



FY 2015-16
Recommended Annual Operating
Budget and Performance Plan

W. Brian Hiatt, City Manager
May 26, 2015

GUIDING DOCUMENT

FY 2015-16
Mayor/City Council Goals

Tempered by the NC General Assembly

Total Recommended
City-Wide
Budget FY 2015-16

\$227,644,710

Recommendation Summary

- No property tax rate increase (48 cents)
- What is not recommended is perhaps as important as what is recommended
- Cautious projection of revenues as we wait for the state to adopt its budget
- Business Privilege License eliminated (loss of approx. \$1 million)
- Small Water and Wastewater rate increases (due to Albemarle Waterline/WSACC)

Total Recommended
General Fund Budget
FY 2015-16

\$72,765,445



Key Assumptions

- Assumption #1 - Revenues intended to expand the base from last year's "tax reform" will cover the loss of the privilege license tax or the General Assembly will approve a new revenue source that will provide that coverage.
- Assumption #2 - There will be no major redistribution of sales tax and, if there is, it will involve a major expansion of the sales tax base to other businesses.

Key Assumptions

- Assumption #3 - Sales tax refunds that have yet to be returned will not be so large that they negate the current growth we've seen in sales tax revenues (even without any redistribution).
- Assumption #4 - Council will be willing to use the Transportation Fund in a much different way this fiscal year.
- Assumption #5 - There will be continued funding of the elementary school resource officers from other sources.

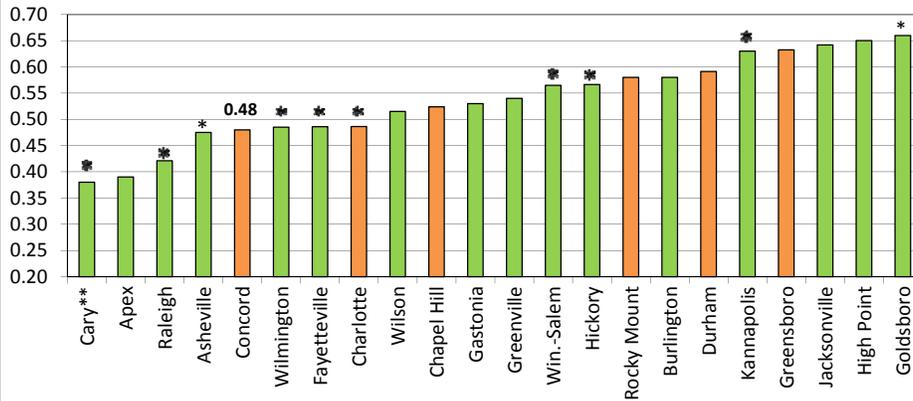
Key Assumptions

- Assumption #6 - Council will be willing to alter the implementation timetables for several of the priorities established at the Planning Session.
- Assumption #7 - Council will be willing to hold off on selected major capital and operational expenditures until after the General Assembly adjourns to see how the budget will need to be adjusted at that time.

Key Assumptions

- Assumption #8 - Council will be willing to fund a small number of new positions needed due to growth, but starting later in the Fiscal Year to delay the full cost until next fiscal year.
- Assumption #9 - Council will be willing to live with the current tax rate until FY 16-17. The only revenue that is set in stone when you adopt a budget is the tax rate, as it cannot be changed.
- Assumption #10 - Council will support use of reserves to fund capital projects/equipment.

**FY 2015-16 Proposed Property Tax Rates for
NC Full-Service Cities Over 40,000 Pop.
(Cents per \$100 Valuation)**



Note:

**Cary - extensive use of impact fees.

Cities in green apply a fee for solid waste (for some or all services) in addition to property tax.

Cities with asterisks above the bar are proposing a tax rate increase for FY2015-2016.

