FY 2026-27
Budget Presentation

SCOTT HILDEBRAN, CITY MANAGER

MAY 19, 2026

2026 Council Priorities

- Continue efforts to offer competitive compensation and benefits for employees to improve recruitment and retention.
- Address corridor appearance and empty commercial buildings through continued code enforcement and beautification of public properties.
- Explore ways to close sidewalk gaps along US 321/Blowing Rock Boulevard by working with North Carolina Department of Transportation (NCDOT) & the Greater Hickory Metropolitan Planning Organization (MPO).

2026 Council Priorities

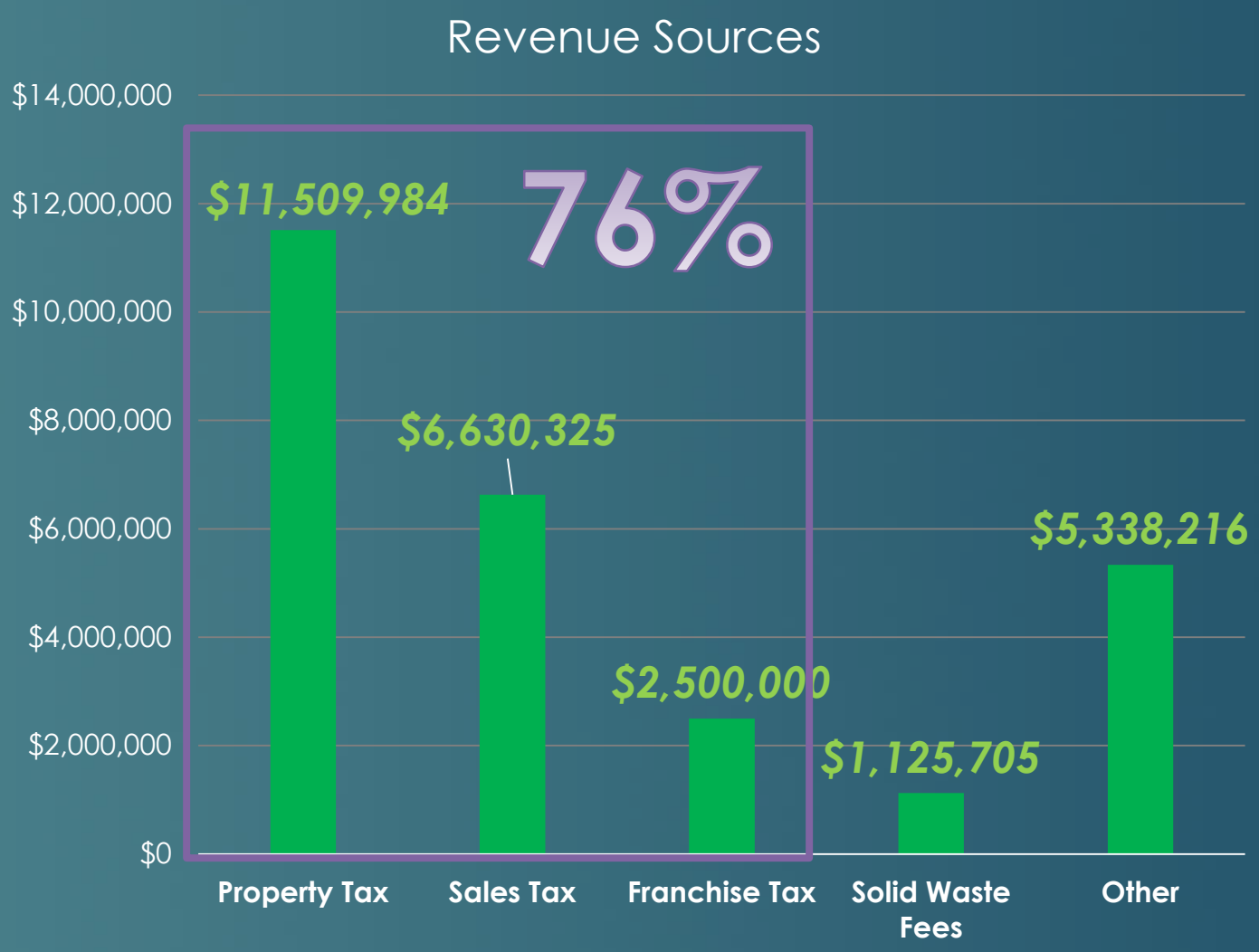
- Continue to develop strategies to attract attainable and affordable housing by promoting the Caldwell County Housing Plan and Living Lenoir 2045 Comprehensive Plan.
- Continue to inform the public about City programs, services, and events, and encourage participation in government.

