

# City of Hickory

## North Carolina



Life. Well Crafted.

Fiscal Year 2020-2021  
Recommended Budget

GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Hickory  
North Carolina**

For the Fiscal Year Beginning

**July 1, 2019**

*Christopher P. Morrill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget presentation to the City of Hickory for its annual budget for the fiscal year beginning July 1, 2019.

In order to receive this award a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

# Hickory City Council



Mayor – Hank Guess



Ward 1 – Tony Wood



Ward 2 – Charlotte Williams



Ward 3 – Danny Seaver



Ward 4 – David Williams



Ward 5 – David Zagaroli (Mayor Pro Tem)



Ward 6 – Jill Patton

## City of Hickory Recommended Budget



Fiscal Year  
July 1, 2020 – June 30, 2021



To deliver high quality services through excellent and ethical coworkers focused on innovation, communication, and customer service.

## City Administration

City Manager	Warren Wood
Assistant City Manager/CFO	Rodney Miller
Assistant City Manager	Rick Beasley
Executive Assistant Manager	Yaidee Fox
Airport Manager	Terry Clark
Communications and Marketing Manager	Dana Kaminske
Deputy City Attorney	Arnita Dula
Finance Officer	Melissa Miller
Fire Chief	Matt Hutchinson
Human Resources Director	Claudia Main
Information Technology Manager	Mike Woods
Library Director	Sarah Greene
Parks, Recreation, & Sports Tourism Director	Mark Seaman
Planning Director	Brian Frazier
Police Chief	Thurman Whisnant
Public Services Director	Kevin Greer

# Introduction

From the Council and staff of the City of Hickory, welcome! The pages in this document represent our plans to utilize the City's resources to continue a quality of life that is safe, clean, prosperous, and enjoyable. Hickory is our home, and we take pride in having the opportunity to improve the City through our professional lives every day. We are pleased that by reading through this document you share our desire to enhance one of the most vibrant cities in the nation. We hope that readers at all levels of budget experience will find this document to be an informative presentation of the challenges and opportunities that face the City of Hickory.



Mayor, City Council, City Manager, and City Attorney

Municipal budgets can be complex and confusing. Discussions often present the same information from more than one perspective. Technical terms like “Unrestricted Intergovernmental Revenue,” for example, can also be confusing, so this document attempts to define and clarify terms wherever necessary. Should it fail to do so, please contact the City Manager’s Office at (828)323-7412. Please note, however, that the City of Hickory’s budget document emphasizes functional areas of City responsibilities (e.g., Public Safety, Transportation), and does not isolate organizational units or account groupings independently. While the document may present and discuss several pictures of the same budget, centering the discussion on these major themes (functions) facilitates budget discussion at a much broader level.

The layout of the document is intended to take the reader from the broadest budget presentations (trends, consolidated totals, etc.) to the more specific budget presentations (individual department budgets, specific projects, etc.). Realizing that information needs are different for every reader, the document is divided into sections to provide easy “flip-to” access.

# Introduction

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To present a complete picture of the City's finances and spending plans for FY 2020-21, this detailed Budget Document is organized into the following sections:

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**City Manager's Message:** The City Manager discusses the major issues that affect City operations. In essence, the City Manager defines the costs of the issues facing the City (expenditures) and proposes the resources (revenues) to apply to each issue.

**Budget Overview:** Fund and functional area highlights are outlined as well as personnel, operational and capital summary totals.

**Budget Ordinance:** The actual legally binding ordinance that establishes the new annual budget.

**City Council Priorities and Action Plan:** Council's priorities for the next fiscal year are established. Fiscal management policies are also presented, including modifications for the new year.

**Budget Guide:** How does the City develop its budget document, and what do all the pages of numbers and tables mean? This section dissects the structure of the budget and explains the relationships between its many facets. We recommend that the novice reader start here to gain an understanding of the budget.

**Consolidated Budget Summary:** The document begins to evaluate the numbers that have been articulated in the City Manager's Message and officially proposed in the Budget Ordinance. A context for the budget begins to develop as it is related to budgets of previous years. Consolidated summaries, as well as the detail underlying budget decisions, focus on the premises used to develop the budget. This section presents trends and assumptions for revenues and expenditures, as well as discussions of fund balance projections and personnel projections.

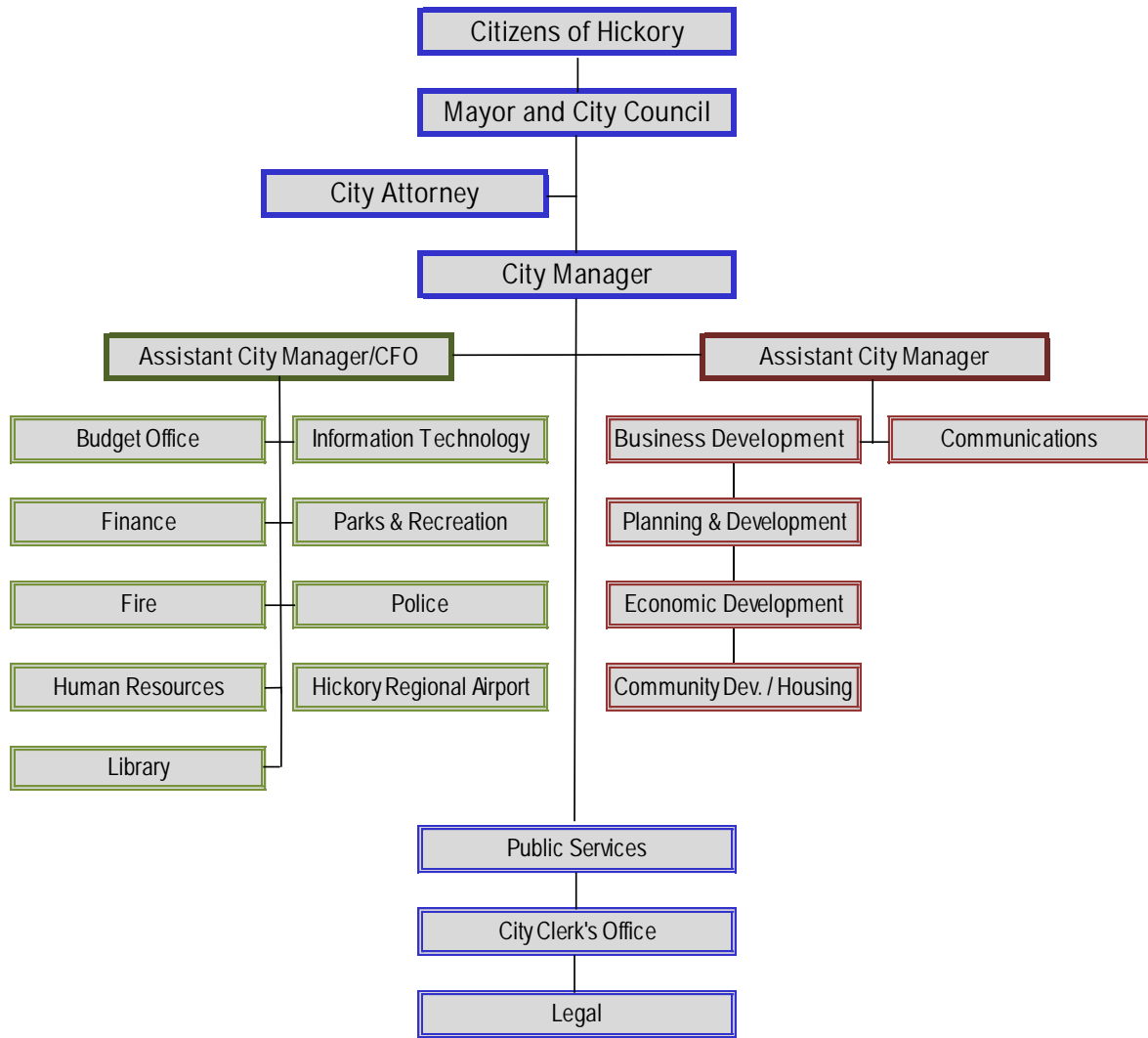
**Other Funds:** This section describes the Community Development Block Grant (CDBG) entitlement funding awarded to the City of Hickory by the Federal Department of Housing and Urban Development.

**Capital Improvements/Grant Projects:** This section outlines the 5-Year Capital Improvement Plan (CIP), which is a multi-year financial plan for the purchase or construction of capital assets.

**Debt Service:** The City's debt position is outlined with projections for future debt needs.

# City of Hickory

## Department Organizational Chart



# **City Manager's Message**



## **2020-2021 Recommended Budget**





Life. Well Crafted.

May 19, 2020

Members of the Hickory City Council  
Hickory, North Carolina

City of Hickory  
Post Office Box 398  
Hickory, NC 28603  
Phone: (828) 323-7412  
Fax: (828) 323-7550  
Email: wwood@hickorync.gov

Dear Members of the Hickory City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the City of Hickory's Recommended Budget for Fiscal Year 2020-2021 for your review and consideration. The \$111,562,279 annual spending plan is balanced and prepared in accordance with generally accepted budgeting standards. The breakdown by fund for the FY2020-2021 Recommended Budget is as follows:

<u>Fund</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>% CHG.</u>
General	\$52,795,516	\$56,483,845	6.99%
Water and Sewer	32,914,277	30,805,481	-6.40%
Insurance	7,447,290	7,476,550	0.39%
Fleet Maintenance	2,796,782	2,820,904	0.86%
Sludge Composting	1,818,579	1,857,617	2.14%
Stormwater	259,922	254,596	-2.05%
Airport	2,754,475	1,434,001	-46.17%
Solid Waste	5,511,748	6,865,285	24.55%
Capital Reserve	<u>4,680,000</u>	<u>3,564,000</u>	<u>-23.85%</u>
Total	\$110,978,589	\$111,562,279	0.53%

COVID-19 Economic Impact

With the ongoing COVID-19 Pandemic and subsequent economic shutdowns, economists believe that all the jobs that were created since the end of the Great Recession have been lost in just the past two months. Additionally, locally, it is estimated that our unemployment rate is 15%, if not higher. Given the drastic turn of events we have seen unfold in just the past two months I am taking extra measures to guard against potentially dramatic revenue losses in the coming fiscal year. I have identified the revenues most immediately at risk and developed a plan to offset up to a 20% drop in those revenues. The revenues most immediately at risk are as follows:

<u>Revenues Immediately At Risk</u>	<u>Value</u>
Sales Tax Revenue	\$11,100,000
Water and Sewer Sales	\$24,000,000
Solid Waste Revenue	\$3,400,000
*Hotel/Motel Occupancy Tax	\$1,000,000
Total	\$38,500,000

\*Not included in total

<u>20% Offset in Potential Revenue Losses</u>	<u>Value</u>
Hiring Freeze	\$2,500,000
Furloughs/Layoffs	\$1,030,000
Freeze Employee Raises	\$840,000
Travel Related Expenses (50% freeze)	\$176,000
Freeze Employee Longevity Pay	\$240,000
Freeze General Capital Reserve Funding	\$1,000,000
Freeze Water/Sewer Capital Reserve Funding	\$1,140,000
Freeze NCDOT Road Enhancement Funding	\$400,000
Freeze Additional 1% 401k Match	\$174,000
Projected Fuel Budget Savings	<u>\$200,000</u>
Total	\$7,700,000

Property Tax Revenue is also at risk, but this revenue has been budgeted conservatively in the FY2020-2021 Recommended Budget. Additionally, we have over \$80,000,000 in new property tax base that is coming online this year that is not accounted for in our revenue estimates.

So far we have not seen any significant impact on our major revenues. In fact, our March sales tax numbers just came in and they are equal with the March 2019 numbers, which was the best March we have ever seen for sales tax revenue. The City's April Building Permitting numbers were greater in volume than for April of 2019 and the overall value permitted was slightly less than that same month last year.

We have seen an increase in delinquent water and sewer accounts over the past few weeks, but we believe that much of this is related to misinformation statewide that Governor Cooper has waived utility bills for customers from March 31<sup>st</sup> through June 1<sup>st</sup>. The fact is, the Governor's order only prohibits utility providers from disconnecting customers and charging late fees due to nonpayment during that period. It doesn't provide for "free" utilities. In fact, beginning June 1<sup>st</sup>, late fees will kick back in and delinquent customers will have until December to get their accounts current or they will face cutoff. This is going to put water and sewer providers, electric providers and natural gas providers in a bind throughout the state.

The one source of revenue we have definitely seen a pronounced drop in is the Hotel/Motel Occupancy Tax. The revenue amount for April of 2020 was down over 50% from April 2019. We have cut the projection for this revenue in half for FY2020-2021. This is a pass through revenue for the City of Hickory and it goes straight to the Tourism Development Authority (TDA), so we don't use any of this revenue for operations.

Through City Council's Financial Policies, the City has been able to build strong fund balances in various operational funds over the past 10 years. The chart below demonstrates that through conservative budgeting, we were able to increase our cash reserves as we came out of the last recession. We are confident cash flow will not be an issue in the short term.

<u>FY</u>	<u>General Fund</u>	<u>W&amp;S</u>	<u>Transportation</u>	<u>Solid Waste</u>
2019	\$20,116,901	\$35,643,130	\$1,467,988	\$2,664,280
2018	\$17,872,210	\$31,331,840	\$1,461,443	\$2,897,169
2017	\$15,908,792	\$32,134,100	\$1,094,875	\$2,758,614
2016	\$14,106,300	\$33,679,985	\$1,012,228	\$2,704,922
2015	\$14,031,436	\$23,957,576	\$526,699	\$2,977,835
2014	\$13,515,066	\$18,980,767	\$736,961	\$2,163,977
2013	\$13,072,784	\$18,256,884	\$635,866	\$2,373,330
2012	\$11,934,342	\$15,580,469	\$506,785	\$2,128,301
2011	\$11,646,163	\$15,596,975	\$993,605	\$1,751,261
2010	\$11,328,823	\$17,380,653	\$962,990	\$1,278,338

### General Fund

The FY2020-2021 General Fund budget is recommended at \$56,483,845, a 7% increase over the FY2019-2020 Budget. This increase is being driven by the following:

Increased Debt Service on Bonded Debt	\$1,350,000
Additional Capital Over FY19-20 Allotment	\$1,458,370
State Mandated Increase in Retirement Contribution	\$285,000
5 New Police Officers (4 funded by Lenoir-Rhyne U.)	\$250,000
1 New Firefighter (funded by the Rural Fire Tax)	\$50,000
Transfer of Aircraft Property Tax to Airport Fund	<u>\$250,000</u>
	\$3,643,370

Minus these increases, the overall General Fund budget for FY2020-2021 would be flat as compared to the FY2019-2020 General Fund Budget.

The property tax rate for FY2020-2021 is recommended to remain the same as the current rate which is 58.75 cents for the upcoming fiscal year. There was a property tax rate increase programmed for FY2020-2021 of 2.7 cents to cover the increased debt service on the City's General Obligation Bonded Debt, but I am recommending utilizing General Fund Balance to cover this increased expense of \$1,350,000 given current economic conditions. Please keep in mind that you will need to be prepared to raise the property tax rate in FY2021-2022 as relying on General Fund Balance is a short-term measure. Additionally, as our bond projects are completed you will also need to consider potentially raising the property tax rate to cover additional maintenance and personnel costs.

The history and projected future of our General Obligation (GO) Bonds is as follows:

- November 2014, the citizens of Hickory approved two GO Bond Referendums
  - \$25 million for Streets and Sidewalks
  - \$15 million for Economic Development
- September 2018, the City issued \$15 million in GO Bonds
- In the fall of 2019, the City issued another \$15 million in GO Bonds
- In the fall of 2021, the City anticipates issuing the remaining \$10 million in GO Bonds

- The City's initial 7-year GO authorization will expire in October 2021
- If needed, the City can get a 3-year extension to October 2024 from the NC Local Government Commission

Regarding other sources of General Fund revenue and considering current economic conditions, we have budgeted most of them at FY2018-2019 levels. This reflects our view that we will see no growth in revenue and even some slight declines in FY2020-2021. Most fees will be increased by the 2019 Consumer Price Index which was 2.3%.

During the height of the Great Recession, the City increased its reliance on its fund balance, or cash reserves, to balance its annual budget to offset declining revenue. Until recently, with improving local economic conditions and revenue growth, we were able to reduce that annual reliance on fund balance to a more historical average. The FY2019-2020 Budget appropriated \$740,000, which was \$252,353 less than the amount budgeted in FY2018-2019 and was \$1,655,986 less than the largest amount of fund balance we appropriated which was in the FY2014-2015 Budget.

However, for FY2020-2021 we are recommending appropriating \$1,619,326 in General Fund Balance and an additional \$669,675 that had been set aside for fuel price spikes, for a total of \$2,289,001. This is slightly less than the largest amount of Fund Balance we ever appropriated in one budget cycle during the Great Recession, which was \$2,395,986 in FY2014-2015.

On the expenditure side, the City had been experiencing the same workforce recruitment challenges as private sector companies in our community, but that has entirely changed in the past two months. We have now implemented a furlough of employees for the first time in my career with the City. We have furloughed 28 part-time positions in Parks, Recreation and Sports Tourism and the Library. We have furloughed an additional nine full-time positions between those two departments as well. We will consider additional furloughs depending upon economic conditions.

We also have a targeted hiring freeze in place for a number of positions that were already vacant, and we will consider freezing more positions as they become vacant.

We are recommending adding five new Police Officer positions. Four of these will be paid for by Lenoir-Rhyne University and assigned to their campus. One new Police Officer position will be added and assigned to the downtown area. We are recommending adding one new firefighter in order to improve both daily staffing levels and the level of service provided to the community, and it will be funded through the Rural Fire District Tax. No other positions are recommended to be added in the organization although there were many departmental requests for new positions.

In recent years, in an effort to modernize the organization and to create higher levels of efficiency, we made great headway in making a number of structural changes to the way we are organized. Some of those changes included:

- Consolidating a number of divisions and departments to create the Office of Business Development, in order to be more deliberate in our economic development efforts
- Transferring all park maintenance responsibilities from the Parks and Recreation Department to the Public Services Department, which has both more equipment and advanced technical skill sets with which to maintain all City parks at a higher level

- Renaming the “Parks and Recreation Department” the “Parks, Recreation and Sports Tourism Department” in order to focus more on the City’s desire to increase sports tourism throughout the City.
- Reassigning departmental oversight responsibilities in the City Manager’s Office in order to create more organizational capacity and better coordination of projects within our office

We will continue to make changes to the City’s organizational structure in order to be more efficient and effective in providing services to our citizens and visitors.

We continue to focus on BE CITY Core Values that stress four fundamental attributes our coworkers must exhibit:

- Customer Focus
- Innovation
- Team Player
- Your Best

Additionally, we will continue to participate in the NC Municipal Benchmarking Project so we can compare with our peers how well we are delivering services and to make sure we are adopting and implementing best practices within our industry.

Regarding capital projects for the upcoming year, the most significant and expensive projects we will undertake are not a part of the FY2019-2020 Budget but are a part of the ongoing Bond Program. However, there are a number of important capital projects included in the FY2020-2021 Recommended Budget including:

- Improvements to Deidra Lackey Memorial Park related to the Lackey project
- Construction of another artificial turf athletic field at the Henry Fork River Regional Soccer Complex
- Construction of a burn training structure for the Fire Department
- Expansion of the Ridgeview Library
- Improvements to 9<sup>th</sup> Ave Dr NW between LP Frans Stadium and the Hickory Regional Airport
- Construction of Bruce Meisner Park

As we discussed at the Council-Staff Retreat in 2019, there are \$650 million in North Carolina Department of Transportation (NCDOT) road improvement projects planned for Hickory over the next 10 years. With the recent financial struggles of the NCDOT, some of these will be delayed. However, it is imperative that the City be in a position to fund enhancements to these projects when these road improvements are being made. These enhancements may include such things as bike lanes, street lighting, sidewalks, curb & gutter, mast arm traffic signals, multi-modal paths and streetscaping improvements in general. The FY2020-2021 Recommended Budget contains a second allocation of \$200,000 to go towards these items, which now gives us \$400,000, with the goal of adding an additional \$200,000 each year over the following three fiscal years to end up with an annual budget allocation of \$1,000,000 by year five and the accumulation of \$3,000,000 in cash over that time. This is an aggressive goal but prudent on the City’s part because the NCDOT will participate financially in many of these enhancements if the City produces the matching funds. Missing this opportunity would be detrimental to our desire to significantly improve our community’s quality of life.

In addition to this, the City's longstanding policy of setting the equivalent of two pennies aside on the property tax rate (\$1,000,000) in the Capital Reserve Fund for funding capital projects and capital purchases is also included in this recommended budget.

#### Water and Sewer Fund

The FY2020-2021 Water and Sewer Fund budget is recommended at \$30,805,481, a 6.40% decline compared to the FY2019-2020 Budget. Most of this decrease is being driven by a decrease in capital projects. Water and sewer rates are generally increased annually by what it takes to keep this utility business enterprise financially self-supporting.

The Water and Sewer Fund is preparing for a large capital outlay of around \$20 million for a new Sludge Composting Facility, which is currently in the design phase, and the NCDOT is now requiring water and sewer operators to share in a percentage of the cost to move water and sewer lines for NCDOT projects. A 3.75% increase in rates had been requested by staff, but I am recommending a 3.00% increase given current economic conditions.

On the capital expenditure side for FY2020-2021, the Water and Sewer Fund will undertake a number of large improvement projects. They include:

W/S - Old Lenoir Road Waterline Replacement	\$812,500
W/S - Riverwalk Related Waterline Replacement	\$750,000
W/S - Riverwalk Related Sewer line Replacement	\$750,000
W/S - Vac-All Truck Replacement	\$425,000
W/S - Moose Club Pump Station Upgrade	\$270,000
W/S - Water Plant Filter Upgrade	\$500,000

#### Sludge Composting Fund

The FY2020-2021 Sludge Composting Fund budget is recommended at \$1,857,617, a 2.14% increase over the FY2018-2019 Budget. The Sludge Composting facility is jointly operated by a Consortium made up of the City of Hickory and the City of Conover.

This facility was built in the late 1980s and is near its end of life. Plans are being developed to build a new facility with an estimated cost of \$20 million.

#### Solid Waste Fund

The FY2020-2021 Solid Waste Fund budget is recommended at \$6,865,285, a 24.55% increase compared to the FY2019-2020 Budget.

The City provides an extremely robust solid waste service with four household stops made at every home, every week in Hickory: residential waste, yard waste, white goods, junk items, with an additional stop made every other week: recycling. Seasonal leaf collection also occurs in the fall on every residential street multiple times which allows residents to avoid the trouble of bagging leaves. With few exceptions, if a resident gets an item to the curb, the City will dispose of it.

The current Solid Waste Fee our customers pay stands at \$22.50 per month. Over the past 16 years, in an effort to promote self-sufficiency within the Solid Waste Fund, the monthly Solid Waste Fee charged to our customers has been incrementally increased each year. However, there was no

increase to this fee in the current fiscal year. For FY2020-2021 I am recommending a \$1.50 monthly increase in this fee. The operational side of the Solid Waste Fund budget is self-supporting, meaning revenues cover those expenditures. However, this fund's revenues only cover 25% of its capital expenditures. Those expenses will be covered by appropriated fund balance.

#### Transportation (Airport)

The Transportation Fund contains the financial activity of the Hickory Regional Airport, which is owned and operated by the City of Hickory. The FY2020-2021 recommended budget for this Fund is \$1,434,001, a 47.94% decrease from the FY2019-2020 Budget.

This Fund is generally self-supporting, but experienced a decline in fuel sales over the past year due to the unusual amount of rain we experienced and the Pandemic. Additionally, there was a loss of hangar revenues resulting from the loss of a large hangar destroyed by a tornado which is now being rebuilt.

#### Bond Program

The City has been fortunate in that we have taken the original \$40 million in GO Bonds approved by the voters in November of 2014 and leveraged those funds to receive an additional \$50 million in grant funding. This will allow us to undertake twice the amount of improvements that were originally planned. Below is an update on where we are with each on of the Bond Projects.

In May of 2018, construction began on our Class A business park called Trivium Corporate Center. Since construction began, we have had three major economic development announcements for Trivium. The first was Corning Cable Systems announcing plans to build a \$60 million facility with 110 new jobs. The second was ITM, a German pharmaceutical company, who announced plans to build a \$17 million facility and create 137 new jobs, and the third was Cataler, a Japanese automotive parts manufacturer who plans to build a \$42 million facility and create 151 new jobs. Installation of infrastructure to create more pads for development is ongoing.

The gateway project on the exit ramp off of US321 onto Hwy70 SW has been completed.

Work has also been completed on the renovations and improvements to Union Square. This project will tie into the City Walk project.

The contract for the construction of the City Walk project was awarded late last year and construction is well under way today. This is a 10-foot-wide multipurpose path along Main Avenue from Lenoir-Rhyne University through Downtown Hickory to 9<sup>th</sup> Street NW. The project will continue the growth of company headquarters and professional jobs in the City's Central Business District connecting residents and employees to shops, services, educational and medical facilities as well as other locations. The City Walk project will connect to the Book Walk, the Old Lenoir Walk, and ultimately the Aviation Walk and Riverwalk projects. The City Walk project should be completed by the summer of 2021.

The first phase of the Riverwalk project is under construction, and it should be completed by the end of this calendar year. The second phase, which is the on water portion should be under construction this fall, and it is scheduled to be completed by the summer of 2021. This multipurpose path will tie into a project being developed under a public private partnership with the Robert Lackey family in

honor of Mr. Lackey's late wife, Deidra Lackey. This will be a \$10 million event center on Lake Hickory with a lake house, conservatory, event dock and amphitheater. The Riverwalk will provide economic development opportunities and public access to the lake making an attractive area for shopping, entertainment, and residential development.

The Book Walk is also currently under design. This will be a 10 foot wide multipurpose path that will tie into the City Walk at South Center Street and Main Avenue and go to the Ridgeview Library. From there it will go down 7<sup>th</sup> Avenue SW to 4<sup>th</sup> Street SW and tie into the Walmart Grocery Store on Highway 70. This project should be under construction by early 2021.

