



FY 2011-12 Recommended Annual Operating Budget and Performance Plan

W. Brian Hiatt, City Manager
May 31, 2011

Presentation Overview

- Key themes and trends guiding budget development
- Summary of balanced budget
- Summary of revenue sources (By Fund)
- Highlights of proposed FY 2011-12 projects and services (By Fund)
- Future needs and challenges

GUIDING DOCUMENT

FY 2011-12 Mayor/City Council Goals

“Maintain Basic Services and
Prepare for Major Infrastructure
Needs”

Overall Revenue Trends

- No property tax increase proposed
- Continued conservative projections of revenue due to current economic conditions, including sales tax
- Little development in business and residential sectors, affecting both General Fund and Utility Funds
- Revenue picture still uncertain due to slow economic recovery, State budget crisis and upcoming County-wide revaluation
- Use of Capital Reserve Funds for capital needs
- Plan for the worst – hope for the best

Overall Expenditure Trends

- Focus on basic levels of service, emphasizing efficiency and customer service and **the way we deliver services**
- “Holding the line” in operational line items, which is a continuation of the cuts made over the last 3 years
- A year to begin major infrastructure projects but otherwise limited spending on capital and maintenance of control of debt
- Appropriation of funds from Capital Reserve Fund for one-time capital expenditures in General Fund
- Maintenance of technology infrastructure (computers and radios) throughout City departments
- Maintenance of city assets and facilities, including streets, buildings, and park properties

Historical Expenditure Trends

- FY 2008-09 budget was reduced mid-year to reflect onset of the recession.
- FY 2009-10 budget was reduced by 3.2% or \$6.42 million (\$10.7 Million/17.5% in Operational expenses) to avoid having to make mid-year reductions.
- Departments continued these cuts in FY 2010-11 and the proposed FY11-12 budget

Total Recommended
General Fund Budget
FY 2011-12

\$64,371,850

- Reflects a \$1.8 million decline (or 2.8%) over adopted budget for FY 10-11
- Lowest General Fund budget since Council adoption in June 2007.

Total Recommended
City-Wide
Budget FY 2011-12

\$207,724,003

Increases to Budget

- Wholesale Purchase Power in Electric increase of \$4.5 million (8.5%)
- State mandated increase in Local Government Retirement System contributions - over \$266,000 city-wide
- \$4.7 million appropriated from Water Resources retained earnings for Albemarle waterline connection project
- Funding for radio maintenance/support under proposed new contract with Charlotte regional partners
- Projected increases in fuel costs for Aviation

Balanced Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 64,371,850	\$ 64,371,850
Municipal Service District	73,900	73,900
Home Consortium	292,549	292,549
CDBG	405,471	405,471
Transportation Improvement Fund	2,268,718	2,268,718
\$5 Vehicle Tax Fund (Transit)	275,000	275,000
Stormwater Fund	3,604,157	3,604,157
Electric Fund	76,965,186	76,965,186
Water Fund	23,436,128	23,436,128
Wastewater Fund	14,170,270	14,170,270
Golf Course Fund	2,358,597	2,358,597
Transit Fund	2,740,738	2,740,738
Aviation Fund	12,185,919	12,185,919
Public Housing	1,161,883	1,161,883
Section 8/Vouchers Program	3,413,637	3,413,637
Total Budget	\$207,724,003	\$207,724,003

Recommended Positions

This budget represents **917.5 FTE**, with **12** vacant positions eliminated for FY11-12.

