

City of Hickory

North Carolina



Life. Well Crafted.

Fiscal Year 2022-2023
Recommended Budget



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Hickory
North Carolina**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill

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, 2021.

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 (*Mayor Pro Tempore*)



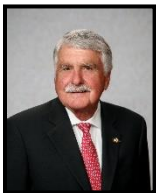
Ward 2 – Charlotte Williams



Ward 3 – Danny Seaver



Ward 4 – David Williams



Ward 5 – David Zagaroli



Ward 6 – Jill Patton

City of Hickory Recommended Budget



Fiscal Year
July 1, 2022 – June 30, 2023

Introduction



City Administration

City Manager	Warren Wood
Deputy 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	Mitch Friar
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 Utilities Director	Shawn Pennell
Public Works Director	Steve Miller

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

To present a complete picture of the City's finances and spending plans for FY 2022-23, this detailed Budget Document is organized into the following sections:

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 Goals and Objectives: 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.

About City Services: This section describes all the City departments, outlining their basic responsibilities and programs of work. Also included is a telephone listing for common City services and/or questions.

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.

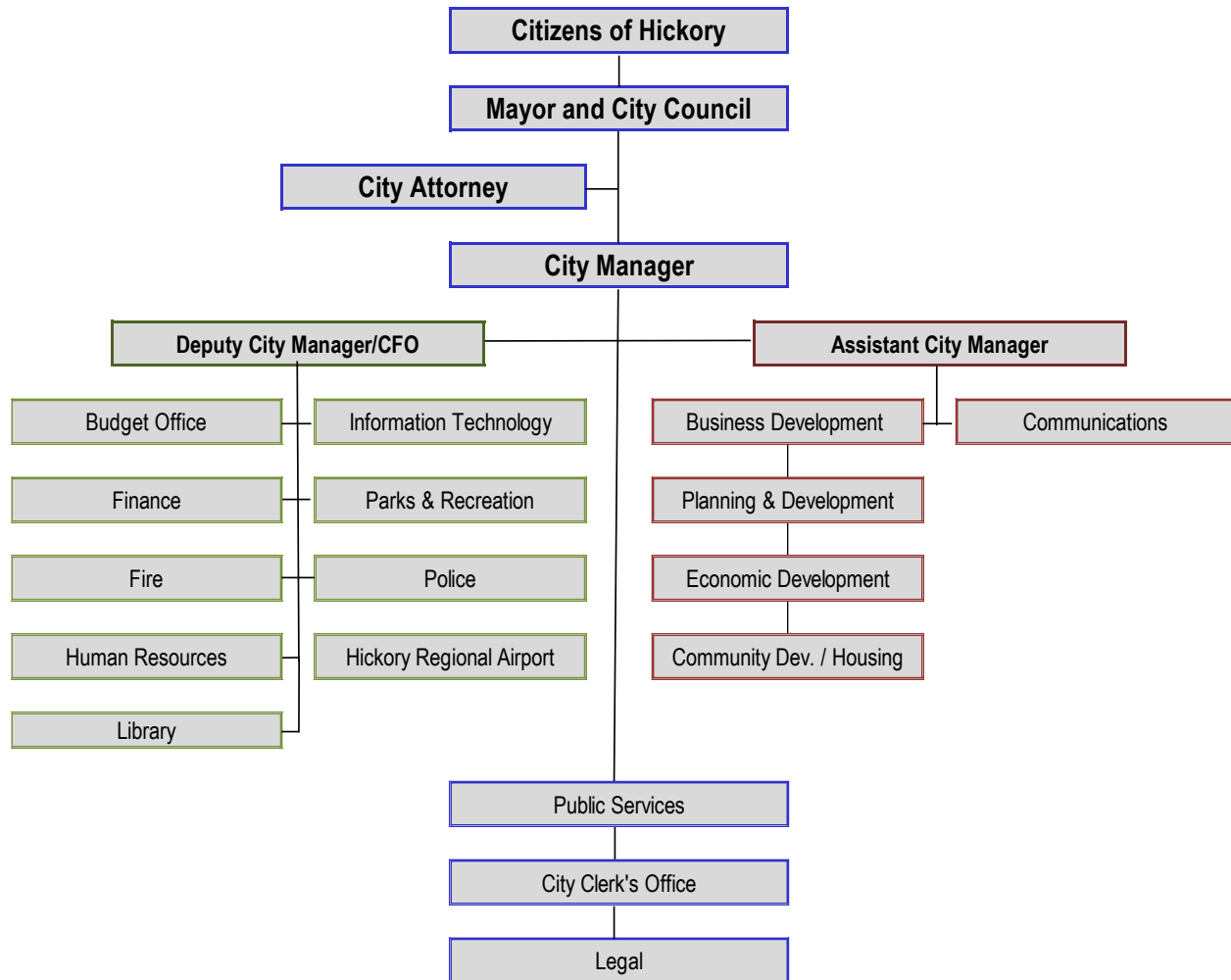
Five Year Financial Forecast: What are the assumptions that will guide the decision-making process in the coming years? Forecasts for expenditures and revenues establish the parameters for budgets for the next five years.

Performance Measurement: A feature section that highlights the results of the performance and cost data for those City departments participating in the North Carolina Performance Measurement Project.

Supplementary Information: Find background information about the City of Hickory in this section. Included are demographic, geographic, historical, and statistical information, as well as the City's pay plan.

Budget Glossary: Definitions of terms used in the document. Most acronyms and technical terms are defined when they first appear in the document, but some are defined in this section to provide needed explanations.

City of Hickory Department Organizational Chart





Life. Well Crafted.

May 17, 2022

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

Members of the Hickory City Council
 Hickory, North Carolina

Dear Members of the Hickory City Council:

Preamble

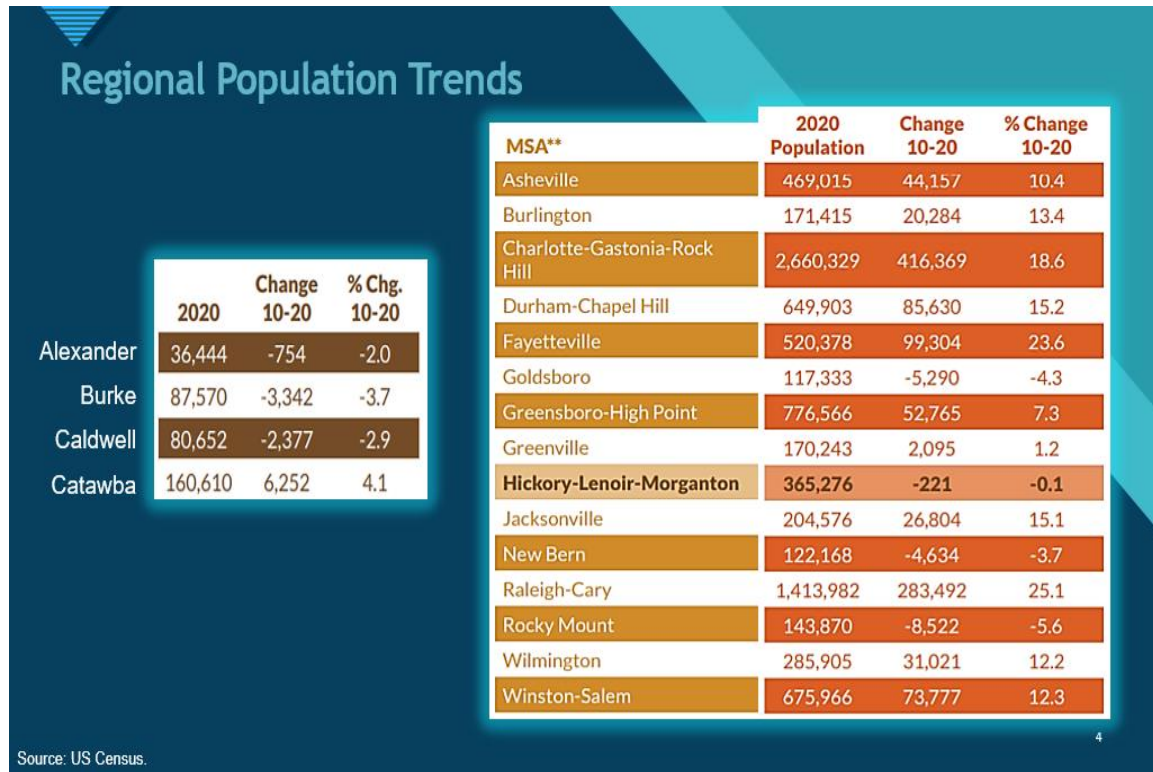
The 2020 Census revealed that the Hickory Metro (consisting of Catawba, Caldwell, Burke and Alexander counties) was flat in its population growth over the past 10 years. In fact, our Metro would have lost population during this time had it not been for population gains in Hickory and Catawba County, with Hickory representing over 55% of Catawba County's overall growth. The population growth challenges of our region are revealed in the chart below:

2020 Census: Population & Housing Counts for the Region								
County or Municipality	Housing		Housing		Housing		Housing	
	Population 2010 Census	Units 2010 Census	Population 2020 Census	Units 2020 Census	Population Change 2010-2020	Units Change 2010-2020	Population % Change 2010-2020	Units % Change 2010-2020
Alexander County	37,198	16,189	36,444	15,960	-754	-229	-2.0%	-1.4%
Burke County	90,912	40,879	87,570	39,525	-3,342	-1,354	-3.7%	-3.3%
Caldwell County	83,029	37,659	80,652	36,931	-2,377	-728	-2.9%	-1.9%
Catawba County	154,358	67,886	160,610	70,744	6,252	2,858	4.1%	4.2%
Hickory-Lenoir-Morganton MSA	365,497	162,613	365,276	163,160	-221	547	-0.1%	0.3%
Brookford	382	214	442	218	60	4	15.7%	1.9%
Cajah's Mountain	2,823	1,217	2,722	1,196	-101	-21	-3.6%	-1.7%
Catawba (Town of)	603	297	702	307	99	10	16.4%	3.4%
Cedar Rock	300	137	301	136	1	-1	0.3%	-0.7%
Claremont	1,352	646	1,692	774	340	128	25.1%	19.8%
Connelly Springs	1,669	731	1,529	838	-140	107	-8.4%	14.6%
Conover	8,165	3,654	8,421	3,805	256	151	3.1%	4.1%
Drexel	1,858	833	1,760	811	-98	-22	-5.3%	-2.6%
Gamewell	4,051	1,786	3,702	1,683	-349	-103	-8.6%	-5.8%
Glen Alpine	1,517	678	1,529	678	12	0	0.8%	0.0%
Granite Falls	4,722	2,077	4,965	2,105	243	28	5.1%	1.3%
Hickory	40,010	18,719	43,490	20,064	3,480	1,345	8.7%	7.2%
Hildebran	2,023	888	1,679	773	-344	-115	-17.0%	-13.0%
Hudson	3,776	1,694	3,780	1,717	4	23	0.1%	1.4%
Lenoir	18,228	8,568	18,352	8,401	124	-167	0.7%	-1.9%
Long View	4,871	2,315	5,088	2,353	217	38	4.5%	1.6%
Maiden	3,310	1,383	3,736	1,493	426	110	12.9%	8.0%
Morganton	16,918	7,618	17,474	7,559	556	-59	3.3%	-0.8%
Newton	12,968	5,695	13,148	5,776	180	81	1.4%	1.4%
Rhodhiss	1,070	468	997	427	-73	-41	-6.8%	-8.8%
Rutherford College	1,341	614	1,226	582	-115	-32	-8.6%	-5.2%
Sawmills	5,240	2,267	5,020	2,226	-220	-41	-4.2%	-1.8%
Taylorsville	2,098	1,026	2,320	1,110	222	84	10.6%	8.2%
Valdese	4,490	1,927	4,689	2,135	199	208	4.4%	10.8%

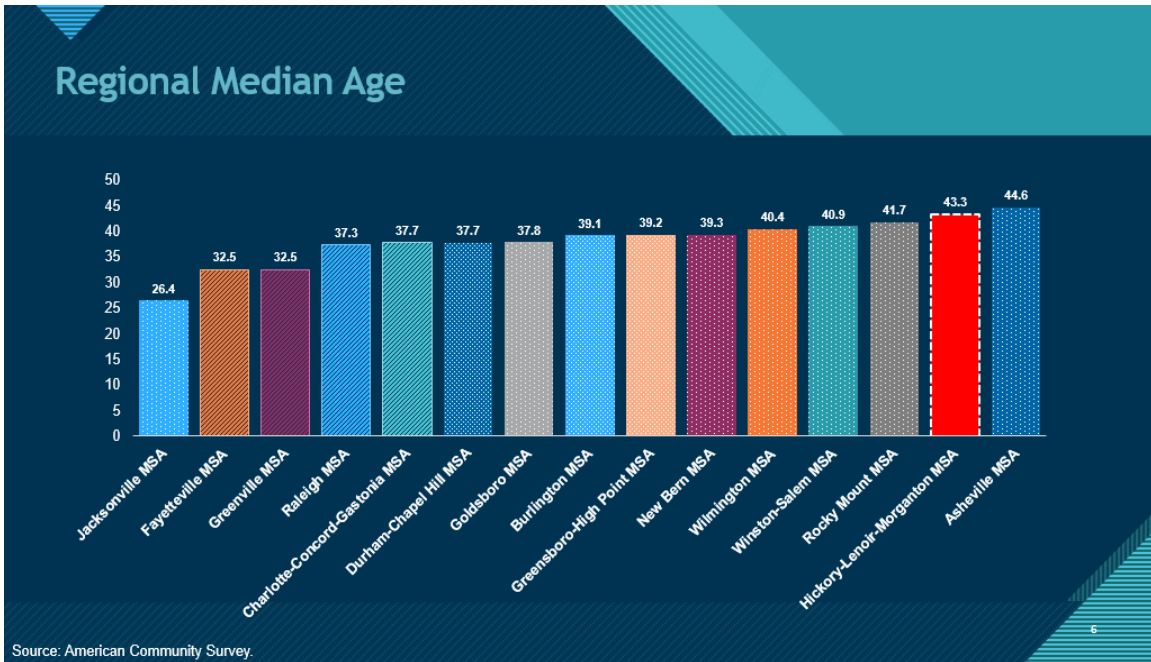
Source: 2020 Census, compiled by the Western Piedmont Council of Governments

An unofficial goal for the City of Hickory's population growth is around 2% annually, which would put Hickory's population at about 53,000 after 10 years. Of course, a healthy population growth rate for

the entire Hickory Metro area would naturally be smaller, given its more rural nature, so 1% annually would be a reasonable goal. This would put the region's population at around 400,000 at the end of 10 years. You can see by the chart below that the Hickory Metro has lagged far behind most other metro areas in the state in population growth.