The Old Lenoir Walk is also under design. This will be a 10 foot wide multipurpose path that will travel down Old Lenoir Road from 9<sup>th</sup> St NW to Clement Blvd. It is scheduled to be under construction by early 2021.

The streetscape project on Lenoir-Rhyne Blvd. is under design and will provide sidewalks, landscaping and lighting improvements between I-40 and Tate Blvd. We are in the process of setting a target date for construction. This project should be under construction by early 2021.

Finally, the City received a \$17 million grant award from the US Department of Transportation in the form of a BUILD Grant. This project is known as the Aviation Walk. This grant will fund a pedestrian bridge over US321 and a 10 ft. wide multipurpose path that will travel past LP Frans Stadium and up to the Hickory Regional Airport providing much needed pedestrian and bike connectivity. This project is under design with authorization to construct in late fall 2020 and will begin construction by Winter 2021.

All together, these projects create almost 10 miles of multipurpose paths, nearly double the original 5.2 miles approved by the voters.

With all of our bond projects either completed, under construction, or under design it is an exciting time to be in Hickory. Even in the face of the ongoing Pandemic, these projects will provide the foundation for a quality of life, economic and transportation transformation in our community.

### Conclusion

With seemingly every day of the last few months being consumed by the Covid-19 Pandemic, it is easy to lose sight of the type of community we live in. You will remember that as a result of national and international economic conditions and changes over the past two decades, Hickory has had more than its fair share of economic challenges and hardships. Our community of "Makers and Doers" has risen to meet those challenges head on every time and soon we will be rising again to battle back from this temporary setback.

Just a few short months ago, we were seeing growth in our property tax base, low unemployment, rising wages, reduced poverty, and a growing population. And this was before we had even completed all of the projects in our Bond Program. With the leadership of City Council, the positive outlook of our citizens, and the continued implementation of our Bond Program we will have the wind at our back as we work to make life better for all of our citizens.



Your work and the work of those in our community over the past few years has not gone unnoticed. Here are just a few forms of recognition Hickory has received in the recent past:

Business North Carolina: "Crafting a Future" Article on Hickory (May 2019)

National Geographic Travel: Named one of the Best Small Cities in America (January 2018)

Kiplinger: Hickory, Top 10 places to Retire (August 2017)

USA Today/Milken Institute: Ranks #3 "biggest gainer" in economic growth nationally (Jan. 2018)

Forbes: Best Places for Business and Careers 2017 (October 2017)

SmartAsset: Hickory ranked 7th Best Place to Retire in North Carolina (March 2018)

SmartAsset: Hickory ranked the 9<sup>th</sup> Best Place to Raise a Family in North Carolina (2017)

SafeHome: Hickory ranked among safest cities in North Carolina (January 2018)

Sincerely,

A handwritten signature in black ink, appearing to read "Warren Wood". The signature is fluid and cursive, with a long horizontal stroke at the end.

Warren Wood  
City Manager

# Budget Overview



## 2020-2021 Recommended Budget

# Budget Overview



## FY2020-2021 RECOMMENDED BUDGET OVERVIEW

<u>Operating Funds</u>	<u>Recommended Budget Amount</u>
General Fund	\$ 56,483,845
Water and Sewer Fund	30,805,481
Sludge Composting Fund	1,857,617
Stormwater Fund	254,596
Transportation Fund	1,434,001
Solid Waste Fund	<u>6,865,285</u>
Total	\$ 97,700,825
<u>*Internal Service Funds</u>	
Capital Reserve Fund	\$ 3,564,000
Fleet Maintenance Fund	2,820,904
Insurance Fund	<u>7,476,550</u>
Total	\$ 13,861,454
All Funds Total	\$ 111,562,279

\*The Internal Service Funds are supported by budgetary transfers from the Operating Funds they serve. Even though including them in the overview above creates a double counting, to exclude them would not give a comprehensive view of the City's budget.

### THE FUNDS OF THE RECOMMENDED BUDGET

#### General Fund

The General Fund contains all the governmental services that do not generate sufficient revenue to support their activities including Police, Fire, Recreation, Public Services, Library, Planning and Development, Administration, and Governing Body. This fund also transfers portions of its revenue to support the City's Stormwater Fund and the Capital Reserve Fund.

In the FY2020-2021 Budget, the General Fund is balanced with a property tax rate of fifty-eight and seventy-five ten thousandths (\$0.5875) cents per one hundred dollars (\$100) valuation. During FY2020-21 this rate is expected to provide \$30,100,000 in property tax revenue.

The City's property tax base has increased \$276,508,040 over the FY2019-2020 amount. For FY2020-2021, the property tax base is estimated to be \$5,283,960,033.

The FY2020-2021 General Fund Budget totals \$56,483,845.

#### Water and Sewer Fund

The Water and Sewer Fund contains all water production, water distribution, wastewater collection and wastewater treatment activities of the City. This fund is totally self-supporting, meaning it receives no supplement from any other fund to support its operations.

There is a 3.0% increase proposed in water and sewer rates for FY2020-2021. Water and sewer operations have experienced material and energy cost increases over the past year but only nominal growth in its customer base, therefore necessitating this increase. Additionally, in 2020 there are ongoing requirements

# Budget Overview

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for greater municipal financial participation in NCDOT projects that involve impact to local water and sewer infrastructure.

The FY2020-2021 Water and Sewer Fund Budget totals \$30,805,481.

## Sludge Composting Fund

The Sludge Composting Fund contains all sludge (wastewater by-product) management activities of Hickory, Conover and Catawba County.

Historically, a consortium consisting of Hickory, Conover, and Catawba County has managed the Sludge Composting Fund. This fund has received its revenues from those jurisdictions, and the finances of the fund are managed by the City of Hickory. For FY2020-21, Catawba County is no longer part of the consortium. Thus, Hickory and Conover will contribute 85% and 15%, respectively, to the Sludge Fund operation this year.

The FY2020-2021 Budget for the Sludge Composting Fund totals \$1,857,617.

## Stormwater Fund

The Stormwater Fund contains all the activities related to complying with Federal and State Stormwater Regulations. It is jointly funded by both the General Fund and the Water and Sewer Fund, each of which contributes half the Fund's cost.

The FY2020-2021 Stormwater Fund Budget totals \$254,596.

## Transportation Fund

The Transportation Fund contains all activities of the Hickory Regional Airport, including administrative operations, maintenance, capital improvements, Control Tower, and Fixed Based Operations responsibilities. This fund is largely self-supporting through fees and sales; however, during FY2020-21, the City will begin contributing property tax revenue in an amount generated directly by aircraft.

The FY2020-2021 Budget for the Transportation Fund totals \$1,434,001.

## Solid Waste Fund

The Solid Waste Fund contains the following divisions: Residential Collection, Recycling, and Commercial Bulk Services.

The Solid Waste Fund is largely supported by the Solid Waste Fee which is paid by all residential solid waste customers in the City. For FY2020-2021 there is a recommended rate increase of \$1.50 per month to residential customers and 10% to commercial services. With rising costs and uncertainty surrounding the recycling market, the City will also finance its capital equipment purchases this year, totaling \$1,040,000 in waste collection trucks due for replacement. Rather than an outlay of cash in that full amount, this will require a Debt Service payment of \$375,000.

The FY2020-2021 Solid Waste Fund Budget totals \$6,865,285.

# Budget Overview

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## Capital Reserve Fund

The Capital Reserve Fund exists as a financial tool to help in the funding of future capital projects. It is the City's practice to budget up to two (\$.02) cents of the property tax rate towards the Capital Reserve Fund to ensure the availability of funds necessary for capital projects such as buildings, equipment, vehicles and infrastructure. The City also sets aside a portion of its Water and Sewer Fund revenue for future water and sewer related capital purchases and projects. Without adequate funding provided to the Capital Reserve Fund, the City would have to rely more heavily on its Fund Balance or debt financing for major capital purchases.

In the FY2020-2021 Budget, the General Fund and Water and Sewer Fund will both make financial contributions to the Capital Reserve Fund. The amounts will be \$1,424,000 and \$1,140,000 respectively.

The total budget for the Capital Reserve Fund for FY2020-2021 is \$3,564,000 which includes the appropriations toward major capital purchases and projects.

## Fleet Maintenance Fund

The Fleet Maintenance Fund contains all vehicle and equipment maintenance activities of the City. This is an Internal Service Fund, meaning this fund accounts for activities that serve other funds within the City's budget structure. The North Carolina General Statutes do not require that Internal Service Funds be included in the Annual Budget; however, they are included in this budget to more fully disclose all the financial operations of the City.

The FY2020-2021 Budget for the Fleet Maintenance Fund totals \$2,820,904.

## Insurance Fund

The Insurance Fund contains all insurance (health, dental, property/casualty, liability and worker's compensation) activities of the City. This is an Internal Service Fund, meaning this fund accounts for activities that serve other funds within the City's budget structure. The North Carolina General Statutes do not require that Internal Service Funds be included in the Annual Budget; however, they are included in this budget to more fully disclose all the financial operations of the City.

The FY2020-2021 Budget for the Insurance Fund totals \$7,476,550.

## EXPENDITURES BY FUNCTIONAL AREA

Not only are expenditures accounted for in the various funds, they are also organized into functional areas. Below you will find those functional areas as well as a sampling of programs, expenditures and purchases contained in the FY2020-2021 Budget.

General Government (Governing Body, City Manager's Office, Office of Communications, Finance, Human Resources, Information Technology, Budget Office, City Clerk, Legal, Engineering, District Court, Public Services Administration, Central Services, Landscape Services, Public Buildings, Insurance Fund, Fleet Maintenance)

- Continued Participation in the North Carolina Performance Measurement Project
- Public Art Commission Funding

# Budget Overview

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- Community Appearance Commission Funding
- Neighborhood College
- Coworker Appreciation Day
- Coworker Service Awards Program
- Coworker Quality Awards Program
- Coworker Health Fair
- Safety Consulting Services
- Technology Upgrades
- GIS Database Maintenance Services (WPCOG)
- Contracted Legal Services (City Attorney)

## Public Safety (Police, Code Enforcement, Fire, Hickory Rural Fire District)

- Catawba County Animal Shelter Funding
- Replacement of Police Communications Equipment
- Replacement Police Vehicles and Accessories
- Expansion of the Police Camera Program
- Replacement of Police Weapons
- Spay/Neutering Program
- Fire Department Suppression Equipment
- Mandated Fit and Flow Testing for Fire SCBA equipment

## Transportation (Traffic, Street, Airport, Airport – FBO)

- Installation of Traffic Signal Equipment
- Maintenance of Traffic Signal System
- Street Resurfacing
- Street Maintenance
- Right-of-Way Mowing
- Roadside Litter Contract
- Continued Implementation of the Sidewalk/Bikeway Master Plan (\$5 vehicle fee)

## Environmental Protection (Water and Sewer Administration, Wastewater Collection System, Henry Fork Wastewater Treatment Plant, Northeast Wastewater Treatment Plant, Hickory-Catawba Wastewater Treatment Plant, Water Treatment Plant, Pretreatment & Lab Division, Water Distribution System, Sludge Composting Facility, Recycling, Residential Sanitation, Commercial Bulk Services, Stormwater)

- Administration of Federal Stormwater Regulations
- Provide Water and Sewer Taps to Habitat for Humanity projects
- Sanitary Sewer Overflow Program
- Water Tank Maintenance Program
- Water Consumer Confidence Report
- Contract with Veolia Water North America for Sludge Composting Facility Operations
- Provide 85% of the Funding for the Sludge Composting Facility Operations (2 Member Consortium)
- Contract with Republic for Recycling Services (Single Stream)
- Contract for Yard Waste Grinding Services
- Contracted Labor for Leaf Collection

# Budget Overview



- Replacement of Cardboard Recycling Containers
- Replacement of Multifamily Recycling Containers
- Replacement of Residential Sanitation Containers
- Replacement of Commercial Bulk Dumpsters

## Economic and Community Development (Planning and Development, External Economic Development Appropriations, Business Incentives)

- Hickory Metro Convention and Visitors Bureau Funding
- Community Relations Council Funding
- Catawba County Economic Development Corporation Funding
- Funding for the Hickory Downtown Development Association
- Neighborhood Grant Program
- Façade and Landscape Grant Program
- Vacant Building Revitalization and Demolition Grant Program
- Business Incentives Program

## Culture and Recreation (Parks, Recreation & Sports Tourism; LP Frans Stadium; Library; Culture & Recreation Special Appropriations)

- Recreation Facility Upgrades
- Recreation Fitness Equipment Replacement
- Priority Facility Use Agreement With Hickory Public Schools
- Funding for Library Technology Upgrades
- Funding for United Arts Council of Catawba County
- Funding for the SALT Block

## Other Financing Uses

- General Fund Transfer to General Capital Reserve (2 cents policy)
- Water and Sewer Fund Transfer to General Capital Reserve

## Debt Service

- General Obligation Bonded debt
- Hickory Metro Convention Center – General Fund
- Geitner Basin Sewer Project – Water and Sewer Fund
- Maiden Waterline – Water and Sewer Fund
- Northeast Wastewater Treatment Plant – Water and Sewer Fund
- Henry River Basin Sewer Project – Water and Sewer Fund
- Hickory-Catawba Wastewater Treatment Plant – Water and Sewer Fund
- Cripple Creek Sewer Outfall – Water and Sewer Fund
- Central Business District Infrastructure Rehabilitation – Water and Sewer Fund
- Police Department Radio Communications System

## Contingency

- General Fund maintains Contingency Funding at a level up to 1.5% of Recurring Revenue
- Water and Sewer Fund has no official contingency target, but generally maintains Contingency Funding equal to between 0.5% and 1% of Recurring Revenue

## MASTER PLANS AND CITY INITIATIVES

The City has developed a number of master plans and initiatives to help guide both service delivery and development. These plans and initiatives are as follows:

- Inspiring Spaces Plan/Bond Projects: This is a multi-year plan which was developed to improve physical connectivity within the City, as well as to improve public spaces and sustainability for areas throughout Hickory. This plan was developed between 2012 and 2014 and has culminated into three distinct areas of focus: Hickory Trails, Gateway & Trivium Business Park. All three areas are currently under design or construction.
- Landscape Master Plan: This plan prioritizes planting projects and appearance issues. It was accepted by City Council in FY1996-1997.
- Parks and Recreation Master Plan: The Parks and Recreation Master Plan prioritizes current and future Parks and Recreation projects. It was accepted by City Council in FY1997-1998.
- Parks and Recreation Needs Assessment: This document, accepted by City Council in FY2009-2010, provides an inventory and assessment of current Parks and Recreation facilities while also prioritizing future needs.
- Hickory Horizons: This is the City's strategic plan for maintaining and improving Hickory's economic stability, growth and quality of life through regional leadership, recognition of the importance of the Hickory Metropolitan Area and coordinated approaches to common local government issues. The Hickory Horizons Report was first adopted in 1987 and was comprehensively updated in 1995. In 1997, the City Council held its first Hickory Horizons Congress with participation from throughout the Hickory Metro to promote implementation of key regional goals and programs.
- Sidewalk, Bikeway, Greenway and Trail Master Plan: This plan prioritizes sidewalk projects citywide, requires space for bikeways with the design and construction of new roads, and is proposed to be implemented over a 20 to 25 year period. A \$5 vehicle fee was implemented in FY1998-1999 to support this plan. This master plan was originally adopted in FY1997-1998, updated in FY2000-2001 and updated again in 2005 to include greenways and trails.
- Business/Industrial Master Plan: This plan proposes continued funding for economic development activities and sets guidelines for companies receiving economic incentives. This master plan was adopted by City Council in FY1996-1997 and updated in FY2003-2004.
- Water & Sewer Extension Plan: The Water and Sewer Extension Plan identifies major water and sewer system extensions over the next five years. This plan was developed in FY1996-1997.
- Library Long-range Plan: This plan identifies service expansion goals and facility/equipment enhancements and is funded as part of on-going library budgets.



# Budget Overview

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- **Airport Master Plan:** This document was last developed in 1990 and has become outdated. In 2017 the North Carolina Department of Transportation – Division of Aviation (NCDOT/DOA) awarded the City a grant to update the Airport Master Plan. The Master Plan Update is needed to determine the future direction of Airport development so as to maximize the future potential of the airport. The Federal Aviation Administration requires a Master Plan to provide long-range plans for expansion and renovation of facilities.
- **Neighborhood Focus:** To date, twelve (12) self-identified neighborhoods have been recognized within the City and the City Manager has assigned a senior staff person to serve as a liaison with each group. City Council has approved two grant programs to assist neighborhood organizations to sustain their organizations and undertake neighborhood improvements. There have been six individual neighborhood plans developed to date, and they are:
  - Ridgeview - Adopted in 1992, updated in 1995 and 1999.
  - Kenworth - Originally adopted in 1997, updated in 2002. Readopted in 2003.
  - Green Park - Adopted in 1998; revised in 2017.
  - West Hickory/Westmont - Adopted in 2000.
  - Highland - Adopted in 2002.
  - Claremont – Adopted in 2008; readopted in 2015.
- **Hickory by Choice:** This Land Use and Transportation Plan for Hickory was originally adopted in 1999. There are limited expenditures associated with this plan, as most of it relates to the City's land use and transportation policy. The City updated and revised this plan into a comprehensive plan (Hickory by Choice 2030) in 2011, and again in 2017.

# Budget Ordinance



## 2020-2021 Recommended Budget

# Annual Budget Ordinance



CITY OF HICKORY  
Budget Ordinance  
Fiscal Year 2020-2021

BE IT ORDAINED by the Governing Board of the City of Hickory, North Carolina:

SECTION 1: It is estimated that the following revenues will be available in the General Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Ad Valorem Taxes	\$ 30,640,000
Other Taxes	16,510,000
Unrestricted Intergovernmental Revenues	660,000
Restricted Intergovernmental Revenues	2,335,841
Licenses and Permits	4,575
Sales and Services	1,222,428
Investment Earnings	300,000
Miscellaneous	722,000
Other Financing Sources	<u>4,089,001</u>
	\$56,483,845

SECTION 2: The following amounts are hereby appropriated in the General Fund for the operation of the City government and its activities for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 9,615,070
Public Safety	26,151,741
Transportation	7,235,097
Economic and Community Development	2,732,844
Culture and Recreation	4,245,027
Other Financing Uses	1,801,298
Debt Service	4,002,768
Contingency	<u>700,000</u>
	\$56,483,845

SECTION 3: It is estimated that the following revenues will be available in the Water and Sewer Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Restricted Intergovernmental Revenues	\$ 1,288,135
Sales and Services	23,793,000
Investment Earnings	60,000
Miscellaneous	340,000
Other Financing Sources	<u>5,324,346</u>
	\$30,805,481

# Annual Budget Ordinance



SECTION 4: The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 26,185,472
Other Financing Uses	1,267,298
Debt Service	3,202,711
Contingency	<u>150,000</u>
	\$ 30,805,481

SECTION 5: It is estimated that the following revenue will be available in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Restricted Intergovernmental Revenues	\$ <u>1,857,617</u>
	\$ 1,857,617

SECTION 6: The following amounts are appropriated in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>1,857,617</u>
	\$ 1,857,617

SECTION 7: It is estimated that the following revenue will be available in the Stormwater Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Other Financing Sources	\$ <u>254,596</u>
	\$ 254,596

SECTION 8: The following amounts are appropriated in the Stormwater Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>254,596</u>
	\$ 254,596

SECTION 9: It is estimated that the following revenues will be available in the Transportation Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Sales and Services	\$ 1,165,636
Restricted Governmental Revenues	6,365
Investment Earnings	12,000
Other Financing Sources	<u>250,000</u>
	\$ 1,434,001

# Annual Budget Ordinance



SECTION 10: The following amounts are appropriated in the Transportation Fund for the operation of Transit and Airport activities for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

Transportation	\$ 1,404,001
Contingency	<u>30,000</u>
	\$ 1,434,001

SECTION 11: It is estimated that the following revenues will be available in the Solid Waste Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Other Taxes	\$ 25,000
Sales and Services	5,449,603
Investment Earnings	15,000
Miscellaneous	2,000
Other Financing Sources	<u>1,373,682</u>
	\$ 6,865,285

SECTION 12: The following amounts are appropriated in the Solid Waste Fund for the operation of recycling, residential solid waste collection and commercial bulk services activities for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 6,470,285
Debt Service	375,000
Contingency	<u>20,000</u>
	\$ 6,865,285

SECTION 13: It is estimated that the following revenue will be available in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021:

Other Financing Sources	\$ <u>3,564,000</u>
	\$ 3,564,000

SECTION 14: The following amounts are hereby appropriated in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2020, and ending June 30, 2021 in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 1,424,000
Environmental Protection	1,140,000
Other Financing Uses	<u>1,000,000</u>
	\$ 3,564,000

SECTION 15: The following amounts form the revenue portion of the financial plan for the Fleet Maintenance Fund:

Sales & Services	\$ <u>2,820,904</u>
	\$ 2,820,904

# Annual Budget Ordinance



SECTION 16: The following amounts form the expenditure portion of the financial plan for the Fleet Maintenance Fund:

General Government	\$ <u>2,820,904</u>
	\$ 2,820,904

SECTION 17: The following amounts form the revenue portion of the financial plan for the Insurance Fund:

Sales & Services	\$ 7,322,360
Investment Earnings	50,000
Other Financing Sources	<u>104,190</u>
	\$ 7,476,550

SECTION 18: The following amounts form the expenditure portion of the financial plan for the Insurance Fund:

General Government	\$ <u>7,476,550</u>
	\$ 7,476,550

SECTION 19: The operating funds encumbered on the financial records of June 30, 2020 are hereby reappropriated into this budget.

SECTION 20: There is hereby levied a property tax at the rate of fifty-eight and seventy-five ten thousandths cents (\$0.5875) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2020, for the purpose of raising the revenue listed as "Ad Valorem Taxes" in the General Fund in Section 1 of this ordinance. This rate is based on a total estimated valuation of property for the purposes of taxation of \$5,283,960,033 and the Fiscal Year 2019-2020 estimated rate of collection of 98.72%.

SECTION 21: The corresponding "FY 2020-2021 Schedule of Fees" is approved with the adoption of this Annual Budget Ordinance.

SECTION 22: The City Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line-item expenditures within the same functional area within a fund without limitation and without a report being required.
- b. He may transfer amounts up to \$100,000 between functional areas including contingency appropriations within the same fund.
- c. He may not transfer any amounts between funds, except as approved by the Governing Board in the Annual Budget Ordinance as amended.

# Annual Budget Ordinance

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SECTION 23: The City Manager (Budget Officer) is hereby authorized to execute agreements, within funds included in the Budget Ordinance or other actions by the Governing Body, for the following purposes:

- a. Form grant agreements to public and non-profit organizations;
- b. Leases of routine business equipment;
- c. Consultant, professional, or maintenance service agreements;
- d. Purchase of supplies, materials, or equipment where formal bids are not required by law;
- e. Purchase of real property when a budget amendment is not required;
- f. Applications for and agreements for acceptance of grant funds from federal, state, public, and non-profit organizations, and other funds from other governmental units, for services to be rendered which have been previously approved by the Governing Body;
- g. Construction or repair projects;
- h. Liability, health, life, disability, casualty, property, or other insurance or performance bonds;
- i. Other administrative contracts which include agreements adopted in accordance with the directives of the Governing Body.

SECTION 24: Copies of the Annual Budget Ordinance shall be furnished to the City Clerk, to the Governing Board and to the City Manager (Budget Officer) and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this 16<sup>th</sup> day of June, 2020

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Mayor

Attest:

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Debbie Miller

City Clerk

# **City Council Priorities and Action Plan**



## **2020-2021 Recommended Budget**



# City Council Priorities and Action Plan



## HICKORY CITY COUNCIL'S FY2020-2021 PRIORITIES AND ACTION PLAN

### Strategic Priority: Attract and Retain Jobs and People

#### 1. Implement Bond Projects

- A. Continue community involvement through the Bond Commission and other outreach efforts to communicate information related to the bond projects.
- B. Continue to use pre-engineering data and to determine phasing and scope of projects.
- C. Use best practices to select and manage design professionals as they develop plans for the bond projects.
- D. Implement financing plan to address both pre-issuance costs and timing of bond issuance.
- E. Maintain best practices for financial transparency and communication.
- F. Proceed with construction activities in expedient manner, while communicating with stakeholders

### Strategic Priority: Economic Growth & Transportation

#### 2. Promote Economic Development and Jobs

- A. Pursue development partnerships and opportunities for high-tech manufacturing at Trivium Corporate Center.
- B. Establish development opportunities and parameters along the City Walk.
- C. Continue promoting and working toward the goals set forth in the Hickory Trail Report.
- D. Implement new design standards for smart growth in city limits.
- E. Maintain investment in NC Data Campus project to attract and secure business development in region.
- F. Continue marketing the remaining industrial sites at Fairgrove Business Park and other City owned industrial properties.
- G. Promote the redevelopment of obsolete manufacturing facilities.
- H. Continue an aggressive Code Enforcement program for owner-abated commercial demolitions.
- I. Continue an aggressive program of utilizing Vacant Building Revitalization and Brownfield Grants to improve blighted properties.
- J. Consider policies and recommendations by the Business Development Committee that would stimulate economic development activity in Hickory.

#### 3. Improve Transportation

- A. Through the transportation Bond Project, establish scope and phase roadway improvements in strategic corridors and gateways.
- B. Pursue grant opportunities to leverage bond funds.
- C. Update the City's resurfacing analysis and street segment rating.
- D. Partner with NCDOT on designing and constructing 21<sup>st</sup> Ave NE Roundabout project to improve traffic flows.

# City Council Priorities and Action Plan



- E. Work with NCDOT and the MPO to develop other projects benefiting Hickory.
4. Leverage the City's Regional Utilities
    - A. Pursue new utility extensions and regional agreements to enhance the utility system's economy of scale.
    - B. Use the City's strength in water and sewer services as an economic development tool.
    - C. Market Hickory within and outside the region to increase economic development activity and increase water and sewer sales.

