

City of Gastonia

Fiscal Year 2010



Mayor

Jennifer T. Stultz

City Manager

James M. Palenick

City Council

Ward 1 - Keith Tidwell

Ward 2 - Dave Kirlin

Ward 3 - R. Dale Burkett

Ward 4 - Walker E. Reid, III, Mayor Pro Tem

Ward 5 - John B. Howren, Jr.

Ward 6 - Brenda B. Craig





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Gastonia
North Carolina**

For the Fiscal Year Beginning

July 1, 2008

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Gastonia, North Carolina for its Annual Budget for the fiscal year beginning July 1, 2008. 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 current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

City of Gastonia, North Carolina

Vision Statement

The City of Gastonia serves as a model for civic leadership as we engage our community of dedicated neighbors (**Great People**). We share a collective passion for personal safety, economic vitality, cultural richness, and overall sustainability (**Great Place**). Our distinct character is built upon a rich and unique heritage and fueled by enthusiasm for the promise of a bright tomorrow (**Great Promise**).

Mission Statement

To provide fair, competent, responsive, cost-effective services at the highest level.

Table of Contents

A. Executive Summary

1. Budget Message	A-3
2. Budget Schedule	A-23
3. Budget Layout.....	A-24

B. Financial Summary

Charts

1. Total Budget All Funds.....	B-1
2. Revenues, Expenditures and Other Financing Sources/Uses	B-2
3. Summary of Revenues and Expenditures.	B-3
4. Comparison of Major Revenues	B-22
5. Comparison of Ad Valorem Tax Rates.....	B-23
6. Comparison of Budgeted Tax Levies	B-24
7. Tax Values, Rates, Levies, & Collections	B-25
8. Legal Debt Limit.....	B-26
9. Year-Over-Year Fund Balance Comparison By Accounting Fund Types	B-27
10. Year-Over-Year Fund Balance Comparison By Enterprise Funds.....	B-28
11. Historical Trend of General Fund Balance	B-29
12. Budgeted Revenues.....	B-30
13. Budgeted Expenditures	B-31
14. General Fund Bar Charts	B-32
15. Electric Fund Bar Charts.....	B-34
16. Water & Sewer Fund Bar Charts	B-36

Narrative

1. Major Revenues Analysis	B-38
2. Debt Obligations	B-45
3. Budget Amendment Process	B-51
4. Accounting System & Budgetary Control	B-52
5. Relationship Between Operating & Capital Budgets	B-57

6. Budgetary Policies	B-61
7. Long Range Plans	B-68

C. Organizational Design

1. Organizational Chart.....	C-1
2. Trends	C-2
3. Budgeted Positions	C-3
4. Summary of Personnel.....	C-5

D. Revenues and Appropriations by Fund

1. General Fund.....	D-1
2. Enterprise Funds	D-11
3. Capital Projects Funds	D-27
4. Internal Service Funds	D-39
5. Special Revenue Funds.....	D-47
6. Trust and Agency Funds	D-67

E. Appropriations by Department

1. Elected Officials and City Manager Departments

a. Mayor/Council.....	E-1
b. City Manager.....	E-7
c. Attorney	E-13
d. New Development Services	E-19
e. Financial Services.....	E-25
f. Human Resources	E-35
g. Marketing/Communications.....	E-43
h. Neighborhood and Community Resources.....	E-49
i. Planning.....	E-67

2. Assistant City Manager - Operations.....	E-81
----------------------------------------------------	-------------

a. Budget.....	E-87
b. Electric.....	E-93
c. Engineering	E-101
d. Fleet Services	E-111
e. General Services.....	E-119
f. Public Works.....	E-125
3. Assistant City Manager - Public Services.....	E-141
a. Fire.....	E-149
b. Museum	E-159
c. Police	E-165
d. Recreation.....	E-177
e. Technology Services.....	E-187
4. Capital Projects.....	E-201
5. Appendices	
a. Budget Ordinance.....	E-245
b. Community Development Project Ordinance	E-255
c. Capital Project Ordinance.....	E-259
d. Glossary.....	E-263