Value of Positions Eliminated (savings): \$507,985

Vacant and unfunded for FY 11-12:

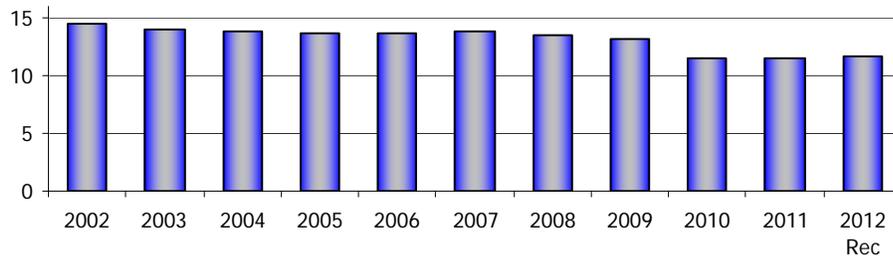
- 16 Full-time positions
- 5 Part-time positions

Value of Positions Frozen (savings): \$748,088

1 new full-time position recommended

2 new part-time positions recommended

Number of Funded FTE Positions Per Capita



Proposed Eliminations

Planning & Neighborhood Development (3 positions):

- Planner
- Senior Planner
- Planning and Development Assistant

Public Services Administration (1 position):

- Executive Assistant

Solid Waste & Recycling (2 positions):

- Utility Service Worker (2)

Radio Shop (1 position):

- Communications Technician

Proposed Eliminations (cont)

Parks & Recreation (1 position):

- Parks & Recreation Coordinator

Purchasing (1 position):

- Warehouse Clerk

Housing (2 positions, both grant funded):

- Housing Specialists (2)

Wastewater (1 position):

- Utility Service Worker

Unfunded Positions

General Fund (8 positions):

- *Communications:* Telecommunicator
- *Police:* Customer Service Specialist
- *Solid Waste/Recycling:* Utility Service Supvr., Equipment Operators (2)
- *Parks & Recreation:* Parks & Rec Supervisor, Parks & Rec Specialist
- *Planning & Neighborhood Development:* Senior Planner

Unfunded Positions

Electric Fund (3 positions):

- Electric Systems Technician I
- Project Engineer
- Utility Locator

Water Resources Fund (2 positions):

- Staff Engineer
- Utility Service Worker

Aviation Fund (1 FT, 3 PT positions):

- Custodian/Courier
- Aviation Assistant (3 PT positions – 10 hours/week each)

Unfunded Positions

Internal Service Fund (2 FT, 2 PT positions):

Engineering:

- Staff Engineer

Building and Grounds:

- Utility Service Supervisor
- Custodian (2 PT positions – 20 hours/week)

Recommended New Positions

General Fund

- *Police*
 - (1) Police Officer (School Resource Officer)
 - Dedicated to new Harold Winkler Middle School in city limits – City pays for middle school SROs and School Crossing Guards as part of our safe schools initiative.
 - Now have SROs in 5 high schools (County pays 10 months salary, City covers equipment) and 3 middle schools.

Recommended New Positions

- Transit
 - PT Customer Service Specialist – Funded by Federal Transit Administration, Concord and Kannapolis – for evening/weekend hours
- Customer Care Center (Internal Service Fund)
 - PT Customer Service Specialist – needed for peak customer service call hours

Recommended Fee Changes or Additions

- Technology Surcharge of 5% on most development permit fees, will go towards future purchase of plan review software used by contributing departments
- Parks and Recreation Shelter reservations – no cost for first 4 hours/half day (City residents) and \$20.00 for full day (City residents), \$15/\$30 for Non-Residents
- Cemeteries – will discuss comparisons with Council at Budget work session

Recommended Fee Changes or Additions (cont.)

- Optional Time of Use (OPT) fees removed from Electric Schedule (no longer customers on rate)
- Change in cost and structure for renting roll-off containers under Solid Waste