These numbers are both significant and concerning to Hickory in particular because much of our economy is dependent upon residents from surrounding communities shopping, dining, seeking medical care, and most importantly working in Hickory. Hickory's population doubles during the daytime hours to around 90,000 people as we are the economic hub of the four county region with a population of 365,000 people. However, the age demographic (displayed in the chart below) in our region is not favorable to expanding or even sustaining our local economy over the next 10 years and beyond unless we continue improving Hickory's quality of life so that we can attract new residents. Population growth will translate into new customers, new employees, and even new employers.



The 2020 Census revealed that about half of all counties in North Carolina lost population during the 2010-2020 time period. About 75% of all growth occurred in the Charlotte and Raleigh regions during that time period. That is good news for Hickory and Catawba County, as our proximity to the Charlotte region will give us the opportunity to grow our population and workforce over the next 10 years. To be successful, we must continue to invest in improving our quality of life to continue attracting and retaining people from all walks of life with a special focus on working-aged people. The importance of this can be seen in the chart below, which shows the Hickory Metro area has over 11,200 active job openings.

Hickory MSA Unemployed Persons and Number of Job Openings by County, January 2022

County	Number of Unemployed (Not Seasonally Adjusted)	Number of Job Openings	Number of Unemployed Persons per Job Opening
Alexander	554	354	1.56
Burke	1,375	2,330	0.59
Caldwell	1,312	1,597	0.82
Catawba	2,720	7,006	0.39
MSA Total	5,961	11,287	0.53

Source: NC Works Online, NC Department of Commerce 2022.

Much of our success in changing our region's demographic trend over the next ten years will be measured by:

- A growing population
- A growing workforce
- A declining median age

The FY2022-2023 Recommended Budget outlined below will help to give Hickory the competitive advantage we need by focusing on completing the bond projects, increasing our investment in public safety, improving transportation and utility infrastructure, expanding economic development activities, and enhancing our parks and recreation facilities.

Overview

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the City of Hickory's Recommended Budget for FY2022-2023 for your review and consideration. The \$126,206,168 annual spending plan is balanced and prepared in accordance with generally accepted budgeting standards. The breakdown by fund for the FY2022-2023 Recommended Budget is as follows:

<u>Fund</u>	<u>FY21-22</u>	<u>FY22-23</u>	<u>%CHG</u>
General	\$ 58,859,515	\$ 63,141,435	7%
Water and Sewer	\$ 31,734,183	\$ 36,045,880	14%
Insurance	\$ 7,481,486	\$ 7,377,413	-1%
Fleet Maintenance Fund	\$ 2,997,000	\$ 3,020,962	1%
Sludge Compost	\$ 1,904,312	\$ 2,141,323	12%
Stormwater	\$ 265,862	\$ 273,556	3%
Airport	\$ 1,587,961	\$ 1,917,220	21%
Solid Waste	\$ 6,422,514	\$ 6,593,093	3%
Capital Reserve	\$ 4,614,000	\$ 3,964,000	-14%
W&S Capital Reserve	\$ 650,000	\$ 1,731,286	n/a
Total	\$ 115,866,833	\$ 126,206,168	5%

General Fund

The General Fund budget is recommended at \$63,141,435, a 7% increase over the FY2021-2022 Budget. The property tax rate for FY2022-2023 is recommended to remain at 62.75 cents. Keep in mind we will be setting a new property tax rate with the FY2023-2024 annual budget due to the County-wide revaluation of property that will take effect during that fiscal year. We expect significant increases in property values to come out of Catawba County's next revaluation which would likely result in a reduction of our current property tax rate.

We had previously discussed the possibility of a property tax rate increase to fund new maintenance positions, equipment, and supplies to properly maintain the new Hickory Trail system, as the various segments of that system came on line. We now believe we will be able to cover about \$300,000 of the initial new costs through the reallocation of existing budgeted expenses and avoid the need for a property tax increase.

Additionally, the City's strong financial position improved our Bond Rating from AA- to AA+ over the past few years which has helped in keeping our bond payments lower. The last \$10 million the City issued in bonded debt this past fall of the original \$40 million resulted in an extremely low-interest rate of 1.49%.

The history of our 2014 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 issues \$15 million in GO Bonds
- July 2019 City Council approves 2 cent property tax rate increase to service Bonded Debt
- In the fall of 2019, the City issues another \$10 million in GO Bonds
- July 2021 City Council approves 4 cent property tax rate increase to service Bonded Debt
- In the fall of 2021, the City issues the remaining \$10 million in GO Bonds
- Debt service payments are now being made on the total \$40 million

Over 77% of the General Fund's revenue comes from property tax (54.4%) and sales tax (22.7%) revenue. The remainder comes from a combination of state-shared revenue, investment earnings and sales and services. The State of North Carolina dictates local government's revenue sources and limits the property tax rate to \$1.50 per \$100 in valuation. The State also sets the sales tax rates.

Regarding Sales Tax revenue, we are projecting a 13.4% increase for the coming year. Keep in mind that much of this increase is due to inflation, which is also impacting the City on the expenditure side in a negative way. Most of our other revenues have recovered from the height of the pandemic.

The City has traditionally used the annual Consumer Price Index (CPI) as a general gauge when considering increases in miscellaneous General Fund fees, such as picnic shelter rentals, inspection services, driveway cuts, and various permits. The 2021 CPI was 7%. Our use of the CPI gauge is unique to the General Fund. The City's three Enterprise Funds, or business operations (Water and

Sewer, Solid Waste, and Airport) are set up to be self-supporting and their rates and fees are recommended based on revenue required to meet their operational and capital needs.

On the expenditure side of the overall Recommended Budget, the City is experiencing the same workforce challenges as private sector companies in our community. There are a number of positions in particular in which we are having difficulty recruiting and retaining employees. Recruitment for Police Officers, Maintenance Workers, Telecommunicators, and Engineering positions has been particularly difficult. Few positions have been immune to retention pressures as we are not generally able to compete with private sector salaries.

We are recommending an across-the-board \$1,000 increase in individual salaries in response to the cost-of-living pressures we are all experiencing at home. During my tenure with the City, this will be the first time we have recommended a Cost of Living Adjustment. Our pay increases have historically been based on an employee's performance alone. Performance-based increases for FY2022-2023 are recommended at 3% for coworkers who "Meet" the performance standards set for them and 4% for employees who "Exceed" those standards.

Here are a few examples of how this would be applied and its impact. You can see that employees on the lower end of the pay scale see the greatest percentage increase.

$\$30,000 + \$1,000 = \$31,000 \times 1.03\% = \$31,930$... Represents a 6% increase if rated "Meets"
 $\$30,000 + \$1,000 = \$31,000 \times 1.04\% = \$32,240$... Represents a 7% increase if rated "Exceeds"

$\$50,000 + \$1,000 = \$51,000 \times 1.03\% = \$52,530$... Represents a 5% increase if rated "Meets"
 $\$50,000 + \$1,000 = \$51,000 \times 1.04\% = \$53,040$... Represents a 6% increase if rated "Exceeds"

$\$70,000 + \$1,000 = \$71,000 \times 1.03\% = \$73,130$... Represents a 4.5% increase if rated "Meets"
 $\$70,000 + \$1,000 = \$71,000 \times 1.04\% = \$73,840$... Represents a 5.5% increase if rated "Exceeds"

Another major challenge is proving to be continued increases in construction costs. Construction industry measures show the cost of materials and labor has increased over 12% during the past year. Much of our work relates back to these sorts of materials versus what is measured to calculate the CPI. Some examples of cost increases we have experienced over the past year include:

Gas	+44%
Airfare	+33%
Utility Gas	+23%
Used Cars	+23%
Furniture	+15%
New Cars	+14%
Electricity	+11%
Health Insurance	+10%

The City 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 directly a part of the FY2022-2023 Recommended Budget but are a part of the ongoing Bond Program or other projects that are majority grant or privately funded. Some of those include:

- Buildout of Trivium West
- Infrastructure installation at Trivium East
- Complete construction of the Aviation Walk
- Complete construction of the Riverwalk
- Begin construction of Historic Ridgeview Walk
- Begin construction of the OLLE Art Walk
- Improvements to Deidra Lackey Memorial Park related to the Lackey project
- Completion of a burn training structure for the Fire Department in partnership with CVCC
- Improvements to 9th Ave Dr NW which serves the Hickory Regional Airport
- Purchase of property near and around the Hickory Regional Airport as it becomes available
- Design for the Aviation Museum/CVCC Workforce Facility
- Complete design for 17th St Extension
- Complete design for 2nd Ave SE Realignment (LR Blvd. at EMS Base)
- Begin construction on additional single-family affordable housing on surplus City-owned lots
- Begin construction of the new Biosolids Facility

In addition to the projects listed above, there are a few projects and initiatives underway at various stages that have the potential to be transformational in varying degrees for our community. These include:

- ASU-Hickory locating in Hickory and expressing a desire to grow
- Metronet is installing fiber to the home network throughout Hickory up to 1 GB
- The widening of US321 is a \$350 million NCDOT project which will transform that corridor

Water and Sewer Fund

The Water and Sewer Fund budget is recommended at \$36,045,880, a 13.6% increase over the FY2021-2022 Budget. Over the next few years, there are a number of major issues facing the Water and Sewer Fund that will put pressure on rates:

Unfunded Mandate

The State of North Carolina is now requiring local governments with water and sewer systems to participate at 25% of the cost of relocating their water and sewer lines related to NCDOT road construction projects. Rate increases associated with this unfunded mandate will be programmed in future years' budgets. We estimate a 1% increase a year over a 5 year period to cover the cost of this unfunded mandate, estimated to be \$10 million.

Unprecedented Flooding

Since 2013, we have seen a number of 500 year storms which have resulted in two of the City's pump stations, Snow Creek and Falling Creek, being flooded and knocked temporarily out of service. To develop a permanent fix at these two facilities, the City has applied for two FEMA grants; one for

the Snow Creek Pump Station - \$7 million, and one for the Falling Creek Pump Station - \$9 million. We recently received notice of grant approval for the Falling Creek Pump Station. However, we have not yet heard about the funding status for the Snow Creek Pump Station. If the City is not successful in securing this grant funding, we will need to consider rate increases to undertake this project.

Henry Fork River Bank Erosion

Since the Brookford Dam on the Henry Fork River was taken out in 2016, the City's water and sewer lines along the river have been negatively impacted. The river has seen significant bank erosion, both upstream and downstream of the former dam, causing water and sewer lines to either be washed out or broken by falling trees along the riverbank. The riverbank is now between 30ft. and 50ft. wider in places than prior to 2016. As a result, we will undertake a \$1,250,000 assessment and design project on the Henry Fork Outfall Line, which is one of the main lines that parallels the river before reaching the Henry Fork Wastewater Treatment Plant. The permanent fix to this situation could be between \$8 to \$10 million.

New Biosolids (Composting) Facility

City Council recently awarded the \$34 million construction contract for the new biosolids facility which is the single largest construction project ever undertaken by the City of Hickory. We secured State Revolving Loan financing with extremely favorable terms and a .10% interest rate over a 30 year term. Debt service payments will begin in late FY2022-2023.

Currently, a water and sewer account with 5,000 gallons of monthly usage in the City will have a bill of \$60.29. When looking at all systems around the state, the median bill on that 5,000 gallons is \$80.00. When looking at systems with a similar number of accounts as Hickory's (+25,000), that median bill is \$73.05. Comparatively, Hickory's rates are very competitive with other systems across the state.

Sludge Composting Fund

The Sludge Composting Fund budget is recommended at \$2,141,323, a 12.4% increase over the FY2021-2022 Budget. The operations in this fund are considered a business unit of the Water and Sewer Fund and it is financially supported by that fund. The City of Hickory is responsible for 84.5% of the costs associated with operating the sludge composting facility and The City of Conover is responsible for the remaining 15.5%. These percentage shares are based on usage.

Once completed, the new Biosolids facility will allow the City to take this 30 year old facility off line.

Solid Waste Fund

The Solid Waste Fund contains the financial activity of all solid waste activities of the City. The recommended budget for this Fund is \$6,593,093, a 2.7% increase over the FY2021-2022 Budget.

The City provides an extremely robust solid waste service with household stops made at every home, every week in Hickory for *residential waste, yard waste, white goods, junk items*, with an additional stop made every other week for *recycling*. Seasonal leaf collection also occurs in the fall on every residential street multiple times, allowing residents to avoid 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 \$25 per month. I am recommending an increase of \$1 per month to help in offsetting increases in fuel and labor costs. The Solid Waste Fund finally became operationally self-supporting a number of years ago and this increase will help keep it self-supporting.

The operational side of the Solid Waste Fund budget is self-supporting, meaning revenues cover those expenditures. However, this year's fund revenues only cover 49% of its capital expenditures due to a large amount of capital needs. My recommendation is to appropriate a portion of the Solid Waste Fund Balance to cover the needed capital purchase shortfall.

Airport Fund

The Airport Fund contains the financial activity of the Hickory Regional Airport, which is owned and operated by the City of Hickory. The recommended budget for this Fund is \$1,917,220, a 20.7% increase over the FY2021-22 Budget.

This Fund also became self-supporting a number of years ago and had previously been supported by a transfer from the General Fund. This calendar year, we have recorded strong aviation fuel sales with business and leisure travel increasing.

Bond Program

Work continues on the City's Bond Program with every project either under design or under construction. Here is a quick update on each project with tentative dates for each:

Union Square	Complete
Gateway Feature US321/Hwy70	Complete
City Walk	Mostly Complete
Riverwalk (on land)	Under Construction (Summer completion)
Riverwalk (over water)	Under Construction (Fall 2023 completion)
Aviation Walk	Under Construction (Fall 2023 completion)
Historic Ridgeview Walk	Under Design (Under construction Summer 2022)
Old Lenoir Walk	Under Design (Under construction Summer 2022)

Construction on our Class A business park called Trivium Corporate Center began May 2018. Since construction began we have had six major economic development announcements for Trivium:

<u>Company</u>	<u>Investment</u>	<u>Jobs</u>
Corning, Inc.	\$60 million	110
ITM	\$17 million	137
Cataler	\$42 million	151
American Fuji Seal	\$52 million	101
Gusmer Enterprises	\$38.2 million	73
Stonemont	<u>\$10.5 million</u>	<u>TBD</u>
Total	\$219.7 million	572

All of the announced jobs will pay above the Catawba County average wage. This list does not include other investment announcements over the past few years such as MDI's expansion of \$120 million, or One North Center's announcement of \$19 million in investment.

Opportunities Ahead

We all remember the economic struggles Hickory and our entire region endured between 2001 and 2015. It became obvious that after a number of consecutive years of economic stagnation and no population growth that this wasn't just another economic cycle we were experiencing. It was something very different than previous downturns.

With the vision of City Council and with the community's support in approving the Bond Measure in 2014, we began a journey to improve the quality of life offered in our community that would attract and retain a quality workforce and create new investment. Today, our local economy is in the process of being transformed into a strong and diversified engine that is attracting new international investment, investment from well-established companies who have called Hickory home for generations, and, as importantly, investment from small start-ups who believe in where Hickory is headed.