## Strategic Priority: Quality of Life and Natural Environment

1. Provide a Safe Community for Residents and Visitors
  - A. Identify meaningful ways to engage and partner with our community and community leaders.
  - B. City departments will strive to provide exceptional service and communicate effectively through community involvement with our customers and workforce management.
  - C. Implement the comprehensive fire department strategic plan to meet the needs of our community and department.
  - D. Promote proactive public safety partnerships with citizens and neighborhood groups.
  - E. Continue to partner with other Catawba County jurisdictions and the community with the Catawba County Safe Initiative program to reduce violent behavior.
  - F. Support participation in the Law Enforcement Assisted Diversion (LEAD) program.
2. Support Downtown Development and Activities
  - A. Continue to support downtown festivals and activities with in-kind services.
  - B. Maintain public assets downtown to promote growth and create a unique downtown experience.
  - C. Consider highest and best use for vacant parcels in the downtown area and support redevelopment of underutilized buildings.
3. Support and Protect Neighborhoods
  - A. Pursue single-family home ownership opportunities in strategic locations to help stabilize distressed neighborhoods including partnerships with non-profit housing groups such as the partnership with Habitat for Humanity.
  - B. Provide staff liaisons to recognized neighborhood associations, where appropriate.
  - C. Respond in a timely manner to neighborhood requests for City services including traffic calming, trash collection, policing, etc.
  - D. Respond in a timely manner to neighborhood requests concerning Code Enforcement issues.
4. Offer High Quality Recreation and Library Opportunities

# City Council Priorities and Action Plan



- A. The Recreation & Sports Tourism Department will focus efforts on expanding recreational opportunities in Hickory.
  - B. Begin construction of the Citywalk and Riverwalk Bond Projects as recreational destinations for citizens and visitors.
  - C. Continue partnership with Deidra Lackey family to complete design and begin construction of one-of-a-kind entertainment and cultural venue at Geitner Park.
  - D. Pursue grant funds to begin phase one of Bruce Meisner Park with Outward Bound donation.
  - E. Conduct customer surveys for recreation programs and strive for positive feedback and ratings.
  - F. Continue to implement the updated library strategic plan as possible within budget constraints.
  - G. Conduct customer surveys for library programs and strive for positive feedback and ratings.
5. Improve and Protect the Natural Environment
- A. Continue single-stream recycling efforts, increasing overall recycling participation by 5% and total tonnage of recycled material by 5%.
  - B. In meeting the EPA NPDES Phase II federal storm water regulations, continue implementing stormwater best practices and complying with stormwater regulations.
  - C. Partner with other organizations (Reese Institute, Covekeepers, WaterWatch, Duke Energy, Catawba River Study Committee) to promote policies and practices which protect the river, improve water quality and protect our water supply.
6. Improve Air Quality
- A. Monitor air quality attainment issues and support efforts to address those causes.
  - B. Promote awareness of ozone action days.

## Strategic Priority: Operational Excellence

1. Provide Exceptional Customer Service, Communication and Teamwork
  - A. Ensure that each coworker's performance evaluation reflects an emphasis on customer focus, innovation, creativity, and working as a team.
  - B. Utilize regular City Manager/Coworker meetings to enhance communication within the organization.
2. Invest in City Coworkers
  - A. Provide internal training opportunities for supervisors as well as front line staff.
  - B. Promote and fund higher education opportunities which will benefit the coworker and the City.
  - C. Recognize, formally and informally, coworkers' achievements.
  - D. Continue to support the coworker Wellness Program.
3. Constant Innovation in Delivery of Services

# City Council Priorities and Action Plan



- A. Maintain the City's excellent standing for all services included in the NC Performance Measurement Project.

## Strategic Priority: Vision and Leadership

1. Support and Promote Higher Education Opportunities
  - A. Work collaboratively with Lenoir-Rhyne University and Catawba Valley Community College on initiatives and opportunities which would positively impact our community.
2. Lead Regional Initiatives
  - A. Participate on local and regional boards/committees to ensure City interests are preserved (i.e. WPCOG, EDC, MPO, NC Works, and Innovate Catawba).
  - B. Continue to lead the region in protecting and promoting the Catawba River Basin.
  - C. Be the lead agency on regional economic development issues to adequately represent the hub of the population and workforce in the Metro area.
3. Promote City Priorities in the 2020-2021 Legislative Agenda to Federal and State Governments
  - A. Continue to educate citizens on State and Federal legislative issues affecting the City.
  - B. Develop and promote state and national legislative priorities that are in the specific interest of the City of Hickory.

## Strategic Priority: Communication and Marketing

1. Provide best practice quality communication on bond projects and city events to our residents.
2. Continue to market the City of Hickory "Life Well Crafted" Brand and partner with other entities to promote Hickory as a place to live, work and play.
3. Continue to offer and support interactive and innovative programs offered by the City, such as the Neighborhood College, and the Citizens' Police and Fire Academies.
4. Communicate Effectively with Customers about Delivery of Services:
  - A. Respond in a timely manner and inform citizens of results of "Action Requests."
  - B. Inform citizens about Hickory services, projects and awards.
  - C. Keep the city's website vibrant and informative.
  - D. Use print, radio, internet and social media to communicate with our citizens.
  - E. Communicate effectively with organized neighborhood groups, boards and commissions and other partners.

# City Council Priorities and Action Plan



## HICKORY CITY COUNCIL FY 2020-2021 FINANCIAL POLICIES

These Financial Policies are adopted to help guide the City in the management of its financial resources. Although the North Carolina Local Government Budget and Fiscal Control Act regulates North Carolina governmental units in financial matters, these policies adopted by the City Council are often more stringent, and reflect the specific desires of City Council. These Financial Policies are designed to allow the City to function as a fiscally sound governmental unit.

### 1. Revenue Policy

- A. The property tax rate shall be set each year based on the cost of providing general government services.
  - B. The rate and fee structure established for the Water and Sewer Fund will be sufficient to finance needed operating, capital, and debt service costs for providing water and sewer services. Rates and fees in the Water and Sewer Fund will generally increase annually by the amount necessary to keep the Fund self-supporting.
  - C. The City will continue to move the Solid Waste Fund towards becoming a self-supporting enterprise.
  - D. Revenue projections will be made in a conservative manner.
  - E. To the extent practical, any City service that benefits specific recipients shall be supported either fully or in part by user fees. Those fees will generally increase by the annual Consumer Price Index. Examples include certain recreation programs and fire inspections activities.
  - F. The City will project revenues for five years and will update those projections annually.
  - G. When investing City funds, safety and liquidity will take precedence over yield.
  - H. Except in cases of emergencies, under urgent conditions, or for one-time capital expenses, Fund Balance Appropriated shall not exceed an amount that management can reasonably expect to save during the year.
- i. Operating Budget Policy
- A. The City will continue to develop benchmarks and productivity ratios integrated with work performance standards to assist in the evaluation of expenditures.
  - B. Continue the City's participation in the North Carolina Performance Measurement Project.

# City Council Priorities and Action Plan



- C. The City will prepare a five-year operating budget projection that will include projections of annual growth.
  - D. Ensure that all water and sewer expansions represent sound investments for the City.
  - E. During the course of the fiscal year, the City Manager may, at his discretion, take the necessary action to keep the City's Annual Budget balanced and solvent.
3. Capital Improvement Policy
- A. Annually, the City will update its Five-Year Capital Improvement Plan, which will list each capital project, the estimated cost and the anticipated year in which the project is to occur. This plan will be used as a guide in the development of the annual budget.
  - B. When funding capital items, priority will be placed on the replacement of existing equipment, maintaining existing facilities, and making enhancements to existing facilities. Capital projects related to new facilities not currently in existence will receive the lowest priority, unless a designated funding source is available for the project.
4. Accounting Policy
- A. Annually, an independent certified public accounting firm will issue an official opinion on the City's annual financial statements to the City Council. Additionally, City Council will appoint an Audit Committee to meet with the auditors and discuss their findings.
  - B. Financial systems will be maintained to monitor revenues and expenditures on a monthly, quarterly, and annual basis.
  - C. Staff will give a Financial Report to City Council on a quarterly basis.
5. Debt Management Policy

## Introduction

The City of Hickory recognizes that one of the keys to sound financial management is the development of a debt management policy. A debt management policy sets forth the parameters for issuing debt and managing outstanding debt. The policy provides guidance to the administration regarding purpose for which debt may be issued, types and amounts of permissible debt, and method of sale that may be used. The debt policy recognizes a binding commitment to full and timely repayment of any and all tax supported debt as an essential requirement for entry into the capital markets. The policy shall be reviewed annually as part of the City's budget process and amended as appropriate.

## Purpose

The debt management policy is intended to guide the prudent use of resources to provide the needed services to the citizens of the City of Hickory. Adherence to a debt policy helps to ensure that a

# City Council Priorities and Action Plan

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government retains a sound debt position and maintains the City's credit ratings with various rating agencies. Development of a debt management policy is a recommended practice by the Government Finance Officers Association (GFOA).

## Debt Instruments

The City will use appropriate debt instruments to provide funding for capital assets at the lowest cost with minimal risk.

### General Obligation Bonds:

General obligation bonds are bonds secured by a promise to levy taxes in an amount necessary to pay debt service, principal and interest, coming due each fiscal year. General obligation bonds are backed by the full faith and credit of the City. These bonds are authorized by a referendum or by non-voted (2/3) authorization by the governing body. The non-voted authorization allows governments to issue up to two-thirds of the previous year's net debt reduction without a referendum.

### Revenue and Special Obligation Bonds:

Revenue bonds are bonds that pledge revenues generated by the debt-financed asset or by the operating system of which that asset is a part. Special obligation bonds are bonds that are payable from the pledge of revenues other than locally levied taxes.

### Other Financing Options:

Installment financings are alternative financing methods that do not require voter approval. Certificates of participation or limited obligation bonds represent an undivided interest in the payments made by a public agency pursuant to a financing lease or an installment purchase agreement. The security for this financing is represented by a lien on the property acquired or constructed.

An Installment Purchase Contract is an agreement with a financial institution in which the equipment or property is acquired and periodic payments are made to satisfy the debt service. The City will typically use this type of financing to finance a capital asset for ten to twenty years with the capital asset being used as collateral for the loan. In other cases, this financing will be used for short-term equipment or vehicle purchases of three to five years.

The City will use pay-as-you-go funding for capital improvements or capital assets having a cost of less than \$250,000 or assets having a useful life of less than ten years unless budgetary constraints require the use of financing to acquire the necessary funding for those capital improvements or capital assets.

### Guidelines for Debt Issuance

The City may issue debt for the purpose of acquiring or constructing capital assets including land, buildings, machinery, equipment, fixtures and any other eligible expenses of the project and for making major renovations to existing capital improvements, for the good of the public. Exceptions to this rule will be considered on a case-by-case basis to determine if the contemplated debt is in the best interests of

# City Council Priorities and Action Plan



the City. Long-term debt shall not be used to finance ongoing operational expenses. When applicable, debt issuance will be pooled together to minimize issuance expense.

Before issuing any new debt, the City will consider the following factors:

- Global, national, and local financial environment and economy
- Current interest rates and expected interest rate changes
- Cash position and current debt position
- Availability of funds to repay the debt
- Urgency of current capital needs and flexibility to meet future needs
- Appropriate debt issuance practices and debt structuring

## Debt Structure

The debt structure is made up of the type of debt, interest rate, and principal maturity schedule. This debt could be general obligation, revenue, or special obligation bonds, or other installment financings. The cost of taxable debt is typically higher than the cost of tax-exempt debt; however, the issuance of taxable debt is mandated in some circumstances and may allow flexibility in subsequent contracts with users or managers of the improvements constructed with the bond proceeds. The City will usually issue obligations on a tax-exempt basis, but may occasionally issue taxable obligations when there is an expected benefit from doing so. The City shall establish an affordable debt level to preserve credit quality and ensure sufficient revenue is available to pay annual debt service obligations.

General obligation bonds will generally be competitively bid with no more than a 20-year life unless there are compelling factors which make it necessary to extend beyond this point and applicable law allows a longer term. In a competitive sale, the City may sell its debt obligations in which any interested underwriter or syndicate is invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter presenting the best bid according to stipulated criteria set forth in the notice of sale.

Negotiated sales or private placements may be used where allowed when complex financing or sales structure is a concern with regard to marketability. In a negotiated sale, the bonds may be sold through an exclusive arrangement between the City and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriter. This method offers the most flexibility to the City. The criteria used to select an underwriter or syndicate in negotiated sales should include, but not be limited to, the following: overall experience, marketing philosophy, capability, recent experience, underwriter's discount, and overall expenses.

The City may elect to sell its debt obligations through a private placement with a financial institution when appropriate. Selection through private placement shall be determined through a Request for Proposal (RFP) process.

Debt service for each issue will be structured in an attempt to minimize the City's interest payments over the life of the issue while taking into account the existing debt obligations of the City. Any debt issued



# City Council Priorities and Action Plan

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shall not have a maturity date beyond the useful life of the asset being acquired or constructed by the debt proceeds.

The City may also consider various financing methods including fixed or variable interest rate debt in order to minimize the interest costs over the life of the issue. The use of these methods will be evaluated based on market conditions and the maximum benefit to the City while minimizing the City's risk. When appropriate, the City may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of the securities or reset date determined by the bondholder. The City will limit the issuance of variable rate debt to help maintain the City's credit rating. The City's long term variable rate debt will not exceed 10% of the total outstanding general debt.

Investment of bond proceeds will be consistent with those authorized by existing state law, the City's investment policy and applicable bond covenants. Bond proceeds shall be invested and tracked separately from other investments.

## Debt Ratios

The City will use an objective, analytical approach to determine the amount of debt to be considered for authorization and issuance. This process involves the comparison of generally accepted debt ratios from similar cities and are consistent with rating agencies best practices. These ratios will be re-evaluated every five years or sooner as market conditions dictate. In the event that the City anticipates exceeding any of the debt ratios, staff may request an exception from City Council stating the reason and the length of time. The City shall adhere to the following ratios:

### Net Direct Debt as a Percentage of Assessed Valuation:

This ratio measures debt levels against the property tax base that generates the tax revenues used as the main source of debt repayment. The City will maintain its debt at no more than 2.00% of the citywide assessed value.

### Net Direct Debt Service as a Percentage of Operational Budget:

This ratio reflects the City's budgetary flexibility to adjust spending levels as economic conditions change. The City will maintain its net debt service at no more than 15% of the operational budget.

### Ten-Year Payout Ratio:

This ratio measures how quickly the City retires its outstanding indebtedness. A higher payout ratio preserves the City's capacity to borrow for future capital needs. The City will maintain its ten-year payout ratio at a 50% level or higher.

## Refinancing of Outstanding Debt

The City will continually review its outstanding debt and recommend issue for refunding as market opportunities arise. Debt shall only be refinanced for the purpose of achieving debt service savings, unless required to achieve specific debt management goals of the City. The estimation of net present value savings should be, at a minimum, in the range of 3% of the refunded maturities before a refunding process would be considered unless the City otherwise determines the annual savings warrant the refunding. The City will not refinance debt for the purpose of deferring scheduled debt service, unless

# City Council Priorities and Action Plan



unique circumstances are present. The City is aware that refinancing for the purpose of deferring debt service may have an impact on its credit rating.

The City may issue advance refunding bonds when advantageous, legally permissible and prudent while net present value savings are achieved. Advance refunding transactions are those undertaken in advance of the first date the refunded debt can be called for optional redemption and will require an establishment of an escrow account for the defeasance of the refunded debt. All costs incurred in completing the refunding shall be taken into account when determining the net present value savings.

The City may issue current refunding bonds when advantageous, legally permissible and prudent while net present value savings are achieved. Current refunding transactions shall be considered whenever possible. These transactions are undertaken at or after the call date on outstanding debt and provide for redemption and replacement of refunded debt within ninety days of issuance of the refunding debt.

## Pay-As-You-Go Financing

The City shall use pay-as-you-go and other alternative sources of funding for capital projects to minimize debt levels. To have an effective pay-as-you-go program, at least one funding source must be identified that is consistent, reliable and large enough to provide for capital needs in an amount that reduces dependency on debt. In order to reduce the impact of capital programs on future years, the City will annually appropriate funds for its capital improvement plan. The City will also appropriate proceeds from the sale of capital assets and land, as deemed appropriate, for capital projects. This practice will allow additional funding of capital improvement projects and reduce the City's dependence on borrowing. Pay-as-you-go funding will save money by eliminating interest expense on funding projects and will improve financial flexibility in the event of sudden revenue shortfalls or emergency spending.

## Issuance of Debt

The scheduling and amount of bond sales and installment purchase transactions will be recommended by the City Manager, Chief Financial Officer, and Finance Officer. City Council must approve the sale. These decisions will be based upon the identified cash flow requirements for each project to be financed as well as market conditions and other relevant factors including debt ratios. If the cash requirements for capital projects are minimal in any given year, the City may choose not to issue the debt and fund the project costs and reimburse these costs when financing is arranged. In these situations, the City will adopt a reimbursement resolution prior to the expenditure of project funds. Fixed rate general obligation bond sales are conducted on a competitive basis by the Local Government Commission (LGC), a division of the Office of State Treasurer. Variable rate bonds, revenue and special obligation bonds will be sold on a negotiated basis with a selected underwriter.

The City must receive an opinion acceptable to the market from a nationally recognized law firm that each financing transaction complies with applicable laws and all agreements in connection with any financing are legal, valid and binding obligations of the City.

## Continuing Disclosure

In accordance with the Securities and Exchange Commission (SEC), Rule 15c-2-12, the City will provide financial and operating information to the repository or repositories designated by the SEC. Where

# City Council Priorities and Action Plan

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applicable, the City will also provide its Comprehensive Annual Financial Report (CAFR) and other relevant information to rating agencies, corporate trustees, and financial institutions as required by Continuing Disclosure requirements within all debt documents.

## Arbitrage Liability Management

The City will maintain a system of record keeping and reporting to meet the arbitrage and rebate compliance requirements of the federal tax code. This effort includes tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting applicable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the City's outstanding debt issues.

It is the City's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the applicable laws. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, arbitrage calculation will be performed by qualified arbitrage professionals in strict adherence to applicable laws and regulations. These calculations are done in accordance with required Internal Revenue Service reporting dates.

## Credit Ratings

The City will maintain good communication with bond rating agencies about its financial condition. This effort will include providing periodic updates on the City's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance. The City will continually strive to maintain its bond rating by improving financial policies, budgets, forecasts, and the financial health of the City.

## Financing Team

The City will provide for a solicitation and selection process for securing all professional services required in connection with any debt issues. The service professionals selected will be required to follow the City's debt management policy with the goal of continuity, quality service, and competitive prices.

## Administration and Implementation

The City Manager, Chief Financial Officer, and Finance Officer are responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this policy. Any exception to the debt management policy must be presented to City Council and approved by a specific action by the Council.

## 6. Reserve Policies

- A. In the Annual Budget, the City will reserve the equivalent of two pennies on the City's property tax rate in the General Capital Reserve Fund, for the purpose of funding capital expenditures on a pay-as-you-go basis.

# City Council Priorities and Action Plan



B. The City will establish a General Fund Contingency Reserve to provide for unanticipated expenditures of a nonrecurring nature to meet unexpected increases in service delivery costs. This reserve will be budgeted at an amount up to 1.5% of recurring General Fund revenues estimated for that fiscal year.

C. Fund Balance:

## Introduction

The City of Hickory recognizes that a fund balance policy is essential to establishing guidelines for adequate fund balance. The policy will assist in maintaining sufficient levels of available fund balance to meet unexpected financial needs of the City during emergency situations or adverse financial conditions. Rating agencies examine fund balance when considering overall economic health and credit quality of the City.

## Definitions

Fund balance is the difference between assets and liabilities reported in a governmental fund. It is simply a measurement of financial resources available to fund future expenditures of the City.

Fund balance is categorized into five specific classifications based on limitations of use. The Governmental Accounting Standards Board (GASB) defines the classifications as non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

- I. Non-spendable fund balance – Amounts that are not in spendable form or amounts which are legally required to be remain intact.
- II. Restricted fund balance – Amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.
- III. Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action of the Council. Commitments may be modified or removed by the same formal action required for initial commitment.
- IV. Assigned fund balance – Amounts intended to be used by the government for specific purposes which are neither restricted nor committed.
- V. Unassigned fund balance – Amounts not included in any other classification. Unassigned amounts are available for any legal purpose.

# City Council Priorities and Action Plan



## Policy

The City of Hickory formally establishes the goal of maintaining unassigned fund balance in the General Fund in an amount of twenty-five percent (25%) of the General Fund expenditures. This amount represents three months of operating expenditures for the City.

Based on the recommendation of the North Carolina Local Government Commission, the City of Hickory will maintain available fund balance in the General Fund in an amount no less than eight percent (8%) of the General Fund expenditures.

The independent auditor of the City shall monitor the City's compliance with this established fund balance policy. The auditor shall report related findings and recommendations annually as part of the City audit.

## Use and Replenishment

General fund balance will not be appropriated to support the ongoing operations of the City except in extreme emergency situations. It will be used for expenditures considered non-recurring in nature. If the fund balance amount should fall below the twenty-five percent (25%) goal level at the end of the fiscal year, Council must approve and adopt a plan to restore the balance to the goal level within twenty-four (24) months. If restoration of the fund balance cannot be accomplished within the time period without severe hardship to the City, then Council will establish a different time period agreed upon by Council members and City management.

## 7. Financial Partnerships Policy

- A. When feasible, the City will seek financial partnerships with organizations in the community as a means of providing services in the most cost-effective way.
- B. When renovating, enhancing or constructing City-owned facilities, the City will seek financial partnerships, when feasible, with organizations or individuals who benefit from those facilities in order to limit the use of public funds and to maximize the benefit of those funds.

## 8. Investment Policy

### PURPOSE

It is the policy of the City of Hickory (hereafter the "City") to invest public funds in a manner which maximizes security and provides maximum return in preserving and protecting funds while meeting the daily cash flow demands and adhering to all applicable statutes governing the investment of public funds.

### GOVERNING AUTHORITY

The investment program of the City shall be operated in conformance with federal, state and other legal requirements, including provisions of North Carolina General Statute 159-30.

# City Council Priorities and Action Plan

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## SCOPE

This investment policy applies to all financial assets in the City's investment portfolio. Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds in accordance with generally accepted accounting principles and G.S. 159-30(e).

## GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

### Safety

Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

### Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

### Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs of the portfolio require that the security be sold.

## STANDARDS OF CARE

### Prudence

Investments will be made according to the "prudent person" standard. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit

# City Council Priorities and Action Plan

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risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

## Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

## Delegation of Authority

Authority to manage the investment portfolio is granted to the City's Finance Officer, who shall act in accordance with established procedures and internal controls for the operation of the investment portfolio consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer. The Finance Officer will be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinates.

## SAFEKEEPING AND CUSTODY

### Delivery vs Payment (DVP)

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

### Safekeeping

Securities will be held by an independent third party custodian selected by the City as evidenced by safekeeping receipts in the name of and for the benefit of the City. The custodian shall be a trust department with an account with a Federal Reserve Bank and authorized to act as trustee in North Carolina.

### Internal Controls

The Finance Officer shall establish a system of internal controls designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City.

# City Council Priorities and Action Plan

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## SUITABLE AND AUTHORIZED INVESTMENTS

### Investment Types

Only the investments authorized by General Statute 159-30 will be permitted by this policy.

### Collateralization

In accordance with North Carolina General Statute 159-31(b) and the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on deposits at interest and certificates of deposit. The City shall utilize the pooling method of collateralization and shall use only banking institutions approved by the North Carolina Local Government Commission.

## INVESTMENT PARAMETERS

### Diversification

Investments of the City covered by this policy must be diversified to eliminate the risk of loss as a result of over concentration of securities in a specific maturity, a specific issuer, or a specific class of securities.

### Maximum Maturities

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

It is the City's intent to hold investments until maturity to ensure the return of all invested principal dollars. Changes in economic or market conditions may require the City to sell or trade securities prior to maturity.

## REPORTING

Investment activity shall be reported to City Council during the quarterly financial report presentation by the City's Chief Financial Officer.

## EXEMPTION

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, funds shall be reinvested in securities which conform to this policy.



# Budget Guide



## 2020-2021 Recommended Budget

# Budget Guide



The information in the previous sections focused on how City government plans to allocate resources for the upcoming fiscal year. Subsequent sections of the document describe the detail behind those plans as the budget is examined at consolidated, functional, departmental, divisional, and in some cases, line item levels.

The Budget Guide begins the transition from a broad budgetary plan to a specific working budget for City operations. Here, the reader will find explanations for much of the data that follows. This section also provides an opportunity to pause and examine the many facets of budgeting for which this document is merely the end product. What has changed in the City budget since last year? How and when does the process of allocating over \$100 million occur? How is the City's budget organized, and what do all those terms mean?

Because this section is intended to provide mostly background information, the reader is invited to exercise judgment when reading it. The veteran budget reader may wish to skip the Budget Format: The Basics pages because they describe the basic structure of the City's budget. However, the novice reader will find these pages a good starting point for developing an understanding of information in the rest of the document.

## What's New in the Budget?

Changes to the FY2020-2021 budget reflect the ongoing efforts by the City of Hickory to enhance the municipal environment through the ongoing Bond Projects while maintaining a high level of basic services. As with any new budget year, many changes are necessary to meet new community, financial, or legal obligations and mandates.

The most significant changes to the structure of the FY2020-2021 budget are:

- During the spring of 2020, the global Covid-19 Coronavirus pandemic has disrupted lives and economic activity throughout the world. In light of this, the City will not implement a property tax increase during FY2020-21 which was planned to accommodate the debt service payment on the 2019 General Obligation Bond issue. While the tax rate remains the same as last year, the City will appropriate a greater amount of Fund Balance for this purpose.
- With uncertainty surrounding the recycling markets and the increasing costs of Solid Waste operations, the City plans on a residential Solid Waste fee increase from \$22.50 to \$24.00 per month. In addition, this year the City will finance the scheduled replacement of four (4) Solid Waste trucks. This will allow more breathing room in the Solid Waste Fund as opposed to undertaking such a large outlay of cash at one time.
- To supplement the needs of the Transportation Fund, which contains all operations of the Hickory Regional Airport, the General Fund will transfer an amount during FY2020-21 equal to the yearly property taxes paid on locally stationed aircraft. Budget estimates project this at \$250,000.
- In the Public Safety area, one new Firefighter position is proposed for the Hickory Rural Fire District while one additional Police Officer will be added primarily for additional downtown patrol. The Police Department will also receive revenue from Lenoir Rhyne University under a new contract for four (4) officers to provide service to the LRU campus.