CITY OF GASTONIA BRIEF PROFILE

The City of Gastonia was incorporated in 1877 and became the county seat of Gaston County in 1911. Located in the heart of the Piedmont section of the State of North Carolina, approximately 22 miles west of Charlotte, it is the second largest city in the Charlotte, - Gastonia, - Concord Metropolitan Statistical Area (MSA) as identified by the United States Bureau of the Census. The MSA currently has a 2005 estimated population of 1,491,330. Gastonia covers an area of approximately 57.43 square miles. The City has a broad industrial, office and commercial base and is the twelfth largest city in the State with a new official estimated population of 72,848.

The City is responsible for providing governmental services, including police and fire protection, community development, recreation programs, solid waste collection and disposal, water and sewer, electricity, public transportation and other miscellaneous public services. The City is governed by a Mayor and a six-member City Council elected on a non-partisan basis. The Mayor and City Council members are elected for two-year terms in odd numbered years. Each Council Member represents a particular City ward, but elections are determined by an at-large vote. The Mayor presides over all City Council meetings (held on the first and third Tuesday of each month) and has the ability to vote on any issue as if she were a member of the City Council. The City Council enacts all general and technical ordinances, including budgetary appropriations and revenues, construction and zoning ordinances, approves contracts and originates general management policies.

The City Council employs a City Manager who directs the daily operations of the City through two Assistant City Managers; the Assistant City Manager – Public Services and the Assistant City Manager – Operations. For Fiscal Year 2010, the City of Gastonia has funds budgeted for 941.75 full time equivalent employees. This full time equivalent (FTE) number was arrived at by adding all full time, part time and seasonal employee hours and assuming a full time position is equivalent to 2080 hours of service. Property taxes may be levied by the City without a vote of the people and are collected as an annual ad valorem tax on the appraised value of all real and tangible personal property within its boundaries. In Fiscal Year 1994, Gaston County began collecting current taxes for the City of Gastonia. Delinquent taxes continue to be collected by both the City's collection offices as well as the County's.

EDUCATION

One public school system serves the City of Gastonia and Gaston County. The Gaston County School Administrative Unit is governed by the Board of Education consisting of nine members elected for four-year terms. A school superintendent is appointed by the Board of Education.

The State provides funding for a basic minimum educational program (approximately 69%), which is supplemented by the County and Federal governments. This minimum program provides funds for operational costs only. The financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs which is not provided for by the State or Federal government. The City does not provide any funding for the school system.

TRANSPORTATION

The City has approximately 436 linear miles of streets. The City and State maintain approximately 336 miles and 100 miles, respectively, of paved streets. Major expansion, improvement and maintenance of primary and secondary highway thoroughfares fall under the responsibilities of the State. Responsibility for major construction, improvement and maintenance of the local street system is shared by the State and the City. Construction of new streets within subdivisions is the responsibility of the developer and the City.

Gastonia also owns and operates a transit system consisting of seven buses and three special handicapped vans. The City will receive approximately 50% of the operating costs from the Federal government. The remaining funds are supplied by the City with the State contributing a small percentage for capital expenditures. Through funds from the State and the Federal government, the City purchased all new transit buses in Fiscal Year 2004. In May 2000, the City of Gastonia & Charlotte Metropolitan Transit entered into a commuter bus program to help reduce vehicular traffic between the two urban areas.

The Gastonia Municipal Airport, a general aviation airport, is owned by the City. The airport serves the City and the County for both business and pleasure trips. In Fiscal Year 2006, the City entered into an agreement with Fly Carolina, LLC to serve as the Fixed Base Operator for the airport.

