

**TOWN OF VALDESE
ANNUAL COUNCIL/DEPARTMENT HEAD BUDGET RETREAT
MONDAY, APRIL 15, 2024 & TUESDAY, APRIL 16, 2024**

The Town of Valdese Town Council met on April 15 & 16, 2024, at 9:00 a.m., for the Annual Budget Retreat, in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The following were present: Mayor Charles Watts, Mayor Pro Tem Gary Ogle, Councilwoman Rexanna Lowman, Councilwoman Heather Ward, Councilman Glenn Harvey, and Councilman Paul Mears. Also present were: Interim Town Manager Bryan Steen, Town Clerk Jessica Lail, and Department Heads.

Absent: None

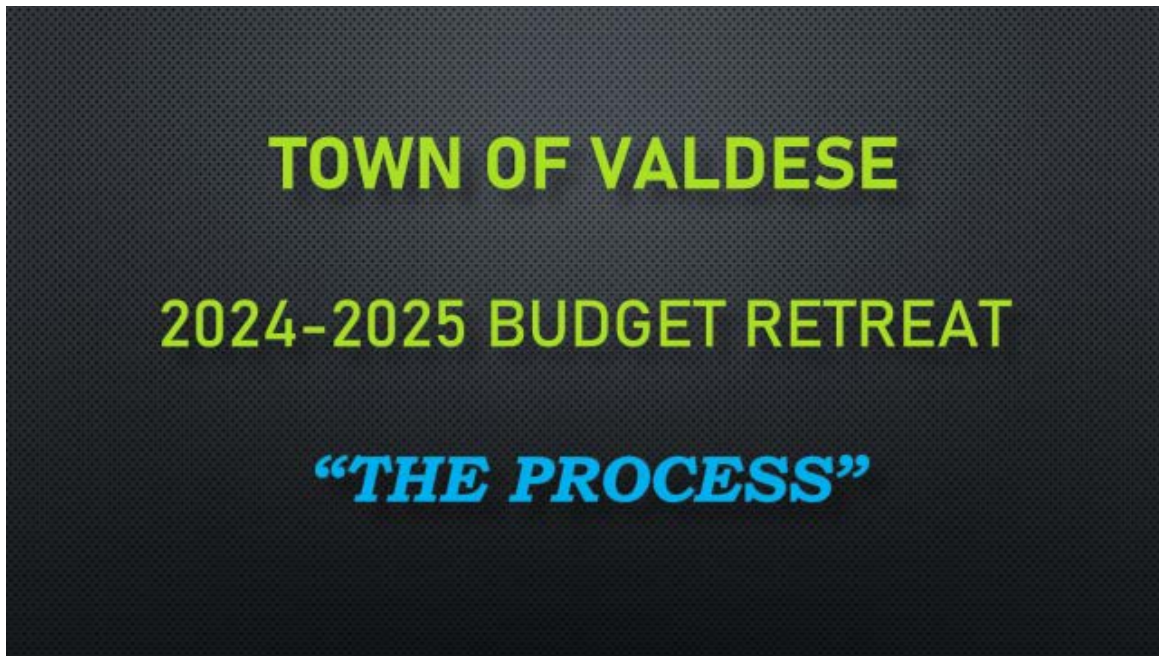
A quorum was present; however, no action was planned.

DAY 1 – APRIL 15, 2024

CALL TO ORDER At 9:00 a.m., Mayor Watts opened the meeting with an invocation and led in the Pledge of Allegiance to the Flag. Mayor Watts welcomed everyone to the Budget Retreat. Mayor Watts stated, “As we move through today’s agenda, let us keep in mind that it is the Town Council’s responsibility to establish the type and level of services that the Town of Valdese provides for our citizens. Currently, our citizens enjoy many quality services not offered in larger municipalities. Quality services provided by loyal and dedicated employees who take pride in providing the best for our citizens. Let us also remember the results of the Valdese 2024 Strategic Plan, which was just finalized. Based on citizen input, our four focus areas are: Employee Recruitment and Retention, Economic Development, Public Infrastructure, and the Old Rock School. So moving forward, we must be mindful of citizen expectations of quality services and the 2024 Strategic Plan. Both of which will help ensure a bright and flourishing future for Valdese.”

Councilman Harvey understands that there will be no reduction in services in FY 24-25 and wants to hear how the staff is going to live within the revenue or dip into the reserves as they did last year.

BUDGET PROCESS Assistant Town Manager/CFO Bo Weichel presented the budget process to give Council an overview of preparing for the budget. Mr. Weichel shared that staff has around 500 hours of time in preparing for the budget.



Two IMPORTANT Annual Documents

BUDGET

(June)



AUDIT

(December)



TRADITIONAL vs. ZERO-BASED

Traditional budgeting:

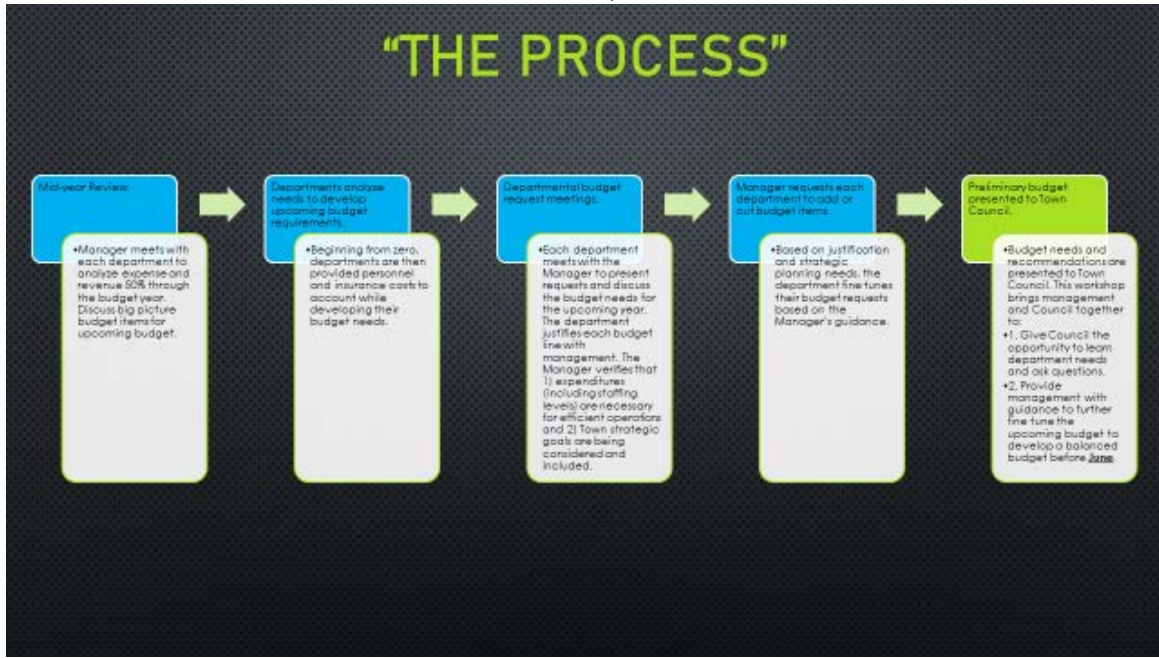
- Utilizes incremental increases over previous budgets (i.e. 3% increase in spending)
- Only analyzes new expenditures.

