



## MISSION STATEMENT

The mission of the City of Concord is to partner with our community to deliver services, preserve, protect and enhance the quality of life and plan for the future.

## CORE VALUES

**ACCOUNTABILITY** - We accept responsibility for our personal and organizational decisions and actions while delivering cost effective and efficient services with the objective of doing our work right the first time.

**CONTINUOUS IMPROVEMENT** - We provide the highest quality service with the resources available by promoting innovation and flexibility to meet the changing needs in the community.

**ENVIRONMENT** - We are concerned about our natural, historic, economic and aesthetic resources and endeavor to enhance their sustainability for future generations.

**ETHICS** - We set high standards for our personal, professional and organizational conduct and act with integrity as we strive to attain our mission.

**RESPECT** - We are honest and treat our coworkers and the public with courtesy and dignity.

**SAFETY** - We use education, prevention and enforcement methods to protect life and property in our business and residential neighborhoods, and maintain our infrastructure and facilities to provide a safe environment in which to live, work, shop and play.

**TEAMWORK** - We work together to plan, develop recommendations, deliver services and openly communicate with the public and each other by soliciting feedback and sharing information to achieve our goals.

**TRUST** - We realize the perception of our organization is dependent upon the public's confidence in our commitment to our core values and to meeting the goals set collectively by the Mayor and City Council.

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(ALSO AVAILABLE ONLINE: [HTTP://WWW.CI.CONCORD.NC.US/DEPARTMENTS/FINANCE/BUDGET/CAPITALIMPROVEMENTPLAN/TABID/177/DEFAULT.ASPX](http://www.ci.concord.nc.us/departments/finance/budget/capitalimprovementplan/tabid/177/default.aspx))

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***INTRODUCTION /  
SUMMARY  
INFORMATION***

# GUIDE TO THE SECTIONS OF THE FY 2010-2014 CAPITAL IMPROVEMENT PLAN

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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 include those which:

- involve acquisition, renovation, and/or construction of a single fixed asset greater than \$100,000
- involve any land purchases not associated with or included in another CIP project
- involve 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:** 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, as summary of first-year projects and funding sources. The introduction also includes the CIP Policy, the Mayor and Council goals and objectives, and financial summary charts.

**Detailed CIP Project Information:** This section includes a brief summary of the City's capital improvement projects approved in the FY 2009-10 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 Projects Previously Approved by City Council:** This section includes a brief summary of the City's capital improvement projects that are currently in-progress. 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.

**Supplemental Information:** This section contains supplemental information regarding the City's CIP process, including the CIP Request Form and the CIP Request Form Instructions.

## **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 CIP website at:

<http://www.ci.concord.nc.us/Departments/Finance/Budget/CapitalImprovementPlan/tabid/177/Default.aspx>

# 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 desires, other city infrastructure needs, the financial capacity of the city, and the impact the projects will create on the City's operating budget.

Once the projects are evaluated, the committee recommends to the City Manager the selection and timing of capital projects into future fiscal years. First-year projects are incorporated into the City Manager's recommended annual operating budget. Or 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 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 2010-2014 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	11/17/08	12/19/08												
Council and Community service level goals and objectives established by Mayor and City Council	2/6/09	2/6/09												
CIP selection committee review meetings	2/16/09	3/30/09												
CIPs discussed during departmental budget meetings	2/23/09	4/3/09												
City Manager's recommended budget containing CIPs compiled and presented to Mayor & City Council	5/26/09	5/26/09												
Budget available for public viewing at City Clerk's Office	5/26/09	6/11/09												
Mayor & City Council review budget and performance objectives	5/26/09	6/11/09												
Public Hearing conducted; CIP ordinance adopted by City Council	6/11/2009 (Budget Public Hearing)	6/29/09												

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, 2009

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 2010-2014. The CIP serves as a long-range planning tool used to help the City match revenues with major capital (generally capital items 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 2010 projects were included in the operating budget that City Council adopted on June 11, 2009. The Capital Projects Ordinance was approved for FY10 projects on June 29, 2009. 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. In this challenging budget year, projects are prioritized so that available funds are allocated based on need, Council priority, and their impacts on basic levels of service provision. As a result, many infrastructure projects that would have begun in FY2010 have been delayed until the revenue picture improves.

