes a transfer from the General Fund of \$937,780 which is designated towards debt service.

**Aviation:** The Aviation budget is comprised of \$8,802,582 in operating revenue, \$99,300 in non-operating revenue and a transfer of \$777,175 from the General Fund. There is no appropriation from retained earnings. Fuel Sales have been budgeted with no material increases.

**Internal Services Fund:** The Internal Services Fund – comprised of Data Services, Customer Care, Utilities Collections, Billing, Engineering, Buildings and Grounds and Purchasing – totals \$11,303,471. All costs within this fund are allocated among the Electric, Water, Wastewater, Stormwater, Aviation and General Funds based on percentages derived from a cost allocation method.

All rates, fees, and charges are listed in the Schedule of Fees and Charges.

# Fund Balances / Net Position

Amounts shown as fund balance for Governmental Funds represent a running total of monies over the years that remain unspent after all budgeted expenditures have been made. For many years, the North Carolina Local Government Commission has recommended that units retain an amount of available fund balance in the general fund to at least 8% of the appropriations of the fund. The Concord City Council has a financial policy requiring a fund balance between 30%-35% of its general fund operating budget. The reason for this policy is to avoid cash flow interruptions, to generate investment income, to eliminate the need for short-term borrowing, and to have a reserve available in case of sudden emergencies. In accordance with GASB, the City reports net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) in Proprietary Funds as opposed to retained earnings (accumulated earnings of funds after all budget business expenses have been made).

<b>Fund Balances</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16*</b>	<b>2016/17**</b>
General Fund	\$ 55,160,067	\$ 57,879,528	\$ 69,743,640	\$ 57,709,453	\$ 57,710,000
Other Governmental Funds	\$ 31,634,171	\$ 35,917,593	\$ 37,314,689	\$ 49,314,689	\$ 49,400,000
<b>Totals</b>	<b>\$ 86,794,238</b>	<b>\$ 93,797,121</b>	<b>\$ 107,058,329</b>	<b>\$ 107,024,142</b>	<b>\$ 107,110,000</b>

## Net Position

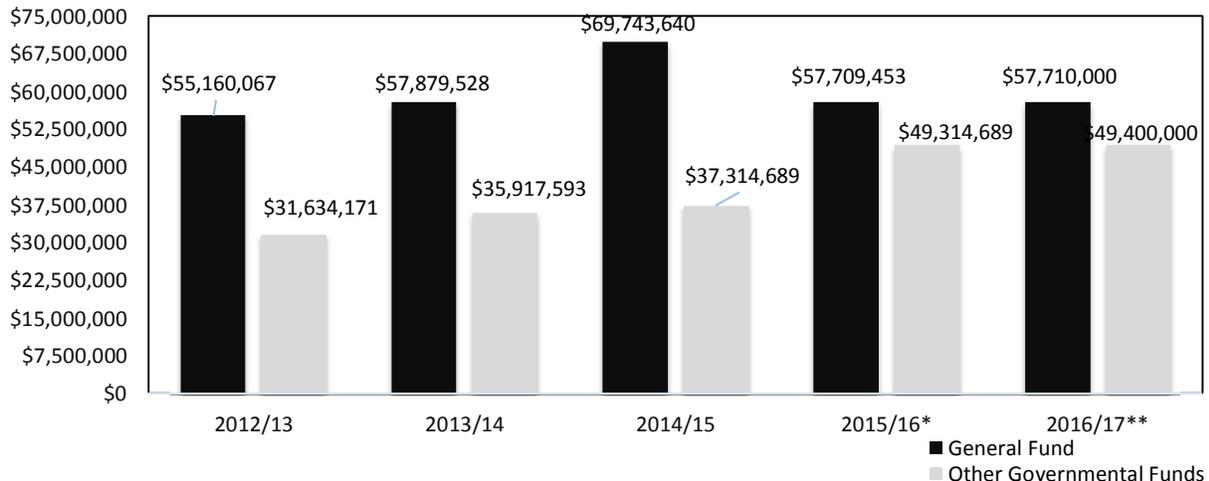
### Business Type Activities - Enterprise Funds