Zero-based budgeting (ZBB):

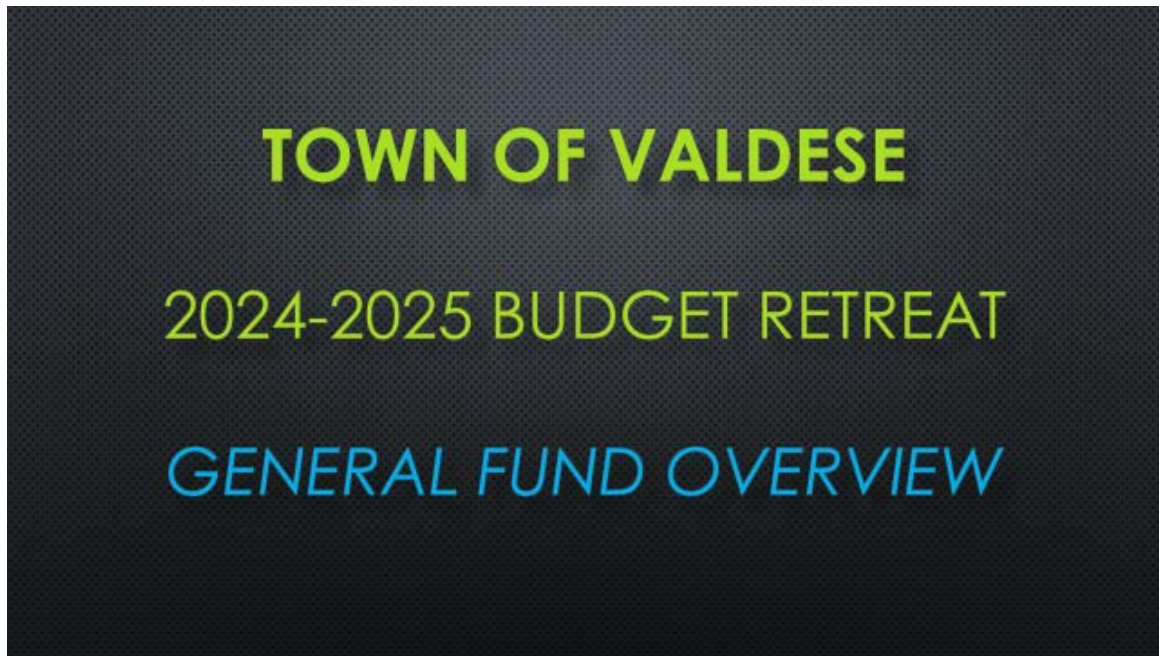
- Unlike traditional budgeting, zero-based starts each department budget at zero. The budgets are then built around what is needed for the upcoming fiscal year.
- ZBB requires justification of both old and new expenditures.
- Through a series of meetings, the Manager and staff analyze each individual expense for the upcoming fiscal year to determine the granular need for the Town.

Why use ZBB?:

- Lowered costs may result as ZBB helps prevent the misallocation of resources that may happen over time compared to when a budget grows incrementally through traditional budgeting.
- Instead of blindly increasing each department's budget by a certain percentage and masking the cost increase, the Town can identify situations across departments and allocate available resources where needed.
- For example, ZBB allows strategic goals to be implemented into the budgeting process by tying them to specific functional areas of the organization.



GENERAL FUND OVERVIEW Assistant Town Manager/CFO Bo Weichel provided an overview of the Town's general fund balance, debt services, and budget challenges. Mr. Weichel shared that the unassigned fund balance for last year was in the amount of \$6,587,564, with a 105% fund balance percentage of expenditures. Mr. Weichel shared that this was a decrease of 7.88% from the prior year. Mr. Weichel identified items that will affect this year's fund balance. Mr. Weichel identified challenges for the upcoming year.



Two IMPORTANT Annual Documents

BUDGET

(June)



AUDIT

(December)



FUND BALANCE

DEBT SERVICE

BUDGET CHALLENGES

FUND BALANCE

PURPOSE OF FUND BALANCE

- PREVENT SHORT-TERM BORROWING
- RESERVE FOR EMERGENCIES, UNFORESEEN EVENTS, OR UNEXPECTED OPPORTUNITIES
- INCREASE AVAILABLE FUNDS FOR INVESTMENT
- AVOID NEGATIVE ATTENTION FROM THE LOCAL GOVERNMENT COMMISSION (LGC)

GENERAL FUND

WHERE DID WE END ON JUNE 30TH?

- UNASSIGNED FUND BALANCE WAS \$ 6,587,565
- FUND BALANCE PERCENTAGE 105% OF EXPENDITURES
- DECREASE FROM PRIOR YEAR OF 7.88%

GENERAL FUND

WHAT WILL IMPACT FUND BALANCE SO FAR THIS YEAR?

- FUND BALANCE APPROPRIATIONS \$617,684

Fitness Center HVAC replacement	25,950
Unified Development Ordinance (UDO)	33,717
WPCOG Strategic Planning	8,030
Board of Election fees	4,930
Interim Manager	90,700
Prior Manager Accrued Vacation Payout	12,500
Cameras in Council Chambers	3,907
Town Manager Search - Baker Tilly	17,000
Increased Use of Attorney Services	30,000
Transfer to Street Paving Fund for Additional Paving (August 2023)	150,000
Transfer to Old Rock School project WPCOG grant admin (August 2023)	25,000
Transfer to Old Rock School project to match cost of bid (February 2024)	215,950
	617,684

- FUND BALANCE APPROPRIATED \$238,279 FROM FY 23-24 BUDGET PROCESS
- PROPERTY TAX VALUES INCREASE MAY & JUNE 2023 \$218,539
- SALES TAX REVENUE PROJECTED TO ADD \$150,000 ADDITIONAL REVENUE

DEBT

TOWN OF VALDESE General Fund Debt			
	Annual Payment	Balance Remaining	Years Remaining
Fire Ladder Truck (USDA)	52,761	738,654	14
Trucks & Equip-Street (Truist)	53,743	107,486	2
Town Hall (USDA)	88,878	2,399,706	27
Splash Park (USDA)	19,483	662,422	34
Patrol Vehicles (Truist)	18,471	18,471	1
Total	233,336	3,926,739	
Operating Debt Ratio	3.10%		

Mr. Weichel provided Council with a debt amortization schedule over the next 40 years.

Debt Service Schedule (General Fund)

EXHIBIT 3

GENERAL							
	Fire	Street	New	Rec	Police		
	Ladder Truck	FY21-22 Vehicles/Equip	Town Hall	Splash Park	3 cars		
FY	(USDA)	(TRUIST)	(USDA)	(USDA)	(Truist)	Total	Reduction
25	52,761.00	53,743.00	88,878.00	19,483.00	18,470.14	233,335.14	
26	52,761.00	53,743.00	88,878.00	19,483.00		214,865.00	18,470.14
27	52,761.00		88,878.00	19,483.00		161,122.00	53,743.00
28	52,761.00		88,878.00	19,483.00		161,122.00	0.00
29	52,761.00		88,878.00	19,483.00		161,122.00	0.00
30	52,761.00		88,878.00	19,483.00		161,122.00	0.00
31	52,761.00		88,878.00	19,483.00		161,122.00	0.00
32	52,761.00		88,878.00	19,483.00		161,122.00	0.00
33	52,761.00		88,878.00	19,483.00		161,122.00	0.00
34	52,761.00		88,878.00	19,483.00		161,122.00	0.00
35	52,761.00		88,878.00	19,483.00		161,122.00	0.00
36	52,761.00		88,878.00	19,483.00		161,122.00	0.00
37	52,761.00		88,878.00	19,483.00		161,122.00	0.00
38	52,761.00		88,878.00	19,483.00		161,122.00	0.00
39			88,878.00	19,483.00		108,361.00	52,761.00
40			88,878.00	19,483.00		108,361.00	0.00
41			88,878.00	19,483.00		108,361.00	0.00
42			88,878.00	19,483.00		108,361.00	0.00
43			88,878.00	19,483.00		108,361.00	0.00
44			88,878.00	19,483.00		108,361.00	0.00
45			88,878.00	19,483.00		108,361.00	0.00
46			88,878.00	19,483.00		108,361.00	0.00
47			88,878.00	19,483.00		108,361.00	0.00
48			88,878.00	19,483.00		108,361.00	0.00
49			88,878.00	19,483.00		108,361.00	0.00
50			88,878.00	19,483.00		108,361.00	0.00
51			88,878.00	19,483.00		108,361.00	0.00
52				19,483.00		19,483.00	
53				19,483.00		19,483.00	
54				19,483.00		19,483.00	
55				19,483.00		19,483.00	
56				19,483.00		19,483.00	
57				19,483.00		19,483.00	
58				19,483.00		19,483.00	
59							
	738,654.00	107,486.00	2,399,706.00	662,422.00	18,470.14	3,926,738.14	

BUDGET CHALLENGES

2024 BUDGET CHALLENGES FOR VALDESE

OPERATING:

- STATE MANDATED 0.75% INCREASE OF RETIREMENT (13.66%)
- STATE MANDATED 1.00% INCREASE OF LAW ENFORCEMENT RETIREMENT (14.04%)
- COST OF LIVING ADJUSTMENT FOR EMPLOYEES
- HEALTH INSURANCE PREMIUM INCREASE OF 3.7%
- REPUBLIC SANITATION AND RECYCLING CONTRACT INCREASE OF 5%
- INFLATIONARY PRICE INCREASES ON EQUIPMENT, MATERIALS, AND SERVICES
- TAX RATE 41.5 CENTS

CAPITAL:

- STREET IMPROVEMENTS
- PUBLIC SAFETY FACILITY

GENERAL FUND REVENUE Mr. Weichel reviewed the General Fund revenues. Mr. Weichel noted that the green column represents what is being proposed, and the other columns represent past data and account codes. Mr. Weichel shared the ad valorem taxes are the only revenue calculated by the state. Mr. Weichel went through the general fund revenues line by line.