RECREATION

The City has available many different national, regional and local recreational facilities. A National Football League team, the Carolina Panthers, play in a facility located in the downtown area of Charlotte, North Carolina. In January 2003, Charlotte was awarded an expansion National Basketball Association team, the Charlotte Bobcats, to replace the NBA Charlotte Hornets, which relocated to New

Orleans in 2002. The team began to play in the 2004 NBA Season. A professional minor league hockey team, the Charlotte Checkers, and a Triple A minor league baseball team, the Charlotte Knights, is also located within 25 miles of the City. The U.S Whitewater Center is located just across the Gaston County line, approximately 4.5 miles from the City. The Center provides over 300 acres of woodlands along the Catawba River and is the world's only multi-channel recirculating whitewater river. It has been designed by the United States Olympic Committee as an official Olympic Training site. The U.S. National Whitewater Center hosts World Cup competitions and Olympic Trials. In addition, the NASCAR Hall of Fame is set to open in Charlotte in 2010. Also a Summer Baseball - College All-Star League team, the Gastonia Grizzlies play at Sims Park.

The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 418 acres of land including six community centers, eight jogging tracks, 46 tennis courts, nineteen baseball/softball fields, two swimming pools, 14 parks, 4 soccer fields, and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002. The greenway consists of a 2.5 mile paved walking trail stretching from Lineberger Park to the Gastonia Armory. The walking trail is within walking distance of almost 10,000 City residents.

Crowder's Mountain State Park, a 3,000-plus acre natural mountain park area, is located in the City at its western edge. The park offers hiking, rock climbing, fishing, picnicking and other nature and environmental related activities. This is one of only two state parks located within a municipality in the State.

The City also owns an approximately 58 acre park and youth sports complex named Martha Rivers Park. The \$4.5 million sport complex consists of four soccer fields; four little league baseball fields with a center control tower, restrooms, and concession stand, approximately two miles of paved walking trails, picnic tables and parking for approximately 290 cars. The Park also includes a community-built playground that includes splash pad, pirates hip, observatory, fun house and a maze of slides, swings and sandboxes.

PUBLIC UTILITY ENTERPRISES

The City owns and operates the water, sanitary sewer and electric systems. Water and sanitary sewer services are provided to customers inside and outside the City limits, with the outside customers paying higher rates. The water, sanitary sewer and electric systems are supported solely by user charges.

Water System

The City's water system consists of 25.2 million gallons per day (MGD) treatment capacity, with an average daily use of 11.35 MGD. There are approximately 27,998 water meters in use. The current raw water storage capacity is 275 million gallons at the Rankin Lake reservoir. The water distribution system consists of approximately 588 miles of pipeline and 7 million gallons of elevated storage.

Gastonia currently serves the cities of Lowell, McAdenville, Ranlo and Cramerton, North Carolina, and Clover, South Carolina, with water treatment and supply. Water system interconnects are also provided to the cities of Dallas, Bessemer City and Belmont for use in emergency situations.

The City uses Mountain Island Lake as its raw water supply source. Mountain Island Lake is a man-made lake constructed by Duke Energy on the Catawba River between Lake Norman and Lake Wylie, approximately 11 miles northeast of Gastonia. Approximately 11 miles of 54-inch and 48-inch raw water lines provide raw water from the lake to the City. Gastonia has a permit to withdraw up to 75 million gallons per day (MGD) from the lake with peak rate of withdrawal up to 150 MGD. It is anticipated that this will supply the raw water needs for Gastonia; it's municipal customers and portions of Gaston County until the year 2100.

Top Ten Water Users
(12 months ending 6/30/09)

<u>Number</u>	<u>Customer</u>	<u>Water Gallons Used (000's)</u>	<u>Annual Water System Revenue</u>	<u>Percentage of Total Annual Water System Revenue</u>
1.	Town of Cramerton	195,705	\$486,766	3.75%
2.	Town of Clover	193,803	460,942	3.55%
3.	City of Ranlo	121,982	315,322	2.43%
4.	Town of Lowell	109,338	296,344	2.28%
5.	Gaston Memorial Hospital	73,045	198,646	1.53%
6.	Town of McAdenville	60,359	169,676	1.31%
7.	Gaston County Schools	30,538	124,704	.96%
8.	CBP Resources Inc.	30,500	103,332	.80%
9.	Gaston County	29,766	100,131	.77%
10.	Choice USA	<u>36,920</u>	<u>98,624</u>	<u>.76%</u>
	TOTAL	<u>881,956</u>	<u>\$2,354,487</u>	<u>18.14%</u>

In November 1999, the City, in advance of a potential major residential and commercial development being built adjacent to our new water intake at Mountain Island Lake, purchased the 430-acre proposed development - for \$9.4 million. The State of North Carolina Clean Water Trust Fund subsequently awarded the City a \$1,000,000 grant to help establish a conservation easement on this property.

