

# Budget Message

May 23, 2025

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 honored to present the Fiscal Year (FY) 2025-2026 Annual Budget for your review and consideration. This proposed budget directly reflects the goals and priorities expressed by you at our annual planning session and budget workshop. Staff worked diligently to incorporate the adopted Strategic Plan into recommended projects and operational items. Budgetary decisions were made with fiscal stewardship and Strategic Plan alignment at the forefront.

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 FY 2026. I want to extend my gratitude to our Assistant City Managers, Finance Director, Budget & Performance Manager, Senior Budget Analysts, and Department Directors for their commitment to developing a budget that provides excellent service for our residents.

Per the Cabarrus County tax collector's office, the City's updated assessed property values are \$24,587,077,514 which is a 6.8% increase over the previous year. One cent of the property tax rate equates to \$2,400,000 after the City's collection rate of 99% is applied.

The City-wide budget totals \$382,574,668 for all funds, including utilities and special revenue funds. This is an overall budget increase of 8.1% over the FY 2025 adopted budget. The recommended General Fund budget for FY 2026 is \$165,649,000 with a tax rate of 42¢ per \$100 of valuation.

To address critical one-time capital needs, I am recommending the use of \$3,998,595 from the City's General Capital Reserve Fund. Of this, \$2,213,595 will be transferred directly from reserves to a project fund for the purchase of critical Self-Contained Breathing Apparatus (SCBA) to ensure the continued safety of our firefighters. The remaining \$1,785,000 will be transferred to the General Fund for equipment purchases. The anticipated unrestricted General Fund Balance will continue to meet Council's goal of maintaining a Fund Balance target between 30% and 35% of expenditures.

My recommendation includes implementing strategic rate adjustments designed to ensure a more equitable and sustainable system for our Water, Stormwater, and Wastewater customers. Concord Electric continues to follow the recommendations from their recent rates and charges analysis. Through this study and ongoing expert consultation, rates and charges will be adjusted to better align with the true cost of providing service. Following these consultants' recommendations, the changes will continue our progress towards a rate structure that can handle both the consistent and fluctuating needs within the electric industry.

## **Economic Challenges & Our Growing Community**

Budget development for FY 2026 reflects a period of both significant growth and emerging economic headwinds. While our community continues to attract new residents and businesses, which drive staffing needs, we are also navigating persistent inflationary cost pressures and a noticeable flattening of sales tax revenues. This normalization, observed by local governments across North Carolina after a period of robust growth, requires careful monitoring and minimal growth projections for sales tax. The broader economic landscape, characterized by continued higher interest rates, potential supply chain complexities, and increased costs for goods, presents ongoing challenges for our community. Despite these challenges, we remain focused on keeping our community affordable while ensuring that our infrastructure is maintained.

## **Budget Development**

Following City Council's direction, I instructed departments to develop a budget that prioritizes essential City operations, finds ways to make our operation more efficient, invests in our dedicated staff, and sustains the high level of service our residents expect. Departments were directed to limit requests for additional personnel, examine existing operational cost levels, and reduce capital requests where possible. The goal of this year's annual budget development was to maintain the current tax rate and allocate funding to the City Council's strategic priorities, including dedicated

resources for Transportation, Parks & Recreation, and affordable housing. This budget reflects the necessary costs to meet our commitments and fund essential city functions.

### **Dedicated Priority Funding**

Since FY 2021, City Council has appropriated a portion of property tax revenues for Transportation, Parks & Recreation greenway projects, and affordable housing construction. Setting aside funding allows the City to focus our efforts on these crucial areas. To build upon the progress that we have made and demonstrate our continued commitment to these priorities, I recommend a continued fixed amount of funding be approved by Council each year. Doing so ensures a stable source of revenue to help plan and budget for projects in the years to come.

#### **Transportation**

Council continues to place a priority on dedicated funding for the maintenance of City-owned streets. The FY 2026 budget designates \$4.4 million for projects within the Transportation Improvement Fund. The primary focus of these dedicated monies is to fund roadway projects and will be supplemented by dollars generated from local vehicle license fees. A portion of this funding is specifically set aside for the replacement of concrete streets. The proposed budget also includes \$3.7 million for street resurfacing.

Staff work closely with the North Carolina Department of Transportation to reduce traffic and congestion concerns. The City maintains 304 miles of sidewalk and 386 center lane miles of roads. Each year, staff identify areas throughout the City where sidewalks are needed to enhance connectivity and walkability for our residents.

