

***INTRODUCTION/
SUMMARY INFORMATION***

GUIDE TO THE SECTIONS OF THE FY 2013-2017 CAPITAL IMPROVEMENT PLAN

The capital improvement plan (CIP) outlines the City's plan for achieving the goals, objectives, and service delivery levels desired by the Mayor and City Council. The purpose of this plan is to forecast and match projected revenues and major capital needs over a five (5)-year period. Capital planning is an important management tool that strengthens the linkages between community infrastructure needs and the financial capacity of the City.

The City defines CIP capital expenditures as any expenditure of major value that recurs irregularly, results in the acquisition of a fixed asset, and has a useful life greater than one (1) year. As a rule of thumb, items included in the CIP are those which involve:

- acquisition, renovation, and/or construction of a single fixed asset greater than \$100,000
- any land purchases not associated with or included in another CIP project
- capital road maintenance or construction greater than \$100,000 – excluding recurring or routine maintenance projects

The CIP is updated annually to ensure that it addresses new and changing priorities within the City.

Introduction/Summary Information: The introduction section consists primarily of the Manager's Message – an executive summary of the CIP from the City Manager to the Mayor and City Council. It discusses the major factors impacting the CIP and provides a summary of first-year projects and funding sources. The introduction also includes the CIP Policy, the Mayor and Council goals and objectives, organizational and financial summary charts, and the CIP Ordinance.

Detailed CIP Project Information: This section includes a brief summary of the City's capital improvement projects approved in the FY 2012-13 budget. For each capital expenditure, the CIP includes an expenditure description, a justification of the expenditure and how it addresses a City goal, proposed funding levels and sources, and, if applicable, an estimate of ongoing operating costs.

Detailed CIP Project Information for Year 1 Projects and Projects Previously Approved by City Council: This section includes a brief summary of the City's capital improvement projects that are currently in-progress and those that were approved for funding in the first fiscal year of the CIP, or FY 2012-13. The CIP includes projects that are spread out over multiple years, and as such, this document also includes descriptions of previously approved projects that are currently in-progress. For each of these capital projects, the CIP includes an expenditure description, a justification of the expenditure and how it addresses a City goal, proposed funding levels and sources, and, if applicable, an estimate of the five-year impact of ongoing personnel and operating costs. The same information is given for CIPs funded in FY 2012-13.

Supplemental Information: This section contains supplemental information regarding the City's CIP process, including the CIP Request Form, the CIP Request Form Instructions, Future Year CIP project planning, and a glossary of CIP terminology.

CONTACT INFORMATION

If you have any questions regarding this document, please contact the Finance Department at:
(704) 920-5261 or (704) 920-5263, or visit the City's website at:

<http://www.concordnc.gov/Departments/Finance/Budget/Capital-Improvement-Plan>

CAPITAL IMPROVEMENT PLAN PROCESS

HOW IS THE CIP DEVELOPED?

The CIP is updated annually (beginning in November) as part of the City's regular budget process. After departments submit their CIP requests to the Finance Department in late December, the City's capital project selection committee reviews and evaluates the proposed projects based on Mayor and City Council service priorities, infrastructure needs, the financial capacity of the city, and the impact the projects could have on the City's operating budget.

Once the projects are evaluated, the committee recommends the selection and timing of capital projects through future fiscal years. First-year projects are incorporated into the City Manager's recommended annual operating budget. In some cases, plans are made to include the project in a separate capital project ordinance, to be approved by the City Council when the operating budget is approved. The Mayor and City Council are also presented the future, unappropriated, planning years for their consideration, review, and endorsement so that staff can proceed with planning and evaluation of potential capital projects.

CAPITAL IMPROVEMENT PLAN

The capital improvement plan is simply that – a *plan*. As such, projects are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by the Mayor and City Council. Because priorities can change, projects included in outward planning years are not guaranteed for funding.