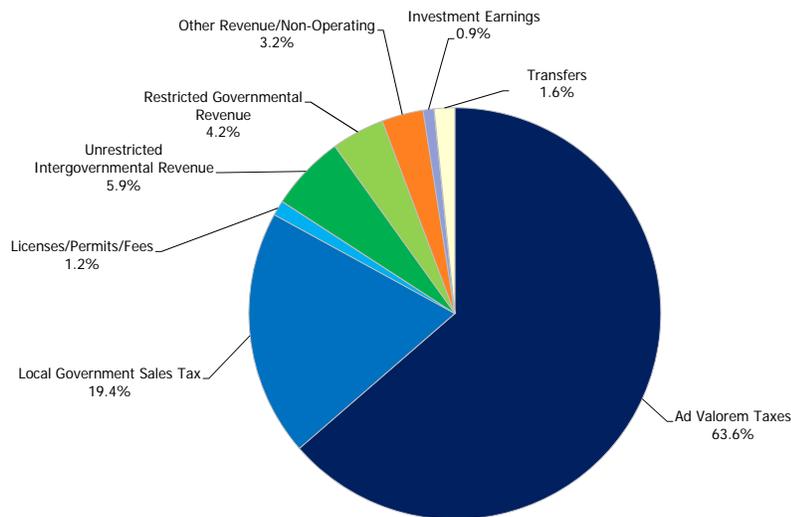
General Fund Revenues

- .4800 tax rate recommended
 - Same tax rate since FY12-13
 - Anticipate revaluation for FY16-17
 - One cent on tax rate = approx. \$945,985
 - Projecting 2% increase in property tax revenue over FY 2014-15 estimated

Other Revenue Trends

- Projecting no growth in sales tax revenue; issue with refunds not being released is resulting in a conservative estimate
- Utility Franchise tax (electric sales tax) projected to remain stable, current year growth is not anticipated to continue
- Recycling revenue down based on the market for sale of materials
- Development-related revenue continues to recover

General Fund Revenues by Source



General Fund Balance/Capital Reserve Fund

- Unassigned Fund Balance will meet 30-35% City Council goal
- No appropriation from General Fund Balance, assuming tax refunds settled in FY 14-15
- Use of \$1.94 million in funds from Capital Reserve Fund recommended for FY 2015-16
 - Design of Hector H Henry II Greenway, Airport Phase
 - Engineering work on Hartsell Rec Center Renovations
 - Replacement of Fire ladder truck
 - Construction of shed for salt storage (Transportation)
 - Infrastructure portion of Traffic Management Center

Recommended Fee Changes (all funds)

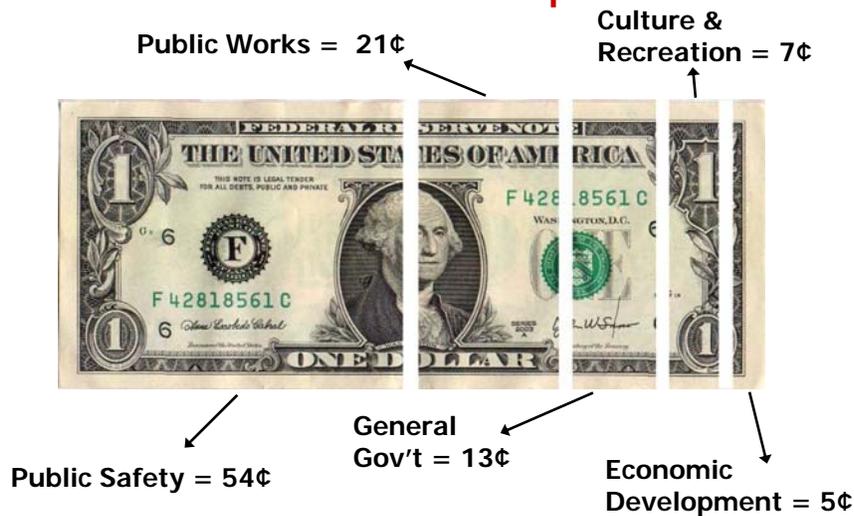
- Tax – removed Business Privilege License section
- Fire – increase in Inspection fees
- Planning – increase in Applications to Commission/Council Review fees
- Parks & Recreation – phased increase of registration fees for youth sports and Summer Playground program for summer 2016
- Utility & Billing – increase in Non-Payment Administrative fee

Recommended Fee Changes (all funds)

- Golf – increase in In-Season and Winter Rates
- Electric – addition of LED lighting rates to Outdoor and Public Lighting Service, and Flood-Lighting Service
- Water and Sewer – increase in volume rates

Summary of Recommended General Fund Expenditures

How will each General Fund tax dollar be spent?