There have been no other significant changes to the structure of the budget. However, each year the City of Hickory submits its budget document to the Government Finance Officers Association Distinguished Budget Awards Program for review. This year's budget contains minor revisions based on the comments of those professionals who reviewed last year's budget document.

# Budget Development Calendar

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- December 6, 2019 Personnel expenditures projected by Human Resources
- December 6, 2019 Worker's Compensation, Property and Liability Insurance by Risk Management
- December 6, 2019 Debt projected by Finance (existing debt only)
- December 6, 2019 City Council Financial Policy expenditures (transfers and contingency) projected by Budget Office
- December 6, 2019 External appropriation request letters sent out; also notices re: Board and Commission Workplan deadlines
- December 6, 2019 Publish newspaper ad re: notification of call for External appropriation requests (due date January 21, 2020)
- December 18, 2019 Budget Kick-off Meeting: 9:00 a.m. @ Council Chambers
  - Distribute Initial Allocation Sheets
  - Distribute Budget Manual
- December 20, 2019 New position requests and reclassification requests due to Human Resources
- January 3, 2020 Projected revenues entered into H.T.E. by Budget Office
- January 10, 2020 Departments to have [entered FY20-21 operational](#) budget requests into H.T.E. **Requests to balance to your department's initial budget allocation.**
- January 10, 2020 Departments to have [entered FY20-21 capital](#) budget requests into H.T.E.
- January 2-31, 2020 Departments may request to meet with the City Manager to make additional budget requests or to negotiate budgets
- January 21, 2020 External Appropriation requests due
- January 24, 2020 Fleet Management to review and make recommendations on new capital vehicle/equipment requests
- January 24, 2020 City Engineer to review and make recommendations on capital construction requests
- January 24, 2020 Information Technology to review and make recommendations on technology requests
- January 31, 2020 Fee Schedule sent to departments for FY20-21 changes

# Budget Development Calendar

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- February 4, 2020 Board & Commission workplans due
- February 4, 2020 5-year CIP to be entered into H.T.E. by departments
- February 18, 2020 City Council Meeting:
  - External appropriation requests presented
- February 28, 2020 Departments to return FY20-21 Fee Schedule changes to Budget Office
- March 3, 2020 City Council Meeting:
  - Board & Commission workplans presented
- March 3, 2020 City Manager's Recommended Budget balanced
- March 13, 2020 Performance Measurement page due to Budget Office from departments
- Weeks of April 20 & 27, 2020 Individual Management Briefings to City Council members re: FY20-21 budget
- Weeks of May 4<sup>th</sup> & 11<sup>th</sup>, 2020 Management Presentations to City Coworkers on FY20-21 budget
- May 19, 2020 City Council Meeting:
  - Call for public hearing on Recommended Budget
- May 20, 2020 Publish notice of public hearing and make a copy available to news media in the County
- June 2, 2020 City Council Meeting:
  - Public Hearing on Recommended Budget
  - FY20-21 Budget approved on 1<sup>st</sup> reading
- June 16, 2020 City Council Meeting:
  - FY20-21 Budget adopted on 2<sup>nd</sup> reading
- June 17, 2020 Notification of tax rate sent to Tax Administrators in Burke, Caldwell and Catawba Counties
- June 18, 2020 Notify organizations who requested appropriation of City funds of funding status
- July 1, 2020 Fiscal Year 2020-2021 begins

# Budget Development Calendar

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## Phase I (Initial Budget Planning Stage)

Budget planning for the FY2019-2020 Annual Budget began in August 2018. Recommendations were to continue with the budget development cycle and budget development calendar.

## Phase II

In December of 2018, projections of personnel expenditures and projections of risk management insurance expenditures were made for the upcoming fiscal year. This information is used to determine what new revenues would need to be produced to maintain current staffing levels and to maintain current risk management insurance policies. These projections are done early due to the significant dollar value involved with these items and the vital role they play in the overall budget development process.

## Phase III

In November and December of 2018, Budget staff held individual budget meetings with divisions/departments for preliminary discussions on significant budgetary needs for FY2019-2020 and to review the status of performance measures.

## Phase IV

In December of 2018, there was a "Budget Kick-off Meeting" held with all departments. At this meeting, departments were given the FY2019-2020 budget manuals, FY2019-2020 budget calendar, FY2019-2020 personnel projections, FY2019-2020 risk insurance projections, instructions for performance measurement reporting, and initial operational target budgets for each department. In addition, debt projections were made by the Finance Department for FY2019-2020. All new personnel requests were due to the Human Resources Department by December 5, 2018.

## Phase V (Final Budget Planning Stage)

Annually, the Hickory City Council adopts their Priorities and Action Plan, which are derived from the Council-Staff Work Sessions. This document is used throughout the year as a guiding tool to ensure that the philosophy defined by the City Council is advocated and carried out by City departments as they deliver services to the public. Also, the Priorities and Action Plan guides City officials in budget development and planning for the upcoming and future budget years. In short, this policy document provides the structure by which the City of Hickory functions during the fiscal year.

Planning for the FY2019-2020 budget was completed at this point and the development of the FY2019-2020 recommended annual budget began.

## How the Budget Process Works

### Basis of Accounting and North Carolina Local Government and Fiscal Control Act

The City of Hickory uses the modified accrual method as the basis for budgeting and for accounting for all funds. This approach to accounting recognizes revenues when they become measurable and expenditures at the time the liability is incurred. All revenues and expenditures must be included in the annual budget ordinance or the appropriate capital and/or grant project ordinances. Any operational appropriations that are not expended or encumbered shall lapse. The North Carolina Local Government Budget and Fiscal Control Act (LGBFCA) controls how cities budget and spend money. The major effects of the LGBFCA on the budgetary process are as follows:

# Budget Planning

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## Budget Preparation Calendar

The LGBFCA establishes the dates by which each stage in the annual budget process is to be completed (G.S. 159-10 through 13). These dates are as follows:

Departmental requests must be submitted to the budget officer by April 30.

Revenue estimates must be submitted to the budget officer by April 30.

The recommended annual budget must be submitted to the Governing Board by June 1.

The Governing Board must adopt the annual budget ordinance by June 30.

## Budget Forms and Procedures

The Budget Officer must prescribe the forms and procedures for the departments to use in preparing their requests; in the words of G.S. 159-10, requests "shall be made in such form and detail, with such supporting information and justifications, as the Budget Officer may prescribe." G.S. 159-10 also requires that a budget request show actual expenditures for the prior year, estimated ones in the current year, and requested ones for the coming budget year.

## Departmental Requests

G.S. 159-10 requires that the budget request for a department include revenues or fees that it will collect in the budget year.

## Recommended Budget

G.S. 159-11 requires that the Budget Officer's recommended budget be balanced unless the Governing Board insists that an unbalanced budget be submitted. It is also required that the budget be submitted to the Governing Board with a budget message. G.S. 159-11(b) states that the message should include:

- A concise explanation of the governmental goals fixed by the budget for the budget year.
- Important features of the activities anticipated in the budget.
- The reasons for stated changes from the previous year in program goals, programs, and appropriation levels.
- Any major changes in fiscal policy.

## Board Review

Once the recommended budget is presented to the Governing Board, several general legal provisions apply to Board review and adoption of the budget ordinance.

- At least ten days must pass between the submission of the recommended budget and adoption of the budget ordinance.
- On the same day the budget is submitted to the Governing Board, the Budget Officer must file a copy of it in the City Clerk's Office where it is made available to the public and press.
- The City Clerk must publish a notice that the budget has been delivered to the Governing Board and is available for public inspection. This advertisement must also note the time and place of the required public hearing.
- During the time between submission and adoption, the Governing Board may conduct its review at both regular and special meetings. At least one of these dates must be a public hearing at which any person who wishes to comment may.
- The Open Meeting Law (G.S. 143-318.9 through 318.18) applies to the budget review and adoption process.

# Budget Development Calendar

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## Adoption of the Budget Ordinance

The budget ordinance must contain the appropriations, the estimated revenues, and the property tax levy as well as the property tax rate.

## Budget Adoption and Amendment

The operations conducted by the City are guided by the annual budget ordinance adopted in accordance with the provisions of the North Carolina Local Government Budget and Fiscal Control Act. The Budget Ordinance must be balanced and adopted prior to the beginning of the Fiscal Year. Adoption of the budget by City Council establishes the legal authority to incur expenditures in the ensuing fiscal year.

After the adoption of the Budget Ordinance, the City Manager (Budget Officer) is authorized to transfer appropriations between line-item expenditures within a department without making an official report to the City Council. He may also transfer amounts not to exceed \$50,000 between functional areas, including contingency appropriations, within the same fund. All other budget amendments must be approved by the City Council through legislative action. All amendments affecting the original budget ordinance not within the scope of the authority granted to the City Manager require two readings for City Council approval.

# Budget Format: The Basics

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Comprehending the Annual City Budget requires the reader to understand the differences between two perspectives of the same budget: the functional perspective, by which the City is managed, and the accounting perspective, by which City finances are accounted for. When City Council adopts or amends a budget, it is allocating resources into functional areas (as listed in the Budget Ordinance). By managing a budget organized around these major functions, City Council can better direct how City resources are applied.

City Council manages the budget at the broadest level. Council policy, statutes, and financial standards mandate the City's accounting system parallel the functions, but at a much more detailed level. The accounting structure of the City is organized on the basis of account groupings called funds, each of which is considered a separate accounting entity. Government monies are allocated to and accounted for in individual funds based upon the purposes for which they are earmarked, and the means by which spending activities are managed. The budgeted monies (i.e., revenues) must always equal the proposed expenditures within each fund. This segregation of financial activity ensures that certain funds, which are restricted in purpose, are explicitly spent on the appropriate government function.

A fund is one of two types: an annual fund or a project fund. Council appropriates operational funds on an annual basis and operational funding lapses at the close of the year. Project funds continue for the life of each specific capital or grant project with appropriations continuing until the project is finished. The City of Hickory's Annual Budget Ordinance contains all operational appropriations and consists of nine funds: the General Fund, Water and Sewer Fund, Sludge Fund, Transportation Fund, Stormwater Fund, Fleet Maintenance Fund, Insurance Fund, Solid Waste Fund, and Capital Reserve Fund. The City adopts all project budgets as Capital or Grant Project Ordinances, which are described in the Capital Improvements/Grant Projects section of this document.

An operational fund's revenue sources are a key distinction for two types of operating funds – General Fund and Enterprise Funds. All city budgets have at least one fund, the General Fund, which is supported by a variety of revenue sources, including the most substantial, the ad valorem property tax levy. The General Fund contains those departments and divisions which do not produce enough revenue to support their operations. The best examples of operations housed in the General Fund include Police, Fire, Library, Recreation, Planning, and Administration.

Like most cities, Hickory has another type of fund called Enterprise Funds, which exist on the market viability of the services provided in that fund. The Water and Sewer Fund, the Solid Waste Fund and the Stormwater Fund are Enterprise Funds that rely almost solely on user fees generated from the services they provide. The Sludge Compost Fund is an enterprise fund financed through intergovernmental agreements of participation by Catawba County and the cities of Conover and Hickory. The Transportation Fund exists with funding from user fees, intergovernmental agreements, and grant funding.

Although funding sources can vary, an Enterprise Fund is expected to generate enough revenue to equal projected expenditures.



# Budget Format: The Basics

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Finally, Hickory also utilizes Internal Service Funds. These funds account for activities that serve other departments or parts of the same government, rather than the public. Hickory maintains two Internal Service Funds including the Fleet Maintenance Fund and the Insurance Fund. In addition, Hickory has one Special Revenue Fund which is the Capital Reserve Fund. Even though there is no statutory obligation to include Internal Service Funds or the Special Revenue Fund in the Annual Budget, Hickory does include them in order to more fully reveal the City's finances. We have established that budgets, while managed by functions, are also managed as complex accounting groupings called funds, which are either operational or project oriented in nature. Operational funds can be enterprise funds depending on the fund's revenue characteristics.

Knowing these key principles is important, but consider this: City employees do not work for funds, they work for departments and divisions. The day-to-day operations of City government are conducted through 45 departments and divisions.

Here is the most important question for budget understanding: How do functions, funds, and departments (divisions) interrelate? The simple answer is that departments are subsections of both functions and funds. Each department is managed by its functional duties and its financial distinctions. For example, the Fire Department is part of the Public Safety function, and is included in the General Fund because it is not a self-supporting entity (enterprise fund). Each department belongs to one function and one fund. A fund can include any number of departments, including departments of different functions. A function can include departments from many funds. Managing the aggregate of all departments in a fund allows staff to measure the financial health of specific City endeavors, while managing the aggregate of all departments in functions allows City Council to consolidate the myriad of City services into clearer segments. When Council appropriates money for the Fire Department and the Recreation Department, it is addressing needs in two functional areas, Public Safety and Culture and Recreation, but it is allocating the resources of one fund, the General Fund.

## About the Document Presentation

All combinations of departments and divisions, funds, and functions appear in this budget document. The presentation takes the reader from discussions of the broadest overview in the budget document (Consolidated Budget Summary) to discussions of the most specific departmental review (General Fund, Enterprise Funds). The document places a distinct emphasis on the City's departments and divisions because these pages represent the plans of the men and women who are charged with the duty of providing services to citizens. Following the City budget from this basic level back up through funds, functions, and consolidated totals can help the reader associate services to the respective budget data.

The departmental presentations are summaries of all expenditures and revenues associated with each department's activities. One of the most daunting tasks of preparing a budget document is deciding how to present the hundreds of individual budget codes (line-items) in a format that promotes the decision-making process. Every account code is relevant to the process. Unfortunately, it is not possible to effectively present literally hundreds of account codes.

Instead, this document presents budget data in a summary form that shows groups of like data by category (e.g., Personnel, Operations, Capital). Presenting the City of Hickory's budget in this style facilitates comparisons between groups of data, making the overall trends more discernible to the reader. Acknowledging that the reader does not have access to every account code, the Budget Highlights attempt

# Budget Format: The Basics



to explain key departmental changes by relating the “numbers behind the numbers” to budget summaries. A second document that presents the complete listing of all City of Hickory budget codes only is also available through the City of Hickory’s Budget Office (828-327-7412) if further detail is needed.

In the General Fund and Enterprise Funds sections the reader will find the cornerstones of the City: the departments and the divisions. Here is where narrative descriptions highlight what each department accomplished in the year that is ending, as well as the goals and objectives for the upcoming budget year. Coupled with this is a presentation of the resources budgeted for the department. The purpose is to show the evolution of City services as of the start of the new fiscal year. Using an expenditure table as an example, the presentation of the data is as follows:

Expenditure by Type	2015-2016	2016-2017	2017-2018	Percent Change
	Actual	Budgeted	Budgeted	
Personnel	6,548,258	6,674,652	6,844,130	3%
Operations	799,871	771,684	782,356	1%
Capital	99,567	256,680	263,750	3%
Pro Rata Reimbursement	8,804	9,331	9,331	0%
<b>Expenditure Total</b>	<b>7,456,500</b>	<b>7,712,347</b>	<b>7,899,567</b>	<b>2%</b>
<b>Per Capita</b>	<b>191</b>	<b>198</b>	<b>202</b>	

**Audited data from the last completed fiscal year.** (points to 2015-2016 Actual)

**Budget for each category as adopted for the current fiscal year. The fiscal year begins July 1 of each calendar year.** (points to 2016-2017 Budgeted)

**The budget for the new fiscal year which begins on July 1.** (points to 2017-2018 Budgeted)

**The percentage of change from budget to budget.** (points to Percent Change)

Please note that all tables in the budget present the same three-year format. Since the budget data is in summary form (as discussed earlier), we should understand what the summaries constitute.

Expenditure by Type	2015-2016	2016-2017	2017-2018	Percent Change
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**Includes salaries, wages, and fringe benefits (FICA, insurance, et al.)** (points to Personnel)

**All expenditures not directly related to Personnel, Capital, or Pro-Rata Admin. Reimbursement. Includes everything from postage to traffic signs.** (points to Operations)

**Adjustments for the value of services provided or received to or from other City departments. (Example: The cost for the Human Resources Department to recruit for a vacancy in another department.)** (points to Capital)

**Includes expenditures for land, buildings, equipment, vehicles, and other expenditures exceeding \$500, with a life expectancy of more than 1 year.** (points to Pro Rata Reimbursement)

# Budget Format: The Specifics

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## GENERAL FUND

The General Fund is the general operating fund of the City and is used to account for all revenues and expenditures except those required to be accounted for in another fund. This fund is established at the inception of a government and exists throughout the government's life.

### General Fund Revenues

- Ad Valorem Taxes - Collections of current and prior year property tax levies, refunds, late listing penalties, and interest on delinquent taxes. (55.92%)
- Other Taxes - Three sales tax allocations (Article 39 one cent, Article 40 one-half cent and Article 42 one-half cent), utility franchise tax, telecommunications tax, \$5 vehicle fee, and a local option hotel/motel occupancy tax levied for tourism development. (32.47%)
- Unrestricted Intergovernmental - Beer and wine tax, payments in lieu of taxes, and traffic control revenue received from NCDOT. (1.26%)
- Restricted Intergovernmental - Federal, state, and local assistance restricted for specific uses including the Powell Bill street allocation, North Carolina Department of Transportation (NCDOT) street maintenance, various public safety and culture/recreation grants, Catawba County fire district tax, and Catawba County's participation in the provision of Hickory library services. (4.52%)
- Licenses and Permits - Revenues generated for privilege beer and wine licenses, and taxi permits. (0.01%)
- Sales and Services - User fees charged for the provision of various city services including, but not limited to: parking rentals, cemetery lot sales, police and fire charges and fines, cable franchise fees, and revenues generated for recreation and library services. (2.91%)
- Investment Earnings - Interest earned on the investment of the fund's idle cash balance. (0.49%)
- Miscellaneous – Includes unanticipated revenues such as donations, discounts earned, the sale of capital assets, and insurance reimbursements. (0.57%)
- Other Financing Sources - Proceeds from the issuance of bonds, installment purchase contracts, or lease purchase agreements, transfers from capital project funds, or fund balance appropriated. (1.86%)

### General Fund Expenditures

- General Government - Expenditures for the City Council and Administration consisting of the City Manager's Office, Budget Office, Risk Management, Human Resources, Finance, City Clerk, Communications, Information Technology, Legal, Public Buildings, District Court Building, Union Square, Engineering, Central Services, and Landscape Services, as well as various special appropriations. (13.15%)
- Public Safety - Expenditures for the Police Department, the Fire Department, the Hickory Rural District, and various special appropriations. (45.62%)
- Transportation - Expenditures for the Traffic and Street Divisions of Public Services. (12.50%)

# Budget Format: The Specifics



- Economic and Community Development - Expenditures for the Planning and Development Department; Economic Development Incentives, and several special appropriations. (6.99%)
- Culture and Recreation - Expenditures for the Recreation Department, Parks Maintenance, L.P. Frans Stadium, Hickory Public Library, and various special appropriations. (12.42%)
- Other Financing Uses – Money transferred to other funds to subsidize and/or finance activity required to be accounted for in another fund. (2.52%)
- Debt Service - Expenditures for the required repayment of debt principal and interest incurred for the construction of large capital projects or major capital purchases. (5.47%)
- Contingency - Budgetary reserve set aside for emergencies or unforeseen expenditures. (1.33%)

## ENTERPRISE FUNDS

The Water and Sewer, Stormwater, Sludge Compost, Transportation, and Solid Waste Enterprise Funds combine to account for proprietary fund activity. These funds are financed and operated in a manner similar to private business enterprises, where the intent of the Governing Body is to recover costs of providing the service through user charges. These funds provide water and sewer service to over 97,000 customers inside and outside the city limits, regulate stormwater runoff, produce a high quality compost material, provide air transportation services, and provide solid waste services, respectively.

### Water and Sewer Fund Revenues

- Restricted Intergovernmental - City of Conover repayment portion of debt service for Hickory's Water Treatment Plant, Catawba County's portion of the Hickory Catawba Wastewater Treatment Plant, City of Claremont and Town of Hildebran operations maintenance contracts, and the Town of Maiden's buy in to the City's Water Plant. (3.94%)
- Sales and Services - Initial tap fees and user fees charged for the provision of water and sewer service. (68.96%)
- Investment Earnings - Interest earned on the investment of the fund's idle cash balance. (0.18%)
- Miscellaneous - Plant capacity fees charged with water or sewer taps and any unanticipated revenues. (1.03%)
- Other Financing Sources - Proceeds from the issuance of bonds, installment purchase contracts, or lease purchase agreements, transfers from capital project funds, or fund balance appropriated. (25.88%)

### Water and Sewer Fund Expenditures

- Environmental Protection - Expenditures for Administration, Collection Division, the Henry Fork Wastewater Treatment Plant, the Northeast Wastewater Treatment Plant, the Hickory-Catawba Wastewater Treatment Plant, the Water Treatment Plant, the Lab Division, and the Distribution Division of the Public Services Department, and special appropriations. (85.81%)
- Other Financing Uses – Money transferred to other funds to subsidize and/or finance activity required to be accounted for in another fund. (3.55%)

# Budget Format: The Specifics

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- Debt Service - Expenditures for the required repayment of debt principal and interest incurred for the construction of large capital projects or major capital purchases. (10.18%)
- Contingency - Budgetary reserve set aside for emergencies or unforeseen expenditures. (0.46%)

## Stormwater Fund Revenues

- Other Financing Sources - Transfers from other funds, or fund balance appropriated. (100%)

## Stormwater Fund Expenditures

- Environmental Protection - Expenditures for Administration/Engineering, Stormwater - Transportation Division, Stormwater - Solid Waste Division, and the Stormwater - Landscape Division. (100%)

## Sludge Composting Fund Revenues

- Restricted Intergovernmental - Intergovernmental funding for operational expenses from the City of Hickory for 66%, Catawba County for 18.5%, and the City of Conover for 15.5%. (100%)

## Sludge Composting Fund Expenditures

- Environmental Protection - Expenditures for contracted services with a private contractor to operate the Sludge Composting Facility. (100%)

## Transportation Fund Revenues

- Sales and Services - User fees charged for the provision of various Airport services such as Airport property rentals. (94.44%)
- Investment Earnings - Interest earned on the investment of the fund's idle cash balance. (0.36%)
- Restricted Intergovernmental Revenues – Contributions from Catawba and Burke Counties for tower operations. (0.23%)

## Transportation Fund Expenditures

- Transportation - Expenditures for Airport operations. (98.91%)
- Contingency - Budgetary reserve set aside for emergencies or unforeseen expenditures. (1.09%)

## Solid Waste Fund Revenues

- Other Taxes - Solid Waste Excise Tax revenue received from the State of North Carolina. (0.45%)

# Budget Format: The Specifics



- Sales and Services - User fees charged for the provision of various solid waste collection services including: curbside, recycling center, cardboard, white goods, yard waste, tipping fees for the county landfill and commercial bulk services. (90.44%)
- Investment Earnings - Interest earned on the investment of the fund's idle cash balance. (0.22%)
- Miscellaneous - Unanticipated revenues. (0.05%)
- Other Financing Sources – Transfer from Capital Reserve Fund towards replacement truck, and an appropriation from the Solid Waste Fund Balance for operational support. (8.84%)

## Solid Waste Fund Expenditures

- Environmental Protection - Expenditures for Recycling Services, Residential Sanitation, Commercial Bulk Services, contracted services with Republic, and Catawba County landfill tipping fees. (99.64%)
- Contingency - Budgetary reserve set aside for emergencies or unforeseen expenditures. (0.36%)

## INTERNAL SERVICE FUNDS

The Fleet Maintenance Fund, Insurance Fund, and Capital Reserve Fund are internal service funds that have been set up in order to more accurately account for expenditures for vehicle and equipment maintenance, insurance costs and capital reserves. This enables the City to better grasp the true cost of providing these internal services on the departmental and divisional levels.

### Fleet Maintenance Fund Revenues

- Sales and Services – Charges for vehicle and equipment repairs, which are charged to individual departments. (100%)

### Fleet Maintenance Fund Expenditures

- General Government – Expenditures for vehicle and equipment maintenance and repair. (100%)

### Insurance Fund Revenues

- Sales and Services – Charges for health, dental, workers compensation, property, casualty, and liability insurance. These revenues are derived from charges to individual departments. (96.91%)
- Investment Earnings - Interest earned on the investment of the fund's idle cash balance. (0.40%)
- Other Financing Sources – Support from Fund Balance allocation. (2.69%)

# Budget Format: The Specifics

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## Insurance Fund Expenditures

- General Government – Expenditures for health, dental, worker’s compensation, property, casualty and Liability of insurance. (100%)

## Capital Reserve Fund Revenues

- Other Financing Sources - Transfer from the General Fund and Water & Sewer Fund for future capital projects or purchases, and an appropriation from the Capital Reserve Fund Balance towards General Fund capital expenditures during FY2019-20. (100%)

## Capital Reserve Fund Expenditures

- General Government – Money received from the General Fund into Capital Reserve, to be used for future general capital expenditures. (25.64%)
- Environmental Protection – Money received from the Water and Sewer Fund into Capital Reserve, to be used for future water and sewer capital expenditures (20.09%).
- Other Financing Uses – Money transferred to other funds for planned capital projects or capital purchases during the current Fiscal Year. (54.27%)

# **Consolidated Budget Summary**



## **2020-2021 Recommended Budget**



# Consolidated Budget Summary



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The Consolidated Budget Summary section begins the budget presentation by examining the budget at the broadest level. Here, the assumptions and trends that helped determine the basic framework described in the Budget Guide section are presented. Later sections will provide further detail about the individual funds, departments, and divisions.

