MINUTES

CITY COUNCIL
FY2019-2020 ANNUAL BUDGET RETREAT
CITY HALL, THIRD FLOOR
TUESDAY, MARCH 26, 2019
8:30 A.M.

PRESENT: Mayor Gibbons, Councilmembers Perdue, Perkins, Stevens, Thomas, and Willis.

City Manager Hildebran, City Clerk Cannon, Public Information Officer Harris, Police Chief Phelps, Fire Chief Hair, Finance Director Bean, Economic Development Director Horn, Planning Director Wheelock, Recreation Director Story, Public Utilities Director Thomas, Public Works Director Wright.

ABSENT: Councilmember Beal.

Note: Councilmember Rohr was not present due to his accepting the position of City Attorney.

OTHERS: Virginia Annable, *News-Topic*, Dennie Martin, WR Martin, Inc., Andy Lovingood and Joel Whitford, McGill Associates.

I. CALL TO ORDER

A. Mayor Gibbons welcomed everyone and called the meeting to order. In addition, Mayor Gibbons asked everyone to keep the family of LouAnne Kincaid in their thoughts and prayers as Ms. Kincaid passed away on Sunday, March 24. Ms. Kincaid was the Public Information Officer for Caldwell County.

II. B. <u>PROPOSED FY2019-20 BUDGET CALENDAR</u>: City Manager Hildebran presented the proposed FY2019-2020 Budget Calendar to City Council for their review. A public hearing to formally approve the budget will be held on Tuesday, June 5. (A copy of the Budget Calendar is attached to these minutes as information).

<u>Motion</u>
Upon a motion by Mayor Pro-Tem Willis, Council voted 5 to 0 to approve the FY2019-2020 Budget Calendar as presented.

III. C. <u>Review; FY2019-20 Council Goals:</u> City Manager Hildebran reviewed the list of City Council's goals/priorities for 2019 and asked Council if there were any additional questions or concerns they wished to discuss further.

<u>2019 Council Budget Priorities</u>

1. Employee Compensation:

25 - Continue efforts to offer competitive compensation and benefits for employee recruitment and retention
- Incentives/Rewards for savings
- Satisfaction Surveys

2. **Housing:**
    - Minimum Housing Enforcement
    - Pursue Market Rate Housing (UNCSOG-DFI Study)
    - Market City-owned Properties to Sell
    - Encourage Downtown Living (Moving Lenoir to the 2nd Floor)
    - Highlight shovel-ready areas such as Hibriten Mountain, Stonecroft, Huntington Woods, Summerhill, Parkview, Heritage Hills (Woodbine/Williamsburg) & Georgetown Estates
    - Work with WPCOG Vacant & Substandard Housing Task Force
3. **Healthy Infrastructure:**
    - Street Paving
    - Downtown Traffic Study
    - Bike Plan (Pennton Avenue)
    - Maintain City Facilities
    - Water/Sewer Improvements
    - Stormwater
    - City Hall
    - Fire Station #3
    - Sidewalks/Greenway/OVT (also downtown sidewalks)
    - Optimist Park/Mulberry Improvements/JE Broyhill Park Improvements
    - Information Technology
4. **Economic Development:**
    - Explore what other local governments are doing with public/private partnerships
    - Maintain Healthy Infrastructure
    - Continue Work with EDC
    - Market Quality of Life Amenities (Greenway, OVT, Bike Plan, etc.)
5. **US 321 & Community Beautification**
    - Neighborhood Branding Signage
    - City Wayfinding
    - Work on Commercial Blight (city-wide & downtown)
    - Address Major Visibility Issues (Smith Crossroad, Old Mall, etc.)
    - Implement North Main Area Plan & Fairfield South Plan
6. **Public Engagement**
    - Neighborhood Meetings
    - Walk-through's
    - State of the City Presentations
    - Social Media/Website Redesign

<u>Future Issues/Items (3-5 Year Timeframe) Priorities</u>

1. **City Facilities**

2. **Employee Compensation**
   Street Maintenance
   Wayfinding Signage

5. **Pedestrian Access – Wilkesboro Boulevard Corridor**

Mr. Hildebran led a brief discussion regarding City-owned properties and the ongoing project "Move Lenoir to Second Floor". He shared that several downtown buildings have been purchased recently plus a new restaurant is opening downtown in the former Bella

26 Torte building which indicates market interest in the downtown area. Mr. Hildebran also highlighted areas that are "shovel ready" for future developments including Hibriten Mountain, Stonecroft, Huntington Woods, Summerhill, Parkview, Heritage Hills (Woodbine/Williamsburg) and Georgetown Estates.

Mr. Hildebran further reviewed Council's future issues/items. City Council unanimously agreed that housing remains their number one priority along with employee compensation.