Public Works

Transportation Improvement Fund - \$3,015,428
(using dedicated tax/Transportation funds)

- PIP Sidewalk projects - \$150,000
- Poplar Tent/Hwy 29 CMAQ - \$918,653
- Hwy 601/Hwy 3 CMAQ - \$149,785
- Construction of Traffic Mgmt Center - \$1.9 million

Revenue received from 2 cents transfer, \$5 Vehicle tax revenue, transfer from Capital Reserve and use of project reserves.

Public Works

Transportation –

- Combined funds for street resurfacing: \$1.7 million
- Addition of Senior Equipment Operator position (Jan 2016) and double flail tractor mower for median/shoulder mowing - \$118,404
- Additional sidewalk repair funds - \$30,000

Public Works

Solid Waste and Recycling –

- Replacement of Knuckleboom and Rear Loader - \$285,000 combined
- \$100,000 increase in contract collection costs primarily associated with growth in residential areas

Cemeteries –

- Continued focus on maintenance - fencing, sidewalks, and landscaping - \$27,250

Economic Development

Planning and Neighborhood Development-

- Updated Land Use Plan - \$100,000
- First year of Accela maintenance costs - \$48,000 city-wide
- Replace lights on Union St. with LED's - \$52,000

Economic Development-

- Continue economic development grant funding for projects already approved by Council

General Government

Administrative Departments-

- Security-related items at the Brown Ops Center
- Full year of debt service payments on City Hall (within each dept's budget) – \$1.5 million
- Paperless workflow software in Finance for Accounts Payable - \$50,000
- Continue restoration of "ghost" signs downtown - \$5,000
- Minor touch up items on downtown City bldgs as we vacate those buildings

Public Safety

Police-

- Addition of a Police Officer position for new City Hall (January 2016 start date)
- Funding (and matching revenue) for 5 filled Elementary School SROs (will amend budget accordingly)
- Purchase of tablets for SROs in the field
- Second year of 4 Year plan to complete one camera per patrol vehicle (25 each year) – \$162,500
- Body Cameras (future operational cost)

Public Safety

Fire –

- Addition of 2 Safety/Training Officers to ensure availability on each shift (Oct 2015 hire date)
- Replacement of ladder truck and related equipment- \$1,170,000 (Capital Reserve funds)
- Increased maintenance needs at fire stations, (lighting/bathrooms/roofs/driveways) - \$132,000
- Bay floor replacement at Fire Station 7 (second phase) - \$75,000

Fiber Infrastructure

- Continue fund for fiber extension and maintenance needs – budgeted at \$150,000 total (across all funds, not just GF)
- Contracted cost for fiber management
- Increased need for planning and maintenance of this growing asset (now over 100 miles and connecting almost every major facility)

Culture and Recreation

Parks and Recreation -

- Additional funds to staff Lake Fisher on weekends - \$2,730
- Update of Park Master Plan - \$75,000
- Upgrade Control Link for court/field lighting - \$70,000
- ADA Improvements at Academy & Hartsell Rec Centers - \$10,000
- Replacement of basketball goals at all 3 rec centers - \$50,000
- Design Funds for Hartsell Recreation Center - \$84,000 (Capital Reserve)
- Funding for design of Hector H Henry II Greenway, Airport Phase- \$25,000 (Capital Reserve)

Examples of Items Not Funded Due to Loss of Business Privilege License Revenue

Examples of Items Not Funded

- Building and Grounds crew (1 Supervisor, 4 crew members, and tools/equipment) for median and shoulder mowing - \$233,930 (Council goal)
- Building and Grounds worker (and tools/equipment) for increased greenway, park space and bus stop maintenance - \$60,694
- Park Patrol Police Officer and needed equipment/vehicle - \$113,545
- RRGC Golf Course Bunker restoration (Phase 1 of 2) - \$200,000

Proposed List of Items On-Hold Until State Budget Related Decisions Are Made

Items Proposed for Hold in General Fund - \$2.9 million

- Purchase of replacement ladder truck (Fire)- \$1.1 million (Capital Reserve)
- 2 Safety/Training officers* (Fire) - \$139,080
- Renovations/upgrades to Fire Stations - \$132,000
- Phase 2 of Fire Station 7's bay floor replacement - \$75,000
- AP Paperless Workflow Software (Finance) - \$50,000
- Replacement of lights on Union St with LEDs - \$52,000

* Reflects full cost of positions, including salary/benefits, equipment, tools, and vehicles necessary to perform job duties.