**Maintaining Existing Infrastructure and Essential Services** –The CIP focuses on maintaining existing infrastructure and service levels for Concord citizens. Projects such as the bucket truck replacement in Electric Systems and rechassis of the Fire Department's Quint 203 examples of this trend.

**Transportation Needs** – As the City continues to grow, the strain on our existing road infrastructure becomes increasingly visible. The CIP reflects the need for improvements to our transportation system and the priority placed upon it.

**Safety and Security** – The CIP continues to emphasize safety and security for our citizens and businesses. As the City's boundaries and population expand, increased infrastructure to support fire protection, police services, and traffic safety is required.

**Environmental Protection** – Our environment is fragile and we realize the importance of being good stewards of our environment. The CIP continues to ensure that we have quality drinking water and displays our continuing attention to the undesired effects of stormwater run-off and its impacts on soil and water quality. The City will also make energy efficiency improvements to existing facilities to reduce energy consumption.

### **FIRST-YEAR (FY2009-10) CIP PROJECT HIGHLIGHTS**

A total of \$7,827,414 in capital projects has been identified for FY2009-10. The projects address the City's need to maintain or replace existing capital and expand city infrastructure. A list of these projects and their major funding sources (in parenthesis) can be found below. Additional project detail is available on the following pages of this CIP document.

#### **General Fund**

##### *Fire & Life Safety*

- Construction of Temporary Fire Station #10 in Harris Rd/Poplar Tent Area: \$466,749 (operating revenues)
- Rechassis of Quint 203: \$528,560 (operating revenue)

*Economic Development*

- Logan Daycare Center Exterior Upgrade: \$196,000 (federal stimulus funding, operating revenue)
- McCachern Streetscape Improvements: \$423,000 (CMAQ funding)

*Parks & Recreation*

- Afton Run Stream Restoration: \$300,000 (operating revenue)
- Logan Recreation Center Exterior Upgrade: \$305,380 (federal stimulus funding, operating revenue)
- Logan Multipurpose Center Improvements: \$300,000 (operating revenue)

*Non-Departmental*

- Morehead Road Improvements: \$1,230,000 (landfill host fees, ABC revenues)
- City Hall Administrative Space Needs Study: \$100,000 (operating revenues)

**Transportation Improvement Fund**

- Burrage Road Bridge Rehabilitation: \$2,256,150 (operating revenue, federal/state funding)
- CMAQ Project- Poplar Tent Rd. at Hwy 29: \$574,975 (operating revenue, CMAQ funding)
- Derita Road: \$462,700 (operating revenue, federal funding)

**Stormwater**

- Georgia Street Culvert: \$156,000 (operating revenues)
- Young Street Culvert: \$156,000 (operating revenues)

**Water**

- Long Avenue Replacement: \$245,000 (operating revenues)

**Electric Systems**

- Bucket Truck E206 Replacement: \$105,000 (operating revenues)

**REVENUE SOURCES (FIRST YEAR/FY2009-10)**

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

*Debt Financing:* Use of debt financing is a frequently used method by local governments to fund large-scale capital improvements. No installment purchase or other debt financing is planned for FY10. However, future infrastructure projects may necessitate that the City consider a method such as revenue bonds. Staff continues to evaluate these future projects, funding needs, and options.

*Federal/State Funding Grants:* The City continues to aggressively pursue state and federal grant funding and has been successful in many of these efforts. Use of grant funding is anticipated on Transportation Improvement Fund projects and Logan Neighborhood projects.

**CONCLUSION**

The following pages of this document provide additional detail on the projects listed above as well as those in future planning years. Concord is a rapidly changing city and 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

# MAYOR/CITY COUNCIL GOALS

## FISCAL YEAR 2009-10

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On February 6, 2009, the Mayor and City Council held the annual planning session. The direction that was 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 2009-2010. 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 2009-2010 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.

