



May 29, 2020

The Honorable William C. "Bill" Dusch, Mayor  
Members of the City Council  
Concord, North Carolina

Dear Mayor Dusch and Members of the City Council:

I am pleased to present to you the Fiscal Year 2020-2021 Annual Budget for your review and consideration. This proposed budget represents the goals and priorities expressed by you at our annual planning session and budget workshop. Staff has worked hard to align your goals with the recommended projects and operational items. Continuous improvement has and will continue to be at the forefront of our decision-making process.

The proposed annual budget was prepared in accordance with North Carolina General Statutes Chapter 159, Article 3, The Local Government Budget and Fiscal Control Act. All funds within the proposed budget are balanced, and all revenues and expenditures are identified for Fiscal Year 2020-2021. I want to offer a special thank you to Assistant City Managers Joshua Smith and LeDerick Blackburn; Finance Director Pam Hinson; Budget staff Lesley Reder, Amanda Newton, and Brandon Edwards; and all Department Directors for their tireless efforts to work through a variety of scenarios to provide the proposed budget documents.

The City-wide budget totals \$268,897,885 for all funds, including utilities and special revenue funds. This is an overall budget increase of 4% over the FY 20 adopted budget.

The recommended General Fund budget for FY 2020-2021 totals \$102,168,959 for City personnel, operations, capital improvements and debt service. This recommendation maintains the tax rate at 48¢ per \$100 of valuation, which is the same tax rate since 2013. As in past years, this proposed tax rate continues restricting the 2¢ budgeted for use in the Transportation Improvement Fund as mandated by City Council.

This year, the recommended budget includes additional City Council mandates of 0.5¢ to the Transportation Improvement fund, 1¢ for Parks & Recreation projects, and 1¢ designated to affordable housing. However, due to the COVID-19 crisis and uncertainty on General Fund revenues, the budget ordinance reflects these mandates funded at half these amounts. If additional General Fund revenues are realized above what are budgeted, these 3 mandates will be funded at the full respective amounts. It is furthermore anticipated that if additional General Fund revenues are not realized, these 3 mandates will be fully funded even if this results in allocating money from the General Fund fund balance. These 3 mandates will enable the City to more quickly reach its goals put forth in the Strategic Plan.

Per the Cabarrus County tax collector's office, the City's updated assessed property values are \$13,935,629,415 an increase of 18% over the previous year. One cent on the property tax rate equates to \$1,393,563 before the City's collection rate is applied. The revenue neutral tax rate, using the formula provided in G.S. 159-11(e), is calculated at 41.65¢ for FY 2020-21.

No rate increases are anticipated for the Water, Stormwater, or Wastewater funds, despite a 2.4% increase in our wastewater treatment rates from WSAAC. No changes are recommended in electric rates at this time. As is the practice, if there is a need to consider a Purchased Power Adjustment, changes would be implemented in the September time frame.

Per Council's direction, the focus of this budget is maintaining essential services provided to our residents and businesses and funding essential projects as necessary to maintain and improve the quality of life in a growing community. To do this and to continue making basic capital purchases, I am recommending the use of \$10,809,635 from the City's General Capital Reserve Funds and \$4,000,000 from the City's Utility Capital Reserve Fund to pay for one-time expenses and projects. Capital Reserve Funds are used to accumulate funds for projects that are included in the City's capital improvement plan.

The Council's goal is to maintain a General Fund balance target between 30% and 35% of expenditures. The anticipated General Fund balance will continue to meet the Council's goal.

### **GENERAL FUND EXPENDITURE HIGHLIGHTS (OPERATIONS)**

The General Fund is comprised of five categories: General Government, Public Safety, Public Works, Economic Development, and Culture & Recreation. A detailed description of each of these categories and associated expenditures are contained within the budget documents. I have highlighted some of the major changes recommended in the FY 2020-2021 operations budget below:

#### **GENERAL GOVERNMENT**

##### Governing Body

- Contribution to The Salvation Army, Year 1 of 3: \$50,000

##### Public Services Administration

- Truck Shed Painting – Ceiling Joists and Metal Doors: \$23,000

##### City Manager's Office

- 1 New Assistant City Manager
- Centralized Video Production Services: \$15,000
- Neighborhood Matching Grant funds – allow neighborhoods to participate in an annual grant program to make qualified improvements in their community: \$30,000

##### Human Resources

- Market Study of City Jobs: \$40,000 (goal is to evaluate roughly 25% of City positions each year)

##### Finance

- 1 Accountant (FTE shifted from Public Housing to the General Fund)
- Software enhancements to automate accounts payable entry: \$10,000

##### Non-Departmental

- Worker's Comp pool – money set aside to pay for unanticipated claims, which cannot be handled in individual operating budgets
- Clearwater Artist Studios – Install Access Card Reader system: \$15,000
- Clearwater Artist Studios – Rebuild exterior walls, reset windows, correct ponding issue: \$51,000
- 66 Union Street – Provide funding for renovations to support non-profit rental spaces: \$20,000

#### **PUBLIC SAFETY**

##### Police

- 6 New Police Officers
- 1 New SRO for West Cabarrus High School
- 1 New Lieutenant for departmental accreditation
- Education Incentive pay – recruitment and retention tool for officers possessing degrees/credentials: \$10,000
- Mobile Radio Replacements (25): \$83,130
- Year 4 of 4 for Patrol Rifle replacements (29): \$37,903
- Year 1 of 2 for Patrol Rifle Optics (64): \$25,400
- Body Armor Replacements & for New Hires (49): \$30,135

