MINUTES

CITY COUNCIL
FY2023-2024 ANNUAL BUDGET RETREAT
CITY HALL, THIRD FLOOR
TUESDAY, MARCH 30, 2023
8:30 A.M.

PRESENT: Mayor Joe Gibbons, Councilmembers Jonathan Beal, Kent Greer, Todd Perdue, Ike Perkins, Ralph Prestwood, David Stevens.

ZOOM: Mayor Pro-Tem Crissy Thomas.

City Manager Scott Hildebran, City Clerk Shirley Cannon, Public Information Officer Joshua Harris, Police Chief Brent Phelps, Deputy Fire Kenny Nelson, Finance Director Bean, Planning Director Hannah Williams, Public Services Director Radford Thomas, and Public Works Operation Manager Jonathan Hogan.

ABSENT: Parks & Recreation Director Phillip Harper, Economic Development Director Kaylynn Horn and Public Utilities Operations Manager Jeff Church.

OTHERS: Joel Whitford, PE and Dale Schepers, Financial Analyst, with McGill Associates.

I. CALL TO ORDER

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

II. B. PROPOSED FY2023-24 BUDGET CALENDAR: City Manager Hildebran presented the proposed FY2023-2024 Budget Calendar to City Council for their review. A public hearing to formally approve the budget will be held on Tuesday, June 6. (A copy of the Budget Calendar is attached to these minutes as information).

Motion
Upon a motion by Councilmember Stevens, Council voted 7 to 0 to approve the FY2023-2024 Budget Calendar as presented by City Manager Hildebran.

III. C. Review; FY2023 Council Goals: City Manager Hildebran reviewed the list of City Council's goals/priorities for 2023 and stated the proposed budget will support all of City Council's priorities as listed below.

2023 City Council Priorities

1. Continue Efforts to Offer Competitive Compensation and Benefits for Employees.
2. Develop a new Comprehensive Plan (which will include a focus on neighborhood planning including West End, Whitnel, and other neighborhoods) and Parks & Recreation Master Plan.
3. Continues to develop Strategies to Support Affordable, Workforce, and Market-Rate Housing.
4. Continue to Fund & Support Water/Sewer Capital Improvements Plan.
5. Continue to Support Minimum Housing and Code Enforcement.
6. Continue to evaluate organizational staffing needs, and encourage succession planning and professional development.

IV. Utility Fund CIP, Debt, Financial Model & Rates

A. FY2023-23 Draft Capital Improvements Plan – Table 1

Public Services Director Radford Thomas introduced Joel Whitford with McGill Associates. Director Thomas stated with the City's current rates and debt service, the City can maintain the integrity of its water and sewer system.

Mr. Whitford commended City Council and Staff for all of their hard work in planning for the City's future needs. Mr. Whitford stated he works with City Manager Scott Hildebran and Finance Director Donna Bean regarding debt service and that several projects have moved up on the CIP timeline.

Next, Mr. Whitford distributed copies of the spreadsheets for the Water and Sewer Fund CIP Plan (Table 1.) He pointed out the numbers highlighted in blue represent the water system and the numbers in green represent the wastewater system. (A copy of the 2023 Water & Sewer Fund Capital Improvements Plan is attached to these minutes as information.)

Mr. Whitford pointed out projects are ranked by regulatory needs, replacement or efficiencies (age-related.) He explained this list is an organized approach in order for the City to provide and maintain a viable system. (A copy of the Water and Sewer Fund Capital Improvements Plan is attached to these minutes as information.)

Mr. Whitford stated the Crossroads Sewer Replacement Project is a critical project and is almost complete as pipes and manholes have been installed. He also remarked the City applied for funding several times for the Finley Water System Improvements project and recently, with the assistance of North Carolina Representative Destin Hall, funding was obtained.

This project has moved up on the CIP list and is moving forward. Surveying for the for the design plan is currently underway.

Director Thomas stated the Whitnel Transmission Line Replacement Project, Phase I, is currently ranked as number 5 and funding will be sought in 2025. He also stated the Flash

Mix Basin Repairs Project (#19) is currently in the bidding process. In addition, he pointed out that projects 21 through 28 were grouped together and the City would seek funding options over the next few years.

Director Thomas reported the items highlighted in green rank well and stated Project 20, Lower Creek WWTP Mixers, is scheduled to begin next year. He shared he applied for a BRIC grant, but the project did not get funded. However, he reported that other funding is available and he re-applied through the NC Department of Public Safety. He stated the City has a good chance of receiving a grant and stated the timeline for the project is the end of this year.

Director Thomas said Project 22, Lower Creek WWTP Equalization Basin is for flow regulation and pointed out, should there be any hazards, Staff can isolate them in the basin. Also, he shared the sewer line from the Presbyterian Church on Pennell Street will be replaced and includes moving the line and replacing the manhole. He stated these are two important projects for the City.