Next, Radford Thomas, Public Utilities Director, introduced Dennie Martin, WR Martin, Inc., along with Andy Lovingood and Joel Whitford, McGill Associates, who partner with the City for engineering services. Director Thomas stated Mr. Lovingood will be reviewing the City's ten-year Capital Improvements Plan (CIP) and Mr. Martin will be reviewing the City's Water and Sewer Fund Cash Flow Summary for 2019. (A copy of the CIP List and Water and Sewer Fund Summary is attached to these minutes as information).

A. <u>Draft Capital Improvements Plan:</u> Andy Lovingood distributed copies of the proposed Utility Fund Capital Improvements Plan (CIP) which list projects in priority order. He explained this list is an organized approach in order for the City to provide and maintain a viable system. The total cost of the proposed water and sewer projects over a ten-year period is $45,481,000.

(A copy of the Water and Sewer Fund CIP list is attached to these minutes as information. Refer to page).

Mr. Lovingood related this plan allows the City to have financial stability with its rates and noted these projects are ranked by regulatory needs, replacement or efficiencies (age-related). Mr. Lovingood reviewed the list of projects and their goals with City Council. (Refer to the attached list).

Mr. Lovingood reported the City has a well-planned, well-executed Capital Improvements Project list which the City is able to update via grants or low interest loans. He commended City officials along with Staff for planning for future projects in order for the City to maintain its current infrastructure. Mr. Lovingood stated the City has accomplished a lot of great projects over the years.

Mr. Joel Whitford, McGill Associates, stated the City has over 10,000 water customers and pointed out the Water Treatment Plant capacity is 12 MGD (million gallons per day). He reiterated the City has completed a number of good projects. Mr. Whitford mentioned the newer projects include project #4 (Major Pressure Reducing Valve Vaults); #7 (Hudson Tank Pump Upgrades); #8 (Pleasant Hill Road Water Improvements; and #11 (Divisional Valve Replacements).

Councilmember Perkins asked for additional information regarding the low water pressure valves project. Mr. Lovingood explained that Project #3, Water System Improvements, addresses the high and low water pressure issues that residents of the entire neighborhoods of Hill Street and Finley Avenue are experiencing. It was noted completion of this project will be beneficial to the City in the future.

27 Mr. Whitford pointed out projects 5 through 10 address major improvements for the City's Water Treatment Plant while the Wastewater Collections top projects pertain to overflow issues. It was noted the sewer line replacement project for Highway 18 will be funded with a low interest loan and the Biosolids project has been permitted and may be completed around late summer.

As information, Public Utilities Director Thomas shared the sludge hold tank will be replaced and the City has the funding in place to pay for the MeterSYS Project with Mueller Systems for the installation of new meters and software technology. Director Thomas estimated the City's accuracy rate when the new meters are installed will be around 99%-101%.

C. <u>Update; Public Utility Fund Revenues</u>: Dennie Martin, WR Martin, Inc. stated the City's goal is to keep up with inflation and maintain a margin of funds to allow the City to manage all of its capital outlay projects. Mr. Martin reiterated the cost of the thirty CIP projects is $45,481,000 which equals to a $38,490,000 debt package and $6,691,000 in annual capital outlay. Mr. Martin explained the goal is to determine what projects the City needs to do to in order to stay ahead of any unexpected improvements projects.

Next, Mr. Martin reported the February 2019 Consumer Price Index (CPI) for the Urban South which the City uses to determine any rates increases is 1.1% and recommended a 1.1% increase in the City's water rates for FY2019-20 and a 2.5% sewer rate increase in order to keep up with inflation. The City's debt service for 2019 is $1,332,526.00 and proposed capital outlay expenditures are $170,000.00. He pointed out the debt service for FY2029 will increase to $4,405,879.00. It was also noted the City is required to notify Caldwell County and other municipalities that purchase water from the City of any proposed rate increases by April 1 each year.

Mr. Martin also reported that $200,000 would be transferred to the City's Capital Reserve Fund and commented the City will be able to pay cash for Debt Package 8 which is a total of $1,780,000. Mr. Martin also stated the City's unrestricted net assets/total expenditures average 64.66% and recommended the City keep this amount around 58%. He also pointed out that Lenoir has moved up to the number 2 ranking on the Water Rate Comparisons Chart of March 2019 for low water rates. (Refer to the copy of the chart attached to these minutes.)

Mr. Martin emphasized it was important for the City to continue planning its improvements projects plus take advantage of any available grant funding. He further suggested the City continue to build reserves for future projects because this step will reduce the City's principal debt.

<u>**Motion**</u>
Upon a motion by Councilmember Stevens, Council voted 5 to 0 to approve the recommended 1.1% water rate increase and the 2.5% sewer rate increase for FY2019-2020 as recommended. These new rates become effective July 1, 2019.

City Manager Hildebran stated the FY2019-2020 budget would be prepared reflecting these rate increases and the City would notify Caldwell County and all of its utility customers.