We are seeing growth in our property tax base, jobs, housing, and population. This Recommended Budget for FY2022-2023 will keep us on the path to completing the various Bond Projects that began in 2014. However, we need to start the process of thinking about the "what's next" after the Bond Projects are completed. If we have learned one thing through our experiences over the last 20 years, it is that we cannot rest on our laurels and we must always develop new strategies to improve our community and create new opportunities so everyone has the chance for a better life here in Hickory.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren Wood". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

Warren Wood
City Manager

Annual Budget Ordinance



CITY OF HICKORY Budget Ordinance Fiscal Year 2022-2023

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, 2022 and ending June 30, 2023:

Ad Valorem Taxes	\$ 34,321,707
Other Taxes	20,605,321
Unrestricted Intergovernmental Revenues	752,250
Restricted Intergovernmental Revenues	2,591,725
Licenses and Permits	4,500
Sales and Services	1,251,607
Investment Earnings	100,000
Miscellaneous	381,000
Other Financing Sources	<u>3,133,325</u>
	\$63,141,435

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, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 12,073,561
Public Safety	28,390,638
Transportation	6,957,872
Economic and Community Development	4,115,737
Culture and Recreation	4,400,488
Other Financing Uses	2,010,778
Debt Service	4,192,361
Contingency	<u>1,000,000</u>
	\$63,141,435

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, 2022 and ending June 30, 2023:

Restricted Intergovernmental Revenues	\$ 1,105,679
Sales and Services	26,634,190
Investment Earnings	60,000
Miscellaneous	610,000
Other Financing Sources	<u>7,636,011</u>
	\$36,045,880

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, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 29,989,973
Other Financing Uses	2,342,421
Debt Service	3,563,486
Contingency	<u>150,000</u>
	\$ 36,045,880

SECTION 5: It is estimated that the following revenue will be available in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Restricted Intergovernmental Revenues	\$ <u>2,141,323</u>
	\$ 2,141,323

SECTION 6: The following amounts are appropriated in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>2,141,323</u>
	\$ 2,141,323

SECTION 7: It is estimated that the following revenue will be available in the Stormwater Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Other Financing Sources	\$ <u>273,556</u>
	\$ 273,556

SECTION 8: The following amounts are appropriated in the Stormwater Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ <u>273,556</u>
	\$ 273,556

SECTION 9: It is estimated that the following revenues will be available in the Airport Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Sales and Services	\$ 1,606,270
Restricted Governmental Revenues	58,000
Investment Earnings	2,500
Other Financing Sources	<u>250,000</u>
	\$ 1,917,220

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, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Transportation	\$ 1,717,220
Contingency	<u>200,000</u>
	\$ 1,917,220

SECTION 11: It is estimated that the following revenues will be available in the Solid Waste Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Other Taxes	\$ 30,000
Sales and Services	6,238,500
Investment Earnings	5,000
Miscellaneous	2,000
Other Financing Sources	<u>317,593</u>
	\$ 6,593,093

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, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$ 6,373,338
Debt Service	169,755
Contingency	<u>50,000</u>
	\$ 6,593,093

SECTION 13: It is estimated that the following revenue will be available in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Other Financing Sources	\$ <u>3,964,000</u>
	\$ 3,964,000

SECTION 14: The following amounts are hereby appropriated in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023 in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 1,624,000
Environmental Protection	1,340,000
Other Financing Uses	<u>1,000,000</u>
	\$ 3,964,000

SECTION 15: It is estimated that the following revenue will be available in the Water and Sewer Capital Reserve Fund for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023:

Other Financing Sources	\$ <u>1,731,286</u>
	\$ 1,731,286

Annual Budget Ordinance



SECTION 16: The following amounts are hereby appropriated in the Water and Sewer Capital Reserve Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023 in accordance with the chart of accounts heretofore established for this City:

Other Financing Uses	\$ <u>1,731,286</u>
	\$ 1,731,286

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

Sales & Services	\$ <u>3,020,962</u>
	\$ 3,020,962

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

General Government	\$ <u>3,020,962</u>
	\$ 3,020,962

SECTION 19: The following amounts form the revenue portion of the financial plan for the Insurance Fund:

Sales & Services	\$ 7,293,419
Investment Earnings	20,000
Other Financing Sources	<u>63,994</u>
	\$ 7,377,413

SECTION 20: The following amounts form the expenditure portion of the financial plan for the Insurance Fund:

General Government	\$ <u>7,377,413</u>
	\$ 7,377,413

SECTION 21: The operating funds encumbered on the financial records of June 30, 2022 are hereby reappropriated into this budget.

SECTION 22: There is hereby levied a property tax at the rate of sixty-two and seventy-five ten thousandths cents (\$0.6275) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2022, 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 \$5,385,377,214 and the Fiscal Year 2021-2022 estimated rate of collection of 96.02%.

SECTION 23: The corresponding "FY 2022-2023 Schedule of Fees" is approved with the adoption of this Annual Budget Ordinance.

Annual Budget Ordinance



SECTION 24: 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 \$250,000 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.

SECTION 25: 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 26: 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.

Annual Budget Ordinance



CITY OF HICKORY 2022 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 2022 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	\$300,000
Miscellaneous	<u>\$100,000</u>
	\$400,000

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

Economic and Community Development	<u>\$400,000</u>
	\$400,000

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.



City Council Goals and Objectives



HICKORY CITY COUNCIL'S FY2022-2023 Goals and Objectives

Strategic Priority: Population Growth & Economic Development

1. Bond Projects
 - A. Begin construction or continue construction on unfinished bond projects and Hickory Trail segments.
 - B. Establish development opportunities along the Hickory Trail System and work toward the goals set forth in the Hickory Trail Report.
 - C. Consider next steps for the creation of additional amenities after the bond projects' completion.
2. Promote Economic Development and Jobs
 - A. Continue pursuing development partnerships and opportunities for high-tech manufacturing at Trivium Corporate Center and its expansion at Trivium East.
 - B. Encourage corporate headquarter recruitment and industrial park growth.
 - C. Continue marketing the remaining City owned industrial properties.
 - D. Continue the utilization of Vacant Building Revitalization and Brownfield Grants to improve blighted properties and redevelop obsolete manufacturing facilities.
 - E. Utilize NCWorks and other career-based initiatives to promote local employment opportunities.
3. Encourage Development of Additional Housing
 - A. Consider partnerships and policies to help encourage the construction of new housing, both market-rate and affordable, to help alleviate the currently low housing stock.
 - B. Continue to build upon the Hickory Affordable Housing Initiative, utilizing city owned properties to create affordable housing for low-income households.
 - C. Pursue single-family home ownership opportunities in strategic locations to help stabilize distressed neighborhoods including partnerships with non-profit housing groups such as Habitat for Humanity.

Strategic Priority: Infrastructure

1. Improve Transportation
 - A. Pursue enhancements to Hickory Regional Airport to attract additional aircraft, including the resurgence of commercial air service.
 - B. Work with NCDOT and the MPO to develop other projects benefiting Hickory.
 - C. Continue to partner with Greenway Public Transit system.
2. 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.

Strategic Priority: Quality of Life

1. Provide a Safe Community for Residents and Visitors
 - A. Promote proactive public safety partnerships with citizens and neighborhood groups.
 - B. Support participation in the Law Enforcement Assisted Diversion (LEAD) program.
 - C. Support participation in Active Bystandership for Law Enforcement (ABLE) program.

City Council Goals and Objectives



2. Offer High Quality Recreation and Cultural Opportunities
 - A. Complete construction of the City Walk and Riverwalk Bond Projects as recreational destinations for citizens and visitors.
 - B. Begin or complete construction of the other components of the Hickory Trail System (Historic Ridgeview Walk, O.L.L.E. Art Walk, Aviation Walk, and the Lenoir-Rhyne Boulevard Streetscape enhancements.)
 - C. Maintain public assets downtown to promote growth and create a unique downtown experience.
 - D. Focus efforts on expanding recreational opportunities through the Parks, Recreation & Sports Tourism Department along with partnerships with the Hickory Metro Convention & Visitors Bureau and other recreation partners in the community.
 - E. Continue partnership with Deidra Lackey family to complete design and begin construction of one-of-a-kind entertainment and cultural venue at Geitner Park.
 - F. Continue to implement the updated library strategic plan as possible within budget constraints.
 - G. Update Recreation Master Plan.
3. Protect the Natural Environment
 - A. Review single-stream recycling efforts to gauge effectiveness and make necessary modifications to improve efficiency.
 - 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-Wataree Basin Advisory Commission) to promote policies and practices which protect the river, improve water quality and protect our water supply.

Strategic Priority: Vision and Leadership

1. Support and Promote Higher Education Opportunities
 - A. Work collaboratively with Lenoir-Rhyne University, Catawba Valley Community College, and Appalachian State University on initiatives and opportunities which would positively impact our community.
 - B. Pursue partnership with local high schools and CVCC to promote careers in the Hickory Fire Department.
2. Lead Regional Initiatives
 - A. Be the lead agency on regional economic development issues to adequately represent the hub of the population and workforce in the Metro area.
 - B. Participate on local and regional boards/committees to ensure City interests are preserved (i.e., WPCOG, EDC, MPO, NC Works, and Innovate Catawba).
 - C. Continue to lead the region in protecting and promoting the Catawba River Basin.
3. Promote City Priorities in the 2022-2023 Legislative Agenda to Federal and State Governments
 - A. Continue to monitor 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 public information and city events to our residents.
2. Expand the City's marketing and recruitment efforts for economic development opportunities as well as workforce development and population growth.

City Council Goals and Objectives



3. 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.
4. 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.

City Council Goals and Objectives



HICKORY CITY COUNCIL FY 2022-2023 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 endeavor to ensure the Solid Waste Fund is 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. Project revenues for five years and 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.

2. 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.
- C. 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.

City Council Goals and Objectives



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 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

City Council Goals and Objectives



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 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

City Council Goals and Objectives



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 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

City Council Goals and Objectives



of deferring scheduled debt service, unless 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 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,

City Council Goals and Objectives



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 its financial policies, budgets, forecasts, and financial health.

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.
- 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.

City Council Goals and Objectives



- 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.

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.

4. **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.

5. **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

City Council Goals and Objectives



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.

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 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

City Council Goals and Objectives



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.

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.

City Council Goals and Objectives



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 Planning



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 FY2022-2023 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 FY2022-2023 budget are:

- The final \$10 million issue was issued last year, resulting in all debt for the \$40 million in bonds included in the FY22-23 budget.
- With increasing costs of Solid Waste operations and some additional capital needs, the City is recommending a \$1 increase (from \$25 to \$26) per month. A \$1 increase generates \$145,000 in additional revenue.
- Additional staffing needs recommended are:
 - One Business Services Coordinator (converted from a part-time position)
 - Six employees to help maintain the Hickory Trail System (these positions were planned years ago and included, but not filled)

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 Calendar



- **December 8, 2021** Personnel expenditures projected by Human Resources
- **December 8, 2021** Worker's Compensation, Property and Liability Insurance by Risk Management
- **December 8, 2021** Debt projected by Finance (existing debt only)
- **December 8, 2021** City Council Financial Policy expenditures (transfers and contingency) projected by Budget Office
- **December 15, 2021** External appropriation request letters sent out; also notices re: Board and Commission Workplan deadlines
- **December 15, 2021** Publish newspaper ad re: notification of call for External appropriation requests (due date January 21, 2022)
- **December 17, 2021** New position requests and reclassification requests due to Human Resources
- **December 21, 2021** Budget Kick-off Meeting: **9:00 a.m. @ Council Chambers**
 - Distribute Initial Allocation Sheets
 - Distribute Budget Manual
- **January 7, 2022** Projected revenues entered into H.T.E. by Budget Office
- **January 10, 2022** Departments to have **entered FY22-23 operational** budget requests into H.T.E. **Requests should balance to department's initial budget allocation.**
- **January 17, 2022** Departments to have **entered FY22-23 capital** budget requests into H.T.E.
- **January 3-31, 2022** Departments may request to meet with the City Manager to make additional budget requests or to negotiate budgets
- **January 21, 2022** External Appropriation requests due
- **January 24, 2022** Fleet Management to review and make recommendations on new capital vehicle/equipment requests
- **January 24, 2022** City Engineer to review and make recommendations on capital construction requests
- **January 24, 2022** Information Technology to review and make recommendations on technology requests

Budget Calendar



- **January 31, 2022** Fee Schedule sent to departments for FY22-23 changes
- **February 4, 2022** Board & Commission workplans due
- **February 4, 2022** 5-year CIP to be entered into H.T.E. by departments
- **February 15, 2022** Performance Measurement pages sent to departments
- **February 28, 2022** Departments to return FY22-23 Fee Schedule changes to Budget Office
- **March 1, 2022** City Manager's Recommended Budget balanced
- **March 14, 2022** Performance Measurement pages due to Budget Office from departments
- **Week of April 25, 2022** Individual Management Briefings to City Council members re: FY22-23 budget
- **Weeks of May 2 & 9, 2022** Management Presentations to City Coworkers on FY22-23 budget
- **May 17, 2022** City Council Meeting:
 - Call for public hearing on Recommended Budget
- **May 18, 2022** Publish notice of public hearing and make a copy available to news media in the County
- **June 7, 2022** City Council Meeting:
 - Public Hearing on Recommended Budget
 - FY22-23 Budget approved on 1st reading
- **June 21, 2022** City Council Meeting:
 - FY22-23 Budget adopted on 2nd reading
- **June 22, 2022** Notification of tax rate sent to Tax Administrators in Burke, Caldwell and Catawba Counties
- **June 23, 2022** Notify organizations who requested appropriation of City funds of funding status
- **July 1, 2022** Fiscal Year 2022-2023 begins

Budget Planning



Phase I (Initial Budget Planning Stage)

Budget planning for the FY2022-2023 Annual Budget began in Fall 2020. Recommendations were to continue with the budget development cycle and budget development calendar.

Phase II

In December of 2021, 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 2021, Budget staff held individual budget meetings with divisions/departments for preliminary discussions on significant budgetary needs for FY2022-2023 and to review the status of performance measures.

Phase IV

In January 2022, there was a “Budget Kick-off Meeting” held with all departments. At this meeting, departments were given the FY2022-2023 budget manuals, FY2022-2023 budget calendar, FY2022-2023 personnel projections, FY2022-2023 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 FY2022-2023. All new personnel requests were due to the Human Resources Department by December 17, 2021.

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 upcoming budget was completed at this point and the development of the FY2022-2023 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

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 Planning



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 \$250,000 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



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.

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 two *Special Revenue Funds* which are the General Capital Reserve Fund and the Water and Sewer Capital Reserve Fund. Even though there is no statutory obligation to include *Internal Service Funds* or the *Special Revenue Funds* 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

Budget Format: The Basics



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 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

Budget Format: The Basics

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:

Audited data from the last completed fiscal year.

