

Weaverville Community Room at Town Hall
30 South Main Street, Weaverville, NC 28787

April 16, 2024 at 6:00 pm
Town Council Budget Workshop

Remote Access Option for General Public via Zoom:
<https://us02web.zoom.us/j/85948891960> ;
Meeting ID: 859 4889 1960

- 1. Call to Order Mayor Fitzsimmons
- 2. Presentation of Town Manager’s Proposed FY 2024-2025 Budget Town Manager Coffey
- 3. Town Council Discussion on Budget Town Council
- 4. Adjournment Mayor Fitzsimmons

**WEAVERVILLE TOWN COUNCIL WORKSHOP MEETING
REMOTE ELECTRONIC MEETING LOGIN CREDENTIALS**

The Weaverville Town Council has elected to continue to provide the general public with remote electronic access to its regular monthly meetings. This **NOTICE OF REMOTE ELECTRONIC MEETING** is provided to inform the public that the **Weaverville Town Council regular monthly workshop meeting on Tuesday, April 16, 2024, at 6:00 p.m. will be held as an in-person meeting (Council Chambers/Community Room at Town Hall, 30 South Main Street) with remote attendance by the general public allowed via Zoom.** For those members of the public wishing to attend remotely via Zoom the following information is provided.

A virtual waiting room will be enabled and participants will be allowed entry into the meeting just prior to the start of the meeting. The instructions to access this meeting are:

To join the meeting by computer, go to this link <https://us02web.zoom.us/j/85948891960>

You may be asked for permission to access your computer’s video and audio. If so, click “allow.” You will then be asked for the Meeting ID which is: 859 4889 1960. You will first enter a virtual waiting room. The host will admit you into the meeting just prior to the start of the meeting.

To join the meeting by phone, call: (253) 215-8782 or (301)715 8592

You will then be asked for the Meeting ID which is: 859 4889 1960 . There is no password for this meeting, so if asked for one just press the # button.

To view the agenda and related materials, please visit the Town’s website at <https://www.weavervillenc.org>.

Access to the Meeting Recording: A recording of the meeting will be available for one or two months, depending on storage capacity, beginning about 24 hours after the meeting. To access the recording visit the Town’s website at <https://www.weavervillenc.org> or the Town’s YouTube channel at https://www.youtube.com/channel/UckBK1d0lGY_O6_vJqimFUQ, or call the Town Clerk at (828)645-7116.

Fiscal Year 2024-2025 Town Manager's Budget Message & Proposed Budget



Selena D. Coffey, Town Manager and Budget Officer

April 16, 2024

Dear Mayor, Members of Town Council, and Residents of the Town of Weaverville:

Pursuant to North Carolina General Statutes §159-11, I am writing to convey the fiscal year 2024-2025 Budget Message and Proposed Budget. This budget is presented in accordance with the North Carolina Local Government Budget & Fiscal Control Act and is balanced as required by North Carolina General Statutes. In accordance with the Act, this Budget Message provides a user-friendly budget document that reflects the Town's budgetary goals, highlights important revenues and expenditures, and budgetary changes, as prescribed in North Carolina General Statute §159-11(b).

Economic Outlook and Assumptions

Development of this proposed budget has been tenuous, at best. While some economists have suggested that our national economy will remain resilient, others suggest that recent years of inflation will continue to impact local government sales tax revenues. The North Carolina League of Municipalities does indicate that they anticipate a continual leveling off in sales tax revenue across the State.

Of great significance for the Town and our region is the continued influx of people moving into our area. Weaverville is being greatly impacted by this influx of new residents who are looking to get away from larger cities and are inherently drawn to our small-town atmosphere.

The State Demographer estimated that the Town of Weaverville's population in 2022 was 4,726 and the 2020 Census reflected 2,354 dwelling units in Weaverville's municipal limits with an estimated 2.8 persons per household unit. Currently the Town has 1,342 new dwelling units approved and in some phase of production. Based on these numbers, Town staff estimates an increase in population of approximately 3,757 residents, bringing the total population of Weaverville to approximately 8,483 by the year 2028, or sooner depending on how quickly the new developments are built out and occupied.

While this population and development growth will mean additional property tax revenue, the demand for services will trend upwards along with development. Currently, the Town is only seeing tax values increase for undeveloped land in most situations. This means that until the units are built out and occupied, we will not see significant growth in ad valorem taxes. However, we do have an opportunity to see additional valuation growth next year with the County revaluation. For this reason, I am proposing that this proposed budget act as a **bridge** to sustain the Town's low tax rate and services until next year and the following years when we will see substantial revenue growth from development. This *bridge* budget will require that we utilize fund balance unless Town Council wishes to increase the tax rate for the upcoming fiscal year.

Another element for bridging the Town between fiscal year 2024-2025 and the following fiscal year will require Town Council's decisions on what I am referring to as an **Enhanced Budget**. I will be asking that Town Council discuss these *enhancements* at a future workshop, but I will address them within this document for initial consideration. In addition, I have included several items that have been raised but received no vote or clear consensus of Town Council during the March 19 budget workshop and during the February Strategic Plan Retreat.