General Fund

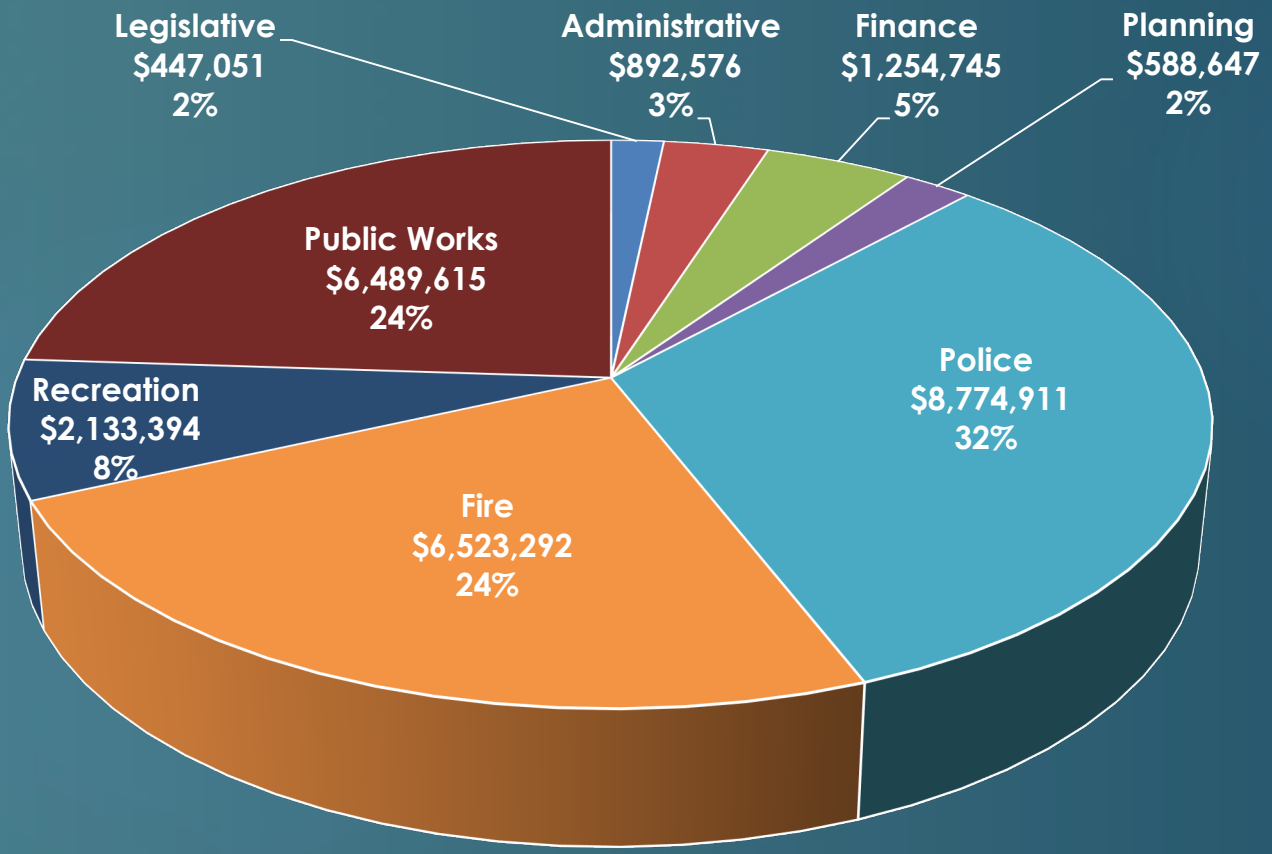
$27,104,230

- Property tax rate remains ***46¢ per $100***
- Rescue Readiness Tax remains at ***0.85¢ per $100***
- Total City of Lenoir tax rate of ***46.85¢ per $100***
- All General Fund fees and charges remain unchanged
- Budget is ***balanced*** per state law