[28]D. FY2019-20 General Fund Update: Finance Director Bean presented a financial summary as of February 28, 2019 and reported the City is in good financial shape with a General Fund balance of $2,809,045 and a water/sewer fund balance of $1,805,202.79. She remarked the City has collected $2,370,815.74 of its budgeted sales tax which is a 4% increase over last year. Director Bean stated the Downtown District fund Over/Under amount is ($107,346.64) and the Water/Sewer Fund Over/Under amount is $1,805,202.79. Director Bean commended the Department Directors for all of their hard work in maintaining their departmental budgets.

Finance Director Bean also reviewed the City's General Fund CIP list of approved projects for FY2019-FY2026 and noted several items may have to be moved out farther on the schedule while others will be contingent upon funding.

General Fund

- Fire Station III
- Hospital Avenue Sidewalks
- Mulberry Recreation Center/Optimist Park Expansion

Enterprise Fund

- Biosolids Facility Improvements
- Bernhardt Water Treatment Plant Improvements-Phase II
- MeterSys AMI Project
- Water System Asset Inventory Grant
- Wastewater System Asset Inventory Grant
- Bernhardt Water Treatment Plant Improves

Among the proposed improvements include replacement of a diesel fuel pump along with additional improvements at the Greenway and improvements at several of the City owned bridges. Mr. Hildebran shared the FY2019-2020 budget will also include increased funding for resurfacing and improvements to the intersection of Smith Crossroads which may consist of installing sculpture, etc.

Other important information presented by Mr. Hildebran included a listing of property tax rates for the past 21 years, a copy of the Consumer Price Index for the past 12 months, a chart of the 10-year CPI/COLA/Water/Sewer percentages, health insurance rates from 2007 forward and the solid waste fees from 2004 forward. Mr. Hildebran informed Council the City's insurance provider (Medcost) has notified the City there will not be any increase in its insurance rates for FY2019-2020.

F. General Information; Department Directors:

1. Police Chief Phelps reported their upcoming budget will include funding for improvements to their facility. He also clarified for Council the state did not have any restrictions pertaining to the use of seized money, but stated the federal government does have requirements. It was noted that Staff submits a report to the federal government. Chief Phelps reported the Department uses the state funds to assist with their K-9 program.
2. Finance Director Bean stated the financial software would be upgraded for the new technology pertaining to the new meter system and shared that Burl Sprouse, IT Specialist, will be building a new server for this project.
3. Public Works Director Wright reported he plans to update the Master Plan for the City's cemeteries and pointed out there were only 2,000 plots remaining. He reported the remaining undeveloped property would be developed and future plans are to add

29 several columbarium niches in areas that are not suitable for plots.

City Manager Hildebran stated Blue Ridge Memorial Gardens is slated to be repaved along with some City streets.

4. Fire Chief Hair reported the Department needs to purchase two rescue trucks of which one will be converted for a pump apparatus. In addition, he noted there will be an engine truck stationed at Station No. 3. He remarked it is more feasible for the City to move forward with the purchase of these trucks as their cost continues to increase annually. Chief Hair also stated the Fire Department does not need to purchase the additional equipment listed on the CIP list for FY2024.

5. Recreation Director Story remarked their proposed improvements include improvements to the field and lighting at Mack Cook Stadium, the former LHS auditorium and gym, plus replacement of heating units, steam generators among other items at the Aquatic Fitness Center in order to keep the facility up to date for the general public. It was noted the City will have the opportunity to offer more events at Mack Cook Stadium with the field being lighted.

G. Fund Balances:

City Manager Hildebran reported the City's current Unreserved Fund Balance of $8,421,722 equals to 51.56%. In 2017, the Unreserved Fund Balance was $7,222,443 which equals to 43.14%. He stated part of this funding can be used for capital items and the remainder will be placed in capital reserves. (Refer to the copy of the Fund Balance report attached to these minutes).

Next, Mr. Hildebran reviewed the General Fund Projections for FY2019-2020 through FY2025-2026. He reported the City is also recommending a $1.00 Solid Waste Fee increase for FY2019-20 which will increase the monthly fee to $10.00. This proposed fee will generate $75,000 in revenue for the City which equals to the cost of one brush truck.

Mr. Hildebran stated the City could subsidize other City vehicles with the purchase of a brush truck. Councilmember Perdue led a brief discussion regarding citizens putting out brush for pickup that should have been taken care of by their contractors. Mr. Perdue stated Council should consider giving Staff guidelines to enforce this issue along with the issue of people placing brush in dumpsters. Director Wright stated Staff removed 35 loads of brush in one day from dumpsters and remarked they are reviewing ways to address this issue.

H. Stormwater Program: City Manager Hildebran shared the City has discussed the issue of stormwater with the Western Piedmont Council of Governments (WPCOG) and they reported they will create a stormwater management plan and a model ordinance to fit the needs of the City of Lenoir, as well as, ensure North Carolina Stormwater requirements are being met. The WPCOG is willing to take over this program for the City at an annual cost of $51,669. This quote would remain in effect for a two-year period. He mentioned the WPCOG is also discussing the issue with other municipalities regarding taking over their stormwater programs. (A copy of the proposal by WPCOG is attached to these minutes as information).