- Year 5 of 5 Body Cameras: \$147,500
- Carpeting Replacement, Phase 1 of 2: \$75,000

#### Code Enforcement

- Replacement Ford Rangers (2): \$56,000

#### Radio Shop

- APX 1500 Mobile Radios (2) and 1 APX 4000 Radio: \$8,759

#### Emergency Communications

- APX 4500 Radios (2) for Event Consoles: \$6,520
- Begin design of Joint Communications Facility: \$125,000 (funded with capital reserves and future project revenues)

#### Fire

- 18 New Fire positions associated with Engine 12 to begin April 2021
- 3 New Division Chiefs to begin April 2021
- Technology Updates to Improve Communication and Performance: \$59,304
- Station Alerting System Replacement: \$40,000
- Ballistic Gear Sets (8): \$10,000
- Radio Replacements: 1 Portable and 6 Mobile: \$25,560
- Extended Warranty for Fire Safety Trailer: \$16,200

#### Emergency Management

- Internet Connectivity Plan and Modem for the Mobile Command Unit: \$20,497

### **PUBLIC WORKS**

#### Transportation

- 1 New Signal Technician
- 1 Executive Assistant
- Street Resurfacing: \$1,560,000
- Radio Replacements (8) Portables and (9) Mobiles: \$50,997
- Portable Solar Light Tower: \$18,000
- Fiber Splicing Trailer: \$30,000
- Portable Speed Display Signs (2): \$6,000

#### Powell Bill

- Street Resurfacing - \$1,187,339

#### Solid Waste

- Recycling Processing Contract cost increase: \$374,601
- Household Waste Contract cost increase: \$102,994

### **ECONOMIC DEVELOPMENT**

#### Planning & Neighborhood Development

- 1 New Urban Planner
- Small Area Plan – Weddington Road Area: \$40,000
- Updates to the Downtown Master Plan: \$35,000
- Funding for Public Art: \$25,000

#### Economic Development

- Economic Incentives – funds for approved economic development incentives – \$1,045,976

### **CULTURE & RECREATION**

#### Parks and Recreation

- 1 New Athletic Supervisor
- Additional Facility Contract Staff to assist with reservations: \$31,200
- Merger of Odell Youth Athletic Association: \$148,965

- Landscape Installations and Turf Grass Improvements at Parks: \$20,000
- Greenway and Boardwalk Maintenance: \$220,000
- Maintenance at CT Sherill Building: \$77,275
- Smokestack Maintenance at Logan Multipurpose Center: \$60,400
- New Roof for Logan Multipurpose: \$162,470
- Replacement Lighting at Hartsell Park: \$119,000
- Replacement of Existing Basketball Goals with Automated Goals at Recreation Centers Phase 1 of 2: \$24,448
- Supplies for Teen Room Programming at all 3 Recreation Centers: \$8,400

### **GENERAL FUND EXPENDITURE HIGHLIGHTS (CAPITAL)**

#### **PARKS AND RECREATION**

- Northwest/West Park Design: \$867,502
- Caldwell Park Improvements: \$500,000
- Dorton Park Improvements: Greenway connection between YMCA and the Park: \$521,640
- Logan Multipurpose Center Parking Lot Improvements: \$242,000
- Mountain Bike Trail Parking Lot: \$195,000
- Hector H. Henry II Greenway – Riverwalk Phase: \$185,000
- Hartsell Park Improvements – Design: \$85,000
- Design for redevelopment of Academy Recreation Center: \$47,000

#### **FIRE**

- Maintenance and repairs for all Fire Stations: \$234,385
- Active Directory Server Replacement: \$91,844
- Fire Station 12 Construction: \$5,950,000
- Replacement of FD113 and Equipment: \$780,000
- New FD125 (Engine 12) and Equipment: \$780,000
- Replacement of FD510: \$100,000

#### **GENERAL CAPITAL PROJECTS**

- Rutherford Cemetery expansion (inside and outside fencing): \$78,460
- Union Street Streetscape: \$3,300,000
- Traffic Calming at the Brown Operations Complex: \$171,460

#### **GOLF COURSE**

- Range Netting Replacement: \$100,000

#### **TRANSPORTATION**

- Pedestrian Improvement Plan for Sidewalks: \$500,000
- Brown Center Expansion Road: \$800,000
- Purchase and upfit of former Cabarrus County facility for Transportation: \$1,167,232
- I-85 Branding Project – Monument Signs: \$200,000

#### **EMERGENCY COMMUNICATIONS**

- Replacement DVS Server: \$18,334

#### **SOLID WASTE**

- Replacement Rear loader: \$180,000

## **MUNICIPAL SERVICE DISTRICT**

- The recommended tax rate for the MSD is 23¢ per \$100, which is unchanged. The revenue neutral calculation for the MSD is 20.55¢. The City collects these monies and remits the full amount back to the Concord Downtown Development Corporation. It is anticipated this amount to be \$125,707 for FY 2020-2021.