Items Proposed for Hold in General Fund - \$2.9 million

- Sr Equipment Operator/equipment* (medians/mowing) - \$118,404 (Council goal)
- Infrastructure portion of Traffic Mgmt Center - \$366,683 (Capital Reserve and Council goal)
- Parks and Rec Asst. Supervisor* (rec center) - \$49,554
- Updated Land Use Plan - \$100,000 (Council goal)
- Updated Parks and Rec Master Plan - \$75,000
- Upgraded Control Link for parks court/field lighting - \$70,000

* Reflects full cost of positions, including salary/benefits, equipment, tools, and vehicles necessary to perform job duties.

Items Proposed for Hold in General Fund - \$2.9 million

- Replace basketball goals at all 3 recreation centers - \$50,000
- Design work on Hector H Henry II Greenway, Airport Phase - \$25,000 (Capital Reserve)
- Engineering work on Hartsell Rec Center renovations - \$84,000 (Capital Reserve)

Alternatives

- Cut there, not here
- Raise property tax to 49 cents
- Implement \$3.10 monthly solid waste fee

Summary of Recommended Utility Fund Expenditures

Water, Wastewater, Electric and
Stormwater

Water Resources - Recommended Rates

Water Volume Charges (all rates per 1000 gallons)

Residential Volume Charges:	Proposed FY16	FY15
<i><u>Inside City</u></i>		
Residential – Block 1 (0-6,000 gallons)	\$5.36	\$5.22
Residential – Block 2 (6,001-8,999 gallons)	6.97	6.79
Residential – Block 3 (9,000+ gallons)	8.58	8.36
<i><u>Outside City</u></i>		
Residential – Block 1 (0-6,000 gallons)	\$6.44	\$6.27
Residential – Block 2 (6,001-8,999 gallons)	8.37	8.15
Residential – Block 3 (9,000+) & Irrigation	10.30	10.04

Increase of \$0.63 on average water bill (with 4500 gallons consumed per month)

Water Resources - Recommended Rates

(all rates per 1000 gallons)

Commercial/Institutional Volume Charges:	Proposed FY16	FY15
<i><u>Inside City</u></i>		
Commercial/Institutional	\$5.41	\$5.27
Commercial/Institutional Irrigation	8.58	8.36
<i><u>Outside City</u></i>		
Commercial/Institutional	6.50	6.33
Commercial/Institutional Irrigation	10.30	10.04
Industrial Volume Charges:		
<i><u>Inside City</u></i>		
Industrial	4.44	4.33
Industrial Irrigation	8.58	8.36
<i><u>Outside City</u></i>		
Industrial	5.33	5.20
Industrial Irrigation	10.30	10.04

Wastewater - Recommended Rates

Wastewater Volume Charges (all rates per 1,000 gallons)

Volume Charges:	Proposed FY16	FY15
<i><u>Inside City</u></i>		
Water Customers of Concord Utilities	\$5.62	\$5.45
Flat-Rate Customers	37.48	36.38
<i><u>Outside City</u></i>		
Water Customers of Concord Utilities	\$6.75	\$6.55
Flat-Rate Customers	44.97	43.66

Increase of \$0.76 on average wastewater bill

Water Resources

- Continued maintenance of waterlines, mains, and valves; replacement/upgrades - \$240,000
- Upsizing of lines/extension of mains - \$285,500
- Disinfection Byproduct Reduction (Hillgrove) - \$550,000
- Phase 3 of waterline for George Liles Blvd. Extension - \$282,430
- US 29 Bridge water main replacement - \$300,000
- AMI Smart Meter Conversion Project (Phase 1 of 4) - \$1,000,000

