



FY 2012-13 Recommended Annual Operating Budget and Performance Plan

W. Brian Hiatt, City Manager
May 29, 2012

Presentation Overview

- Key themes and trends guiding budget development
- Summary of balanced budget
- Summary of revenue sources (by fund), including revaluation summary
- Highlights of proposed FY 2012-13 projects and services (By Fund)
- Future needs and challenges

GUIDING DOCUMENT

FY 2012-13 Mayor/City Council Goals Revenue Neutral Tax Rate

Overall Revenue Trends

- Revenue-neutral property tax rate of 48 cents proposed to offset 13% decline in assessed property values from 2012 Revaluation
 - In FY12, 42 cents tax levy equal to \$42,840,474
 - In FY13, 48 cents tax levy on revalued property projected to equal \$42,529,998
- Continued conservative, but not worst case, revenue projections due to economic conditions
- Continued (but fully realized) loss of tax revenue from Philip Morris property

Overall Revenue Trends

- Projecting small (2%) growth in sales tax revenue, still below FY 07-08 actuals
- Small increases in revenue associated with development in business and residential sectors, affects both General Fund and Utility Funds
- Use of Capital Reserve Funds for capital needs in Public Safety

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 4 years
- Continue key infrastructure projects, but otherwise limited spending on capital and no new debt

Overall Expenditure Trends

- Appropriation from General Fund Capital Reserve for construction of Fire Station 11 in the Weddington/Exit 49 area
- Upgrade technology infrastructure (computers, servers and networks) throughout City departments
- Maintenance of city assets and facilities, including streets, buildings, and park properties

Total Recommended General Fund Budget FY 2012-13

\$67,463,286

- Reflects a \$1.2 million decline (or 1.8%) from the FY11-12 amended budget

Balanced Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 67,463,286	\$ 67,463,286
Municipal Service District	84,885	84,885
Home Consortium	261,940	261,940
CDBG	455,764	455,764
\$5 Vehicle Tax Fund (Transit)	294,154	294,154
Stormwater Fund	3,672,000	3,672,000
Electric Fund	82,000,736	82,000,736
Water Fund	19,628,404	19,628,404
Wastewater Fund	14,032,000	14,032,000
Golf Course Fund	2,340,986	2,340,986
Transit Fund	3,256,061	3,256,061
Aviation Fund	11,657,376	11,657,376
Public Housing	1,130,720	1,130,720
Section 8/Vouchers Program	3,721,124	3,721,124
Total Budget	\$209,999,436	\$209,999,436

Total Recommended
City-Wide
Budget FY 2012-13

\$209,999,436

Increases to City-wide Budget

- Wholesale Purchase Power in Electric - increase of \$5.1 million
- Increase in City-funded portion of co-worker health insurance premiums - \$266,000 city-wide
- Funding for radio maintenance/support under new contract with Charlotte regional partners
- City-wide fuel increase of \$200,000 over current year (not including Transit)

Position Summary

This budget represents **915.8 FTE**, with **3** Full-time and **4** Part-time vacant positions eliminated for FY12-13.

With the positions above, we have eliminated 21 full-time and 4 part-time positions since July 2010.

Vacant and unfunded for FY 12-13:

- 14 Full-time positions
- 1 Part-time position

Value of Positions Frozen (savings): \$625,291

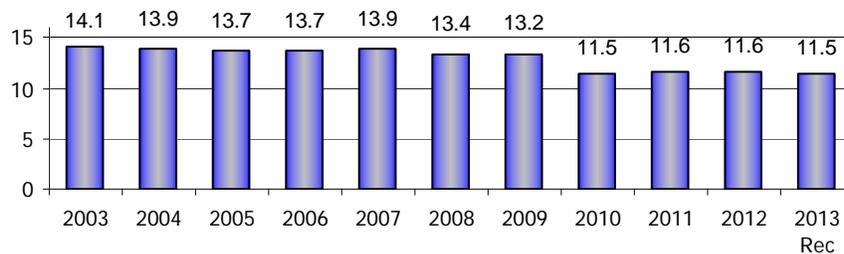
Recommended Positions

0 new full-time positions recommended

1 Contract Apprentice position recommended for Transit (limited duration of one year, reimbursed 90% by DOT)

2 existing positions transferred within the organization to better utilize resources