Next, Director Thomas stated the City plans to pay for smaller projects that are not color coded on the list with its Fund Balance, which is good financial practice for the City.

B. Debt Service Summary: Mr. Whitford reviewed the Debt Service Summary for the Water and Sewer Fund. The total current debt service for 2023 is $2,081,633 which equals to $1,190,626 for Water and $891,007 for sewer for a total debt of $2,081,633. (A copy of the Debt Service Summary for the W & S Fund is attached to these minutes.)

Mr. Whitford reported projects are being completed and 2023 has been a good year for the City. Director Thomas remarked the City tries to be as cost efficient as possible.

C. Water and Sewer Fund Summary: Dale Schepers, Financial Analyst, McGill Associates, reviewed the Water and Sewer Fund Cash Flow Summary and stated the City has experienced a 2.5% growth through its customer base. He stated the 2.5% is a normal range, but it is not covering expenses. He referred to inflation and how to address it. He stated the Cash Flow Summary is a model for how the City can make a rate increase work. Mr. Schepers stated the City has several huge projects coming up with a zero percent decrease the first five years. The summary assists the City with helping to mitigate and prioritize needs. A brief discussion was held regarding using the Fund Balance for projects. City Manager Hildebran stated he expects the City to qualify for some funding from the state. (A copy of the Water & Sewer Cash Flow Summary attached to these minutes as information.)

D. Proposed Water and Sewer Rates: Mr. Schepers reviewed a Water Rate Comparison Chart for March 2023 based on 5,000 gallons usage per month. He stated the median rate is $73.78. The City of Lenoir's rate is $24.57 for water and $26.65 for sewer for a total rate of $52.22. Caldwell County's rate for water is $34.71 as they do not provide sewer service. Mr. Schepers recommended the City increase its water and sewer rates by 4% for FY2023-24. If approved, Mr. Hildebran stated he would notify Caldwell County and the surrounding municipalities today that purchase water from the City of the proposed rate increase, which will become effective July 1, 2023. (A copy of the Proposed Water & Sewer Rates & the Water Rate Comparison Chart attached to these minutes as information.)

Motion
Following a brief discussion and upon a motion by Councilmember Perdue, City Council voted 7 to 0 to approve a 4% water and sewer rate increase for FY2023-24 effective July 1, 2023 as presented and as recommended by City Manager Hildebran.

Current FY2022-23 Budget Update

E. Financial Summary; February 2023: Finance Director Donna Bean presented a financial summary as of February 28, 2023 and stated the financial balances are where the City anticipated them to be. Director Bean reported the Over/Under balance in the General Fund is $3,798,412.55, Downtown District is ($213,746.76), and Water/Sewer Fund is $2,296,378.60. Director Bean stated the City replaced several capital items last year and reported that funds will be moved from the General Fund to the Downtown District's expenditures line as it is at 13% of its budgeted amount as new Christmas decorations and lighting were purchased last year. (A copy of the February 2023 Financial Summary is attached to these minutes as information.)

F. Historical Budget Information (Tax Rates, Solid Waste Fees, Health Insurance Rates, W/S Rates, Fund Balance, CPI.

Mr. Hildebran reviewed a list of property rate taxes for the past 25 years and shared that Caldwell County does a revaluation every 4 years. The next revaluation is planned for in 2024-25. The City's current tax rate is $0.57 per $100 of assessed value. Next, Mr. Hildebran reviewed the City's list of Solid Waste Fees from 2004-05 to 2022-23 and recommended the City increase its solid waste fee from $11.00 to $12.00 due to the increased cost of fuel and other items. City Council was in consensus to increase the monthly solid waste fee by $1.00 as recommended. This increase will be included in the proposed budget. (A copy of the Solid Waste Fees is attached to these minutes as information.)

Next, Mr. Hildebran reported that Medcost, the City's insurance carrier with the North Carolina League of Municipalities (NCLM), will be increasing its current rate by 5% effective July 1, 2023. The City's rate has been averaging 4.1% since 2007. Mr. Hildebran also shared the Local Government Commission is now recommending municipalities maintain their Fund Balance around 58% for cities similar to Lenoir. He pointed out the City's current Unreserved Fund Balance of $14,872,480 equals to 80.57% of its annual budget. In addition, Mr. Hildebran reported the Consumer Price Index (CPI), South Region is 6.4% as of February 2023. Mr. Hildebran thanked City Council for all of their support.

Finance Director Bean shared the City anticipates an increase in property and sales tax revenue, but pointed out the City budgeted for the same amount it received last year. Director Bean mentioned the Caldwell County School System pays for the School Resource Officers (SRO's), but the City pays for their uniforms, cars, and other expenses. She stated the City currently has $240,000 budgeted for four (4) new SRO's.