Wastewater

- Small sewer replacements/upgrades:
 - Manhole rehabilitation
 - Branch Drive
 - Ayers Commons Pump Station elimination
- Continue to invest in slip lining for wastewater lines - \$686,700
- Funding for Pump Station eliminations at Province Green and Laurel Park - \$1.49 million combined

Electric System

- FY16 Purchase Power budget reflects 1% increase over FY14-15 budget
- Smart Grid/Meter project - \$7 million (use of reserves)
- Infrastructure Upgrades: George Liles Blvd extension, I-85 road widening, downtown vaults, Hwy 29 bridge replacement, Derita Rd improvements

Stormwater

- Funding for 7 Capital Improvement Plan (CIP) Culvert Replacement Projects - \$1,342,000
 - In final design and ROW acquisition phase, adding funds for construction
 - Chadbourne
 - Chelwood
 - Treasure
 - Reubens
 - Wyoming
 - Already bid, adding funding for construction
 - Princess/Crowell
 - New project, in design phase
 - Shamrock

Summary of Recommended Expenditures in Other Funds

Transit, Golf Course, Internal Services, and
Aviation

Public Transit

- Continued savings in fuel dollars projected for FY16 budget
- Continue to provide bus stop amenities and maintenance of the Rider system
- Transition to in-house certification for ADA service
- Study for better coordination between Rider and CCTS



Rocky River Golf Course

Budget reflects small increase in revenue/rounds associated with recent course and clubhouse improvements.



Data Services

- Network Switch Upgrades Ph. 3- \$62,000
- Public Safety Storage Servers- \$75,000
- Police Department In-house Email Server- \$96,000
- Replacement Citrix Server- \$42,400
- Software Upgrades:
 - Seamless Docs (\$10,000), Active Directory Migration (\$20,000), NorthStar Automation Platform (\$15,000), and Email Archive Software: \$15,000)

Concord Regional Airport Proposed Expansion



CRA Proposed Expansion

Terminal Building

\$5,500,000 Total Cost:

- \$4,675,000 85% of Total Cost for FAA Eligible Public Use Space
- \$4,207,500 FAA Funding at 90% of Public Use Space
- \$233,750 State Funding at 5% of Public Use Space
- \$1,058,750 Airport Funding at 5% plus Non-Public Use Space

Non-public use space will be leased to tenants who develop revenue, such as airlines, rental cars and concessions.

CRA Proposed Expansion

Site Work, Access Road and Parking Lots

\$3,000,000 Total Cost

- \$2,700,000 FAA Funding at 90%
- \$150,000 State Funding at 5%
- \$150,000 Airport Funding at 5%

Parking Deck

\$5,000,000 Total Cost (100% Airport Funded)



CRA Proposed Expansion

Total Project

\$13,500,000 Total Cost

- \$6,907,500 FAA Share
- \$388,750 State Share
- \$6,208,750 Airport Share
- (\$500,000) Airport Contribution FY16
- **\$5,708,750 Balance Needed**

CRA Proposed Expansion

Projected Revenues:

Enplanement Forecasts

2014	16,642 (17,125 Actual)
2015	53,698 (57,000 Projected)
2016	84,989
2017	94,118
2018	110,810
2019	111,297
2020	113,563

Total Forecast Enplanements: 514,777 (2016-2020)

CRA Proposed Expansion

Revenue Recovery:

FY2016-2020 (5 year period)

Passenger Facility Charge (PFC):

\$3.00 Total PFC Revenue:

\$1,544,331

Concessions per Enplanement: \$0.15

Total Concession Revenue: \$77,216

Parking Rate per Night: \$3.00

Parked Cars per Enplanement: 0.3

Average Parking Stay (Nights): 3.3

Total Parking Nights: 509,626

Total Parking Revenue: \$1,528,887

Taxi Fee/Pickup: \$1.00

Taxis per Enplanement: 0.03

Total Taxis: 15,443

Total Taxi Revenue: \$15,443

Rentals per Enplanement: 0.05

Total Rentals: 23,738

Total Rental Revenue: \$77,216

CRA Proposed Expansion

Revenue Summary:
FY2016-2020 (5 year period)