PROPOSED GENERAL FUND OPERATING BUDGET

Detailed Revenue and
Spending Projections

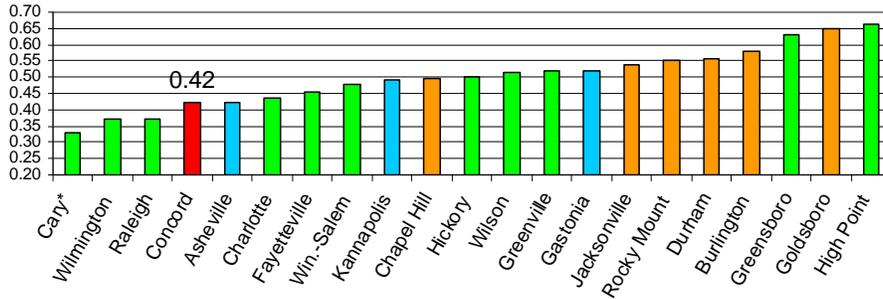
General Fund Revenues

- .4200 tax rate recommended
 - Unchanged from FY 08-09 through FY 10-11
- General Fund Total - \$64,371,850
 - Ad Valorem taxes:
 - \$0.42 tax rate yields \$41,054,885 in anticipated current year tax revenue (after application of collection rate)
 - Valuation of \$9,953,592,028 (2% decline)
- One cent on tax rate = approx. \$966,600

General Fund

- Meets Council Goal of low and stable tax rate
- Consistent with the low tax rates of the last ten years
- Includes 2-cent equivalent of tax rate dedicated for Transportation Improvement Fund - \$1,990,718
- Continues to remain one of the lowest tax rates among full-service NC cities over 35,000 population

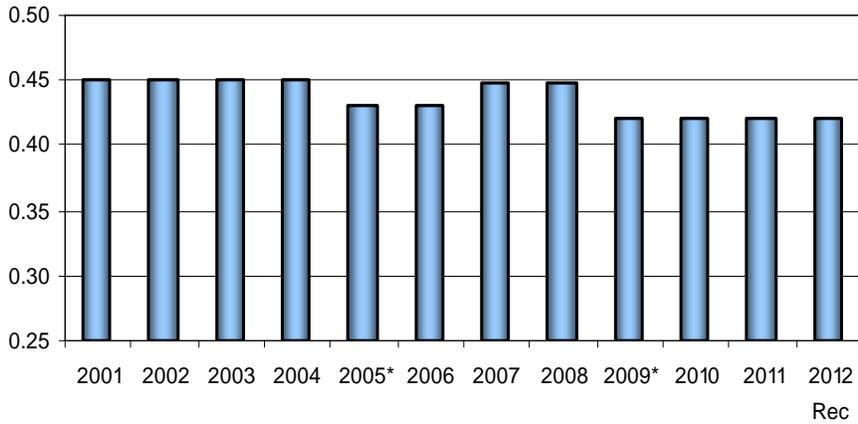
**FY 2011-12 Proposed Property Tax Rates for
NC Full-Service Cities Over 35,000 Pop.
(Cents per \$100 Valuation)**



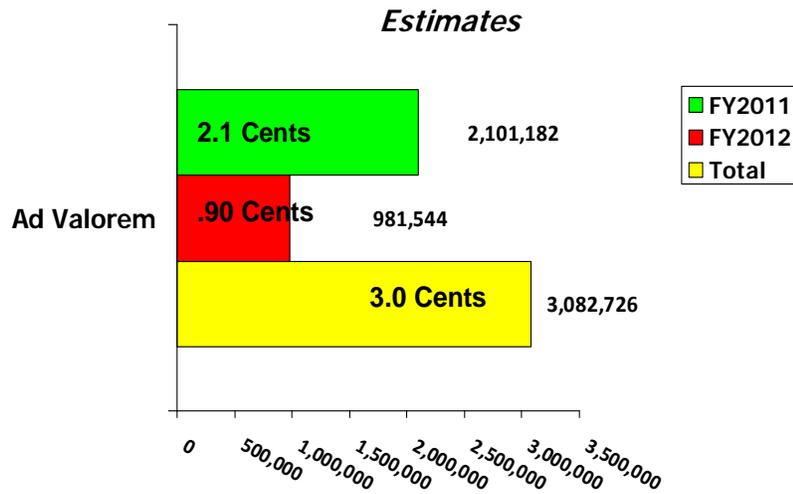
*Cary - extensive use of impact fees.
 Cities in green apply a fee for solid waste (for some or all services) in addition to property tax.
 Note that cities in blue (Asheville, Kannapolis and Gastonia) charge a nominal recycling fee, but not for residential garbage or yard waste.
 Charlotte residents are assessed an annual solid waste fee for disposal of \$45 or \$27 (for multi-family) through Mecklenburg Co. tax bills.