The discussion here begins with revenues, which are followed by financial totals, functional trends, fund balance projections, and staffing totals. Revenues must fully support expenditures in a balanced budget, so no budget can begin without an understanding of the resources available. Certain methods, techniques and approaches have been used to aid the City in estimating future revenues. By analyzing current trends and the underlying forces, the City can make realistic projections of revenues.

## Revenue Assumptions

The most important aspect to understand regarding how revenues are budgeted in the City of Hickory's Annual Budget is that for most of the City's major sources of revenue, all that will be budgeted for FY2020-2021 is what we project to receive by the end of FY2019-2020. This conservative approach to budgeting helps ensure that budget projections are met, helps to guard against unanticipated economic downturns and, in most years, allows us to place funds into Fund Balance at year end. City Management believes that budgeting unrealized increases in revenues for an upcoming fiscal year, especially with major sources of revenue, is risky at best and could be counter-productive in the end.

The following are other assumptions concerning some of our most significant sources of revenue that are forecast in the City of Hickory's FY2020-2021 Annual Budget.

### REVENUES

### FORECAST RATIONALE

#### AD VALOREM TAXES

##### Ad Valorem Taxes

The City contracts with Catawba County to assess and collect property taxes. By the beginning of FY2020-2021, Hickory's assessed property value is projected to have increased by 5.52% (or \$276,508,040) to \$5,283,960,033.

The General Fund's property tax rate will be \$.5875 per one hundred dollars (\$100) valuation of property with an estimated collection rate of 98.72%. The total Ad Valorem Tax category of revenues is budgeted at \$30,640,000 for FY2020-2021. The Ad valorem category of revenue includes: current year's collections, prior year's collections, penalties and interest, and refunds.

# Consolidated Budget Summary



## OTHER TAXES

### Sales Tax

The State collects and distributes the proceeds from the locally levied tax on retail sales. The Article 39 original one-cent local option sales tax is distributed on a point-of-sale basis. Article 40, a one-half of one percent rate and Article 42, also a one-half of one percent rate, are revenue placed in a statewide pool and then distributed state-wide on a per capita basis. Revenue projections for FY2020-2021 are based on anticipated local retail sales and other economic conditions, and reflect a 4.2% increase over the FY2019-2020 budgeted amount.

### Utility Franchise Tax

The City shares in the sales tax levied by the State on piped natural gas and electricity sales. This tax is collected by the State and then distributed quarterly through a predetermined formula to North Carolina municipalities. This revenue is highly sensitive to the weather. Cool summers and mild winters can lead to a year with little or no growth in receipts from this tax. Any annexations of industrial or other facilities that are heavy users of utility services could also create growth in this source of revenue. For FY2020-2021 we project a 1.5% increase above what was budgeted in FY2019-2020.

### Telecommunications Tax

This tax was previously a part of the Utility Franchise Tax, but was broken out as a separate tax received from the State of North Carolina in FY2003-2004. The Telecommunications Tax is levied by the State on all telephone service. Each city's share of this is tax based on the actual receipts from telephone and cable television service within their municipal boundaries during the fiscal year. For FY2020-2021 we anticipate a 5.6% decrease in this revenue.

## UNRESTRICTED INTERGOVERNMENTAL REVENUES

### Beer and Wine Tax

Cities share in the sales tax revenue from the sale of both beer and wine, based on population. Revenue for FY2020-2021 is projected to remain flat compared to the FY2019-2020 budgeted amount.

### Traffic Control Revenue

The City of Hickory, through a cooperative agreement, maintains the NCDOT's traffic control systems located within the city limits of Hickory. The City receives annual reimbursements for this service from the NCDOT through the form of Traffic Control Revenue. This revenue may vary from year to year depending upon annual maintenance schedules and scheduled projects, and is projected based on what the City's Traffic Division anticipates.

# Consolidated Budget Summary



## RESTRICTED INTERGOVERNMENTAL REVENUES

### Powell Bill

Gasoline sales taxes are shared by the State with its municipalities through a legislative act known as the Powell Bill. Revenue distribution projections to local governments are based on a formula that combines both "per capita" values and "per mile" values. Hickory has had little growth in its population or the miles of streets it maintains. This revenue for FY2020-2021 is projected to be approximately 0.5% less than the FY2019-2020 budgeted amount.

### Sludge Compost

These revenues are based on the percentage of participation for the fixed contract to operate the Sludge Compost Facility by Veolia Water. The percentage of participation is: City of Hickory - 85% and City of Conover - 15%. Variable costs of operations are charged by percentage of use by each local government. These revenues have been estimated to meet projected operational requirements for FY2020-2021 and are expected to increase 2.1% from FY2019-2020.

## LICENSES AND PERMITS

Privilege Licenses were previously a significant source of revenue for the City but were repealed in FY2015-2016. As was the case since FY2016-2017, no revenue is projected for FY2020-2021.

## SALES AND SERVICES

(Most fees are increased by 2.1%, which is the 2019 Consumer Price Index, unless otherwise indicated)

### Parking Rentals

The City owns and operates eleven (11) parking lots in the downtown area. Some are unrestricted lots and some are leased lots. Revenue received from this enterprise, as well as parking tickets issued, remains relatively constant from year to year and is transferred to the City's Capital Reserve Parking Fund for future parking projects, after the cost of collection/enforcement is deducted.

### Recycling Revenue

Revenue received for recycling services. These charges are based, in part, on costs for collection, preparation and transportation of recycling material to market.

### Water and Sewer Charges

Water and sewer rates will see a 3.0% increase with the FY2020-2021 Annual Budget over the FY2019-2020 rates. This increase will help to keep the Water and Sewer Fund 100% self-supporting.

### Water and Sewer Taps

The City charges fees to customers for connecting to the City's water or sewer system. FY2020-2021 tap fee revenue is projected to remain flat compared to the FY2019-2020 budgeted amount.

# Consolidated Budget Summary

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## INVESTMENT EARNINGS

Investment Earnings

Investment earnings are conservatively projected on the basis of average available cash balances at an anticipated average rate of return of 1%.

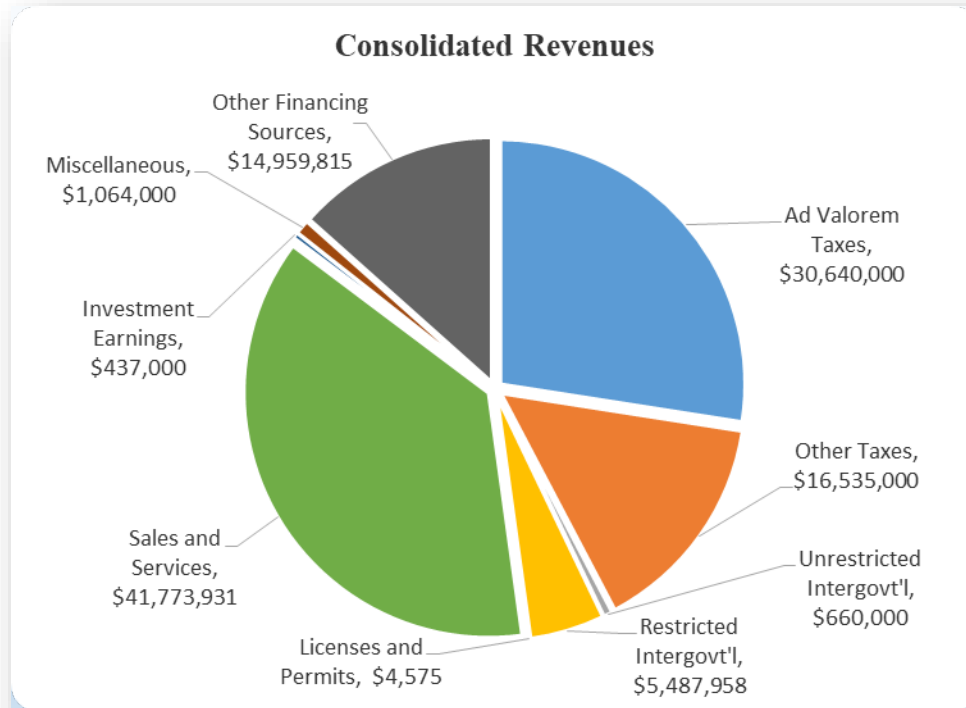
## FUND BALANCE/ RETAINED EARNINGS

Fund Balance Appropriated

Fund Balance/Retained Earnings appropriated generally does not exceed an amount that management can reasonably expect to save during the year.

# Consolidated Budget Summary

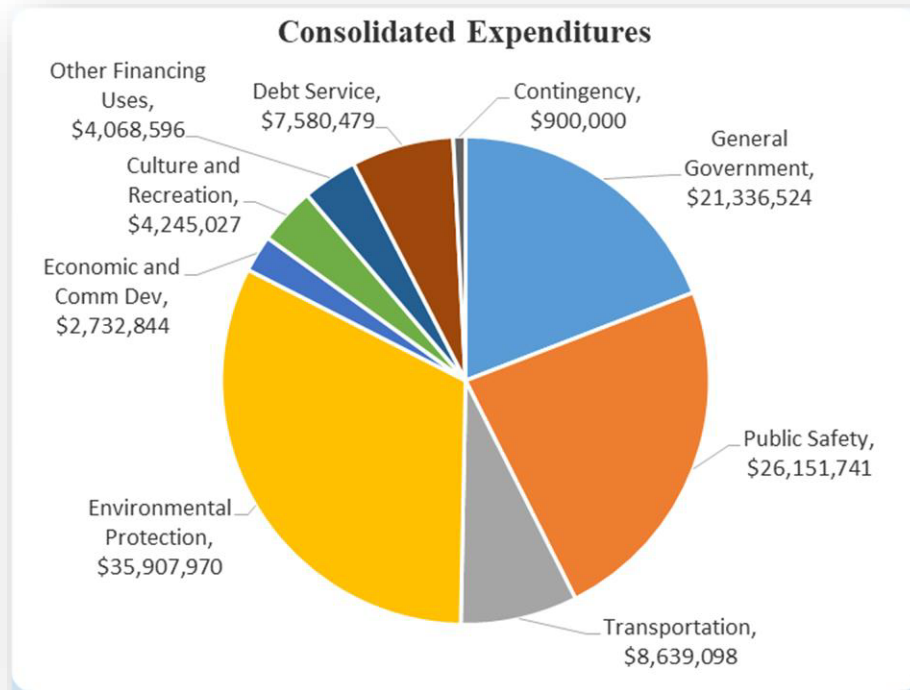
This consolidated revenue graph and table contain all funds, including the internal service funds (Fleet Maintenance and Insurance) and the Capital Reserve Fund. Insurance and fleet costs are budgeted in each of the departments/divisions in order to better capture the actual cost to provide services. The Fleet Maintenance Fund and Insurance Fund then budget revenues from each of these departments and the expenditures associated with the actual costs to provide these services. This inflates the "Sales and Services" revenue source, but omitting these funds from this section would not give the reader a comprehensive view of the City's finances.



Consolidated Revenues	2018-2019 Actual	2019-2020 Budgeted	2020-2021 Budgeted	Percent Change
Ad Valorem Taxes	28,100,944	29,525,000	30,640,000	3.8%
Other Taxes	17,754,537	17,168,213	16,535,000	-3.7%
Unrestricted Intergovernmental	641,027	663,000	660,000	-0.5%
Restricted Intergovernmental	5,880,218	5,507,968	5,487,958	-0.4%
Licenses and Permits	4,832	5,100	4,575	-10.3%
Sales and Services	41,955,039	41,832,776	41,773,931	-0.1%
Investment Earnings	2,113,589	370,036	437,000	18.1%
Miscellaneous	1,984,622	643,500	1,064,000	65.3%
Other Financing Sources	43,059,904	15,262,996	14,959,815	-2.0%
Revenue Total	141,494,712	110,978,589	111,562,279	0.5%
Per Capita	3,487.93	2,711.76	2,718.11	

# Consolidated Budget Summary

This consolidated expenditure graph and table are broken down by functional area and include expenses in all funds, including the internal service funds (Fleet Maintenance and Insurance) and the Capital Reserve Fund. As was explained on the previous page, insurance and fleet costs are budgeted in each of the departments/divisions in order to better capture the actual cost to provide services. The Fleet Maintenance Fund and Insurance Fund then budget revenues from each of these departments and the expenditures associated with the actual costs to provide these services. This inflates the "General Government" expenditure, but again, omitting these funds from this section would not give the reader a comprehensive view of the City's finances.



Consolidated Expenditures	2018-2019	2019-2020	2020-2021	Percent Change
	Actual	Budgeted	Budgeted	
General Government	15,220,528	18,384,078	21,336,524	16.1%
Public Safety	24,865,021	24,087,158	26,151,741	8.6%
Transportation	7,423,136	9,324,221	8,639,098	-7.3%
Environmental Protection	33,550,121	36,752,517	35,907,970	-2.3%
Economic and Community Develop.	3,742,521	3,691,666	2,732,844	-26.0%
Culture and Recreation	6,547,556	6,558,575	4,245,027	-35.3%
Other Financing Uses	7,342,612	5,039,922	4,068,596	-19.3%
Debt Service	1,747,600	6,240,452	7,580,479	21.5%
Contingency	-	900,000	900,000	0.0%
<b>Expenditure Total</b>	<b>100,439,095</b>	<b>110,978,589</b>	<b>111,562,279</b>	<b>0.5%</b>

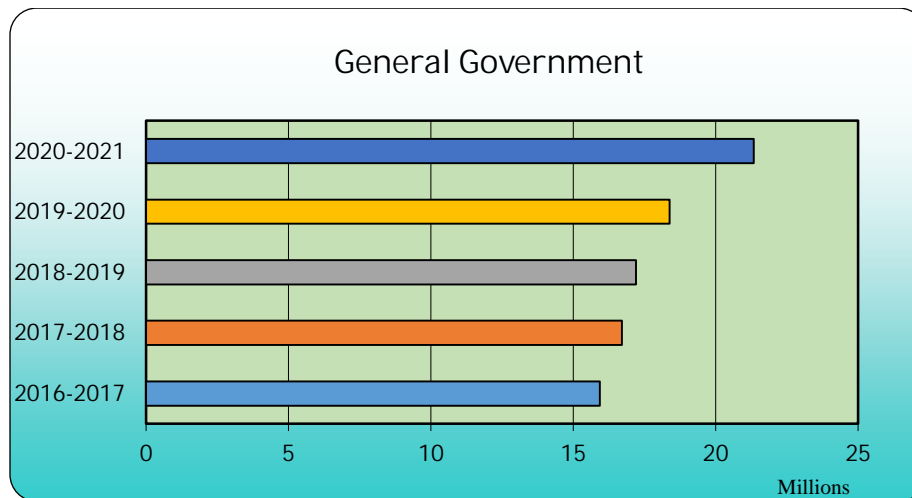
# Consolidated Budget Summary



## Functional Expenditure Trend Summary

While the City of Hickory's budget consists of approximately 45 individual departments and divisions, each conducts the business of City government as a part of a functional area. For example, the Police Department is part of the functional area known as Public Safety, as is the Fire Department. Both share the common theme of protecting citizens. Grouping activities by these functions (themes), allows the decision-making process to be managed at broader, more comprehensive levels.

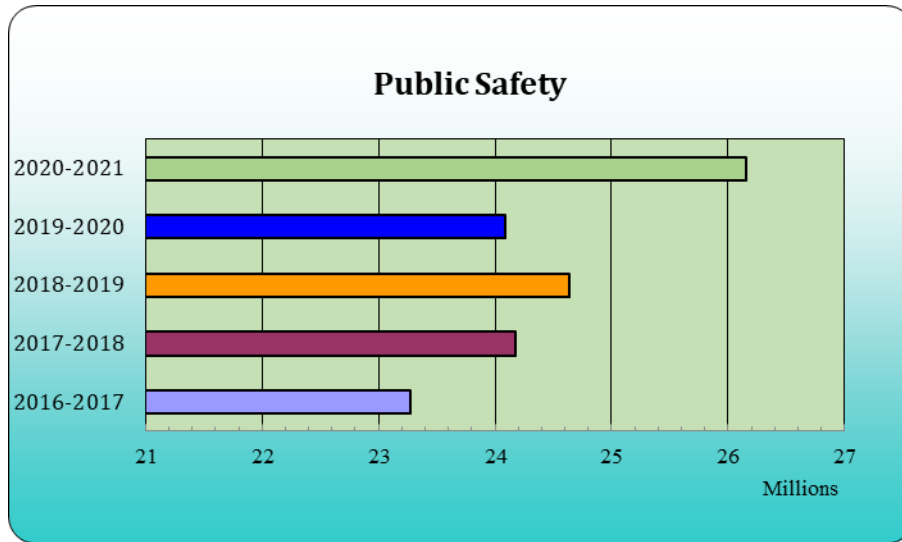
The following is a presentation of the trends for the major functions in the City's budget. By examining the long-term and short-term progressions of each, the overall dynamics of Hickory's budget can be better understood. A five-year graph shows the function as it progresses from the FY2016-2017 budget; a table compares the budget expenditure categories for the current budget proposal. The presentation references key departments, which are discussed in depth in either the General Fund, Enterprise Funds, or Other Funds sections.



General Government	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	15,932,924	16,702,258	17,199,615	18,384,078	21,336,524
Dollar Change	357,993	769,334	497,357	1,184,463	2,952,446
Percent Change	2.3%	4.8%	3.0%	6.9%	16.1%

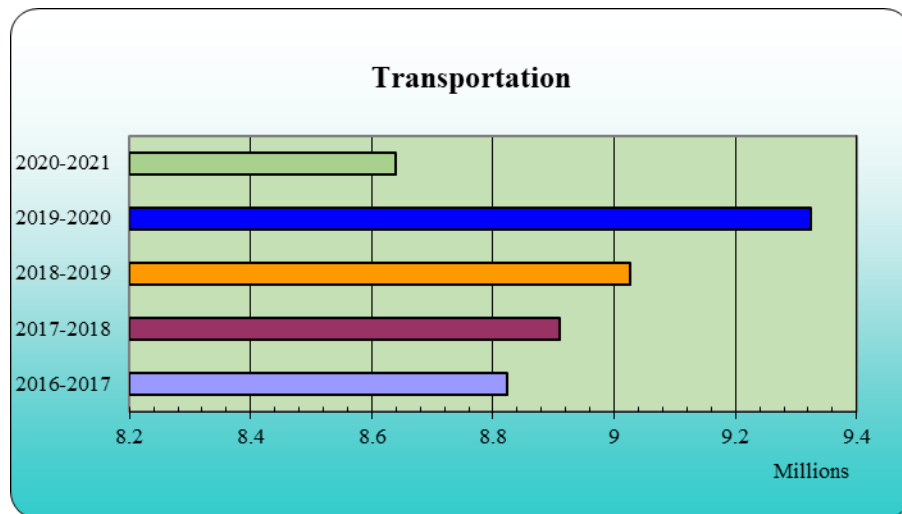
Departments/Divisions: Governing Body, City Manager's Office, Budget Office, Finance, Legal, Risk Management, City Clerk, Information Technology, Human Resources, Communications Office, Building Services, Engineering, Public Buildings/City Hall, District Court, Fleet Maintenance and Landscape Services.

# Consolidated Budget Summary



Public Safety	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	23,271,046	24,179,973	24,636,425	24,087,158	26,151,741
Dollar Change	1,085,965	908,927	456,452	(549,267)	2,064,583
Percent Change	4.9%	3.9%	1.9%	-2.2%	8.6%

Departments/Divisions: Police, Fire and Volunteer Fire Departments

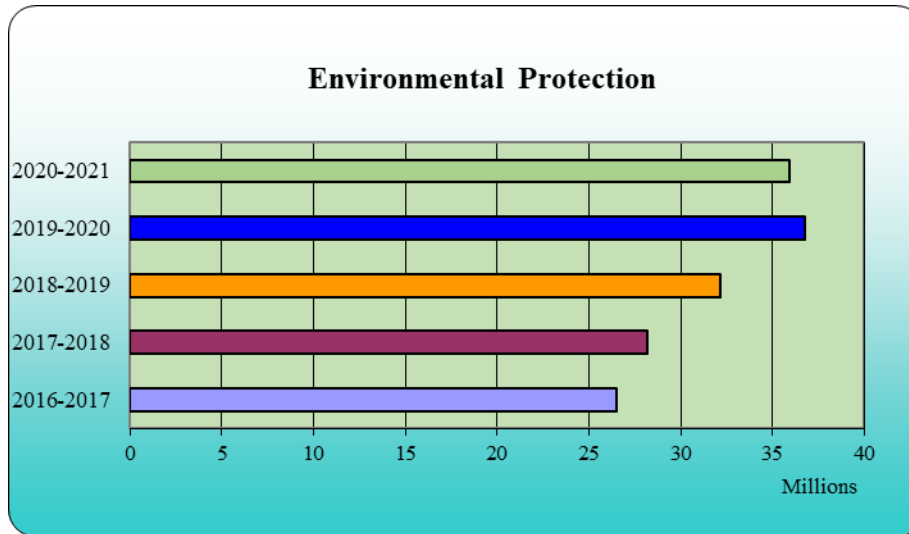


Transportation	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	8,823,064	8,909,830	9,026,976	9,324,221	8,639,098
Dollar Change	426,503	86,766	117,146	297,245	(685,123)
Percent Change	5.1%	1.0%	1.3%	3.3%	-7.3%

Departments/Divisions: Airport, FBO, Street and Traffic

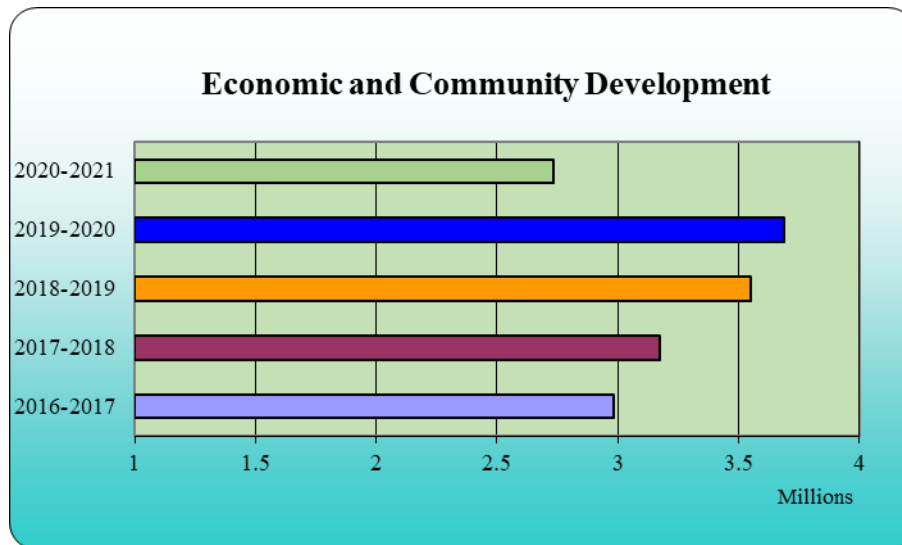


# Consolidated Budget Summary



Environmental Protection	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	26,481,997	28,163,205	32,178,478	36,752,517	35,907,970
Dollar Change	(3,638,572)	1,681,208	4,015,273	4,574,039	(844,547)
Percent Change	-12.1%	6.3%	14.3%	14.2%	-2.3%

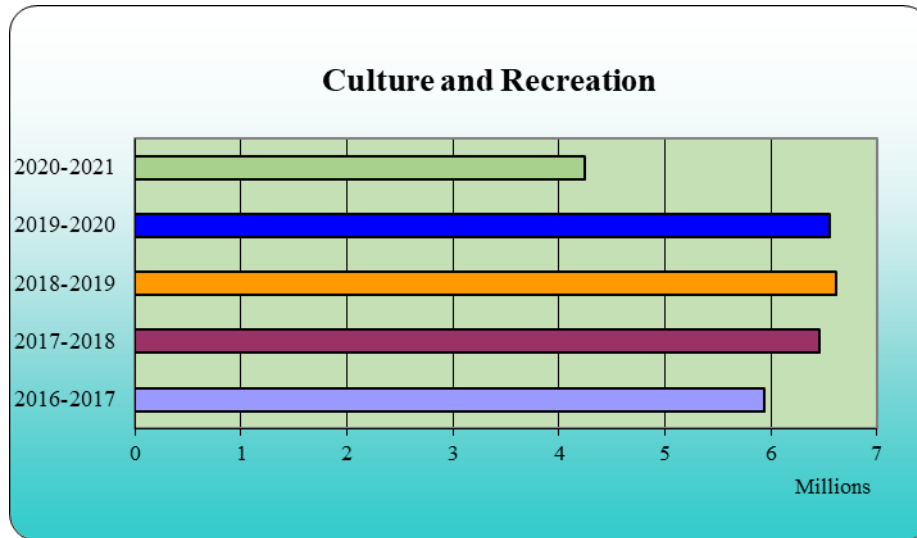
Departments/Divisions: Public Utilities (Water and Sewer), Stormwater, Residential Sanitation, Commercial Bulk Services, Recycling and Sludge Composting Facility



Economic/Community Dev.	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	2,981,290	3,173,774	3,549,443	3,691,666	2,732,844
Dollar Change	217,620	192,484	375,669	142,223	(958,822)
Percent Change	7.9%	6.5%	11.8%	4.0%	-26.0%

