

BUDGET REVIEW AGENDA

- 1. May 1, 2020 Current Budget Financial Summary**
- 2. 2020 Budget Priorities**
- 3. Budget Message Review/Highlights**
- 4. Fund Balance Evaluation**
- 5. Revenue Confidence**
- 6. Budget Assumptions (and other items...)**
- 7. FY 2020-21 Capital Items**
- 8. Personal Leave Day**
- 9. Other**

Committee of the Whole – May 26, 2020, 8:30 a.m.

- PH – Items for Decision**
- Any follow-up budget items**
- COVID-19 plans/discussion**
- Regular Department Updates**



**City of Lenoir
Financial Summary
As of 4/30/2020**



General Fund					
	2019-2020 Budget	4/30/2020	% of Budget	Change from Previous Year	4/30/2019
Total Revenue	\$ 18,403,707.96	\$ 16,544,696.95	90%	\$ 897,460.17	\$ 15,647,236.78
Expenditures	\$ 18,403,707.96	\$ 14,864,443.11	81%	\$ 990,005.26	\$ 13,874,437.85
Over/Under	\$ -	\$ 1,680,253.84		\$ (92,545.09)	\$ 1,772,798.93

Downtown District					
	2019-2020 Budget	4/30/2020	% of Budget	Change from Previous Year	4/30/2019
Revenues	\$ 183,736.00	\$ 19,333.36	10.5%	\$ (38,564.55)	\$ 57,897.91
Expenditures	\$ 183,736.00	\$ 163,760.07	89%	\$ 17,184.55	\$ 146,575.52
Over/Under	\$ -	\$ (144,426.71)		\$ (55,749.10)	\$ (88,677.61)

Water/Sewer Fund					
	2019-2020 Budget	4/30/2020	% of Budget	Change from Previous Year	4/30/2019
Revenues	\$ 8,941,688.00	\$ 7,835,375.96	88%	\$ 89,297.00	\$ 7,746,078.96
Expenditures	\$ 8,941,688.00	\$ 5,775,524.86	65%	\$ 339,753.57	\$ 5,435,771.29
Over/Under	\$ -	\$ 2,059,851.10		\$ (250,456.57)	\$ 2,310,307.67

2020 Council Budget Priorities

1. Employee Recruitment/Retention:

- Continue efforts to offer competitive compensation and benefits for employees
- Increase Employee Engagement
- Incentivize/Reward Efficiencies

2. Housing:

- Continue Minimum Housing & Code Enforcement (acquire tracking software)
- Pursue Market Rate Housing
- Market City-owned Properties to Sell
- Encourage Downtown Living
- Continue to promote shovel-ready areas such as Hibriten Mountain, Stonecroft, Huntington Woods, Summerhill, Park Ridge, Parkview, Heritage Hills (Woodbine/Williamsburg) & Georgetown Estates
- Work with WPCOG Vacant & Substandard Housing Task Force

3. Community Beautification:

- Develop & Implement Branding/Wayfinding Signage
- Support Code Enforcement (including Strategic Foreclosures)
- Work on Commercial Blight (city-wide & downtown)
- Address Major Visibility Issues (city entry corridors)
- Develop West End Area Neighborhood Plan
- Implement North Main Area Plan & Fairfield South Plan

4. Healthy Infrastructure:

- Technology/Cybersecurity/Digital Services
- Street Paving
- Sidewalks/Greenway/OVT
- City Facilities/Fleet
- Water/Sewer Improvements
- Stormwater Improvements
- Downtown 2-Way Traffic Implementation
- Bike/Ped Plan

5. Economic Development:

- Encourage Public/Private Partnerships
- Continue Work with Caldwell EDC

6. Public Engagement:

- State of the City Presentations – Lenoir 2020
- Market Quality of Life Amenities
- Neighborhood Meetings
- Walk-through's



CITY MANAGER
SCOTT E. HILDEBRAN

CITY OF LENOIR
NORTH CAROLINA

MAYOR
JOSEPH L. GIBBONS
CITY COUNCIL
J.T. BEAL
T.H. PERDUE
J.I. PERKINS
R.S. PRISTWOOD
D.F. STEVENS
C.D. THOMAS
B.K. WILLIS

May 19, 2020

Honorable Mayor Gibbons and Members of the City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes (Local Government Budget and Fiscal Control Act), I am pleased to submit the Recommended FY 2020-2021 Budget for your review and consideration. This document provides a financial plan for the ensuing fiscal year and was developed in accordance with the City Council's Priorities established in both the February Strategic Planning Retreat and the March Budget Retreat as well as during Council/Departmental meetings held over the past year. Due to the COVID-19 pandemic and the uncertainty of future revenue projections and service demands, the preparation of the recommended budget has been one of the most challenging tasks in my 31 years in local government.