EXHIBIT 4

2024-2025 Budget Allocation GENERAL FUND REVENUES						
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
PRIOR 2020 AD VALOREM TAXES	10-3010-201	9,097	9,793	16,000	8,000	5,000
PRIOR 2021 AD VALOREM TAXES	10-3010-211	20,690	10,779	22,000	15,000	6,500
PRIOR 2022 AD VALOREM TAXES	10-3010-221	2,088,946	22,656	50,000	20,000	12,000
PRIOR 2023 AD VALOREM TAXES	10-3010-231	0	2,134,683	2,081,302	45,000	20,000
2024 AD VALOREM TAXES	10-3010-241	0	0	0	2,440,668	2,234,454
MOTOR VEHICLE TAXES	10-3100-000	215,212	225,925	192,000	216,000	222,000
TAX REFUNDS	10-3120-001	-13,811	-10,678	-10,679	-8,256	-7,885
TAX PENALTY & INTEREST	10-3170-000	26,139	17,334	10,000	10,000	10,000
OCCUPANCY TAX	10-3200-000	66,648	89,978	110,000	152,000	95,000
INTEREST ON INVESTMENTS	10-3290-000	12,150	439,134	0	100,000	200,000
ABC STORE	10-3330-000	0	0	0	0	50,000
RENTS	10-3310-000	66,676	70,639	68,400	68,400	74,400
DONATIONS	10-3350-000	35,000	1,927	0	0	0
DONATIONS-RECREATION	10-3350-002	0	0	0	0	0
OTHER	10-3350-030	-29,346	5,658	2,500	2,500	3,700
UTILITY FRANCHISE TAX	10-3370-000	436,229	447,295	440,000	440,000	440,000
ALCOHOL/BEVERAGE TAX	10-3410-000	18,562	22,058	19,000	18,500	19,500
POWELL BILL ST ALLOCATION	10-3430-000	162,972	165,695	146,300	146,300	166,300
UNRESTRICTED SALES TAX	10-3450-010	1,597,037	1,822,710	1,465,039	1,720,144	1,879,492
ALARM PERMIT FEES	10-3530-010	1,380	1,330	1,500	1,300	0
JAIL FEES	10-3580-000	400	814	500	400	500
REFUSE COLLECTION FEES	10-3590-000	209,071	209,686	202,000	205,000	210,000
RECYCLE FEES	10-3590-010	45,643	45,947	44,200	45,000	46,000
SOLID WASTE DISPOSAL TX	10-3590-020	3,550	3,763	3,400	3,400	3,800
CEMETERY REVENUES	10-3610-000	18,525	19,425	5,000	5,000	5,000
SALES TAX CERTIFICATION REFUND	10-3670-000	31,718	36,333	7,000	7,000	5,000
SALE OF REAL PROPERTY	10-3820-000	1,250	23,265	0	0	0
SALE OF FIXED ASSETS	10-3830-000	7,450	25,101	0	0	0
ABATEMENTS	10-3930-001	1,478	3,650	0	0	0
HOUSING AUTHORITY	10-3970-020	20,162	21,249	21,000	20,000	20,000
PARAMOUNT FORD	10-3970-021	1,819	1,432	1,910	1,910	1,910
XTREME MACHINES	10-3970-022	901	607	809	809	809
ORS FACILITY RENTALS	10-3970-025	17,301	15,245	15,700	23,075	22,075
ORS AUDITORIUM & TICKET SALES	10-3970-026	52,041	54,995	50,000	54,000	58,000
ORS LEASES	10-3970-027	25,395	28,878	24,300	30,480	25,492
C.A. TOURS	10-3970-028	2,450	584	500	1,000	1,000
YOUTH SPORTS REGISTRATION FEES	10-3970-029	9,994	14,975	11,000	14,500	14,500
COMMUNITY CENTER MEMBERSHIP	10-3970-030	142,777	144,815	144,000	153,000	153,500
COMMUNITY CENTER CONCESSIONS	10-3970-031	32,869	35,818	33,600	37,000	44,000
SUMMER SWIM TEAM	10-3970-032	3,972	4,723	4,000	4,500	4,500
BOWLING	10-3970-033	46,483	57,114	46,325	55,000	55,000
VENDING	10-3970-034	1,181	1,097	1,000	1,200	1,200
RECREATION CREDIT CARD FEES	10-3970-035	2,141	2,754	1,500	2,000	3,000
WALDENSIAN FOOTRACE	10-3970-036	2,845	3,295	3,000	3,000	4,000
MCGALLIARD FALLS CONCESSIONS	10-3970-038	4,193	3,422	2,500	4,000	4,000
RECREATION MISC REV & PARK REN	10-3970-039	29,800	30,520	32,000	32,000	32,000
ORS FACILITY FEES	10-3970-126	2,261	1,744	1,500	2,000	2,000
TEACHERS COTTAGE RENTALS	10-3970-127	2,261	1,710	1,500	8,000	8,000
MERCHANDISE SALES	10-3970-128	2,261	103	1,500	2,000	2,000
C. A. CONCESSIONS	10-3970-129	3,131	2,177	3,500	3,500	3,000
PRO RATA	10-3970-300	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
CAPITAL PROJECTS	10-3970-302	221,000	221,000	221,000	221,000	221,000
FESTIVAL	10-3970-920	23,715	20,360	15,000	20,000	20,000
TRANSFER FROM CAPITAL RESERVE	10-3970-930	0	0	0	0	0
FUND BALANCE APPROPRIATED	10-3990-000	133,830	-632,700	150,653	238,279	0
POWELL BILL FUND BALANCE	10-3991-000	0	0	0	0	0
PROCEEDS FROM FINANCING	10-3995-001	245,292	245,292	0	0	0
PROCEEDS FROM GRANTS	10-3995-002	0	0	0	0	0
TOTAL		7,162,741	7,226,109	6,763,259	7,693,609	7,501,747

APRIL 15 & 16, 2024 #32

Mr. Weichel shared that TR-101 from the NCPTS V4 system and is a report from Burke County. It tells us our total tax value we can budget for in the next fiscal year. This information is from the end of March 2024, so it will change.