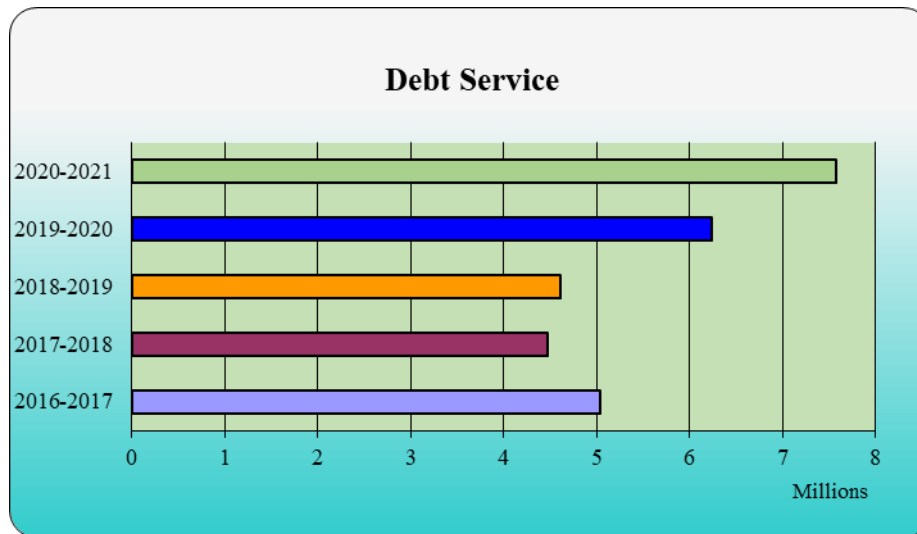
Departments/Divisions: Tourism Development Authority, Special Appropriations (General Fund) and Planning

# Consolidated Budget Summary



Culture and Recreation	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	5,937,195	6,459,330	6,613,530	6,558,575	4,245,027
Dollar Change	(97,274)	522,135	154,200	(54,955)	(2,313,548)
Percent Change	-1.6%	8.8%	2.4%	-0.8%	-35.3%

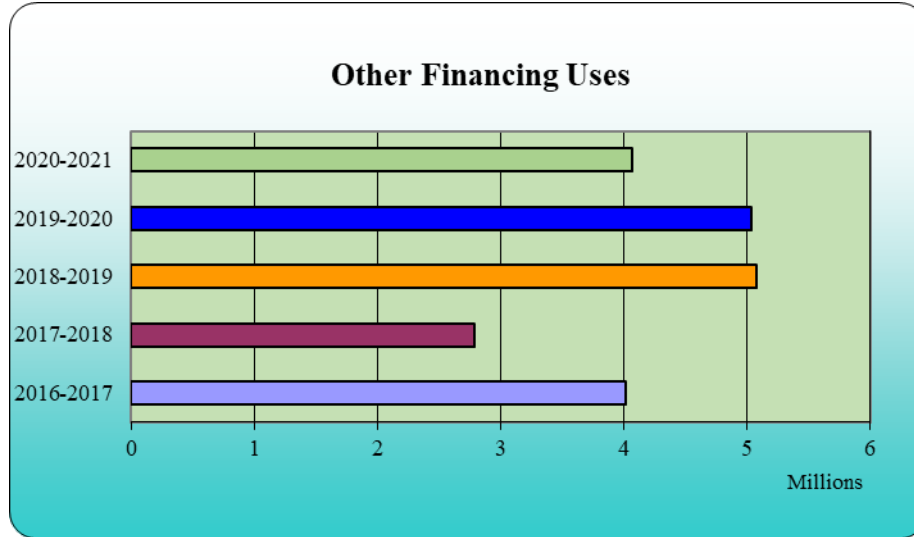
Departments/Divisions: Parks and Recreation, Parks Maintenance, L.P. Frans Stadium and Library



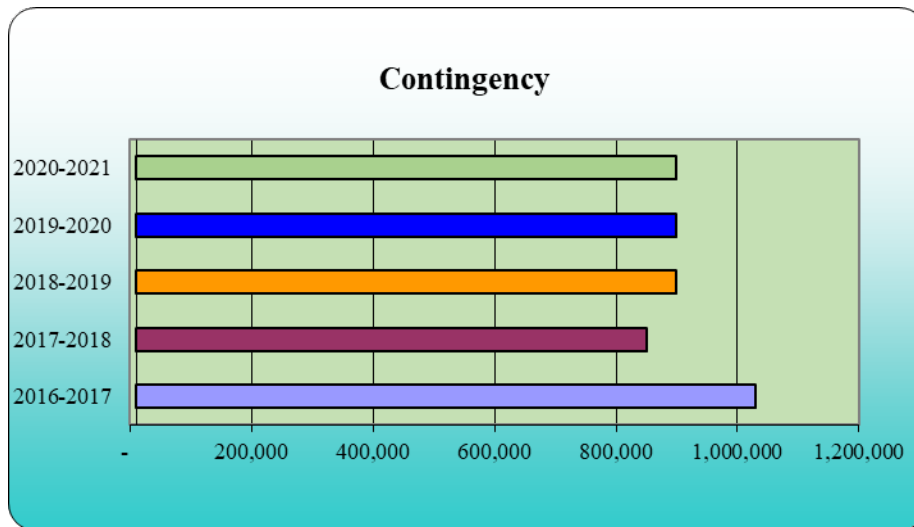
Debt Service	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	5,035,311	4,468,320	4,617,811	6,240,452	7,580,479
Dollar Change	(194,403)	(566,991)	149,491	1,622,641	1,340,027
Percent Change	-3.7%	-11.3%	3.3%	35.1%	21.5%

Funds with Debt: General Fund, Water and Sewer Fund, and Solid Waste Fund

# Consolidated Budget Summary



Other Financing Uses	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	4,018,008	2,790,274	5,079,671	5,039,922	4,068,596
Dollar Change	(4,922,134)	(1,227,734)	2,289,397	(39,749)	(971,326)
Percent Change	-55.1%	-30.6%	82.0%	-0.8%	-19.3%



Contingency	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Total Budgeted Amount	1,030,000	850,000	900,000	900,000	900,000
Dollar Change	230,000	(180,000)	50,000	-	-
Percent Change	28.8%	-17.5%	5.9%	0.0%	0.0%

Funds with Contingency: General Fund, Water and Sewer Fund, Transportation, and Solid Waste

# Consolidated Budget Summary



## Consolidated Fund Balance Discussion

In all City funds at the close of 2018-2019, there was a total of \$63,607,055 in fund balance/unrestricted net position. The Local Government Commission recommends the minimum level of General Fund Balance available for appropriation at 8% of prior years' expenditures. The Hickory City Council has a financial policy striving to maintain a fund balance of 25% of its general operating budget. The reason for this policy is to avoid cash flow interruptions, to generate investment income, to eliminate the need for short-term borrowing, and to have a reserve available in case of sudden emergencies or opportunities.

Going into FY 2020-2021, the City continues to strategically utilize its General Fund Balance to fund various projects and opportunities related to our community's economic growth and development. Along with the ongoing implementation of the Bond Projects, the City has witnessed considerable economic progress over the recent years. A positive result of this has been a steady increase in the City's available General Fund Balance, and we continue to meet and exceed our minimum policy of 25% Unassigned General Fund Balance. The estimated Unassigned General Fund Balance as of June 30, 2020 is expected to be approximately 35% of the General Fund budgeted amount as we enter FY 2020-2021. For the upcoming Fiscal Year, the City continues to strike an important balance between the need for emergency reserves plus the regular use of Fund Balance for its ongoing operating and capital needs. A pertinent illustration to this point: with the global Covid-19 Coronavirus pandemic of spring 2020, the City intends to use its reserves to delay a property tax increase that will service the debt incurred by the 2019 General Obligation Bond issue.

For all City of Hickory funds, the fund balance/unrestricted net position trends and totals are as follows:

Fund Balance / Unrestricted Net Position	2016-2017 Actual	2017-2018 Actual	2018-2019 Actual	2019-20 Estimated
General Fund-Unassigned FB	15,908,792	17,872,210	20,116,901	22,808,334
Capital Reserve Fund-Committed FB	5,835,895	5,835,895	5,584,238	5,056,331
Water and Sewer-Unrestricted Net Position	31,642,539	29,612,777	33,554,579	31,328,949
Sludge-Unrestricted Net Position	(67,937)	84,931	321,043	-
Stormwater-Unrestricted Net Position	689,103	771,120	774,036	(613,151)
Solid Waste-Unrestricted Net Position	2,079,383	1,492,261	1,212,690	144,765
Fleet Maint.-Unrestricted Net Position	(913,183)	(1,328,590)	(1,534,154)	(2,401,457)
Transportation-Unrestricted Net Position	410,428	252,250	61,916	(1,310,416)
Insurance-Unrestricted Net Position	1,772,521	2,540,485	3,515,806	5,185,757
<b>Fund Totals</b>	<b>57,357,541</b>	<b>57,133,339</b>	<b>63,607,055</b>	<b>60,199,112</b>

# Consolidated Budget Summary



## Staffing Analysis FY 2020-2021

The City has 668 full-time employees. There are 7 new positions added in the FY 2020-21 budget. Four (4) of those positions will be funded by Lenoir Rhyne University.

New Positions for FY 2020-2021:

- GIS Technician, Public Utilities Department
  - This position was previously contracted with WPCOG at 20 hours per week. For approximately the same cost, the position will now be brought in-house in a full-time status.
- Police Officer
  - With the expansion of the downtown business area and bond project improvements, there is a greater need to cover call for service in the area. Adding another officer to the schedule will allow for scheduling nights and weekends as the City Walk continues its growth.
- Police Officer (4) dedicated to Lenoir Rhyne University Campus
  - LRU will reimburse the City of Hickory on an annual basis for all related personnel costs (salary and benefits).
- Firefighter (1) to assist with staffing levels and leave time
  - To be paid with rural funds (5310)

## Other Personnel Changes

The Parks, Recreation and Sports Tourism Department converted two Senior Recreation Programmer positions to Recreation Center and Events Coordinator positions. The change in responsibilities includes sharing management of recreation center staff as well as sharing events coordination. This change allows for more flexibility in scheduling and gives staff access to supervisory personnel. These two positions are sharing much of the responsibility previously assigned to the Recreation Supervisor.

With the retirement of the Assistant Director of Parks, Recreation and Sports Tourism, there came opportunity to reorganize and streamline positions and responsibilities. The Administrative Assistant position, which was vacant, was reclassified to PRST Budget Coordinator. The former Recreation Supervisor position which also has been vacant was converted to Parks, Recreation and Sports Tourism Coordinator. Both positions will share some of the tasks previously performed by the Assistant Director. A renewed focus on marketing our recreational assets will bring additional activities and tournaments to the City.

One Accounting Technician in the finance department was converted to Payroll Specialist/Finance. This position performs city-wide payroll functions and Executime analysis.

After an in-house market analysis, the Finance Accounting Technician positions were reclassified from Grade 11 to Grade 12. In comparisons with other cities, this brought the classification more in line with the regional job market.

The position of IT Technician was converted to IT Analyst due to increased knowledge and skill of the incumbent as well as increased responsibilities of the position.

The Governmental Affairs Manager position was reclassified to Executive Assistant Manager, due to performing additional work with the City's bond projects. This position assumed a greater role within the City Manager's office and continued oversight of the City Clerk, Governmental Affairs Analyst, and the Executive Assistant in the City Manager's office.

A maintenance worker position was converted to Welder, due to increasing need for the expertise. More of the work can now be performed in-house, making the process more efficient and cost-effective.

# Consolidated Budget Summary

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To better accommodate the workload in the Street Division of Public Services, one Heavy Equipment Operator position was converted to Transportation Inspector/Plan Reviewer.

To assist with projects on City Walk, a part-time Construction Inspector position was added in Engineering.

In FY 2018-19 the Public Services Department assumed responsibility for the maintenance of all City parks and public properties. To allow for the requested higher level of service and greater work responsibilities, the position of Senior Groundskeeper was converted to Turf Grass Specialist this fiscal year.

As responsibilities increased and the Airport FBO business increased, a Customer Service Representative II was reclassified to FBO Supervisor. This position has supervisory authority over FBO personnel, freeing up time for focus on operational issues for the Airport Director.

Homelessness is an ongoing problem for many of our communities. The Hickory Police Department created the position of Community Navigator utilizing the existing position of Gang of One Coordinator. The creation of this position now enables HPD to provide links to existing services for the homeless population and creates opportunities for partnerships with local non-profit service providers. The City's Community Navigator comes with previous experience and connections in local non-profit work, which has benefitted the department.

A Master Police Officer position was moved to Code Enforcement Supervisor, making it a sworn position. This eliminated one civilian position but kept the police personnel count the same. Having a sworn officer supervise this highly visible division will provide stability to Code Enforcement and creates a close working partnership with Hickory Police Department staff.

The position of Senior Fire Inspector was converted to Fire Marshal in the Fire and Life Safety Division of the Fire Department. This division now has a manager housed with staff to handle day-to-day management issues.

# Consolidated Budget Summary



Staffing Analysis	2015-16	2016-17	2017-18	2018-19	2019-20	Budgeted
	Actual	Actual	Actual	Actual	Actual	2020-2021
Administration - City Manager's Office	5	5	5	6	6	6
Communications	3	3	3	3	3	3
Budget	1	1	1	1	1	1
Bond Project Manager		1	1	1	1	1
Human Resources	5	5	5	6	6	6
Risk	2	2	2	2	2	2
City Clerk	1	1	1	1	1	1
Engineering	8	7	7	6	6	6
Finance	21	20	20	18	18	18
Legal	2	2	2	2	2	2
Public Services						
Building Services	6	6	6	6	6	6
Landscape Services	17	17	17	17	17	17
Central Services	7	7	7	7	7	7
Fleet Maintenance	12	12	12	12	12	12
Information Technology	8	8	8	8	9	9
Public Safety						
Fire	135	135	135	135	137	138
Police	153	152	152	152	152	157
Transportation						
Airport	8	8	8	10	10	10
Public Services						
Streets	43	43	43	43	43	43
Traffic	11	11	11	11	11	11
Environmental Protection						
Public Services						
Sanitation - Commercial	11	11	11	11	11	11
Sanitation - Residential	12	12	12	12	12	12
Stormwater	1	1	1	1	1	1
Public Utilities Administration	10	11	11	11	11	12
Henry Fork Plant	10	10	10	10	10	10
Northeast Plant	11	11	11	11	11	11
Pretreatment and Labs	7	7	7	7	7	7
Collection System (Pump Stations)	13	13	16	16	16	16
Distribution System (Construction)	35	35	33	33	33	33
Water Plant	11	11	12	12	12	12
Claremont	2	2	2	2	2	2
Catawba	3	3	3	3	3	3
Recycling	13	13	13	13	13	13
Economic and Community Development						
Planning	8	8	8	10	10	10
Culture and Recreation						
Library	18	18	18	17	17	17
Parks and Recreation	18	18	18	18	19	19
Maintenance	24	24	24	24	23	23
<b>Total</b>	<b>655</b>	<b>654</b>	<b>656</b>	<b>658</b>	<b>661</b>	<b>668</b>

# Community Development Block Grant



## 2020-2021 Recommended Budget



# Community Development Block Grant



The Community Development Block Grant (CDBG) Fund was created to administer annual block grants from the United States Department of Housing and Urban Development (HUD). Hickory must use the funds for strictly defined HUD purposes, including income generated through loans made with CDBG funds. Specifically, the CDBG-eligible activities that are applicable to the City of Hickory's needs are:

- Acquisition of real property
- Disposition of real property
- Public facilities and improvements such as senior centers, neighborhood facilities, and street improvements
- Clearance and demolition
- Housing rehabilitation assistance
- Economic development
- Funding for neighborhood-based non-profit entities to accomplish neighborhood revitalization

The primary objective of the CDBG program is to develop viable urban communities by providing decent housing, creating a suitable living environment, and by expanding economic opportunities, principally for persons of low and moderate income. Hickory, which has been a CDBG Entitlement City since 1982, has long recognized the need to assist in community development. The City of Hickory completes a Consolidated Plan for Housing and Community Development every five years. This plan was most recently updated in spring 2020 for the 2020 through 2024 program years.

The City of Hickory's Community Development Office, which is part of the Planning and Development Department, is responsible for marketing the program, screening and determining project eligibility (generally based benefit to households earning less than 80% of the area median income).

The City's 2020-2024 Consolidated Plan for Housing and Community Development contains ten primary goals for the five-year Consolidated Plan:

1. Preserve the City's Housing Stock - Provide support for the rehabilitation and reconstruction of existing housing units to be used for owner and rental occupancy.
2. Public Infrastructure and Facility Improvements - Provide support for necessary improvements to public infrastructure in low to moderate income neighborhoods and provide support for necessary improvements to parks and neighborhood facilities in low to moderate income neighborhoods.
3. Support Homeownership – Support homeownership by providing assistance to housing counseling agencies.
4. Provide Services to Persons Living with HIV and AIDS - Provide funding to ensure persons living with HIV and AIDS are able to access case management services and housing services.
5. Homelessness Services and Prevention - Provide services to support the homelessness as well as services aimed at preventing households from becoming homeless.
6. Youth Services - Provide support for at risk youth to increase their chances of succeeding in academics and employment.
7. Increase Entrepreneurship Opportunities - Provide support to microenterprises as a means to increase economic opportunities for low and moderate income individuals.
8. Increase Fair Housing Outreach and Awareness - Provide support to increase awareness of fair housing rights in the community and affirmatively further fair housing.
9. Demolish Dilapidated Structures - Provide funding to demolish dilapidated structures to reduce blight.

# Community Development Block Grant

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## Fund Balance Projection

One of the HUD stipulations for the Community Development Block Grant Fund is that an administering agency cannot profit from the use of grant funds. A fund balance of zero is maintained by grant reimbursements to offset program expenditures less program income.

## Contacts

If you have any questions about this program, please call CDBG Manager Karen Dickerson at 828-323-7414.

# Community Development Block Grant



CITY OF HICKORY  
2020 COMMUNITY DEVELOPMENT ENTITLEMENT  
BLOCK GRANT PROJECT ORDINANCE

BE IT ORDAINED by the City Council of the City of Hickory that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted.

SECTION 1. The project authorized is the 2020 Community Development Entitlement Block Grant program.

SECTION 2. The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant document(s), the rules and regulations of the Department of Housing and Urban Development, and the budget contained herein.

SECTION 3. The following revenues are anticipated to be available to complete the project:

Restricted Intergovernmental Revenues	\$ 330,809
Miscellaneous	<u>\$ 90,000</u>
	\$ 420,809

SECTION 4. The following amounts are appropriated for the project:

Economic and Community Development	<u>\$ 420,809</u>
	\$ 420,809

SECTION 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to provide the accounting to the grantor agency required by the grant agreement(s) and Federal and State regulations.

SECTION 6. Funds may be advanced from the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

SECTION 7. The Finance Officer is directed to report quarterly on the financial status of each project element in Section 4 and on the total grant revenues received or claimed.

SECTION 8. The City Manager (Budget Officer) is directed to include a summary analysis of past and future costs and revenues on this grant project in every budget submission made to this board.

SECTION 9. Copies of this grant project ordinance shall be furnished to the Clerk of the Governing Board, the City Manager (Budget Officer) and the Finance Officer for direction in carrying out this project.

Adopted this 16<sup>th</sup> day of June, 2020

Attest:

\_\_\_\_\_

Debbie Miller  
City Clerk

\_\_\_\_\_

Mayor

# Capital Improvement Plan



## 2020-2021 Recommended Budget

# Capital Improvement Plan

The Capital Improvements/Grant Projects portion of the budget document contains information on the following areas:

## 5 Year CIP

The 5 Year Capital Improvement Plan (CIP) is the financial plan for the purchase or construction of capital assets. The CIP contains information on the upcoming budget year as well as five planning years beyond the upcoming year.

This section contains information on equipment purchases and construction projects that are listed in the City of Hickory's 5 Year CIP. This section is intended to provide a comprehensive look at all capital purchases and capital projects greater than \$5,000 which are either taking place or scheduled to take place within the City.

As part of the CIP requests, departments are asked to include estimates of how each project may affect future operating budgets. Examples of this include any new personnel, equipment, maintenance, or operating expenses that a capital purchase or project might necessitate.

Some of the purchases or projects listed in this plan will not occur in the year listed, or may never occur. To omit them would not give the reader a full understanding of the capital needs of the City. Decisions on proceeding with the purchases or projects listed in the 5 Year CIP are ultimately made by City Council.

## Capital Projects

Capital projects are those projects which either acquire or construct an asset of a long term character such as land, buildings, improvements, machinery or equipment. Capital projects may be accounted for in any fund.

## Grant Projects

Grant projects are those projects which are funded either in full or in part by federal or state funds. These funds may be for either capital or operating purposes. Grant projects may be accounted for in any fund.

## Disclosure

The purpose of this section is not to describe the different funds, ordinances or accounting requirements for each capital purchase or capital project as much as it is to describe the purchases and projects themselves. Therefore, you will find less continuity related to individual funds than you found earlier in this document. This is by design and is necessitated due to the broad transcending nature of the subject.

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
<b>GENERAL FUND EQUIPMENT</b>						
<b>Administration</b>						
Computer Replacements/Software	\$ 4,200	\$ 6,200				
<b>Communications</b>						
Computer Replacements/Software	\$ 2,075					
<b>Human Resources</b>						
Computer Replacements/Software	\$ 2,600	\$ 2,600	\$ 5,300			
<b>Budget</b>						
Computer Replacements/Software		\$ 1,800	\$ 1,500			
<b>Risk Management</b>						
Computer Replacements		\$ 1,500				
<b>Finance</b>						
Computer Replacements/Software	\$ 9,000	\$ 8,300	\$ 7,500	\$ 7,800	\$ 9,000	\$ 8,300
<b>Information Technology</b>						
APC UPS Batteries						
Cisco Phones	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Offsite Data Center Refresh			\$ 200,000			
Color Printer Replacement	\$ 9,000					
Computer / Laptop Replacements		\$ 19,200	\$ 6,000			\$ 19,200
Data Center for Public Services			\$ 100,000			
Discretionary Funds	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Firewall Upgrade	\$ 119,000					
Hyperconverged SAN / Compute		\$ 400,000				
iSeries Replacement / Update				\$ 80,000		
Network - LAN / WAN Infrastructure				\$ 200,000		
SAN Upgrade					\$ 175,000	
Security Risk Assessment	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Switch Replacement / Upgrades	\$ 40,000	\$ 140,000				
Time Clocks			\$ 35,000			
Upgrade Office Suite / G3					\$ 100,000	
UPS Upgrade		\$ 100,000				
Vehicle replacement						\$ 26,000
Voice Gateway Upgrade-Phones	\$ 28,000					
<b>City Clerk</b>						
Computer Replacements	\$ 1,400	\$ 2,000		\$ 1,500	\$ 2,000	
<b>Legal</b>						
Computer Replacements	\$ 1,500	\$ 2,000	\$ 3,000	\$ 4,000	\$ 3,000	\$ 2,000
<b>Engineering</b>						
Computer Replacements	\$ 5,000	\$ 2,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 2,000
Drone with UAV-Photo-LIDAR package		\$ 159,135				
Inkjet Plotter / Scanner				\$ 15,000		
Truck Mounted Scanner			\$ 135,061			
Vehicle Replacements		\$ 28,000	\$ 35,000			
<b>Planning and Development</b>						
Computer Replacements	\$ 6,000	\$ 3,000	\$ 5,000	\$ 6,000	\$ 6,000	\$ 3,000
<b>Police Department</b>						
Police Vehicles	\$ 620,000	\$ 620,000	\$ 670,000	\$ 670,000	\$ 720,000	\$ 720,000
AVL Locators			\$ 100,000			
Drone plus license fees	\$ 11,200					
ATV trailer	\$ 3,500					
Radios-Vehicle	\$ 35,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Generator for Headquarters		\$ 77,700				
Installation Kits for Radios	\$ 4,200	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Marine Unit Boat, Trailer, & Upfitting		\$ 70,000				
Radio System Refresh - Phase I Viper Migration				\$ 500,000		

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Radio System Refresh - Phase II upgrade system					\$ 600,000	
Tasers		\$ 15,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Weapons	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Site System for Patrol Rifles	\$ 15,500					
Special Operations' Team Headsets	\$ 29,408					
Special Operations' Team Helmets	\$ 20,160					
Special Operations' Team Vests			\$ 57,584			
Time Synchronization Device (Communications Ctr)						
Batteries for UPS System		\$ 15,000	\$ 15,000		\$ 15,000	
Camera Replacement						
Computer / Laptop Replacements	\$ 74,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 85,000	\$ 70,000
CAD/RMS replacement		\$ 1,000,000				
Captura System software replacement for interview room		\$ 60,000				
Server Upgrade	\$ 30,000					
Data Switch upgrade	\$ 89,300					
Digital Records Archiving System		\$ 50,000				
Wi-Fi Infrastructure		\$ 30,000				
Anti Virus software (3 yr coverage)	\$ 27,000					
Combat Gauze replacement					\$ 5,000	
Furniture		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Fire Department</b>						
Apparatus Replacement Engine 2					\$ 720,000	
Equipment for Engine 2					\$ 125,000	
Apparatus Replacement Engine 5	\$ 675,000					
Equipment Replacement for Engine 5	\$ 125,000					
Apparatus Replacement Engine 6			\$ 700,000			
Equipment for Engine 6			\$ 125,000			
Apparatus Replacement Tanker 5		\$ 500,000				
Equipment for Tanker 5		\$ 80,000				
Appliances & Furniture	\$ 25,000	\$ 26,000	\$ 126,000	\$ 126,000	\$ 27,000	\$ 127,000
Diesel Exhaust Removal System	\$ 45,000		\$ 45,000	\$ 45,000		\$ 45,000
Mobile Responder Software		\$ 38,000				
Computer Replacements	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Firefighting Equipment Replacement (various items including structural firefighting gear, fire attack hose, fire nozzles, hand tools, gas-powered cutting tools, thermal imaging cameras, gas detectors, etc)		\$ 200,000	\$ 200,000			\$ 200,000
Fitness Equipment Replacements	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Personal Protective Turn-out Gear	\$ 180,000					
SCBA Breathing Equipment / Replacements				\$ 200,000	\$ 40,000	
Software - Staff Tracking, Scheduling/Timekeeping			\$ 24,000			
Software - Wireless Accountability System		\$ 28,000				
Station Alerting System		\$ 450,000				
Technical Rescue Equipment		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Vehicle Replacements (Operations and Administration)	\$ 40,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Mobile Portable Radio Upgrades	\$ 35,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
<b>Rural Fire Department</b>						
SCBA Breathing Equipment/Upgrade	\$ 30,000					
Water Rescue Equipment	\$ 47,972					
<b>Building Services</b>						
Air Compressor Replacement						\$ 15,000
Ditch Witch Trencher		\$ 40,000				
JLG 80 Boom Lift				\$ 80,000		
Pole/Auger Truck					\$ 65,000	
Service Truck	\$ 35,000					
2-Ton Dump Truck						\$ 55,000
Utility Trailer					\$ 10,000	
Bucket Truck			\$ 65,000			\$ 80,000
Computer Replacements	\$ 4,400	\$ 2,800		\$ 4,800	\$ 3,200	
<b>Central Services</b>						
Computer / Laptop Replacements	\$ 3,000	\$ 9,000	\$ 2,000	\$ 4,000	\$ 9,000	\$ 4,000
Color-printer replacement			\$ 4,500			
Gate Replacement			\$ 10,000			