Planning Director Wheelock stated the WPCOG has a large staff and pointed out that

30 one Staff person cannot feasibly cover all of the territory the City currently manages for stormwater. In addition, Director Wheelock shared City Staff was notified by the Division of Water Quality (DEQ) that they had to adhere to more additional requirements than the City originally anticipated. Director Wheelock also reminded Council they adopted a resolution on February 19, 2019 affirming the City of Lenoir's support regarding implementation of a compliant NPDES MS4 Stormwater Program.

Motion

Councilmember Thomas moved to partner with the WPCOG for the City's Stormwater Program at an annual cost of $51,669 for a two-year period as recommended by City Staff. This motion carried by a 5 to 0 vote.

Review of Outstanding Items:

Per City Council direction, City Manager Hildebran informed Council the City would be seeking Request for Qualifications (RFQ) for the City's municipal insurance. He stated the City is seeking the best coverage for all of its insurance needs. He also reported the City would experience a 1.2% increase for its contribution to the Local Government Retirement System (LGERS) to offset their recent rate increase which may have a possible impact of $75,000 to the City's budget. Mr. Hildebran stated any compensation and cost of living allowance (COLA) for employees would be announced at a later date.

Mr. Hildebran briefly reviewed the list of Outstanding Items, Current Commitments-General Fund, Community Block Grant Funds (CDBG) and Possible Future Outstanding Items-General Fund. The CDBG funds will be used for improvements to the Over Mountain Victory Trail (OVT/Rail/Greenway Trail Segment(s) and the proposed improvements to the LHS Auditorium/Gym/Field Improvements. (A copy of the handout is attached to these minutes as information).

In addition, Mr. Hildebran stated the budget will include funding for the two-way traffic project. Planning Director Wheelock shared Staff has completed around 75% of its code enforcement issues, but more properties are being added as well. Staff is reviewing how to proceed with this issue. She further stated Staff is continuing to partner with the firm of Groome, Tuttle, Pike and Blair regarding the City's foreclosures. City Manager Hildebran stated the City is making progress on a number of issues and expressed appreciation to Dennie Martin, Andy Lovingood and Joel Whitford for all of their time and assistance during this budget meeting.

City Council thanked Staff for the great information and good report. Councilmember Thomas suggested the City share this information with the citizens to make them more aware of what the City is accomplishing.

II. ADJOURN

There being no further business, the meeting was adjourned at 10:50 a.m.

<u>Attachments</u>
FY2019-20 Budget Calendar
Water and Sewer Fund Capital Improvements Plan
Water and Sewer Cash Flow Summary
Water Rate Comparison Chart
WPCOG Handout

31 Fund Balances Handout
Outstanding Items Handout

CITY OF LENOIR

BUDGET CALENDAR

FY2019-2020

May 21, 2019	City Manager presents recommended budget to City Council. (City Clerk will have a copy of the proposed budget available for the public after presentation.)
May 23, 2019	Budget Work Session – 6:00 p.m., Third Floor, City Hall
May 28, 2019	Committee of the Whole – 8:30 a.m., Third Floor, City Hall (Budget Work Session if necessary)
May 30, 2019	Budget Work Session – 6:00 p.m., Third Floor, City Hall *if necessary
June 4, 2019	Public Hearing for recommended FY2019-20 Budget at City Council Meeting at 6:00 p.m. Earliest possible date to adopt FY2019-20 Budget. (City Clerk will have a copy of the final budget available for the public within five business days.)
June 18, 2019	City Council
June 25, 2019	Committee of the Whole Meeting

WATER RATE COMPARISONS – March – 2019
5,000 GALLONS USAGE PER MONTH
(www.efc.unc.edu/RatesDashboards/nc.html)

SYSTEM	WATER	SEWER	TOTAL
Forest City	$22.37	$23.12	$45.49
Lenoir	$23.62	$24.30	$47.92
Morganton	$15.25	$33.23	$48.48
Valdese	$37.70	$11.15	$48.85
N. Wilkesboro	$28.98	$23.99	$52.97
Hickory	$23.90	$30.87	$54.77
Statesville	$23.45	$37.43	$60.88
Cherryville	$30.52	$30.52	$61.04
Two Rivers Utilities **(Gastonia)	$26.20	$36.40	$62.60
Granite Falls	$32.37	$30.83	$63.20
Lexington	$27.23	$36.60	$63.83
Boone	$34.20	$32.25	$66.45
Shelby	$25.42	$41.42	$66.84
Taylorsville	$33.95	$33.95	$67.90
Newton	$32.44	$42.81	$75.25
Blowing Rock **(Bi-monthly)	$37.75	$37.75	$75.50
Lincolnton	$29.99	$46.97	$76.96
Siler City	$41.00	$37.25	$78.25
Thomasville	$34.90	$49.30	$84.20