Director Bean further shared a COLA has been factored into the budget for employees as well as an increase in the amount of retirement to be paid into the Local Government

Retirement Fund System. Director Bean reiterated there is no new debt included in the proposed CIP and stated the City plans to pay for CIP items with cash instead of borrowing funds. Director Bean further reported the paving budget line item reflects an increase of $10,000 which allows for additional paving of streets.

City Manager Hildebran explained the City pays the Western Piedmont Council of Governments (WPCOG) for providing Stormwater mapping services and Storm water Partnership and emphasized the proposed CIP projects are conservative but realistic in cost. He commented the City has funding but tries not to overspend.

A brief discussion was held regarding retirement, separation allowance pay and recouping any cost for education/training. Police Chief Phelps briefly explained the process for new hires and pointed out an individual may decide not to continue in this field following training due to personal preference.

<u>General Fund Projections</u>
Mr. Hildebran reviewed the General Fund Projections handout for 2023-2024 which includes the proposed $1.00 solid waste fee. The total revenues and expenditures projections are $21,720,280. There is no debt service for this budget year.

<u>Outstanding Items</u>
Mr. Hildebran reviewed the list of Outstanding Items and Current & Future Funding Commitments for FY2023-2024. (A copy of the list is attached to these minutes as information.)

Mr. Hildebran stated this is a snapshot of the proposed FY2023-2024 proposed budget and thanked Finance Director Donna Bean and the Department Directors for all of their assistance in compiling the proposed budget information.

<u>Adjourn</u>
There being no further business, the meeting was adjourned at 10:05 a.m.

<u>Attachments</u>
FY2023-2024 Budget Calendar
Water & Sewer CIP
Water & Sewer Debt Service Summary
Water & Sewer Financial Analysis & Cash Flow Summary
Water Rate Comparisons Chart & Local Unifour Area Utilities Chart
Solid Waste Fees (10-year chart)
Financial Summary
Outstanding Items

CITY OF LENOIR

BUDGET CALENDAR

FY2023-2024

May 16, 2023	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 18, 2023	Budget Work Session – 6:00 p.m., Third Floor, City Hall
May 23, 2023	Committee of the Whole – 8:30 a.m., Third Floor, City Hall (Budget Work Session if necessary)
May 30, 2023	Budget Work Session – 6:00 p.m., Third Floor, City Hall *if necessary
June 6, 2023	Public Hearing for recommended FY2023-24 Budget at City Council Meeting at 6:00 p.m. Earliest possible date to adopt the budget. (City Clerk will have a copy of the final budget available for the public within five business days.)
June 20, 2023	City Council
June 27, 2023	Committee of the Whole Meeting

Table 1
City of Lenoir
Water and Sewer Fund
Capital Improvements Plan - 2023

Water Improvements

Project Number	Project Description	10-Yr CIP Cost	Current 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Years 11+ 2034
Vehicles and Equipment														
	FY23 Water Distribution V&E Total	-	95,000											
	FY23 Water Treatment V&E Total	-	123,000											
	Distribution System Vehicles and Equipment	549,000	-	230,000	-	55,000	-	-	61,000	64,000	-	68,000	71,000	-
	Water Treatment Vehicles and Equipment	790,000	-	127,000	78,000	37,000	118,000	166,000	49,000	51,000	53,000	55,000	56,000	-
	Water Resources Vehicles and Equipment	100,000	-	100,000	-	-	-	-	-	-	-	-	-	-
	Subtotal - Water Vehicles and Equipment	1,439,000	218,000	457,000	78,000	92,000	118,000	166,000	110,000	115,000	53,000	123,000	127,000	-
Distribution System														
1	Water Line Replacements	3,300,000					500,000	600,000		700,000		700,000	800,000	2,219,000
2	Finley Water System Improvements	6,280,000		6,280,000										
3	Major Pressure Reducing Valve Vaults	680,000		330,000		350,000								
4	Hudson Valve Insertions	-												
5	Whitnel Transmission Line Replacement - Phase 1	5,460,000			5,460,000									
6	Walt Arney Road Water Line Replacement	590,000				590,000								
7	Hudson Tank Pump Upgrades	590,000						590,000						
8	Pleasant Hill Road Water Improvements	750,000							750,000					
9	Zacks Fork to Cottrell Hill Water Supply Loop	-												1,650,000
10	Whitnel Transmission Line Replacement - Phase 2	-												13,010,000
11	Morganton Blvd Water Line - Phase 1	1,030,000					1,030,000							
12	Morganton Blvd Water Line - Phase 2	3,037,000										3,037,000		
13	Whitnel-Cajahs Water Pump Station	2,070,000					2,070,000							
14	Divisional Valve Replacements	565,000			99,000	130,000		109,000	113,000		114,000			
15	Joyceton Water Improvements	170,000				170,000								
16	Water System Interconnect #1	3,940,000											3,940,000	
17	Water System Interconnect #2a	10,326,000							10,326,000					
18	Water System Interconnect #2b	11,325,000									11,325,000			
Water Treatment														
19	Flash Mix Basin Repairs	-	470,000											
20	AWIA Compliance Projects	100,000	100,000	100,000										
21	Retrofit all Cajah Pumps and Switchgear	205,000				205,000								
22	Add 3rd Whitnel Finished Water Pump	500,000				500,000								
23	Add 3rd Whitnel Raw Water Pump	500,000				500,000								
24	Filter Valve Upgrades	1,580,000				1,580,000								
25	Finished Water Pump Station Expansion	940,000				940,000								
26	Backwash Supply Improvements	310,000				310,000								
27	Operations Building Upgrades	1,810,000	15,000			1,810,000								
28	Clearwell Replacement	-												4,380,000
29	Generator and Electrical System Loop	-												3,286,000
Subtotal - Water Infrastructure Improvements		56,058,000	585,000	6,710,000	5,559,000	7,085,000	3,600,000	1,299,000	11,189,000	700,000	11,439,000	3,737,000	4,740,000	24,545,000
Total - Water Improvements		57,497,000		7,167,000	5,637,000	7,177,000	3,718,000	1,465,000	11,299,000	815,000	11,492,000	3,860,000	4,867,000	24,545,000
	Current Year (FY23) CIP: Water Improvements		803,000											
10-Yr CIP: Water Improvements FY24-33		57,497,000		7,167,000	5,637,000	7,177,000	3,718,000	1,465,000	11,299,000	815,000	11,492,000	3,860,000	4,867,000	24,545,000