Our current motor vehicle tax is \$30, and State Statutes dictate how the revenue generated must be used. The \$30 tax is allocated as follows: \$5 to CK Rider Transit, \$5 for sidewalk extensions, and \$20 to supplement the cost of road resurfacing. Major projects included in this proposal are:

- Resurfacing of major-corridor City streets
- Repair or replacement of the White Street bridge
- Design and construction of a roundabout at Weddington Road and Rock Hill Church Road

#### **Parks & Recreation**

Ensuring our Parks & Recreation department has the necessary resources to make progress towards the goal of 30 miles of greenway by 2030 remains an important Council priority. The FY 2026 budget sets aside \$1.8 million for the Parks & Recreation reserve. These funds help us maintain our existing greenway network and continue to grow it. In the coming year, funds will be used for:

- Construction of the first phase of the Clarke Creek Greenway: Cox Mill Loop
- Greenway bridge and boardwalk repairs

#### **Affordable Housing**

The growing gap in housing affordability continues to be a significant concern and Council prioritizes the creation of affordable options. The FY 2026 budget will continue to dedicate funding for affordable housing and partner with WeBuild Concord and other private organizations. This year, I am again proposing to appropriate \$1.8 million for this purpose. Concord will also continue to support the operations of our Public Housing department beyond their federal funding allotments to ensure the department has the necessary resources to provide decent and safe housing.

### **Funding Council's Strategic Priorities**

Last May, City Council adopted a new Strategic Plan for Concord. The Strategic Plan lays out our vision, mission, goals, and key strategies for how we'll get there. The Council's six Strategic Plan goals were key in putting together our FY 2026 budget. Even though some of the work the City does every day might not directly link to these Goals, we have been deliberate in making funding decisions for large capital projects and budgetary expansions that align with a strategic goal. These goals provide a helpful framework for understanding next year's budget plan. This past spring, City departments created a series of meaningful metrics to track our progress. An update on the first year of progress will be published later this year.



#### **Goal 1: Deliver Effective & Efficient City Government**

At the core of our FY 2026 budget is a drive for efficiency. Throughout the FY 2026 process, our departments scrutinized every area, seeking opportunities to streamline operations and ensure our community's tax dollars go further. This year, we've made tough decisions, allowing us to maintain our current tax rate while still delivering essential services. Some examples of ways that City staff are working to make our organization run more effectively are:

- Working to align budgeted expenses with responsible departments to determine true costs of service delivery
- Strategically shifting our Buildings & Grounds team to the General Fund, which will increase efficiency and streamline the allocation process

- Centralizing non-health insurance premium costs in the HR budget for more efficient management
- Adding automated gates to our cemeteries, eliminating the need for contract labor
- Beginning implementation of a single software solution for Human Resources and Finance, allowing us to leverage modern technology and eliminate numerous outdated legacy systems



## **Goal 2: Create Economic Opportunities for Individuals & Businesses**

The City remains committed to encouraging economic vitality through business expansion and the creation of quality jobs for our residents. A recent example of this is Eli Lilly's significant investment in our community. Concord continues to be recognized as a favorable environment for both large corporations and small businesses alike, as evidenced by our recent ranking as the [4th best city in NC for small business according to B2B Reviews](#).

Downtown Concord is experiencing a transformation, and the recent completion of the streetscape revitalization project marks a significant milestone. The refreshed downtown branding, incorporating the new residential development, alongside new corporate offices and diverse retail tenants, was celebrated with a successful Streetscape Grand Opening Block Party on May 3rd. This revitalized public space is already proving to be a strong draw, attracting new businesses and further enhancing the area's appeal and vibrancy.



## **Goal 3: Promote a Safe & Connected City**

Ensuring the safety and connectivity of our City remains a top priority. This year, we are strengthening our commitment to public safety by adding four new dedicated police officers assigned to our Downtown area, enhancing safety and security in the heart of Concord. In FY 2026, the City will begin the design process for a new Fire Station on Flowes Store Road. This new Station 13 will expand fire service to several areas currently outside of the preferred response radius, ensuring we continue to meet our response time goals. Improving response times is essential to maintaining our ISO 1 rating, keeping insurance rates lower. The FY 2026 budget also includes funding to replace four fire trucks, 35 police cars, a new Police K-9, and funds SCBA (self-contained breathing apparatus) for our firefighters.

A truly connected community is built upon strategic investments in the services and infrastructure that improve mobility. At Concord-Padgett Regional Airport, the City is enhancing connectivity through the rehabilitation of critical aprons and taxilanes around the airport, including the apron at the Commercial Service Terminal. Doing so will support the growth of commercial air service with additional flights with Avelo Airlines. Commuting within the City will also be improved, as Concord/Kannapolis Rider replaces the electronic digital fare system, providing new technology and improving the passenger experience on public transit. The City will also upgrade the video wall at the Transportation Management Center, allowing for better real-time monitoring of traffic flow throughout Concord, keeping everyone moving safely and efficiently.