City Of Lenoir
Fund Balances

	2018	2017	2016	
Unreserved Fund Balances	$8,421,722	$7,222,443	$4,554,559	
Fund Balance Percent	51.56%	43.14%	25.33%	
Water Fund Transfers	$0	$0	$0	
	2015	**2014**	**2013**	**2012**
Unreserved Fund Balances	$4,061,603	$3,574,740	$3,211,745	$3,028,662
Fund Balance Percent	23.14%	21.90%	19.80%	18.75%
Water Fund Transfers	$0	$0	$0	$0
	2011	**2010**	**2009**	**2008**
Unreserved Fund Balances	$2,896,417	$3,760,253	$3,653,831	$3,319,100
Fund Balance Percent	17.72%	23.59%	20.42%	21.18%
Water Fund Transfers	$0	$0	$0	$0
	2007	**2006**	**2005**	**2004**
Unreserved Fund Balances	$3,188,151	$2,285,977	$2,024,965	$1,797,042
Fund Balance Percent	20.48%	15.96%	12.62%	12.59%
Water Fund Transfers	$0	$0	$86,371	$582,020

Outstanding Items

1) Workers Comp
2) General Liability
3) Health
4) Retirement System
5) Compensation/COLA

Current Commitments - General Fund

1) PARTF Grant (Optimist/Mulberry Parks)
2) LFD#3 Debt Service
3) Hospital Avenue Sidewalk
4) Zacks Fork Range (Fence/Power)
5) JE Broyhill Park - Phase 2
6) Downtown 2-way Traffic Conversion (3-Phases)
7) Linkside Connector

CDGB

1) OVT/Rail/Greenway Trail Segment(s)
2) LHS Auditorium/Gym/Field Improvements

Possible Future Outstanding Items - General Fund

1) ARC - Broyhill Site Clean-up/Brownfield Agreement
2) Strategic Milling/Paving (Greenhaven/Finley, Mulberry St., Hospital Ave., etc.)
3) Greenway Extensions
4) Strategic Foreclosures
5) Smith Crossroads Art/Plantings
6) City Hall Renovation/Annex
7) Branding Signage

50 YEARS
Western Piedmont
Council of Governments

1880 Second Avenue NW | Hickory, NC 28601
PO Box 9026 | Hickory, NC 28603
828.322.9191 | Fax: 828.322.5991 | www.wpcog.org

Creative Regional Solutions Since 1968

Name of Counterparty: ______________________________

____

IRAN DIVESTMENT ACT CERTIFICATION

As of the date listed below, the entity listed above is not listed on the Final Divestment List created by the State Treasurer.

The undersigned hereby certifies that he or she is authorized by the entity listed above to make the foregoing statement.

____

Signature Date

____

Printed Name Title

Iran Divestment List Verified by:

____

Western Piedmont Council of Government Employee Date

AGREEMENT BETWEEN THE
WESTERN PIEDMONT COUNCIL OF GOVERNMENTS AND
THE CITY OF LENOIR
FOR ASSISTANCE IN SUPPORTING THE WESTERN PIEDMONT
STORMWATER PARTNERSHIP
JULY 1, 2019 – JUNE 30, 2021

This AGREEMENT, to be effective on the 1st day of July, 2019, by and between the Western Piedmont Council of Governments (hereinafter referred to as the "Planning Agency") and the City of Lenoir, North Carolina (hereinafter referred to as the "Local Government");

WITNESSETH THAT:

WHEREAS, the Local Government is required to provide adequate staffing and funding to support the NPDES Phase II six minimum measures, including Stormwater Public Education and Outreach, Public Involvement and Participation, Illicit Discharge Detection and Elimination, Construction Site Stormwater Runoff Control, Post-Construction Storm Water Management in New Development and Redevelopment, and Pollution Prevention/Good Housekeeping for Municipal Operations. ("Stormwater Partnership" hereinafter) ; and

WHEREAS, the Planning Agency is empowered to provide technical assistance to local governments by the North Carolina General Statutes and by resolution passed by the Planning Agency on April 17, 1972; and

WHEREAS, the Local Government has requested the Planning Agency to provide such technical assistance to support the NPDES Phase II six minimum measures through a Stormwater Partnership and;

WHEREAS, the Planning Agency desires to cooperate with the Local Government in providing technical assistance and services and that the proposed assistance and services are carried out in an efficient and professional manner.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Scope of Services.** The Planning Agency will provide technical assistance to the Western Piedmont Stormwater Partnership. Technical assistance shall consist of the services described in EXHIBIT A, which is incorporated more fully by reference herein.

2. **Personnel.** The Planning Agency will furnish the necessary trained personnel to the Local Government.

3. **Office/Equipment.** The Planning Agency will provide office space, miscellaneous office supplies, office equipment, software, and hardware necessary to perform the

work described in this contract.