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Digital Recorder Replacement				\$ 2,500		
Icemaker Replacement				\$ 4,000		
Security Camera upgrades	\$ 21,940				\$ 2,400	
Shredder Replacement					\$ 2,000	
Building Renovations & Maintenance	\$ 14,500		\$ 5,000			
Vehicle replacement				\$ 40,000		
<b>Traffic</b>						
Arrowboard Replacement						\$ 5,000
Computer Replacement / Software / Monitors	\$ 5,000	\$ 17,000	\$ 7,000	\$ 4,000	\$ 3,500	
Core Switch for Signal System		\$ 5,000				
Emergency Vehicle Pre-emption System Replacement			\$ 350,000			
Fiber Optic Fusion Splicer replacement		\$ 31,000				
Fiber Optic Replacement	\$ 15,000	\$ 15,500	\$ 16,000	\$ 16,500	\$ 17,000	\$ 17,500
Heat Pump - Paint Shop					\$ 6,500	
Network Video Recorder						\$ 15,000
Optical Fusion Cleaver replacement		\$ 2,000				
Paint Striper		\$ 25,000				
Pavement Marking Eraser					\$ 7,500	
Rotary Hammer replacement		\$ 4,999				
Sign Post Driver Unit					\$ 8,000	
Signal Corridor Retiming	\$ 50,000					
Traffic Counter replacement	\$ 4,000	\$ 4,000	\$ 4,000	\$ 5,000	\$ 5,000	
Traffic Signal Equipment / Software			\$ 27,000	\$ 25,000	\$ 26,000	\$ 27,000
Traffic Signal Video Equipment		\$ 23,000				
Truck Replacement		\$ 85,000	\$ 45,000	\$ 80,000	\$ 80,000	
Upgrade Synchro			\$ 5,000			
<b>Street</b>						
Air Compressor replacement			\$ 35,000			
4x4 SUV / Pickup		\$ 35,000			\$ 35,000	
Backhoe	\$ 100,000					
Brine Machine and Building		\$ 100,000				
Cargo Emergency Trailer		\$ 20,000				
Cement Mixer		\$ 2,000				
Computer Replacements		\$ 12,000			\$ 2,100	\$ 11,000
Concrete Saw replacement				\$ 20,000		
Crack Seal Machine replacement						\$ 40,000
Crew Cab 4x4 Replacements	\$ 35,000			\$ 35,000	\$ 100,000	
Dump Truck Replacement #2602		\$ 155,000				
Dump Truck Replacement #3547	\$ 175,000					
Dump Truck Replacement #2651		\$ 85,000				
Dump Truck Replacement #2763		\$ 85,000				
Dump Truck Replacements #2603 & 3549					\$ 310,000	
GPS replacement				\$ 5,500		
Grader for Skidsteer	\$ 25,000					
Hudson Trailer		\$ 17,000			\$ 15,000	
Impactor for mini-excavator	\$ 25,000					
Lowboy Trailer			\$ 55,000			
Road Tractor replacement						\$ 175,000
Track Hoe				\$ 300,000		
Tractor / Mower replacement						\$ 100,000
Salt Brine Tank						\$ 15,000
Salt spreader	\$ 20,000	\$ 20,000				\$ 23,500
Small Pad Tamp		\$ 1,900		\$ 2,000	\$ 2,000	
Street Flusher			\$ 150,000			
Street Sweeper			\$ 300,000	\$ 300,000		
Walk-behind Wacker Tamp		\$ 20,000				
Z-Mowers		\$ 28,000				
<b>Landscape</b>						
Mowers / Snowplows	\$ 32,000	\$ 66,000	\$ 48,000	\$ 61,500	\$ 25,600	\$ 39,000
ATV replacement		\$ 15,000				
Dump Truck Replacements	\$ 112,000	\$ 48,000		\$ 61,000	\$ 64,600	\$ 64,600
Crew Cab Trucks		\$ 30,500	\$ 145,400	\$ 155,000	\$ 38,500	\$ 38,500
Bobcat Skid Steer w/Attachments			\$ 85,500			\$ 70,000
Computer Replacement		\$ 2,500		\$ 3,000	\$ 8,250	



# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
EZ-Go Golf Cart replacement			\$ 10,000			
Hudson Trailer replacement		\$ 5,000				
Tractors		\$ 61,500	\$ 60,000		\$ 50,000	\$ 64,800
Snow Blower replacement						\$ 1,300
Pickup Trucks	\$ 40,000		\$ 34,000		\$ 75,800	
Solar Detour Light	\$ 1,500					
Stand-on Plugger	\$ 8,000					
Stand-on Sprayer/Spreader		\$ 10,000				
Toro Deep-tire Aerator					\$ 10,000	
Trailer replacements	\$ 15,500	\$ 8,000		\$ 8,000	\$ 3,100	\$ 5,200
UTV				\$ 15,000		
VAC system replacement		\$ 50,000				
Trash Receptacles & Picnic Table replacements		\$ 59,520				
XRT Golf Cart replacement			\$ 10,000			
<b>Parks and Recreation</b>						
ADA Evaluation and Transition Plan						
Athletic Storage Building	\$ 5,350					
Baseball Scoreboard Replacements		\$ 23,155	\$ 13,500			
Basketball Scoreboard Replacements	\$ 9,000					
Batting Cage - Jaycee ballfield	\$ 5,579					
Bleacher Replacement - Neill Clark Park		\$ 34,832				
Bleacher Replacement - Jaycee Park				\$ 44,700		
Bleacher Replacement - Taft-Broome Park					\$ 42,438	
Ceramic Kiln Replacement			\$ 3,200			
Computer Replacements	\$ 9,000	\$ 6,000	\$ 7,500	\$ 4,500	\$ 7,500	\$ 6,000
Fitness Center Equip. Replacement		\$ 36,333	\$ 32,586	\$ 30,000	\$ 30,000	\$ 35,000
Gaming Supplies update @ Brown Penn		\$ 4,500				
Indoor soccer padding @ Neil Clark gym	\$ 6,725					
Lightning Prediction and Warning System - Stanford Pk				\$ 8,075		
Lightning Prediction and Warning System - Kiwanis Pk					\$ 8,075	
Park Sign Replacements		\$ 20,600	\$ 22,000			
Player bench replacement - Neil Clark soccer fields	\$ 3,500					
Playground Equipment Replacement - Henry Fork						\$ 240,590
Playground Equipment Replacement - Hilton Park		\$ 161,640				
Play System Replacement - Miracle of Hickory				\$ 403,200		
Play System Replacement - Ridgeview			\$ 209,869			
Play System Replacement - Stanford Park					\$ 126,500	
Amenities (replacement) - Stanford Park					\$ 15,908	
Amenities (picnic tables, benches, etc) - Winkler Park	\$ 20,000					
<b>Parks and Recreation Maint.</b>						
Concession Trailer replacement						\$ 2,500
Field Sprayer						\$ 12,000
Reel Mower Replacement			\$ 36,000		\$ 40,000	
Toro Sand-Pro replacement	\$ 30,000					
<b>Library</b>						
Computer Replacements	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
<b>GF Equipment Total</b>						
	\$ 3,366,009	\$ 6,127,214	\$ 4,937,000	\$ 4,120,575	\$ 4,360,471	\$ 2,827,990
<b>GENERAL FUND CONSTRUCTION</b>						
<b>Police Department</b>						
Painting Int/Ext Building		\$ 6,000				
<b>Fire Department</b>						
FS #1 interior Improvements						\$ 30,000
FS #2 Property Relocation - Springs Rd		\$ 250,000				
FS #2 New Construction			\$ 4,000,000			
FS #2 Diesel Exhaust Removal System		\$ 45,000				
FS #3 Land Acquisition for Relocation			\$ 300,000			
FS #3 New Construction				\$ 5,000,000		
FS #7 Interior Improvements			\$ 30,000			
FS #7 Diesel Exhaust Removal System					\$ 45,000	
FS #8 New Construction						\$ 5,000,000

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
<b>Central Services</b>						
Roof repairs - Security House		\$ 10,000				
Maintenance/Repair - Landscape Shed					\$ 5,000	
Maintenance/Repair - Solid Waste Shed		\$ 5,000				
Maintenance/Repair - Street Shed		\$ 5,000		\$ 5,000		
Maintenance/Repair - Traffic and Bldg Svcs Shed						\$ 5,000
Repaving a portion of Public Services		\$ 25,000	\$ 25,000			
Roof Maintenance - Rental House				\$ 10,000		
Roof Repairs - Public Services building				\$ 100,000		
<b>Street &amp; Traffic</b>						
Sidewalk Construction	\$ 180,000	\$ 170,000	\$ 170,000	\$ 170,000		
Street Paving Study / Update Pavement Condition study					\$ 45,000	
Repaving - Paint Shop				\$ 15,000		
Downtown Project Metro	\$ 400,000					
<b>Landscape</b>						
Greenhouse Wall Replacement		\$ 10,000				
Oakwood Cemetery Roof Replacement					\$ 20,000	
<b>Parks and Recreation</b>						
Bruce Meisner Park			\$ 1,652,223			
<b>Parks and Recreation Maint.</b>						
Additional fields @ Henry Fork Park (develop 21 acres)					\$ 4,300,400	
Ballfield Fence Repl. - West Hickory		\$ 52,800				
Ballfield Fence Replacement Taft Broome Park			\$ 34,000			
Basketball Court update - Civitan Park			\$ 46,200			
Bleacher Replacement - Kiwanis Park			\$ 109,210			
Boy Scout Cabin Restrooms			\$ 74,200			
Gym Floor Cover - Ridgeview Recreation Center	\$ 10,200					
Lighting of Soccer Fields - Henry Fork (phased)			\$ 385,000	\$ 192,500		
Painting - Highland Recreation Center			\$ 80,000			
Painting - Neill Clark Main Bldg/Gymnasium				\$ 90,000		
Painting - Westmont Senior Citizens' Center					\$ 35,000	
Restroom Facility Replacement - Civitan Park					\$ 180,000	
Tennis Court Resurfacing - Taft Broome Park				\$ 16,000		
Tennis Court Resurfacing - Hky City Park		\$ 65,000				
<b>LP Frans Stadium</b>						
Parking Lot Repaving - Winkler Park		\$ 93,700				
<b>Library</b>						
HVAC System Updates		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
<b>GF Construction Total</b>	<b>\$ 590,200</b>	<b>\$ 757,500</b>	<b>\$ 6,925,833</b>	<b>\$ 5,618,500</b>	<b>\$ 4,650,400</b>	<b>\$ 5,035,000</b>
<b>GENERAL FUND TOTAL</b>	<b>\$ 3,956,209</b>	<b>\$ 6,884,714</b>	<b>\$ 11,862,833</b>	<b>\$ 9,739,075</b>	<b>\$ 9,010,871</b>	<b>\$ 7,862,990</b>

<b>FLEET FUND EQUIPMENT</b>						
<b>Fleet Maintenance</b>						
Air Compressor replacement				\$ 10,000		
Air Jack (10 ton)			\$ 4,500			
Computer Replacement	\$ 3,000	\$ 3,000	\$ 3,500	\$ 3,500	\$ 3,500	
Exterior Door Replacement					\$ 4,000	
Fuel Dispensers replacement		\$ 20,000				
Fluid Pumps, Reels and Tanks	\$ 7,000					
Handwash Fountains replacement	\$ 8,750					
Hot Water Heater Replacement			\$ 2,000			
HVAC	\$ 9,300					
Mobile Lifts	\$ 18,000			\$ 18,000		
Garage Bay Expansion					\$ 383,000	
Office Expansion					\$ 225,100	
Paint Walls - Small Vehicle Bay		\$ 4,500				
Rotary Lifts - 10 ton - qty 2			\$ 10,200			

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Rotary Lifts - 12 ton - qty 2					\$ 14,200	
Resurface Floors - Small Vehicle Bay		\$ 8,000				
Tire Balancer			\$ 5,500			
Tire Changing Machine		\$ 8,000				
Tire Truck replacement				\$ 35,000		
Truck Wash Water Pump		\$ 7,550				
Truck Wash Chemical Pumps		\$ 8,700				
Service Truck	\$ 28,500		\$ 29,600			
Spectrum Plasma Cutter		\$ 3,000				
<b>Fleet Fund Equipment Total</b>	<b>\$ 74,550</b>	<b>\$ 62,750</b>	<b>\$ 55,300</b>	<b>\$ 66,500</b>	<b>\$ 629,800</b>	<b>\$ -</b>
<b>FLEET FUND TOTAL</b>	<b>\$ 74,550</b>	<b>\$ 62,750</b>	<b>\$ 55,300</b>	<b>\$ 66,500</b>	<b>\$ 629,800</b>	<b>\$ -</b>
<b>WATER AND SEWER FUND EQUIPMENT</b>						
<b>Administration</b>						
Base Unit Radio Mount in Vehicle	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Computer Replacements		\$ 6,000	\$ 2,000	\$ 2,000		
Network Firewall upgrade (cost-share with Gen Fund)	\$ 119,000					
Radio Read Meters	\$ 102,600	\$ 102,600	\$ 102,600	\$ 102,600	\$ 102,600	\$ 102,600
Truck	\$ 23,000	\$ 23,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 26,000
<b>Collection System</b>						
ATV for accessing Sewer Rights-of-way					\$ 10,000	
Computers	\$ 4,000	\$ 3,000	\$ 2,000	\$ 2,000	\$ 4,000	
Dump Truck		\$ 100,000				
Flow Monitors	\$ 60,000					
Full-size 4x4 Truck						\$ 40,000
Jett Trailer		\$ 75,000				
Service Trucks	\$ 34,000	\$ 75,000	\$ 110,000	\$ 70,000	\$ 110,000	
Skid Steer w/ Mulcher				\$ 100,000		
Tractor Replacement		\$ 50,000				
Unanticipated Sewer Line Installation	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Vac-All Jett Vac Truck	\$ 425,000					\$ 450,000
<b>Henry Fork Plant</b>						
Aeration Basin Mixer		\$ 36,000				
Aeration Basin Drain Pump replacement						\$ 45,000
Barscreen Conveyor replacement		\$ 45,000				
Blower	\$ 80,000				\$ 95,000	
Computer Replacement				\$ 2,000		
Effluent Sampler			\$ 9,500			
Emergency Generator			\$ 50,000			
EZ GO Electric Powered Cart replacement		\$ 12,500				
Influent Sampler		\$ 7,000				\$ 8,000
Mower		\$ 10,000	\$ 10,000			
Replacement Pumps (Various)			\$ 170,000	\$ 48,000	\$ 25,000	
Road tractor replacement for sludge transport	\$ 85,000					
Secondary Sludge Loading Pump replacement	\$ 40,000					
Truck Replacements			\$ 30,000			
<b>Northeast Plant</b>						
Anoxic Mixer replacement			\$ 20,000			
Computer Replacement	\$ 2,000	\$ 2,000			\$ 2,000	
Chlorine Alarm	\$ 6,000	\$ 6,000				
Chlorine Induction Pump	\$ 7,000					
Effluent Flow Meter						\$ 4,000
Effluent Sampler						\$ 11,000
Influent Pump			\$ 25,000			
Influent Sampler					\$ 10,000	
Mower / Lawn Tractor		\$ 12,000	\$ 12,000			\$ 13,000
Oxidation Ditch Aerator					\$ 120,000	
Oxidation Ditch Mixer	\$ 20,000			\$ 60,000		
Pickup Truck 4x4		\$ 28,000	\$ 28,000			
Replacement Pumps (Various)		\$ 18,000		\$ 30,000	\$ 73,000	\$ 45,000
SCADA System Upgrades			\$ 30,000			
Sludge Odor Control Ozone Unit		\$ 5,000				
Sludge Road Tractor			\$ 100,000			

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Splitter 3 Ph Meter	\$ 3,000					
WAS pump replacement			\$ 25,000			
<b>Water Treatment Plant</b>						
Airwash Actuator replacements		\$ 70,000				
Computer Replacements	\$ 2,000				\$ 2,000	
Backwash Actuator replacements						\$ 75,000
Backwash Blower					\$ 80,000	
Brine tank			\$ 70,000			
Chemical Room - Phase II rehab	\$ 65,000					
Dechlorination System		\$ 20,000				
Distribution Sampling Stations		\$ 7,500	\$ 7,500			
Electrical Panelboards replacement	\$ 10,000	\$ 10,000				\$ 15,000
Elevator upgrades		\$ 25,000				
Equalization and Sludge Basin Repairs		\$ 1,500,000			\$ 65,000	
Facility Security System	\$ 35,000					
Finish Water Pump (FWP6)			\$ 700,000			
Filter Control Consoles						\$ 25,000
Filtered Water Turbidimeter replacement		\$ 55,000				
Fire Alarm System upgrade					\$ 15,000	
Flash Mixer		\$ 25,000				
Flocculators		\$ 175,000	\$ 190,000	\$ 205,000	\$ 220,000	
Furniture Replacement - Conference room	\$ 7,000					
HVAC replacements - rooftop					\$ 30,000	
Lab Autoclave				\$ 15,000		
Lab Incubator		\$ 6,000				
Lab PH Meter	\$ 4,000					\$ 5,000
Lab Quanti-Tray Sealer				\$ 6,000		
Lab Spectrophotometer					\$ 6,000	
Mower (Zero Turn)	\$ 11,000					
2MG Clearwell Top replacement		\$ 90,000				
Raw Water Turbidimeter	\$ 11,000					
Remote Water Quality Sensors	\$ 25,000					\$ 25,000
Replacement Pumps (Various)	\$ 60,000	\$ 60,000	\$ 127,000	\$ 122,000	\$ 62,000	\$ 67,000
Scada Upgrade	\$ 100,000	\$ 20,000				\$ 50,000
Streaming Current Monitor replacement				\$ 10,000		
Tube Settlers	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000		
Variable Flow Drives				\$ 60,000		
Vehicle Replacement	\$ 30,000			\$ 25,000		\$ 30,000
Wireless Telemetry upgrade						\$ 25,000
<b>Pretreatment &amp; Lab</b>						
Computer Replacement	\$ 4,000				\$ 4,000	
Autoclave replacement						\$ 23,000
DI Water Unit	\$ 14,000					
Dishwasher #3 (Lab Supplies)			\$ 900			
Electronic Balance Replacement			\$ 10,000			
Cargo Van					\$ 32,000	
Ice Machine (sor samples)	\$ 6,500					
Low Temp Incubator		\$ 6,000				
Meters/Samplers/Storage Tank		\$ 20,900	\$ 15,100			
Muffle Furnace replacement				\$ 5,000		
Non Asset Inventory				\$ 8,800	\$ 10,400	\$ 9,600
Spectrophotometer		\$ 6,000				
Truck				\$ 32,000		\$ 30,000
<b>Hickory Catawba Wastewater Plant</b>						
Replacement Pumps (Various)	\$ 12,000				\$ 28,000	
Effluent Flower Meter replacement						\$ 5,000
Effluent Sampler				\$ 10,000		
Lawn Tractor replacement		\$ 12,000				\$ 14,000
Oxidation Ditch Mixer replacement			\$ 2,000			
OD Mixer (channel)				\$ 15,000		
SCADA Upgrade					\$ 30,000	
Sand Filter Cones 1-4 replacement		\$ 10,000				
Shed for Equipment		\$ 10,000				
Service Truck 4WD				\$ 35,000		\$ 30,000

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Sludge Pump Loading Rebuild		\$ 10,000				
Specialized Equipment						
DO Meter	\$ 3,000		\$ 5,000			
<b>Distribution</b>						
Backhoe Replacements			\$ 89,000	\$ 91,000	\$ 91,000	\$ 89,000
Boring Machine Replacement						\$ 62,000
Dump Truck Replacement		\$ 120,000				
Mini Excavator w/ Trailer	\$ 89,000	\$ 89,000				
Piercing Tools, Tamps, Miscellaneous	\$ 18,000	\$ 15,000	\$ 17,000	\$ 18,000	\$ 17,000	\$ 18,000
Pipe Saw, Metal Detectors, Misc.	\$ 10,000	\$ 13,000		\$ 14,000		
Pumps, Locators, Pipe Saws			\$ 15,000		\$ 15,000	\$ 15,000
Service Truck Replacements / Vehicle SUV 4x4	\$ 32,000	\$ 150,000	\$ 100,000	\$ 131,000	\$ 65,000	\$ 63,000
Tractor Replacements						\$ 25,000
Unanticipated Water Line Repairs	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
<b>W &amp; S Equipment Total</b>	<b>\$ 1,632,300</b>	<b>\$ 3,214,700</b>	<b>\$ 2,172,800</b>	<b>\$ 1,317,600</b>	<b>\$ 1,382,200</b>	<b>\$ 1,478,400</b>
<b>WATER AND SEWER CONSTRUCTION</b>						
12th St Dr NW to Main Ave NW Waterline Rehab	\$ 270,000					
18th Ave & 1st St NE waterline rehab	\$ 280,000					
2nd Ave & 4th St PI SW waterline		\$ 200,000				
Brookford Septage Receiving Station Upgrade		\$ 250,000				
Citywide Bathroom Rehabilitation	\$ 500,000					
Citywalk & Riverwalk waterline replacements	\$ 750,000					
Citywalk & Riverwalk sewerline replacements	\$ 750,000					
Compost Facility Replacement		\$ 24,000,000				
Education Center waterline		\$ 1,200,000				
Equipment Shed	\$ 300,000					
Filter Rehab - Water Treatment Plant	\$ 500,000					
Henry Fork Outfall Repl Engineering SSO Program			\$ 1,250,000			
Hwy 321 Water and Sewer Improvements				\$ 8,000,000		
Moore's Ferry #3 pumpstation	\$ 60,000					
Moose Club pumpstation upgrade	\$ 270,000					
Old Lenoir Rd Area Repl/Rehab Waterline	\$ 812,500					
Radio-read Meters - AMI installation project		\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	
Shuford #3 pump station	\$ 75,000					
Spring Haven Subdivision - Water Main		\$ 350,000				
SSES Evaluation		\$ 220,000				
Stasavich PI NE waterline rehab			\$ 300,000			
Ward Hosiery - SSO Program			\$ 300,000			
Water Lines			\$ 1,000,000			
<b>W &amp; S Construction Total</b>	<b>\$ 4,567,500</b>	<b>\$ 31,220,000</b>	<b>\$ 7,850,000</b>	<b>\$ 13,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>
<b>WATER AND SEWER FUND TOTAL</b>	<b>\$ 6,199,800</b>	<b>\$ 34,434,700</b>	<b>\$ 10,022,800</b>	<b>\$ 14,317,600</b>	<b>\$ 6,382,200</b>	<b>\$ 1,478,400</b>
<b>SLUDGE FUND EQUIPMENT</b>						
Housing and Chains for Conveyors	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
<b>SLUDGE FUND TOTAL</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>TRANSPORTATION FUND EQUIPMENT</b>						
<b>Airport</b>						
Computer Replacements		\$ 5,000	\$ 2,500			\$ 5,000
Audio/Visual Equipment Update - Conference Room		\$ 10,000				
Replace Snow Removal Truck & Plow					\$ 90,000	
<b>Tower</b>						
Voice Logging Recorder replacement					\$ 6,000	
Main Console Radio Replacements	\$ 45,000					
<b>FBO</b>						
Computer Replacements	\$ 5,000		\$ 2,500		\$ 5,000	
Forklift Replacement	\$ 30,000					
TUG Replacement				\$ 45,000		
<b>Transportation Equipment Total</b>	<b>\$ 80,000</b>	<b>\$ 15,000</b>	<b>\$ 5,000</b>	<b>\$ 45,000</b>	<b>\$ 101,000</b>	<b>\$ 5,000</b>

# Capital Improvement Plan



5 Year CIP Items	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
<b>TRANSPORTATION CONSTRUCTION</b>						
<b>Airport</b>						
HVAC Main Terminal				75,000		
Refurbish Fire Station #4						150,000
Replace Main Terminal Carpet				40,000		
Roof Main Terminal	\$ 35,000					
Renovate Main Terminal Café			100,000			
Renovate Main Terminal Lobby Restrooms		\$ 150,000				
<b>Tower</b>						
HVAC Replacement						25,000
Recoat Roof			10,000			
Paint Exterior of Control Tower		\$ 11,000				
Paint Interior of Control Tower				15,000		
<b>FBO</b>						
Carpet Replacement		\$ 10,000				
Customer Service Counter replacement	\$ 15,000					
Equipment Storage Building	\$ 30,000					
FBO Roof Replacement				50,000		
Hangar Repairs	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
HVAC System Replacement		\$ 30,000			30,000	
Restroom refurbishment - 1st Floor / Downstairs			75,000			
Restroom refurbishment - Main Level / Upstairs						75,000
<b>Transportation Construction Total</b>	<b>\$ 130,000</b>	<b>\$ 251,000</b>	<b>\$ 235,000</b>	<b>\$ 230,000</b>	<b>\$ 80,000</b>	<b>\$ 300,000</b>
<b>TRANSPORTATION FUND TOTAL</b>	<b>\$ 210,000</b>	<b>\$ 266,000</b>	<b>\$ 240,000</b>	<b>\$ 275,000</b>	<b>\$ 181,000</b>	<b>\$ 305,000</b>
<b>SOLID WASTE EQUIPMENT</b>						
<b>Recycling</b>						
Boom Truck replacement						\$ 202,500
Computer replacement					\$ 1,750	
Front Loader / Automated Truck replacements					\$ 311,000	
Hook Lift Truck replacement		\$ 156,000		\$ 165,000		
Leaf Machine replacement	\$ 66,000					
Leaf Truck (automated) Replacement			\$ 248,000		\$ 263,000	
Pickup Truck Replacement			\$ 42,500	\$ 41,000		
Rear Packer	\$ 285,000		\$ 303,000	\$ 321,250		
Rubber Tire Loader			\$ 154,571			
Trackhoe for Handling Yard Waste			\$ 250,000			
Yard Waste Facility Upgrade			\$ 250,000			
Yard Waste Grinder			\$ 750,000			
<b>Residential Sanitation</b>						
Automated Trucks	\$ 318,000	\$ 328,000	\$ 338,000	\$ 348,000	\$ 706,000	\$ 362,000
Pickup Truck / SUV			\$ 38,000	\$ 41,000		
Rear Packer			\$ 303,000			
<b>Commercial Bulk Services</b>						
Box Truck					\$ 129,250	
Compactor Trailer	\$ 74,000	\$ 76,000	\$ 78,000	\$ 80,000	\$ 84,750	\$ 168,000
Computer replacement				\$ 3,000		
Front Loader Replacement	\$ 285,000	\$ 294,000		\$ 321,250		\$ 361,000
Hook Lift Truck Replacement			\$ 161,000			
Paint Sprayer replacement						\$ 5,500
Road Tractor Replacement	\$ 152,000	\$ 156,000	\$ 161,000	\$ 165,000	\$ 171,000	\$ 176,000
Steam Pressure Washer Replacement				\$ 5,100		
Transfer Station Renovation			\$ 100,000			
<b>Solid Waste Equipment Total</b>	<b>\$ 1,180,000</b>	<b>\$ 1,010,000</b>	<b>\$ 3,177,071</b>	<b>\$ 1,490,600</b>	<b>\$ 1,666,750</b>	<b>\$ 1,275,000</b>
<b>SOLID WASTE FUND TOTAL</b>	<b>\$ 1,180,000</b>	<b>\$ 1,010,000</b>	<b>\$ 3,177,071</b>	<b>\$ 1,490,600</b>	<b>\$ 1,666,750</b>	<b>\$ 1,275,000</b>
<b>TOTAL FUNDS</b>	<b>\$ 11,670,559</b>	<b>\$ 42,708,164</b>	<b>\$ 25,408,004</b>	<b>\$ 25,938,775</b>	<b>\$ 17,920,621</b>	<b>\$ 10,971,390</b>

# Debt Service



## 2020-2021 Recommended Budget

# Debt Service

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Like most municipalities, the City of Hickory utilizes debt as a means to finance long-term capital projects. Hickory has traditionally maintained a conservative position regarding the use of debt while simultaneously benefiting from its use to fund projects such as water plants, libraries, and police stations. Because of its critical importance to the City's financial solvency, debt is regulated not only by Council policy, but also by North Carolina statutes. The Debt Service section examines the specifics of the City's debt, and includes only that debt that the City has outstanding at the time of the printing of this document.