## **ENTERPRISE FUND EXPENDITURE HIGHLIGHTS (OPERATIONS)**

### **STORMWATER FUND**

- Security Enhancements for Shed Access: \$7,500
- Replacement Street Sweeper SW326: \$230,000
- Replacement GIS Server (1/3 cost share with Water & Wastewater): \$20,000

### **WATER FUND**

- Water Operations & Maintenance
  - 1 New Utility Systems Technician
  - Security Enhancements for Shed Access: \$7,500
  - Replacement GIS Server (1/3 cost share with Water & Stormwater): \$20,000
  - Replacement Crew Truck W133: \$75,000
- Coddle Creek Water Treatment Plant
  - Vibration Analysis for Pumps: \$30,000
  - Security Enhancements: \$25,000
- Hillgrove Water Treatment Plant
  - Vibration Analysis for Pumps: \$20,000
  - Security Enhancements: \$25,000

### **WASTEWATER FUND**

- WSACC 2.4% rate increase: \$178,235
- Replacement S410 Loader: \$220,000
- Security Enhancements for Shed Access: \$7,500
- Replacement GIS Server (1/3 cost share with Water & Stormwater): \$20,000

### **ELECTRIC FUND**

- 1 New Trimming Crew Leader
- 1 New Tree Trimmer II
- Tree Trimming Contract decrease: \$215,000
- Capacitor Bank Placement Study: \$35,000
- Articulating Telescopic Device for accessing small spaces: \$218,000
- Increase in Materials Budget from FY 20: \$644,000
- Overhead Construction contract: decrease of \$50,000
- Underground Construction contract: decrease of \$100,000

### **AVIATION**

- AVGAS fuel costs – 25% budget decrease: \$206,565
- JET A fuel costs – 68% budget decrease: \$2,675,691
- Begin resurfacing hangar floors in A & C: \$60,000
- Replacement Foam for Fire Suppression System: \$50,000
- Replacement Servers for Parking Deck: \$35,000
- Replace T-Hanger Door Tracks and Roller Wheels (33): \$29,000

## **TRANSIT**

- TransDev contract: increase of \$134,830

## **PUBLIC HOUSING**

- Shift supervision of 1 Accountant to Finance

## **ENTERPRISE FUND EXPENDITURE HIGHLIGHTS (CAPITAL)**

### **WATER FUND**

- Poplar Tent Road 24" Waterline Extension: \$210,000
- Raw Waterline for Coddle Creek Water Treatment Plant: \$3,600,000
- Spring Street 8" Waterline Replacement: \$950,000
- US Highway 601 Pump Station Rehabilitation: \$250,000
- Union Street Streetscape (Water): \$878,000
- NC Highway 73 Water Main Connection to Charlotte Water: \$750,000
- General Services Drive, 12" Parallel Water Line: \$64,000
- Zion Church Road 12" Parallel Water Line: \$100,000
- Coddle Creek Water Treatment Plant, Dewatering Process Improvements: \$100,000
- Poplar Tent Road Widening, Poplar Tent: I-85 to George Liles Parkway: \$200,000
- NC 73 Widening, Poplar Tent Road to US 29: \$400,000

### **WASTEWATER FUND**

- Poplar Tent Road Sewer Extension at Cobblestone Lane: \$360,000
- Cold Water Creek Tributary Outfall to NC Highway 49: \$1,783,000
- Coddle Creek Tributary Outfall to Sunberry Lane: \$798,000
- Union Street Streetscape (Sewer): \$234,000
- Sewer Lining & Manhole Maintenance: \$1,000,000

### **STORMWATER FUND**

- Duval Street Culvert Replacement: \$1,112,000
- Dylan Place Culvert Replacement, Upper & Lower: \$130,000
- Union Street Streetscape (Stormwater): \$436,000

### **ELECTRIC FUND**

- New Delivery #4 & 110kV Interconnect: \$5,000,000
- 100 kV Interconnect Between Delivery #4 and Sub E: \$1,000,000
- Construction of New Electric Substation R on Poplar Tent Road: \$500,000
- Construction of New Electric Substation S on US Highway 601S: \$3,510,000
- Delivery #1 Replacement: \$300,000
- Construction of New Electric Substation T on Concord Parkway South: \$1,000,000
- Construction of New Electric Substation U near Cabarrus Arena: \$1,000,000
- Construction of New Electric Substation V near Weddington Road: \$1,000,000
- Construction of New Electric Operations Center: \$1,500,000
- Union Street Streetscape (Electric): \$1,108,220

## **PERSONNEL HIGHLIGHTS**

Personnel expenditures include salaries, FICA, group insurance, retirement, 401K, longevity pay, merit pay, and other miscellaneous benefits for coworkers. Contract, legal, medical, and other outside professional

services are not included under personnel. They are included under the Operations category. For FY 2020-2021, personnel expenditures account for \$86,591,003 or 31.4% of the total budget.

This year, I am proposing funds for reasonable performance-based merit increases. An overall average increase of 2% is recommended with merit increases to range from 1% to 3%, depending upon performance. A 1.5% market adjustment will be provided to all employees effective July 1, 2020. I am proposing a continuation of our career development program in the coming year to allow staff to enhance their skills sets – benefiting themselves and the City. As employees complete their career development, I am proposing they receive a 1.5% salary increase.

This budget includes funding for 39 FT additional staff positions for FY 2020-2021. The recommended positions are as follows:

General Fund (35 FT)

- City Manager's Office: Assistant City Manager
- Finance: Accountant (moved from Public Housing)
- Police: School Resource Officer for West Cabarrus High School
- Police: 6 Police Officers
- Police: Lieutenant
- Fire: Staffing for Engine 12 in April 2021 – Firefighter (6), Fire Engineer (3), Fire Lieutenant (3), Fire Captain (3), Battalion Chiefs (3)
- Fire: 3 Division Chiefs in April 2021
- Transportation: Executive Assistant in January 2021
- Transportation/Signals: Signal Technician I
- Planning: Urban Planner
- Parks & Recreation: Athletics Supervisor

Other Funds (4 FT)

- Electric/Tree Trimming: Tree Trimming Crew Leader
- Electric/Tree Trimming: Tree Trimmer II
- Water Resources: Utility Systems Technician
- Building & Grounds: Grounds Maintenance Worker

A total of 1,118.20 full-time equivalent positions are recommended for funding.

