

CONCORD CITY COUNCIL
ANNUAL PLANNING SESSION
FEBRUARY 16, 2024

A special meeting of the City Council for the City of Concord, North Carolina, was held in the 3rd floor City Hall Council Chambers located at 35 Cabarrus Ave, West, on February 16, 2024 beginning at 8:00 a.m. with Mayor William C. Dusch presiding.

Council members were present as follows:

Members Present:

Mayor Pro-Tem Jennifer Parsley-Hubbard
Council Member Andy Langford
Council Member Lori A. Clay
Council Member Betty M. Stocks
Council Member JC McKenzie
Council Member Terry L. Crawford
Council Member John A. Sweat, Jr. entered the meeting at 12:00 p.m.

Others Present:

City Manager, Lloyd Wm. Payne, Jr.
Assistant City Manager, Joshua Smith
Assistant City Manager, LeDerick Blackburn
Assistant City Manager, Marcella Beam
City Attorney, Valerie Kolczynski
City Clerk, Kim J. Deason
Department Directors

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Mayor Dusch called the meeting to order and welcomed everyone. The following was discussed:

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Planning - Downtown Sidewalk Furnishings & Façade Grant Changes

The Planning and Neighborhood Development Services Director, Steve Osborne, stated once the Downtown Streetscape project is complete it will provide ample outdoor availability for businesses along Union Street. Downtown Businesses who wish to enter into an encroachment agreement with the city can utilize the sidewalk for outdoor cafes, additional seating, or displays.

He stated staff is proposing alternatives to encourage businesses to provide aesthetically pleasing, durable furnishings (tables, chairs, umbrellas, and portable heaters) by implementing design guidelines and potentially assisting businesses in purchasing furnishings. Noncompliance with design guidelines would result in the encroachment permit being revoked.

He explained staff would explore the following:

1. Establish design guidelines for sidewalk dining furnishings that downtown businesses must follow to obtain an encroachment agreement. (Furniture purchase is the business's responsibility.); and
2. Amend the existing Façade Grant for FY24-25 (one-year offer) to include the purchase of sidewalk dining furnishings as an eligible expense.

He stated the proposed ties into the new Strategic Plan Goal, "Encourage Unique Places & Destinations: The City of Concord will be a regional destination known for its unique neighborhoods, attractions, and vibrant downtown."

He presented a presentation on the proposed guidelines, visuals for compliant furniture,

and estimated cost to the business owners. Consider allowing furnishings to be added to the existing façade grant application for FY24-25.

Electric - AMI

Kody Salem, Senior VP, and Rick Hitzemann, Program Manager, with E-Source provided a presentation to the Council.

Mr. Salem and Mr. Hitzemann explained the process would be conducted in the following three phases: Phase 1 will be mobilization and needs analysis; Phase 2 will be vendor procurement; and Phase 3 will be implementation of the AMI System.

The following project timeline was presented:

Phase 1 – 3-6 months;

Phase 2 – 9-12 months; and

Phase 3 – 24-36 months

Electric – Cost of Service – 2nd year

The Electric Systems Director, Alex Burris, stated power supply costs have been stabilizing. The FY2025 suggested rates continue to work toward fair and adequate revenue recovery and are targeted to be an effective overall bill decrease for the typical customer bill.

He explained the following base rate adjustments and how it would affect service customers;

FY2024 – base rates were adjusted 5.5% (7-01-2023); and

FY2025 – base rates, if approved, are projected decrease to 2.5% from 5.5% from original projection (7-01-2024)

It was the consensus of the Council to approve the 2.5% base rate increase; to set the Purchase Power Adjustment (PPA) to zero at beginning of FY2025 and review quarterly and update as needed; to continue to move the cost of service monthly customer charges slowly over 3-5 years; continue slow progression to balance fixed versus variable cost recovery in rates; and continue to monitor the financial health of the Utility to guide future rates.

Concord-Padgett Regional Airport – Corporate Hangar Development

The Aviation Director, Dirk Vanderleest, explained in 2021, the Aviation Department was approached by Centene Corp. who had a desire to build a 200 x 200 (40,000 square foot) hangar for their corporate flight department that would support their regional headquarters being relocated to CLT. The City worked with Federal Aviation Administration to attract this development and the airport received a \$3.6 million grant to expand the airport parking apron that would be adjacent to the new hangar site. He stated in 2023, the City received a \$5 million grant to design and construct a public roadway to the hangar site. Although the Centene Project was canceled, staff moved forward with these other infrastructure projects in anticipation of hangar development eventually taking place.