FY 2013-2017 CAPITAL IMPROVEMENT PLAN (CIP) DEVELOPMENT CALENDAR

TASK	START DATE	DUE/END DATE(S)	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE
CIP forms distributed to departments	11/17/11	12/16/12												
Council and Community service level goals and objectives established by Mayor & City Council	1/27/12	1/27/12												
CIP selection committee review meetings	1/31/12	4/10/12												
CIPs discussed during departmental budget meetings	2/8/12	4/17/12												
City Manager's recommended budget containing CIPs compiled and presented to Mayor & City Council	5/29/12	5/29/12												
Budget available for public viewing at City Clerk's Office	5/29/12	6/12/12												
Mayor & City Council review budget and performance objectives	5/29/12	6/12/12												
Public Hearing conducted; CIP ordinance adopted by City Council	6/12/12 (Budget Public Hearing)	6/12/12												

- Legend:
- Budget Staff, Department Directors
 - Mayor, City Council, City Mgt., Dept. Directors, Budget Staff
 - CIP Selection Committee
 - City Mgt., Budget Staff, Department Directors
 - City Mgt. & Budget Staff
 - Mayor & City Council



July 1, 2012

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

Dear Mayor Padgett and Members of the City Council:

I'm pleased to present you the Capital Improvement Plan (CIP) for the fiscal years 2013-2017. The CIP serves as a long-range planning tool used to help the City match revenues with major capital (generally items/projects with a unit cost over \$100,000) needs over a five-year period. The projects on the CIP are derived from Council Goals, citizen requests, and departmental recommendations. A summary version of the CIP was provided with my recommended budget and fiscal year 2013 projects were included in the operating budget that City Council adopted on June 12, 2012. Subsequent fiscal year projects are unfunded and presented for planning purposes only.

MAJOR FACTORS IMPACTING CAPITAL PLANNING

Revenue – All budgets are constrained by available revenues and that is no different for Concord. As budgets continue to be impacted by the economic downturn, capital projects are prioritized so that available funds are allocated based on need, Council priority, and their impacts on service provision.

Safety and Security – The CIP continues to emphasize safety and security for our citizens and businesses. If the City's boundaries and population continue to expand, increased infrastructure to support fire protection, police services, utility services, recreation needs, and traffic safety will be required.

Maintaining Essential Services –The CIP focuses on maintaining essential service levels for Concord citizens. Projects such as the renovation of Fire Station #5, construction of Fire Station #11, and the replacements of a rearloader and knuckleboom truck for yard waste collection are part of this focus area.

Utility and Transportation Infrastructure Needs –The strain on our existing road and utility infrastructure has become increasingly visible. The CIP reflects the need for improvements to our transportation system and the priority placed upon it. Transportation projects include the additional of a traffic signal at George Liles Parkway and Village Drive NW, contributions toward Derita Road improvements, renovation of Burrage Road, and continued intersection improvements. Utility projects are funded in Stormwater, Water, and Electric.

Maintenance of City Assets – As the City continues to hold the line in operating costs, there remains the need to maintain the City's aging assets. FY13 projects include improvement to the Brown Operations Center parking lot, construction of a Solid Waste Shelter to keep equipment protected from weather-related damage, safety-related replacements of bleachers and lighting at Parks & Recreation facilities, replacement of aging waterlines, and the addition of a fire system surge tank at Concord Regional Airport.

Environmental Protection and Green Space Preservation– Our environment is fragile and we realize the importance of being good stewards. The CIP continues to ensure our continuing attention to the undesired

effects of stormwater run-off and its environmental impacts through a master plan for capital project needs and the replacement of a culvert along Melrose Drive. Priority has also been placed on developing Parks and Recreation projects, including the development of the Rocky River Greenway along Moss Creek.

FIRST-YEAR (FY2012-13) CIP PROJECT HIGHLIGHTS

A total of \$10,531,745 in capital projects has been identified for FY2012-13. A list of all first-year projects and their primary funding sources (in parenthesis) can be found below. Additional project detail is available on the following pages of this CIP document.

General Fund

General Projects

- Operations Center Improvements – Storage & Parking Improvements: \$195,000 (operating revenue)

Fire & Life Safety

- Construction of Fire Station #11: \$2,000,000 (capital reserve, operating revenue)
- Purchase of a Reserve Pumper FD204: \$327,747 (operating revenue)
- Renovation of Station #5: \$124,000 (capital reserve)

Solid Waste & Recycling

- Operations Center Improvements – Solid Waste Shelter: \$240,000 (operating revenue)
- Replacement Knuckleboom Truck SWR-429: \$125,000 (operating revenue)
- Replacement Rearloader SWR-412: \$150,000 (operating revenue)