Sanitary Sewer System

The sanitary sewer system for the City consists of 22 million gallons per day (MGD) treatment capacity at two (2) wastewater treatment facilities. Average maximum daily flow at these plants is 8.08 MGD. The sanitary sewer collection system consists of approximately 504 miles of collection lines, 19 pump stations and the City currently has approximately 23,360 sanitary sewer customers both inside and outside the corporate limits. Of the 23,360 customers, the top ten customers comprise less than 21% of the City's billed wastewater volume. The service area for the sanitary sewer system encompasses the entire corporate limits of the City and portions of Gaston and Cleveland counties adjoining the city limits and portions of York County, South Carolina. The City also owns and operates under private contract, a 700-acre Biosolids Storage Facility and Resource Recovery Farm located at Pasour Mountain, approximately five miles northwest of the City.

The City discharges wastewater into two major drainage basins: South Fork-Catawba River and Crowders Creek, which is a tributary to the Catawba River. The Long Creek Wastewater Treatment Plant has a capacity of 16 MGD and serves the Town of Ranlo. The Crowders Creek Wastewater Treatment Plant serves primarily the western and southwestern parts of the City, along with unincorporated portions of the County, portions of the cities of Kings Mountain and Bessemer City and portions of York County, South Carolina. The Crowders Creek Wastewater Treatment Plant has a capacity of 6 MGD.

Top Ten Sewer Users (12 months ending 6/30/09)

<u>Number</u>	<u>Customer</u>	<u>Sewer Gallons Used (000's)</u>	<u>Annual Sewer System Revenue</u>	<u>Percentage of Total Annual Sewer System Revenue</u>
1.	City of Bessemer City	284,787	\$961,543	7.12%
2.	Town of Clover	184,717	622,132	4.61%
3.	CBP Resources Inc	49,927	220,178	1.63%
4.	Town of Ranlo	56,752	192,162	1.42%
5.	Gaston Memorial Hospital	51,464	186,189	1.38%
6.	Gaston County Schools	26,379	142,555	1.06%
7.	Easco Hand Tool	36,527	127,176	.94%
8.	Gaston County	30,298	126,209	.93%
9.	Gastonia Housing Authority	22,729	82,865	.61%
10.	Wix Corporation	<u>20,367</u>	<u>74,102</u>	<u>.55%</u>
	TOTAL	<u>763,947</u>	<u>\$2,735,111</u>	<u>20.25%</u>

Electric System

The City is a member of ElectriCities of North Carolina, Inc., a joint municipal agency serving the interests of municipal electric systems in the State. Of the 71 municipalities in the State that own their electric systems, 64 are members of this agency. Gastonia is also one of 19 cities that own 75% of one unit at the Catawba Nuclear Station. These 19 cities are part of a Power Agency (NCMPA#1) which uses the ownership of the Catawba Nuclear Station to meet the needs of its customers. Employees of the NCMPA#1 facilitate the purchase or sale of energy to balance the energy demands of the 19 members.

The City's electric system operates under a 7,200/12,460 volt distribution system, which serves approximately 27,149 meters in a system of 465 miles of electrical distribution lines. The electric system is the largest revenue producer in the City and has been used to supplement the General Fund and other funds in previous years. In Fiscal Year 1994, the City Council voted to reduce the dependency on electric revenues and to establish a Rate Stabilization Fund to set aside monies to provide funding for capital projects, any unforeseen occurrences and to offset future rate increases.