Proposed Budget - General Fund & Fire District Fund

The proposed General Fund budget totals \$8,998,385. This is a -7.5%, or \$726,767, decrease over the current year's budget. The proposed budget includes a tax rate of \$0.35 per \$100 value, which is no increase over the current fiscal year.

The proposed Fire District Fund budget for the Weaverville Fire Department totals \$4,041,786 which is a 10.2%, or \$373,938, increase over the current year budget. The proposed budget includes a requested one-cent increase in the North Buncombe Fire Tax from the current \$0.1077 to \$0.1177 per \$100 value, although we may decide to ask for additional as we prepare for the County budget meeting when fire district taxes will be reviewed. Buncombe County may choose to deny the Town's requested increase and we will not know about their decision until a later date.

The Capital Project Fund adopted in fiscal year 2019-2020 for the new Community Center included the building construction and outdoor recreation complex. The Community Center building was completed in fiscal year 2021-2022, and the majority of the Recreation Complex is expected to be completed in the current fiscal year, with approximately \$150,000 projected to be utilized in fiscal year 2024-2025 to finish out the project. Town Council will be asked to consider the construction of a pavilion-style building that would include restrooms and storage.

The Capital Reserve Fund – General Fund was established in fiscal year 2018-2019 to save for future Fire Department trucks and equipment. The proposed budget does not include a transfer from the General Fund this year, as it has in prior years, but does include another \$300,000

towards the purchase of a new fire engine.

A Grant Project Fund was established in fiscal year 2022-2023 to account for the American Rescue Plan (ARP) Grant Award totaling \$1,283,395. Town Council elected to use the standard allowance and revenue replacement option for the reportable use of these funds. As such, the Grant Project Fund was closed out in the current year, with the unrestricted funds transferred out for use in the Town's water system expansion project in the coming years, as approved by Town Council.

The proposed Water Fund budget totals \$3,237,354, which is a 12.5%, or a \$360,020, increase from the current year budget. This budget does not include any appropriation from fund balance but does include a 4% increase in water rates.

The Capital Project Fund adopted in fiscal year 2020-2021 for the Water Treatment Plant expansion project has been broken out into two separate project funds since they are proceeding on different timelines: (1) the Water System Resiliency Project with an estimated total cost of \$1,698,500 and (2) the Water Treatment Plant Expansion Project with an estimated total cost of \$19,702,740.

General Fund & Fire District Fund Overview

The proposed General Fund budget for fiscal year 2024-2025 includes the revenues and expenditures outlined in the following table, with fiscal year 2023-2024 adopted budget figures provided for comparison purposes:

Revenues by Source	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Ad Valorem Taxes	\$4,312,025	\$4,494,658	4.24%
Buncombe County Fire District Taxes	\$2,007,097	\$2,158,900	7.56%
Local Government Sales Taxes	\$2,082,422	\$2,167,561	4.09%
Appropriated Fund Balance	\$1,883,903	\$868,238	-53.9%
Unrestricted Intergovernmental Revenue	\$833,962	\$859,661	3.08%
Restricted Intergovernmental Revenue	\$134,558	\$148,440	10.32%
Investment Earnings	\$336,188	\$322,357	-4.11%
Permits & Fees	\$18,500	\$18,500	0.0%
Other Revenue	\$124,094	\$119,470	-3.73%
Total Revenues:	\$11,732,749	\$11,157,785	-4.90%
Expenditures by Department	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Town Council	\$417,154	\$384,527	-7.8%
Administration	\$953,547	\$1,080,660	13.3%
Planning	\$201,176	\$244,430	21.5%
Police Department	\$3,125,947	\$3,264,224	4.4%
Fire Department	\$3,614,307	\$3,988,245	24.5%
Public Works	\$3,165,619	\$1,904,770	-39.8%
Community Center	\$181,458	\$227,388	25.3%
Debt Service (Fire Dept)	\$53,541	\$53,541	0.0%
Contingency	\$20,000	\$10,000	-50.0%
Transfer to Capital Reserve Fund	\$0	\$0	0.0%
Total Expenditures:	\$11,732,749	\$11,157,785	-4.90%

The proposed Fire District Special Revenue Fund budget for fiscal year 2024-2025 includes the revenues and expenditures outlined in the following table, with fiscal year 2023-2024 adopted budget figures provided for comparison purposes:

Revenues by Source	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Buncombe Co Fire District Taxes	\$2,007,097	\$2,158,900	7.6%
Fire Inspection Fees	\$500	\$500	0%
Transfer from General Fund	\$1,660,251	\$1,882,386	13.4%
Total Revenues:	\$3,667,848	\$4,041,786	10.2%
Expenditures by Department	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Fire Department	\$3,614,307	\$3,988,245	24.5%
Debt Service	\$53,541	\$53,541	0.0%
Total Expenditures:	\$3,667,848	\$4,041,786	10.2%

General Fund & Fire District Fund Revenue

The following sections highlight revenues and provide preliminary projections for the fiscal year. It is important to note that ad valorem property taxes, North Buncombe Fire District taxes, and local option sales taxes are the Town's largest revenue sources and those three make up roughly 79% of the Town's revenues, with property taxes at 40%, fire district taxes at 19%, and sales taxes at 20%.