Budget for each category as adopted for the current fiscal year. The fiscal year begins July 1 of each calendar year.

Expenditure by Type	2015-2016 Actual	2016-2017 Budgeted	2017-2018 Budgeted	Percent Change
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%
Expenditure Total	7,456,500	7,712,347	7,899,567	2%
Per Capita	191	198	202	

The budget for the new fiscal year which begins on July 1.

The percentage of change from budget to budget.

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.

Includes salaries, wages, and fringe benefits (FICA, insurance, et al.)

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

Expenditure by Type	2015-2016 Actual	2016-2017 Budgeted	2017-2018 Budgeted	Percent Change
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%
Expenditure Total	7,456,500	7,712,347	7,899,567	2%
Per Capita	191	198	202	

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.)

Includes expenditures for land, buildings, equipment, vehicles, and other expenditures exceeding \$500, with a life expectancy of more than 1 year.

Budget Format: The Specifics



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.
- **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.
- **Unrestricted Intergovernmental** - Beer and wine tax, payments in lieu of taxes, and traffic control revenue received from NCDOT.
- **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.
- **Licenses and Permits** - Revenues generated for privilege beer and wine licenses, and taxi permits.
- **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.
- **Investment Earnings** - Interest earned on the investment of the fund's idle cash balance.
- **Miscellaneous** - Includes unanticipated revenues such as donations, discounts earned, the sale of capital assets, and insurance reimbursements.
- **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.

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.
- **Public Safety** - Expenditures for the Police Department, the Fire Department, the Hickory Rural District, and various special appropriations.
- **Transportation** - Expenditures for the Traffic and Street Divisions of Public Services.
- **Economic and Community Development** - Expenditures for the Planning and Development Department; Economic Development Incentives, and several special appropriations.

Budget Format: The Specifics



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

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.
- **Sales and Services** - Initial tap fees and user fees charged for the provision of water and sewer service.
- **Investment Earnings** - Interest earned on the investment of the fund's idle cash balance.
- **Miscellaneous** - Plant capacity fees charged with water or sewer taps and any unanticipated revenues.
- **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.

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.
- **Other Financing Uses** – Money transferred to other funds to subsidize and/or finance activity required to be accounted for in another fund.
- **Debt Service** - Expenditures for the required repayment of debt principal and interest incurred for the construction of large capital projects or major capital purchases.

Budget Format: The Specifics

- **Contingency** - Budgetary reserve set aside for emergencies or unforeseen expenditures.

Stormwater Fund Revenues

- **Other Financing Sources** - Transfers from other funds, or fund balance appropriated.

Stormwater Fund Expenditures

- **Environmental Protection** - Expenditures for Administration/Engineering, Stormwater - Transportation Division, Stormwater - Solid Waste Division, and the Stormwater - Landscape Division.

Sludge Composting Fund Revenues

- **Restricted Intergovernmental** - Intergovernmental funding for operational expenses from the City of Hickory for 83.5% and the City of Conover for 16.5%.

Sludge Composting Fund Expenditures

- **Environmental Protection** - Expenditures for contracted services with a private contractor to operate the Sludge Composting Facility.

Airport Fund Revenues

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

Airport Fund Expenditures

- **Transportation** - Expenditures for Airport operations.
- **Contingency** - Budgetary reserve set aside for emergencies or unforeseen expenditures.

Solid Waste Fund Revenues

- **Other Taxes** - Solid Waste Excise Tax revenue received from the State of North Carolina.
- **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.

Budget Format: The Specifics

- **Investment Earnings** - Interest earned on the investment of the fund's idle cash balance.
- **Miscellaneous** - Unanticipated revenues.
- **Other Financing Sources** – Transfer from Capital Reserve Fund towards replacement truck, and an appropriation from the Solid Waste Fund Balance for operational support.

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.
- **Debt Service** - Expenditures for the required repayment of debt principal and interest incurred for major capital purchases.
- **Contingency** - Budgetary reserve set aside for emergencies or unforeseen expenditures.

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.

Fleet Maintenance Fund Expenditures

- **General Government** – Expenditures for vehicle and equipment maintenance and repair.

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.
- **Investment Earnings** - Interest earned on the investment of the fund's idle cash balance.
- **Other Financing Sources** – Support from Fund Balance allocation.

Budget Format: The Specifics



Insurance Fund Expenditures

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

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 capital expenditures during FY2022-2023.

Capital Reserve Fund Expenditures

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

Water and Sewer Capital Reserve Fund Revenues

- **Other Financing Sources** – Transfer of Capacity Charges from the Water & Sewer Fund for future capital projects, and an appropriation from the Capital Reserve Fund Balance towards capital expenditures during the current Fiscal Year (FY2022-2023).

Water and Sewer Capital Reserve Fund Expenditures

- **Other Financing Uses** – Money transferred to the Water and Sewer Fund for planned capital projects or capital purchases specifically with Capacity Charge revenues during the current Fiscal Year.

Consolidated Budget Summary



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 FY2022-2023 is what we project to receive by the end of FY2021-2022. 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 FY2022-2023 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 FY2022-2023, Hickory's assessed property value is projected at \$5,385,377,214.

The General Fund's property tax rate will be \$.6275 per one hundred dollars (\$100) valuation of property with an estimated collection rate of 96.02%. The total Ad Valorem Tax category of revenues is budgeted at \$34,321,707 for FY2022-2023. The Ad Valorem category of revenue includes: current year's collections, prior year's collections, penalties and interest, and refunds.

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.

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 FY2022-2023 we project the same amount as budgeted

Consolidated Budget Summary



in FY2021-2022.

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.

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.

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.

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.

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.

LICENSES AND PERMITS

Privilege Licenses were previously a significant source of revenue for the City but were repealed in FY2015-2016.

SALES AND SERVICES

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.

Consolidated Budget Summary



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 FY2022-2023 Annual Budget over the FY2021-2022 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. FY2022-2023 tap fee revenue is projected to remain flat compared to the FY2021-2022 budgeted amount.

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%.

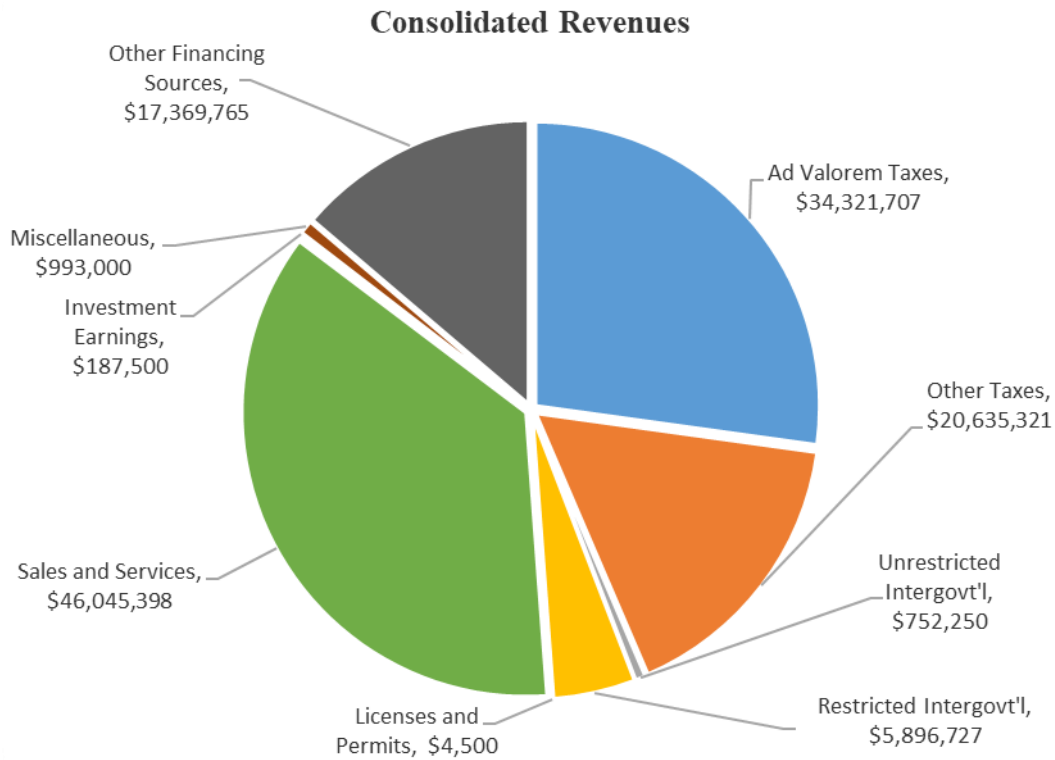
FUND BALANCE/ RETAINED EARNINGS

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 to better capture the actual cost to provide services. The Fleet Maintenance Fund and Insurance Fund then use 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.



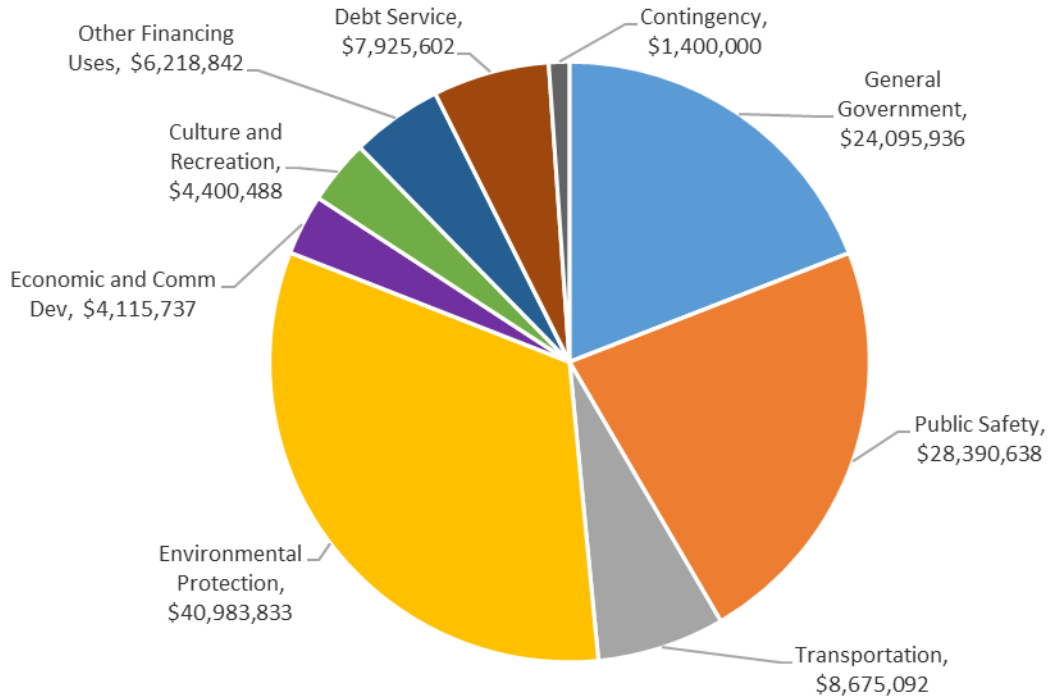
	2020-2021 Actual	2021-2022 Budgeted	2022-2023 Budgeted	Percent Change
Consolidated Revenues				
Ad Valorem Taxes	31,629,716	33,548,000	34,321,707	2.3%
Other Taxes	19,014,345	18,203,727	20,635,321	13.4%
Unrestricted Intergovernmental	536,222	675,000	752,250	11.4%
Restricted Intergovernmental	5,617,151	5,457,866	5,896,727	8.0%
Licenses and Permits	4,882	4,575	4,500	-1.6%
Sales and Services	45,555,329	44,362,626	46,045,398	3.8%
Investment Earnings	54,251	195,000	187,500	-3.8%
Miscellaneous	3,423,316	934,000	993,000	6.3%
Other Financing Sources	87,432,124	12,486,039	17,369,765	39.1%
Revenue Total	193,267,336	115,866,833	126,206,168	8.9%
Per Capita	4,722.48	2,798.24	2,896.10	

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



Consolidated Expenditures	2020-2021	2021-2022	2022-2023	Percent Change
	Actual	Budgeted	Budgeted	
General Government	23,540,127	23,223,468	24,095,936	3.8%
Public Safety	24,800,157	26,177,876	28,390,638	8.5%
Transportation	6,700,457	8,633,072	8,675,092	0.5%
Environmental Protection	34,699,680	35,337,866	40,983,833	16.0%
Economic and Community Develop.	3,039,350	2,698,807	4,115,737	52.5%
Culture and Recreation	4,724,393	4,448,232	4,400,488	-1.1%
Other Financing Uses	18,300,906	5,628,141	6,218,842	10.5%
Debt Service	4,021,029	8,789,371	7,925,602	-9.8%
Contingency	-	930,000	1,400,000	50.5%
Expenditure Total	119,826,099	115,866,833	126,206,168	8.9%

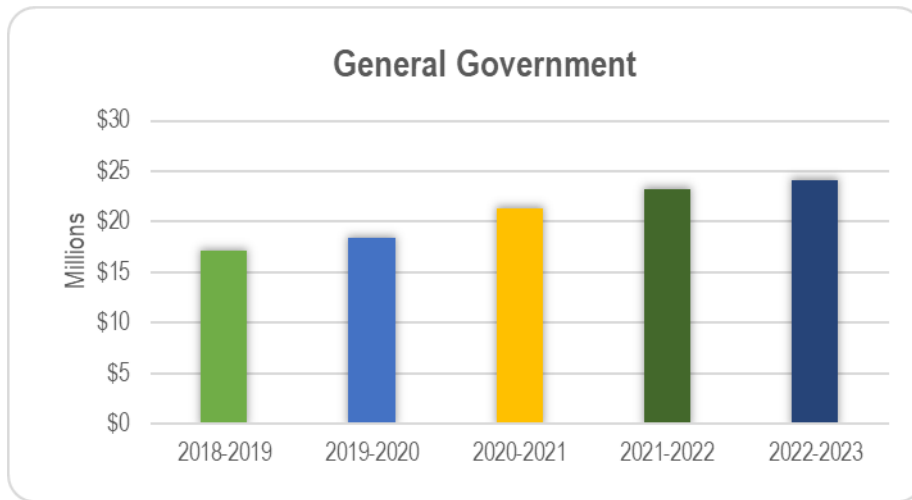
Consolidated Budget Summary



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.