### **Administration/Finance/Legal**

#### Short Term

- Maintain a fund balance goal of 30 to 35% of General Fund expenditures and use fund balance only for non-recurring capital expenditures.
- Include a performance measurement component in the external agency process, requiring monitoring, and reporting of performance outcomes for funded agencies.
- Continue the Customer Service Excellence emphasis and assist the design teams to ensure that the City maintains a culture of customer service excellence.
- Endorse the Federal funding agenda as a guide to seeking project funding through the US Congress and seek identified priority policy issues. Aggressively seek funds for priority projects through the federal stimulus package – American Recovery and Reinvestment Act (ARRA).

#### Long Term

- 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.
- 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.
- Maintain a sound financial position that results in bond ratings that are at least as beneficial as current ratings.
- Update and re-adopt the Capital Improvement Program, detailing capital projects, estimated costs and funding sources.
- Maintain accounting systems in compliance with the NC Local Government Budget and Fiscal Control Act.
- 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.
- 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.
- Examine strategies and processes toward initiation of production of video-based communications outreach.
- Budget for a space needs study for city administrative services and investigate the feasibility of designing a new city hall.

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

### Short Term

- Continue implementation of the Logan Redevelopment Plan with emphasis on the successful completion of the Logan Gardens project and selection of a private development partner.
- Continue to pursue options for external improvements to Logan Day Care and Logan Recreation Center to be a visual complement to the Villas at Logan Gardens Project.
- Continue to regulate the design criteria for commercial development in accordance with the Concord Development Ordinance (CDO).
- Revise the CDO to incorporate additional design standards to promote green development, environmental preservation and resource conservation.
- Utilize five specialized guidelines to create standards to promote low impact development into the CDO.

### Long Term

- Continue to focus on voluntary and city-initiated annexations in the northwest area before pursuing annexations in other areas, unless the annexation helps to fill a hole in the existing city limits which will make service provision easier.
- Continue to update the five-year annexation plan.
- Use policy for voluntary annexations that includes cost-benefit assessments and requirement of acceptance of water and sewer utility service where feasible.
- Support the neighborhood program and seek opportunities to increase the number of participating neighborhoods.
- Support the business recruitment and development efforts of the Concord Downtown Development Corporation (CDDC) in attracting new business and enhancing existing downtown businesses.
- Work closely with economic development partners in Cabarrus County to present a complete coordinated recruitment and retention effort.
- Administer Small Area Plans as flexible guides for physical development.
- Pursue the addition of tree preservation as part of the CDO.

## **Environment/Solid Waste/ Stormwater**

### Short Term

- Accept recommendation to create monetary deposit requirement for the ongoing maintenance of stormwater best management practice (BMP) facilities.
- Include education activities and opportunities to help make citizens more aware of recycling benefits. Evaluate efficiencies of the overall recycling program.
- Engage in a public education effort to inform pet owners of the issues involved with pet waste and the need to clean up after pets.
- Continue emphasis on improving community appearance through regular street sweeping, litter pick-up and removal of signs that violate City ordinance.

### Long Term

- 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.

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

### Short Term

- Complete construction of the Downtown Connector Greenway and designate it as a section of the McEachern Greenway.

- Designate a 4-mile loop to include the McEachern Greenway, its downtown connector and sidewalk sections along South Union Street with appropriate banners and trail markers.
- Complete preliminary design of the Rocky River Greenway, Phase 1 and hold property owner and stakeholder meetings to establish a preferred trail alignment.
- Negotiate for property control of the Moss Creek section of the Rocky River Greenway.
- Pursue grant funding for construction of the Rocky River Greenway.
- Participate fully in the countywide greenway master planning effort.

#### Long Term

- 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.
- Make full use of Carolina Thread Trail and Trust Funds money to acquire properties for future greenways.
- Pursue agreement with Cabarrus County for the lease of an additional 60 acres and develop a master plan for future expansion of WW Flowe Park.
- 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.
- Identify specific parcels for future park development in the northwest part of the City.

### Transportation

#### Short Term

- Consider additional funding options for the Transportation Fund to provide resources to pay for high priority projects.
- Continue to budget \$100,000 in the Transportation fund to pay for sidewalk projects as guided by the Pedestrian Improvement Plan.
- Complete expansion of Concord Regional Airport facilities to provide necessary services for expanding customer base and continue to seek federal and state funding of such projects.