Ad Valorem Taxes

The proposed budget is based on a property tax rate of \$0.35 per \$100 valuation at a collection rate of 99.9% and tax values estimated by Buncombe County of \$1,219,006,300 for real and personal property. Based on our tax valuations and collection rate, one penny equals \$121,780 of tax revenue at our current tax rate. The proposed budget includes no increase in the property tax rate, although a proposed slight increase was strongly considered during the development of the proposed budget. Unlike the prior year, this revenue source increased less significantly. The upcoming fiscal year budgeted revenue represents a 4.2% increase over the current year's budget (1.4% over actual), adding approximately \$172,887 to the Town's property tax revenues for the upcoming fiscal year. I certainly expect that, with annexed land in Town being built out over the upcoming years, this revenue source will rebound even more strongly than before.

Buncombe County Fire District Taxes

Buncombe County levies all fire district taxes within the County and the Weaverville Fire Department receives funding for fire protection for the North Buncombe Fire District. This funding accounts for approximately half of the Fire Department's budget and is essential as the Department provides fire protection to the unincorporated area around our Town limits. The proposed budget includes a requested one cent increase from \$0.1077 to \$0.1177 per \$100 valuation, although as stated earlier, we may decide to ask for additional as we prepare for the County budget meeting when fire district taxes will be reviewed. We anticipate a 7.6%, or approximate \$151,803, increase in this revenue for the upcoming fiscal year, which is due to growth in the fire district combined with the one-cent increase in tax rate. Again, as annexations grow, I anticipate that this source of revenue will grow to fund our Fire Department well in the future.

Local Option Sales Taxes

Local option sales tax revenue is the Town's second largest source of revenue and has grown significantly over the past several years, with annual increases in the 20%-30% range. However, it appears that the post-pandemic boom in sales tax revenue has come to an end. The slowdown began near the end of last fiscal year and has continued throughout the current fiscal year. Within the 2024-2025 fiscal year budget, we are forecasting a 4.1%, or \$85,139 increase over the fiscal year 2023-2024 budget.

Interest Income

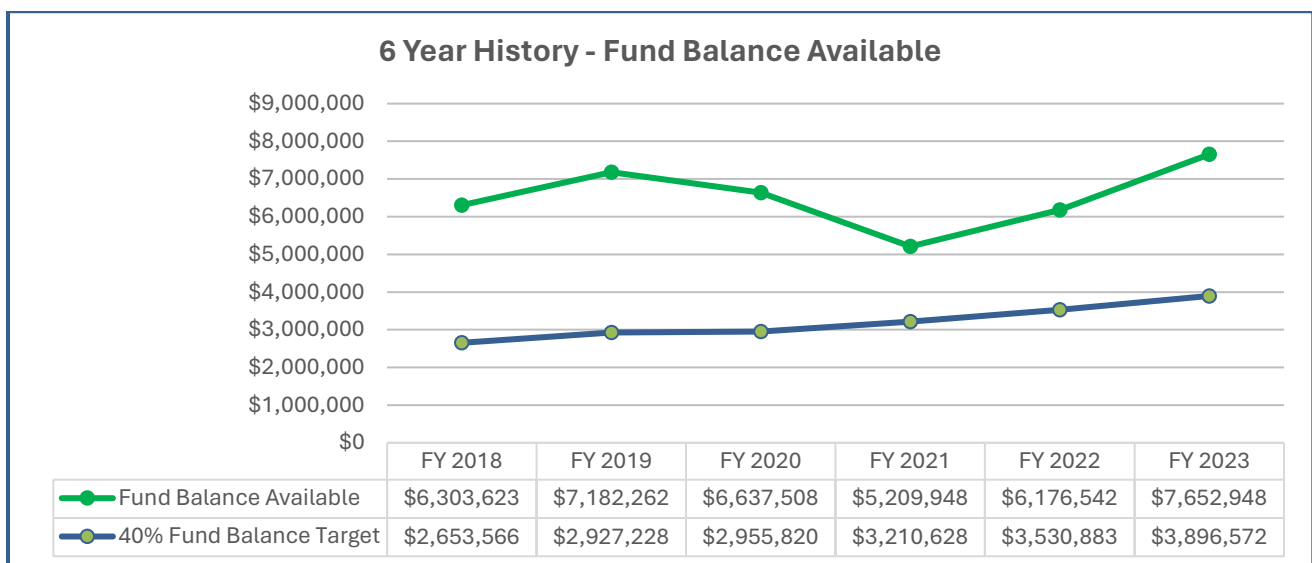
The fiscal year 2024-2025 budget will once again show significant amounts of interest income, but slightly lower than the current year budget. The Federal Reserve is expected to begin cutting interest rates soon and the North Carolina Capital Management Trust expects rates to fall slightly below 4% in the upcoming fiscal year. The proposed budget reflects a decrease of \$13,831 in interest earnings for the upcoming fiscal year.

Fee Increases

The fiscal year 2024-2025 budget will propose increases in some fees, including Community Center rental fees, Police Department fees, and as we will discuss later, increases in Water Fund fees. These specific proposals will be detailed during Town Council’s budget deliberations, but do not have significant impacts on the budget.