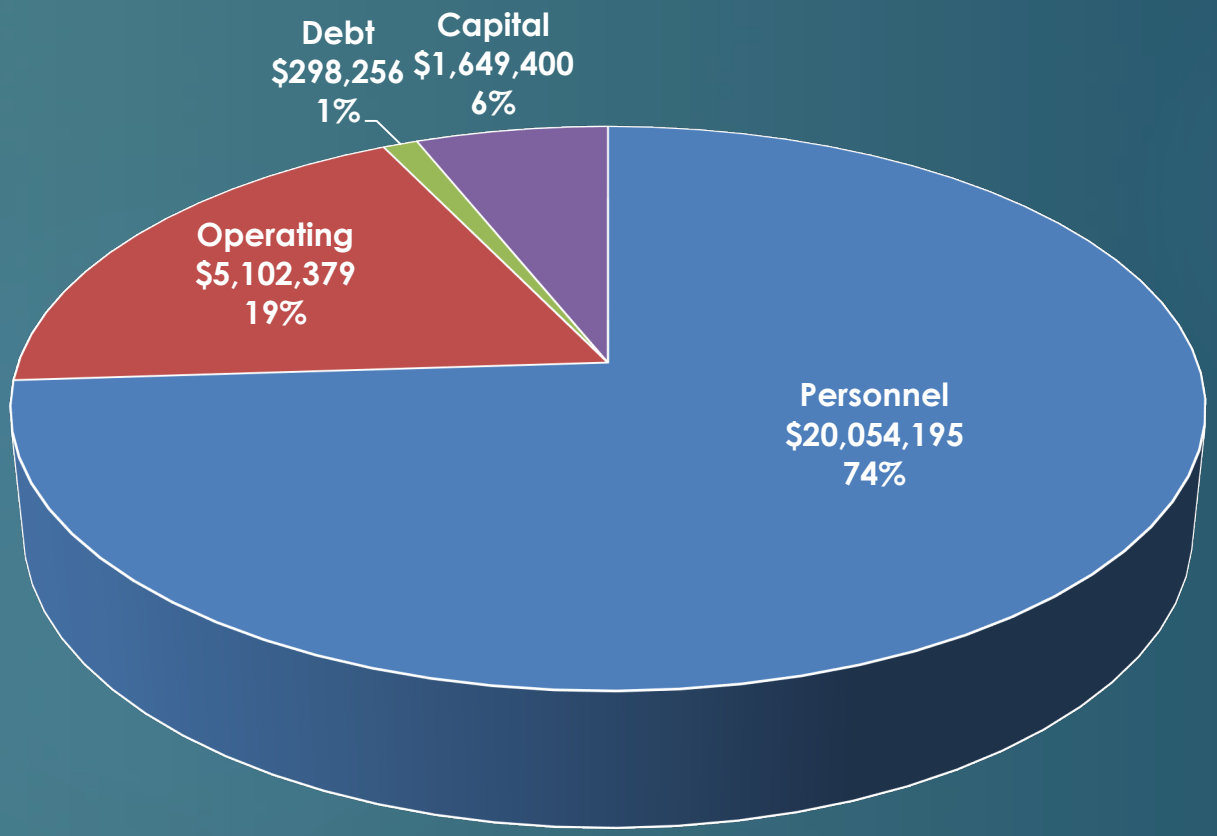
General Fund Revenue



General Fund Expenses



General Fund Spending by Category



General Fund

- The Recommended General Fund Budget includes borrowing for a new 107' ladder quint fire truck utilizing the Rural Economic Development Loan and Grant (REDLG) program with a 7-year, 0% interest rate loan through Blue Ridge Energy.
- The budget does not use any fund balance.