He stated there is strong demand for hangar space at the airport. Existing hangar space is full and the Airport is unable to accommodate additional corporate sized aircraft, however, there is a current 16 aircraft wait list with deposits of more than \$12,000 that would fill a 50,000 square foot hangar.

He stated, to address City Council goals, the desired outcome would be to build a 30,000 to 40,000 square foot hangar that would be available to lease to corporate aircraft owners and operators by the end of 2025 (upon completion of the hangar access roadway). A hangar facility of that size could fit on the site and would be immediately filled to generate additional revenues for the airport from lease revenue, fuel sales, and potential commercial operation fees (depending on type of aviation business leasing hangar space). In addition, based aircraft would bring additional ad valorem taxes to the

City and County and potentially increase the economy through job creation and business activities of the aircraft owner.

It was the consensus of the Council to authorize the Aviation Department to evaluate the alternatives to determine feasibility and risk to the City and report back to Council with a recommendation based on the evaluation.

Solid Waste – Yard Waste Limits

The Solid Waste Director, Robin Barham, stated Solid Waste has routinely collected all limb piles set out to the curb by residents, regardless of volume or number of piles. The guidelines approved in the City's Code of Ordinances simply state that limb must be less than 12 inches in diameter, cut to a length of six feet or less, and stacked neatly at the curb so as not to obstruct the sidewalk or the roadway nor create an unsafe condition to the traveling public. These piles are collected almost exclusively with a two-man crew, utilizing a knuckleboom truck.

She explained that on average, 4-6 knuckleboom trucks are utilized with 2 staff members each for daily collection of limbs. Collection is not provided to addresses where staff can verify that a commercial operator has performed the tree or limb removal.

Over the years, Solid Waste employees have brought to management their concerns over the volume that is allowed for limb collection. In addition to the heavy volume of limbs collected from residents, there is a significant loss of productivity on the route, with trucks having to leave the route, travel to and from Wallace Farms for disposal, and then return to the route.

She stated staff has explored options to define and establish a reasonable limit in volume for residential limb collection; one that encompasses small weekly yard work projects and the type of work that can directly be performed by our residents. Several Cities do not offer collection options for limb piles in excess of the limits; however, staff feels strongly that reasonable cost recovery options should be presented for varying amounts of waste as a means to discourage illegal dumping of materials.

Staff has collectively agreed that implementing a 6 CY or 3 "bite" limit on limb piles is their preferred option to maximize efficiency in yard waste and provide a reasonable level of service to the majority of our residents without additional costs or resources. The 6 CY or 3 "bite" limit for limbs is marginally larger than our peer Cities collect, however, it still allows staff to continue the high level of service that Concord is known to provide. A Fee Schedule rate should be established for larger limb removal projects that provides cost recovery for an increased dedication of staff and equipment resources.

It was the consensus of the Council to accept staff's recommendation of the implementation of yard waste collection limits for limbs, with the creation of a fee schedule to address larger limb piles. Limb piles at or under 6 CY or 3 "bites" will not be affected, however any piles in excess will be scouted and tagged with a door hanger notifying the resident of the need to pay fees before collection. Staff will work with Finance to determine the best practice for collecting these fees.

Transportation – Traffic Impact Analysis (TIA) Revisions of Over-Capacity Roads

The Transportation Director, Phillip Graham, explained a TIA identifies:

- If an increase in delay and/or a decrease in the Level of Service (LOS) is outside of the allowed thresholds, the development is responsible for addressing those impacts.
- If an intersection approach or specific movement has a LOS of D or lower, the Transportation Department may not recommend a development for approval unless that deficiency is addressed.
- The development may voluntarily agree to address the deficiencies, or they may reduce the size and scale of their proposed development so that the traffic impact falls below allowable thresholds.

•Any development that initiates Type II TIAs or higher must perform a Planning Capacity Analysis.

- This will determine if the volume of adjacent street(s) is at or below its functional capacity (volume to capacity ratio of 1).
- The Transportation Department may not recommend approval of a development if the affected street segments are found to be currently over capacity, or the traffic generated by the proposed development will cause the street to exceed capacity.