## **Goal 4: Invest in Innovative & Sustainable Infrastructure**

To achieve the City's goal of innovative and sustainable infrastructure, Concord is strategically investing in key capital projects to maintain, modernize, and expand our essential infrastructure systems. An important component of our City's long-term sustainability includes proactively evaluating our existing facilities for potential reuse and/or repurpose. In FY 2026, the City will redesign the current, outgrown Fleet Management Facility to meet the needs of our Radio Shop. Our commitment to sustainable infrastructure also includes vital stormwater upgrades, necessary water infrastructure additions, critical sewer improvements, and continued expansion of our electric system to meet the needs of our growing City. To ensure these ambitious goals are met with a strong focus on sustainability, the City is revamping its internal sustainability committee, fostering a collaborative approach among representatives from a variety of departments.

Funding is proposed in our CIP to continue implementing our utilities' Master Plans. The City will use a mix of funding sources to pay for these projects, including reserves and operating revenues. Below is a list of anticipated key capital projects for Water Resources:

### Stormwater

- Buffalo Avenue Culvert Replacement

### Water

- AMI (Automated Meter Infrastructure) System replacement
- Additional water tanks at Coddle Creek Water Treatment Plant to improve storage capacity

### Sewer

- Irish Buffalo 42" Interceptor Tie-Overs

Concord Electric Systems has been in operation for more than 120 years and takes pride in being a community-owned, not-for-profit public power community. Concord Electric Systems recently earned the Reliable Public Power Provider (RP3)<sup>®</sup> designation from the American Public Power Association for providing reliable, safe electric service that encourages workforce development and system improvement. Nationwide, Concord joins an elite group of only 52 utilities to earn RP3 in 2025. Sustaining our exceptional service requires ongoing investment in our electrical infrastructure. Efforts are ongoing as we work towards adjusting our rates and charges to better reflect the cost of providing service. Electric capital projects funded for FY 2026 are:

- 100kV Interconnect Between Delivery #4 and Substation E
- Delivery #1 Replacement
- AMI (Automated Meter Infrastructure) System replacement
- New Electric Substations N, R, and S
- 100kV Tie Line from George Liles Parkway to Substation O



### **Goal 5: Develop Unique Places & Destinations**

Concord is developing into a regional destination known for its distinctive parks and attractions, strong neighborhoods, and vibrant downtown. While downtown revitalization was discussed with Goal 2, the City is also contributing increasing funding for community events to foster unique, engaging experiences for residents. City staff are working with federal agencies, key community partners, and other non-profits to advance the McGill Reuse Project. This project will allow residents to become entrepreneurs within the food and beverage industry, while also addressing food access needs in the Gibson Village community.

Dorton Park successfully reopened in March 2025 and work on many of the remaining Phase I of the \$60 million Parks & Recreation general obligation bond projects is currently underway. Staff have worked diligently to be good stewards of bond funds, refining our projects to ensure that our dollars go as far as possible. Encouragingly, bid openings for the new J.E. 'Jim' Ramseur Park in March came in lower than initial estimates. Construction is expected to begin in summer 2025. These cost savings will help ensure that all park projects within the scope of the voter-approved GO Bonds will be addressed.



### **Goal 6: Leverage Communications & Partnerships**

Concord is actively engaging with internal and external stakeholders to accomplish our goals and drive progress forward for our community. This year, the City will focus on technology improvements to ensure effective communication with our residents and businesses. Concord is investing in a notification system upgrade and replacement in FY 2026. This upgrade will ensure that important and urgent notices can be sent effectively to staff and the overarching community.

#### **Giving Back: External Agency Funding**

Our valued non-profit partners within the community play a vital role in ensuring a safety net is available for those in need and provide services that help enhance the quality of life in our City. Funding provided to these agencies through tax dollars, utility revenues, or Community Development Block Grant funds (CDBG) allows us to focus on our core mission of providing municipal services. Requests for general and utility fund grants must meet a municipal public purpose to be considered for the award. CDBG grant recipients must meet federal eligibility guidelines, including 501(c)(3) status and 70% of funding must assist low/moderate-income residents. All non-profits receiving funds from the City must sign an agreement and are accountable for how they spend public dollars. To comply with regulations provided by the state in N.C.G.S. § 14-234.3, the City updated the budget adoption process for external agencies. Grant funds comprising \$69,000 from the General Fund with an additional \$31,000 being adopted separately for the Cabarrus Arts Council, are recommended by City Council. CDBG monies totaling \$75,000 are also included in this budget proposal.