Downtown Municipal Service District

$285,875

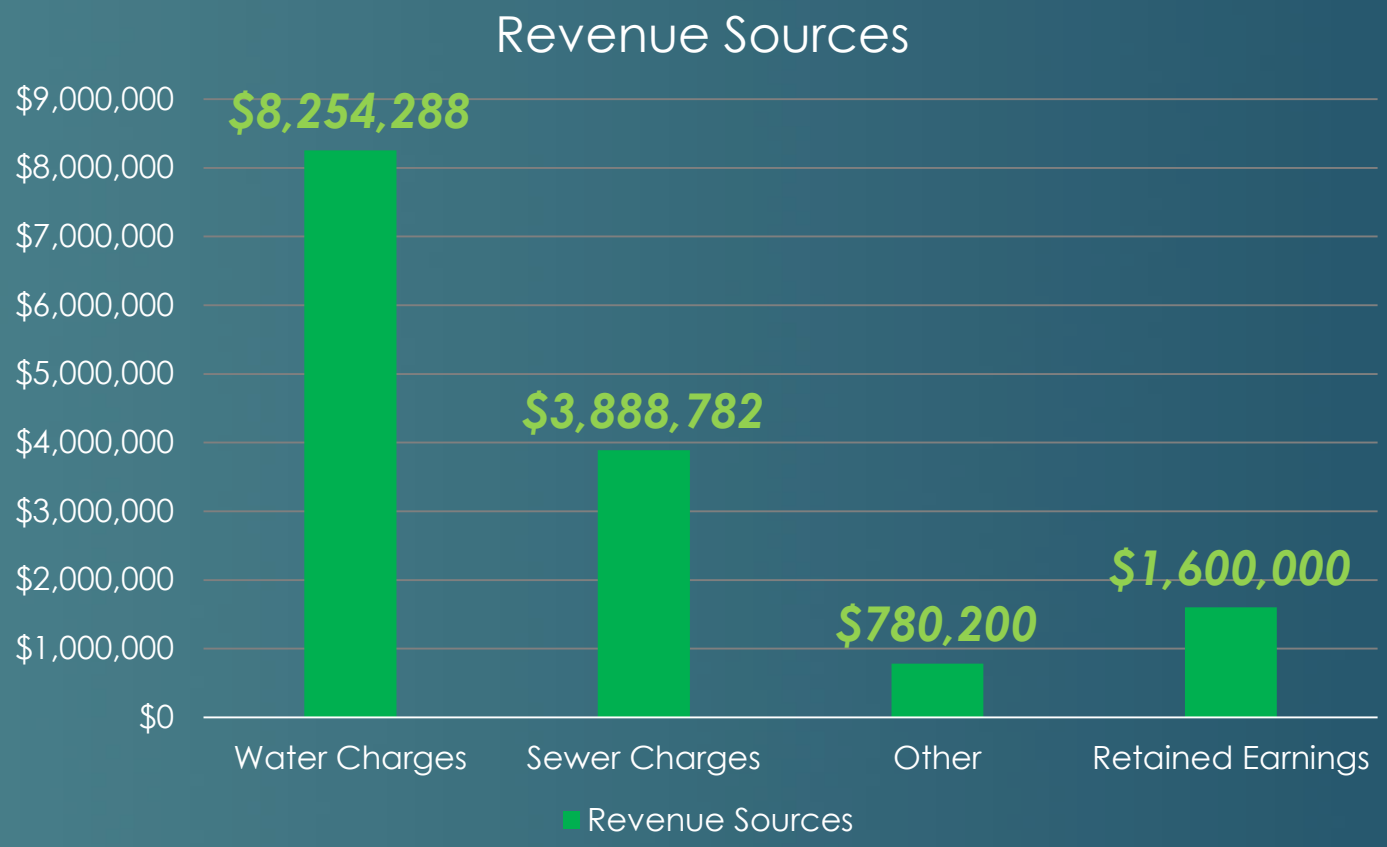
- The proposed Downtown Municipal Service District (MSD) budget is balanced.
- The recommended MSD tax rate remains at ***18¢ per $100*** of assessed district property value.