## Discussion

The City of Hickory's bond rating is AA+ from Standard & Poor's, and Aa2 from Moody's. These ratings were upgraded during FY2018-2019, from a previous rating of AA from Standard & Poor's. In the future, these bond ratings will continue to allow the City to borrow money at lower interest rates than what we have been able to achieve previously.

Beginning with FY2020-2021 is the debt service payment on the 2019 General Obligation Bond issue. This payment, along with that of the 2018 General Obligation Bond issue, comprises 42.8% of all debt service for the year.

Debt service payments on State Revolving Loan funds borrowed from the State of North Carolina for the Northeast Wastewater Treatment Plant, Geitner Basin, Central Business District, and Cripple Creek sewer projects will make up 23.9% of all debt service requirements. The Cripple Creek Interceptor replacement is a revolving loan funded by the American Recovery and Reinvestment Act (ARRA).

Debt service payments on Installment Purchase Agreements will make up 33.2% of all debt service requirements for the City of Hickory in FY2020-2021. Funds borrowed through this means of financing were for the Hickory Metro Convention Center, the Henry River Basin area sewer, upgrades to the Police radio system, Maiden waterlines, and upgrades to the Hickory-Catawba Wastewater Treatment Plant.



# Debt Service



DEBT SERVICE		FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
<b>General Obligation Bonds</b>						
Purpose	G.O. Bond Series 2018					
Interest Rate	3% - 5% variable					
Issued	8/28/2018					
Due	Annually to 2038					
Outstanding	\$19,316,250					
Principal		750,000	750,000	750,000	750,000	750,000
Interest		579,375	541,875	504,375	466,875	429,375
Purpose	G.O. Bond Series 2019					
Interest Rate	2.55%-5% variable					
Issued	11/19/2019					
Due	Annually to 2039					
Outstanding	\$20,421,750					
Principal		750,000	750,000	750,000	750,000	750,000
Interest		602,250	564,750	527,250	489,750	452,250
<b>Subtotal</b>		<b>2,681,625</b>	<b>2,606,625</b>	<b>2,531,625</b>	<b>2,456,625</b>	<b>2,381,625</b>
<b>State Revolving Loan</b>						
Purpose	S-SRF-T-0900181 Northeast Plant					
Interest Rate	2.48%					
Issued	1/20/2013					
Due	Annually to 2033					
Outstanding	\$13,349,700					
Principal		875,000	875,000	875,000	875,000	875,000
Interest		282,100	260,400	238,700	217,000	195,300
Purpose	Central Business District					
Interest Rate	1.66%					
Issued	11/4/17					
Due	semi-annual through 2038					
Outstanding	\$1,421,297					
Principal		68,205	68,205	68,205	68,205	68,205
Interest		20,380	19,247	18,115	16,983	15,851
Purpose	Geitner Basin Sewer					
Interest Rate	1.66%					
Issued	43,093					
Due	semi-annual through 2038					
Outstanding	\$3,409,531					
Principal		163,616	163,616	163,616	163,616	163,616
Interest		48,889	46,172	43,456	40,740	38,024
Purpose	Cripple Creek ARRA Loan					
Interest Rate	0%					
Issued						
Due	Annually to 2031					
Outstanding	\$440,573					
Principal		40,057	40,057	40,057	40,057	40,057
Interest						
<b>Subtotal</b>		<b>1,498,247</b>	<b>1,472,697</b>	<b>1,447,149</b>	<b>1,421,601</b>	<b>1,396,053</b>
<b>Installment Purchase Agreements</b>						
Purpose	Hky Metro Conv. Center Parking Deck					
Interest Rate	2.94%					
Issued	10/22/2014					
Due	Semi-annually to 2030					
Outstanding	\$2,040,359					
Principal		200,000	200,000	200,000	200,000	200,000
Interest		50,227	44,347	38,467	32,587	26,707

# Debt Service



DEBT SERVICE		FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Purpose	Henry River Basin Sewer					
Interest Rate	3.55%					
Issued	04/05/05					
Due	Semi-annually to 2025					
	3.19% Reduced Interest Rate 03/21/12					
Outstanding	\$2,583,347					
Principal		475,000	475,000	475,000	475,000	475,000
Purpose	Radio System Upgrade					
Interest Rate	2.92%					
Issued	10/9/2018					
Due	Semi-annually to 2023					
Outstanding	\$426,008					
Principal		115,000	115,000	115,000	57,500	
Interest		10,914	7,556	4,198	840	
Purpose	Maiden Water Line					
Interest Rate	4.46%					
Issued	2002					
Due	Semi-annually to 2021					
	4.19% Reduced Interest Rate 4/16/06					
	2.17% Reduced Interest Rate 04/2012					
Outstanding	\$375,053					
Principal		369,046				
Interest		6,007				
Purpose	Hickory-Catawba WWTP Upgrade					
Interest Rate	2.27%					
Issued	02/01/13					
Due	Semi-annually to 2028					
Outstanding	\$6,259,457					
Principal		656,872	671,868	687,205	702,894	718,940
Interest		125,561	110,565	95,227	79,539	63,492
Subtotal		-	-	-	-	-
<b>Grand Total</b>		<b>6,260,474</b>	<b>5,760,479</b>	<b>5,635,541</b>	<b>5,453,103</b>	<b>5,273,181</b>



\*Debt retired

# About City Services



## 2020-2021 Recommended Budget

# About City Services



When we think of Hickory City government, we often think only of the City Hall building at 76 North Center Street. City government, however, is not made of concrete and steel, but the men and women who put out fires, repair potholes, and perform hundreds of other services all across the City. Because the number of services is so vast and involves over 45 City departments and divisions, the sometimes overwhelming search for information leaves many citizens with the same question: "Where do I go to find out about...?"

Because City government never exists in one place at one time, it is impossible to adequately present all of the services provided by City employees. However, thanks to the Internet, we can point the reader to the people who can best answer questions. The following is a short "virtual tour" of City services, which attempts to provide some background about City departments and divisions. You can access City departments directly through the e-mail addresses indicated.

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## ACTION CENTER

The Action Center provides a single point of contact for inquiries and service requests from citizens and businesses. The Action Center is the first step to getting answers to questions about City government. Call (828) 323-7400. The Action Center is particularly recommended for those who might have more general questions about City government, or who do not have access to the Internet.

## AIRPORT ([tclark@hickorync.gov](mailto:tclark@hickorync.gov))

The Airport Department is responsible for the maintenance and operation of the City's airport according to City policy and Federal Aviation Administration (FAA) regulations. The Airport Director supervises general airport operations, Airport Tower operations and the FBO (Fixed Base Operations). Promotion of the services that are offered at the Hickory Regional Airport is the responsibility of this department. The airport features commercial air service, free parking, a café, a conference room for meetings, and several car rental agencies.

## BUDGET OFFICE ([cmcharque@hickorync.gov](mailto:cmcharque@hickorync.gov))

The Budget Office assists the City Manager's Office in the preparation of the annual budget for adoption by the City Council. The budget is monitored throughout the fiscal year through budget reports, amendments and trend analysis. This office also compiles and reviews departmental performance measures, goals, objectives, and conducts special management studies.

## CITY CLERK'S OFFICE ([dmliller@hickorync.gov](mailto:dmliller@hickorync.gov))

The City Clerk's Office is located on the third floor of the Julian G. Whitener Municipal Building. The City Clerk provides information about City Council meetings and minutes, City ordinances, applications for Boards and Commissions, and official City records. The orientation of all boards and commissions, as well as the publicizing of these groups' meetings, is also a role of the City Clerk's Office.

## CITY COUNCIL (see [www.hickorync.gov](http://www.hickorync.gov) for e-mail addresses)

The Mayor and six members of the City Council are the elected representatives of City of Hickory residents. The City Council is the legislative and policy-making body of the City and, as such, is charged with making decisions and formulating public policy based on community needs. The Governing Body adopts the annual budget that is designed to allocate available funds as efficiently and effectively as possible in order to ensure that residents receive the highest levels of service at the lowest possible cost. The City Council meets on

# About City Services



the first and third Tuesday of each month and holds special planning sessions, as well as an annual Council-Staff Work Session. Communications with the City Council can be directed to the City Manager's Office.

## CITY MANAGER'S OFFICE ([wwood@hickorync.gov](mailto:wwood@hickorync.gov))

The City Manager's Office is located on the third floor of the Julian G. Whitener Municipal Building. It is the responsibility of the City Manager's Office to professionally manage all City operations and to execute policy as directed by the City Council and prescribed by the North Carolina General Statutes. The City Manager's Office advises City Council on issues related to municipal operations. In addition to daily interaction with department heads and staff, the City Manager's Office holds monthly functional meetings covering the following areas: Administrative Issues, Economic and Community Development, Environmental Issues, Transportation, Leisure Time Activities, Public Safety, Public Properties, Neighborhoods, and General Staff. In addition, the City Manager's Office plans the annual Council-Staff Work Session and special Council planning sessions during the budget development process.

## COMMUNICATIONS OFFICE ([dkaminske@hickorync.gov](mailto:dkaminske@hickorync.gov))

The Communications Office provides citizens, businesses, organizations, visitors and employees with information about Hickory, its goals, projects, public awareness campaigns, programs, and events through various media venues, [www.hickorync.gov](http://www.hickorync.gov), speaking engagements and more. The Communications Office also heads the Brand initiative for the City of Hickory. In addition to coordinating the Neighborhood College, this office conducts special projects, assists all City departments and boards and commissions with their communications needs, and maintains the City's websites.

## FINANCE ([mmiller@hickorync.gov](mailto:mmiller@hickorync.gov))

The Accounting and Purchasing Divisions of the Finance Department are located on the third floor of the Julian G. Whitener Municipal Building. The Billing and Collections Divisions are located on the second floor of the Julian G. Whitener Municipal Building. The Finance Department, in accordance with ordinances, handles all City-related financial matters and financial policies enacted by the City Council as well as North Carolina statutes. The Finance Officer manages the City's investment program. The Finance Department also is responsible for the preparation of the Comprehensive Annual Financial Report.

## FIRE ([mhutchinson@hickorync.gov](mailto:mhutchinson@hickorync.gov))

Fire Station 1 located at 19 2<sup>nd</sup> Street NE is headquarters for Fire Administration. The Fire Chief's office is located at the headquarters station. Fire Education and Fire Prevention offices are located on the second floor of the Julian G. Whitener Municipal Building. The City of Hickory Fire Department operates out of six community-based locations along with one aircraft fire rescue station located at the Hickory Regional Airport. All fire stations are staffed with full time personnel working a twenty-four shift schedule. The Hickory Fire Prevention Bureau can assist with information on fire code, plan reviews and fire code inspections for all types of occupancy classification. Fire Prevention issues permits for installation of fire alarms, sprinkler systems, other related fire protection systems, storage tank installation and removal, including special events.

## HUMAN RESOURCES ([cmain@hickorync.gov](mailto:cmain@hickorync.gov))

The Human Resources Department is located on the third floor of the Julian G. Whitener Municipal Building. All employment applications and inquiries are processed in this division. This division also administers the benefits package for City employees and conducts employment searches for department heads and other staff positions.

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# About City Services



- Risk Management ([tshoebridge@hickorync.gov](mailto:tshoebridge@hickorync.gov)) - The Risk Management Division of the Human Resources Department is located on the third floor of the Julian G. Whitener Municipal Building. The Risk Manager assures the safety of all coworkers and also manages City property, insurance procurement and administration, the safety program, and ADA compliance. The Risk Manager chairs the Coworker Safety Committee.

## INFORMATION TECHNOLOGY ([mwoods@hickorync.gov](mailto:mwoods@hickorync.gov))

The Information Technology Department is located on the third floor of the Julian G. Whitener Municipal Building. This department operates and installs the City's computer systems and networks, provides technical support and training to City departments.

## LEGAL ([adula@hickorync.gov](mailto:adula@hickorync.gov))

The Legal Department is located on the third floor of the Julian G. Whitener Municipal Building and provides in-house legal counsel to City departments. The Legal Department assists staff in answering questions about City ordinances and legal procedures. The Deputy City Attorney provides legal counsel and advice to the City Council, City Manager and City departments.

## LIBRARY ([sgreene@hickorync.gov](mailto:sgreene@hickorync.gov))

The City of Hickory operates two libraries, the Patrick Beaver Memorial Library and Ridgeview Library. The Patrick Beaver Memorial Library is a state-of-the-art facility that opened in January 1998. The Ridgeview branch opened in the Spring of 1998. The libraries are committed to providing timely and accurate information for the citizens of the community, enhancing the informational literacy of customers, and stimulating the interest of citizens in reading and learning. The libraries provide audiovisual collections, reference materials, children's collections and access to the internet. The libraries' patrons include residents of Hickory and at least four surrounding counties.

## OFFICE OF BUSINESS DEVELOPMENT

- Community Development / Housing Division ([dleonetti@hickorync.gov](mailto:dleonetti@hickorync.gov))  
The Community Development Division is located within the Planning and Development Department on the second floor of the Julian G. Whitener Municipal Building. The Community Development Staff is available to answer questions concerning housing rehabilitation funds, low- income housing, home ownership/down payment assistance, fair housing and Community Development Block Grants (CDBG) for improvement projects in lower income neighborhoods.
- Economic Development Division ([bfrazier@hickorync.gov](mailto:bfrazier@hickorync.gov))  
The Economic Development Division is located within the Planning and Development Department on the second floor of the Julian G. Whitener Municipal Building. Marketing the City of Hickory to interested developers outside the area is a key economic development function of this division. The Economic Development Staff is available to answer questions concerning assistance in location of new or expanded commercial and industrial businesses within the City of Hickory.
- Planning and Development Division ([bfrazier@hickorync.gov](mailto:bfrazier@hickorync.gov))  
The Planning and Development Division is located on the second floor of the Julian G. Whitener Municipal Building. Planning staff is responsible for enforcing zoning, subdivision regulations, property uses, assisting with thoroughfare plans and annexations, managing historic preservation,

# About City Services



public art and community appearance, and maintaining watershed regulations. The Permit Assistance Center is housed in the Planning Division. This division also staffs the Hickory Regional Planning Commission and is additionally responsible for staffing and promoting the work of the Historic Preservation Commission, the Public Art Commission and Community Appearance Commission, as well as maintaining the City's historic resources inventory. The Planning and Development Division also coordinates the City of Hickory's transportation systems and assists other departments, including the Airport and Transit departments, with transportation planning, grant applications, and contacts with outside agencies.

## PARKS, RECREATION AND SPORTS TOURISM ([mseaman@hickorync.gov](mailto:mseaman@hickorync.gov))

The Parks, Recreation and Sports Tourism Department is located at 1451 8<sup>th</sup> Street Drive NE. The City operates five general and two senior citizen recreation centers, eighteen parks (active and passive) consisting of 428 acres. Athletic league games, special events and instructional programs for youth, adult, and senior groups are provided in large numbers. The recreation centers offer classes in arts and crafts, ceramics and many other activities to all age groups.

## PERMIT ASSISTANCE CENTER ([bfrazier@hickorync.gov](mailto:bfrazier@hickorync.gov))

The Permit Assistance Center, a subdivision of the Planning and Development Division within the Office of Business Development, is located on the second floor of City Hall and provides guidance and assistance to property owners and developers in obtaining development approvals for residential and commercial projects. The PAC also coordinates approval of permits for Special Events throughout the City.

## POLICE ([twhisnant@hickorync.gov](mailto:twhisnant@hickorync.gov))

The Hickory Police Department is located at 347 2<sup>nd</sup> Avenue SW. The administrative offices of the Chief of Police, Patrol Division, Support Services Division, Animal Control Unit, Criminal Investigations Division, and Code Enforcement are housed at this facility. The Hickory Police Department also offers a Victim Assistance Program and many other community education services. The Hickory Police Department uses a community policing approach in its daily work activities.

## PUBLIC SERVICES DEPARTMENT ([kgreer@hickorync.gov](mailto:kgreer@hickorync.gov))

The Public Services Department is located at 1441 9<sup>th</sup> Avenue NE and includes the following divisions and services:

- Central Services ([wberry@hickorync.gov](mailto:wberry@hickorync.gov)) - This division provides office support to all divisions within Public Services. Customer inquiries, complaints, and service requests regarding Public Services divisions are fielded by this division and forwarded to the proper individuals for prompt response.
- Landscape and Grounds Services ([jhogan@hickorync.gov](mailto:jhogan@hickorync.gov)) - This division is responsible for City cemetery maintenance, planting and landscaping of City properties, and maintaining City properties including all park facilities and L.P. Frans Stadium.
- Fleet Maintenance ([babernathy@hickorync.gov](mailto:babernathy@hickorync.gov)) - This division maintains and repairs City vehicles and equipment.
- Street ([ckone@hickorync.gov](mailto:ckone@hickorync.gov)) - This division is responsible for curb and gutter installation, sidewalks, driveway entrance construction, pothole repair, and street maintenance (sweeping, cleaning, and right-

# About City Services



of-way mowing). This division also handles snow removal, storm drain repairs, and mowing of overgrown lots. Each year the City Council adopts a paving list that identifies all streets to be paved/resurfaced in the upcoming fiscal year. The Street Division assists the Engineering Division in preparation of the list and executes work as directed by Council.

- Public Utilities ([spennell@hickorync.gov](mailto:spennell@hickorync.gov)) - This division provides safe drinking water to residents of the area and treats wastewater prior to its release into the environment. The Hickory Water Treatment Plant is located at 1560 Old Lenoir Road and has a 32 million gallon per day capacity. The City of Hickory operates two wastewater treatment plants, the Henry Fork Wastewater Treatment Facility (nine million gallons per day capacity) and the Northeast Wastewater Treatment Facility (six million gallons per day capacity). This division also handles questions concerning the availability and repair of water and sewer lines. Water tap connections can be arranged through the Billing and Collections Division of the Finance Department located in the Municipal Building. The Pretreatment/Lab Division provides professional services to the other divisions in the Public Utilities.
- Sanitation ([aballentine@hickorync.gov](mailto:aballentine@hickorync.gov)) - This division manages routine garbage pickup in addition to several other waste removal services. Regular yard waste, such as leaves, grass clippings, and shrubbery trimmings, are collected curbside weekly on the same day as residential garbage pickup. Additional assistance is available for citizens with disabilities. A special pickup is available on Tuesdays and Thursdays for items such as appliances, furniture, yard waste, and bulky tree debris. Curbside leaf collections occur in the fall, and residents are notified in advance through the local media. Due to the City operating leaf vacuum trucks, the citizens do not need to bag their leaves for collection.
- Traffic ([ckone@hickorync.gov](mailto:ckone@hickorync.gov)) - All traffic signals within City limits are maintained by this division for the North Carolina Department of Transportation (NCDOT). Traffic signals, traffic markings, and street signs all fall under the responsibility of this division.
- Engineering ([kgreer@hickorync.gov](mailto:kgreer@hickorync.gov)) - The Engineering Division is located on the second floor of the Municipal Building. The City Engineer and staff provide professional engineering and surveying services, transportation planning, and can answer questions related to street paving petitions, curb and gutter petitions, sidewalk petitions, driveway permits, city maps, and physical addresses. This division also prepares long-range plans for street and drainage improvements, and assists other City departments in construction and engineering efforts.



# About City Services



The following is a telephone listing of City services. To get answers to specific questions, you can call the number directly.

ACTION CENTER/CUSTOMER SERVICE .....	323-7400
ADDRESS ASSIGNMENT .....	323-7422
AIRPORT .....	323-7408
ANIMAL CONTROL .....	324-2060
BILL INQUIRIES .....	323-7424
BILLING AND COLLECTIONS.....	323-7424
BROKEN WATER OR SEWER LINES .....	323-7427
BUDGET .....	261-2200
BUILDING CODE REQUIREMENTS .....	465-8399
BUILDING PERMITS .....	465-8399
BURNING PERMITS .....	323-7420
BUS SYSTEM – Greenway public transportation .....	464-9444
BUSINESS LICENSES .....	323-7424
CEMETERY OFFICE .....	323-7500
CITY CLERK .....	323-7409
CITY MANAGER .....	323-7412
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM .....	323-7414
CURB AND GUTTER PETITIONS .....	323-7416
CURB CUTS .....	323-7500
DEVELOPMENT ASSISTANCE CENTER .....	323-7410
DOWNPAYMENT ASSISTANCE PROGRAM .....	323-7414
DRIVEWAY PERMITS .....	323-7416
ECONOMIC DEVELOPMENT .....	323-7422
FENCING REQUIREMENTS .....	323-7410
FINANCE .....	323-7417
FIRE DEPARTMENT - NON-EMERGENCY CALLS FOR SERVICE .....	323-7420
- EMERGENCY .....	911
- LIFE SAFETY EDUCATION .....	323-7521
- PREVENTION.....	323-7522
- PUBLIC INFORMATION.....	323-7521
- TRAINING DIVISION .....	323-7505
GARBAGE, TRASH, RECYCLING COLLECTION .....	323-7500
GENERAL CITY INFORMATION .....	323-7400
GEOGRAPHIC INFORMATION SYSTEM (GIS) .....	261-2215
HISTORIC PROPERTIES.....	323-7422
HOUSING REHABILITATION LOANS .....	323-7414
HUMAN RESOURCES .....	323-7421
JUNK CARS.....	261-2649
LANDFILL - CATAWBA COUNTY .....	704-462-1348
LIBRARY – PATRICK BEAVER MEMORIAL LIBRARY .....	304-0500
RIDGEVIEW PUBLIC LIBRARY .....	345-6037
LOTS/YARDS THAT NEED MOWING.....	261-2649

# About City Services



MAPS .....	323-7416
MINIMUM HOUSING CODE .....	323-7410
NEIGHBORHOOD PLANNING .....	261-2206
NEIGHBORHOOD WATCH PROGRAM .....	324-2060
NOISE .....	261-2649
OCCUPANCY PERMITS .....	465-8399 or 323-7410
PARKS AND RECREATION .....	322-7046
POLICE - NON-EMERGENCY CALLS FOR SERVICE .....	328-5551
- EMERGENCY .....	911
- ADMINISTRATIVE .....	324-2060
- ANIMAL CONTROL .....	324-2060
- CHIEF OF POLICE .....	261-2600
- CRIME PREVENTION .....	261-2644
- CRIMINAL INVESTIGATIONS.....	261-2606
- PATROL DIVISION.....	324-2060
- RECORDS UNIT .....	324-2060
- SUPPORT SERVICES .....	261-2604
PUBLIC HOUSING .....	328-5373
PUBLIC INFORMATION .....	261-2222
PUBLIC SERVICES ADMINISTRATION .....	323-7500
PUBLIC SERVICES EMERGENCY NIGHT NUMBER – (HICKORY POLICE DEPARTMENT).....	328-5551
RECYCLING .....	323-7500
REZONING MATTERS .....	323-7422
SEWER TAPS AND BILLS .....	323-7424
SETBACK REQUIREMENTS .....	323-7410
SUBDIVISION REGULATIONS .....	323-7422
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