Number of Funded FTE Positions Per Capita



Proposed Eliminations

Police (1 position):

- Customer Service Specialist (already frozen)

Parks and Recreation (1 position):

- Parks and Recreation Supervisor (already frozen)

Housing Vouchers Program (1):

- Housing Specialist (funded with federal dollars)

Proposed Eliminations (cont)

Building and Grounds (1 part-time position):

- PT Custodian (.50 FTE)

Aviation (3 part-time positions):

- Aviation Assistants (.25 FTE each)

Frozen/Unfunded Positions

General Fund (6 positions):

- Communications: Telecommunicator
- Solid Waste/Recycling: Utility Service Supvr., Equipment Operators (2)
- Parks & Recreation: Parks & Rec Specialist
- Fleet Services: Automotive Technician (newly frozen for FY13)

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 position):

- Custodian/Courier

Unfunded Positions

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

Engineering:

- Staff Engineer

Building and Grounds:

- Utility Service Supervisor
- Custodian (1 PT position – 20 hours/week)

Recommended Fee Changes/Additions

- Rocky River Golf Club – temporary reduction in rates for greens renovation this summer
- Greenway Rental under Parks and Recreation
- Pavement marking materials within Traffic Services (to reflect our costs to purchase)
- Established rates for HazMat and specialized fire response
- Electric – Outdoor and Public Lighting adjusted to match Wholesale Purchased Power costs passed onto the City
- Transit fares (to be discussed/proposed later in the summer)

PROPOSED GENERAL FUND OPERATING BUDGET

Detailed Revenue and Spending Projections

Revenue Neutral Calculation

Per G.S. 159-11(e) Revenue Neutral Rate is calculated as follows:

- Determine a rate that would produce revenues equal to those produced for the current fiscal year.
- Increase/decrease the rate by a growth factor equal to the average annual % increase or decrease in the tax base since the last appraisal.
- Adjust rate to account for annexations, etc.

Cabarrus County Revaluation

- Property value decline of 13%

CITY	FY2012	FY2013 Estimates
Assessed Values	\$10,200,112,859	\$8,860,416,287
Property Tax Billed	\$42,840,474	\$37,213,748
Lost Revenue		\$5,626,726

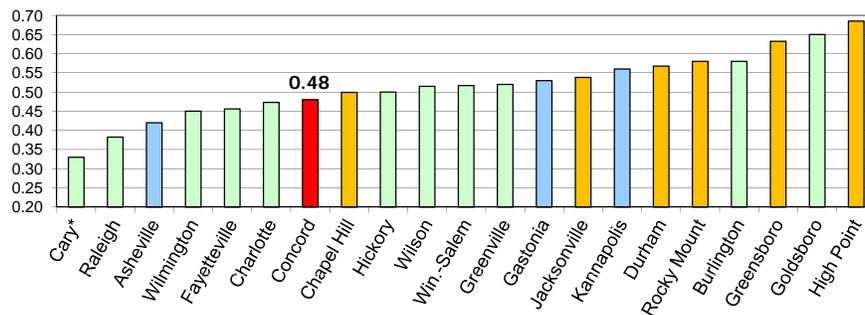
General Fund Revenues

- .4800 tax rate recommended
 - Represents the Revenue-Neutral rate calculated under State Statute when revaluation occurs
- General Fund Total - \$67,463,286
 - Ad Valorem taxes:
 - \$0.48 tax rate yields \$41,248,165 in anticipated current year tax revenue (after application of collection rate)
 - Valuation of \$8,860,416,287 (13% decline)
- One cent on tax rate = approx. \$859,337