- Total PFC Revenue: \$1,544,331
- Total Parking Revenue: \$1,528,887
- Total Rental Revenue: \$77,216
- Total Concession Revenue: \$77,216
- Total Taxi Revenue: \$15,443

Total Projected Revenue: \$3,243,093
(\$648,618 annually)

Summary of Recommended Human Resources Expenditures

Frozen Positions

Vacant and unfunded for FY 15-16:

- 11 Full-time positions
- 1 Part-time position



Value of Positions Frozen (savings): \$548,771

Frozen Positions

Solid Waste: 2 Equipment Operators, 1 SW Crew Supervisor

Fleet: 1 Fleet Mechanic

Parks & Recreation: 1 Parks & Recreation Specialist

Tree Trimmer: 1 Tree Trimmer I

Water: 1 Utility Service Worker

Aviation: 1 Custodian/Courier, 1 Senior Customer Service Representative, 1 Accounting Supervisor

Building & Grounds: 1 PT Custodian

Engineering: 1 Engineering Manager

Recommended Positions:

General Fund
5 Full-time

Police: Police Officer, City Hall (Jan 2016)

Fire Training: 2 Safety Training Officers (Oct 2015)

Transportation: Senior Equipment Operator (Jan 2016)

Parks & Recreation: Parks & Recreation Assistant
Supervisor (Jan 2016)

Recommended Positions:

Other Funds
3 Full-time, 1 Part-time

Electric Engineering: Project Engineer (unfrozen)

Electric Engineering: GIS Analyst (previously contracted)

CK Rider Transit: ADA Specialist

Public Housing/Vouchers: PT A/P Technician (0.5 FTE)

Employee Compensation

Human Resources-

- Merit pool for full-time and part-time co-workers budgeted at an average of 2.5% for each fund:
 - 2% for “meets” expectations at time of evaluation
 - 2.5% for “exceeds” expectations at time of evaluation
 - 3% for “outstanding” performance at time of evaluation

Compensation/Benefits

- Minor changes in health insurance premiums paid by City and co-workers, continuation of tobacco-free and wellness incentives
- Growing number of retirees, resulting in higher health insurance costs for those eligible and higher supplemental retirement costs in Police
- Continues funding of Post Employment Benefits - \$100,000 set aside as a contribution to the State health insurance trust fund for retirees

External Agency Funding

General Fund Recommended: \$67,500

(9.4% decrease from FY15)

- Boys & Girls Club: \$6,500
- Cabarrus Arts Council: \$30,000
- Cabarrus Events Assoc: \$5,000
- Special Olympics: \$2,000
- Historic Cabarrus: \$9,000
- Hope Haven: \$2,000
- CVAN: \$10,000
- Teen Court: \$3,000

Utility Funds Recommended: \$14,000

Cabarrus Cooperative Christian Ministries: \$14,000

External Agency Funding

CDBG Recommended: \$51,000

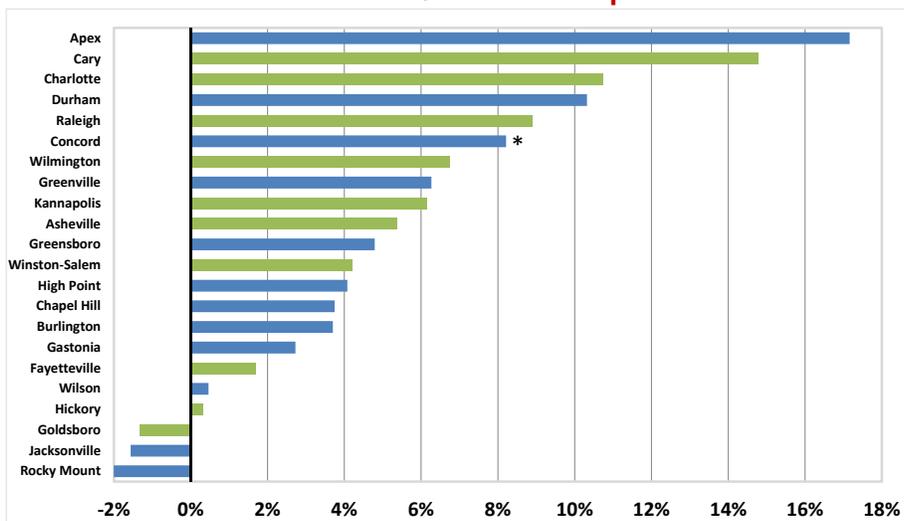
(24% increase over FY15)