Fund Balance

The chart below shows a six-year history of fund balance available within the Town’s budget, along with Town Council’s 40% target goal. The Town’s last audit confirmed that we had \$7,652,948 in available fund balance as of June 30, 2023, which is approximately 81% over Town Council’s fund balance target. We have been able to maintain a healthy fund balance over many years due to prudent financial decision-making, increases in revenue, and fiscal responsibility at our department head level in returning unspent funds to fund balance at the end of each fiscal year. These factors, along with the Town’s substantial growth have permitted the Town to go without a property tax rate increase in eight years. I do want to acknowledge that this budget is largely predicated on Town Council’s desire to maintain the current tax rate, as was discussed at the March 19 budget workshop. Had Town Council been in favor of looking at a tax rate increase, I likely would have proposed a slight increase to bridge the budget between now and next year when we will see a property revaluation.



General Fund & Fire District Fund Expenditure Highlights

As per the fiscal year 2024-2025 budget calendar, departmental budget requests were due at the beginning of March 2024. These departmental budget requests totaled approximately \$381,655 more than the current fiscal year budget.

Personnel Expenses

Town employees are the lifeblood of any Town Government. Without their dedication and efficient and effective service delivery, the Town is not successful. Having said this, I am proposing the following for personnel expenses.

- **Health Insurance:** We continue to negotiate on behalf of the Town and its employees for our upcoming medical insurance. At this point in time, we have been able to negotiate a relatively slight increase of 6%, which has been included in this proposed budget. As those of you who have been on Council for several years may recall, this 6% increase is very low compared to previous years, but it is my hope that we can negotiate even lower premiums without jeopardizing the quality of insurance that our employees receive.
- **New Positions:** As Town Council is aware, the Town is on the brink of needing additional employees Town-wide due to our increasing growth. This year, in considering the substantial and ongoing projects undertaken by the Public Works Director, who also serves as the Town's Engineer, and in consideration of succession planning, I am proposing the addition of an **Assistant Public Works Director** position for the second half of the fiscal year, to be filled by January 2025. This is expected to total approximately \$65,000 including salary and benefits for the half year.

As you may recall from last year's budget deliberations, I did not add additional **Firefighter** positions, but asked that our Fire Chief examine the organizational structure of the department and I advised that I would likely be recommending additional Firefighter positions in the fiscal year 2024-2025 budget. I am pleased with our Fire Chief's examination of the Department's organizational structure, and we will be sharing additional information about restructuring this Department at an upcoming workshop. Due to our record growth and the need to begin recruiting Firefighters from the local fire academies, I am recommending the addition of three of the six requested Firefighter positions within this proposed budget.

- **Merit Program and Cost of Living Adjustment (COLA):** During Town Council's March 19, 2024, budget workshop, I polled members on their support of adding a COLA to the budget for our employees in the fiscal year 2024-2025 budget. Council consensus to include a COLA and continue providing funds for the merit program in the fiscal year 2024-2025

budget was reached at this workshop. As I agree with Town Council, the proposed budget includes a total of 5% for merit pay and COLA. I recommend that 3% (just below the annual Consumer Price Index amount for March) be approved for COLA and the remaining funds (up to 2%) be approved for the Town’s Merit program.

For reference, and based on early discussions, the County and other municipalities are considering the following merit and COLA in their proposed budgets for the new fiscal year:

Jurisdiction	FY 2024-2025 Proposed COLA	FY 2024-2025 Proposed Merit
Asheville	4+% anticipated	No merit program
Black Mountain	3 - 3.5% anticipated	No merit program
Buncombe County	4 - 5% anticipated	Performance program pending
Weaverville	3% proposed	Up to 2%
Woodfin	4% anticipated	Bonus program in place
Land of Sky Regional Council	5% anticipated	No merit program
Metropolitan Sewerage District	6.3% anticipated	No merit program
Consumer Price Index	3.8% over last year	Not applicable

New Initiatives, Capital Equipment, Capital Improvements & Vehicles

Capital requested by department heads totaled \$1,251,800 for the fiscal year 2024-2025 budget. Fortunately, I have been able to recommend the approval of the majority of these items. The following table reflects new initiatives, capital equipment, vehicles, and capital improvement projects as requested within this year’s budget, as well as those proposed for funding.

New Initiatives, Capital Equipment, Improvements, Vehicles	Department Request	Manager Proposed
Town-wide		
Updated technology/critical security updates		\$36,000
Finance Department		
Replacement of Accounting Software	\$60,000	\$60,000
Police Department		
2 Ford Interceptor Hybrids (replacement vehicles)	\$124,000	\$124,000
1 Ford Mach-E Electric Vehicle (replacement vehicle) ¹	\$70,000	\$0
County Agreements for PSIP/CDE Approved March 2024	\$71,711	\$71,711
Fire Department		
Reems Creek Fire Assistance Agreement Approved March 2024	\$45,000	\$45,000
2 nd Payment on Engine 8	\$300,000	\$300,000
Public Works Department		
Streets – Street Improvements Program (incl. Powell Bill) ²	\$500,000	\$148,440
Sanitation – Grapple Truck with Knuckleboom Loader	\$228,000	<i>See Enhanced Budget</i>
Stormwater – Storm drainage replacement program ³	\$75,000	\$0
Grounds Maintenance – New parking area below Public Works	\$85,000	<i>See Enhanced Budget</i>
Total	\$1,558,711	\$785,151

Debt Service

Debt Service expenses will remain relatively unchanged in the upcoming year. The debt service in the General & Fire Funds for the upcoming fiscal year totals \$53,541 for a loan payment on two fire trucks. This is the final debt service payment on this loan, and last remaining debt in the General & Fire Funds. Of note, upon paying off the debt service on another fire truck five years ago, the Town began transferring \$75,000 annually into a Capital Reserve Fund for the future purchase of a replacement fire truck. To date, \$225,000 has been transferred to this fund.