City Property Tax Rate

(cents per \$100 of valuation; * indicates revaluation year)



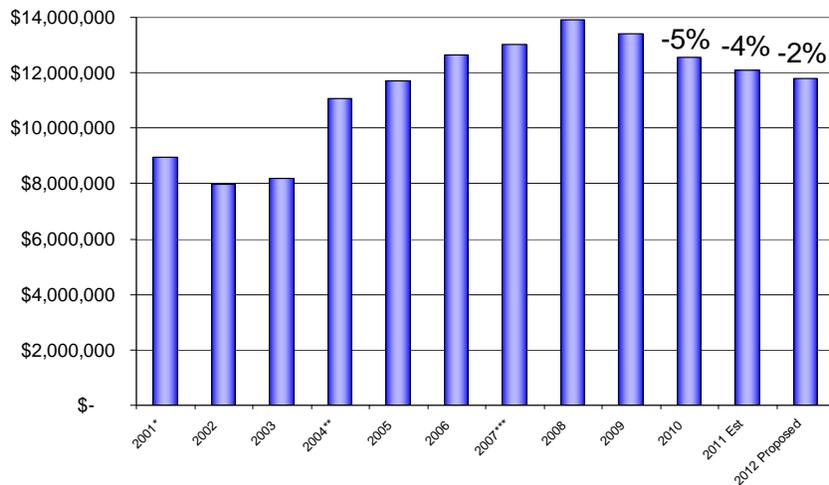
Estimated Lost Tax Levy Revenue Philip Morris Impact



Philip Morris Assessed Values

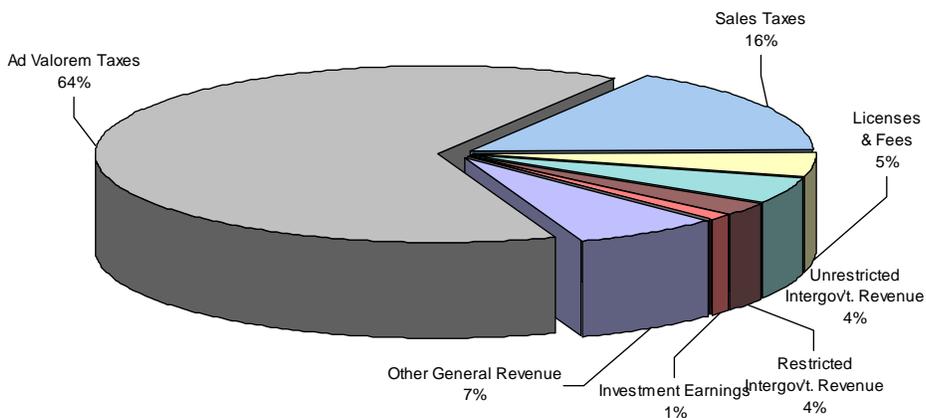
	Original	Current	2012 Est.
Land & Building	\$533,954,160	\$489,670,500	\$355,969,440
Personal Property	\$555,997,719	\$100,000,000	\$0
Total Value	\$1,089,951,879	\$589,670,500	\$355,969,440
Ad Valorem	\$4,577,798	\$2,476,616	\$1,495,072