Parks & Recreation

- Rocky River Greenway – Moss Creek: \$440,000 (grants, operating revenue)
- Park Lighting Replacement Ph. 1: 601,000 (operating revenue)
- Recreation Center Bleacher Replacements: \$175,000 (operating revenue)
- Dog Park Development: \$272,000 (recreation capital reserve)

Dedicated Transportation Funds

- Traffic Signal at George Liles Parkway & Village Drive: \$161,000 (transportation capital reserves)
- Derita Road Improvements: \$400,000 (transportation capital reserves)
- Poplar Tent Road & US Highway 29 Improvements: \$43,848 (transportation capital reserves)
- Burrage Road Renovation: \$1,200,000 (transportation capital reserves)
- Infrastructure Improvements, Sidewalk Program: \$150,000 (transportation capital reserves)
- Terminal Court NW Street Improvements: \$110,400 (transportation capital reserves)

Stormwater

- Capital Projects Master Planning: \$350,000 (operating revenue)
- Melrose Drive Culvert Replacement: \$156,000 (operating revenue)
- Excavator Replacement: \$150,000 (operating revenue)

Golf Course:

- Clubhouse Renovations: \$250,000 (capital reserve)

Electric Systems

- Peaking Generators Emission Upgrades: \$220,000 (operating revenue)
- Electric Underground Duct Bank on International Boulevard: \$1,000,000 (operating revenue)
- System Power Factor Correction: \$150,000 (operating revenue)

- Replacement of E-258 Bucket Truck: \$210,000 (operating revenue)
- Solid State Relay Conversion for Substation B: \$180,000 (operating revenue)

Water:

- Disinfection Byproduct Reduction Needs: \$110,000 (operating revenue)
- Replace Existing PLC Cabinets: \$106,000 (operating revenue)
- Replace High Service Pump Motor Starters: \$414,000 (operating revenue)
- Replacement and/or Relining Aged Waterlines: \$500,000 (operating revenue)

Wastewater

- Replacement Jet Vac Truck: \$339,908 (operating revenue)

Aviation

- Fire System Surge Tank: \$258,750 (operating revenue)

REVENUE SOURCES (FIRST YEAR/FY2012-13)

Pay-as-you-go: Whenever possible, pay-as-you-go (or “operating revenue”) funding is the preferred method of funding CIP projects. Most items listed above use this method of financing.

Capital Reserve Funds: These funds come from the General Fund, the Parks & Recreation Capital Reserve Fund, and the Dedicated Transportation Reserve Funds; and are used for one-time, non-reoccurring projects.

Federal/State Funding Grants: The City continues to aggressively pursue state and federal grant funding and has been successful in many of these efforts.

CONCLUSION

The following pages of this document provide additional detail on the projects listed above as well as those in future planning years. This document is considered a “living” document that serves as a planning guide and will be adjusted as existing projects change and new needs arise.

Respectfully submitted,



W. Brian Hiatt
City Manager



FY2012-2013 CITY COUNCIL GOALS

On January 27, 2012, 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 2012-2013. 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 2012-2013 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

- Adopt legislative goals and agendas for both the Federal and State legislative processes and aggressively communicate these to our representatives.
- 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 support the Customer Service Excellence emphasis with the proposed FY 2012-13 objectives.
- Continue to review operations and customer requirements for user-friendliness, both internally and externally, and seek customer feedback through tools such as surveys, focus groups, secret shoppers, etc.
- Instruct staff to develop a FY 2012-13 General Fund budget recommendation using a revenue neutral tax rate calculation as provided for under Subsection (e) of NC General Statute 159-11 as a cap.

Technology and facilities improvements

- Develop and publish an RFP for energy services for the purpose of selecting an energy services company to conduct an investment grade energy audit for public housing facilities and recommend a energy performance contract with the company for consideration by City Council.
- Fund an in-house email solution with a goal of starting installation in January 2013. Monitor the development of the cloud computing email system to determine the outcome of the FBI security concern. If resolved, implement the Cloud solution. If not resolved, implement the in-house solution.
- Proceed with development of smart phones as replacements for laptops in field applications where the user needs do not require laptop functionality.
- Continue to plan for a future new City Hall capital improvement project, with design funded in FY 2013-14.
- Fund the final year of a three-year refurbishment plan for the City's lighted Christmas decorations in need of repair.