EXHIBIT 5

Date run: 4/3/2024 12:06:19 PM
Data as of: 4/2/2024 8:06:49 PM

TR-101 Assessed Value Report

NCPTS V4

Report Parameters:

Abstract Update Date Start: **Min** Abstract Update Date End: **Max** Tax District: **VALDESE**

Abstract Type: **BUS, IND, PUB, REI, RMV** Tax Year: **2024** Year For: **2024**

Abstract Status: **Adj Pending, Imaged, Mailed, Not RFB, Pre-list, Received, Rejected, RFB** Flag Type: **No Flags, Address Confidential, Annexation Processed, AUDIT, BC EMPLOYEE DEBT, Bill Address Corr, Billin Options, Business List Sum**

Default Sort-By: **Tax District, Abstract Type, Tax Year**

Grouping: **No Grouping, Abstract Type, Tax Year**

Abstract Type	# of Abstracts	Land Value (\$)	Improvement Value (\$)	Land Deferred Value (\$)	Historical Deferred Value Builders	Tax Relief(\$) Exempt.(\$)	Assessed Value - Real (\$)	Assessed Value - Personal (\$)	Total Taxable Value
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TAX DISTRICT: VALDESE ABSTRACT TYPE: BUS TAX YEAR: 2024

BUS	244					2,420	70,074,968		70,074,968
Total	244					2,420	70,074,968		70,074,968

TAX DISTRICT: VALDESE ABSTRACT TYPE: IND TAX YEAR: 2024

IND	147					2,880	801,086		798,206
Total	147					2,880	801,086		798,206

TAX DISTRICT: VALDESE ABSTRACT TYPE: PUB TAX YEAR: 2024

PUB	11								
Total	11								

TAX DISTRICT: VALDESE ABSTRACT TYPE: REI TAX YEAR: 2024

REI	2,808	93,636,906	374,973,753	182,314		216,177	467,829,616	351,012	467,964,451
Total	2,808	93,636,906	374,973,753	182,314		216,177	467,829,616	351,012	467,964,451

PAGE 1 of 1

538,837,625 taxable value x \$0.415 rate = 223,617,614 / 100 = 2,236,176 x 98.65% collection rate = \$2,205,988

GENERAL FUND DEPARTMENT OPERATING & CAPITAL:

GOVERNING BODY Mr. Weichel said that this is our smallest department budget. Mr. Weichel noted that this budget went down due to one of the Council members not taking the insurance or stipend. Councilman Harvey asked the Council to consider changing salaries, wages, and group insurance by getting out of the insurance plan. Councilman Harvey shared that it is more transparent if we take it out, he is concerned with the age of Council members, and from an ethical standard. Councilman Harvey suggested moving the monies for the insurance to the stipend.

2024-2025 Budget Allocation
GOVERNING BODY

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-4100-020	18,300	17,133	18,300	18,300	15,500	
PROFESSIONAL SERVICES	10-4100-040	0	0	0	0	0	
FICA TAX	10-4100-050	972	996	1,400	1,400	1,186	
GROUP INSURANCE	10-4100-060	33,004	51,479	59,535	53,689	45,608	
TRAINING	10-4100-140	930	1,437	1,500	2,500	2,500	
DEPT SUPPLIES	10-4100-330	120	571	100	100	100	
IT	10-4100-490	0	0	0	0	0	
DUES AND SUBSCRIPTIONS	10-4100-530	0	0	0	0	0	
MISCELLANEOUS	10-4100-570	1,086	2,000	2,000	1,000	500	(500)
CAPITAL OUTLAY	10-4100-740	8,703	23,693	23,000	0	0	
CONTINGENCY	10-4100-999	0	0	0	0	0	
TOTAL		63,115	97,309	105,835	76,989	65,394	(500)

ADMINISTRATION Mr. Weichel plugged in \$140,000 for the Town Manager's salary, so it will affect the overall number if it is more than that. Mr. Weichel identified line items that we will need to increase, such as Attorney fees under professional services. Councilman Harvey would like to see the Town budget \$30,000 for staff training under Organizational Development and Teamwork, Customer Service, and Process Improvement.

2024-2025 Budget Allocation
ADMINISTRATION

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-4200-020	376,149	391,848	405,192	414,826	454,214	
PART TIME PAY	10-4200-022	0	8,052	3,840	0	14,000	
PROFESSIONAL SERVICES	10-4200-040	45,574	65,644	77,375	90,225	167,915	
HEALTH REIMBURSEMENT (HRA)	10-4200-041	0	0	0	55,500	61,000	
FICA TAX	10-4200-050	28,309	30,102	31,304	31,548	35,632	
GROUP INSURANCE	10-4200-060	54,722	53,002	60,175	45,774	48,608	
RETIREMENT	10-4200-070	41,747	46,622	48,245	52,464	60,893	
UNEMPLOYMENT CHARGES	10-4200-080	0	0	4,000	3,000	3,000	
TELEPHONE & INTERNET	10-4200-110	17,885	23,067	23,150	23,150	24,350	
POSTAGE	10-4200-111	2,970	2,505	4,000	4,000	4,000	
PRINTING	10-4200-120	2,284	3,071	7,100	3,100	3,100	
ELECTRIC	10-4200-130	7,252	8,009	8,460	9,000	10,000	
TRAINING	10-4200-140	7,576	7,456	13,310	13,310	11,010	(2,300)
MAINT & REPAIR BLDG & GROUNDS	10-4200-150	22,178	13,907	17,021	17,021	17,045	
MAINT & REPAIR - EQUIP	10-4200-160	3,051	1,866	4,020	4,400	4,600	
MAINT & REPAIR - AUTO	10-4200-170	0	0	250	250	250	
ADVERTISING	10-4200-260	1,412	3,731	2,850	2,850	2,850	
AUTO SUPPLIES GAS	10-4200-311	409	352	500	1,000	1,000	
AUTO SUPPLIES TIRES	10-4200-313	0	0	0	0	0	
AUTO SUPPLIES OIL	10-4200-314	0	0	40	40	50	
DEPT SUPPLIES & MATL	10-4200-330	12,903	12,247	15,700	15,700	15,100	(600)
CONTRACTED SERVICES	10-4200-450	25,193	36,156	44,416	43,956	38,620	(10,000)
IT	10-4200-490	45,573	53,283	74,270	73,070	77,830	
DUES & SUBSCRIPTIONS	10-4200-530	9,153	11,806	15,000	15,500	14,800	(700)
INSURANCE & BONDS	10-4200-540	102,696	116,568	140,092	140,092	153,000	
MISC EXPENSE	10-4200-570	8,045	6,069	10,950	10,950	15,350	(4,000)
CAPITAL OUTLAY	10-4200-740	0	2,000	2,000	20,000	22,000	
ECONOMIC DEVELOPMENT GRANT	10-4200-763	0	0	0	0	0	
BURKE COUNTY LIBRARY	10-4200-930	40,000	40,000	40,000	40,000	40,000	
DEBT SERVICE	10-4200-962	88,878	88,878	88,878	88,878	88,878	
TRANSFER TO CAPITAL RESERVE	10-4200-963	0	0	0	0	0	
CONTINGENCY	10-4200-990	0	0	0	0	0	
TOTAL		943,959	1,026,241	1,142,138	1,219,604	1,389,095	(17,600)

APRIL 15 & 16, 2024 #32

PUBLIC WORKS ADMINISTRATION/GARAGE FACILITIES Mr. Weichel identified a few increases under this department, such as iMaint, a web-based work order program, supplies/materials, and a new item: the fuel master system annual fee.

2024-2025 Budget Allocation							
PUBLIC WORKS ADMIN							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-4250-020	122,970	101,862	88,723	93,614	98,202	
OVER TIME PAY	10-4250-021	1,791	1,040	1,448	1,448	1,521	
PART TIME PAY	10-4250-022	0	0	0	0	0	
PROFESSIONAL SERVICES	10-4250-040	220	65	550	550	550	
FICA TAX PAYABLE	10-4250-050	9,082	7,607	6,858	7,192	7,549	
GROUP INSURANCE	10-4250-060	27,043	28,966	29,295	17,818	18,663	
RETIREMENT PAYABLE	10-4250-070	14,116	12,430	10,902	12,138	13,480	
PRINTING	10-4250-120	0	0	500	500	500	
ELECTRIC	10-4250-130	6,569	7,125	7,200	7,200	7,560	
NATURAL GAS	10-4250-131	2,991	3,000	3,000	3,000	3,150	
TRAINING	10-4250-140	0	0	0	3,000	2,500	(500)
MAINT & REPAIR BLDGS & GROUNDS	10-4250-150	16,603	11,076	12,524	13,024	12,500	(2,400)
MAINT & REPAIR EQUIP	10-4250-160	1,669	2,592	3,100	3,500	4,000	
MAINT & REPAIR AUTO	10-4250-170	440	915	915	1,500	1,500	
AUTO SUPPLIES GAS	10-4250-311	4,208	3,275	4,332	6,000	5,500	(500)
AUTO SUPPLIES TIRES	10-4250-313	2,120	1,420	1,420	1,420	1,420	
AUTO SUPPLIES OIL	10-4250-314	72	0	184	184	184	
DEPT SUPPLIES & MATERIAL	10-4250-330	11,236	11,551	13,500	14,500	15,000	(1,500)
CHEMICALS	10-4250-332	0	299	500	500	500	
UNIFORMS	10-4250-360	1,329	1,380	1,380	1,580	1,580	
CONTRACTED SERVICES	10-4250-450	1,356	3,585	5,216	5,216	10,016	(800)
IT	10-4250-490	0	0	0	0	0	
DUES & SUBSCRIPTIONS	10-4250-530	0	1,010	2,325	2,325	2,325	
MISC EXPENSE	10-4250-570	0	0	0	0	0	
CAPITAL OUTLAY	10-4250-740	0	11,347	20,000	41,000	45,000	(4,880)
TOTAL		223,815	210,545	213,874	237,209	253,200	(10,580)

PUBLIC WORKS GROUNDS & MAINTENANCE Mr. Weichel shared that there has been little change in this department other than the Capital expenditure, which went from \$0 last year to \$49,000 this year due to a Capital Improvement Plan need.