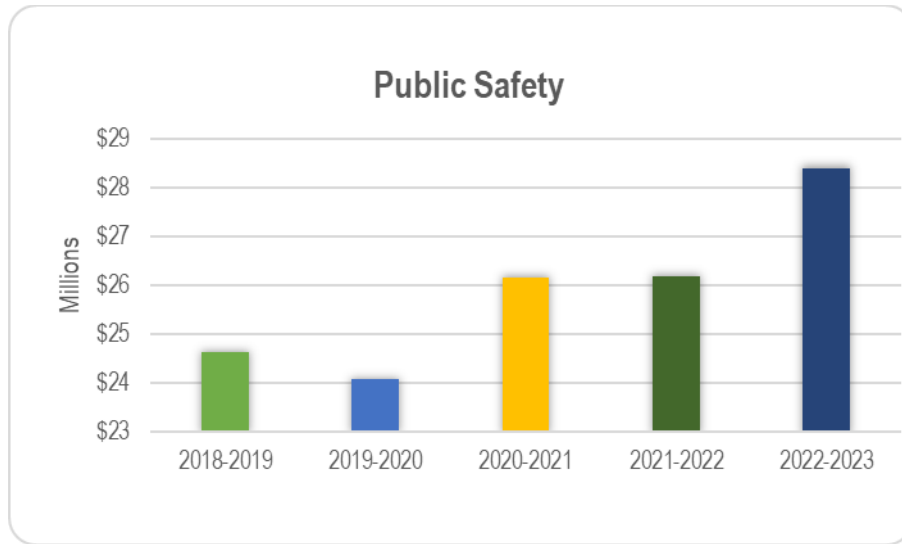
The following is a presentation of the trends for the major functions in the City’s budget. By examining the long-term and short-term progressions of each, the overall dynamics of Hickory’s budget can be better understood. A five-year graph shows the function as it progresses from the FY2018-2019 budget; 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	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	17,199,615	18,384,078	21,336,524	23,223,468	24,095,936
Dollar Change	497,357	1,184,463	2,952,446	1,886,944	872,468
Percent Change	3.0%	6.9%	16.1%	8.8%	3.8%

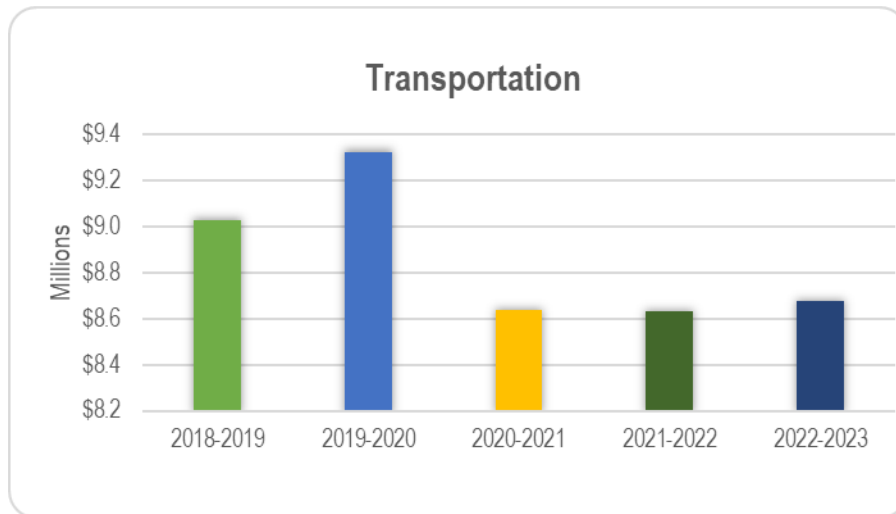
Departments/Divisions: Governing Body, City Manager’s Office, Budget Office, Finance, Legal, Risk Management, City Clerk, Information Technology, Human Resources, Communications Office, Building Services, Engineering, Public Buildings/City Hall, District Court, Fleet Maintenance and Landscape Services.

Consolidated Budget Summary



Public Safety	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	24,636,425	24,087,158	26,151,741	26,177,876	28,390,638
Dollar Change	456,452	(549,267)	2,064,583	26,135	2,212,762
Percent Change	1.9%	-2.2%	8.6%	0.1%	8.5%

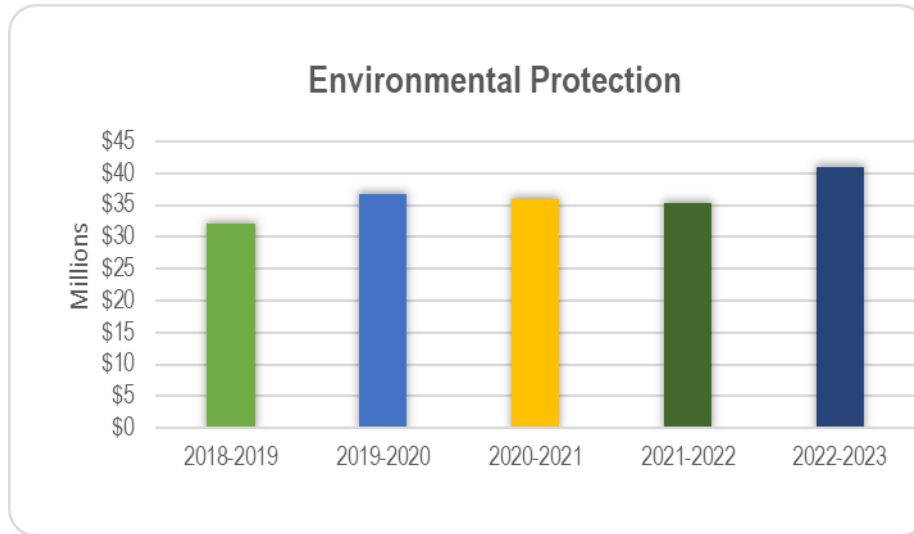
Departments/Divisions: Police, Fire and Volunteer Fire Departments



Transportation	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	9,026,976	9,324,221	8,639,098	8,633,072	8,675,092
Dollar Change	117,146	297,245	(685,123)	(6,026)	42,020
Percent Change	1.3%	3.3%	-7.3%	-0.1%	0.5%

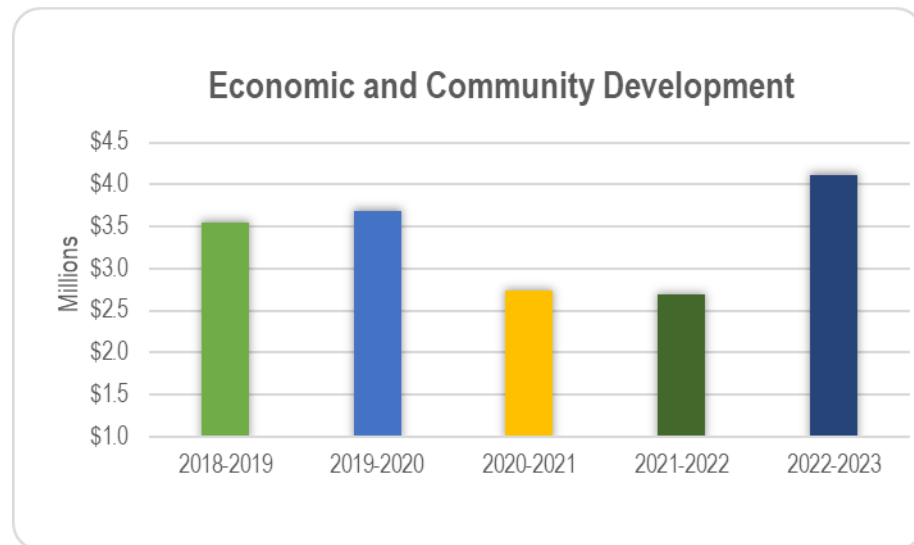
Departments/Divisions: Airport, FBO, Street and Traffic

Consolidated Budget Summary



Environmental Protection	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	32,178,478	36,752,517	35,907,970	35,337,866	40,983,833
Dollar Change	4,015,273	4,574,039	(844,547)	(570,104)	5,645,967
Percent Change	14.3%	14.2%	-2.3%	-1.6%	16.0%

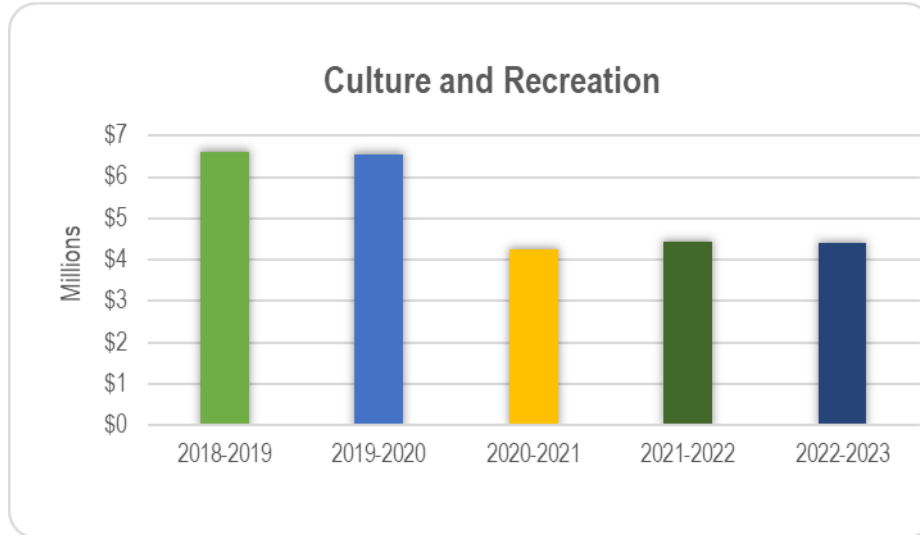
Departments/Divisions: Public Utilities (Water and Sewer), Stormwater, Residential Sanitation, Commercial Bulk Services, Recycling and Sludge Composting Facility



Economic/Community Dev.	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	3,549,443	3,691,666	2,732,844	2,698,807	4,115,737
Dollar Change	375,669	142,223	(958,822)	(34,037)	1,416,930
Percent Change	11.8%	4.0%	-26.0%	-1.2%	52.5%

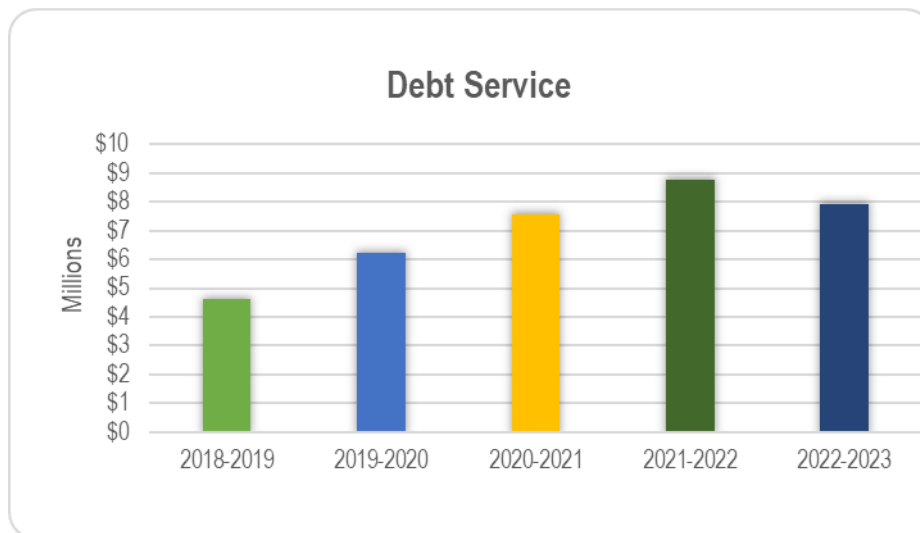
Departments/Divisions: Tourism Development Authority, Special Appropriations (General Fund) and Planning

Consolidated Budget Summary



Culture and Recreation	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	6,613,530	6,558,575	4,245,027	4,448,232	4,400,488
Dollar Change	154,200	(54,955)	(2,313,548)	203,205	(47,744)
Percent Change	2.4%	-0.8%	-35.3%	4.8%	-1.1%

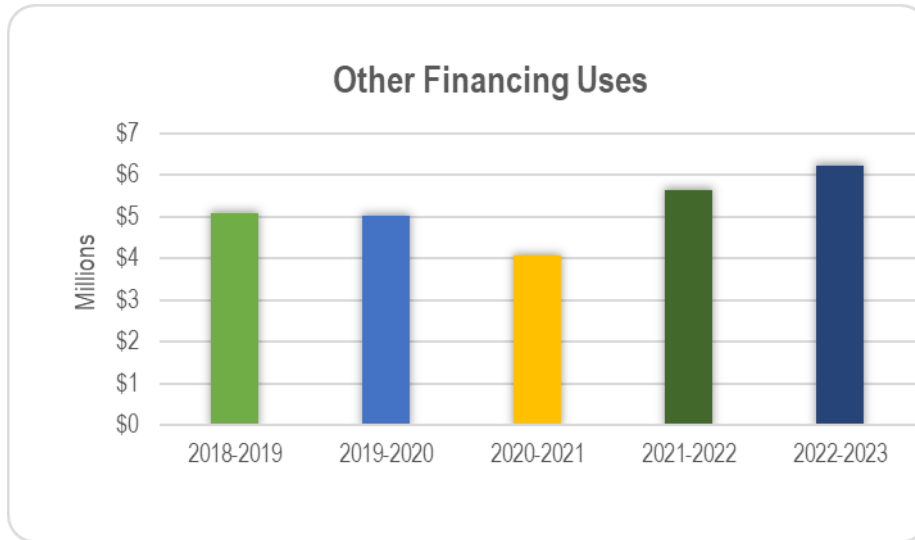
Departments/Divisions: Parks and Recreation, Parks Maintenance, L.P. Frans Stadium and Library



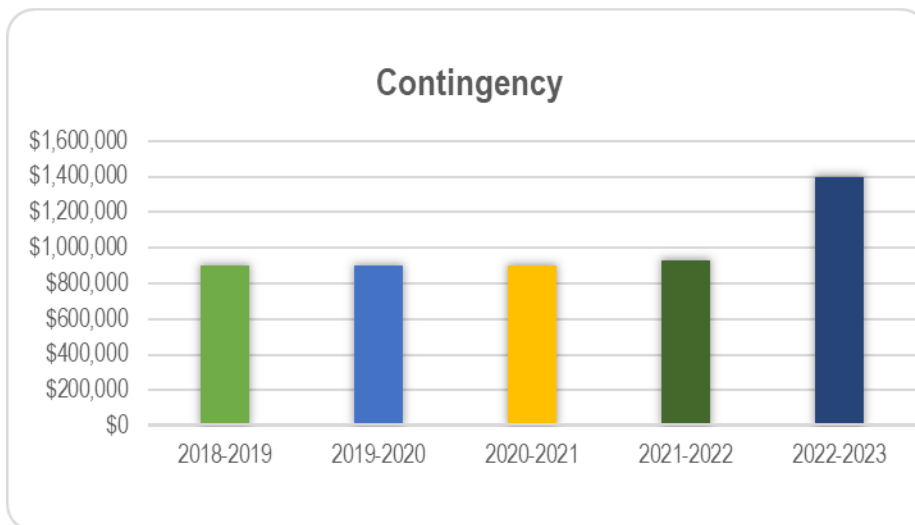
Debt Service	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	4,617,811	6,240,452	7,580,479	8,789,371	7,925,602
Dollar Change	149,491	1,622,641	1,340,027	1,208,892	(863,769)
Percent Change	3.3%	35.1%	21.5%	15.9%	-9.8%

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

Consolidated Budget Summary



Other Financing Uses	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	5,079,671	5,039,922	4,068,596	5,628,141	6,218,842
Dollar Change	2,289,397	(39,749)	(971,326)	1,559,545	590,701
Percent Change	82.0%	-0.8%	-19.3%	38.3%	10.5%



Contingency	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total Budgeted Amount	900,000	900,000	900,000	930,000	1,400,000
Dollar Change	50,000	-	-	30,000	470,000
Percent Change	5.9%	0.0%	0.0%	3.3%	50.5%

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 2020-2021, there was a total of \$59,125,041 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 2022-2023, 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, 2022 is expected to be approximately 27.9% of the General Fund budgeted amount as we enter FY 2022-2023. 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

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

Fund Balance / Unrestricted Net Position	2018-2019 Actual	2019-2020 Actual	2020-2021 Actual	2021-2022 Estimated
General Fund-Unassigned FB	20,116,901	16,495,086	15,957,039	17,677,880
Capital Reserve Fund-Committed FB	5,584,238	4,925,613	6,888,222	8,782,984
Water and Sewer-Unrestricted Net Position	33,554,579	37,522,822	30,170,676	25,182,491
Sludge-Unrestricted Net Position	321,043	663,821	-	-
Stormwater-Unrestricted Net Position	774,036	524,234	572,016	572,672
Solid Waste-Unrestricted Net Position	1,212,690	820,703	85,588	591,800
Fleet Maint.-Unrestricted Net Position	(1,534,154)	(1,663,090)	(805,455)	(2,290,169)
Transportation-Unrestricted Net Position	61,916	(969,462)	746,756	1,647,861
Insurance-Unrestricted Net Position	3,515,806	5,071,066	5,510,197	5,145,292
Fund Totals	63,607,055	63,390,793	59,125,041	57,310,812

Consolidated Budget Summary



Staffing Analysis 2022-23

The City has 677 full-time employees. There is 1 new position in the FY22-23 budget and 2 overhire positions have been added to the full-time count.