Capital Project funded or patially funded using external source(s). ARPA, Direct Allocation, etc.
Capital Project funded or patially funded using debt issue(s)

Table 1
City of Lenoir
Water and Sewer Fund
Capital Improvements Plan - 2023

Wastewater Improvements

Project Number	Project Description	10-Yr CIP Cost	Current 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033	Years 11+ 2034
Vehicles and Equipment														
	FY23 V&E Total	-												
	Collection System Vehicles and Equipment	1,378,000		98,000	-	101,000	104,000	475,000	112,000	116,000	120,000	124,000	128,000	-
	Wastewater Treatment Vehicles and Equipment	43,000		-	43,000	-	-	-	-	-	-	-	-	-
Subtotal - Wastewater Vehicles and Equipment		1,421,000		98,000	43,000	101,000	104,000	475,000	112,000	116,000	120,000	124,000	128,000	-
Collection System														
1	Sewer Line Replacements	5,000,000							1,000,000	2,000,000			2,000,000	2,820,000
2	Manhole Improvements	430,000	180,000			200,000				230,000				
3	Pennton to Hwy 18 Sewer	990,000			990,000									
4	Zacks Fork Sewer Replacement	2,050,000			2,050,000									
5	Main Street (Valway to 321) Sewer Replacement	990,000			990,000									
6	Rehab Blairs Fork Outfall	780,000			780,000									
7	Golf Course Sewer Replacement	3,260,000				3,260,000								
8	Gunpowder Creek Interceptor Replacement	3,200,000					3,200,000							
9	East Harper Avenue Sewer Replacement	564,000								564,000				
10	Meadowood Upstream Sewer Replacement	1,779,000									1,779,000			
11	Meadowood Lift Station Improvements	519,000									519,000			
12	Dula Town and Spring St Lift Station Improvements	-	42,000											
Wastewater Treatment														
13	LCWWTP Recycle Water Pump/Lines	-	20,000											
14	GCWWTP 3-phase Power Service	-	4,000											
15	Grinder Pump and Screen	25,000		25,000										
16	Bar Screen Replace at GPWWTP	200,000		200,000										
17	Influent Repairs at LCWWTP	20,000		20,000										
18	Septage Receiving Station / Vactor Dump	580,000			580,000									
19	Lower Creek WWTP Facility Repairs, Roads, Paving	-	149,000											
20	Lower Creek WWTP Mixers	1,200,000		1,200,000										
21	Lower Creek WWTP Diffusers and Concrete Repairs	2,000,000			2,000,000									
22	Lower Creek WWTP Equalization Basin	3,780,000						3,780,000						
23	Lower Creek WWTP Treatment Improvements	7,634,000								7,634,000				
Subtotal - Wastewater Improvements Infrastructure		35,001,000	395,000	1,445,000	7,390,000	3,460,000	3,200,000	3,780,000	1,000,000	10,428,000	2,298,000	-	2,000,000	2,820,000
Total - Wastewater Improvements		36,422,000		1,543,000	7,433,000	3,561,000	3,304,000	4,255,000	1,112,000	10,544,000	2,418,000	124,000	2,128,000	2,820,000
Current Year (FY23) CIP: Wastewater Improvements			395,000											
10-Yr CIP: Wastewater Improvements FY24-33		36,422,000		1,543,000	7,433,000	3,561,000	3,304,000	4,255,000	1,112,000	10,544,000	2,418,000	124,000	2,128,000	2,820,000
Total Water and Wastewater Capital Improvements Plan														
Current Year (FY22) CIP: Total Water/Wastewater			1,198,000											
10-Yr CIP: Total Water and Wastewater		93,919,000		8,710,000	13,070,000	10,738,000	7,022,000	5,720,000	12,411,000	11,359,000	13,910,000	3,984,000	6,995,000	27,365,000