Enhanced Budget

As discussed earlier, this fiscal year’s proposed budget was prepared as a **bridge** to sustain the Town’s operations between the 2024-2025 fiscal year and next year’s revaluation, along with future tax revenue growth realized as new developments are completed and included in the Town’s tax levy. For this reason and because I would like further input and discussion on several items raised during Town Council’s February 2024 Strategic Planning retreat, I am proposing

¹ The proposed budget does not include one of the three vehicle replacements requested by the Weaverville Police Department in order to return to the two-vehicle replacements per year as previously approved by Town Council.

² The proposed budget does not include additional funding of the Streets Improvement Program because there is currently \$1.4 million unspent and planned for the current fiscal year funding.

³ The storm drain replacement program is an ongoing program. However, the Public Works Department has not been able to complete the current year program using previously budgeted funds due to workload demands, therefore I am not including additional funding this year. I anticipate continuing funding of the program next fiscal year.

Town Council’s consideration of the items listed below in what I am referencing as the *Enhanced Budget*. The current proposed budget does not include these items because our tax revenue and other revenue sources did not increase as much as in previous years, and I remain cognizant of Town Council’s desire to maintain a healthy fund balance. Supplementing the fiscal year 2024-2025 budget with a tax increase or the use of additional fund balance (over what I have already proposed) will likely be relieved next year by increases in tax values from new developments, as well as next year’s property revaluation. Should Town Council wish to include any of the larger items listed in the Enhanced Budget below, I recommend strong consideration be given to adding the respective tax increase to preserve fund balance at Council’s 40% target, unless Council wishes to adjust that target.

The following table displays items that I recommend should Town Council wish to *enhance* the proposed budget:

Enhanced Budget	Potential Additional Fund Balance if Approved	Potential Tax Rate Increase if Approved. (1 cent = \$121,780)
Strategic Planner/Urban Designer/Planner position	\$110,750	.9 cent tax
DC fast charger	\$150,000	1.2 cent tax
Grapple Truck with knuckleboom Loader	\$228,000	1.9 cent tax
Main Street Nature Park upgrades	\$182,900	1.5 cent tax
Granicus for STR monitoring	\$10,000	.08 cent tax
New parking lot below Public Works	\$85,000	.7 cent tax
Eller Cove Watershed Trails and Preserve	\$1,072,030	8.8 cent tax
Quarry Road Trail System	TBD	TBD
Additional funding for Street Improvement Program	\$300,000	2.5 cent tax

Strategic Planner/Urban Designer/Urban Planner Position

During its February retreat, Town Council discussed the addition of an Urban Planner/Urban Designer position. Later, individual Council members referenced this position being more of a Strategic Planner position. Town Council did not vote or achieve consensus regarding this position; therefore I feel that there should be further discussion to better determine Town Council’s goals for such a position. If Town Council votes to add this position, I am recommending that it be in addition to the Planner/Code Enforcement position that was approved by Town Council earlier this fiscal year. Assistance with code enforcement and planning is needed now, due to the Town’s growth, but will be even more necessary with projected growth and the possibility of future regulation of short-term rentals. The amount listed above for this position assumes a higher-level position than a Planner/Code Enforcement position and includes a full year salary, benefits, training, and equipment for the position.

DC Fast Chargers

As Town Council has discussed on a number of occasions, continued addition of electric vehicles within the Weaverville Police Department fleet will require the addition of a fast-charging (DC) station. After meeting with several companies, including Duke Energy, our best estimate for a fast charger is currently estimated at \$150,000.

Knuckleboom Loader/Grapple Truck

A knuckleboom loader is equipment specifically designed to handle large items, brush, limbs, and logs. Currently, the Town's Public Works Sanitation Division pulls a chipper behind one of our trucks to collect yard debris. In addition, we are currently at a disadvantage when our crews are attempting to retrieve large, heavy garbage items that our new side loading garbage truck cannot lift due to size and weight. Both the chipping aspect and the heavy garbage aspects have required us to look into safer options for collections. In the last few years alone, we have had injuries from our chipper operation to include broken teeth, jaw contusions, elbow injuries, and rebar being thrown out of the chipper to injure our employees. In addition, we have had multiple injuries to our employees due to lifting heavy items during garbage collection. With every incident, we add safety courses for our employees, but most of these incidents were completely out of the employees' control, and the related workers compensation claims have led to increased insurance rates. Town staff does not have access to specific workers compensation claims due to HIPPA privacy, therefore I cannot provide an analysis of potential savings. However, we are confident the new equipment will lead to fewer injuries and savings on workers compensation insurance. The grapple truck with knuckleboom loader in the photo above has been quoted at \$228,000 for purchase.