General Fund

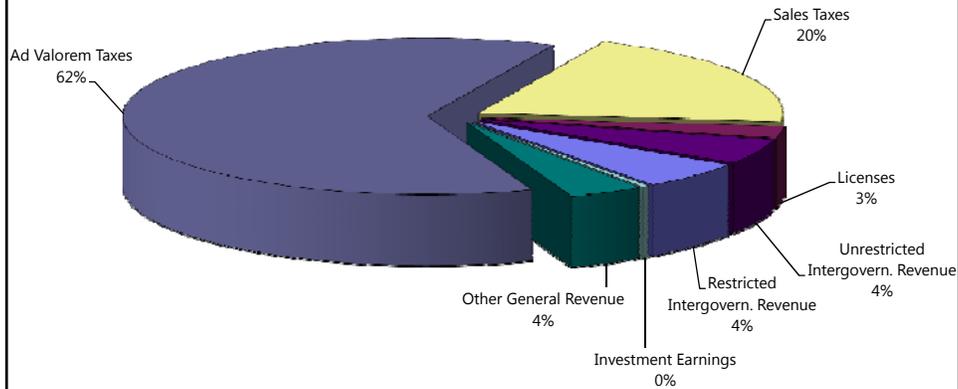
- Meets Council Goal of low and stable tax rate that is revenue neutral
- Includes 2-cent equivalent of tax rate dedicated for Transportation Improvement Fund - \$1,718,675
- Concord still has the lowest tax rate among full-service NC cities over 35,000 population without a solid waste or environment fee

**FY 2012-13 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 garbage or yard waste.
 Charlotte and Jacksonville residents are assessed a solid waste fee for disposal through property tax or utility bills.

General Fund Revenues by Source

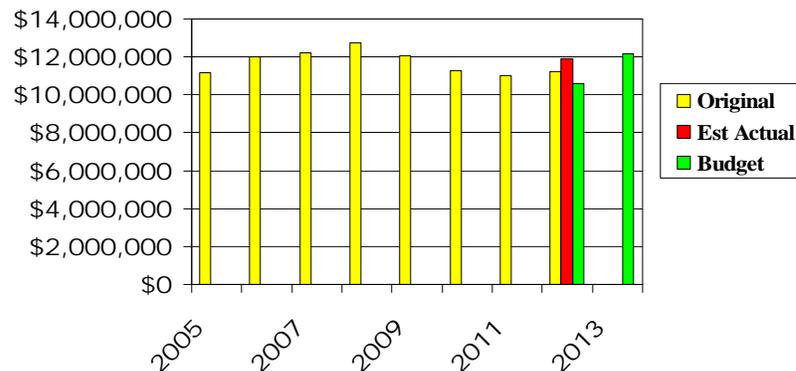


Philip Morris Assessed Values

	Original	Current	Values after Appeal
Land & Building	\$533,954,160	\$284,707,200	\$174,052,480
Personal Property	\$555,997,719	\$69,825,071	\$20,947,520
Total Value	\$1,089,951,879	\$354,532,271	\$195,000,000
Ad Valorem	\$4,577,798	\$1,489,036	\$819,000

Local Option Sales Tax

- FY2013 Proposed Budget Increase 2%
- FY2012 Est. Collections Increase 8%

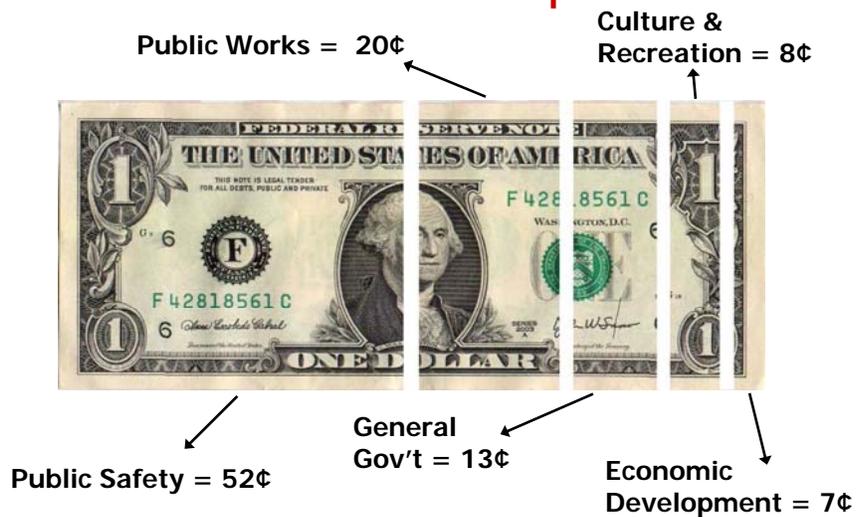


General Fund Balance/Capital Reserve Fund

- Unassigned Fund Balance will meet 30-35% goal
- Use of \$1.49 million in funds from Capital Reserve Fund recommended for FY 2012-13; will be applied to construction of Fire Station 11 (\$2M project)
- \$372,000 in funds from Parks and Recreation Capital Reserve: \$272,000 for construction of a Dog Park (site to be determined) and \$100,000 towards bleacher replacement at City recreation centers (remainder coming from General Fund)

Summary of Recommended General Fund Expenditures

How will each General Fund tax dollar be spent?