#### **Team Concord**

This budget includes important investments in Team Concord, providing City staff with the training, essential resources, and support they need to deliver excellent service. We are committed to fostering a positive work environment where they can continue to grow professionally and serve our community with pride. Data from the City's 2023's employee engagement survey identified four areas for improvement, or "hotspots": incivility, silence, exhaustion, and top-down decision making. To address these issues proactively, focus groups, led by myself and Assistant City Managers, met last fall to develop practical, low- or no-cost recommendations and actionable steps for improving our work environment. Some examples include an Employee Code of Conduct, additional trainings opportunities, a mentorship program, and setting clear expectations for new managers. New policies and programs will begin to roll-out in the coming months.

The compensation study-related changes adopted by Council in the current fiscal year have improved our ability to hire and retain highly qualified staff. To ensure we remain competitive, I am recommending a 3% cost of living adjustment effective the first full pay period in July. In addition, I am proposing merit-based increases ranging from 1% to 4%, directly tied to employee performance. Our career development program will continue to provide staff with opportunities to enhance their skill sets in the coming year – benefiting themselves and the City. I am proposing employees receive a 1.5% salary increase upon successful completion of their annual career development requirements.

Concord is self-insured for the medical benefits available to employees and their dependents. Over the last five years, the City has worked to ensure benefits remain comprehensive at an affordable price. For the first time since 2019, cost increases have made it necessary to recommend a 5% premium increase for employees enrolled in most of our plans. Employees will continue to have the choice between three comprehensive health insurance plans. Wellness efforts remain a priority, both for the wellbeing of our team and as a cost reduction strategy. Employees can earn a reduction in insurance premiums by completing key wellness activities: an annual dental cleaning appointment, completing a Health Risk Assessment, and certifying they do not use tobacco or attending a tobacco cessation program. The City also offers a Wellness Center for basic, routine physical health services for those enrolled in a City insurance plan. It provides a convenient, no-cost access point for basic medical care. Coworkers can select from multiple health/wellness-oriented training courses offered throughout the year. New for FY 2026, the City will pilot and in-person EAP (Employee Assistance Program) visits at our Wellness Center, providing additional, accessible options for those needing care.

The City's required contribution levels to the North Carolina Local Government Employees Retirement System will increase again in FY 2026. The contribution rate for general employees is now 14.35%, while the rate for law enforcement officers is 16.1%. Additionally, the City will contribute 5% to 401(k) accounts for all employees.

This budget includes funding for 7 additional full-time staff positions, 1 part-time position, 4 position reclassifications, and additional flex-band opportunities in three departments for FY 2026. A total of 1,231 full-time and 43 part-time positions are recommended for funding. The table below displays recommended changes:

Fund	Budget Unit	Position	Change	Number of Positions	Start Month
General Fund	Finance	Executive Assistant	New Position	1	October
General Fund	Police	Police Officers	New Position	4	July
General Fund	Parks & Recreation	Part-time Custodian	New Position	1	October
General Fund	Parks & Recreation	Part-time Recreation Center Leader	Additional Hours	1	July
General Fund	Cemeteries	Cemetery Maintenance Worker I/II	Flex-band	6	January
Aviation	CPRA	Aviation Operations Supervisor	New Position	1	July
Electric	Electric Administration	Electric Education Coordinator	New Position	1	October
Electric	Electric Engineering	Electric Engineering Tech I/II	Flex-band	1	July
Water	Water Operations	Project Engineer	Reclass of Existing Position	1	July
Water	Water Operations	Water Treatment Manager	Reclass of Existing Position	1	July
Water/Internal Service	Engineering	Staff Engineer	Transfer of Existing Position	1	July
Internal Service	Engineering	CAD Technician I/II	Flex-band	1	July
Internal Service	Engineering	Construction Inspector I/II	Flex-band	6	July
Internal Service	Engineering	Survey Tech I/II/III	Flex-band	2	July
Internal Service	Billing	Meter Technician Supervisor	Reclass of Existing Position	1	July

### Conclusion

Looking ahead, the City's priority is making sure our financial and programmatic decisions directly support helping us to achieve City Council's strategic goals. My proposed budget balances fiscal responsibility while ensuring Concord continues to offer an exceptional quality of life and our departments have what they need to provide top-notch service to our residents. I worked closely with staff to put together a budget that meets these goals. Ultimately, my goal is to ensure that we are well-prepared and have the resources to manage our growth responsibly and sustainably. Delivering the high level of service our residents deserve is truly a team effort, and this budget provides Team Concord with the vital resources to make that happen every single day.

Respectfully submitted,



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