Capital Project funded or patially funded using debt issue(s)

Table 1a
City of Lenoir
Water and Sewer Fund
Capital Improvements Plan - 2023

Water Improvements

Project Number	Project Description	10-Yr CIP Cost	Current 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033
Vehicles and Equipment													
	FY23 Water Distribution V&E Total	-	95,000										
	FY23 Water Treatment V&E Total	-	123,000										
Distribution System Vehicles and Equipment		549,000	-	230,000	-	55,000	-	-	61,000	64,000	-	68,000	71,000
1	Pickup Trucks	348,000		41,000	43,000				49,000	51,000	53,000	55,000	56,000
2	Small Truck	110,000			35,000	37,000	38,000						
3	WR Pickup Truck	41,000		41,000									
4	Dump Truck	80,000					80,000						
5	Backhoe	166,000						166,000					
6	Replace Widows/Doors main bldg lobby, paint	45,000		45,000									
Water Treatment Vehicles and Equipment		790,000	-	127,000	78,000	37,000	118,000	166,000	49,000	51,000	53,000	55,000	56,000
1	3/4 Ton Service Truck	80,000		60,000									
2	Used Forklift and Trailer	20,000		20,000									
Water Resources Vehicles and Equipment		100,000	-	100,000	-	-	-	-	-	-	-	-	-
Subtotal - Water Vehicles and Equipment		1,439,000	218,000	457,000	78,000	92,000	118,000	166,000	110,000	115,000	53,000	123,000	127,000

Wastewater Improvements

Project Number	Project Description	10-Yr CIP Cost	Current 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033
Vehicles and Equipment													
	FY23 V&E Total	-											
1	Misc. Vehicles	805,000				101,000	104,000		112,000	116,000	120,000	124,000	128,000
2	Vactor Truck	475,000						475,000					
3	Dump Truck	98,000		98,000									
Collection System Vehicles and Equipment		1,378,000		98,000	-	101,000	104,000	475,000	112,000	116,000	120,000	124,000	128,000
1	Pickup Truck	43,000			43,000								
Wastewater Treatment Vehicles and Equipment		43,000		-	43,000	-	-	-	-	-	-	-	-
Subtotal - Wastewater Vehicles and Equipment		1,421,000		98,000	43,000	101,000	104,000	475,000	112,000	116,000	120,000	124,000	128,000
Total - Water and Wastewaer Vehicles and Equipmen		2,860,000	218,000	555,000	121,000	193,000	222,000	641,000	222,000	231,000	173,000	247,000	255,000

Table 2
City of Lenoir
Water and Sewer Fund
Debt Service Summary - 2023

Current Debt Schedule:

Type	Description	Issue Date	Issue Amount	Current Year 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033
Water	H-LRX-F-07-1058: Whitnel Pump Station S	12/31/2009	2,977,285	178,399	174,707	171,015	167,323	163,632	159,940	156,248	152,556			
Water	H-LRX-F-08-1065: Raw Water Intake	8/4/2011	3,652,714	223,181	219,126	215,072	211,017	206,963	202,908	198,854	194,799	190,745	186,690	
Water	H-LRX-F-15-1875: WTP Improvements	6/3/2018	5,243,453	262,173	262,173	262,173	262,173	262,173	262,173	262,173	262,173	262,173	262,173	262,173
Water	Meter Replacements	2019	4,400,000	526,873	514,003	501,133	488,263	475,393	462,523	449,653				
Sewer	CS370393-04: Gunpowder WWTP	10/28/2015	4,093,662	204,683	204,683	204,683	204,683	204,683	204,683	204,683	204,683	204,683	204,683	204,683
Sewer	CS370393-05: Powell Rd Sewer	2/3/2015	289,250	14,463	14,463	14,463	14,463	14,463	14,463	14,463	14,463	14,463	14,463	14,463
Sewer	CS370393-06: Meadowood Sewer	3/21/2016	1,541,984	77,099	77,099	77,099	77,099	77,099	77,099	77,099	77,099	77,099	77,099	77,099
Sewer	Biosolids	11/1/2019	6,995,000	451,422	446,071	440,720	435,369	430,018	424,666	419,315	413,964	408,613	403,262	397,911
Sewer	CS370393-08: Crossroads Sewer	3/3/2020	2,530,000	143,340	153,660	152,230	150,801	149,371	147,942	146,512	145,083	143,653	142,224	140,795
Total Current Debt Service				**2,081,633**	**2,065,985**	**2,038,588**	**2,011,191**	**1,983,795**	**1,956,397**	**1,929,000**	**1,464,820**	**1,301,429**	**1,290,594**	**1,097,123**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Subtotal	1,190,626	1,170,009	1,149,393	1,128,776	1,108,161	1,087,544	1,066,928	609,528	452,918	448,863	262,173
Sewer Subtotal	891,007	895,976	889,195	882,415	875,634	868,853	862,072	855,292	848,511	841,731	834,950
WATER %	57.2%	56.6%	56.4%	56.1%	55.9%	55.6%	55.3%	41.6%	34.8%	34.8%	23.9%
SEWER %	42.8%	43.4%	43.6%	43.9%	44.1%	44.4%	44.7%	58.4%	65.2%	65.2%	76.1%