- A full-time Business Services Coordinator was approved for the Planning and Development department. An overhire part-time position in the Communications division will be used resulting in a net increase of .5 positions.
- A full-time Library Technician was approved for Patrick Beaver Memorial Library in April 2022 by converting a part-time library assistant, resulting in a net increase of .5 positions in the library. This position is included in the full-time employee count.
- A part-time overhire line tech was converted to full-time overhire line tech at the Airport in October 2021. This position is now included in the full-time employee count.
- An overhire engineering position was approved for Public Utilities in December 2021. This position is included in the full-time employee count.

The employment market was unlike any other in past years, recruitment and retention were difficult and retirements were prevalent. The City found itself competing for personnel with other local governments, which is a rare occurrence. To effectively participate in the competitive market for employees, the City adjusted entry level rates in several departments as needed. Human Resources conducted several in-house salary studies. Our goal remains to attract the most qualified personnel for all city positions and to be competitive with salaries and benefits in our four-county region. The City also developed a sign-on bonus and a referral bonus to address recruitment issues.

There were 27 retirements in FY21-22, one of the highest annual numbers the City has experienced. Using a filled positions average of 600 FT employees, that is 4.5% of the workforce retiring in one fiscal year.

On average, at least 10 percent of full-time positions were vacant each month.

Other personnel changes:

All: The city-wide position of maintenance worker was retitled to maintenance technician.

Airport: A Line Technician position was converted to a CSR position. A part-time overhire Line Technician was converted to full-time Overhire Line Technician.

Human Resources: The department restructured and converted one of the HR Generalist positions to part-time. The part-time Safety Coordinator was made full-time to address increases in workers' compensation claims and costs.

Library: The Digital Services Librarian position was reclassified from Grade 17 to 18 due to complexity of work.

Police: A Systems Analyst was reclassified to Senior System Analyst.

Public Works: To maintain the Hickory Trail System, 6 previously vacant positions will be filled and utilized in the upcoming year.

Public Utilities: An Engineer position was reclassified to Senior Civil Engineer and an overhire Civil Engineer position was added. The department will see an increase in workload and complexity of work over the next few years as bond projects are constructed and implemented. The Collections Manager position in public utilities collections was converted to Utilities Supervisor to better align with the same position in public utilities distribution. Two employees were reclassified from Crew Leader to Special Projects Crew Leader to reflect their increased levels of responsibility and supervision in their daily tasks.

Consolidated Budget Summary



Staffing Analysis Chart 2022-23

	Actual 2017-2018	Actual 2018-2019	Actual 2019-2020	Actual 2020-2021	Actual 2021-2022	Budgeted 2022-20203
Administration - City Manager's Office	5	6	6	6	6	6
Communications	3	3	3	3	4	4
Budget	1	1	1	1	1	1
Bond Project Manager	1	1	1	1	0	0
Human Resources	5	6	6	6	6	6
Risk	2	2	2	2	2	2
City Clerk	1	1	1	1	1	1
Engineering	7	6	6	6	6	6
Finance	20	18	18	18	18	18
Legal	2	2	2	2	2	2
Public Services						
Building Services	6	6	6	10	10	10
Landscape Services	17	17	17	36	36	42
Central Services	7	7	7	7	7	7
Fleet Maintenance	12	12	12	12	12	12
Information Technology	8	8	9	9	9	9
Public Safety						
Fire	135	135	137	138	139	139
Police	152	152	152	157	157	157
Transportation						
Airport	8	10	10	10	12	13
Public Services						
Streets	43	43	43	43	43	37
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	11	11	11	12	13	14
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)	16	16	16	16	16	16
Distribution System (Construction)	33	33	33	33	33	33
Water Plant	12	12	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	10	10	10	10	11
Culture and Recreation						
Library	18	17	17	17	18	19
Parks and Recreation	18	18	19	19	19	19
Maintenance	24	24	23	0	0	0
Total	656	658	661	668	673	677



Capital Improvements/Grant Projects



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 Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
GENERAL FUND EQUIPMENT					
Administration					
Computer Replacements/Software	\$ 3,750				
Communications					
Computer Replacements/Software	\$ 5,400	\$ 3,700	\$ 2,000	\$ 5,400	\$ 5,400
Human Resources					
Computer Replacements/Software	\$ 5,300	\$ 4,000	\$ 5,000	\$ 6,000	\$ 6,000
Budget					
Computer Replacements/Software	\$ 1,500	\$ 1,500			
Risk Management					
Computer Replacements					
Finance					
Computer Replacements/Software	\$ 7,500	\$ 7,800	\$ 9,000	\$ 8,300	\$ 7,500
Information Technology					
APC UPS Batteries					
Azure P1 License	\$ 75,000				
Cloud Backup Services	\$ 15,000				
Cisco Phones	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Cisco Webex Cloud Conversion					
Council Chamber Audio/Video Refresh		\$ 100,000			
Computer / Laptop Replacements	\$ 7,000			\$ 19,200	\$ 6,000
Data Center for Public Services		\$ 100,000			
Discretionary Funds	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Electronic Signature					
Fiber Infrastructure for City Buildings				\$ 200,000	
Hyperconverged SAN / Compute					
iSeries Replacement / Update		\$ 80,000			
Managed SOC					
Network - LAN / WAN Infrastructure		\$ 270,000			
Offsite Disaster Recovery	\$ 75,000				
Phone System E911					
SAN Upgrade			\$ 175,000		
Security Discretionary	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Switch Replacement / Upgrades	\$ 47,500				
Time Clocks		\$ 35,000			
Upgrade Office Suite / G3			\$ 100,000		
UPS Upgrade	\$ 100,000				
Vehicle replacement		\$ 26,000			
VMWARE VDI License Increase					
VMWARE VDI - Microsoft License					
City Clerk					
Computer Replacements		\$ 1,500	\$ 2,000		\$ 2,000
Legal					
Computer Replacements	\$ 1,500	\$ 4,000	\$ 3,000	\$ 4,000	
Engineering					
Computer Replacements	\$ 7,000	\$ 6,000	\$ 8,000	\$ 2,500	
Inkjet Plotter / Scanner		\$ 17,500			
F150 Survey Truck		\$ 35,000			
Truck Mounted Scanner		\$ 135,061			
Planning and Development					
Computer Replacements	\$ 5,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 5,000

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Police Department					
Police Vehicles	\$ 684,000	\$ 684,000	\$ 740,000	\$ 740,000	\$ 740,000
Radios-Vehicle			\$ 600,000		
Generator for Headquarters	\$ 130,000				
Marine Unit Boat, Trailer, & Upfitting		\$ 70,000			
LED lighting conversion - Police Station					
License Plate Reader		\$ 20,000			
Radio System Refresh - Phase I Viper Migration		\$ 500,000			
Handheld Radios	\$ 30,000	\$ 30,000	\$ 30,000		
Flashbangs and Simunition					
Tasers		\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Weapons	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Special Operations' Team Vests		\$ 57,585			
Space Saver System	\$ 30,000				
Batteries for UPS System		\$ 15,000			
Firing Range Maintenance	\$ 3,500			\$ 3,500	\$ 3,500
Computer / Laptop Replacements	\$ 70,000	\$ 70,000	\$ 85,000	\$ 85,000	\$ 70,000
CAD/RMS replacement					
Renovation of Multipurpose Room	\$ 8,200				
Painting of Lobby	\$ 4,600				
Data Switch upgrade					
Digital Records Archiving System					
Wi-Fi Infrastructure					
Cabinets for Armory/Card Key System	\$ 21,000		\$ 5,000		
Furniture	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Fire Department					
Apparatus Replacement Engine 2	\$ 730,000				
Air System	\$ 90,000				
Equipment for Engine 2	\$ 80,000				
Apparatus Replacement Engine 6		\$ 700,000			
Station 2 Driveway	\$ 20,000				
Station 3 Asphalt Sealing	\$ 75,000				
Equipment for Engine 6		\$ 125,000			
Apparatus Replacement Tanker 5			\$ 600,000		
Equipment for Tanker 5			\$ 80,000		
Appliances & Furniture	\$ 27,000	\$ 26,000	\$ 152,000	\$ 27,000	\$ 27,000
Diesel Exhaust Removal System	\$ 65,000		\$ 45,000		
Computer Replacements	\$ 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	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Personal Protective Turn-out Gear					
SCBA Breathing Equipment/ Replacements		\$ 225,000	\$ 225,000		
Software - Staff Tracking, Scheduling/Timekeeping		\$ 24,000			
Software - Wireless Accountability System		\$ 28,000			
Station Alerting System		\$ 450,000			
Station 7 Interior Improvements		\$ 50,000			
Technical Rescue Equipment	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Vehicle Replacements (Operations and Administration)	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Mobile Portable Radio Upgrades	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Building Services					
Air Compressor Replacement	\$ 17,000			\$ 15,000	
JLG 80 Boom Lift		\$ 80,000			
Pole/Auger Truck			\$ 65,000		
Service Truck	\$ 70,000				\$ 40,000
2-Ton Dump Truck				\$ 55,000	
Utility Trailer			\$ 10,000		
Bucket Truck	\$ 175,000			\$ 80,000	
Computer Replacements		\$ 1,600	\$ 3,200		\$ 1,600
iPads for Crews		\$ 3,200			\$ 3,400

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Central Services					
Computer / Laptop Replacements	\$ 5,000	\$ 4,000	\$ 13,400	\$ 4,000	
Color-printer replacement	\$ 4,500	\$ 4,500			
Digital Recorder Replacement		\$ 2,500			
Gate Replacement	\$ 70,000				
Icemaker Replacement		\$ 4,000			
Building Renovations & Maintenance	\$ 50,000		\$ 5,000	\$ 5,000	
Vehicle replacement		\$ 40,000			
Traffic					
Arrowboard Replacement				\$ 5,000	
Computer Replacement/ Software / Monitors	\$ 7,500	\$ 2,000	\$ 3,500	\$ 3,000	\$ 10,000
Core Network Switch for Signal System					
Fiber Optic Fusion Splicer replacement					
Fiber Optic Replacement	\$ 16,000	\$ 16,500	\$ 17,000	\$ 17,500	\$ 18,000
Generator for Sign Truck					\$ 4,300
Heat Pump - Paint Shop			\$ 6,500		
iPads					
Network Video Recorder				\$ 15,000	
Optical Fusion Cleaver replacement					
Paint Striper					
Pavement Marking Eraser			\$ 7,500		
Rotary Hammer replacement					
Sign-Making Software Upgrade					
Sign Post Driver Unit			\$ 8,500		\$ 5,100
Signal Corridor Retiming (yearly per NCDOT request)	\$ 30,000	\$ 54,500	\$ 56,000	\$ 57,750	\$ 59,500
Signal System Program	\$ 185,000				
Signal Parts and Traffic Cameras		\$ 25,000	\$ 26,000		
Single-Axle Trailer replacement					
Traffic Counter replacement	\$ 5,000	\$ 7,000	\$ 5,000	\$ 5,000	\$ 5,000
Traffic Signal Equipment / Software			\$ 2,750		
Traffic Signal Video Equipment	\$ 18,000			\$ 27,000	\$ 28,000
Truck Replacement		\$ 45,000			
Upgrade Synchro					
Crew Cab 4x4 Replacements	\$ 70,000	\$ 45,000	\$ 80,000		
Ford Explorer/Ford Van E-150					\$ 80,000
Street					
Air Compressor replacement		\$ 35,000			
4x4 SUV / Pickup		\$ 35,000			
Backhoe					\$ 100,000
Bomag Roller					\$ 110,000
Brine Machine and Building					
Cargo Emergency Trailer		\$ 20,000			
Cement Mixer					
Computer Replacements		\$ 2,000	\$ 2,100		\$ 2,200
Concrete Saw replacement		\$ 20,000			
Crack Seal Machine replacement				\$ 40,000	
Crew Cab 4x4 Replacements			\$ 35,000	\$ 155,000	
Tandem Dump Truck			\$ 310,000		
International Crew Cab			\$ 100,000		
Dump Truck Replacement #2606					\$ 85,000
Dump Truck Replacement #2651	\$ 70,000				
Dump Truck Replacement #2763		\$ 85,000			
Front Deck Mower					
Grader for Skidsteer		\$ 5,500			
Hudson Trailer			\$ 15,000		
iPads				\$ 11,000	
Lowboy Trailer		\$ 55,000			
Road Tractor replacement				\$ 175,000	
Rubber Tire Loader					
Sidewalk Construction	\$ 180,000				
Pavement Study	\$ 45,000				
Track Hoe		\$ 300,000			
Tractor / Mower replacement				\$ 100,000	\$ 34,100
Salt Brine Tank				\$ 15,000	
Salt Brine Tank Sprayer					\$ 15,000
Salt spreader		\$ 22,000		\$ 23,500	
Small Pad Tamp					
Straw Blower & Trailer					
Street Flusher		\$ 150,000			
Street Sweeper		\$ 300,000			
Walk-behind Wacker Tamp		\$ 2,000			
Z-Mowers					