General Fund

The proposed General Fund budget totals \$17,830,516 and is balanced with the current property tax rate of 58¢ per \$100 of assessed property value and the current Rescue Readiness Tax of 0.85¢ per \$100 of assessed property value. All other General Fund charges/fees are unchanged.

Water and Wastewater Fund

The proposed Water/Sewer Fund budget totals \$8,581,300 and maintains the current water and sewer rates. All other Water/Sewer Fund charges/fees are unchanged.

For reference, the Consumer Price Index - South Region for All Urban Consumers over the past 12-month period is 1.9% (February 2020).

Budget Highlights

The key components of this budget are:

- Core services are continued with revenue projections estimated in a realistic, conservative manner. The projections include the consideration for uncertainties due to the COVID-19 impact on the current economic environment and follows the UNC School of Government's and N.C. League of Municipalities' guidance for local governments.
- Employee Compensation: City Council and Management continue to recognize that our employees are vital to the delivery of quality municipal services and represent our most valuable asset. As our top strategic priority, the budget includes a 3.0% cost of living increase effective on January 1, 2021. The implementation of the COLA will be re-evaluated later in 2020 to determine if it is feasible based on the impact of COVID-19. Further, the budget funds the required 1.2% increase for the Local Government Retirement System. In concert with the budget adoption and as discussed during our budget planning

session, it is also recommended to provide employees with (1) personal leave day each year to be used for any use they deem appropriate, such as a birthday, holiday, school visit/trip, funeral, etc.

- The City's group health insurance premiums will increase by 6%, while maintaining the current plan benefit levels.
- The cost of the City's property/liability and workers' compensation insurance coverages will be relatively flat in the coming year.
- Street Resurfacing: The budget increases funding to \$390,000 to continue implementation of the recent Pavement Study, subject to State of N.C. Powell Bill allocation. Also, the budget includes an additional \$100,000 for roads/bridges improvements.
- Downtown: Allocates funds from the CDBG Capital Project Fund to continue improvements on the old Lenoir High School Auditorium, Gym and Mack Cook Stadium.
- Fiduciary Responsibility: The budget appropriates \$400,000 in fund balance proceeds but maintains a General Fund balance of approximately 48%, which is double the City Council's 24% goal. Utilizing the appropriation of fund balance will take place only if the impact of COVID-19 requires.
- Sidewalks/Greenways/Trails: Increases funding by \$50,000 to \$125,000 in FY 2020-2021 for greenways, trails, sidewalks.
- Code Enforcement: The budget includes a 49%, or \$18,710 increase, in support of code enforcement activities, which includes \$34,710 toward building demolition, \$20,000 toward nuisance removal, and \$2,000 in foreclosure expenses.
- Technology: Continues to fund Computer/IT upgrades throughout the organization to enhance and improve operations and security and the ongoing implementation of the Advance Metering Infrastructure Project.
- Environmental: Allocates funds for the second year of the outsource of management and oversight of our NPDES Phase II Stormwater Program to the Western Piedmont Council of Governments Stormwater Partnership, as well as fully implements automated sanitation collection. Also, the budget continues to use EPA Brownfield Grant funding to conduct environmental assessments and Appalachian Regional Commission Grant funding to begin clean-up of city-owned property on College and Virginia Street. And, the budget continues funding the construction/installation of the Wastewater Biosolids Project and the upcoming Smith Crossroads Sewer Project.
- The budget also funds all debt obligations.

The following General Fund capital items are included: Patrol Cars (4), Detective Cars – Used (2), Quick Response Vehicles (3) for Fire, SCBAs, Public Works Replacement Trucks (2), Building Repairs for the Fire Station #2, Police Department, and Aquatic Center, a mower to help with the Greenway, and an ice machine.

The proposed General Fund budget contains \$365,000 for a new installment financing package for capital items. The purchase of capital items will be made after evaluating the impact of COVID-19 on the budget.

The following Water/Sewer Fund capital items are included: Hudson Water Valve Installations, Major Pressure Release Valve Vault, Sewer Camera Replacement, and Replacement Vehicles (2).