#### Long Term

- Continue to monitor projects to assure the best use of Transportation Improvements Projects funds and maintain the \$400,000 reserve in the fund while making every effort to secure federal and state grants for critical transportation projects.
- Continue efforts to obtain Congressional earmarks and FAA funding for Airport capital improvements and safety projects.

### Utilities

#### Short Term

- Establish a three tiered water residential rate structure with the second tier starting at use over 6,000 gallons per month and the third tier starting at use over 9,000 gallons per month and give staff authority to modify this rate during drought conditions to add drought surcharges.
- Continue discussions and planning for infrastructure to connect to the Albemarle water system.
- Modify current policy to remove reference to the requirement of matching the Duke Power retail rates for all customer classes.
- Review the current wholesale power purchase agreement and request Duke Power to seek changes to reduce wholesale charges where feasible.
- Compare Concord Electric system operation and customer service protocols and policies not only to the Duke Power published policies but actual Duke service levels.
- Undertake a system-wide Electric cost of service analysis as soon as possible.

#### Long Term

- Continue to educate the public and all system customers on the importance of water conservation.
- Pursue strategies to promote water conservation, blue plumbing, water re-use and investigate alternatives to reducing individual water use.
- Work with WSACC to develop a plan to reuse water for irrigation and other permitted purposes.
- 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.

### **Buildings and Grounds**

#### Long Term

- Consider improvements to existing cemeteries by evaluation of the expansion of columbaria and maximization of the use of existing property, but do not pursue the acquisition of addition property.

### **Public Safety**

#### Short Term

- Approach County Commission to secure full funding of the City 911 communications center.
- State the City opposition to any plan to consolidate the existing 911 centers now functioning within Cabarrus County.

#### Long Term

- Continue to provide basic fire service and specialized services at current levels.
- Continue long range planning for the development of fire station sites, to include police sub-stations in the northwest area.
- Maintain code enforcement penalties and fees, with annual monitoring of potential changes in order to ensure that the penalties properly discourage code violations.
- Continue implementation planning and seeking of alternative funding for the upgrade of the City radio system to digital by 2012.
- Support continuation of and active participation in Project Safe Neighborhood.
- Explore opportunities to make Fire Station #1 on Church Street a museum if Fire Station #1 is relocated to another location in the future.

# FUND AND BUDGET UNIT STRUCTURE (FY 2009-2010)

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, Hillgrove Water Treatment Plant, 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

#### *Economic Development*

24. Business & Neighborhood Services – 4910
25. Transportation Planning – 4915
26. Economic Development – 4920
27. Development Services - 4925

#### *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 300 – COMMUNITY DEVELOPMENT**

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

1. Administration – 3005
2. Projects 2009 – 3010

### **FUND 250 – HOME CONSORTIUM FUND**

1. Administration – 2500
2. Projects 2009 – 2505

### **FUND 290 – TRANSPORTATION IMPROVEMENT FUND**

1. Transportation Projects – 4512

### **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 – 7606

### **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. Fleet Services – 4240
7. Purchasing – 4250
8. Customer Care Center – 4260
9. Buildings & Grounds – 4270

# CAPITAL IMPROVEMENT PLAN, BUDGET, AND FINANCIAL POLICY

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## 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 1<sup>st</sup> year costs associated with a CIP request shall be entered in the department's operating budget request in order to ensure that 1<sup>st</sup> 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, Assistant City Manager, Director of Development Services, Finance Director, Budget & Performance Manager, Budget Analyst, Business & Neighborhood Services 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's 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 undesignated 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*