2024-2025 Budget Allocation							
GROUNDS AND MAINTENANCE							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-4350-020	101,106	132,473	144,556	151,646	158,490	
OVER TIME PAY	10-4350-021	5,005	2,997	4,973	4,973	6,266	
PART TIME PAY	10-4350-022	11,842	11,976	10,400	10,400	10,400	
FICA TAX	10-4350-050	8,586	10,786	9,126	12,658	13,280	
GROUP INSURANCE	10-4350-060	26,936	28,711	38,548	34,652	37,110	
RETIREMENT	10-4350-070	11,929	16,239	13,242	20,018	22,293	
TRAINING	10-4350-140	14	379	400	400	400	
MAINT & REPAIR BLDGS & GROUND	10-4350-150	12,395	3,968	4,150	7,150	7,150	
MAINT & REPAIR EQUIP	10-4350-160	2,111	3,477	3,480	3,480	3,480	
MAINT & REPAIR AUTO	10-4350-170	472	912	2,253	2,253	1,500	(753)
AUTO SUPPLIES - GAS	10-4350-311	4018	5129	6,160	6,500	6,500	
AUTO SUPPLIES DIESEL	10-4350-312	133	369	928	928	928	
AUTO SUPPLIES - TIRES	10-4350-313	1346	1349	1,350	1,350	1,350	
AUTO SUPPLIES - OIL	10-4350-314	537	441	566	566	566	
DEPT SUPPLIES & MATERIAL	10-4350-330	3224	1697	3,600	3,600	4,250	
CHRISTMAS DECORATIONS	10-4350-331	9884	7465	7,500	0	0	
CHEMICALS	10-4350-332	2101	2453	2,500	2,500	2,500	
UNIFORMS	10-4350-360	1765	1590	1,590	2,400	2,400	
CONTRACT SERVICES	10-4350-450	0	0	500	500	500	
HELPING HANDS	10-4350-451	0	0	4,800	4,800	4,800	
IT	10-4350-490	0	0	0	0	0	
MISC EXPENSE	10-4350-570	5127	0	0	2,000	2,500	(500)
CAPITAL OUTLAY	10-4350-740	0	0	0	0	49,000	
ARBOR BEAUTIFICATION	10-4350-927	3,583	3,432	10,800	10,800	10,800	(1,000)
TOTAL		212,114	235,843	271,422	283,574	346,463	(2,253)

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PLANNING DEPARTMENT Mr. Weichel discussed salary line for the Planning Director. Councilman Harvey does not understand why we budget for a full-time employee if we don't have one. Councilman Harvey said that is not zero-based budgeting.

2024-2025 Budget Allocation							
PLANNING							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-4900-020	610	630	670	40,920	40,920	
PART TIME PAY	10-4900-022	33,576	36,137	37,240	39,660	40,980	
PROFESSIONAL SERVICES	10-4900-040	967	0	7,000	7,000	7,000	
FICA TAX	10-4900-050	2,518	2,707	7,469	6,125	6,226	
GROUP INSURANCE	10-4900-060	0	0	9,529	9,055	9,122	
RETIREMENT	10-4900-070	0	0	7,345	5,216	5,519	
TRAINING	10-4900-140	0	0	500	500	500	
MAINT & REPAIR BLDG & GROUNDS	10-4900-150	0	0	750	0	0	
MAINT & REPAIR EQUIP	10-4900-160	1,896	474	2,720	3,500	3,500	
ADVERTISING	10-4900-260	0	0	1,125	1,125	1,125	
DEPT SUPPLIES & MATL	10-4900-330	557	683	695	700	700	
CONTRACTED SERVICES	10-4900-450	3,631	0	3,000	3,000	3,000	
ABATEMENTS	10-4900-451	526	800	9,000	9,000	7,000	(2,000)
IT	10-4900-490	0	0	0	0	0	
DUES & SUBSCRIPTIONS	10-4900-530	200	144	344	344	344	
MISC EXPENSE	10-4900-570	964	386	1,000	1,000	1,000	
CAPITAL OUTLAY	10-4900-740	1,250	12,250	16,000	3,000	100,000	
TOTAL		46,695	54,211	104,387	130,145	226,935	(2,000)

POLICE DEPARTMENT Mr. Weichel shared that there are minimal changes in this department. Councilwoman Lowman asked how many years we keep a car. Mr. Weichel said ten years.

2024-2025 Budget Allocation							
POLICE							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-5100-020	613,073	673,591	667,184	727,693	747,669	
OVER TIME PAY	10-5100-021	8,250	10,905	9,830	16,624	16,624	
PART TIME PAY	10-5100-022	15,491	10,020	16,560	10,560	10,560	
EXTRA DUTY HOURS	10-5100-024	19,588	18,424	24,363	29,186	29,186	
PROFESSIONAL SERVICES	10-5100-040	885	1,557	1,650	1,800	1,800	
FICA TAX	10-5100-050	49,190	53,134	54,445	59,503	61,032	
GROUP INSURANCE	10-5100-060	126,262	136,716	136,588	129,734	138,013	
DEFERRED COMP 401K	10-5100-065	29,322	32,530	32,887	35,357	36,196	
RETIREMENT	10-5100-070	76,341	90,709	90,317	104,601	114,785	
TELEPHONE	10-5100-110	6,364	6,414	6,471	6,471	6,471	
POSTAGE	10-5100-111	556	368	1,090	1,286	1,000	(286)
PRINTING	10-5100-120	0	0	1,174	1,174	500	(674)
TRAINING	10-5100-140	1,197	1,003	2,500	2,500	2,500	
MAINT & REPAIR BLDG & GROUNDS	10-5100-150	3,924	2,754	1,570	2,588	2,688	
MAINT & REPAIR EQUIP	10-5100-160	2,486	3,231	4,192	4,517	4,517	
MAINT & REPAIR AUTO	10-5100-170	11,686	8,395	11,495	13,275	13,275	
ADVERTISING	10-5100-260	0	0	354	100	0	
AUTO SUPPLIES GAS	10-5100-311	48,320	36,398	40,000	45,000	45,000	
AUTO SUPPLIES TIRES	10-5100-313	5,021	5,095	5,500	5,500	5,500	
AUTO SUPPLIES OIL	10-5100-314	763	2,770	2,850	2,000	2,000	
DEPT SUPPLIES & MATL	10-5100-330	13,007	25,525	21,945	21,125	22,920	
UNIFORMS	10-5100-360	13,681	16,719	16,300	14,920	15,340	
CONTRACTED SERVICES	10-5100-450	13,668	18,401	27,892	27,962	14,228	(14,806)
IT	10-5100-490	13,368	7,100	12,242	10,772	13,334	
DUES & SUBSCRIPTIONS	10-5100-530	31	0	400	424	224	(200)
INSURANCE & BONDS	10-5100-540	0	0	2,065	2,065	0	(2,065)
MISC EXPENSE	10-5100-570	0	0	0	0	0	
CAPITAL OUTLAY	10-5100-740	121,431	46,019	45,000	45,000	56,000	
DEBT SERVICE - CARS	10-5100-910	18,470	18,470	18,471	18,471	18,471	
TOTAL		1,212,375	1,226,248	1,255,335	1,340,208	1,379,832	(18,031)

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FIRE DEPARTMENT Mr. Weichel identified changes and noted that the debt for Engine 1 had been paid off, so that dropped off. Mr. Weichel said the most significant difference is that they have a Capital Outlay item this year that they did not have last year.