Electric Fund	\$ 94,000,371	\$ 99,847,033	\$ 109,424,987	\$ 112,424,987	\$ 112,424,990
Water Fund	\$ 90,882,515	\$ 95,653,439	\$ 99,219,520	\$ 93,219,520	\$ 94,000,000
Wastewater Fund	\$ 58,986,048	\$ 67,199,198	\$ 72,736,722	\$ 72,136,725	\$ 72,150,000
Aviation Fund	\$ 69,723,777	\$ 70,697,418	\$ 71,785,128	\$ 71,385,125	\$ 71,400,000
Stormwater Fund	\$ 53,037,393	\$ 53,189,453	\$ 53,398,253	\$ 53,398,053	\$ 53,400,000
Other Enterprise Funds	\$ 15,298,407	\$ 19,548,401	\$ 18,574,976	\$ 15,200,400	\$ 15,200,400
<b>Totals</b>	<b>\$ 381,928,511</b>	<b>\$ 406,134,942</b>	<b>\$ 425,139,586</b>	<b>\$ 417,764,810</b>	<b>\$ 418,575,390</b>

\* unaudited

\*\* estimate

## Fund Balance



# Personnel Summary

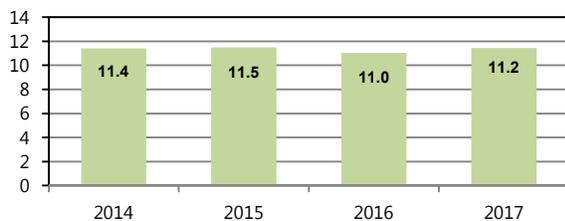
Personnel counts are calculated using the full-time-equivalent (FTE) method for all full-time and permanent part-time city employees (seasonal and temporary positions are not included). The FTE converts the hours worked by a position into a percentage of a full year's number of hours. For most city positions, 1 FTE equals 2,080 hours per year per position (based on a 40 hour work week and a 52 week work year). If a position works 1,040 hours per year, this translates into .5 FTE. Similarly, if a new full-time position has a Jan. 1 effective date (1/2 of the fiscal year), this translates into .5 FTE. In the case of Police Officer positions, 1 FTE equals 2,229.84 hours per year. A Fire Fighter FTE equals 2,920.96 hours per year.

<b>Budget Unit</b>	<b>FY 2013-14 FTE</b>	<b>FY 2014-15 FTE</b>	<b>FY 2015-16 FTE</b>	<b>FY 2016-17 FTE*</b>
<b>GENERAL FUND</b>				
<b>General Government</b>				
Public Services Administration	1	1	1	1
City Manager's Office	6	6	6	6.5
Risk Management (combined with HR for FY17)	3	3	3	-
Human Resources	7	7	7	11
Finance	14	13.25	13.25	13
Tax	4.5	4.5	3.5	3.5
Legal	6	6	6	6
Non-Departmental	0	0	0	0
<b>Public Safety</b>				
Police	180.25	189.25	190.25	200.25
Code Enforcement	7	7	7	8
Emergency Communications	22.5	22.5	22.5	23.5
Radio Shop	2.5	3.5	3.5	3.5
Fire	181	181	181	187
Fire Prevention	6	9	9	9.5
Fire Training	4	2	4	4
Emergency Management	1	1	1	2
<b>Public Works</b>				
Streets & Traffic	27	27	28	30
Powell Bill (staff part of Streets & Traffic)	0	0	0	0
Traffic Signals	5	6	6	6
Traffic Services	5	5	5	5
Solid Waste & Recycling	32	32	32	31.5
Cemeteries	8	8	8	8
Fleet Services	13	13	13	14
<b>Economic Development</b>				
Planning & Neighborhood Development	14.5	14.5	14.7	16
Transportation Planning (contract)	0	0	0	0
Economic Development	1	1	1	1
<b>Culture &amp; Recreation</b>				
Parks & Recreation	21.25	21	22	22
Parks & Recreation - Aquatics (seasonal staff)	0	0	0	0
<b>Total FTE General Fund</b>	<b>572.5</b>	<b>583.5</b>	<b>587.7</b>	<b>612.25</b>
<b>OTHER FUNDS</b>				
<b>Municipal Service District Fund</b>	0	0	0	0
<b>HOME Consortium Fund</b>	1	0.9	0.8	0.8
<b>Transportation Improvement Fund</b>	0	0	0	0
<b>CDBG Fund</b>	1	1.1	1.2	1.2
<b>Addl. \$5 Vehicle Tax (Transit) Fund</b>	0	0	0	0