The City is self-insured for the medical insurance available to employees and their dependents. For FY 2020-2021, the City's PPO plan will be eliminated and replaced with the Basic Plan, which offers reduced premiums for coworkers in exchange for higher deductibles and out-of-pocket maximums. Coworkers have the option of selecting the Basic Plan or an HRA plan, which offers a lower deductible for a higher premium. Both plans are self-funded and administered by Blue Cross/Blue Shield. A small premium increase in employee cost is recommended for the HRA plan.

Wellness efforts are a priority, both for the benefit of our coworkers and to reduce costs. The City of Concord Wellness Center provides a basic level of routine medical services and health screenings to all full-time City of Concord employees, along with retirees, spouses, and dependents enrolled in the insurance plan. It is not intended to replace an individual's primary care physician, but rather to provide a convenient, no-cost access point for basic medical care. The Center is staffed by a licensed nurse practitioner and a medical office assistant with direct oversight by a licensed physician.

Coworkers are offered an incentive again this year for managing their health. If an employee visits his/her dentist for an annual cleaning appointment, the coworker will qualify for a reduction in dental insurance

premiums. Employees who complete a Health Risk Assessment and certify they do not use tobacco or attended a tobacco cessation program if they do, will receive a reduction in monthly health care premium costs. The Health Risk Assessment includes the completion of a questionnaire and biometric measures. Health care benefits are provided for eligible retirees until they become Medicare eligible. This benefit will cost the City more as the retirement rate for baby boomers continues to increase.

The City's required contribution levels to the North Carolina Local Government Employees Retirement System will increase with FY 2020-2021. The contribution per general employee increased to 10.15%, while contributions for law enforcement officers are 10.90%. The budget also maintains the City's 401(k) contribution for coworkers at 3.5%. By State mandate, the City contributes 5% to accounts for sworn law enforcement officers.

## **KEY RECOMMENDATIONS AND CHALLENGES FOR THE FUTURE**

### **THE ECONOMY & CHALLENGES OF GROWTH**

Before the unprecedented COVID-19 pandemic, the City of Concord was extremely fortunate to have a flourishing economy over several consecutive years. Although we are currently experiencing an economy in crisis, our City continues to look to the future as we position ourselves to be part of North Carolina's efforts to lead the anticipated economic recovery after this health crisis is under control. Staff are working hard each day to develop and redevelop our City into a continued desirable place for businesses and our citizens. We value our partnership with Cabarrus County and Cabarrus Economic Development Corporation as we work closely together to attract and retain quality, high-paying jobs for our residents.

The total effects of COVID-19 are still unknown. A pandemic has been declared across the globe and the financial situation here in Concord is rapidly evolving. Many businesses were forced to temporarily close and unemployment claims are at record numbers. The City continues to fight this pandemic with our resources as we strive to keep our coworkers and citizens safe. Staff has prepared for the worst-case scenario as we estimate revenue losses for the proposed budget year. Anticipated revenue loss in this proposal is projected to be \$7.5 million, the discussion details related to these revenues may be found in this document in the section titled Major Revenue Sources. One-time capital outlay and capital projects will be funded with fund balance and retained earnings reserves for all City operating funds.

With the adoption of the 2030 Land Use Plan, staff, in conjunction with Council, will be aligning our Development Ordinances with the Plan. This will assist and guide us in future development of the City. We continue to examine various expected growth areas across the City and develop small area plans for the type of growth we desire.

Providing excellent customer service has been and will remain a priority for our staff. Additional growth leads to an increase in service demands for City residents. While we focus on providing efficient service, adding personnel to meet these demands must occur. As previously described, I am proposing to add 39 full-time staff members in the FY 2020-2021 budget.

### **DOWNTOWN DEVELOPMENT**

The public process is complete to determine what our downtown streetscape will look like in the future. Staff presented the options to Council and implementation of their approved plan "a new Union StreetScape" will continue in the proposed budget year. Development (new and infill) continues to be strong in Downtown Concord. New businesses and restaurants continue to fill spots as soon as they are vacated. The City has worked hard with Cabarrus County and Lansing Melbourne to develop 30 Market

Street (current surface lot and former Police Department), 26 Union Street (former City Hall), and the Cabarrus County parking deck “wrap”. It is anticipated these projects will move forward in the coming year resulting in 292 housing units with 170 of these being affordable/workforce units. The value of these projects is estimated to be \$50M once completed.

### **WATER, WASTEWATER, AND STORMWATER NEEDS**

Funding is proposed to continue the implementation of our Water, Wastewater, and Stormwater Master Plans. The proposed CIP covers many of these projects for the upcoming year and into the future. The City has been fortunate to have available funds, which have been used for the past couple of years to pay for many of these needed improvements. System development fees will be used in water and wastewater to pay for some of the capital expenses proposed in this budget.