Water & Wastewater Fund

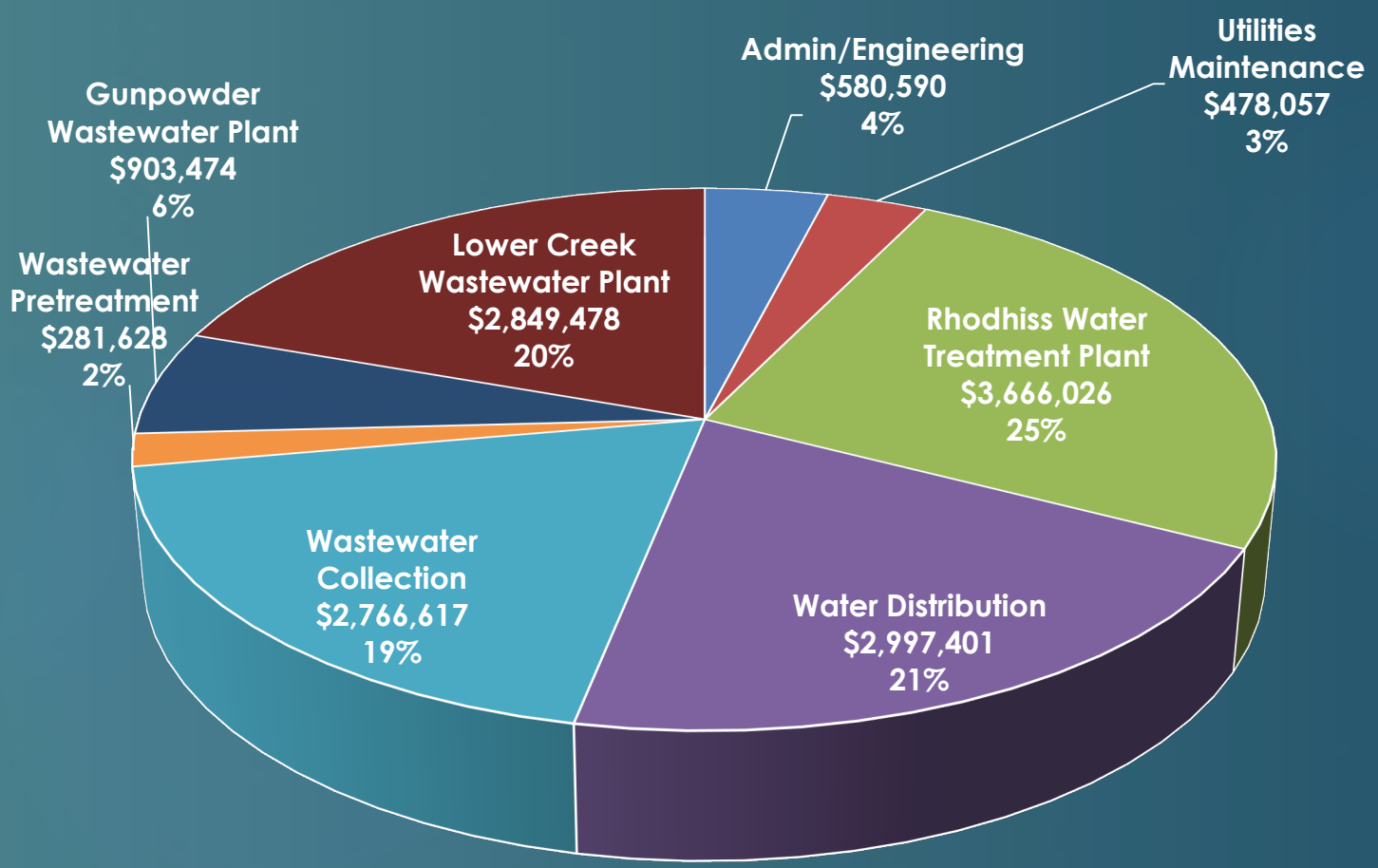
$14,523,270

- Includes ***3.75%*** increase in water and sewer rates approved earlier this year.
  - The rate increase for a typical customer with 5,000 gallons of usage is anticipated to be ***$2.12*** per month.
- Includes a ***5%*** increase in bulk/resale water and sewer rates.
- The City uses the annual Consumer Price Index (CPI) as a guide for rate changes. The CPI - Water/Sewer and Trash Collection Services was ***4.4%*** in February of 2026.