Table 3
City of Lenoir
Water and Sewer Fund
Financial Analysis - Cash Flow Summary

Cash-Flow Summary:

Description	Audit 2019	Audit 2020	Audit 2021	Audit 2022	Budget 2023	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	Year 6 2029	Year 7 2030	Year 8 2031	Year 9 2032	Year 10 2033
Water Annual Operating Revenue	6,226,767	6,336,628	6,494,271	6,548,397	6,924,384	7,097,725	7,275,168	7,457,048	7,643,474	7,834,561	8,030,425	8,231,185	8,436,965	8,647,889	8,864,086
Sewer Annual Operating Revenue	3,109,873	3,189,242	3,140,122	3,127,773	3,300,596	3,382,879	3,467,451	3,554,138	3,642,991	3,734,066	3,827,417	3,923,103	4,021,180	4,121,710	4,224,753
System Growth: Customers + Meter Replacement						*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Water and Sewer Annual Non-Operating Revenue	95,284	67,426	26,747	13,533	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Water Revenue Increase from rates						*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Water New Revenue from Rates						283,909	574,916	873,198	1,178,937	1,492,319	1,733,232	1,980,167	2,233,276	2,492,713	2,758,636
Sewer Revenue Increase from rates						*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Sewer New Revenue from rates						135,315	274,013	416,179	561,898	711,261	826,084	943,777	1,064,412	1,188,063	1,314,806
Fund Balance Appropriation						1,000,000	450,000	350,000	350,000	600,000	900,000	1,000,000	1,100,000	400,000	600,000
Total Revenue	9,431,924	9,593,295	9,661,140	9,689,703	10,232,980	11,907,829	12,049,549	12,658,561	13,385,300	14,380,206	15,325,157	16,086,232	16,863,834	16,858,375	17,770,280
Water Operating Expenses	3,150,132	3,095,080	3,251,886	3,624,532	3,479,396	3,673,491	3,802,064	3,916,125	4,014,029	4,114,379	4,217,239	4,322,670	4,430,736	4,541,505	4,655,042
*Water Expenses Increase**						*4.0%*	*3.5%*	*3.0%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Sewer Operating Expenses	2,820,602	2,734,027	2,750,274	2,936,142	3,434,953	3,572,351	3,697,383	3,808,304	3,903,512	4,001,100	4,101,127	4,203,655	4,308,747	4,416,465	4,526,877
*Sewer Expenses Increase**						*4.0%*	*3.5%*	*3.0%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Capital Outlay	647,245	436,187	344,757	375,997	1,237,000	2,370,000	1,430,000	1,128,100	1,201,478	1,703,964	1,599,564	1,918,278	1,610,110	1,187,062	1,663,139
Debt Service Existing	1,294,959	1,769,112	1,628,265	1,724,182	2,081,635	2,065,985	2,038,588	2,011,191	1,983,795	1,956,397	1,929,000	1,464,820	1,301,429	1,290,594	1,097,123
Debt Service Proposed						-	876,086	1,601,955	2,047,045	2,365,489	3,199,507	3,929,955	4,877,551	5,105,011	5,525,053
Transfers Out	*78,260*	*139,900*	*55,550*	*100,000*											
Total Expenses	7,991,198	8,174,306	8,030,732	8,760,853	10,232,980	11,681,826	11,844,121	12,465,675	13,149,859	14,141,329	15,046,437	15,839,378	16,528,574	16,540,638	17,467,234
Accrual Adjustments	684,191	9,104	253,049												
Net Income	2,124,917	1,428,093	1,883,457	928,850	-	226,002	205,428	192,886	235,441	238,877	278,721	246,854	335,260	317,737	303,046
Unrestricted Net Assets	14,407,381	10,647,335	12,530,792	10,840,064	10,840,064	9,616,066	9,471,494	9,314,380	8,949,821	8,288,698	7,567,419	6,714,273	6,649,533	6,367,270	6,670,316
Unrestricted Net Assets / Total Expenses					106%	82%	80%	75%	68%	59%	50%	42%	40%	38%	38%
Residential Inside 5,000 gal Monthly Water Use Charges						$26.58	$27.65	$28.74	$29.89	$31.10	$32.03	$32.97	$33.97	$34.98	$36.04
Residential Inside 5,000 gal Monthly Sewer Use Charges						$27.73	$28.82	$29.97	$31.18	$32.44	$33.40	$34.41	$35.43	$36.50	$37.59
Combined Water and Sewer Use Charges						$54.31	$56.47	$58.71	$61.07	$63.54	$65.43	$67.38	$69.40	$71.48	$73.63
					Monthly Increase	$2.09	$2.16	$2.24	$2.36	$2.47	$1.89	$1.95	$2.02	$2.08	$2.15