My proposal includes the plan of culvert replacements in the City for our Stormwater fund. The water department will construct a raw waterline at from Coddle Creek. The wastewater fund will begin a major project if this proposal is adopted. The City will be partnering with the land owners to run sewer to the project now called The Grounds (former Phillip Morris site). This project, once complete, will open the way for job-producing development.

### **ELECTRIC SYSTEMS**

Concord entered into a 20-year agreement with NTE effective January 1, 2019 to purchase power. The contract also provides for access to power produced from other types of generation if it is more cost effective to buy on the market. Though early in the contract, NTE’s performance has been exceptional. Our cost of purchasing power has continued to drop resulting in a savings to the City. As you will see in the proposed budget to include future years of CIP, we have a great deal of projects to construct to account for the growth of our City – both retrofitting existing stations, planning to build additional new stations, and constructing an Electric Operations Center. These investments in our electric system will continue our pursuit for reliable public power now and into the future.

### **TRANSPORTATION**

#### **Surface Transportation**

This budget maintains the Transportation Improvement Fund created by the City Council to fund transportation projects. Citizen surveys continue to impress upon me the desire for transportation improvements in the City. This year, I am recommending an additional 0.5¢ of the tax rate be allocated to transportation projects (budget ordinance will only reflect half of this due to previously stated reasons). The primary focus of these dedicated monies will be to these transportation funds will now come from 2.5¢ of the property tax rate (once fully funded) and are supplemented by dollars generated from local vehicle license fees.

Staff continue to work closely with NC DOT on projects in our City to reduce traffic and congestion concerns. The City maintains over 261 miles of sidewalk and over 356 miles of roads. With cost increases, we can and should improve the maintenance of these assets. In addition, we have areas across the City where sidewalks could be placed to enhance the aesthetics and walkability of our community.

In FY 20, our current motor vehicle tax was increased to \$30. State Statutes dictate how the tax is used. Currently, the \$30 is broken up accordingly: \$5 goes toward Transit, \$5 go towards sidewalks, and \$20 supplements our costs of resurfacing. Major projects in this proposal include a road expansion at the Brown Operation Center and upfitting the former Cabarrus County Facility for City operations.

**Public Transit**

Federal funding remains the core of the Rider public transit system. As the lead agency, Concord is the responsible party for Federal transit funds for not only Rider but also for Cabarrus County transit, Rowan County transit, and Salisbury transit. The Public Transit Master Plan was completed this past year and shared with Cabarrus County and its municipal elected/appointed officials as well as the Charlotte Area Transit System (CATS). The Plan details a variety of suggestions for enhancing our current systems (Rider and the County) internally (consolidation) and externally (continued partnership with CATS). Transit staff along with County transit staff will be working together in the coming year to determine which of the recommendations we can feasible accomplish in the near future.

**Concord-Padgett Regional Airport**

Allegiant Travel Company has announced plans to establish a base of operations at Concord-Padgett Regional Airport. The Las Vegas-based company will invest \$50 million to establish the new base in Concord, creating at least 66 high-wage jobs and housing two airbus aircraft. Due to the COVID-19 crisis, this project has been placed on a temporary hold, but the City still expects this project to begin in this budget year.

**PUBLIC SAFETY**

The permanent Fire Station #10 is nearing completion. Construction of Fire Station #12 is included in the proposed budget. In addition, Fire, Police, and Communications are exploring property options for a joint training facility, which would be constructed and operated by the City with the possibility of relocating our current Communications Department (currently housed in Fire Station #3) to said facility. Our current 911 center is out of room, and we need additional space to accommodate our growth and subsequent call volumes.

**SOLID WASTE**

Solid Waste services continue to provide an incredible and comprehensive service to our citizens. As the City grows, so does the number of our pickup locations. While the current crisis has produced a slowdown in residential development, I feel this will increase in the coming year. Contractual costs along with recycling processing fees are reflected as almost a \$500,000 increase. With new collection and processing agreements that took effect July 1, 2019, the upcoming budget must account for about \$900,000 in increased expenses. A solid waste fee was implemented in FY 20 to offset some of the expense that was covered by property tax revenues. No increase to this fee is proposed in FY 21.

**AFFORDABLE HOUSING**

Affordable housing is an area that needs greater emphasis in our City and was specifically called out in the City's Strategic Plan. In FY 20, the Concord Family Enrichment Association (CFEA) was formed. This non-profit will allow the City to pursue funding opportunities that are not possible under the City's existing Housing Department. An affordable housing study conducted in FY 20 showed a sizable deficit in the number of affordable units within the City. To address this need, I am recommending 1¢ of the tax rate be set aside to fund the building of new affordable housing units and/or the renovation of dilapidated housing for affordable housing purposes. The budget ordinance will reflect half of this amount due to the current revenue impacts from the crisis. The full funding of this initiative will occur during FY 21 when additional General Fund revenues are received beyond what is proposed.

## **RECREATION AND OPEN SPACE**

Hector H. Henry, II Greenway: Riverwalk Phase is anticipated to be complete in the summer of 2020, and the Dorton Park Master Plan is also under development. The Connectivity Study has been completed and adopted by City Council. It continues to drive additional park and recreational opportunities and guide us in how we connect neighborhoods, communities, schools, and other life centers across the City. In the coming year, staff will be focused on site control for the eventual building of greenways and other pedestrian-friendly trails throughout the City. This effort is greater, of course, than what can be accomplished in the coming year and will continue into the future. Staff will be meeting with property owners, neighborhoods, and developers to share the City's interconnected vision with the goal of acquiring as much land as possible through donations to the City. This will allow us to place additional monies into greenway/trail development. Land has been purchased for the construction of a much-needed park in the northwest section of the City. Plans and final design of this park will occur in FY 21. There are many funding needs, and I have proposed that 1¢ of the City's tax rate be dedicated to future recreational needs. Again, the budget ordinance will reflect half of this amount until additional revenues are realized in the General Fund during FY 21.