General Government

Administrative Departments–

- Parking and Equipment Storage enhancements at the Brown Operations Center
- Sealing and patching of the Brown Operations Center parking lot
- Efforts to make City facilities more sustainable and energy-efficient – saving environment and money
- Continued focus on Customer Service initiative

Economic Development

Economic Development (under CMO)-

- Continues maintenance and changeout of seasonal banners in the downtown area
- Concord portion of Cabarrus Economic Development Commission funding - \$75,000 (Additional \$15,000 for new small business related programs/projects)
- Continue incentive grant funding for economic development projects already approved by Council - \$1,458,643 (includes State pass thru)

General Government

Human Resources (Programs)-

- Implementation of applicant tracking software
- Fine-tuning of Halogen Performance Management system implemented in FY11-12
- Wellness Enhancements – Wellness Center and programming

General Government

Human Resources (Benefits)-

- Very modest merit lump-sum payment for those co-workers receiving a performance evaluation rating of “meets expectations” or better
 - \$400 for “meets expectations”
 - \$500 for “exceeds expectations”
 - \$600 for “outstanding”
 - PT co-workers are eligible for ½ of these amounts
 - Will be awarded on a pre-tax basis on date of review/evaluation

General Government

Human Resources (Benefits)-

- Increases in health insurance premiums paid by City and co-workers, introduction of “tobacco-free” and “wellness ” incentives to reduce premiums paid by co-workers
- 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

General Government

Risk Management –

- Proposed administration of hearing tests in-house
- Implementation of Risk Management software to better manage and report claims, analyze data

Public Safety

Police-

- Maintenance of one car per officer plan
- Purchase of Printrak Latent Fingerprint Station to perform fingerprinting digitally/instantly

Code Enforcement-

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

Public Safety

Fire and Life Safety –

- Replacement of 1 pumper - \$375,000
- Burn Simulator for training - \$50,000
- Parking Lot Replacement at Station 1 - \$62,600
- Transfer of funds (\$629,877) towards Fire Station 11 Construction and Fire Station 5 Renovation projects (remainder of funds coming from General Capital Reserve)

SAFER Grant – 12 Firefighters

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

Culture and Recreation

Parks and Recreation -

- Repair erosion at Hartsell Ballfield Complex - \$25,000
- Installation of large commercial fans in the gymnasiums at Academy and Hartsell Recreation Centers - \$100,000
- Gymnasium bleacher replacement at all 3 Recreation Centers (partially funded by Parks and Rec Capital Reserve) - \$175,000 total

Culture and Recreation

Parks and Recreation -

- Replace lights at Webb Field and Les Myers Park - \$601,000
- Use of \$272,000 from Parks and Rec Capital Reserve Fund to construct a Dog Park (City Council goal)

Economic Development

Planning and Neighborhood Development-

- GIS Web Mapping System which upgrades our mapping system and allows both co-workers and the public to view GIS components using a web-based feature - \$40,000
- Continue to support Streetscape improvements in downtown area - \$29,000

Public Works

Transportation –

- Funds for street resurfacing:
\$525,000 General Fund
\$439,852 Powell Bill
- Replacement of equipment (split among Streets and Powell Bill) - \$150,000

Fleet Services –

- City-wide fuel budget of \$1.7 million
- Transfer of Mechanic position from Fire to Fleet

Public Works

Solid Waste and Recycling –

- Continued savings associated with new Waste Pro contract – savings of \$1.7 million annually
- Replacement of Rear Loader - \$150,000; Knuckleboom - \$125,000; and Leaf Machine - \$30,000
- Implementation of Mobile 311 Pilot Study using tablets to complete work orders from the field
- Develop Disaster Debris Management site
- Construction of a Solid Waste Shelter/Operations Center for cart and equipment storage - \$240,000



Potential Solid
Waste Shelter/
Operations
Center



Summary of Recommended Utility Fund Revenues

Stormwater, Water,
Wastewater and Electric

Stormwater Fund - \$3,672,000

NO RATE INCREASE

- Operating Revenues \$3,611,000 (98.3%)
- Non-Operating Revenue \$61,000 (1.7%)
- Retained Earnings Appropriated \$0 (0%)

Reflects no increase in total revenue proposal as compared to FY12 final estimates.