Top Ten Electric Users

(12 months ending 6/30/09)

<u>Number</u>	<u>Customer</u>	<u>Electric KWH's Billed (000's)</u>	<u>Annual Electric System Revenue</u>	<u>Percentage of Total Annual Electric System Revenue)</u>
1.	Gaston Memorial Hospital	69,575	\$3,687,719	5.80%
2.	Freightliner Corp	24,208	1,468,699	2.31%
3.	Gaston County Schools	14,078	1,354,904	2.13%
4.	Gaston County	14,603	1,227,157	1.93%
5.	Stabilus	13,886	841,500	1.32%
6.	Food Lion	7,192	449,769	0.71%
7.	Harris Teeter	4,901	361,651	0.57%
8.	Covenant Village	4,582	353,203	0.56%
9.	Gaston Gazette	4,059	335,241	0.53%
10.	Wal Mart	<u>5,141</u>	<u>330,710</u>	<u>0.52%</u>
	TOTAL	162,225	\$10,410,553	16.38%

SOLID WASTE

The City currently provides residential and commercial refuse collection to City residents and businesses. Residential service is provided by City forces while voluntary commercial service is provided by a private waste hauler under contract with the City. A major change to our system was implemented in October 1994, as the City modified its pick-up schedule to curbside service. An additional improvement in July 1996 occurred when the City went forward with fully automated collection trucks. These trucks only need a driver/operator and delete the need for a full manual crew for each vehicle. The City is making a concerted effort to expand its recycling program, which was introduced in Fiscal Year 1994. The City's residential and commercial waste is hauled to the Gaston County Landfill located near the Town of Dallas.

PUBLIC SAFETY

The City currently provides both fire protection and police coverage for its residents. The City of Gastonia Police Department has 169 sworn officers and associated support staff and provides services throughout the City in three patrol districts and eleven beats. Fire services are delivered through eight fire stations located throughout the City with 141 employees.

COMMERCE AND INDUSTRY

The City's economy has benefited from its proximity to Charlotte, access to major interstate highways, and a recent retail boom. These influences have led to significant recent economic growth and diversification.

For many years, the primary industry in the City was textiles. However, the recent national trend of companies relocating manufacturing facilities outside the United States has resulted in significant losses of jobs and investments in the textile industry. Over the past decade, the City's economy has diversified and expanded its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. The City emphasizes the attraction of new and diverse industry while providing support for the existing commercial and industrial community. According to the Gaston County Economic Development Commission, in 2008, new and expanding industry and expansions and renovations of existing companies resulted in investments of approximately \$28 million and created 115 new jobs.

The national and worldwide economic downturn since Summer 2008 has certainly been felt in Gastonia, however, a variety of new manufacturing and retail establishments were established or expanded recently. Rochling Engineering Plastics expanded and relocated into the Gastonia Technology Park. The move resulted in 22 new jobs and \$8 million in new investment. Titan Fabrication moved to Gastonia, investing \$1 million and creating 10 new jobs, Koops Woodworks expanded and moved into a new site, investing \$800,000 and adding 10 jobs, and IMACC Corporation, a company which recycles and reconditions plastic containers, invested \$1 million to create 10 new jobs. The Gastonia Technology Park, Gastonia and Gaston County's premier business park, was significantly upgraded with additional roadway, site grading, and "free" power backup generation. Designated as a Prime Power Park, business will have 4 MW of back-up power with the ability to expand up to 12 MW. This is crucial for industrial uses with precision machinery, critical heating or cooling components, or other functions that depend on constant electricity. While the construction of single family residential neighborhoods has slowed, multi-family and attached housing sectors continue to grow. Phase II of the Mills Creek Apartment complex added four apartment buildings and 40 new units, with a project cost of \$4,803,442. Other projects occurring this fiscal year with construction costs of over one million dollars include the renovation and remodel of the Gaston Memorial Hospital patient tower for a total of \$3,500,000, construction of the new Hawks Nest Elementary School at \$1,666,432, construction of a church sanctuary on S. New Hope road at \$1,190,000, and the redevelopment of the existing Gaston Mall at \$1,373,000 (project is on-going). The Historic Loray Mill redevelopment project is a major project that has completed plan review, with construction awaiting final financing details. This project consists of a mixture of residential, office and retail use. In addition, Freightliner, an area employer which had undergone layoffs

in the last year, has recently announced its intentions to recall more than 100 workers at plants in the County. Freightliner has also acquired the former Ithaca warehouse near its Gastonia plant, where approximately 22 workers will be assigned.