## **CUSTOMER SERVICE AND CITIZEN COMMUNICATIONS**

Excellent customer service remains at the core of what the City's staff strive for on a daily basis. Citizen communications will continue to be varied and expansive. Direct mailings such as the "City Circular" newsletter, newspaper placements, the electronic newsletter, the City's website, news releases, television, radio, and other outlets will continue. The City's current website is currently being overhauled to make it more user-friendly and easier to navigate. We expect the update to be complete early in the FY 21 budget year. Our social media outreach will continue to increase in the coming year, as my focus to staff has been on "telling our story" more efficiently and effectively – and of course, more often.

The Journey Through Concord program will continue to be an important tool (internally) for our employees to gain a better, more thorough understanding of the entirety of City operations. Our Concord 101 and Public Safety Academy programs are likewise critical education venues for the public to join us in learning more about City functions and how we operate. The Civic Education program is an important partnership with Cabarrus County Schools and 3<sup>rd</sup> grade students to better inform them of the services the City provides. Youth Council continues to flourish and provides a great venue for high school students to be engaged in our community and to increase their leadership abilities.

## **EMPLOYEE COMPENSATION AND BENEFITS**

It is my desire to attract and retain the very best employees possible. Our ability to do this is vital to the City's success in addition to the level of customer service we are committed to providing to our citizens. We continue to compete, not only with other governmental entities, but also with the private sector for many of our positions. My proposal last year included increasing our minimum wage to \$15/hour (or \$31,200 annual salary), and City Council's adoption of that proposal continues to aid us in attracting great employees. Much work has gone into our workplace culture with our efforts directed at making the City of Concord a preferred employer – a place where our employees are excited about coming to work each day, find value in the work they perform, and share their experiences with others to encourage them to likewise seek employment on Team Concord. Flexible scheduling, flexible work space, enhancing internal communication, continually seeking feedback throughout the organization, additional training opportunities (including across Departments), and providing additional information to employees about their benefits are just some examples of the initiatives our staff are taking to meet this goal.

## **EXTERNAL AGENCY FUNDING**

Non-profits play an important role in ensuring a high quality of life in our community and, in some cases, providing a safety net for those in need. City funding provided to these agencies allow us to focus on our core mission of providing municipal services. While many of the services these agencies provide are vital, they are not considered "municipal" in nature in North Carolina. Community Development Block Grant funds can be used for human services and housing, but they are limited to a certain percentage of the grant amount. All non-profits receiving funds from the City must sign an agreement and are accountable for how they spend these public monies.

The recommendations call for allocations to many of the agencies that received City support last year. \$103,000 is recommended from the General Fund. \$91,500 is recommended from Community Development Block Grant monies. \$25,000 is recommended from the utility funds. The individual agency funding recommendations are included within the budget of their associated functional areas as directed by Council.

## **CONCLUSION**

The FY 2020-2021 budget proposal operationalizes the goals of the 2020-2023 Strategic Plan for the City of Concord established by the Mayor and City Council. I, along with staff, have been very deliberate in ensuring we first maintain the basic services to our citizens while looking for ways to build upon and enhance the quality of life for our City. With the current crisis, there is a great deal of uncertainty about how quickly our local economy will "recover" and how this might impact revenues to the City. We are likewise uncertain if the State or Federal government will assist us with these revenue shortfalls. As such, conservative revenue projections are included in this proposed FY 21 budget. I am hopeful our economy will rebound quickly, revenues will be higher than projected, and full funding of the Transportation, Housing, and Parks & Recreation initiatives will occur.

Staff has worked hard to craft this proposed budget, and I am honored to recommend it to you for your consideration and adoption. Concord is resilient. Rest assured, your staff are prepared to meet the future challenges of our City and will do so in the utmost professional manner.

Respectfully submitted,

A handwritten signature in black ink, reading "Lloyd Wm. Payne, Jr." in a cursive script.

Lloyd Wm. Payne, Jr., ICMA-CM  
City Manager

**2020-2021 BUDGET ORDINANCE**

BE IT ORDAINED by the City Council of the City of Concord, North Carolina, meeting in open session this xxth day of June 2020 that the following fund revenues and departmental expenditures, together with certain restrictions and authorizations are adopted.

**SECTION I. GENERAL FUND:** Revenues totaling \$102,168,959 are hereby approved from the following sources:

|  |                      |
|--|----------------------|
| Ad Valorem Taxes                       | \$64,037,876         |
| Sales Taxes                            | 18,042,860           |
| Unrestricted Intergovernmental Revenue | 5,793,818            |
| Restricted Intergovernmental Revenue   | 4,148,308            |
| Licenses, Permits and Fees             | 2,006,300            |
| Sales & Services Revenue               | 2,865,018            |
| Other Revenues                         | 643,480              |
| Investment Earnings                    | 4,406                |
| Transfer from Capital Reserves         | 4,626,893            |
| <b>TOTAL</b>                           | <b>\$102,168,959</b> |

