

No new taxes in city's \$38.6M budget

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Content

Lancaster's 2023-24 budget of \$38,599,775 will not increase taxes for city residents.

The budget was presented to City Council on May 30. First reading will be 7 p.m. June 13, followed by a public hearing at 6 p.m. June 20 and second reading at 7 p.m. June 27.

This year's budget is 6.44% more than last year's budget of \$36,262,885, which means millage is increasing by 25.2 mills, from 178.8 mills last year to 204 mills in the coming year.

The city won't be raising taxes, because it can use the \$1.5 million in reserve funds it held onto by spending conservatively during the pandemic.

"While a millage increase of this size would generally create an increase for property owners, the city is using part of the existing reserve funding in the Local Option Sales Tax to keep the actual costs flat," said City Finance Director Kirk Medlin.

Highlights

Budget highlights include increases in Lancaster Police Department salaries, pay increases for all other permanent employees, a 1% increase in employer retirement contributions and an increase in the city's health insurance expense.

"(Lancaster police officers) need the extra pay, because it's a thankless job to put your life on the line for people who don't care anything about you and don't like you because of the uniform you wear," said Councilwoman Octavia Jones, who is a retired police officer.

Police officers now have a starting salary of \$50,000, which reflects a 23.5% average increase. Other permanent full-time and part-time employees are receiving pay increases of \$0.625 an hour. The city now has 181 full-time positions.

The hospitality tax fund budget is 8.3% higher for next year, rising from about \$1.175 million to about \$1.273 million. The 2% local hospitality tax is restricted to funding tourism-related expenses, such as the city's Red Rose Festival, Boo Fun Fest, Christmas in the City and upcoming Juneteenth Freedom Festival.

"We are increasing funding in the Cultural Arts Center to \$60,000 and we are adding three items: Celebrity Basketball Classic, the Christmas Lighting of the Greenway and the Arts Council Mural Corridor," Medlin said.

There are also five other major proposed hospitality tax expenditures: \$200,000 for downtown revitalization, \$100,000 for the Lindsay Pettus Greenway, \$50,000 for hospitality grants, \$15,000 for pickle ball courts at USC Lancaster and \$11,000 for the city's website redesign.

Downtown revitalization

The largest topic of conversation at the budget presentation was downtown revitalization.

"I think when we were looking at this, if I'm not mistaking this, we were looking at this as new businesses come in, they would have an opportunity to come to the city through the grants process (facade and roof grants have been discussed) to determine how we would be able to help them establish a new business with city," said Councilwoman Jackie Harris.

City Administrator Flip Hutfles said the design committee meets with potential grant recipients to ensure they meet grant requirements, and then presents the candidates to council for approval.

"I think there should be some policies and procedures put into effect, because we don't want to make that investment, and then two years later you're not in business," Harris said. "I just want to make sure this goal is met, because it is going to be so important for our downtown businesses."

There are now several blocks of vacant storefronts in downtown Lancaster, some of which have been vacant for years.

"The issue really is most new businesses don't have the capital to own the building," Mayor Alston DeVenny said. "And what we're trying to do is create the buildings that can be used over and over."

ARPA funds

The city of Lancaster received a total of \$4,539,839 in American Rescue Plan Act (ARPA) funds, all of which must be designated by the end of 2024 and spent by the end of 2026.

The largest expenses in fiscal year 2022-'23 were about \$650,000 of the \$2 million allocated for the wastewater optimization project. The \$10 million S.C. Infrastructure Improvement Program (SCIIP) grant will also go toward this project in the next few years.

The city spent \$650,000 for a C&D material waste shredder, which can shred up to 100 tons of waste an hour. The Sidewalk Master Plan spent \$89,500 to rehabilitate sidewalks near Arch Street in downtown, and the city received a \$188,000 Community Development Block Grant match for that project. The city also spent \$177,700 to repair the Taylor Street drainage systems.

The remaining funds will go to projects such as the Municipal Justice Park renovation (\$500,000) and the Miller Ridge lift station generator (\$60,000).

Addressing goals

The proposed budget meets every financial goal City Council set in its March goal-setting session.

The must-do goals included redesigning the city website, optimizing the water treatment plant and the pickle ball courts at USCL.

The should-do goals included diversity, equity and inclusion training for employees and supervisors, which will get \$15,000; \$150,000 to design downtown projects (farmers market, amphitheater and more); and \$200,000 for the comprehensive downtown business grant.

The rest of the goals are better fitted to received resources from non-finance departments, or are longer term than this fiscal year.