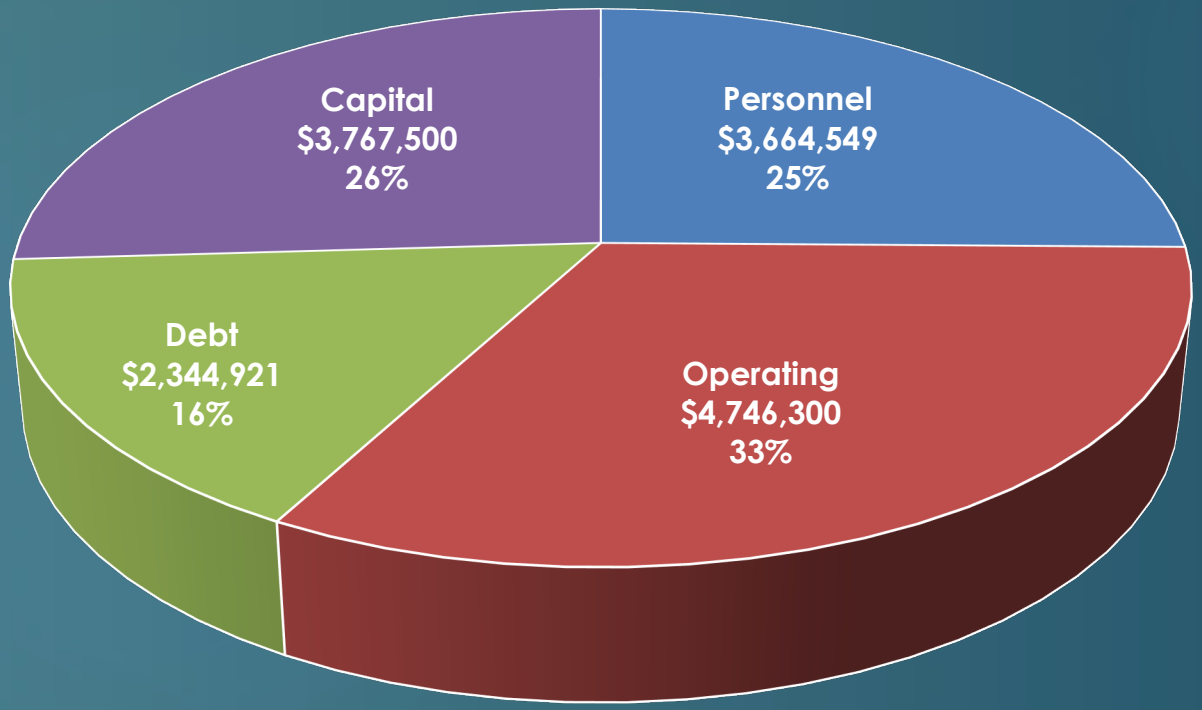
Water & Wastewater Revenues



Water & Wastewater Expenses



Water & Wastewater Fund Spending by Category



Multi-Year Capital Projects

The City of Lenoir has received substantial funding for multi-year capital projects from a variety of sources:

- American Rescue Plan
- State-directed appropriations
- Community Development Block Grant (CDBG)
- Numerous other grants
- Private donations

Multi-Year Capital Projects

Examples of ongoing capital projects include:

- Fire Department sink-hole repair
- Finley Avenue Water Improvements
- Hospital Avenue Sidewalk project
- Gateway signs
- Cybersecurity infrastructure
- The Campus at the Historic Lenoir High School
- Harper Avenue Streetscape Project
- Lenoir-Valdese Water Interconnection

Highlights

- **Core services** are continued with revenue projections estimated in a realistic, conservative manner. The projections include consideration for the continued uncertainties of the future economic environment.

Highlights

Employee Compensation: The City, like most employers, is experiencing workforce challenges in the recruitment and retention of employees.

- As the top strategic priority, the budget includes a Cost of Living Adjustment (COLA) of ***2.5%*** for all employees plus ***$2,000*** added to base pay for all full-time employees.
- This budget continues to fund the holiday longevity bonus program for all employees.

Highlights

Employee Compensation: The budget funds the mandated increase in the NC Local Governmental Employees' Retirement System (LGERS) employer contribution rate

- The law enforcement rate will increase from 16.10% to 17.10%, while the non-law enforcement rate will rise from 14.35% to 15.22%.
- The City's group health insurance premiums will increase by approximately 2%, while maintaining the current plan benefit levels.