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.
- Address the safety issue at the intersection of George Liles Parkway and Village Drive by working with NCDOT and developers to install a traffic signal.
- 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 Stimulus Package, Earmark, Economic Enhancement, Spot Safety, and Small Construction projects from the Federal government and/or the NCDOT and continue to coordinate associated local activities with NCDOT Division 10.
- Continue aggressive efforts to obtain FAA funding for Airport capital improvements and safety projects, provided State and local matches are available.

Environment/Solid Waste and Recycling/Stormwater

- Support the efforts of the sustainability committee including the proposed FY2012-13 objectives and continued integration consideration of sustainability into City operations.
- Continue administration and monitoring of the Solid Waste and Recycling contract with Waste Pro.
- 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.

Utilities

- Continue discussions and planning for infrastructure to connect to the Albemarle water system.
- Continue to educate the public and all system customers on the importance of water conservation.
- Continue to work with WSACC to explore plans that might incorporate the reuse of 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 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

- Continue incorporation of a Complete Streets Policy into the Concord Development Ordinance.
- Continue to explore ways to implement the Logan Redevelopment Plan with the private development partner.
- Continue to support the neighborhood program and seek opportunities to enhance the participation of recognized neighborhoods.
- 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 and improve the present course of the administration of sureties by creation of a common, shared database, calendar, and tickler file; and preparing CDO amendments requiring phasing of large developments; and preparing CDO amendments requiring guarantees on multi-lot site plans for stormwater BMPs.
- Continue to utilize five specialized guidelines to create standards to promote low impact development into the CDO.
- Continue to update the five-year annexation plan.
- Continue to use policy for voluntary annexations that includes cost-benefit assessments and requirement of acceptance of water and sewer utility service where feasible.
- Continue to administer Small Area Plans as flexible guides for physical development.

Public Safety

- 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.
- 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 the current approach to applying the City policy on vacant lot mowing and building demolitions.
- 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 to support and actively participate in Project Safe Neighborhood.

Recreation/Parks/Open Space

- Evaluate all potential sites for the development of a dog park, and formulate implementation and maintenance budgets for a potential facility. Obtain legal and risk management support for related signage and documentation.
- Continue development of the Rocky River Greenway, Phase 1, including securing property control of the Moss Creek section and pursuing grant funding for construction.
- Continue to participate fully in the countywide greenway master planning effort.
- Continue active participation in and representation on the Carolina Thread Trail Advisory Board with goal of having greenway sections being designated as part of the Thread Trail.
- Continue to make full use of Carolina Thread Trail and Trust Funds money to acquire properties for future greenways if net cost to City is reduced.
- Continue to evaluate properties that are available, pursue joint development opportunities and master plan future park development, with a special focus on the northwest section of the City.

FUND AND BUDGET UNIT STRUCTURE (FY 2012-2013)

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, Electric Administration, 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. Risk Management – 4121
5. Human Resources – 4125
6. Wellness Center – 4126
7. Finance – 4130
8. Tax – 4140
9. Legal – 4150
10. Non-Departmental – 4190

Public Safety

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

Public Works

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

Economic Development

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

Cultural and Recreational

29. Parks and Recreation – 6120
30. 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 303 – COMMUNITY DEVELOPMENT

BLOCK GRANT (CDBG) FUND

1. Administration – 3030
2. Projects 2011 – 3035

FUND 253 – HOME CONSORTIUM FUND

1. Administration – 2530
2. Projects 2011 – 2535

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

1. Addl. \$5 Vehicle Tax – 8200

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 – 7609

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 Service – 4220
5. Engineering - 4230
6. Purchasing – 4250
7. Customer Care Center – 4260
8. Buildings & Grounds – 4270