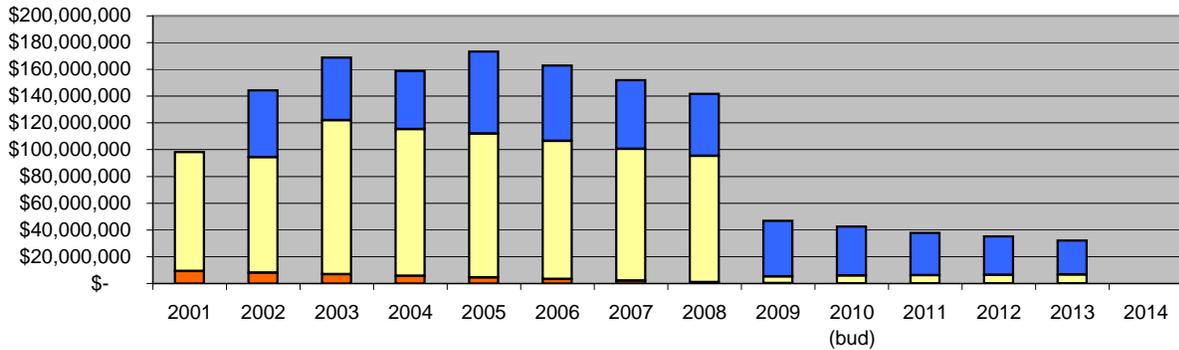
- 1. The City shall not exceed N.C.G.S. 159-55(c) limiting the amount of net bonded debt outstanding to 8% of appraised value of property subject to taxation, and
- 2. Annual G.O Bond debt service payments (principal and interest) shall not exceed 15% of the City's General Fund operating budget.

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

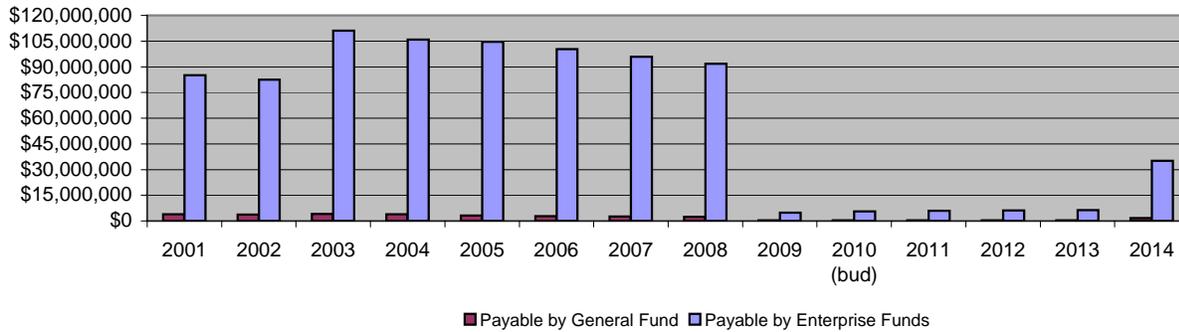
- 1. Underestimated –
  - (a) Review project scope and performance of contractor.
  - (b) Analyze need for more funding – i.e. cost overruns, unforeseen circumstances, new legal requirements.
  - (c) Execute budget transfers to obtain idle funds.
  - (d) Close out PO's to obtain additional funding from 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

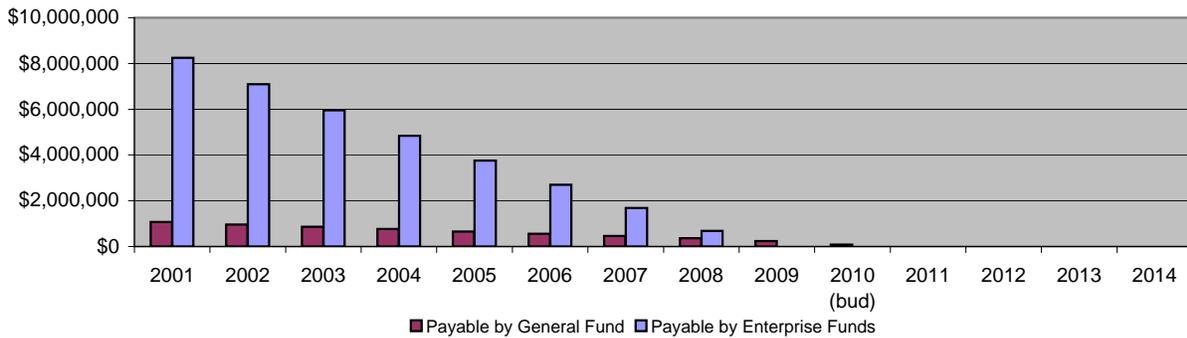
- Installment Debt
- Revenue Bond Debt
- General Obligation Bond Debt