2024-2025 Budget Allocation							
FIRE							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-5300-020	325,193	348,525	336,034	348,043	370,580	
OVER TIME PAY	10-5300-021	605	1,379	1,000	1,000	1,000	
PART TIME PAY	10-5300-022	67,623	49,846	65,555	67,875	65,875	(2,000)
EXTRA DUTY HOURS	10-5300-024	27,006	38,243	39,741	39,741	41,400	
PROFESSIONAL WAGES	10-5300-040	1,383	2,171	5,900	7,980	6,980	(1,000)
FICA TAX	10-5300-050	31,596	33,148	33,719	34,815	36,513	
GROUP INSURANCE	10-5300-060	65,844	71,096	75,842	80,601	86,299	
RETIREMENT	10-5300-070	40,077	47,261	45,626	49,992	56,200	
TELEPHONE	10-5300-110	418	456	457	457	1,080	
POSTAGE	10-5300-111	106	72	200	200	200	
PRINTING	10-5300-120	0	658	700	700	500	(200)
ELECTRIC	10-5300-130	10,710	11,319	14,400	14,400	15,840	
NATURAL GAS	10-5300-131	3,912	4,050	4,550	4,550	5,005	
TRAVEL	10-5300-140	11,537	7,042	14,672	18,800	18,120	(1,200)
MAINT & REPAIR BLDGS & GROUNDS	10-5300-150	5,696	7,062	6,598	6,568	6,900	
MAINT & REPAIR EQUIP	10-5300-160	8,440	6,406	10,065	10,165	12,210	
MAINT & REPAIR AUTO	10-5300-170	9,349	20,735	17,120	16,450	19,110	
ADVERTISING	10-5300-260	0	0	500	500	500	(500)
AUTO SUPPLIES GAS	10-5300-311	1,978	1,583	1,600	2,580	2,530	(500)
AUTO SUPPLIES DIESEL	10-5300-312	4,785	8,608	5,565	7,650	10,350	
AUTO SUPPLIES TIRES	10-5300-313	0	1,200	1,200	4,800	10,600	
AUTO SUPPLIES OIL	10-5300-314	1,859	1,220	1,628	2,019	2,025	
DEPT SUPPLIES & MATL	10-5300-330	14,246	46,805	38,805	39,705	38,955	(300)
UNIFORMS	10-5300-360	2,120	4,205	7,000	7,000	7,000	
CONTRACTED SERVICES	10-5300-450	3,200	1,600	1,600	0	0	
IT	10-5300-490	3,941	2,896	3,560	3,735	9,000	
DUES & SUBSCRIPTIONS	10-5300-530	4,193	3,839	5,855	5,345	6,545	
INSURANCE & BONDS	10-5300-540	21,465	22,026	21,650	22,735	25,815	
MISC EXPENSE	10-5300-570	0	0	0	0	0	
SAFETY	10-5300-572	6,207	8,141	8,180	9,640	9,660	(280)
TRANSFER TO PUBLIC SAFETY BUILDING	10-5300-720	100,000	124,000	124,000	324,000	324,000	
CAPITAL OUTLAY	10-5300-740	27,278	172,774	175,000	0	75,000	
DEBT SERVICE - ENG #1	10-5300-910	26,908	26,908	26,908	26,908	0	(26,908)
DEBT SERVICE LADDER TRK	10-5300-912	52,761	52,761	52,761	52,761	52,761	
TOTAL		880,436	1,128,035	1,147,991	1,211,715	1,318,553	(32,888)

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PUBLIC WORKS STREETS Mr. Weichel noted that Duke Energy's rate increased, and diesel exhaust fluid repairs were added, which was an EAP mandate.

2024-2025 Budget Allocation						
STREET						
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2022-23 Budget	2024-25 Recommended
SALARIES & WAGES	10-5600-020	118,540	135,551	128,877	144,791	151,847
OVER TIME PAY	10-5600-021	3,911	4,002	4,459	4,787	6,031
PART TIME PAY	10-5600-022	0	0	0	0	0
PROFESSIONAL SERVICES	10-5600-040	0	0	1,000	1,000	1,000
FICA TAX	10-5600-050	9,048	10,261	10,041	11,284	11,919
GROUP INSURANCE	10-5600-060	29,694	38,340	38,620	34,724	37,014
RETIREMENT	10-5600-070	13,771	16,716	15,961	19,041	21,282
ELECTRIC	10-5600-130	1,574	1,663	1,860	1,860	2,064
ELECTRIC - STREET LIGHTS	10-5600-133	60,930	62,663	66,980	66,980	75,348
ELECTRIC - TRAFFIC LIGHTS	10-5600-134	791	621	1,224	1,224	1,344
TRAINING	10-5600-140	42	0	350	350	1,000
MAINT & REPAIR BLDGS & GROUNDS	10-5600-150	9,918	10,124	16,100	16,100	17,100
MAINT & REPAIR EQUIP	10-5600-160	2,962	9,668	12,046	12,046	10,000
MAINT & REPAIR AUTO	10-5600-170	5,660	7,553	8,173	8,173	12,000
AUTO SUPPLIES GAS	10-5600-311	2,198	3,699	3,700	3,800	3,800
AUTO SUPPLIES DIESEL	10-5600-312	12,269	19,213	16,047	16,047	16,047
AUTO SUPPLIES TIRES	10-5600-313	3,213	1,198	5,836	5,836	5,500
AUTO SUPPLIES OIL	10-5600-314	187	1,191	2,954	2,954	2,954
DEPT SUPPLIES & MATL	10-5600-330	3,355	4,289	7,900	8,600	8,600
CHEMICALS	10-5600-332	1,379	1,762	2,000	2,000	2,000
UNIFORMS	10-5600-360	2,264	1,590	1,590	2,400	2,800
CONTRACTED SERVICES	10-5600-450	2,268	9,288	1,080	1,080	1,080
IT	10-5600-490	0	0	0	0	0
CAPITAL OUTLAY	10-5600-740	246,063	38,997	32,000	0	60,000
TRANSFER TO STREETS PROJECT FUN	10-5600-900	0	0	0	225,000	225,000
DEBT SERVICE	10-5600-910	53,743	53,743	53,743	53,743	53,743
TOTAL		583,780	432,132	432,541	643,820	729,473

(2,046)

(336)

(500)

(2,882)

POWELL BILL Mr. Weichel said that we received funds from the state for street paving. If we don't use the full amount, it goes into the Powell Bill fund for future uses, but it has to be used for street-related items.