The downtown area of the City is undergoing notable revitalization. Ten new businesses have opened within the last six months. Federal stimulus funds have provided \$850,000 for streetscape improvements; \$2,100,000 neighborhood stabilization funds will provide for 14 owner-occupied single-family units while application is being made for funding an additional 18 units; and a \$600,000 pedestrian plaza is currently under construction.

The City and surrounding area has been defined as a metropolitan-dominated region, with Charlotte serving as the central economic engine and employment center. Within this context, the City and the Gaston County are fast becoming what economists refer to as a “regional retail center.” With the establishment of the City as a retail destination, an influx of shoppers from surrounding counties such as Lincoln, Cleveland, York and Mecklenburg has been noted.

The City is home to two enclosed malls: Gaston Mall, the home of Mary Jo’s Cloth Store, the largest fabric store in the Southeast, attracting customers from all over the United States, is currently undergoing a major redevelopment including a new “big box” store with smaller anchor tenants and retail establishments. The completed project is expected to generate 393 new jobs with annual sales expected to be over \$56 million. Westfield Shoppingtown Eastridge (formerly Eastridge Mall) was acquired in April 2002 by Westfield Holdings Limited, an Australian company. Westfield Shoppingtown Eastridge is an approximately 1,560,000 square-foot retail facility and is the fourth largest mall in North Carolina and South Carolina. Belk, Dillard’s, Sears and JCPenney anchor this facility, which is supported by 70 smaller retailers. Franklin Square is another retail shopping area consisting of over 1,000,000 square feet, anchored by Wal-Mart, K-Mart, Lowe’s, Sam’s Club, Best Buy and Kohl’s. Numerous retailers, restaurants and a 13-screen movie theater are also located in Franklin Square, and a 2008 expansion, the Shops at Franklin Square, includes additional retail space with H.H.Gregg and Ashley Furniture as anchor stores. Other major retail investments include a new Hickory Tavern restaurant at a cost of \$918,338, a CVS Pharmacy at \$1,553,900, and a new Hardee’s restaurant at a cost of \$420,000.

Ten Largest Taxpayers

(As of 6/30/09)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Tax Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
Southwood Realty	Property Management	87,474,415	463,614	1.87%
Freightliner	Manufacturing	58,089,885	307,876	1.24%
A T & T	Utility	50,885,014	269,691	1.09%
Wal-Mart	Retail	47,453,217	251,502	1.01%
Pearson Properties	Property Management	45,320,595	240,199	0.97%
PSNC Energy	Utility	44,610,333	236,435	0.95%
Wix	Manufacturing	43,752,490	231,888	0.93%
Parkdale Mills Inc	Textile Manufacturing	38,883,816	206,084	0.83%
Stabilus	Manufacturing	35,571,895	188,531	0.76%
Centro Bradley Spec 1LLC	Retail Shopping	<u>27,261,471</u>	<u>144,486</u>	<u>0.58%</u>
TOTAL		<u>\$479,303,131</u>	<u>\$2,540,307</u>	<u>10.24%</u>

Statistical Information

Number of Building Permits, 7/1/08 - 6/30/09	1,100
Residential Value of Building Permits issued, 7/1/08 - 6/30/09	\$57,213,213
Commercial/Industrial Value of Building Permits issued, 7/1/08 - 6/30/09	\$49,944,840
Total Retail Sales, as of 6/30/2008	\$1,471,940,345
Median Age	38.5
Gaston County Median Household Income, 2008	\$51,164
Net Bonded Debt per Capita, 6/30/09	\$237.00
Ratio of Net Bonded Debt to Assessed Value, 6/30/09	0.34%
Unemployment Rate, June, 2009	15.0%