Grapple Truck with Knuckleboom Loader

Granicus – Short-Term Rental Monitoring

Town Council is currently considering the regulation of short-term rentals within Town limits. As I have noted on a number of occasions, adding the regulation of short-term rentals to Town functions will require additional resources. In addition to staffing resources for permitting and enforcement of this program, I would recommend that Town Council consider approving funding for the outsourcing of short-term rental monitoring. The Town of Woodfin is currently working with a company called *Granicus* to identify and monitor all the short-term rentals in Woodfin and their manager has shared that this has worked well for them. Obviously, we could research other companies who provide this service, but Woodfin's last three-year contract for this service was initially \$8,800 annually and staff has estimated \$10,000 annually for Council's discussion.

New Parking Lot Below Public Works Facility

The Town's Public Works Director has presented a proposal to construct a new parking lot in the green space below the Public Works Facility on Quarry Road in response to the growing need for parking around Lake Louise Park. This parking lot would provide 12 parking spaces and would be a benefit for current park visitors, as well as those who use the trail system that Town Council is considering to be located behind Public Works and connecting with the future Northridge Farms development. This project is estimated at \$85,000.

Eller Cove Watershed Trail System

As I have reported numerous times within monthly Town Manager reports, the Elevated Trail Design, Inc. has completed their study and report on the proposed trail system on the Eller Cove watershed property. This project has been quoted by Elevated Trail Design to total \$1,072,030, which includes an annual maintenance contract. This project could potentially be completed in phases. As Town Council is aware from my most recent report, we have submitted a grant application through the Buncombe County Open Space Bond for Passive Recreation Lands. We will not know that outcome of this grant application until potentially June 2024.

Quarry Road Trail System

Another project for which staff is waiting a report is the trail system off Quarry Road. Elevated Trail Design, Inc. expects to have this report and cost estimate finalized by May 2024, therefore Town Council may wish to discuss this project at an upcoming budget workshop.

Additional Funding for the Street Improvement Program

Because our Street Improvement Program is currently underway with approximately \$1.4 million in funding (between the current year budget and re-appropriations from previous years), I have not recommended additional funding above the Powell Bill estimate of \$148,440 in the fiscal year 2024-2025 proposed budget.

Recreation Complex Pavilion, Restrooms, and Storage Building

The Town has made great strides in providing additional recreation amenities for our citizenry over the last several years with improvements at Lake Louise Park including outdoor fitness equipment, a new playground, and most recently with pickleball and multi-purpose sport courts. However, there is additional work to be accomplished. Staff has requested quotes for the construction of a pavilion building at the Recreation Complex above the Community Center. This building would provide space for picnic benches, restrooms, and storage, which we have estimated at approximately \$150,000.

Proposed Budget - Water Fund Overview

The proposed Water Fund budget for fiscal year 2024-2025 totals **\$3,237,354**, which represents a 12.5% increase in expenditures over the fiscal year 2023-2024 budget. The table below outlines the major sources of revenue and operational and capital expenditures proposed within the fiscal year 2024-2025 budget.

Revenues by Source	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Water Revenue	\$2,534,300	\$2,831,495	11.7%
Miscellaneous Revenue	\$20,000	\$20,000	0%
Water Taps	\$22,680	\$22,680	0%
System Development Fees	\$95,254	\$150,600	58.1%
Fees for MSD Collection	\$73,300	\$82,426	12.4%
Interest Earned	\$131,800	\$130,153	-1.2%
Appropriated Fund Balance	\$0	\$0	0%
Total Revenues:	\$2,877,334	\$3,237,354	12.5%
Expenditures by Function	FY 2023-2024 Adopted Budget	FY 2024-2025 Proposed Budget	% Variance
Personnel	\$1,252,568	\$1,307,263	4.4%
Operations	\$851,226	\$936,233	10.0%
Capital Outlay	\$60,000	\$187,899	213.2%
Capital Improvements	\$400,000	\$500,000	25.0%
Contingency	\$15,000	\$5,000	-66.7%
Debt Service	\$298,540	\$300,959	1.2%
Transfer to Water Capital Reserve Fund	\$0	\$0	0%
Total Expenditures:	\$2,877,334	\$3,237,354	12.5%

Water Revenue Highlights

Unrestricted Net Position

The Town's last audit confirmed that we had \$5,084,199 in Unrestricted Net Position as of June 30, 2023, in the Water Fund. The proposed budget does not include any use of these funds. However, some amount may be needed to help fund the water capital projects, depending on the timing of anticipated grant funds from the state.