Summary

In closing, this Recommended FY 2020-2021 Budget is balanced in accordance with State Statutes and attempts to address the goals and priorities that have been established by City Council for the City's future while being mindful of the current pandemic. Though the budget does not optimally fund all of the requested operating and capital needs, the Recommended FY 2020-2021 Budget represents a level of funding, which will allow the City to maintain and enhance current service levels while making organizational changes to be cost effective and more

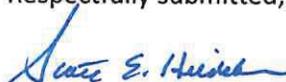
efficient. Further, our staff continues to display a culture that encourages cost savings to maximize resources to accomplish budget initiatives.

I would like to recognize the efforts of Finance Director Donna Bean, as she has been instrumental in the preparation of this document. Her thoroughness and guidance are appreciated.

Finally, I would also like to express my thanks to the Department Directors, Team Lenoir and City Council for their patience, understanding, and dedicated work on this important policy document. Our primary goal, each and every day, via our employee-led customer service initiative, remains to provide "Service Beyond Measure".

A work session to review the Recommended FY 2020-2021 Budget is scheduled to be held on Thursday, May 21, 2020, at 6:00 p.m. and a public hearing on the budget is scheduled on Tuesday, June 2, 2020, at 6:00 p.m.

Respectfully submitted,

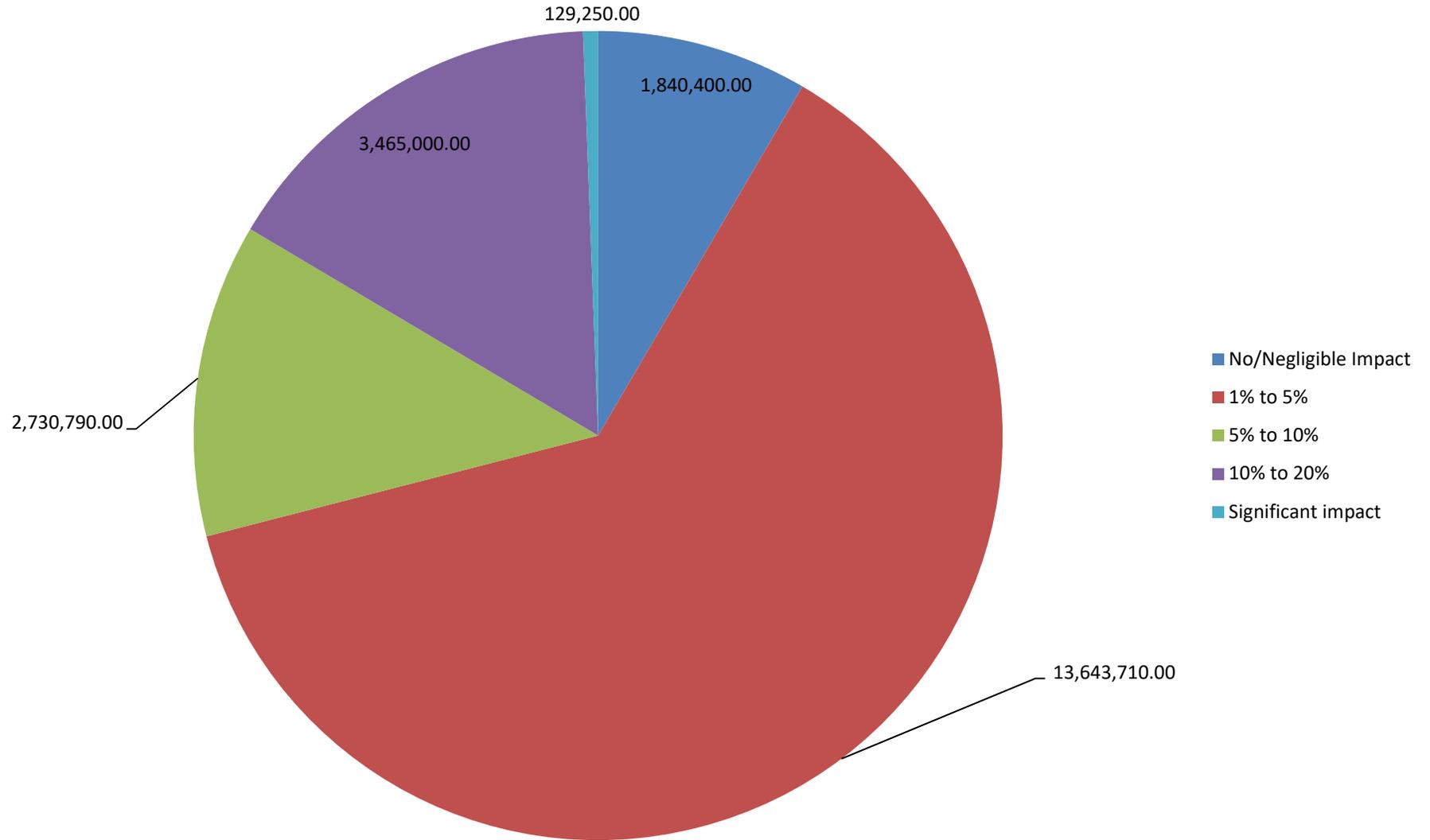


Scott E. Hildebran
City Manager

Fund Balance Evaluation

Approval Date	Fund Balance Uses 2019-2020		Amount	Percentage
	Beginning Fund Balance		9,829,330.00	56.77%
Current Year Uses				
5/7/2019	ARC Grant Match		250,000.00	
10/1/2019	Automated Garbage Trucks (2)		258,000.00	
2/4/2020	Automated Garbage Truck		30,000.00	
3/24/20 Requested	Garbage Carts		425,000.00	
	Total		963,000.00	
	Ending Fund Balance		8,866,330.00	51.21%
	Use in 2020-2021 Budget		400,000.00	
	Ending Fund Balance		8,466,330.00	
	Percentage		47.5%	

Revenue by Confidence



GENERAL FUND REVENUES

	No/Negligible Impact	1% to 5%	5% to 10%	10% to 20%	Significant impact
Fund/Department					
General Fund Revenue					
AD VALOREM TAXES 2020		12,296,110.00			
UTILITIES FRANCHISE TAX			2,185,000.00		
ARTICLE 39 SALES TAX DIST.				1,009,800.00	
SALES TAX HOLD HARMLESS				791,316.00	
RESIDENTAL SOLID WASTE FEE	772,000.00				
ARTICLE 40 SALES TAX DIST.				761,400.00	
AD VALOREM TAXES 2020 M. VEH		700,000.00			
POWELL BILL ST ALLOCATION			545,790.00		
ARTICLE 42 SALES TAX DIST.				477,360.00	
ABC REVENUE	227,300.00				
FIRE LINE CHARGES	220,000.00				