CAPITAL IMPROVEMENT PLAN, BUDGET, AND FINANCIAL POLICY

I. PREPARATION OF THE CAPITAL IMPROVEMENT PLAN (CIP):

- A. The purpose of the capital improvement plan (CIP) is to forecast and match projected revenues and major capital needs over a five (5)-year period. Long-range capital planning is an important management tool, which strengthens the linkages between community infrastructure needs and the financial capacity of the City.
- B. All proposals for capital investment shall go through the capital planning process.
- C. Definition of appropriate capital items for inclusion on the CIP:
 - 1. Definition of a CIP capital expenditure – Expenditure of major value that recurs irregularly, results in the acquisition of a fixed asset, and has a useful life greater than one (1) year.
 - 2. As a rule of thumb, items to be included in the CIP include those which:
 - (a) Involve the acquisition, renovation, and/or construction of a single fixed asset greater than \$100,000
 - (b) involve any land purchases not associated with or included in another CIP project
 - (c) involve capital road maintenance or construction greater than \$100,000 – excluding recurring or routine maintenance projects
- D. Difference between departmental capital outlay items (in operating budget) and capital project outlay items (in CIP):
 - 1. Departmental capital items shall not be submitted as part of the CIP. Departmental capital items include:
 - (a) equipment/tools, furniture, office equipment such as computers and fax machines, minor remodeling, or other construction projects below \$100,000 (such items should be outlined in the “Capital Outlay” section of the operating budget request).
 - (b) all vehicles/rolling stock/machinery below \$100,000
 - 2. However, any upcoming, or 1st year costs associated with a CIP request shall be entered in the department’s operating budget request in order to ensure that 1st year CIP costs are noted and included in the Manager’s Recommended Budget.
- E. Inclusion of expenditures for maintenance and/or staffing in the CIP:
 - 1. All operating, maintenance, and personnel budget expenditures associated with the purchase of a CIP item shall be included and noted in the annual operating budget. However, for reporting and future expenditure forecasting purposes, the estimated additional expenditures on operating, maintenance, and personnel shall be included on all CIP requests.

II. ORGANIZATIONAL ISSUES:

- A. Departments are responsible for identifying, documenting, and justifying CIP requests. Departments are also responsible for obtaining project cost estimates and identifying appropriate revenue sources for the project (the Finance Dept. shall assist in identifying costs and appropriate revenue sources).
- B. The City Manager, in conjunction with the Finance Director and Budget staff, shall be responsible for coordinating the CIP process and submission of the CIP to the Mayor and City Council.
- C. A capital project selection committee shall be used to evaluate and recommend a ranking of proposed projects to the City Manager. This committee shall be comprised of:

City Manager, Deputy City Manager, Director of Planning & Neighborhood Development, Finance Director, Budget & Performance Manager, Budget Analyst, Economic Development and Sustainability Director, and Director of Engineering.

D. Council review, recommendation, and adoption of CIP:

1. The City Manager's Recommended CIP shall be submitted to the Mayor and City Council for their review and recommendation during the beginning stages of the annual budget process. **NOTE:** Governing Body recommendation of the CIP does not authorize money for any of the projects in the plan, but the recommendation by the Governing Body shall provide the City Manager direction to proceed with formulating the annual CIP and inclusion of first year CIP items in the City Manager's Recommended City Budget.
2. A Capital Projects Ordinance will be adopted by City Council with the City's Operating Budget establishing necessary project fund structures for CIP expenditures at the beginning of the fiscal year.

III. EVALUATION OF PROJECT MERIT:

- A. Proposed CIP items will be evaluated and ranked according to merit.
- B. Projects should generally be foreseen ahead of the time (preferably 2+ years) of need to allow time for planning long-term financing strategies or financing methods.

IV. FUNDING SOURCES:

- A. Debt will be considered for capital projects under the following circumstances:
 1. The capital item is a long-living (useful life greater than one (1) year) asset.
 2. The asset has a useful life expectancy that equals or exceeds the length of the debt financing period.
- B. The following types or combination of financing may be considered under the following circumstances:
 1. *Debt methods:*
 - (a) *General Obligation Bonds (G.O. Bonds)* – The capital item is used for a public facility or equipment that is a public good and that has no revenue-producing capability (e.g. streets and municipal buildings or structures). Generally, G.O. Bonds are only used for major General Fund projects.
 - (b) *2/3 General Obligation Bonds* – Without voter approval, G.O. Bonds may be issued annually on 2/3 of net G.O. debt reduction (principal retirement) in the prior year.
 - (c) *Revenue Bonds* -- The capital item is used for a non-public good in which a revenue stream is associated with the capital item (e.g. airport, water, wastewater, and electric system capital items).
 - (d) *Special Obligation Bonds (S.O. Bonds)* – S.O. Bonds may be used for solid waste management projects which can include equipment or facilities for construction of incinerators, land for recycling facilities, drainage collection and treatment systems for landfills, land and liners for landfills, monitoring wells, recycling equipment and facilities, and volume reduction equipment; can also be used for water/sewer projects
 - (e) *Special Assessments* – The capital item benefits only immediately adjacent property. Adjacent property owners pay the special assessments after the improvement is completed and its cost is known. Therefore, special assessments are not a method of capital financing, but rather a method of eventually paying for the improvements

for which they are levied. Other sources of funds are needed to finance the improvements for which the assessments are later levied.