4. **<u>Compensation.</u>** The Local Government will pay the Planning Agency a regional Stormwater Partnership fee for services provided as part of the Agreement as outlined in Exhibit A. The City of Lenoir's calculated Stormwater Partnership fee for the period beginning July 1, 2019 and ending June 30, 2021 is not to exceed **$101,338** (one hundred and one thousand three hundred and thirty-eight dollars). These fees will be billed in twenty-four equal monthly payments of **$4,305.75** (four thousand three hundred and five dollars and seventy-five cents).

5. **<u>Non-salary Expenses.</u>** (a) The Planning Agency personnel's local travel mileage will be considered to be a part of the Scope of Work as outlined in Exhibit A.

   (b) The Stormwater Partnership will pay for personnel's travel expenses related to attendance of conferences, conventions, and seminars if the events are related to the development of the Stormwater Partnership's program. Travel expenses shall include registration fees, hotel expenses, meals, and mileage. The Stormwater Partnership will pay for hotel, meals, and mileage costs at the prevailing local government rate.

6. **<u>Termination/Modifications.</u>** The Local Government may terminate the Contract by giving the Planning Agency a thirty-day written notice. Furthermore, if there is a need to amend the proposal outlined in Attachment A, either party may do so with the written consent of the other.

7. **<u>Time of Performance.</u>** The Planning Agency shall ensure that all services required herein shall be completed during the period beginning July 1, 2019 and ending June 30, 2021.

8. **<u>Interest of Members, Officers, or Employees of the Planning Agency, Members of the Local Government, or Other Public Officials.</u>** No member, officer, or employee of the Planning Agency or its agents; no member of the governing body of the locality in which the program is situated; and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for one year thereafter, shall have any financial interest, either direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement. Immediate family members of said members, officers, employees, and officials are similarly barred from having any financial interest in the program. The Planning Agency shall incorporate or cause to be incorporated in all such contracts or subcontracts, a provision prohibiting such interest pursuant to the purpose of this section.

9. **Nondiscrimination Clause.** No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination with any program or activity funded in whole or in part with funds available under the Housing and Community Development Act of 1974, Section 109.

10. **Age Discrimination Act of 1975, as amended.** No qualified person shall on the basis of age be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from federal financial assistance.

11. **Section 504, Rehabilitation Act of 1973, as amended.** No qualified handicapped person shall, on the basis of handicap be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives or benefits from federal financial assistance.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

LOCAL GOVERNMENT:
CITY OF LENOIR

PLANNING AGENCY:
WESTERN PIEDMONT COUNCIL OF GOVERNMENTS

By:_____________________________
City Manager

By: __________________________
Executive Director

Attest:__________

Planning Agency:

By:_______________________________
City Clerk

By: _________________________
Chairman

<u>Preaudit statement</u>:

This instrument has been preaudited in the manner prescribed by the Local Government Budget and Fiscal Control Act.

By:____________________________________
Local Government Finance Officer

EXHIBIT A

THE CITY OF LENOIR
WESTERN PIEDMONT STORMWATER PARTNERSHIP
JULY 1, 2019 – JUNE 30, 2021

PROGRAM OVERVIEW

The following work program is presented as descriptive of the work called for in the agreements concerning stormwater program assistance activities by the Western Piedmont Council of Governments for local governments in the Stormwater Partnership.

1. The Western Piedmont Council of Governments staff will work with the Local Government's Staff to adapt the work plan and priorities as needed to satisfactorily implement requirements in NPDES Phase II Permits and management plans.

   - Public Education and Outreach on Storm Water Impacts – The Planning Agency will fulfill the education and outreach component of the permit by developing workshops; arranging speakers; development of school partnerships and projects; preparing outreach materials; and presenting to various groups and at events, and other Education Outreach activities as required by the NPDES Phase II Permit and outlined in the Local Government's Stormwater Management Plan.

   - Public Involvement and Participation – The Planning Agency will manage planning and implementation of public events for stormwater information to the general public as well as coordination of volunteer programs for stormwater programs or stream cleanups, and other Public Involvement and Participation activities as required by the NPDES Phase II Permit and outlined in the Local Government's Stormwater Management Plan.

   - Illicit Discharge Detection and Elimination – The Planning Agency will conduct active investigation and enforcement of the Local Governments illicit discharge within the Local Governments jurisdiction and other Illicit Discharge Detection and Elimination activities as required by the NPDES Phase II Permit and outlined in the Local Government's Stormwater Management Plan.

   - Construction Site Stormwater Runoff Control – North Carolina Division of Environmental Quality is responsible for the Local Government's Construction Site Stormwater Runoff Control Program. Follow-up by the Planning Agency will occur.

   - Post-Construction Storm Water Management in New Development and Redevelopment – The Planning Agency will manage the permitting process, annual reports, inspections, and files associated with Post Construction as required by the NPDES Phase II Permit and outlined in the Local Government's Stormwater Management Plan.