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Landscape					
Mowers / Snowplows		\$ 61,500	\$ 65,600	\$ 39,000	
Building Repairs			\$ 200,000		
Bleachers at Taft Broome			\$ 42,438		
ATV replacement					
B&G Special Projects			\$ 4,335,400		
Concession Trailer				\$ 2,500	
Dump Truck Replacements		\$ 61,000		\$ 129,200	\$ 182,800
Crew Cab/Extended Cab/Pickup Trucks	\$ 32,150	\$ 171,600			
Civitan Park Basketball Court	\$ 46,200				
Boy Scout Cabin Restroom	\$ 74,200				
Bobcat Skid Steer w/Attachments				\$ 80,000	
Broome Ballfield Fence	\$ 34,000				
Bleachers for Kiwanis	\$ 109,210				
Bleachers at Jaycee Park		\$ 44,700			
Skid Steer with Track/Bucket	\$ 85,500				\$ 75,000
Computer Replacement		\$ 3,000	\$ 8,250		
EZ-Go Golf Cart replacement	\$ 10,000				
E-Van					\$ 42,000
Greenhouse Roof					\$ 20,000
Henry Fork Amenities				\$ 49,406	
Henry Fork Playground				\$ 240,590	
Henry Fork Park Lighting	\$ 385,000	\$ 192,500			
Hudson Trailer replacement			\$ 3,100		
Large Sprayer				\$ 12,000	
Lawn Tractor / Snow Plow replacement					
Mowers	\$ 84,000				\$ 26,600
Miracle of Hickory Park Play System		\$ 403,200			
Miracle of Hickory Amenities		\$ 13,524			
Neil Clark Play System					\$ 57,000
Neil Clark Park Amenities					\$ 14,000
City Park Amenities					\$ 8,629
Tractors	\$ 60,000		\$ 50,000	\$ 64,800	\$ 75,000
Snow Blower replacement				\$ 1,300	
Park Amenities			\$ 15,908		
Park Sign Replacements	\$ 22,000				
Pickup Trucks			\$ 178,900	\$ 80,500	\$ 107,400
Ridgeview Play System		\$ 209,869			
Sidewalk/Street Sweeper for Citywalk & Union Square areas					
Stanford Park Play System			\$ 126,500		
Taft Broome Tennis Upgrade		\$ 16,000			
Toro Deep-tire Aeratr			\$ 10,000		
Trailer replacements		\$ 8,000		\$ 5,200	
UTV		\$ 15,000			
XRT Golf Cart replacement	\$ 10,000				
Parks and Recreation					
Batting Cage - Jaycee ballfield					
Cameras @ all centers and parks					
Ceramic Kiln Replacement	\$ 5,000				
Computer Replacements	\$ 7,500	\$ 4,500	\$ 7,500	\$ 6,000	\$ 7,500
Electronic Gate Replacements					
Fitness Center Equip. Replacement	\$ 32,586	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000
Indoor soccer padding @ Neil Clark gym					
Key Fob System @ Fairbrook Optimist					
Lightning Prediction and Warning System - Stanford Pk		\$ 8,075			
Lightning Prediction and Warning System - Neil Clark				\$ 8,075	
Lightning Prediction and Warning System - Henry Fork	\$ 8,075				
Scoreboard Replacement	\$ 6,000				
TRX Room					
Lighting Prediction and Warning System			\$ 8,075		

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Parks and Recreation Maint.					
HVAC System Replacement					\$ 20,000
Reel Mower Replacement					
Toro Sand-Pro replacement					
Library					
Computer Replacements	\$ 25,000	\$ 25,000	\$ 25,000		
HVAC System Update	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
Public Buildings					
Christmas Decorations	\$ 50,000				
GF Equipment Total	\$ 5,014,171	\$ 6,911,414	\$ 9,120,121	\$ 3,239,221	\$ 2,694,529
GENERAL FUND CONSTRUCTION					
Police Department					
Painting Int/Ext Building					
Fire Department					
FS #1 interior Improvements				\$ 40,000	
FS #1 Parking Lot Resurfacing					
FS #2 Replacement	\$ 1,384,000				
FS #3 Land Acquisition for Relocation			\$ 500,000		
FS #3 New Construction					\$ 5,000,000
FS #3 Interior Improvements					\$ 125,000
FS #5 Diesel Exhaust Removal System	\$ 63,000				
FS #7 Interior Improvements	\$ 40,000				
FS #8 New Construction			\$ 5,000,000		
FS #8 Property Acquisition		\$ 500,000			
Central Services					
Roof repairs	\$ 100,000				
Maintenance/Repair - Street Shed	\$ 5,000				
Repaving a portion of Public Services	\$ 24,500				
Street & Traffic					
Sidewalk Construction	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Street Paving Study / Update Pavement Condition study			\$ 45,000		
Repaving - Paint Shop		\$ 15,000			
Landscape					
Int/Ext Painting Neil Clark		\$ 90,000			
Repave Henry Fork Park					
Parks and Recreation					
Bruce Meisner Park		\$ 1,652,223			
Parks and Recreation Maint.					
Dugouts - New for Stanford Park #3					
Lighting @ various parks and facilities (Hickory City Park tennis courts, Skatepark, and Hickory Optimist Pickleball courts)					
Painting - Highland Recreation Center		\$ 80,000			
GF Construction Total	\$ 1,796,500	\$ 2,517,223	\$ 5,725,000	\$ 220,000	\$ 5,305,000
GENERAL FUND TOTAL	\$ 6,810,671	\$ 9,428,637	\$ 14,845,121	\$ 3,459,221	\$ 7,999,529

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
FLEET FUND EQUIPMENT					
Fleet Maintenance					
Air Jack (10 ton)	\$ 5,500				
BTU Furnance					\$ 14,000
Computer Replacement	\$ 3,500	\$ 3,500		\$ 3,500	
Dewalt 3-phase replacement					
Exterior Door Replacement				\$ 5,500	
Forklift (Toyota) replacement					
Fluid Pumps, Reels and Tanks					\$ 8,000
Mobile Lifts			\$ 18,600	\$ 37,200	\$ 18,600
Garage Bay Expansion	\$ 76,000		\$ 383,000		
Rotary Lifts - 10 ton - qty 2	\$ 10,200	\$ 14,200			
Solar Fixed Jumpstarter replacement					
Tire Balancer	\$ 5,500				
Tire Truck replacement		\$ 35,000			
Transmission Jack					
Upgrade Facility		\$ 60,000			
Service Truck	\$ 29,600			\$ 27,000	
Spectrum Plasma Cutter					
Fleet Fund Equipment Total	\$ 130,300	\$ 112,700	\$ 401,600	\$ 73,200	\$ 40,600
FLEET FUND TOTAL	\$ 130,300	\$ 112,700	\$ 401,600	\$ 73,200	\$ 40,600
WATER AND SEWER FUND EQUIPMENT					
Administration					
Base Unit Radio Mount in Vehicle	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Computer Replacements	\$ 4,000	\$ 2,000		\$ 6,000	\$ 4,000
Network Firewall upgrade (cost-share with Gen Fund)					
Radio Read Meters	\$ 102,600	\$ 102,600	\$ 102,600	\$ 102,600	\$ 102,600
Truck	\$ 25,000	\$ 25,000	\$ 25,000	\$ 26,000	\$ 26,000
Collection System					
ATV for accessing Sewer Rights-of-way		\$ 20,000			
Computers	\$ 2,000	\$ 6,000	\$ 5,000	\$ 3,000	\$ 2,000
Full-size 4x4 Trucks			\$ 110,000	\$ 40,000	\$ 40,000
Jett Trailer					\$ 75,000
Collections Manager Vehicle					\$ 40,000
Pickup Trucks	\$ 70,000				
Service Trucks	\$ 105,000	\$ 105,000			\$ 110,000
Skid Steer w/ Mulcher		\$ 100,000			
SUV/Truck for Environmental Manager		\$ 35,000			
Tractor Replacement					\$ 50,000
Unanticipated Sewer Line Installation	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Vac-All Jett Vac Truck				\$ 450,000	
Henry Fork Plant					
Aeration Basin Mixer					
Aeration Basin Drain Pump replacement				\$ 45,000	\$ 50,000
Barscreen Conveyor replacement					
Blower			\$ 95,000		
Computer Replacement		\$ 2,000			
Effluent Sampler	\$ 9,500				
EZ GO Electric Powered Cart replacement					
Influent Sampler				\$ 8,000	
Mower	\$ 10,000	\$ 10,000			
Paving at Facility		\$ 500,000			
Replacement Pumps (Various)	\$ 115,000	\$ 48,000			
Scum Pump			\$ 25,000		
Truck Replacements	\$ 30,000	\$ 30,000			\$ 34,000

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Northeast Plant					
Anoxic Mixer replacement	\$ 20,000				
Computer Replacement	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Effluent Flow Meter				\$ 4,000	
Effluent Sampler				\$ 11,000	
Influent Pumps	\$ 25,000		\$ 80,000		
Influent Sampler			\$ 10,000		
LED Lighting Upgrade					
Mower / Lawn Tractor	\$ 15,000			\$ 13,000	\$ 15,000
Oxidation Ditch Aerator			\$ 120,000		
Oxidation Ditch Mixer		\$ 60,000			
Pick-Up Truck	\$ 28,000		\$ 30,000		
Replacement Pumps (Various)	\$ 25,000	\$ 30,000		\$ 45,000	\$ 82,000
SCADA System Upgrades	\$ 30,000				
Security Cameras	\$ 35,000				
Sludge Road Tractor	\$ 100,000				
Thickened Sludge Pump			\$ 43,000		
Water Treatment Plant					
Airwash Actuator replacements					
Computer Replacements	\$ 2,000		\$ 2,000	\$ 2,000	\$ 2,000
Backwash Actuator replacements				\$ 75,000	
Backwash Blower			\$ 80,000		
Backwash VFD's	\$ 120,000				
Brine tank					
Chemical Feed Pumps	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	
Dechlorination System					
Electrical Panelboards replacement				\$ 15,000	\$ 17,000
Elevator upgrades					
Equalization and Sludge Basin Repairs			\$ 65,000		
Eyewash Stations/Safety Showers replacement					
Finish Water Pump (FWP6)	\$ 815,000			\$ 55,000	
Filter Control Consoles				\$ 25,000	
Fire Alarm System upgrade			\$ 15,000		
Flash Mixer					
Flocculators					
HVAC replacements - rooftop			\$ 30,000		
Lab Autoclave		\$ 15,000			
Lab Incubator					
Lab PH Meter				\$ 5,000	
Lab Quanti-Tray Sealer		\$ 6,000			
Lab Spectrophotometer			\$ 6,000		
2MG Clearwell Top replacement					
Raw Water Turbidimeter			\$ 50,000		
Raw Water VFD's		\$ 60,000			
Remote Water Quality Sensors				\$ 25,000	\$ 25,000
Replacement Pumps (Various)		\$ 110,000			\$ 122,000
Rewash Actuators					\$ 50,000
Scada Upgrade				\$ 50,000	
Sedimentation Basin Interior Sealing					\$ 580,000
Sludge Loading Station	\$ 70,000				
Streaming Current Monitor replacement		\$ 10,000			
Tube Settlers	\$ 40,000	\$ 40,000			
Van for Sample Tech				\$ 30,000	
Vehicle Replacement		\$ 30,000			
Wireless Telemetry upgrade				\$ 25,000	

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Pretreatment & Lab					
Computer Replacement			\$ 4,000	\$ 4,000	
Autoclave replacement				\$ 23,000	
Dishwasher #2 (Lab Supplies)				\$ 900	
Dishwasher #3 (Lab Supplies)			\$ 900		\$ 900
Electronic Balance Replacement			\$ 1,000		
Cargo Van			\$ 32,000		
Conductivity Meter					\$ 1,000
Heated Water Bath		\$ 1,200		\$ 1,200	
Hot Air Sterilizer replacement					
ISCO GLS Sampler	\$ 12,500	\$ 3,500	\$ 7,500	\$ 7,500	\$ 3,750
Low Temp Incubator	\$ 6,000				
Meters/Samplers/Storage Tank					
Muffle Furnace replacement		\$ 5,000			
PH/DO Meter	\$ 4,600	\$ 1,800		\$ 900	\$ 1,000
Sample Pump			\$ 2,000		
Sample Refrigerator					\$ 6,000
Spectrophotometer		\$ 6,000			\$ 4,800
Stainless Steel Manifold		\$ 1,400			
SUVs					\$ 30,000
Truck		\$ 32,000			
Vacuum Pump					\$ 1,000
Hickory Catawba Wastewater Plant					
Replacement Pumps (Various)			\$ 28,000		
Bisulphate Pump					\$ 12,000
Effluent Flow Meter replacement				\$ 5,000	
Effluent Sampler		\$ 10,000			
Influent Sampler				\$ 10,000	
Lawn Tractor replacement		\$ 14,000			\$ 14,000
Oxidation Ditch Mixer replacement	\$ 7,000				
OD Mixer (channel)		\$ 15,000			
RAS Pump				\$ 12,000	
SCADA Upgrade			\$ 30,000		
Sand Filter Cones 1-4 replacement					
Storage Building for Equipment					
Service Truck 4WD			\$ 35,000		
Sludge Pump Loading Rebuild	\$ 10,000				
Distribution					
Backhoe Replacements	\$ 89,000	\$ 91,000	\$ 91,000	\$ 89,000	
Boring Machine Replacement					
Computer Replacements	\$ 4,500	\$ 4,000		\$ 4,000	\$ 4,000
Dump Truck Replacement					
Mini Excavator					\$ 91,000
Piercing Tools, Tamps, Miscellaneous	\$ 17,000				\$ 18,000
Pipe Saw, Metal Detectors, Misc.	\$ 15,000	\$ 14,000	\$ 15,000	\$ 15,000	\$ 13,000
Pumps, Locators, Pipe Saws		\$ 18,000	\$ 17,000	\$ 18,000	
Service Truck Replacements / Vehicle SUV 4x4	\$ 120,000	\$ 131,000	\$ 72,000	\$ 63,000	\$ 73,000
Tractor Replacements				\$ 25,000	
Unanticipated Water Line Repairs	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
W & S Equipment Total	\$ 2,130,900	\$ 1,741,700	\$ 1,276,200	\$ 1,386,300	\$ 1,735,250
WATER AND SEWER CONSTRUCTION					
2nd Ave & 4th St PI SW waterline					
5th St SW Sewer Rehab	\$ 125,000				
6th Ave SW Sewer Rehab					
3rd St PI SW Aerial					
Clark Creek Pump Station Generator				\$ 200,000	
Education Center waterline					
Glen Hilton Park Sewerline			\$ 200,000		
Henry Fork Outfall Repl Engineering SSO Program					
Highland House pump station upgrade					
Hwy 321 Water and Sewer Improvements		\$ 4,000,000	\$ 4,000,000		
Lakeshore Forcemain					
Lakeshore Generator					
Manhole Rehab	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Moose Club pump station upgrade				\$ 200,000	
Moose Club Forcemain Relocation Design	\$ 350,000				
Old MDI Pump Station Rehab	\$ 85,000				
Old River Trails Generator					\$ 100,000
Pump Station Mission RTU Upgrade	\$ 812,200	\$ 225,000			
Radio-read Meters - AMI installation project		\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Shuford #1 pump station		\$ 250,000			
Shuford #4 pump station	\$ 85,000				
Spring Haven Subdivision			\$ 270,000		
South Side Pump Station Upgrade					\$ 200,000
Sulpher Springs Tie-In				\$ 806,000	
Ward Hosiery - SSO Program	\$ 300,000				
Water Lines	\$ 800,000				
W & S Construction Total	\$ 2,657,200	\$ 9,575,000	\$ 9,570,000	\$ 6,306,000	\$ 5,400,000
WATER AND SEWER FUND TOTAL	\$ 4,788,100	\$ 11,316,700	\$ 10,846,200	\$ 7,692,300	\$ 7,135,250