* February 2023 Urban South CPI 12 Month Increase = 6.4%

Printed 3/24/2023

WATER RATE COMPARISONS – March – 2023
5,000 GALLONS USAGE PER MONTH
(www.efc.unc.edu/RatesDashboards/nc.html)

SYSTEM	WATER	SEWER	TOTAL
Forest City	$22.37	$22.37	$44.74
Morganton	$15.50	$33.93	$49.43
Lenoir	$24.57	$26.65	$52.22
N. Wilkesboro	$30.74	$25.47	$56.21
Valdese	$44.05	$13.15	$57.20
Conover	$26.54	$34.66	$61.20
Hickory	$27.11	$35.02	$62.13
Two Rivers Utilities **(Gastonia)	$26.80	$38.60	$65.40
Shelby	$27.60	$43.30	$70.90
Granite Falls	$37.64	$35.96	$73.60
Boone	$37.95	$36.00	$73.95
Taylorsville	$37.50	$37.50	$75.00
Lincolnton	$29.99	$46.97	$76.96
Statesville	$29.81	$48.06	$77.87
Siler City	$41.00	$37.25	$78.25
Lexington	$35.19	$47.34	$82.53
Cherryville	$43.00	$43.00	$86.00
Newton	$39.20	$51.72	$90.92
Thomasville	$36.91	$55.44	$92.35
Blowing Rock **(Avg./month) Billed Bi-monthly	$52.53	$52.53	$105.06

WATER RATE COMPARISONS – March – 2023
5,000 GALLONS USAGE PER MONTH
(www.efc.unc.edu/RatesDashboards/nc.html)

Local Unifour Area Utilities

SYSTEM	WATER	SEWER	TOTAL
Baton Water Corp.	$32.00	N/A	$32.00
Cajah's Mountain	N/A	$44.52	$44.52
Sawmills	$41.57	$54.83	$96.40
Gamewell	N/A	$37.50	$37.50
Alexander County	$43.57	$42.14	$85.71
Catawba County	$54.22	$70.03	$124.25
Burke County	$55.00	$55.00	$110.00
Caldwell County	$34.71	N/A	$34.71

Table 4
City of Lenoir
Water and Sewer Fund
Proposed Water and Sewer Rates

Proposed Water and Sewer Rates

Customer Classes	Current FY23	Year 1 FY24	Year 2 FY25	Year 3 FY26	Year 4 FY27	Year 5 FY28
Water Inside						
Base Charge; Includes 1,000 gal	$11.29	$11.74	$12.21	$12.70	$13.21	$13.74
Volume per 1,000 gal; 1,001 gal +	$3.57	$3.71	$3.86	$4.01	$4.17	$4.34
Water Outside						
Base Charge; Includes 1,000 gal	$22.58	$23.48	$24.42	$25.40	$26.42	$27.48
Volume per 1,000 gal; 1,001 gal +	$7.14	$7.43	$7.73	$8.04	$8.36	$8.69
Resale Water						
Volume per 1,000 gal	$2.37	$2.46	$2.56	$2.66	$2.77	$2.88
Sewer Inside						
Base Charge; Includes 1,000 gal	$9.89	$10.29	$10.70	$11.13	$11.58	$12.04
Volume per 1,000 gal; 1,001 gal +	$4.19	$4.36	$4.53	$4.71	$4.90	$5.10
Sewer Outside						
Base Charge; Includes 1,000 gal	$19.80	$20.59	$21.41	$22.27	$23.16	$24.09
Volume per 1,000 gal; 1,001 gal +	$8.39	$8.73	$9.08	$9.44	$9.82	$10.21
Resale Sewer						
Volume per 1,000 gal	$4.14	$4.31	$4.48	$4.66	$4.85	$5.04

