

MINUTES

**LENOIR CITY COUNCIL
FY2020-2021 ANNUAL BUDGET WORKSESSION
CITY HALL, THIRD FLOOR
THURSDAY, MAY 21, 2020
6:00 P.M.**

PRESENT: Mayor Gibbons, Councilmember Beal, Perkins, Stevens, and Willis.

Others present were City Manager Hildebran, Finance Director Bean, and City Clerk Cannon.

Participating Via Teleconference

Mayor Pro-Tem Thomas, Councilmembers Perdue and Prestwood.

I. CALL TO ORDER

A. Mayor Gibbons welcomed everyone and called the meeting to order.

B. FY2020-2021 Recommended Annual Budget: City Manager Hildebran reviewed the highlights of the power point presentation of the recommended FY2020-2021 Annual Budget presented to City Council at the May 19 City Council Meeting.

The recommended budget is comprised of General Fund, \$17,830,516, Special District, \$183,738, Tourism Development, \$50,000 and Water/Sewer Fund, \$8,581,300, for a total budget of \$26,645,554. The current property tax rate of \$0.58 per \$100 valuation and the Rescue Readiness Tax of \$0.0085 per \$100 valuation remain unchanged. All other General Fund fees remain unchanged and there will not be an increase in the current water and sewer rates. Mr. Hildebran pointed out the City has not increased property taxes in eight years. The proposed budget includes a 3% Cost of Living Allowance (COLA) for City employees effective January 1, 2021, but 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. In addition, Mr. Hildebran stated the budget funds a 1.2% increase for the Local Government Retirement System.

Mr. Hildebran stated the recommended budget also includes funding for a personal leave day employees may schedule at any time during the fiscal year. 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. In addition, Mr. Hildebran stated that personnel have been reduced by two full-time and one part time employee. Also, he shared the small increase to the City's health insurance is funded in the budget. Mr. Hildebran explained the budget increases funding to \$390,000 to continue implementation of the recent Pavement Study, subject to the City's State of North Carolina Powell Bill allocation. The budget also includes an additional \$100,000 for roads/bridges improvements.

Mr. Hildebran pointed out the majority of the budget is allocated for public safety plus he mentioned the cost to fund City Council's six priorities for FY2020-21 is \$343,710. He stated the City has addressed these priorities in the upcoming budget. (A copy of the Council's Priorities and Budget Assumptions) are attached to these minutes as information). Also, Mr. Hildebran stated the City's sale tax revenue is currently 25% below the \$4,000,000 the City received last year, but emphasized the City is making adjustments for the anticipated loss of revenue.

A brief discussion was held regarding the possible loss of revenue within the next three months due to the COVID-19 crisis. However, Mr. Hildebran reported the state of North Carolina has budgeted \$150,000,000 to address this issue for municipalities. He stated Caldwell County received \$1,500,000 and remarked the City may receive some of that funding for COVID-19 expenses. Mr. Hildebran reiterated the City's biggest concern is the replacement of lost revenue. He stated lobbyists from the NCLM are working diligently with representatives in Washington, DC to have these funds sent directly to municipalities.

Mr. Hildebran stated funding for code enforcement has been increased by 49% or an \$18,710 increase. The proposed budget further allocates funds from the Community Development Block Grant Fund (CDBG) to continue improvements on the old Lenoir High School Auditorium (LHS), Gym and Mack Cook Stadium. Other items included in the budget are technology upgrades, environmental allocations and some infrastructure improvements. The budget also funds all debt obligations and includes \$365,000 for a new installment financing package for capital items. He stated the purchase of capital items will be made after evaluating the impact of COVID-19 on the budget.

In addition, Finance Director Donna Bean shared the proposed budget is based on smaller revenue projections according to the amount of revenue the City anticipates it may receive. She stated the City would not know the actual revenue numbers until later on in the summer.

In addition, Director Bean reviewed the Financial Summary as of April 30, 2020. (A copy of the summary is attached to these minutes as information).

Director Bean reported the over/under balance in the General Fund is \$1,680,253.84, Downtown District (\$144,426.71), and Water & Sewer Fund \$2,059,851.10). (A copy of the April financial summary is attached to these minutes as information).

Next, a discussion was held regarding the increasing number of medical calls the Fire Department currently responds to. Mr. Hildebran shared the City is proposing to purchase an SUV for each of the three fire stations at a cost savings to the City. He stated the vehicles will be fully equipped with all of the essential equipment fire personnel may need when responding to medical calls. Mr. Hildebran also briefly mentioned how firefighters possibly risk being exposed to the COVID-19 virus when responding to calls.

Councilmember Willis also led a discussion regarding using the City's old garbage carts for items such as yard waste and possibly placing a sticker on them for this purpose.

Mr. Hildebran referred to the City's parks currently being closed and explained the City could not fund the cost of trying to clean and sanitize areas in the parks following use by citizens. He further commented the City may risk the possible exposure of people to the COVID-19 virus due to not being able to social distance properly because of the possibility of large crowds that may attend the City's fireworks event should it be scheduled. He remarked that Recreation Director Kenny Story has contacted surrounding municipalities and learned they have cancelled their fireworks events as well.

City Manager Hildebran stated this was the toughest budget he had ever tried to compose during his thirty years of public service. City Council commended Mr. Hildebran and City Staff for compiling a good, conservative budget. Mr. Hildebran stated Council's priorities helped Staff in putting the budget together.

It was the consensus City Council to cancel the budget work session on Thursday, May 28 and proceed with further discussion of the budget at the Committee of the Whole meeting on Tuesday, May 28 if necessary. A public hearing will be held on Tuesday, June 2 to consider formal adoption of the recommended budget.

Adjourn

There being no further business, the meeting was adjourned at 7:22 p.m.

Attachments

City Council Priorities List
April Financial Summary

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 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