Sales Tax Revenue



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

General Fund Revenues by Source

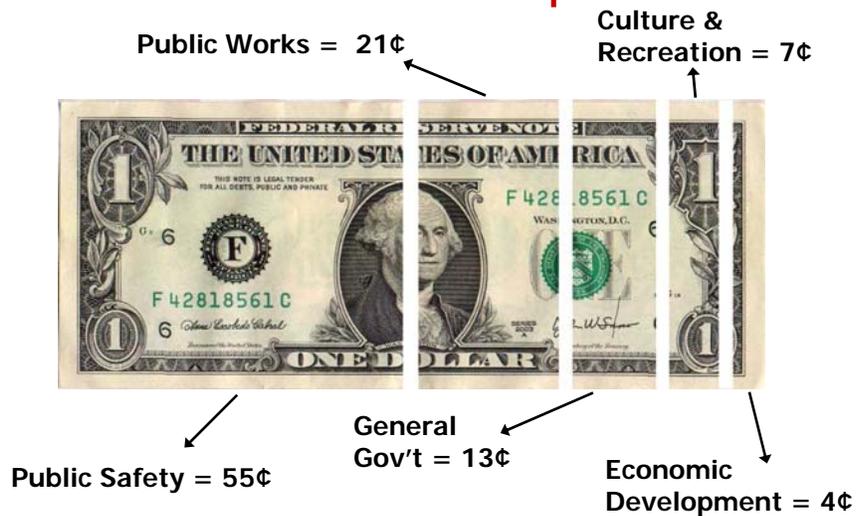


General Fund Balance/Capital Reserve Fund

- Undesignated Fund Balance will meet 30% - 35% goal
- \$1.1 million in funds from Capital Reserve Fund recommended for appropriation in FY 2011-12
 - \$150,000 in General Fund for one-time only capital expenditures
 - \$250,000 for greens renovation project at the Rocky River Golf Club
 - \$750,000 for shared Wash Bay/Equipment and Materials Storage Facility at Brown Operations Center
- \$310,000 in funds from Parks and Recreation Capital Reserve for various CIP projects

Summary of Recommended General Fund Expenditures

How will each General Fund tax dollar be spent?



General Government

Administrative Departments—

- Upgrade security cameras and sealing/patching of the parking lot at the Brown Operations Center
- Assessment of ARC Flash compliance throughout City-owned facilities
- Coordinated organizational sustainability efforts

General Government

Human Resources -

- Integration of new Performance Management system into the co-worker performance evaluation system expected Sept 2011
- Funds to renovate the entry area of HR (along with Planning/Neighborhood Development) to promote safety and make more applicant-friendly (\$26,000 each dept, \$52,000 total)
- Purchase of applicant tracking software

General Government

Human Resources (Benefits)-

- No increase in health insurance premiums paid by co-workers, increase of \$270,000 covered by reserves from self-insurance fund
- Very modest increase in employee salaries for those receiving a performance evaluation rating of "meets expectations" or better by 1.5% (\$600 minimum for full-time, \$300 minimum for permanent part-time) effective first full pay in December 2011

General Government

Human Resources (Benefits)-

- Mandated increase in the retirement contribution (total of \$266,000 increase across all funds)
- Continues funding of Post Employment Benefits - \$100,000 set aside (pro-rated by full-time FTE counts in all departments) as a contribution to the State health insurance trust fund for retirees

Public Safety

Police-

- Addition of one School Resource Officer/Police Officer for new middle school opening Fall 2011
- Maintenance of one car per officer plan
- Purchase of live link mobile video surveillance camera to assist in high crime areas - \$13,995
- Addition of 5 workstations to aid police investigations with state and federal law enforcement partners

Public Safety

Code Enforcement-

- Continuation of Council goal providing additional funding (\$30,000) for cleanups, demolitions, etc.