Water Fund - \$19,628,404

NO RATE INCREASE

- Operating Revenues \$18,627,700 (95%)
- Non-Operating Revenue \$188,785 (1%)
- Retained Earnings Approp. \$811,919 (4%)

Reflects no increase in total revenue proposal as compared to FY12 final estimates.

Wastewater Fund - \$14,032,000

NO RATE INCREASE

• Operating Revenue	\$13,922,000	(99.2%)
• Non-Operating Revenues	\$110,000	(0.8%)
• Retained Earnings Appropriated	\$0	(0%)

Reflects no change in total revenue proposal as compared to FY12 final estimates.

Electric Fund - \$82,000,736

• Operating Revenues	\$81,165,150	(99%)
• Non-Operating Revenues	\$190,000	(0.2%)
• Retained Earnings Approp.	\$645,586	(0.8%)

Operating revenues increase 4% over FY12 estimates (due to an increase in Purchase Power Adjustment rate & added use from an industrial customer). Rate Stabilization reserves are proposed to help offset PPA.

Revenues reflect the City Manager approving a 2% 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, 2013 wholesale power contract cost increase.

Summary of Recommended Utility Fund Expenditures

Water, Wastewater, Electric and
Stormwater

Water Resources

- Water efficiency program for low flow residential toilets - \$10,000 available in utility bill credits
- Reduction for Disinfection Byproduct at Hillgrove WTP - \$110,000
- Improvements at Coddle Creek WTP –
 - Replace High Service Pump Motor Starters - \$414,000
 - Replace PLC Cabinets - \$106,000
 - Roof Replacement over chemical level of plant - \$38,000

Water Resources

- Sludge Removal at Coddle Creek WTP (done every 18 months) - \$400,000
- Continued maintenance of waterlines, mains, and valves; replacement/upgrade of problem areas - \$240,000
- Replacement/relining of aging waterlines in the downtown area to improve fire flow - \$500,000
- Albemarle Waterline connection to be bid by September 2012 (\$7 million currently set aside in project fund)

Wastewater

- Hold the line on services, limited capital spending
- Small outfall sewer replacements/upgrades:
 - Palaside Drive
 - Odell Drive
 - Hatley Circle
- Purchase of pipe rack system- \$25,000
- Continue to invest in slip lining for wastewater lines - \$594,000
- Continue to focus on Inflow and Infiltration

Electric System

- FY13 Projection of Wholesale Purchase Power is \$62.3 million, equal to 76% 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

Electric System

- Underground Duct Bank at International Drive - \$1,000,000
- System Efficiency and Reliability Upgrades - \$480,000
- Conversion of overhead facilities to underground distribution - \$100,000
- CO Emissions Control Upgrades (Peak Shaving) - \$220,000
- Replacement of 1 55' bucket truck - \$210,000

Stormwater

- Funding for culvert replacement at Melrose Drive - \$156,000
- Funding for Stormwater Master Plan Phase III - \$350,000
- Set aside funding for future projects identified by Master Plan
- Replacement of excavator - \$150,000

Summary of Recommended Expenditures in Other Funds

Transit, Aviation, Golf Course,
Housing, Internal Services, Special
Revenue Funds

Public Transit

- Continue funding of *Rider* and *Concord Express*
- Contract with new service provider *First Transit* takes effect July 1, 2012, projected savings \$716,000 over 5 years
- Fuel cost increase of \$182,000 over original budgeted FY12 figure
- Potential fare increase



Public Transit Fund – \$3,256,061

• Intergovernmental Revenue	\$2,119,006	(65%)
• Operating Revenue	\$225,000	(7%)
• Non-Operating Revenue	\$912,055	(28%)

Aviation

- Primary focus on safety, security and the provision of excellent service
- Additional pump to improve Airport's fire protection system - \$345,000
- Surge tank for Airport's fire protection system - \$258,750
- Other capital projects dependent on grant funding