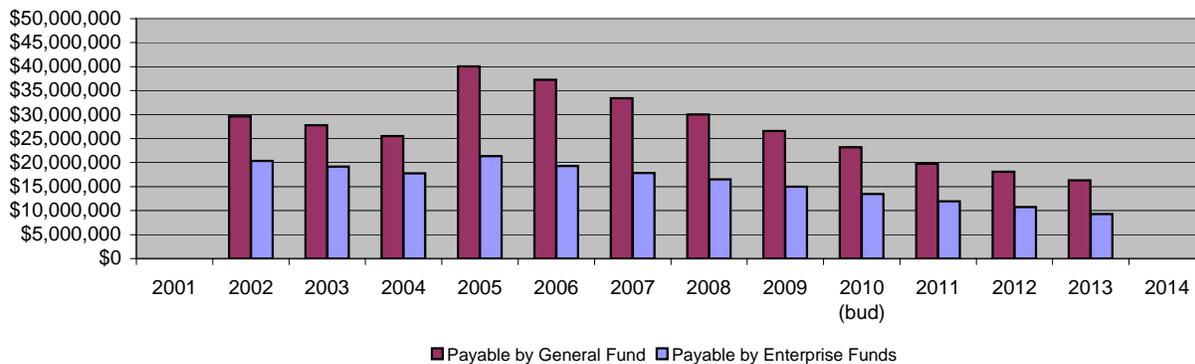
## Revenue Bond Debt Principal



## 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, 2009 and ending June 30, 2010.

*SECTION 1: PARKS AND RECREATION CAPITAL RESERVE*

Parks and Recreation – Capital Reserve

Future Greenway Projects	\$ 750,000	
Future Land Acquisition	\$ 100,000	
Transfer from General Fund		<u>\$ 850,000</u>
	<u>\$ 850,000</u>	\$ 850,000

*SECTION 2: GENERAL FUND CAPITAL PROJECTS*

Parks and Recreation – Capital Projects

Logan Multipurpose Center Improvements	\$ 300,000	
Afton Run Stream Restoration/Dorton Park	\$ 300,000	
Transfer from General Fund		<u>\$ 600,000</u>
	<u>\$ 600,000</u>	\$ 600,000

Business and Neighborhood Services Projects

McCachern Streetscape Improvements	\$423,000	
CMAQ Funds		<u>\$423,000</u>
	<u>\$423,000</u>	\$423,000

*SECTION 2: OTHER FUND CAPITAL PROJECTS*

Transportation Projects

Poplar Tent Hwy 29 CMAQ	\$ 574,975	
City Bridge Replacement/Burrage Rd	\$2,278,050	
Derita Road Improvements, Phase I	\$ 462,700	
Morehead Road Improvements	\$1,230,000	
Transfer from General Fund		\$1,230,000

Transfer from Trans Imp Fund		\$ 869,705
CMAQ Funds		\$ 492,500
NCDOT Funds		<u>\$1,953,520</u>
	<u>\$4,545,725</u>	\$4,545,725

Water Projects

Long Avenue Waterline Replacement	\$ 245,000	
Transfer from Water Fund		<u>\$ 245,000</u>
	<u>\$ 245,000</u>	\$ 245,000

Stormwater Projects

Georgia Street Culvert	\$ 156,000	
Young Street Culvert	\$ 156,000	
Transfer from Stormwater Fund		<u>\$ 312,000</u>
	<u>\$ 312,000</u>	\$ 312,000

*SECTION 3: 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 2009-10. The above revenues/expenditures shall extend from year to year until each individual project is completed and closed. Any unused funds can be reappropriated with approval from City Council.

This Ordinance is approved and adopted this 29th day of June 2009.

CITY COUNCIL  
CITY OF CONCORD  
NORTH CAROLINA

/s/ J. Scott Padgett, Mayor

ATTEST: /s/ Kim Deason, City Clerk

/s/ Albert M. Benshoff, City Attorney