Water Rates

In accordance with the comprehensive financial analysis and water rate study provided by Withers-Ravenel in early 2024, the proposed Water Fund budget includes a **4% increase** in water rates for all customers. The increased rates keep us on track with the Withers-Ravenel analysis and assist the Town in funding the water system expansion projects, as well as debt service requirements. This increase also achieves the goals below that were given to Withers-Ravenel as

they began the rate study:

- 1) To simplify the Town’s rate structure;
- 2) To encourage water conservation;
- 3) To achieve best practices in charging fixed and volumetric charges without usage allocations; and
- 4) To prevent significantly penalizing industries

System Development Fees

As allowed by NC Gen. Stat. §§ 162A-200, the Town of Weaverville has been charging water system development fees since July 1, 2018. Since its implementation at that time, system development fees have proven to be a reliable and significant source of revenue for the Town’s water fund. The law authorizing these fees requires that a financial analysis be conducted every five years, which the Town completed in 2022, and Town Council subsequently adjusted the fees accordingly. The proposed 2024-2025 budget estimates system development fee revenue of \$150,600, which is a 58% increase.

Water Fund Expenditure Highlights

Debt Service

Debt Service expenses in the Water Fund will remain relatively unchanged in the upcoming year. Debt service includes \$93,640 for the USDA revenue bonds which funds the Town’s Waterline Extension Project, and \$207,319 for the original general obligation bonds, bringing the total debt service payments in fiscal year 2024-2025 to \$300,959.

Water Fund Capital Equipment & Capital Improvements

The table below reflects capital equipment, vehicles, and capital improvement projects as requested within this year’s budget, as well as those proposed for funding.

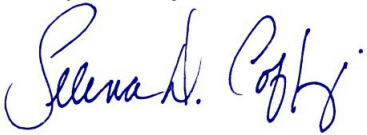
Capital Equipment, Improvements, Vehicles	Department Requested	Manager Proposed
Water Maintenance – Waterline Replacement Program	\$500,000	\$500,000
Water Maintenance – Skid Steer Loader	\$95,500	\$95,500
Water Production – New Ford F-150 Truck to replace 2014 Truck	\$60,000	\$60,000
Water Production – Replace four Actuators and one Autoclave	\$32,400	\$32,400
Total	\$687,900	\$687,900

In Closing

Thank you for the opportunity to recommend the fiscal year 2024-2025 budget – a budget that I believe meets the Town’s needs, invests in services that directly benefit our residents, and addresses emerging service needs due to our unprecedented growth.

This budget represents the collective efforts made by all of the Town’s department leaders and I appreciate their contributions in planning for the Town’s future. I would be remiss if I didn’t remember and thank all our Town employees. It is our employees who provide the services with efficiency and professionalism that make the Town of Weaverville the wonderful community it remains. Without our employees, Town leadership could not be successful. Finally, I would like to recognize and thank our Finance Director, Tonya Dozier, for her assistance in the preparation of this budget. I could not have developed and refined this budget plan without her help.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Selena D. Coffey". The signature is written in a cursive, flowing style.

Selena D. Coffey, MPA, ICMA-CM
Town Manager and Budget Officer

**Fiscal Year 2024-2025 Budget
Budgets by Department, Function & Category**

GENERAL FUND REVENUE	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
Prior Year Tax Revenue	\$6,000	\$3,000	(\$3,000)	-50.0%
Ad Valorem Tax Revenue	\$4,089,368	\$4,262,256	\$172,887	4.2%
DMV Tax Revenue	\$210,657	\$221,402	\$10,745	5.1%
Tax Penalties & Interest	\$6,000	\$8,000	\$2,000	33.3%
Utilities Franchise Tax	\$466,961	\$490,661	\$23,700	5.1%
Beer & Wine Tax	\$17,000	\$19,000	\$2,000	11.8%
Powell Bill Distributions	\$134,558	\$148,440	\$13,882	10.3%
Local Government Sales Tax	\$2,082,422	\$2,167,561	\$85,139	4.1%
ABC Store Distribution to Town	\$350,000	\$350,000	\$0	0.0%
ABC Store Alcohol Education	\$0	\$0	\$0	0.0%
ABC Store Police Department	\$0	\$0	\$0	0.0%
Grant Funds	\$18,000	\$0	(\$18,000)	-100.0%
Cell Tower Revenue	\$22,300	\$22,300	\$0	0.0%
Miscellaneous Revenue	\$6,500	\$8,000	\$1,500	23.1%
Interest Earned	\$307,688	\$287,647	(\$20,041)	-6.5%
Interest Earned-Powell Bill	\$28,500	\$34,710	\$6,210	21.8%
Zoning Inspections Fees	\$18,000	\$18,000	\$0	0.0%
Facility Use Rental Fees	\$64,197	\$75,770	\$11,573	18.0%
Parking Enforcement Fees	\$3,098	\$3,400	\$303	9.8%
Sale of Property	\$10,000	\$10,000	\$0	0.0%
Appropriated Fund Balance	\$1,883,903	\$868,238	(\$1,015,665)	-53.9%
TOTAL GENERAL FUND REVENUE	\$9,725,152	\$8,998,385	(\$726,767)	-7.5%