- Cabarrus Arts Council - \$2,000
- Meals on Wheels: \$5,000
- Cooperative Christian Ministries: \$6,000
- Cabarrus Literacy Council: \$5,000
- Coltrane LIFE Center: \$5,000
- Hope Haven: \$5,000
- Multicultural Community Student Union: \$3,000
- Opportunity House: \$2,000
- Prosperity Unlimited: \$8,500
- Prosperity Community Connection: \$1,500
- Salvation Army: \$5,000
- Safe Alliance: \$3,000

LOOKING AHEAD

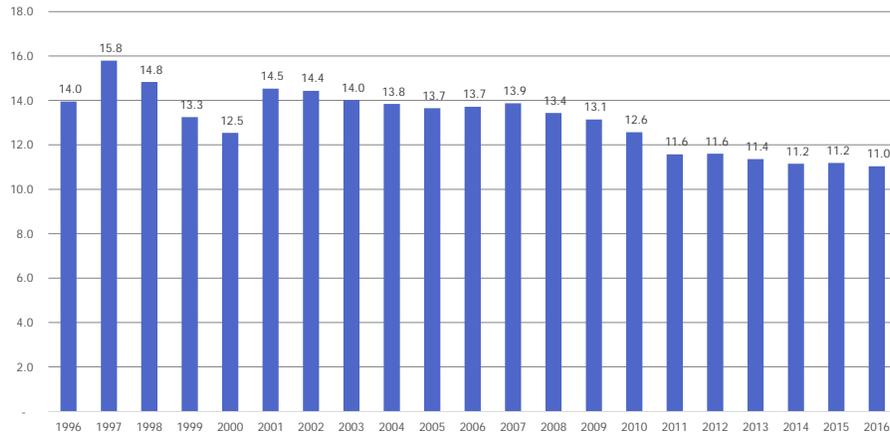
- NC General Assembly
- Challenges of a growing city
- FY 2016-17

Population Growth Rates for NC Full Service Cities with 40,000+ Population

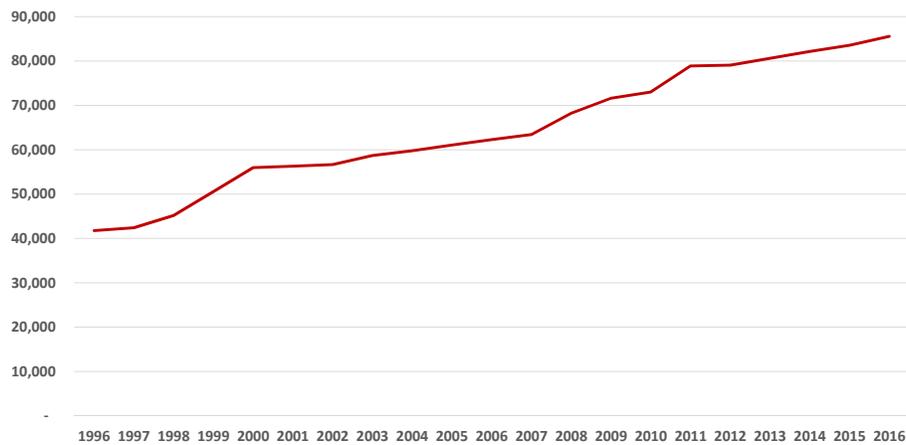


Cities in green are proposing a tax rate increase for FY15-16.

City Employees per 1,000 Citizens



Concord Population Growth



The Budget Adoption Process:

Budget Workshop June 9, 2015
Smart Grid/Meter Project

Budget Hearing (regular meeting)
June 11, 2015

Budget Adoption
Last week of June

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 the City Clerk's Office
(located within Municipal Building).