•V/C greater than 1

- the recommendation would be for the development to adjust the size/scope so that the traffic generated will not cause the street to exceed capacity, or to a level which would not trigger the Planning Level Capacity Analysis (Type 1 TIA).

He stated the concern is that the ordinance lacks flexibility, especially in areas where roads have not been funded for improvements on the STIP.

Staff's recommendation is to expand the following approval thresholds:

•When the LOS is D or lower, the Transportation Department may recommend approval when the development does not increase delay by 10% or 10 seconds.

•When the existing facilities volume to capacity ratio (v/c) is less than or equal to 1.40 and does not exceed a 5% increase in the v/c ratio, the Department may recommend approval.

•If the development is not recommended by Transportation, then the applicant may proceed through the appeal process.

Federal Legislative Priorities – Jennifer Imo (The Ferguson Group)

Jennifer Imo presented the Federal legislative priorities for the upcoming fiscal year.

State Legislative Priorities – John McDonald (NCLM)

John McDonald presented the State legislative priorities for the upcoming fiscal year.

Fire & Police – Joint Public Safety Training Facility

Fire Chief, Jake Williams, and Police Chief, Jimmy Hughes, presented the information.

They both explained the different trainings that fire fighters and police officers have to engage in and the costs that are involved.

Currently, the Fire Department has one training facility, but the Police Department does not and must rely on external facilities.

The Fire Chief stated Cabarrus County Management approached City Management in late January to open discussions again about the shared facility. County Management agreed to a third-party entity model to ensure fair management of the property. They also agreed to parcel off part of the property to the City for future public safety training amenities. The City of Kannapolis has reengaged in discussions also.

Per the discussions, the new proposed Phase 1 would include the following:

- Range Support: 2 classrooms, storage
- Indoor Range: 2 x 10 lanes
- Pre-engineered Tower Structure
- Pumping Infrastructure
- Vehicle Training: Street Grid, Skills Pad, Grinder Pad
- City property for future development

The estimated cost is \$60 million and would be split between Cabarrus County and City of Concord.

Financial Analysis and FY25 Budget – Comprehensive financial update for FY23/24 and FY24/25 projections

The Finance Director, Jessica Jones, summarized the local economic conditions including unemployment rate, new construction of single family homes, residential home sales, and average home sales price. She explained the Cabarrus County property tax reevaluation estimates and how it would impact homeowners. She also explained the revenue neutral property tax rate.

She stated the total Compensation Study impact to the general fund for FY25 is \$7,288,599. She also explained the GO Bonds impacts. She explained the Debt Service Fund is used to accumulate funds to cover general fund debt service and can only be used for debt service once transferred. In addition to covering GO Bonds debt service, it could be used to cover other general fund related debt service.

Upcoming/Potential Debt Issues include:

- Revenue Bonds – Hillgrove Improvements (planning for bond sale in April).
 - Current estimated debt service in FY25 - \$1.7 million
- Installment Financing – Fire Station 6 and Communications Building (estimated to issue debt in spring/summer 2024)
 - Current estimated debt service in FY25 - \$2 million
- Potential debt in future years
 - Fire Station 13 - \$6.2 million (likely installment financing with first payment in FY27 of \$800,000)
 - Remaining \$18 million GO Bonds for parks projects (first payment in FY27 of \$1.8 million)

Fund Balance

The Finance Director stated as of June 30, 2023, unassigned fund balance was at 43.2% for the general fund. The City has a fund balance reserve policy that establishes a minimum unassigned general fund balance between 30% and 35% of general fund expenditures. The policy also indicates that we will compare the City's unassigned general fund balance to the average general fund balance numbers for electric cities of similar size. Current data from the Local Government Commission (LGC) is 44.63% is the median for cities of similar size with electric systems. Concord's current unassigned fund balance is \$2,030,764 below this median.

Impact of Ronnie Long Settlement

The total amount the City of Concord paid directly is \$9,350,000. The settlement was paid from fund balance which reduces the unassigned fund balance as a percentage of expenditures to 36.6%. This is still in compliance but well below the LGC median. She stated the fund balance policy requires replenishment within 3 years when levels fall below policy guidelines (\$9.3 million over 3 years equals \$3.1 million per year which is equivalent to 1.36 cents)

General Fund

FY24 operating expenses are estimated to be an increase of 6.5% over FY23 operating expenses. Total general fund operating revenues for FY24 are estimated to increase 6.5% when compared to FY23 operating revenues. Ad Valorem, or property tax, makes up 61% of total operating revenues and sales tax makes up 23%.