Highlights

- **Employee Compensation:** It is proposed to begin a NC 401K Plan contribution match of up to 1% beginning July of 2026 for non-LEO employees. All sworn law enforcement personnel received a state-mandated 5% NC 401K Plan contribution.
- **Insurance:** The cost of the City's property and liability insurance will increase by 8% while the workers' compensation insurance will decrease by 6%.

Highlights

Personnel Changes

- Overall, the total full-time employee count is reduced by two positions (275 to 273), with one school resource officer being eliminated due to county staffing and one full-time aquatics position being eliminated and replaced with additional part-time staff.
- Though the proposed budget fully funds the police telecommunications division, it is anticipated that some, if not all of this division, will be shifted to Caldwell County per our consolidation agreement within the fiscal year.

Highlights

Personnel Changes

- The proposed budget includes a new Budget and Financial Analyst position to assist with supporting long-term financial planning, financial forecasting, trend analysis, reporting, analytical and capital project assistance, and procurement. This position would replace the Special Projects Director position due to a re-organization of that position's duties.
- Further, the proposed budget includes a new Fire Fighter III pay grade to provide additional structure to the department's employee development program.

Highlights

Employee Development

- It is recommended increasing the tuition reimbursement program from $2,200 to $3,000 per year for course work beginning after July 1, 2026.

Highlights

- **Street Resurfacing:** The budget allocates ***$430,000*** to continue implementation of our Pavement Plan, a $10,000 increase. The State Powell Bill funding is expected to remain stable in the coming year.

  In addition, the budget includes ***$150,000*** in funding for strategic paving for various Council priorities.

Highlights

Downtown

- Funding is included to support our Downtown Master Plan, to expand downtown decorations, and to add planters.

Highlights

- **Code Enforcement:** The budget includes ***more than*** ***$103,000*** for building demolitions, foreclosures and ***$34,000*** in funding for contracted Western Piedmont Council of Governments (WPCOG) Code Enforcement Services (two days per week/four hours per day) to assist with nuisance and code enforcement in response to the City Council's priorities.
- There is also a ***$10,000*** increase in operating funding allocated for additional commercial code enforcement.

Highlights

- **Technology:** There is funding for computer and information technology upgrades throughout the organization to enhance and improve operations and security.

Highlights

- **Environmental:** The budget continues to fund the outsourcing of management and oversight of our Federal Phase II Stormwater Program to the Western Piedmont Stormwater Partnership.
- ***The budget funds all debt obligations.***

General Fund Capital

$1,649,400

an increase of $88,675 from FY 2025-2026

- Vehicles for various departments
- Equipment upgrades for the Police and Fire Departments
- Sweeper Truck
- Backhoe
- Playground Equipment at the Rotary Soccer Complex and Mulberry Recreation Center
- Lenoir Aquatic and Fitness Center improvements

Water & Sewer Fund Capital

$3,767,500

an increase of $743,500 from the previous year

- Repairs and renovations at the Water Treatment Plant
- Repairs and improvements for distribution and collections systems
- Replacement pick-up trucks
- Vacuum truck
- Updates and maintenance to the Wastewater Treatment Plants

Downtown MSD Capital

$35,000

for additional holiday decorations

Summary

- The Recommended FY 2026-2027 Budget is balanced and addresses Council's priorities.
- The proposed budget increases employee compensation and continues to prioritize code enforcement.
- Staff is focusing on general fund capital priorities, and the budget allocates more than $3.7 million for water and sewer capital improvements to maintain the integrity of the system.
- This budget will allow the City to maintain and enhance current service levels.

Thank You

- Donna Bean, Finance Director
- Department Directors
- Team Lenoir
- City Council



Our primary goal, each and every day, via our employee-led customer service initiative, remains to provide "***Service Beyond Measure***."

Come "***Create With Us***" in Lenoir!

Next Steps

- **Budget Work Session:** Thursday, May 21, 6:00 pm
- **Public Hearing:** Tuesday, June 2, 6:00 pm
- **Budget proposal online** at www.cityoflenoir.com/budgetproposal

CITY OF LENOIR
NC ★ CREATE WITH US