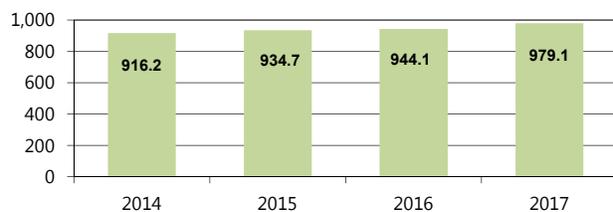
Budget Unit	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
	FTE	FTE	FTE	FTE*
<b>Stormwater Fund</b>				
Stormwater Operations	19.77	22.09	22.09	19.73
<b>Electric Systems Fund</b>				
Electric Administration	2	3	3	3
Purchased Power	0	0	0	0
Powerlines Maintenance	13	17	17	17
Tree Trimming	9	7	7	7
Electric Construction	34	33	33	33
Peak Shaving	2	0	0	0
Electric Engineering Services	5	5	7	8
Utility Locate Services	4	5	5	5
<b>Water Resources Fund</b>				
Hillgrove Water Treatment Plant	14.5	14.5	14.5	14.5
Coddle Creek Water Treatment Plant	15.5	15.5	15.5	15.5
Waterlines Operations & Maintenance	34.24	34.59	34.59	36.29
<b>Public Transit Fund</b>				
Rider Transit System	2.7	3.7	4.7	5
<b>Wastewater Resources Fund</b>				
Wastewaterlines Operations & Maintenance	30	30.32	30.32	31.98
<b>Golf Course Fund</b>				
Golf Course Operations (contract)	0	0	0	0
<b>Aviation Fund</b>				
Aviation Operations	33	34	34	40
<b>Public Housing / Sec. 8 Vouchers Funds</b>				
Public Housing Operations / Vouchers Program	12	13.38	13.88	14
<b>Internal Services Fund</b>				
Utilities Collections	4.5	4.5	4.5	4.5
Data Services (contract)	1	1	1	1
Billing	10	10	10	10
Customer Care	25	25	26	26
Engineering	24	23	23	24
Purchasing	7	7	7	7
Buildings & Grounds	39.5	40.65	41.3	42.3
<b>Total FTE Other Funds</b>	<b>343.7</b>	<b>351.2</b>	<b>356.4</b>	<b>366.8</b>
<b>Total FTE All City Funds</b>	<b>916.2</b>	<b>934.7</b>	<b>944.1</b>	<b>979.1</b>

\* For FY17, all frozen positions are either filled or eliminated.

Number of City Employees  
Per 1,000 Population



Number of Budgeted Full-Time-Equivalent  
(FTE) City Employees



# SUMMARY OF EXTERNAL AGENCY FUNDING

The City of Concord grants funding to non-governmental, or "External Agencies," that contribute to the City's cultural, social, and economic vitality. External Agency funding requests are considered by the City Council under the auspices of the Public Purpose Clause of the North Carolina State Constitution (Article V, Sec. 2(7)). Further guidance by North Carolina Supreme Court case law allows the City Council to choose to fund activities that 1) are within the appropriate scope of governmental involvement and reasonably related to community needs and 2) benefit the general public, as opposed to special interests or persons.