2024-2025 Budget Allocation						
POWELL BILL						
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
SALARIES & WAGES	10-5700-020	0	0	0	0	0
OVER TIME PAY	10-5700-021	0	0	0	0	0
PROFESSIONAL SERVICES	10-5700-040	0	0	0	0	0
PROF SERVICES PAVING PROJECT	10-5700-041	0	0	0	0	0
FICA TAX	10-5700-050	0	0	0	0	0
GROUP INSURANCE	10-5700-060	0	0	0	0	0
RETIREMENT	10-5700-070	0	0	0	0	0
MAINT & REPAIR BLDG & GRDS	10-5700-150	1,294	741	4,000	4,000	4,000
MAINT & REPAIR - PATCHING	10-5700-151	1,319	7,999	8,000	8,000	8,000
RIGHT OF WAY	10-5700-153	0	0	0	0	0
DRAINAGE AND STORM SEWER	10-5700-154	1,097	624	3,000	3,000	3,000
SNOW AND ICE REMOVAL	10-5700-155	0	3,387	3,800	3,800	3,800
MAINT & REPAIR EQUIP	10-5700-160	0	0	0	0	0
MAINT & REPAIR VEHICLE	10-5700-170	0	0	0	0	0
DEPT SUPPLIES & MATL	10-5700-330	1,832	2,499	2,500	2,500	2,500
CONTRACTED SERVICES	10-5700-450	0	13,100	0	0	0
MISC EXPENSE	10-5700-570	0	0	0	0	0
CAPITAL OUTLAY OTHER	10-5700-720	0	0	0	0	0
CRACK SEALING	10-5700-721	0	0	0	0	0
CAPITAL OUTLAY SIDEWALKS	10-5700-730	0	11,890	0	0	20,000
CAPITAL OUTLAY	10-5700-740	100,609	0	0	0	125,000
DEBT SERVICE	10-5700-910	0	125,000	125,000	125,000	0
TOTAL		106,151	165,240	146,300	146,300	166,300

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PUBLIC WORKS SANITATION Mr. Weichel noted that our Republic Contract is in this department in the amount of \$304,400, and they have built into the contract that we will increase the rates each year, and they are sticking strong to that. Mr. Weichel said that Republic charges us \$14.24, but the Town charges \$12.30, so our revenues are less than our expenditures. The last increase was in 2021 for \$1.00.

2024-2025 Budget Allocation							
SANITATION							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-5800-020	31,553	33,589	32,028	35,217	36,931	
OVER TIME PAY	10-5800-021	1,070	1,058	1,084	1,138	1,434	
PART TIME PAY	10-5800-022	0	0	0	0	0	
PROFESSIONAL SERVICES	10-5800-040	0	0	0	0	0	
FICA TAX	10-5800-050	2,456	2,610	2,493	2,741	2,895	
GROUP INSURANCE	10-5800-060	8,989	9,613	9,673	8,699	9,278	
RETIREMENT	10-5800-070	3,663	4,149	3,963	4,625	5,170	
POSTAGE	10-5800-111	939	0	1,000	3,000	3,000	
PRINTING EXPENSE	10-5800-120	356	0	750	900	900	
TRAINING	10-5800-140	0	0	0	0	0	
MAINT. & REPAIR EQUIPMENT	10-5800-160	0	945	2,000	2,000	2,000	
MAINT. & REPAIR AUTO & TRUCK	10-5800-170	628	848	2,134	2,134	5,000	
ADVERTISEMENT	10-5800-260	0	0	0	0	600	
AUTO SUPPLIES GAS	10-5800-311	2,983	4,017	4,852	4,000	4,000	(500)
AUTO SUPPLIES DIESEL	10-5800-312	1,366	1,808	2,000	1,700	1,500	(790)
AUTO SUPPLIES TIRES	10-5800-313	2,290	67	2,290	2,290	2,290	
AUTO SUPPLIES OIL	10-5800-314	600	401	628	628	628	
DEPT SUPPLIES & MATERIALS	10-5800-330	192	1,269	1,400	1,400	1,400	
CHEMICAL	10-5800-332	0	127	200	200	200	
UNIFORMS	10-5800-360	937	690	690	1,260	1,260	
CONTRACTED SERVICES	10-5800-450	262,231	281,446	266,424	296,267	304,400	
IT	10-5800-490	0	0	0	0	0	
MISCELLANEOUS EXPENSE	10-5800-570	0	0	0	0	0	
CAPITAL OUTLAY	10-5800-740	0	0	32,000	165,000	6,000	
DEBT SERVICE	10-5800-910	0	0	0	0	0	
TOTAL		320,253	342,637	365,609	533,199	388,886	(1,290)

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PARKS & RECREATION Mr. Weichel said that the department is requesting an hourly rate increase. Mr. Weichel identified a few decreases, such as natural gas usage, if we go with a permanent structure and building repairs. The Council discussed rate fees for memberships, etc., being different for residents vs non-residents. Parks & Recreation Director David Andersen discussed the various fees and the pros and cons of increasing costs and verifying if someone lives in Town or out of Town.

**2024-2025 Budget Allocation
RECREATION**

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-6200-020	253,610	259,300	258,446	281,126	292,874	
OVER TIME PAY	10-6200-021	0	0	0	0	0	
PART-TIME PAY	10-6200-022	178,651	224,381	243,920	263,259	284,784	
PROFESSIONAL SERVICES	10-6200-040	769	755	1,000	1,000	1,000	
FICA TAX	10-6200-050	31,986	36,466	38,391	41,566	44,111	
GROUP INSURANCE	10-6200-060	60,185	65,469	65,989	59,151	56,350	
RETIREMENT	10-6200-070	28,955	31,532	31,364	36,159	39,864	
TELEPHONE	10-6200-110	795	379	1,200	1,200	400	
POSTAGE	10-6200-111	0	0	0	0	0	
PRINTING	10-6200-120	0	0	0	0	0	
ELECTRIC	10-6200-130	37,496	36,470	46,000	40,000	40,000	
NATURAL GAS	10-6200-131	52,463	71,818	49,000	54,000	50,000	
TRAINING	10-6200-140	1,191	1,377	1,500	2,500	3,000	
MAINT & REPAIR BLDGS	10-6200-150	39,171	61,208	32,550	33,150	22,800	
PARK REPAIRS	10-6200-151	0	9,954	10,000	8,000	9,300	
MAINT & REPAIR EQUIPMENT	10-6200-160	14,425	15,435	15,950	16,850	16,500	(500)
MAINT & REPAIR AUTO	10-6200-170	1,481	329	1,200	1,000	1,000	
ADVERTISING	10-6200-260	416	500	500	1,000	1,500	
AUTO SUPPLIES GAS	10-6200-311	2,642	2,379	1,820	2,340	3,500	
AUTO SUPPLIES TIRES	10-6200-313	0	0	0	0	0	
AUTO SUPPLIES OIL	10-6200-314	0	33	240	240	240	
DEPT SUPPLIES & MATERIALS	10-6200-330	18,194	22,821	21,900	22,525	32,050	
CHEMICALS	10-6200-332	10,669	14,645	16,000	17,000	15,000	(2,000)
UNIFORMS	10-6200-360	381	628	1,000	1,000	1,500	
CONTRACTED SERVICES	10-6200-450	33,946	35,464	38,986	35,586	37,200	
WALDENSIAN FOOTRACE	10-6200-454	2,967	3,873	4,000	4,500	4,500	
SWIM TEAM	10-6200-480	1,377	491	1,500	2,000	2,500	
P F R CONCESSIONS	10-6200-481	24,276	27,200	24,000	25,000	33,000	
P F R OTHER	10-6200-484	9,795	8,488	8,000	8,000	9,000	
DUES AND SUBSCRIPTIONS	10-6200-530	3,226	2,065	5,000	4,045	3,545	
CAPITAL OUTLAY	10-6200-740	97,395	41,020	0	104,800	79,280	
DEBT SERVICE	10-6200-910	19,483	19,483	19,483	19,483	19,483	
TOTAL		925,945	993,963	938,939	1,086,480	1,104,281	(2,500)

Recreation Revenue Forecast (INCLUDED WITH GENERAL FUND REVENUE)

YOUTH SPORTS REGISTRATION FEES	10-3970-029	9,994	14,975	11,000	14,500	14,500
COMMUNITY CENTER MEMBERSHIPS	10-3970-030	142,777	144,815	144,000	153,000	153,500
COMMUNITY CENTER CONCESSIONS	10-3970-031	32,869	35,818	33,600	37,000	44,000
SUMMER SWIM TEAM	10-3970-032	3,972	4,723	4,000	4,500	4,500
BOWLING	10-3970-033	46,483	57,114	46,325	55,000	55,000
VENDING	10-3970-034	1,181	1,097	1,000	1,200	1,200
RECREATION CREDIT CARD FEES	10-3970-035	2,141	2,754	1,500	2,000	3,000
WALDENSIAN FOOTRACE	10-3970-036	2,845	3,295	3,000	3,000	4,000
MCGALLIARD FALLS CONCESSIONS	10-3970-038	4,193	3,422	2,500	4,000	4,000
RECREATION MISC REV & PARK RENT	10-3970-039	29,800	30,520	32,000	32,000	32,000
TOTAL		276,255	298,533	278,925	306,200	315,700

APRIL 15 & 16, 2024 #32

COMMUNITY AFFAIRS Mr. Weichel discussed why the occupancy tax jumped up last year. Community Affairs Director Morrissa Angi reviewed the fee range of the Friday Night bands.