A total of \$102,168,959 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

|  |                       |
|--|-----------------------|
| Governing Body                           | \$ 268,672            |
| Public Services – Admin.                 | 101,584               |
| City Manager's Office                    | 844,298               |
| Human Resources                          | 799,853               |
| Wellness Center                          | 257,906               |
| Finance                                  | 764,793               |
| Tax                                      | 391,115               |
| Legal                                    | 409,077               |
| Non-Departmental                         | 6,516,822             |
| Police                                   | 25,564,211            |
| Code Enforcement                         | 1,064,477             |
| Communications                           | 2,002,978             |
| Radio Shop                               | 512,654               |
| Fire                                     | 24,735,443            |
| Fire – Prevention                        | 1,003,607             |
| Fire – Training                          | 586,906               |
| Emergency Management                     | 207,266               |
| Streets & Traffic                        | 9,066,780             |
| Powell Bill                              | 1,742,764             |
| Traffic Signal Division                  | 1,210,096             |
| Traffic Services                         | 606,824               |
| Solid Waste & Recycling                  | 8,665,496             |
| Cemeteries                               | 737,208               |
| Fleet Services (costs are direct billed) | 0                     |
| Planning & Neighborhood Development      | 3,516,910             |
| Transportation Planning                  | 348,820               |
| Economic Development                     | 1,416,803             |
| Parks & Recreation                       | 8,652,817             |
| Parks & Recreation - Aquatics            | 172,779               |
| <b>TOTAL</b>                             | <b>\$ 102,168,959</b> |

**SECTION II. SPECIAL REVENUE FUNDS:** Revenues totaling \$8,375,119 are hereby approved comprising Municipal Service District Tax Revenues, Community Development Block Grant Funds and H.O.M.E. Program, Transportation

Improvement Fund, \$5 Vehicle Tax – Transit Fund, Housing Assistance Voucher Program, Market Rate Units Fund, and Affordable Housing Revolving Fund.

A total of \$8,375,119 is hereby authorized to be expended from Special Revenue Funds as follows:

|   |                    |
|---|--------------------|
| Municipal Service District Fund         | \$125,707          |
| Housing Assistance Voucher Program Fund | 4,955,934          |
| Community Development Block Grant Fund  | 682,540            |
| H.O.M.E. Consortium Fund                | 1,479,335          |
| \$5 Vehicle Tax – Transit Fund          | 390,000            |
| Market Rate Units Fund                  | 65,771             |
| Affordable Housing Revolving Fund       | 675,832            |
| <b>TOTAL</b>                            | <b>\$8,375,119</b> |

**SECTION III. ELECTRIC FUND:** Revenues are hereby approved comprised of \$84,008,625 in operating revenues, \$70,000 in non-operating revenues, and \$2,059,282 in retained earnings appropriated. A total of \$86,137,907 is hereby authorized to be expended from the Electric Fund as follows:

|                           |                     |
|---------------------------|---------------------|
| Electric Administration   | \$3,861,083         |
| Purchased Power           | 49,271,048          |
| Maintenance - Power Lines | 7,878,516           |
| Tree Trimming             | 1,488,077           |
| Electric Construction     | 22,035,573          |
| Peak Shaving              | 115,435             |
| Electric Engineering      | 1,207,543           |
| Utility Locate Services   | 280,632             |
| <b>TOTAL</b>              | <b>\$86,137,907</b> |

**SECTION IV. WATER FUND:** Revenues are hereby approved comprised of \$25,510,100 in operating revenue, non-operating revenue of \$49,000, and \$5,469,287 in retained earnings appropriated. A total of \$31,028,387 is hereby authorized to be expended from the Water Fund as follows:

|                                      |                      |
|--------------------------------------|----------------------|
| Hillgrove Water Plant                | \$ 3,544,285         |
| Coddle Creek Water Plant             | 9,364,278            |
| Waterlines - Operation & Maintenance | 18,119,824           |
| <b>TOTAL</b>                         | <b>\$ 31,028,387</b> |

**SECTION V. WASTEWATER FUND:** Revenues are hereby approved comprised of operating revenues of \$17,510,000 and non-operating revenues of \$2,000. A total of \$17,512,000 is hereby authorized to be expended from the Wastewater Fund as follows:

|                                     |               |
|-------------------------------------|---------------|
| Wastewater Operations & Maintenance | \$ 17,512,000 |
|-------------------------------------|---------------|

**SECTION VI. STORMWATER FUND:** Revenues are hereby approved comprised of \$4,850,375 in operating revenue, \$6,000 in non-operating revenues, and \$199,901 in retained earnings appropriated. A total of \$5,056,276 is hereby authorized to be expended from the Stormwater Fund as follows:

|                                     |              |
|-------------------------------------|--------------|
| Stormwater Operations & Maintenance | \$ 5,056,276 |
|-------------------------------------|--------------|

**SECTION VII. AVIATION FUND:** Revenues are hereby approved comprised of \$5,721,921 in operating revenue, \$89,200 in non-operating revenue, \$1,000,000 in restricted intergovernmental revenues, \$29,500 in licenses, \$1,859,057 in retained earnings appropriated, and a transfer of \$816,046 from the General Fund. A total of \$9,515,724 is hereby authorized to be expended from the Aviation Fund as follows:

|                    |             |
|--------------------|-------------|
| Aviation Operating | \$9,515,724 |
|--------------------|-------------|