Sample Monthly Charges: Water and Sewer

Inside 5,000 gal	$52.22	$54.31	$56.47	$58.71	$61.07	$63.54
Inside 10,000 gal	$91.02	$94.66	$98.42	$102.31	$106.42	$110.74
inside 50,000 gal	$401.42	$417.46	$434.02	$451.11	$469.22	$488.34
Inside 100,000 gal	$789.42	$820.96	$853.52	$887.11	$922.72	$960.34
Outside 5,000 gal	$104.50	$108.71	$113.07	$117.59	$122.30	$127.17
Outside 10,000 gal	$182.15	$189.51	$197.12	$204.99	$213.20	$221.67
Outside 50,000 gal	$803.35	$835.91	$869.52	$904.19	$940.40	$977.67
Outside 100,000 gal	$1,579.85	$1,643.91	$1,710.02	$1,778.19	$1,849.40	$1,922.67

residential inside						
5,000 gal water	$25.57	$26.58	$27.65	$28.74	$29.89	$31.10
5,000 gal sewer	$26.65	$27.73	$28.82	$29.97	$31.18	$32.44
Combined	$52.22	$54.31	$56.47	$58.71	$61.07	$63.54
residential outside						
5,000 gal water	$51.14	$53.20	$55.34	$57.56	$59.86	$62.24
5,000 gal sewer	$53.36	$55.51	$57.73	$60.03	$62.44	$64.93
Combined	$104.50	$108.71	$113.07	$117.59	$122.30	$127.17

City of Lenoir, North Carolina		
Solid Waste Fees		
Fiscal Year	Solid Waste Fees	Solid Waste Collections
2022-23	11.00	TBD
2021-22	10.00	856,385.00
2020-21	10.00	847,783.00
2019-20	10.00	793,464.00
2018-19	9.00	712,381.00
2017-18	9.00	707,721.00
2016-17	9.00	699,283.00
2015-16	9.00	703,382.00
2014-15	8.00	628,144.00
2013-14	8.00	622,819.00
2012-13	8.00	627,002.00
2011-12	8.00	626,743.00
2010-11	7.00	553,866.00
2009-10	7.00	560,940.00
2008-09	7.00	525,142.00
2007-08	7.00	515,359.00
2006-07	6.00	454,131.00
2005-06	6.00	438,734.00
2004-05	-	-

City of Lenoir
Financial Summary
As of 2/28/2023

General Fund

	2022-2023 Budget	2/28/2023	% of Budget	Change from Previous Year	2/28/2022
Total Revenue	$ 20,320,130.00	$ 17,347,123.02	85%	$ 1,606,654.25	$ 15,740,468.77
Expenditures	$ 20,320,130.00	$ 13,548,710.47	67%	$ 1,442,123.67	$ 12,106,586.80
Over/Under	$ -	$ 3,798,412.55		$ 164,530.58	$ 3,633,881.97

Downtown District

	2022-2023 Budget	2/28/2023	% of Budget	Change from Previous Year	2/28/2022
Revenues	$ 288,220.00	$ 38,416.97	13%	$ 6,118.91	$ 32,298.06
Expenditures	$ 288,220.00	$ 252,163.73	87%	$ 140,042.93	$ 112,120.80
Over/Under	$ -	$ (213,746.76)		$ (133,924.02)	$ (79,822.74)

Water/Sewer Fund

	2022-2023 Budget	2/28/2023	% of Budget	Change from Previous Year	2/28/2022
Revenues	$ 10,232,980.00	$ 6,926,331.51	68%	$ 345,434.82	$ 6,580,896.69
Expenditures	$ 10,232,980.00	$ 4,629,952.91	45%	$ (76,778.13)	$ 4,706,731.04
Over/Under	$ -	$ 2,296,378.60		$ 422,212.95	$ 1,874,165.65

FY 2023-2024

Outstanding Items
- Workers Comp:
- General Liability:
- Health: 5.0%
- Retirement System: 0.75% for GF and 1.00% for LEO

Current & Future Funding Commitments

- Hospital Avenue Sidewalk -		$800,000/$200,000 – City*
- RTP Grant -		$250,000/$62,500 in-kind*
- Stormwater Mapping -		$180,000
- LFD Sinkhole -		$2,500,000 +/-
- SRO'S Vehicles/Equipment -		$256,000
- Strategic Milling/Paving:	Hospital Ave. -	$112,500+
	Summerhill -	$93,750+
	Parkview Streets -	$75,500+
	Heritage Hills -	$25,000+
	Georgetown -	$81,250+
- Arrowood Bridge -		$525,000/$225,000 - City
- Downtown 2-way Traffic Conversion (3-Phases)		
	Phase 1 -	$125,000
	Phase 2 -	$960,000
	Phase 3 -	$600,000
- The Campus - LHS Auditorium/Gym/Field/Band Bldg. -		TBD
- Circle Drive Repair		TBD
- Greenway Culvert Repair - Red Roof Inn		TBD

OTHER

*already funded