SALES TAX SEC 32.19 ADJUSTMENT				200,124.00	
AD VALOREM TAXES 2020-Rescue Readiness		175,000.00			
SCHOOL RESOURCE OFFICER	165,000.00				
MISCELLANEOUS REVENUE				160,000.00	
AD VALOREM TAXES 2019		120,000.00			
TAX PENALTIES & INTEREST		93,000.00			
WINE & BEER TAX	80,000.00				
REVENUE STRONACH CENTER					80,000.00
AD VALOREM TAXES 2018		76,000.00			
INT. EARNED ON INVEST.				65,000.00	
CEMETERY LOTS	60,000.00				
CEMETERY MARKERS	50,000.00				
SALE OF FIXED ASSETS	45,000.00				
INSURANCE REIMBURSEMENT	40,000.00				
GRAVE OPENING CHARGES	40,000.00				
AD VALOREM TAXES 2015		28,000.00			
AD VALOREM TAXES 2016		28,000.00			
AD VALOREM TAXES 2017		28,000.00			
ROLL OUT CONTAINER SALES	25,000.00				
RECREATION REVENUE					25,000.00
CINGULAR TOWER RENTAL	19,000.00				
AD VALOREM TAXES 2014		18,000.00			
LIENS AGAINST PROPERTY		16,100.00			
PUBLIC WORKS FEES & CHARGES	15,000.00				
PLANNING DEPT. MISC REVENUE		15,000.00			
RECEIPT IN LIEU OF TAX		13,000.00			
FIRE PROTECTION CHARGES	12,000.00				
POLICE DEPT. FEES & CHARGES	10,000.00				
COURT COST FEES CHARGES		9,000.00			
CONTROLLED SUBSTANCE TAX DIST.	8,000.00				
AD VALOREM TAXES 2013		7,500.00			
SALE OF LAND	7,500.00				
ABC LAW ENFORCEMENT REVENUE	7,500.00				
REIMB ADMIN HOUSING PROGRAMS	7,400.00				
RENT INCOME-PW FACILITY	6,600.00				
DARE REVENUE	6,000.00				
POLICE BENEFIT REVENUE	5,000.00				
VEHICLE MAINT. INCOME	5,000.00				
CONCESSIONS STRONACH CENTER					4,000.00
YOUTH BASKETBALL MULBERRY CENTER					4,000.00
AD VALOREM TAXES 2018-Rescue Readiness		3,000.00			
AD VALOREM TAXES 2019-Rescue Readiness		3,000.00			
AD VALOREM TAXES 2019 M. VEH		3,000.00			
GROSS RECEIPTS TAX RENTAL VEH.		3,000.00			
PARKING VIOLATIONS		3,000.00			
RENTAL MULBERRY CENTER BUILDING					3,000.00
CONTRIB. HARAMBEE FESTIVAL					2,600.00
AD VALOREM TAXES 2011		2,000.00			
AD VALOREM TAXES 2012		2,000.00			
AD VALOREM TAXES 2018 M. VEH		2,000.00			
ALARM REVENUE	2,000.00				
SALES REVENUE STRONACH CENTER					2,000.00
FED. FORFEIT. REV. DRUG TASK FORCE	1,600.00				
EMP. SHOE REIMBURSEMENT	1,500.00				
SWIM LENOIR					1,500.00
CHRISTMAS PARADE					1,400.00
CONCESSIONS MULBERRY CENTER					1,250.00
OCCUPANCY TAX ADMIN					1,200.00
PRIVILEGE LICENSE	1,000.00				
EXPLORER POST #246	1,000.00				
RENTAL ML KING CENTER BUILDING					1,000.00
ML KING REVENUE					1,000.00
VENDING MACHINES MULBERRY CENTER					500.00
VENDING MACHINES ML KING CENTER					400.00
VENDING MACHINES STRONACH CENTER					200.00
RENTAL LHS AUDITORIUM					125.00
CONCESSIONS ML KING CENTER					50.00
RENTAL LHS GYM					25.00
GRAND TOTAL					-
	1,840,400.00	13,643,710.00	2,730,790.00	3,465,000.00	129,250.00