GENERAL FUND EXPENDITURES	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
Governance				
Personnel - Town Council	\$39,400	\$39,400	\$0	0.0%
Personnel - Legal	\$128,930	\$135,643	\$6,714	5.2%
Operations	\$248,825	\$209,484	(\$39,341)	-15.8%
Capital Outlay	\$0	\$0	\$0	0.0%
Total	\$417,154	\$384,527	(\$32,627)	-7.8%
Administration				
Personnel	\$603,791	\$661,389	\$57,598	9.5%
Operations	\$349,755	\$419,270	\$69,515	19.9%
Capital Outlay	\$0	\$0	\$0	0.0%
Total	\$953,547	\$1,080,660	\$127,113	13.3%
Planning & Code Enforcement				
Personnel	\$127,800	\$217,185	\$89,385	69.9%
Operations	\$33,202	\$27,245	(\$5,957)	-17.9%
Capital Outlay	\$40,175	\$0	(\$40,175)	-100.0%
Total	\$201,176	\$244,430	\$43,254	21.5%

Police Department

Personnel	\$2,196,947	\$2,534,231	\$337,284	15.4%
Operations	\$570,684	\$570,993	\$309	0.1%
Capital Outlay	\$272,000	\$124,000	(\$148,000)	-54.4%
Capital Improvements	\$86,316	\$35,000	(\$51,316)	-59.5%
Total	\$3,125,947	\$3,264,224	\$138,277	4.4%

Public Works: All Divisions

Personnel	\$1,060,163	\$1,115,345	\$55,182	5.2%
Operations	\$631,897	\$658,740	\$26,843	4.2%
Capital Outlay	\$631,000	\$0	(\$631,000)	-100.0%
Capital Improvements	\$842,559	\$130,686	(\$711,873)	-84.5%
Total	\$3,165,619	\$1,904,770	(\$1,260,849)	-39.8%

Recreations / Community Center

Personnel	\$119,673	\$132,319	\$12,647	10.6%
Operations	\$61,785	\$95,069	\$33,284	53.9%
Capital Outlay	\$0	\$0	\$0	0.0%
Total	\$181,458	\$227,389	\$45,931	25.3%

Contingency

	\$20,000	\$10,000	(\$10,000)	-50.0%
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Transfer to Cap Reserve Fund

	\$0	\$0	\$0	0.0%
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Transfer to Fire District Fund

	\$1,660,251	\$1,882,386	\$222,135	13.4%
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Total General Fund Revenue	\$9,725,152	\$8,998,385	(\$726,767)	-7.5%
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Total General Fund Expenditures	\$9,725,152	\$8,998,385	(\$726,767)	-7.5%
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FIRE DISTRICT FUND REVENUE	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
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Buncombe County Fire Protection	\$2,007,097	\$2,158,900	\$151,803	7.6%
Fire Inspections Fees	\$500	\$500	\$0	0.0%
Transfer from General Fund	\$1,660,251	\$1,882,386	\$222,135	13.4%

TOTAL FIRE DISTRICT FUND REVENUE	\$3,667,848	\$4,041,786	\$373,938	10.2%
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FIRE DISTRICT FUND EXPENDITURES	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
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Fire Department

Personnel	\$2,639,858	\$3,025,775	\$385,916	14.6%
Operations	\$508,905	\$637,471	\$128,566	25.3%
Capital Outlay	\$390,000	\$325,000	(\$65,000)	-16.7%
Capital Improvements	\$75,544	\$0	(\$75,544)	-100.0%
Total	\$3,614,307	\$3,988,245	\$373,938	24.5%

Debt Service

Loan Payment-Fire Truck 09/14	\$53,541	\$53,541	(\$0)	0.0%
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Total Fire District Fund Revenue	\$3,667,848	\$4,041,786	\$373,938	10.2%
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Total Fire District Fund Expenditures	\$3,667,848	\$4,041,786	\$373,938	10.2%
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WATER FUND REVENUE	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
Water Revenue	\$2,534,300	\$2,831,495	\$297,195	11.7%
Miscellaneous Revenue	\$20,000	\$20,000	\$0	0.0%
Water Taps	\$22,680	\$22,680	\$0	0.0%
System Development Fees	\$95,254	\$150,600	\$55,346	58.1%
Fees for MSD Collection	\$73,300	\$82,426	\$9,126	12.4%
Interest Earned	\$131,800	\$130,153	(\$1,647)	-1.2%
Appropriated Fund Balance	\$0	\$0	\$0	0.0%
Total Water Fund Revenue	\$2,877,334	\$3,237,354	\$360,020	12.5%

WATER FUND EXPENDITURES	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Variance	% Variance
Water Fund				
Personnel	\$1,252,568	\$1,307,263	\$54,695	4.4%
Operations	\$851,227	\$936,233	\$85,006	10.0%
Capital Outlay	\$60,000	\$187,899	\$127,899	213.2%
Capital Improvements	\$400,000	\$500,000	\$100,000	25.0%
Total	\$2,563,794	\$2,931,394	\$367,600	14.3%
Contingency	Total \$15,000	\$5,000	(\$10,000)	-66.7%
Debt Service				
Reserve for Bond Payment	\$204,986	\$207,319	\$2,333	1.1%
USDA Revenue Bond Payment	\$93,554	\$93,640	\$86	0.1%
Total	\$298,540	\$300,959	\$2,419	1.2%

Total Water Fund Revenue	\$2,877,334	\$3,237,354	\$360,020	12.5%
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Total Water Fund Expenditures	\$2,877,334	\$3,237,354	\$360,020	12.5%
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GRAND TOTAL BUDGET	\$16,270,334	\$16,277,525	\$7,191	0.0%
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