(f) *Property Secured Debt* – The capital item can be secured as collateral itself. Includes lease or installment purchase transactions and certificates of participation (COPS).

2. *Non-debt methods (Also referred to as Pay-as-you-go, or Pay-Go)*

(a) *Current revenues* – The capital item can be acquired through existing revenues.

(b) *Capital reserves* – The capital item can be funded from City Council designated taxes or revenue streams that are set aside in a separate fund.

(c) *Capital recovery, facility, or impact fees* – Capital items may be financed from charges to benefiting property owners for major infrastructure or facilities that benefit that property. Charges can be levied and collected before infrastructure is built.

(d) *Fund Balance* – The capital item can be funded with unassigned operating fund balances.

(e) *Transportation Improvement Fund* – Capital items from this fund must be used to supplement maintenance and construction of local streets and sidewalks.

(f) *Grants* – Funding of the capital item was secured upon application of a governmental grant (examples might include CDBG or HOME grants, law enforcement grants, or EPA water quality grants.)

(g) *Gifts* – The capital item may be purchased or acquired with restricted or non-restricted donations by citizens or corporations.

C. *Debt Limits*

1. The City shall not exceed N.C.G.S. 159-55(c) limiting the amount of net bonded debt outstanding to 8% of appraised value of property subject to taxation, and
2. Annual G.O Bond debt service payments (principal and interest) shall not exceed 15% of the City's General Fund operating budget.

D. *Course of action in the event that the costs of a capital project are under or overestimated*

1. Underestimated –

(a) Review project scope and performance of contractor.

(b) Analyze need for more funding – i.e. cost overruns, unforeseen circumstances, new legal requirements.

(c) Execute budget transfers to obtain idle funds.

(d) Close out PO's to obtain additional funding from idle funds.

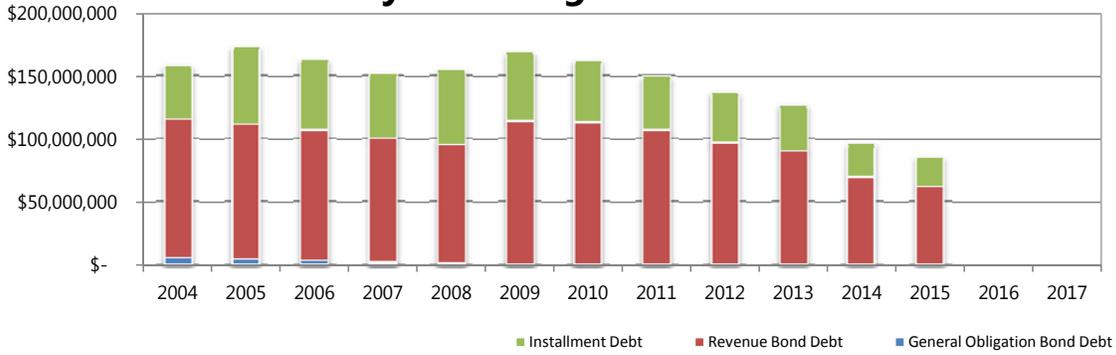
(e) Develop and present options with recommended action to the Governing Body.

2. Overestimated –

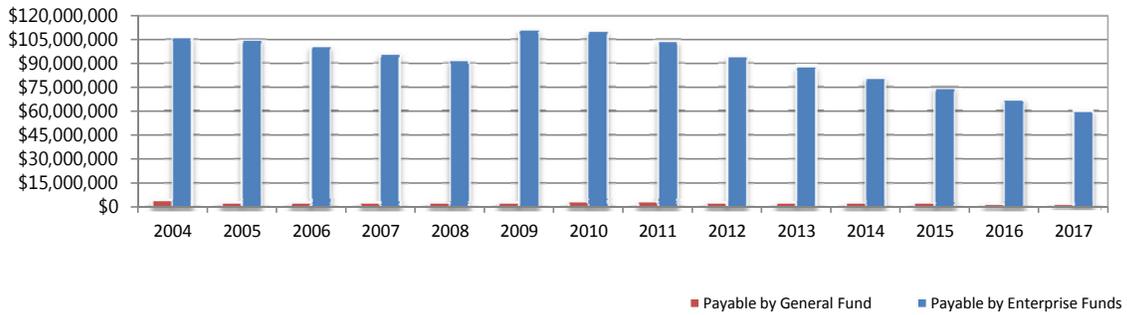
(a) Savings are reprogrammed in the next CIP.