Budget Assumptions

Revenue			
Property Tax	183,231.00	less than prior year	
Sales Tax	836,213.00	less than last year	
Rec Revenue (Other Rev.)	141,984.00	expected loss	
Franchise Tax	241,156.00	less than last year	
Total	1,402,584.00		
Expenditure Notables:			
Includes a 3 % COLA in January	150,000.00		
Includes ADA and OSHA Funding	20,000.00		
Resurfacing Increase	5,000.00		
Additional Funding for Roads and Bridges	100,000.00		
Additional Greenway Funding	50,000.00		
Additional Code Enforcement Funding	18,710.00		
Total	343,710.00		

**CAPITAL ITEMS
FISCAL YEAR 2020-2021**

General Fund

Streets	(2) Trucks	\$90,000
Police Patrol	(4) Vehicles and Upfit Ice Machine	\$246,000 \$4,000
Police Detective	(2) Used Vehicles	\$20,000
Police Support	Building Repairs - ADA Compliance	\$45,000
Fire Administration	(3) Quick Response Vehicles Repairs at Fire Station #2 - Apron (4) SCBAs	\$120,000 \$19,000 \$30,000
Parks & Rec.	Aquatic Center Repairs Ventrac Compact 4500 Tractor	\$55,000 \$35,000

General Fund Total

\$664,000

Utility Fund

Rhodhiss Water Plant	Service Truck Replacement	\$75,000
Water Distribution	Major Pressure Release Valve Vault Hudson System Water Valve Installations	\$300,000 \$100,000
Lower Creek WWTP	Sewer Camera Replacement Truck Replacement	\$125,000 \$75,000

Utility Fund Total

\$675,000

Amendment to the Personnel Policy for the City of Lenoir

Employees will be granted one day of Personal Leave per fiscal year to be used for any use they deem appropriate, such as a birthday, holiday, school visit/trip, funeral, etc. Employees must request leave from their respective Department Heads. The Department Head will attempt to arrange the work schedule so that an employee may be granted Personal Leave. The Personal Leave day must be taken during the fiscal year and will not roll over into another fiscal year nor will employees be paid for the day should they leave employment with the City of Lenoir.