Radio Shop –

- Equipment related to Site Frequency Standard - \$83,962
- Replace backup repeaters for Police and Fire - \$23,948

Public Safety

Fire and Life Safety –

- Purchase of 1 replacement pumper - \$325,000 (offset with expected \$125,000 in revenue from sale of apparatus no longer meeting specs)
- Funding for 1 debt service payment associated with construction of Fire Station 11 (Speedway/Concord Mills area) and renovations for Fire Station 5 in 2012

SAFER Grant – 12 Firefighters

	FEMA	CITY
• First year	90%	10%
• Second year	80%	20% until 12/11
• Third year	50%	50% starts 12/11
• Fourth year	30%	70%
• Fifth year	0%	100%

Culture and Recreation

Parks and Recreation -

- Resurfacing tennis courts at Caldwell, Dorton, Beverly Hills and Myers Parks - \$64,000
- Appropriation of \$310,000 from Parks and Recreation Capital Reserve for land acquisition and design on various CIP projects – will move to capital projects fund
- Maintenance of pool deck due to cracking and safety issues - \$38,000

Economic Development

- Program area moved under the City Manager's Office during FY 2010-11
- Expand banner program to McCachern and Spring Streets downtown
- Concord portion of Cabarrus Economic Development Commission funding - \$60,000
- Continue incentive grant funding for commercial and industrial economic development projects already approved by Council - \$663,593

Economic Development

Planning and Neighborhood Development

(combining 2 depts - Business and Neighborhood Services with Development Services) –

- Maintenance of murals for Bicentennial parking Lot and Union/Market Street Alley – \$36,000
- Funds to renovate the entry area of PND (along with Human Resources) to promote safety and make more applicant-friendly (\$26,000 each dept, \$52,000 total)
- Address needs of former Helig Meyers building downtown

Public Works

Transportation –

- Funds for street resurfacing:
\$525,000 General Fund
\$557,724 Powell Bill

Cemeteries –

- Maintenance and repair to monuments - \$5,000

Fleet Services –

- Moved from Internal Service Fund to become a General Fund department (costs still allocated out)
- City-wide fuel budget of \$1.5 million

Public Works

Solid Waste and Recycling –

- Reduced costs associated with new Waste Pro contract – savings of \$1.7 million
- Reduced costs for yard waste processing and disposal – savings of \$98,000 from FY 2010-11
- Continued educational efforts for citizens on new recycling program, scheduling of all bulky waste collection
- Replacement of 1 rear loader truck - \$140,000
- Construction of a leaf processing area at BOC for more efficient leaf disposal - \$60,000

Summary of Recommended Utility Fund Revenues

Stormwater, Water,
Wastewater and Electric

Stormwater Fund - \$3,604,157

NO RATE INCREASE

- Operating Revenues \$3,577,300 (99.2%)
- Non-Operating Revenue \$26,857 (0.8%)
- Retained Earnings Appropriated \$0 (0%)

*Reflects no increase in total revenue proposal as compared to
FY11 final estimates.*

Water Fund - \$23,436,128

NO RATE INCREASE

- Operating Revenues \$18,265,394 (78%)
- Non-Operating Revenue \$340,409 (1%)
- Retained Earnings Approp. \$4,830,325 (21%)
 (\$4.7 million for Albemarle Waterline Connection)

Aside from transfer to Albemarle Waterline connection, reflects no increase in total revenue proposal as compared to FY11 final estimates.

Wastewater Fund - \$14,170,270

NO RATE INCREASE

- Operating Revenue \$14,063,433 (99.5%)
- Non-Operating Revenues \$106,837 (0.5%)
- Retained Earnings Appropriated \$0 (0%)

Reflects no change in total revenue proposal as compared to FY11 final estimates.

Electric Fund - \$76,965,186

- Operating Revenues \$76,710,354 (99.7%)
- Non-Operating Revenues \$254,832 (0.3%)
- Retained Earnings Appropriated \$0 (0%)

Increase of 2% over FY11 estimated revenues (due to increase in Purchase Power).