External Agency	Departmental Budget	FY 13/14 Budget	FY 14/15 Budget	FY 15/16 Budget	FY 16/17 Request	FY 16/17 Manager Rec.	FY 16/17 Council Approved
<b>General Fund monies</b>							
Boys & Girls Club of Cabarrus County	Parks & Rec	6,000	6,500	6,500	10,000	7,500	
Cabarrus Arts Council, Inc.	Parks & Rec	25,000	30,000	30,000	42,780	42,780	
Cabarrus Events Association	Econ Dev	5,000	5,000	5,000	5,000	5,000	
Cabarrus Victims Assistance Network (CVAN) Sustaining Grant	Police	9,500	10,000	10,000	10,000	10,000	
Conflict Resolution Center (Teen Court)	Police	2,500	3,000	3,000	5,500	3,500	
Habitat for Humanity Cabarrus County	Planning & Nbhd	6,000	4,000	-	8,000	6,000	
Historic Cabarrus, Inc.	Econ Dev	10,000	10,000	9,000	10,000	9,000	
Hope Haven	Planning & Nbhd	2,000	2,000	2,000	4,000	-	
Multicultural Community Student Union	Parks & Rec	2,000	2,000	-	-	-	
Special Olympics Cabarrus County	Parks & Rec	2,000	2,000	2,000	2,000	2,000	
<b>Sub-total</b>		<b>\$70,000</b>	<b>\$74,500</b>	<b>\$67,500</b>	<b>\$97,280</b>	<b>\$85,780</b>	<b>\$0</b>
<b>Utility Fund monies</b>							
Cabarrus Cooperative Christian Ministries	Water, Electric, Wastewater	13,000	13,000	14,000	15,000	15,000	
<b>Sub-total</b>		<b>\$13,000</b>	<b>\$13,000</b>	<b>\$14,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$0</b>
<b>Community Development Block Grant monies</b>							
Cabarrus Arts Council, Inc.	CDBG	1,500	1,500	2,000	-	-	
Cabarrus Cooperative Christian Ministry	CDBG	6,000	6,000	6,000	10,000	7,000	
Cabarrus Literacy Council	CDBG	4,000	4,000	5,000	-	-	
Cabarrus Meals on Wheels	CDBG	4,000	5,000	5,000	5,000	5,000	
Coltrane LIFE Center, Inc.	CDBG	4,000	5,000	5,000	5,000	5,000	
Hispanic Learning Center	CDBG	2,000	2,000	-	-	-	
Hope Haven - Sustaining	CDBG	3,500	5,000	5,000	5,000	7,500	
Hope Haven - Affordable Housing	CDBG	1,000	-	5,000	5,000	-	
Multicultural Community Student Union	CDBG	-	-	3,000	-	3,500	
Opportunity House	CDBG	-	-	2,000	5,500	2,500	
Prosperity Community Connection Inc.	CDBG	1,500	1,500	1,500	-	-	
Prosperity Unlimited, Inc. Sustaining Grant	CDBG	8,000	8,500	8,500	10,000	8,500	
Salvation Army	CDBG	-	-	5,000	7,000	6,000	
Safe Alliance	CDBG	1,750	2,500	3,000	-	-	
<b>Sub-total</b>		<b>\$37,250</b>	<b>\$41,000</b>	<b>\$56,000</b>	<b>\$52,500</b>	<b>\$45,000</b>	<b>\$0</b>
		FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 16/17	FY 16/17
<b>TOTAL</b>		<b>\$120,250</b>	<b>\$128,500</b>	<b>\$137,500</b>	<b>\$164,780</b>	<b>\$145,780</b>	<b>\$0</b>