- Pollution Prevention/Good Housekeeping for Municipal Operations – The Planning Agency will conduct education to Local Government employees and inspection of Local Government facilities for Pollution Prevention/Good Housekeeping activities as required by the NPDES Phase II Permit and outlined in the Local Government's Stormwater Management Plan.

TABLE 1
CITY OF LENOIR
WATER AND SEWER FUND
CAPITAL IMPROVEMENTS PLAN - 2019

PROJECT NUMBER	PROJECT LOCATION	COST	2019	YEAR 1 2020	YEAR 2 2021	YEAR 3 2022	YEAR 4 2023	YEAR 5 2024	YEAR 6 2025	YEAR 7 2026	YEAR 8 2027	YEAR 9 2028	YEAR 10 2029	YEARS 11+ 2029+
	WATER IMPROVEMENTS													
	DISTRIBUTION SYSTEM													
1	US 321 / CONNELLY SPRINGS ROAD INTERCHANGE UTILITY RELOCATION-WAT	34,000	34,000											
2	ROOF REPLACEMENT	45,000		45,000										
3	WATER SYSTEM IMPROVEMENTS	3,810,000			3,810,000									
4	MAJOR PRESSURE REDUCING VALVE VAULTS	640,000			300,000					340,000				
5	WHITNEL TRANSMISSION LINE REPLACEMENT- PHASE 1	4,930,000				4,930,000								
6	WALT ARNEY ROAD WATER LINE REPLACEMENT	550,000						550,000						
7	HUDSON TANK PUMP UPGRADES	500,000					500,000							
8	PLEASANT HILL ROAD WATER IMPROVEMENTS	0												1,140,000
9	ZACK FORKS TO COTTRELL HILL WATER SUPPLY LOOP	0												1,510,000
10	WHITNEL TRANSMISSION LINE REPLACEMENT- PHASE 2	0												11,900,000
11	DIVISIONAL VALVE REPLACEMENTS	797,000				90,000	92,000	95,000	98,000	101,000	104,000	107,000	110,000	
	BERNHARDT TREATMENT PLANT													
12	FILTER VALVE REPLACEMENTS	680,000					680,000							
13	BACKWASH SUPPLY	290,000						290,000						
14	FLASH MIX BASIN REPAIRS	520,000						520,000						
15	OPERATIONS BUILDING UPGRADES	1,780,000								1,780,000				
16	GENERATOR AND ELECTRICAL SYSTEM LOOP	0												2,560,000
	VEHICLES	718,000	42,000	50,000	150,000	60,000		58,000	48,000	70,000	140,000	50,000	50,000	
	WATER IMPROVEMENTS SUBTOTAL	15,294,000	76,000	95,000	4,260,000	5,080,000	1,272,000	1,513,000	146,000	2,291,000	244,000	157,000	160,000	17,110,000
	WASTEWATER IMPROVEMENTS													
	COLLECTION SYSTEM													
17	US 321 / CONNELLY SPRINGS ROAD INTERCHANGE UTILITY RELOCATION-SEW	52,000	52,000											
18	CROSSROADS SHOPPING CENTER TO LENOIR GOLF CLUBHOUSE SEWER	2,480,000			2,480,000									
19	MANHOLE IMPROVEMENTS	1,100,000			280,000		150,000	155,000		165,000		350,000		
20	PENNTON TO HWY 18 SEWER	920,000					920,000							
21	ZACKS FORK REPLACEMENT	1,970,000						1,970,000						
22	MAIN STREET SEWER REPLACEMENT	950,000						950,000						
23	REHAB BLAIRS FORK OUTFALL	750,000						750,000						
24	GOLF COURSE SEWER REPLACEMENT	3,120,000							3,120,000					

25	GUNPOWDER CREEK INTERCEPTOR REPLACEMENT	3,100,000								3,100,000				
26	EAST HARPER AVENUE SEWER REPLACEMENT	500,000									500,000			
27	MEADOWOOD UPSTREAM SEWER REPLACEMENT	0												1,660,000
	LOWER CREEK TREATMENT PLANT													
28	BIOSOLIDS IMPROVEMENTS	6,600,000		6,600,000										
29	SEPTAGE RECEIVING STATION / VACTOR DUMP	510,000			510,000									
30	OTHER LOWER CREEK WWTP NEEDS	7,400,000										7,400,000		
	VEHICLES	735,000	42,000	50,000	150,000	45,000			48,000			400,000		
	WASTEWATER IMPROVEMENTS SUBTOTAL	30,187,000	94,000	6,650,000	3,420,000	45,000	1,070,000	3,825,000	3,168,000	3,265,000	500,000	8,150,000	0	1,660,000
	TOTAL	45,481,000	170,000	6,745,000	7,680,000	5,125,000	2,342,000	5,338,000	3,314,000	5,556,000	744,000	8,307,000	160,000	18,770,000
				DEBT PKG 1	DEBT PKG 2	DEBT PKG 4	DEBT PKG 5	DEBT PKG 6	DEBT PKG 7	DEBT PKG 8		DEBT PKG 10		
	DEBT PACKAGES	38,490,000		6,600,000	3,810,000	4,930,000	1,600,000	3,670,000	3,120,000	1,780,000		7,400,000		
					DEBT PKG 3					DEBT PKG 9				
					2,480,000					3,100,000				
	ANNUAL DEBT	38,490,000	0	6,600,000	6,290,000	4,930,000	1,600,000	3,670,000	3,120,000	4,880,000	0	7,400,000	0	
	ANNUAL CAPITAL OUTLAY	6,991,000	170,000	145,000	1,390,000	195,000	742,000	1,668,000	194,000	676,000	744,000	907,000	160,000	
	NEW OPERATING COSTS *													
	WTP			20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977	
	NEW OPERATING COSTS			20,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977	