**SECTION VIII. GOLF COURSE FUND:** Revenues are hereby approved comprised of \$1,746,145 in operating revenues, \$18,273 in other revenues, and a transfer from the General Fund of \$940,163. A total of \$2,705,061 is hereby authorized to be expended from the Golf Course Fund as follows:

|                       |             |
|-----------------------|-------------|
| Golf Course Operating | \$2,704,581 |
|-----------------------|-------------|

**SECTION IX. TRANSIT FUND:** Revenues are hereby approved comprised of \$315,215 in operating revenues, restricted intergovernmental revenue of \$3,993,998 transfer of \$390,000 from the \$5 Vehicle Tax – Transit Fund, and a transfer from the General Fund of \$267,520. A total of \$4,966,733 is hereby authorized to be expended from the Transit Fund as follows:

|                               |                    |
|-------------------------------|--------------------|
| Transit Farebox/Local Expense | \$1,347,560        |
| Transit Grant Expense         | 3,619,173          |
| <b>TOTAL</b>                  | <b>\$4,966,733</b> |

**SECTION X. PUBLIC HOUSING FUND:** Revenues are hereby approved comprised of \$480,000 in operating revenues, \$100,000 in other revenue, and HUD contributions of \$852,199. A total of \$1,432,199 is hereby authorized to be expended from the Public Housing Fund as follows:

|                           |             |
|---------------------------|-------------|
| Public Housing Operations | \$1,432,199 |
|---------------------------|-------------|

**SECTION XI. DEBT SERVICE (FIRST CONCORD):** Revenues are hereby approved comprised of transfers from operating funds in the amount of \$4,199,994. A total of \$4,199,994 is hereby authorized to be expended from First Concord for debt service payments as follows:

|           |             |
|-----------|-------------|
| 2010 LOBS | \$878,800   |
| 2014 LOBS | \$3,321,194 |

**SECTION XII. ENCUMBRANCES AS OF JUNE 30, 2020:** Funds appropriated in the 2019-2020 budget and encumbered at June 30, 2020, shall be authorized as part of the 2020-2021 budget appropriation by adoption of this budget ordinance.

**SECTION XIII. EMPLOYEE COMPENSATION:** In accordance with the provisions of the current Personnel Policy for the City of Concord, a 3.5% contribution to a 401K program is included for all employees except law enforcement. Law enforcement is funded at 5%, as required. Monies have been set aside in each fund for a 1.5% market adjustment to all employees effective July 1, 2020, as well as merit increase opportunities for co-workers. An overall average merit increase of 2% of salaries is authorized in each fund for FY 21. The range for merit increases will be from 1 to 3%, depending on performance.

**SECTION XIV. TAX RATE ESTABLISHED:** An Ad Valorem Tax rate of \$0.4800 per \$100 property valuation is hereby established as the official tax rate for the City of Concord for the fiscal year 2020-2021. The adopted tax rate is based on an estimated valuation of \$13,935,629,415 (including motor vehicles) and an estimated 96.0 percent collection rate. The revenue neutral tax rate is calculated at \$0.4165.

A Municipal Service District Tax of \$0.23 per \$100 property valuation (other than personal property of public service corporations) is hereby established for revitalization and other services permitted under N.C. General Statute 160A-536 in the Downtown Municipal Service District created July 1, 1989. The adopted MSD rate reflects an estimated valuation of \$53,295,705 with an estimated 96.0 percent collection rate. The revenue neutral tax rate is calculated at \$0.2055.

Allocation of the 2020-2021 tax rates will be as follows:

GENERAL FUND  
MUNICIPAL SERVICE DISTRICT

\$ 0.4800  
\$ 0.23

**SECTION XV. SPECIAL AUTHORIZATION – CITY MANAGER:**

- a. The City Manager (or his/her designee if sum is under \$10,000) shall be authorized to reallocate departmental appropriations among the various objects of expenditures, as he believes necessary.
- b. The City Manager shall be authorized to effect interdepartmental transfers in the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is reduced.
- c. Interfund transfers, which are already established in the budget document, may be accomplished without recourse to the Council.
- d. The City Manager, by designation of City Council under NC General Statute 159-13, shall be authorized to appropriate and/or transfer up to \$50,000 in Contingency funds. The transfer must be recorded by budget amendment at the next regularly scheduled City Council meeting.

**SECTION XVI. RESTRICTIONS – CITY MANAGER:**

- a. The interfund transfer of monies, except as noted in Section XV, Paragraph C and D, shall be accomplished with Council authorization only.

**SECTION XVII. UTILIZATION OF BUDGET AND BUDGET ORDINANCE:**

This Ordinance includes the 2020-2021 Annual Operating Budget document, which is on file with the City Clerk and adopted as a part of this Ordinance and is incorporated by reference as if fully re-stated herein. The 2020-2021 Schedule of User Fees, Rates and Charges is also included within the Annual Operating Budget document and is thereby adopted under this ordinance.


This Ordinance shall be the basis of the financial operation of the City of Concord during the 2020-2021 fiscal year. The City Manager shall administer the budget, and he shall insure that operating officials are provided guidance and sufficient details to implement their appropriate portion of the budget. The Finance Department shall establish records, which are in consonance with the Budget and the Ordinance and the appropriate statutes of the State of North Carolina.

This Ordinance is approved and adopted this 11<sup>th</sup> day of June 2020.

CITY COUNCIL  
CITY OF CONCORD  
NORTH CAROLINA

  
William C. Dusch, Mayor

ATTEST:

  
Kim Deason, City Clerk



  
Valerie Kolczynski, City Attorney