Aviation Fund - \$11,657,376

- | | | |
|-----------------------------|--------------|--------|
| • Operating Revenues | \$10,088,235 | (87%) |
| • Non-Operating Revenues | \$46,000 | (.40%) |
| • Transfers | \$775,742 | (6.6%) |
| • Debt Service-General Fund | | |
| • Retained Earnings | \$747,399 | (6%) |

Rocky River Golf Course

- Greens Renovation to be completed over summer months
- Budget reflects loss of revenue associated with temporary greens from June to August 2012



Golf Course Fund - \$2,340,986

- | | | |
|--------------------------|-------------|-------|
| • Operating Revenues | \$1,244,362 | (53%) |
| • Non-Operating Revenues | \$35,168 | (2%) |
| • Transfers | \$1,061,456 | (45%) |
- (designated for debt service and cover small operating loss from summer greens renovations)

Greens Renovation project budgeted directly in a capital project fund.

Public Housing

- Continue to partner with the community and Planning and Neighborhood Development for opportunities to move forward on Phase II of the Logan Revitalization Plan.
- Begin energy efficiency efforts in our housing communities by partnering with a contractor to lower energy costs, using the savings to repay the contractor for costs associated with the improvements (Council Goal)
- Currently have approx. 1,000 families on the Public Housing and Section 8 waiting lists.

Public Housing & Section 8 Voucher Revenues

Public Housing Fund

• Charges for Services	\$290,000
• Other Revenue	\$ 16,500
• HUD Contribution	<u>\$824,220</u>
	\$1,130,720

Section 8 Voucher Program Fund

• Restricted Intergov't Revenue	\$3,715,424
• Program Income	<u>\$ 5,700</u>
	\$3,721,124

Internal Services

Data Services –

- Upgrades to network capacity
- Needed server replacements for major systems and programs
- Upgrade budget software
- Begin conversion process to Microsoft Outlook for email, utilizing Cloud-based storage

Utility Billing –

- Replacement hand held meter readers (current ones no longer maintained)

Special Revenue Funds

- | | |
|--|------------|
| • Municipal Service District Fund | \$ 84,885 |
| (Tax Rate set at Revenue Neutral rate of 0.23 cents) | |
| • CDBG | \$ 455,764 |
| • Home Consortium | \$ 261,940 |
| • \$5 Vehicle Tax (Transit) | \$ 294,254 |

External Agency Funding

General Fund Recommended: \$65,500

(4.4% decrease from FY12)

- 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) - \$7,000
- 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: \$35,750

(9.5% decrease from FY12)

- Cabarrus Arts Council - \$1,500
- 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 - \$2,000
- Prosperity Unlimited - \$8,000
- Prosperity Community Connection - \$1,500
- Serenity House - \$3,000
- United Family Services - \$1,750

Capital Improvements Plan (CIP)

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

- Fire Projects - \$2,124,000
(Station 5 Renovations & Station 11)
- Parks and Recreation - \$887,000
(Rocky River Greenway - Moss Creek, Dog Park,
Bleacher Replacement)
- Other General Projects - \$701,700
(Data Services upgrades, Solid Waste Shelter,
BOC Parking and Equipment Storage)

Capital Improvements Plan (CIP)

- Transportation Projects - \$2,065,248
(George Liles/Village Dr Signal, Burrage Rd NE,
Derita Road, Sidewalks, Poplar Tent Hwy 29 CMAQ,
Terminal Court)
- Stormwater (Melrose and Master Plan) - \$887,000
- Electric - \$1,550,000
(International Duct Bank, System Power
Correction, Peak Shaving Emissions Upgrade, Sub J
Relay Conversion)
- Water - \$630,000
(High Service Pump Motors, PLC Cabinets,
Disinfection Byproduct Reduction)

LOOKING AHEAD

- The economy and economic development
- Revaluation and its impact on property and sales taxes
- Revenue reform and the General Assembly
- The aggressive centralization of governmental control in Raleigh

LOOKING AHEAD

- Transportation projects
- DNC
- Technology
- Customer service
- Compensation

The Budget Adoption Process:

Budget Workshop June 12, 2012

Budget Hearing (regular meeting)
June 14, 2012

Budget Adoption
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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).