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
SLUDGE FUND EQUIPMENT					
Housing and Chains for Conveyors	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
SLUDGE FUND TOTAL	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
TRANSPORTATION FUND EQUIPMENT					
Airport					
Boom Mower	\$ 30,000				
Computer Replacements	\$ 1,500			\$ 3,000	\$ 1,500
Maintenance Truck	\$ 50,000	\$ 40,000			
Replace Snow Removal Truck & Plow					\$ 90,000
Replace Tractor			\$ 70,000		
Replace Airport Director's vehicle					
Security Improvements		\$ 20,000	\$ 20,000		
Rehab of West Ramp Access Road			\$ 150,000		
Replace Mowers				\$ 25,000	
Utility Terrain Vehicle					
Video Surveillance	\$ 20,000				
Tower					
Voice Logging Recorder replacement			\$ 6,000		
Security Improvements	\$ 10,000				\$ 10,000
Control Tower Repairs	\$ 10,000	\$ 10,000			
FBO					
Computer Replacements	\$ 1,500				
Golf Carts (6-8 passenger, and 4-passenger)					
Security Improvements	\$ 10,000	\$ 10,000			
TUG Replacement		\$ 45,000			
Transportation Equipment Total	\$ 133,000	\$ 125,000	\$ 246,000	\$ 28,000	\$ 101,500
TRANSPORTATION CONSTRUCTION					
Airport					
HVAC Main Terminal		75,000			
Construct Maintenance/Storage Building		100,000			
Refurbish Fire Station #4				150,000	
Replace Main Terminal Carpet					40,000
Renovate Main Terminal Restrooms					150,000
Renovate Control Tower Cab			25,000		
Terminal Renovation - Design Phase					
South Ramp Access Road Improvements					100,000
Tower					
HVAC Replacement				25,000	
Replace Roof				15,000	
Paint Interior of Control Tower		15,000			
Renovate Control Tower Chief Office and Restroom					20,000
FBO					
Carpet Replacement					
Computer replacement			4,500		1,500
FBO Roof Replacement		50,000			
Hangar Repairs	\$ 50,000	\$ 50,000	\$ 50,000	\$ 100,000	\$ 150,000
HVAC System Replacement	\$ 30,000	30,000			
Paint Exterior Hangar W1	\$ 45,000				
Renovate Pilot Shower/Bathroom	\$ 50,000				
Restroom refurbishment - Administrative Floor				75,000	
Restroom refurbishment - 1st Floor / Downstairs			75,000		
Transportation Construction Total	\$ 175,000	\$ 320,000	\$ 154,500	\$ 365,000	\$ 461,500
TRANSPORTATION FUND TOTAL	\$ 308,000	\$ 445,000	\$ 400,500	\$ 393,000	\$ 563,000

Capital Improvements/Grant Projects



5 Year CIP Items	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
SOLID WASTE EQUIPMENT					
Recycling					
Boom Truck replacement				\$ 202,500	
Computer replacement			\$ 1,750		
Front Loader / Automated Truck replacements			\$ 311,000		
Hook Lift Truck replacement		\$ 165,000			
Leaf Truck (automated) Replacements		\$ 253,000	\$ 263,000		
Pickup Truck Replacement		\$ 41,000			
Rear Packer		\$ 642,500			\$ 303,000
Trailblazer					
Residential Sanitation					
Automated Trucks	\$ 1,280,000	\$ 348,000	\$ 706,000	\$ 362,000	\$ 371,000
Computer replacement			\$ 3,000		
Pickup Truck / SUV		\$ 41,000			
Rear Packer		\$ 303,000			
Commercial Bulk Services					
Box Truck			\$ 129,250		
Compactor Trailer	\$ 78,000	\$ 80,000	\$ 84,750	\$ 180,000	\$ 95,500
Computer replacement		\$ 3,000			
Front Loader Replacement		\$ 321,250		\$ 361,000	\$ 329,000
Hook Lift Truck Replacement	\$ 161,000				
Pickup Truck Replacement					\$ 47,000
Paint Sprayer replacement				\$ 5,500	
Road Tractor Replacement	\$ 161,000	\$ 165,000	\$ 171,000	\$ 176,000	\$ 181,000
Steam Pressure Washer Replacement		\$ 5,100			
Transfer Station Renovation	\$ 100,000				
Solid Waste Equipment Total	\$ 1,780,000	\$ 2,367,850	\$ 1,669,750	\$ 1,287,000	\$ 1,326,500
SOLID WASTE FUND TOTAL	\$ 1,780,000	\$ 2,367,850	\$ 1,669,750	\$ 1,287,000	\$ 1,326,500
TOTAL FUNDS	\$ 13,867,071	\$ 23,720,887	\$ 28,213,171	\$ 12,954,721	\$ 17,114,879

Capital Improvements/Grant Projects

Citywalk

Project#B1C001
Total Project Cost: \$25,260,151
Project Start Date: 2016
Project End Date: 2021
Project Manager: Rick Beasley



Description

Presently under construction, Citywalk is a pedestrian link from Lenoir-Rhyne University through the downtown area and continues the mill redevelopments and corporate headquarter opportunities that have already taken place along this corridor. The goal of this project is to create destinations for jobs, service, and professional opportunities in the City's Central Business District. Locations along the Citywalk are viable for a number of activities including corporate headquarters, urban residential units, commercial services, and retail jobs.

Impact on Operating Budget

Approximately \$11.5 million of the 2014 General Obligation Bond issue has been allocated to Citywalk. To date, a total of \$30 million of the originally planned \$40 million in Bonds have been issued, resulting in annual Debt Service of \$2,681,626 of which Citywalk represents 38.5%.



Capital Improvements/Grant Projects

Riverwalk

Project # B1R001
Total Project Cost: \$10,987,923
Project Start Date: February 2017
Project End Date: 2021
Project Manager: Rick Beasley



Description

Another Bond project, the Riverwalk will be Hickory's first on-water boardwalk experience, along the shoreline of Lake Hickory. This will take the form of a mile-long ADA-accessible walkway extending from Highway 321 to Geitner-Rotary Park and is designed to let people view and experience the water through enhanced pedestrian access to Lake Hickory. Planning began during fall 2016, with a construction contract awarded in January 2020 to David E. Looper & Company for \$5,889,133. This project is further leveraged through private investment in the future Deidra Lackey Memorial Park for the same area.

Impact on Operating Budget

Approximately \$8.18 million of the 2014 General Obligation Bond issue has been allocated to Riverwalk. To date, a total of \$30 million of the originally planned \$40 million Bonds have been issued, resulting in annual Debt Service of \$2,681,626. Riverwalk represents 27.3% of this Debt Service.

Capital Improvements/Grant Projects

Trivium Corporate Center

Project # B1B001
Total Project Cost: \$22,622,761
Project Start Date: Spring 2017
Project End Date: TBD



Description

Trivium Corporate Center is a joint business-park venture between Catawba County and the City of Hickory. The property consists of some 200 acres located south of Catawba Valley Community College between Robinwood Road and Startown Road, placing it with excellent access to Interstate 40 and Highway 321. The Catawba County Economic Development Commission continues to market the property.

As of Spring 2021, the following tenants have already established or begun locating here: *Corning Incorporated*; *Isotopen Technologien München AG (ITM)*; *Cataler North America Corporation*; *Stonemont Financial Group* (192,000 square-foot speculative building); *American Fuji Seal*; and *Gusmer Enterprises*.

Impact on Operating Budget

Enhanced opportunities for international and upper-end business development will benefit not only the local property tax base but will also enhance the availability of quality, higher technology jobs in the local community. Approximately \$4 million of the 2014 General Obligation Bond issue has been allocated to Trivium. To date, a total of \$30 million of the originally planned \$40 million Bonds have been issued, resulting in annual Debt Service of \$2,681,626. Trivium represents 13.3% of this Debt Service.



Capital Improvements/Grant Projects

Streetscapes and Gateways

Project # B1G001
Total Project Cost: \$1,143,343
Project Start Date: 2016
Project End Date: 2021
Project Manager: Rick Beasley



Description

The current Gateway plan consists of an artistic leaf structure, along with landscaping, at Highway 321 and 70. The other Gateway will be placed at Lenoir-Rhyne Boulevard and Interstate 40. Amec Foster Wheeler was hired to design the gateway at Highway 321 and Highway 70. That design was completed in 2017 and approved by City Council. The LR Blvd. I-40 Gateway has not been designed yet. Construction contracts for the US Highway 321/70 Gateway were awarded to Southern Lawscapes and Sign Systems, Inc. and the project is now complete with backlighting and final landscaping. There are multiple Streetscape projects. One will be on Lenoir Rhyne Boulevard between Highway 70 and Tate Boulevard. Another Streetscape will be along Old Lenoir Road, which will connect the City Walk to the Riverwalk.

Impact on Operating Budget

Of the 2014 General Obligation Bond issue, \$396,260 has been allocated to Gateways and Streetscapes. To date, a total of \$30 million of the originally planned \$40 million Bonds have been issued, resulting in annual Debt Service of \$2,681,626. Gateways & Streetscapes represents 1.3% of this Debt Service.

Capital Improvements/Grant Projects

Bookwalk

Project # B1L001
Total Project Cost: \$6,500,000
Project Start Date: 2019
Project End Date: 2021
Project Manager: Rick Beasley



Description

Book Walk is part of the larger Hickory Trail multiuse path system and bond program that seeks to increase quality of life for residents and spur economic revitalization by providing pedestrian and bicycle connectivity throughout the City. Book Walk will specifically provide this connectivity within the Ridgeview community and connect the Ridgeview community to Downtown Hickory and U.S. 70. Book Walk proposes to construct a 1.2-mile, 10-foot wide multiuse path for pedestrians and bicyclists of all ages and abilities, connecting residents to community amenities.

In addition to utilizing \$1.3 million of Bond proceeds, the City was awarded \$5.2 million of federal Surface Transportation Block Grant – Direct Attributable (STBG-DA) funds towards the Book Walk project by the Greater Hickory Metropolitan Planning Organization (MPO) and the North Carolina Department of Transportation (NCDOT).

Impact on Operating Budget

Of the 2014 General Obligation Bond issue, \$1.3 million has been allocated to Book Walk. To date, a total of \$30 million of the originally planned \$40 million Bonds have been issued, resulting in annual Debt Service of \$2,681,626. Book Walk represents 4.3% of this Debt Service.

Capital Improvements/Grant Projects

BUILD 9th/11th Street Bike/Pedestrian Grant Project

Project # B1N001
Total Project Cost: \$19,337,971
Project Start Date: Spring 2020
Project End Date: TBD

Description

On December 6, 2018, the City of Hickory was awarded a \$17 million *Better Utilizing Investments to Leverage Development (BUILD)* Transportation Discretionary Grant from the U.S. Department of Transportation (USDOT).



In addition to funding a 1.2-mile complete streetscape loop in Downtown Hickory as part of the Hickory Trail, the BUILD grant will fund a pedestrian bridge over U.S. 321 and an approximately 1.7-mile bicycle and pedestrian trail that will travel by L.P. Frans Stadium, home of the Hickory Crawdads baseball team, and up to the Hickory Regional Airport. This multiuse path will be called the Aviation Walk. It is currently under design and anticipated to go out to bid by early 2021, with construction slated to begin in spring 2021.

Impact on Operating Budget

Enhanced physical improvements and amenities for the traveling public will aid in encouraging increased development of the tax base to occur in the critical economic areas between downtown, the Riverwalk along Lake Hickory, Crawdads stadium, and Hickory Regional Airport.



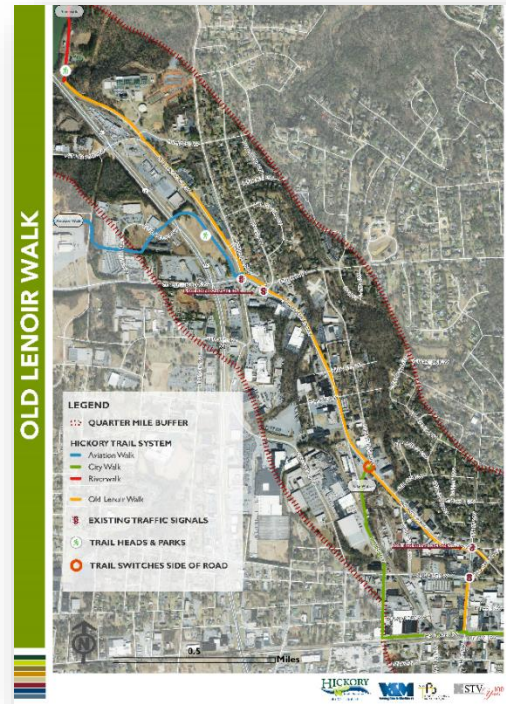
Capital Improvements/Grant Projects

Old Lenoir Walk

Project # B10001
Total Project Cost: \$10,600,000
Project Start Date: Spring 2020
Project End Date: TBD

Description

Old Lenoir Road is about to get a makeover, thanks to an \$8.48 million grant from the Greater Hickory Metropolitan Planning Organization (MPO) and the North Carolina Department of Transportation (NCDOT). At its May 7, 2019 meeting, Hickory City Council unanimously approved an agreement with NCDOT to receive the federal funds to construct a multiuse trail and make streetscape improvements along Old Lenoir Road, which will be known as the Old Lenoir Walk. Hickory City Council is moving this project forward by matching the federal funding, which covers 80 percent of the cost. The 20 percent local match will be met with local bond funds from the Crafting Hickory initiative.



Impact on Operating Budget

Of the 2014 General Obligation Bond issue, \$2.12 million has been allocated to Old Lenoir Walk. To date, a total of \$30 million of the originally planned \$40 million Bonds have been issued, resulting in annual Debt Service of \$2,681,626. Old Lenoir Walk represents 7.1% of this Debt Service.