Revenues reflect the City Manager approving a 6% Purchased Power Adjustment (PPA) in September to cover the increase in costs already incurred from Duke Energy. Need for another PPA will take place in early Spring after Duke implements its January, 2012 wholesale power contract cost increase.

Summary of Recommended Utility Fund Expenditures

Water, Wastewater, Electric and
Stormwater

Water Resources

- Appropriation of \$4.7 million from retained earnings towards construction of Albemarle/ Yadkin Waterline connection; Engineering work completed with existing project funds
- Water efficiency program for low flow toilets installed in citizens' homes - \$10,000 available in credits
- Repair to Clearwell tops at Hillgrove WTP due to deterioration - \$250,000

Water Resources

- Waterline Replacement at Burrage Road bridge - \$203,500
- Sludge Removal at Coddle Creek WTP (done every 2 years) - \$500,000
 - Includes revenue of \$250,000 from FY11 budget, which was restricted in order to reappropriated)
- Continued maintenance of waterlines, mains, and valves; replacement/upgrade of problem areas - \$240,000

Wastewater

- Hold the line on services, limited capital spending
- Small outfall sewer replacements/upgrades:
 - Lark Haven
 - Elm Street
 - Hatley Circle
 - Epworth
- Continue to invest in slip lining for wastewater lines - \$565,000
- Replace jet vac truck - \$339,908

Electric System

- FY12 Projection of Wholesale Purchase Power is \$57.2 million, equal to 74% of total Electric budget
- Continue to follow RW Beck study recommendations, including \$250,000 transfer to Rate Stabilization fund
- Energy Efficient Rebate program for high efficiency heat pumps installed in citizens' homes - \$40,000 available in rebates
- Substation G Transformer Replacement - \$577,500
- Substation F Switchgear Replacement - \$430,500

Electric System

- Finish construction of Substation K at International Business Park - \$1,300,000
- Downtown Underground Upgrade - \$150,000
- Conversion of overhead facilities to underground distribution - \$75,000
- Peaking Generators Emission Upgrades - \$180,000 (under Peak Shaving)
- Replacement of 1 mid-size bucket truck (\$115,000) and replacement of 1 trencher with a mini-excavator (\$55,000)

Stormwater

- Funding for 2 culvert replacements – Spring Street and James Street at \$156,000 each
- Set aside funds for future projects as a result of Master Plan - \$603,236
- Transfer of funding already budgeted/set up for Army Corps Stream Restoration project - \$275,254 (completes funding for project)

Transportation Improvement Fund

- Funds designated for the future local match of Derita Road improvements – \$508,203
- Continue Pedestrian Improvement Program (sidewalk extensions) – increased per Council goal to \$150,000 annually
- Transfer of funds for Highway 3/Highway 601 CMAQ project - \$240,566
- Anticipate financing of George Liles extension, debt will be charged to Transportation Improvement Fund when this occurs

Public Transit

- Continue funding of *Rider* and *Concord Express*
- Increase of \$5,350 (or 0.3%) in contract costs with Veolia
- First full year of funding facility costs related to Transit Center building
- Provides funding for part-time Customer Service Specialist to work evening and weekend hours



Public Transit Fund – \$2,740,738

• Intergovernmental Revenue	\$1,882,994	(67%)
• Operating Revenue	\$190,000	(8%)
• Non-Operating Revenue	\$667,744	(25%)

Aviation

- Primary focus on safety, security and the provision of excellent service
- Additional pump to improve Airport's fire protection system - \$300,000
- Higher fuel costs, resulting in higher expense and revenue associated with fuel purchase and resale
- Other capital projects dependent on grant funding



Aviation Fund - \$12,185,919

- Operating Revenues \$10,917,702 (90%)
- Non-Operating Revenues - \$69,591 (-1%)
- Transfers \$837,808 (7%)
 - Debt Service-General Fund
- Retained Earnings \$500,000 (4%)

Rocky River Golf Course

- Capital Improvements to the Course – Greens Renovation:
 - Projected cost - \$250,000
 - Appropriated from General Capital Reserve
 - Budget reflects closure of course from January to mid-April 2012



Golf Course Fund - \$2,358,597

- Operating Revenues \$1,283,316 (54%)
- Non-Operating Revenues \$39,306 (2%)
- Transfers \$1,035,975 (44%)
(designated for debt service and cover small operating loss from winter closure of course)

Greens Renovation project budgeted directly in a capital project fund.

