

MINUTES

CITY COUNCIL'S BUDGET REVIEW SESSION THURSDAY, MAY 25, 2025 6:00 P.M.

Participants: Mayor Joe Gibbons, Councilmembers Jonathan Beal, Ralph Prestwood, Todd Perdue, Ike Perkins, Kimmie Rogers, and David Stevens.

City Staff: City Manager Scott Hildebran, Finance Director Donna Bean, City Clerk Shirley Cannon and Public Communications Officer Joshua Harris.

Absent: Councilmember Crissy Thomas.

Call to Order

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

II. Financial Summary

A. Donna Bean, Finance Director stated the City is on target to meet its financial goals and reported the City has collected 102% of property taxes and mentioned there were a lot of foreclosures which led to the collections begin above 100%. In addition, Director Bean said she would be submitting several budget amendments for Council's consideration of approval.

Director Bean reported the over/under balance in the General Fund is \$2,349,277.18, Downtown District (\$198,227.60), and Water & Sewer Fund \$522,030.32. Director Bean reported total revenues are at 17% and total expenditures are at 92%.

Director Bean stated the Water & Sewer Fund total revenues are at 84% of the budgeted amount and total expenditures are at 79%.

(A copy of the financial summary is attached to these minutes as information.)

FY2025-26 Budget Review

City Manager Hildebran recapped the proposed budget addresses City Council's 2025 Priorities as listed below:

2025 Budget Priorities

1. Continue efforts to offer competitive compensation and benefits for employees to improve recruitment and retention.
2. Develop options to increase code enforcement and improve beautification in three primary areas:
 - Abandoned and neglected housing
 - Dilapidated commercial properties
 - Appearance of downtown buildings

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3. Update the Lenoir Comprehensive Pedestrian Plan and improve walkability.
4. Evaluate long-term Downtown parking needs.
5. Continue to fund and support the Water and Sewer Capital Improvements Plan.

General Fund

- A. City Manager Hildebran reported the proposed General Fund budget totals \$25,241,485 and is balanced with the proposed property tax rate of \$0.46 per \$100 of assessed property value, a reduction of 11 cent per \$100 and is the lowest tax rate in over 25 years. The budget maintains the current Rescue Readiness Tax Rate of 0.85 cent per \$100 of assessed property value for a total tax rate of 46.85 cent per \$100.

Caldwell County Revaluation

- B. City Manager Hildebran reminded Council that Caldwell County recently completed the real property revaluation process and based on the revaluation information from Caldwell County, the estimated revenue-neutral property tax rate equals 45.05¢ per \$100.

Downtown Municipal Service District Budget

- C. The proposed Downtown Municipal Service District (MSD) budget totals \$271,550 and is balanced with the proposed property tax rate of 18-cent per \$100 of assessed district property value and with the use of general funds. Based on the revaluation information from Caldwell County, the estimated revenue-neutral property tax rate for the municipal service district equals 17.39 cent per \$100 of assessed value.

Water/Sewer Fund

- D. In addition, Mr. Hildebran stated the proposed Water/Sewer Fund budget totals \$13,263,721 and includes a 2.3% increase in water and sewer rates effective July 1, 2025. All other Water/Sewer Fund fees remain unchanged. As information, the City has traditionally used the annual Consumer Price Index (CPI) - South Region for All Urban Consumers as a gauge and guide when considering increases in Water and Sewer Rates. The CPI was 2.3% as of February 2025.

Improvements

- E. Mr. Hildebran pointed out that improvements were made to the Martin Luther King, Jr. Center and the Mulberry Recreation Center. Also, he reiterated the City did not receive any bids for the sinkhole at Fire Station No. 1. The Hospital Avenue Sidewalk project is going forward and he stated the City needs an additional \$3,000,000 for the Finley Avenue project.

In addition, Mr. Hildebran reported the City has contacted NCDOT regarding our wayfinding signage project. Mr. Hildebran further reported The Campus Improvements Project is 95% complete but stated the cost of the project will be higher due to the timeline.

Employee Compensation/Retirement/Insurance

- F. Mr. Hildebran stated that compensation is the number one priority of City Council and reported a cost of Living Adjustment (COLA) of 3.75% is recommended for all employees effective July 1, 2025.

Mr. Hildebran reminded Council the City's group health insurance premiums will increase by 27% and the City will contracting with Mark III for a Blue Cross/Blue Shield plan while maintaining

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the current plan benefits. A brief discussion was held regarding the rate increase.

In addition, Mr. Hildebran stated the budget includes funding for street resurfacing as well as code enforcement.

Staffing Levels by Position/Type/Department 2025-2026

- G. Mr. Hildebran briefly reviewed the Staffing Levels by Position and the Staffing level changes. Finance Director Bean explained how employees can increase their salary through training.

Fund Balance

- H. Mr. Hildebran stated there are not any planned transfers from the Fund Balance for the FY2025-26 Annual Budget. The Unreserved Fund Balance for 2024 is \$18,850,298 with a percentage rate of 83.72%.

General Fund Capital Improvements Projects

- I. Mr. Hildebran reviewed the 2025-2030 General Fund Capital Improvements Projects (CIP) from the operating budget and the FY2025-2035 Public Utilities Capital Improvement Program. (A copy of the CIP plans are included in the budget agenda package.) Mr. Hildebran reported the Fire Department will be receiving a new fire apparatus and emphasized the City would continue to utilize grant funding and pursue funding opportunities to accomplish Council priorities. Finance Director Bean clarified the new fire truck will be replacing equipment.

As information, Mr. Hildebran shared that Caldwell County was scheduled to being the takeover of the 911 call center effective July 1, 2025, but it is currently delayed.

Wrap-Up

- J. City Council commended City Manager Hildebran and Finance Director Bean for their leadership along with Staff for the great job they are doing daily for the City of Lenoir.

Mr. Hildebran thanked Donna Bean for her thoroughness and guidance in compiling the recommended FY2025-2026 annual budget.

A public hearing will be held on Tuesday, June 3, 2025 at 6:00 p.m. in the City/County Chambers to receive public comments regarding the recommended budget. The budget will also be available online at www.cityoflenoir.com/budgetproposal.

There being no further business, the meeting was adjourned at 7:00 p.m.