CITY OF LENOIR WATER AND SEWER FUND
CASH FLOW SUMMARY - 2019

	ESTIMATE 2019	YEAR 1 2020	YEAR 2 2021	YEAR 3 2022	YEAR 4 2023	YEAR 5 2024	YEAR 6 2025	YEAR 7 2026	YEAR 8 2027	YEAR 9 2028	YEAR 10 2029
WATER ANNUAL OPERATING REVENUE	$6,544,248	$6,673,223	$6,804,759	$6,938,907	$7,075,717	$7,215,245	$7,357,543	$7,502,667	$7,650,673	$7,801,619	$7,955,563
SEWER ANNUAL OPERATING REVENUE	$3,294,675	$3,358,659	$3,423,903	$3,490,434	$3,558,275	$3,627,453	$3,697,996	$3,769,929	$3,843,280	$3,918,078	$3,994,351
WATER & SEWER ANNUAL NON-OPERATING REVENUE	9,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
WATER REVENUE INCREASE *		1.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
SEWER REVENUE INCREASE		2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
WATER & SEWER NEW REVENUE		$150,429	$353,288	$568,279	$795,969	$1,036,953	$1,291,848	$1,561,302	$1,845,987	$2,146,605	$2,463,890
TOTAL REVENUE	$9,847,923	$10,187,311	$10,587,951	$11,003,619	$11,435,961	$11,885,651	$12,353,387	$12,839,898	$13,346,940	$13,873,302	$14,420,803
WATER OPERATING EXPENDITURES	$3,834,137	$3,929,990	$4,028,240	$4,128,946	$4,232,169	$4,337,974	$4,446,423	$4,557,584	$4,671,523	$4,788,311	$4,908,019
SEWER OPERATING EXPENDITURES	$3,044,946	$3,121,070	$3,199,096	$3,279,074	$3,361,051	$3,445,077	$3,531,204	$3,619,484	$3,709,971	$3,802,720	$3,897,788
NEW OPERATING COSTS		$20,000	$20,500	$21,013	$21,538	$22,076	$22,628	$23,194	$23,774	$24,368	$24,977
CAPITAL OUTLAY	$170,000	$145,000	$1,390,000	$195,000	$742,000	$1,668,000	$194,000	$676,000	$744,000	$907,000	$160,000
DEBT SERVICE	$1,332,526	$2,090,995	$2,295,067	$2,524,167	$2,731,205	$2,954,058	$3,252,060	$3,528,620	$3,656,114	$4,046,386	$4,405,879
TRANSFER TO CAPITAL RESERVE FUND	$0	$200,000	$0	$200,000	$200,000	$0	$400,000	$200,000	$200,000	$200,000	$200,000
NET INCOME	$1,466,314	$680,257	-$444,953	$655,420	$147,999	-$541,534	$507,072	$235,016	$341,557	$104,516	$824,139
UNRESTRICTED NET ASSETS	$5,419,514	$6,099,771	$5,654,818	$6,310,238	$6,458,237	$5,916,702	$6,423,774	$6,658,790	$7,000,348	$7,104,864	$7,929,003
UNRESTRICTED NET ASSETS / TOTAL EXPENDITURES	64.66%	64.16%	51.25%	60.98%	57.21%	47.61%	54.23%	52.83%	53.83%	51.60%	58.32%
CAPITAL RESERVE FUND	$626,610	$826,610	$826,610	$1,026,610	$1,226,610	$1,226,610	$1,626,610	$46,610	$246,610	$446,610	$646,610
RESIDENTIAL INSIDE 5,000 GAL WATER CHARGE ^	$23.62	$23.88	$24.36	$24.84	$25.34	$25.85	$26.37	$26.89	$27.43	$27.98	$28.54
RESIDENTIAL INSIDE 5,000 GAL SEWER CHARGE ^	$24.30	$24.91	$25.41	$25.91	$26.43	$26.96	$27.50	$28.05	$28.61	$29.18	$29.77

* FEBRUARY 2019 CPI URBAN SOUTH 12 MONTH AVERAGE IS 1.1%.