(b) Analyze reasons for overestimation.

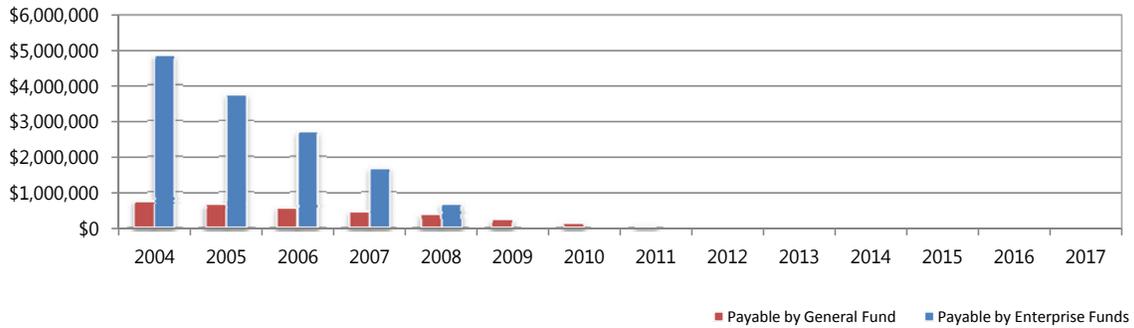
Total City Debt Principal by Financing Method



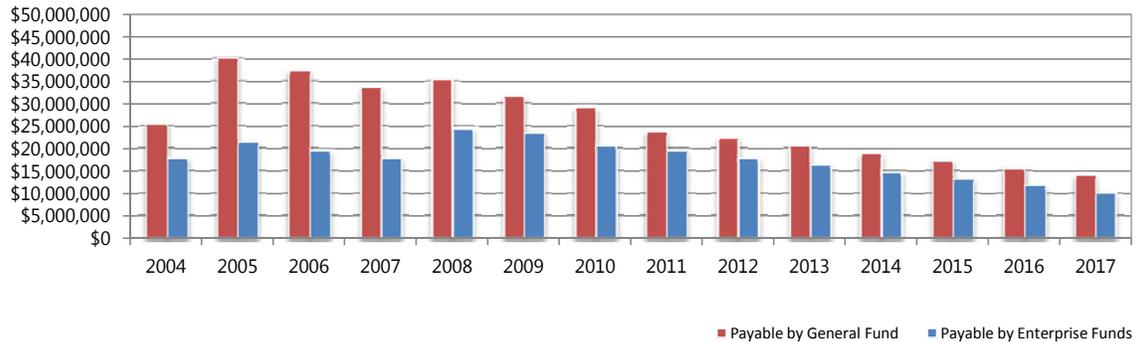
Revenue Bond Debt Principal



General Obligation Bond Debt Principal



Loans & Installment Notes Principal



City of Concord, North Carolina
 CAPITAL PROJECT ORDINANCE

BE IT ORDAINED by the City of Concord, North Carolina the following project expenditures and anticipated fund revenues are hereby appropriated for the construction of the City's various capital projects and funds for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

SECTION 1: GENERAL CAPITAL RESERVE PROJECTS

General Fund – Capital Reserve-Fund 285

Transfer to Capital Projects	\$1,494,123	8150-5987000	
From Future Project Reserves		8150-5811082	\$1,494,123
	<u>\$1,494,123</u>		<u>\$1,494,123</u>

General Fund – Recreation Capital Reserve-Fund 280

Transfer to Capital Projects	\$372,000	8100-5987000	
From Future Project Reserves		8100-5811068	\$372,000
	<u>\$372,000</u>		<u>\$372,000</u>

SECTION 2: GENERAL FUND CAPITAL PROJECTS

Recreation Projects Fund 420

Moss Creek Greenway	\$440,000	8311-5811011	
Dog Park	\$272,000	8313-5811015	
Bleacher Repairs	\$175,000	8313-5811016	
Grant Proceeds		420-4603000	\$425,000
Transfer from General Fund		420-4501100	\$90,000
From Recreation Capital Reserve		420-4501280	\$372,000
	<u>\$887,000</u>		<u>\$887,000</u>