Public Housing

- Continue to partner with the community and Planning and Neighborhood Development on Phase II of the Logan Revitalization Plan.
- Establish a Youth Leadership Council to foster leadership development and civic involvement of youth in the community.
- Currently have 1,106 families on the Public Housing and Section 8 waiting lists.

Public Housing & Section 8 Voucher Revenues

Public Housing Fund

• Charges for Services	\$302,000
• Other Revenue	\$ 2,473
• HUD Contribution	<u>\$857,410</u>
	\$1,161,883

Section 8 Voucher Program Fund

• Restricted Intergov't Revenue	\$3,400,000
• Program Income	<u>\$ 13,637</u>
	\$3,413,637

Special Revenue Funds

• Municipal Service District Fund (Tax Rate set at 0.18 cents)	\$ 73,900
• Transportation Improvement Fund (\$5 Vehicle tax included)	\$ 2,268,718
• CDBG	\$ 405,471
• Home Consortium	\$ 292,549
• \$5 Vehicle Tax (Transit)	\$ 275,000

External Agency Funding

General Fund Recommended: \$68,500

(8.5% decrease from FY11)

- Cabarrus Arts Council - \$25,000
- Cabarrus Events Association - \$5,000
- CVAN - \$9,500
- Concord Museum/Historic Cabarrus - \$5,000
- Boys & Girls Club - \$6,000
- Multicultural Student Union- \$2,000
- Special Olympics of Cabarrus County - \$2,000
- Habitat for Humanity (Affordable Housing Construction Grant) - \$10,000
- Cabarrus Co. Museum of Fine Art & African-American History - \$1,500
- Teen Court (Conflict Resolution Center) - \$2,500

Utility Funds

Recommended: \$12,000

- Cabarrus Cooperative Christian Ministries - \$12,000

External Agency Funding

CDBG Recommended: \$39,500

(12% decrease from FY11)

- Cabarrus Arts Council - \$1,750
- Cabarrus Cooperative Christian Ministry - \$6,000
- Cabarrus Literacy Council - \$4,000
- Cabarrus Meals on Wheels - \$4,000
- Coltrane LIFE Center - \$4,000
- Hispanic Learning Center - \$4,000
- Prosperity Unlimited - \$9,000
- Prosperity Community Connection - \$1,500
- Serenity House - \$3,500
- United Family Services - \$1,750

Capital Improvements Plan (CIP)

*First Year Adopted through Project Ordinance
and Regular Operating Budgets*

- Fire Projects \$1,649,250
(Station 5 Renovations & Station 11)
- Derita Road \$10,305,253
- George Liles Parkway \$10,767,000
- Electric Projects \$2,488,000
- Albemarle Line (Concord share for FY12)
\$4,773,195

LOOKING AHEAD

- The economy
- Philip Morris and its direct impact on property and indirect impact on sales taxes
- Countywide revaluation and its direct impact on property and indirect impact on sales taxes
- Potential for State of North Carolina to impact revenues/services (ex. soil erosion)
- The aggressive centralization of governmental control in Raleigh

LOOKING AHEAD

- Implementation of solid waste changes (leaf collection?)
- Sustainability
- Regional radio infrastructure supporting the Concord Communications Center
- Customer Service

The Budget Adoption Process:

Budget Workshop June 7, 2011

Budget Hearing (regular meeting)
June 9, 2011

Budget Adoption
??

For More Details:

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

www.concordnc.gov

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

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