Utility Sales Tax collection in FY24 is estimated at \$5.32 million. In 2023, there was a 16.7% growth in the beer and wine distribution. FY24 collections are estimated at \$490,000.

The Powell Bill collection had a 0.96% increase in FY2023. Development fees collected in FY23 was \$335,000. FY24 estimates are lower at \$250,000.

Transportation Fund

The Finance Director stated 2.5 cents of the tax rate is allocated to Transportation.

Aviation – FY2023

Operations (takeoffs and landings) increased 0.32%. Allegiant Enplanements decreased 19% and parking revenue decreased 20%.

Utility Funds

- Water – revenue increased 1.14%; projecting billings to be 49.59% of budget.
- Wastewater –revenue increased 0.96% and billings to be 48.23% of budget.
- System Development Fees – Implemented updated system development fees in FY24 after study completed by Raftelis (study must be completed every 5 years). Water has collected \$6.4 million in system development fees with \$3.3 million allocated to projects. Sewer has collected \$6.5 million with \$5.3 million allocated to projects. These funds must be spent as described in the General Statutes.
- Stormwater – Revenue increased 1.69%. Billings to be 46.49% of budget.
- Electric – Rate revenue is down 1.5%. Usage billed up 1.00%. Rate revenue to be 49.90% of budget.
- Electric Capital Projects Reserve is \$9.1 million and Rate Stabilization Reserve is \$6 million

Other Funds

- Transit – Fixed route ridership increased 15.66% for calendar year 2023. ADA Paratransit ridership increased 7.51% for calendar year 2023. The total budget is \$6.9 million.

The Budget Manager, Lesley Reder, presented the following Capital Improvement Projects:

Parks and Recreation

FY25

- Clark Creek Greenway-Cox Mill Loop
 - Capital Reserve \$920,000
 - CMAQ Grant \$3.6 million
- Parking Improvements at Logan Recreation Center \$230,029

FY26

- McEachern Greenway – Hospital Phase
 - Transfer from General Fund or Capital Reserve \$645,572
 - Transfer from Parks and Recreation Reserve \$3 million
 - Operating impacts (staff and equipment) \$145,135
- Clarke Creek Greenway-Cox Mill Loop
 - Capital Reserve \$361,572
 - Parks and Recreation Reserve \$938,428
- GO Bond Projects
 - Hartsell Park \$7.2 million (capital) \$13,385 (operating)
 - Dorton Park Improvements \$1.1 million (capital) \$2,850 (operating)
 - Academy Recreation Center/Gibson Village Complex Development \$3.9 million (capital) \$162,654 (operating)
 - Wilson Street Park \$960,000
 - WW Flowe Park Phase 1 Improvements \$2.6 million

Fire Station

FY25

- Fire Station #13 – Flowes Store Road (design)
 - Financing proceeds \$300,000
 - Operating expense estimate \$1 million

FY26

- SCBA – General Capital Reserve - \$2.6 million

- Fire Station #13
 - Financing proceeds \$6.4 million
 - Operational costs for personnel begin in fourth quarter of FY27

Transportation

FY25

- All projects funded with dedicated transportation 2.5 cents

FY26

- White Street Bridge
 - Dedicated 2.5 cents \$400,000
- Weddington Roundabout
 - Dedicated 2.5 cents \$100,000
 - CMAQ grant \$2.4 million
 - NCDOT share \$400,000

General

FY25

- No projects

FY26

- Fiber Network Expansion
 - Transfer from general fund \$250,000
- TDMA Radio System Upgrade
 - Transfer from general fund \$720,000
- Dispatch Radio Consoles
 - Transfer from general fund \$681,608
- Fleet Facility Redesign for Radio Shop
 - Transfer from general fund \$350,000

Following staff presentations, the City Manager stated he will work with the Budget team and the Assistant City Manager's to balance the proposed budget. He stated a budget presentation will be provided to the Council following the April 9th Work Session.

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With there being no further business to discuss, a motion was made by Mayor Pro-Tem Parsley-Hubbard, seconded by Council Member Sweat, and duly carried, to adjourn the meeting—the vote: all aye.

William C. Dusch, Mayor

Kim J. Deason, City Clerk