Fire & Life Safety Projects Fund 426

Station #5 Renovations	\$124,000	8670-5811066	
Station #11	\$2,000,000	8670-5811023	
Transfer from General Capital Reserve		426-4501285	\$1,494,123
Transfer from General Fund		426-4501100	\$629,877
	<u>\$2,124,000</u>		<u>\$2,124,000</u>

General Projects Fund 430

Data Service Projects	\$266,700	8803-5520000	
Solid Waste Shelter	\$240,000	8800-5811223	
Storage Building & Parking	\$195,000	8800-5811221	
Transfer from Electric Fund		430-4501610	\$18,630
Transfer from Water Fund		430-4501620	\$17,307
Transfer from Wastewater Fund		430-4501640	\$9,970
Transfer from Aviation Fund		430-4501680	\$4,293
Transfer from Stormwater Fund		430-4501600	\$4,701
Transfer from General Fund		430-4501100	\$646,799
	<u>\$701,700</u>		<u>\$701,700</u>

SECTION 3: OTHER FUND CAPITAL PROJECTS

Transportation Projects Fund 423

Poplar Tent Hwy 29 CMAQ	\$43,848	8600-5811071	
Derita Road Improvements	\$400,000	8600-5811205	
Infrastructure (Sidewalks)	\$150,000	8600-5585000	
Burrage Rd NE Street Segment	\$1,200,000	8600-5811218	
Terminal Court	\$110,400	8600-5811219	
GW Liles & Village Signal	\$161,000	8600-5811220	
From Future Project Reserves		8600-5811073	\$38,707
Vehicle Licenses \$5 Fee		423-4324250	\$263,000

Investment Earnings		423-4361000	\$12,000
CMAQ		423-4338600	\$32,866
Transfer from General Fund		423-4501100	\$1,718,675
	<u>\$2,065,248</u>		<u>\$2,065,248</u>

Stormwater Projects Fund 474

Melrose Culvert	\$156,000	7103-5811224	
Masterplan	\$350,000	7103-5811200	
Transfer from Stormwater Fund		474-4501600	\$506,000
	<u>\$506,000</u>		<u>\$506,000</u>

Electric Projects Fund 473

International Blvd. Duct Bank	\$1,000,000	6949-5801020	
System Power Correction	\$150,000	6949-5801021	
Peaking Generators Emission Upgrades	\$220,000	6949-5801076	
Sub J Relay	\$180,000	6949-5801022	
Transfer from Electric Fund		473-4501610	\$1,550,000
	<u>\$1,550,000</u>		<u>\$1,550,000</u>

Water Projects Fund 429

Replace High Service Pump Motors	\$414,000	8700-5811307	
Replace PCL Cabinets	\$106,000	8700-5811308	
Disinfection Byproduct Needs	\$110,000	8700-5811309	
Transfer from Water Fund		429-4501620	\$630,000
	<u>\$630,000</u>		<u>\$630,000</u>

SECTION 4: SPECIAL AUTHORIZATION – CITY MANAGER

- a. The City Manager (or his/her designee if sum is under \$10,000) shall be authorized to reallocate departmental appropriations among the various objects of expenditures, as he believes necessary.
- b. The City Manager shall be authorized to effect interdepartmental transfers in the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is reduced.
- c. Interfund transfers, which are already established in the capital improvement budget document, may be accomplished without recourse to the Council.
- d. Projects that are complete and inactive for at least one year may be closed without recourse to the Council.

SECTION 5: RESTRICTIONS – CITY MANAGER

- a. The interfund transfer of monies, except as noted in Section 4, Paragraph C, shall be accomplished with Council authorization only.
- b. Any unused funds may be reappropriated to other funds with Council authorization only.

SECTION 6: UTILITIZATION OF CAPITAL IMPROVEMENTS BUDGET

This ordinance shall be the basis of the financial plan for capital improvement projects for the City of Concord during FY 2012-13. The above revenues/expenditures shall extend from year to year until each individual project is completed and closed.

This Ordinance is approved and adopted this 14th day of June 2012.

CITY COUNCIL
CITY OF CONCORD
NORTH CAROLINA

Robert Padgett
Robert Padgett, Mayor

ATTEST

Kim Deason
Kim Deason, City Clerk



Robert M. Benshoff
Robert M. Benshoff, City Attorney