2024-2025 Budget Allocation COMMUNITY AFFAIRS							
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended	Manager Cuts
SALARIES & WAGES	10-6250-020	151,121	162,574	168,075	171,855	180,309	
OVER TIME PAY	10-6250-021	0	0	0	0	0	
PART-TIME PAY	10-6250-022	19,711	28,195	26,000	30,000	33,000	
PROFESSIONAL SERVICES	10-6250-040	0	0	1,380	1,380	1,380	
FICA TAX	10-6250-050	12,816	14,297	14,727	15,323	16,199	
GROUP INSURANCE	10-6250-060	28,221	36,658	36,910	32,994	35,323	
RETIREMENT	10-6250-070	17,124	19,633	20,248	21,985	24,417	
TELEPHONE	10-6250-110	0	0	0	100	0	
POSTAGE	10-6250-111	3,693	1,294	5,500	5,500	5,500	
PRINTING	10-6250-120	3,548	3,532	4,600	4,600	4,600	
ELECTRIC	10-6250-130	31,298	30,528	35,500	31,000	34,000	(2,000)
NATURAL GAS	10-6250-131	11,400	8,997	9,000	11,500	11,500	
TRAINING	10-6250-140	98	183	200	200	200	
MAINT. & REPAIR BLDGS	10-6250-150	24,702	26,752	22,000	24,900	25,000	
MAINT & REPAIR EQUIPMENT	10-6250-160	2,000	1,636	1,700	1,700	2,400	
MAINT & REPAIR AUTO	10-6250-170	0	0	0	0	200	
ADVERTISING	10-6250-260	6,486	6,024	7,000	8,000	8,000	
AUTO SUPPLIES - GAS	10-6250-311	0	0	0	0	300	
AUTO SUPPLIES - TIRES	10-6250-313	0	0	0	0	0	
AUTO SUPPLIES - OIL	10-6250-314	0	0	0	0	100	
DEPT SUPPLIES & MATERIAL	10-6250-330	7,905	5,942	6,400	6,600	7,000	
EVENT SUPPLIES & DÉCOR	10-6250-331	500	34,085	500	14,000	14,000	
CONCESSION STAND TRAILER	10-6250-332	2,884	3,488	3,500	4,000	4,000	
CONTRACTED SERVICES	10-6250-450	36,113	27,542	23,500	30,500	31,350	
CONT SERVICES ENTERTAINMENT	10-6250-452	90,111	82,667	84,000	86,000	92,475	
CONT SERVICES TOURISM	10-6250-453	462	216	500	500	500	
IT	10-6250-490	486	0	500	500	500	
DUE AND SUBSCRIPTIONS	10-6250-530	1,187	331	800	1,050	1,050	
WELLNESS	10-6250-572	6,409	6,132	7,000	7,000	7,000	
CAPITAL OUTLAY	10-6250-740	117,000	60,000	60,000	95,000	35,000	
BUILDING REUSE & FACADE	10-6250-920	2,500	5,000	5,000	5,000	5,000	
FESTIVAL	10-6250-922	19,999	20,894	20,000	28,700	29,200	
MAIN STREET PROGRAM	10-6250-924	3,000	2,992	3,000	3,000	3,000	
VALDESE TOURISM COMMISSION	10-6250-925	74,214	97,567	100,000	142,000	85,000	
TOTAL		674,988	687,159	667,540	784,887	697,504	(2,000)

Community Affaris Revenue Forecast (INCLUDED WITH GENERAL FUND REVENUE)						
OCCUPANCY TAX	10-3200-000	66,648	89,978	110,000	152,000	95,000
ORS FACILITY RENTALS	10-3970-025	17,301	15,245	15,700	23,075	22,075
ORS AUDITORIUM & TICKET SALES	10-3970-026	52,041	54,995	50,000	54,000	58,000
ORS LEASES	10-3970-027	25,395	28,878	24,300	30,480	25,492
C.A. TOURS	10-3970-028	2,450	584	500	1,000	1,000
ORS FACILITY FEES	10-3970-126	2,261	1,744	1,500	2,000	2,000
TEACHERS COTTAGE RENTALS	10-3970-127	2,261	1,710	1,500	8,000	8,000
MERCHANDISE SALES	10-3970-128	2,261	103	1,500	2,000	2,000
C. A. CONCESSIONS	10-3970-129	3,131	2,177	3,500	3,500	3,000
FESTIVAL	10-3970-920	23,715	20,360	15,000	20,000	20,000
TOTAL		197,464	215,774	223,500	296,055	236,567

APRIL 15 & 16, 2024 #32

Mr. Weichel shared a snapshot of the major changes in the operating budget.

EXHIBIT 7

FY2024-25 Major Changes (> \$1,000) Operating Budget						
Department	Account	Item	Prior Budget	New Budget	Net Change	Notes
Governing Board						
	10.4100.020	Salaries	18,300	15,500	(2,800)	Stipend to one Councilmember not needed
	10.4100.060	Medical Insurance	53,689	45,608	(8,081)	Insurance to one Councilmember not needed
Administration						
	10.4200.020	Town Manager salary	110,377	140,000	29,623	
	10.4200.040	Attorney fees	40,000	120,000	80,000	Tripled amount of billable hours
	10.4200.060	Medical Insurance	45,774	48,608	2,834	
	10.4200.070	NC Retirement system mandated employer contribution	52,464	60,893	8,429	
	10.4200.110	Internet service provider	23,150	24,350	1,200	rate increase
	10.4200.130	Electricity - Duke energy	9,000	10,000	1,000	rate increase
	10.4200.490	Accounting/Payroll/PO/ AP/ Utility billing software	25,500	29,000	3,500	Increase of rates, takes advantage of off-site servers for cyber security
	10.4200.490	Exchange online email server + Advance Threat Protection annual	8,000	9,000	1,000	Outlook email and security
	10.4200.570	Burke County Board of Elections	1,500	7,000	5,500	Increase of fees
Public Works Administration						
	10.4250.060	Medical Insurance	17,818	18,663	845	
	10.4250.070	NC Retirement system mandated employer contribution	12,138	13,480	1,342	
	10.4250.450	Maint - Web based work order program	2,700	5,000	2,300	
	10.4250.330	Supplies and Materials	1,000	3,000	2,000	
	10.4250.450	Fuel Master system annual fee *NEW*	-	2,500	2,500	
Maintenance & Grounds						
	10.4350.021	Over time	5,222	6,266	1,044	Increase 10 hours per year per employee
	10.4350.060	Medical Insurance	34,652	37,110	2,458	
	10.4350.070	NC Retirement system mandated employer contribution	20,018	22,293	2,275	
Planning						
	10.4900.451	Property abatements	9,000	7,000	(2,000)	

At 12:30 pm, Council broke for lunch, and returned at 1:45 pm.

GENERAL FUND OPERATING & CAPITAL SUMMARY Mr. Weichel showed a summary and a detailed document of the 10-year Capital Improvement Plan (CIP). Mr. Weichel asked each Department Head to identify their FY24-25 CIP needs for FY 24-25.

Mr. Weichel reviewed the following CIP needs for FY24-25:

Administration / Town Hall

HVAC Units

\$20,000

Reason for request:

There are a total of eight HVAC units for Town Hall. These units are around 14 years old and beginning to fail. One failed unit was an emergency replacement in 2023. The other seven units need a replacement plan so this CIP budget will address two of these units that are beginning to have trouble. Repair costs are 70% of the cost of a new unit. Future CIP budgets will address the others.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



Planning

Desktop Computer

\$2,000

Reason for request:

The Planning Department has requested a replacement due to age and poor performance. As a computer ages, the older processing hardware becomes slower and more unreliable. An older computer has inner components that wear out. This will cause the device to run more slowly over time and may also cause glitching.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



Planning

Land Use Action Plan

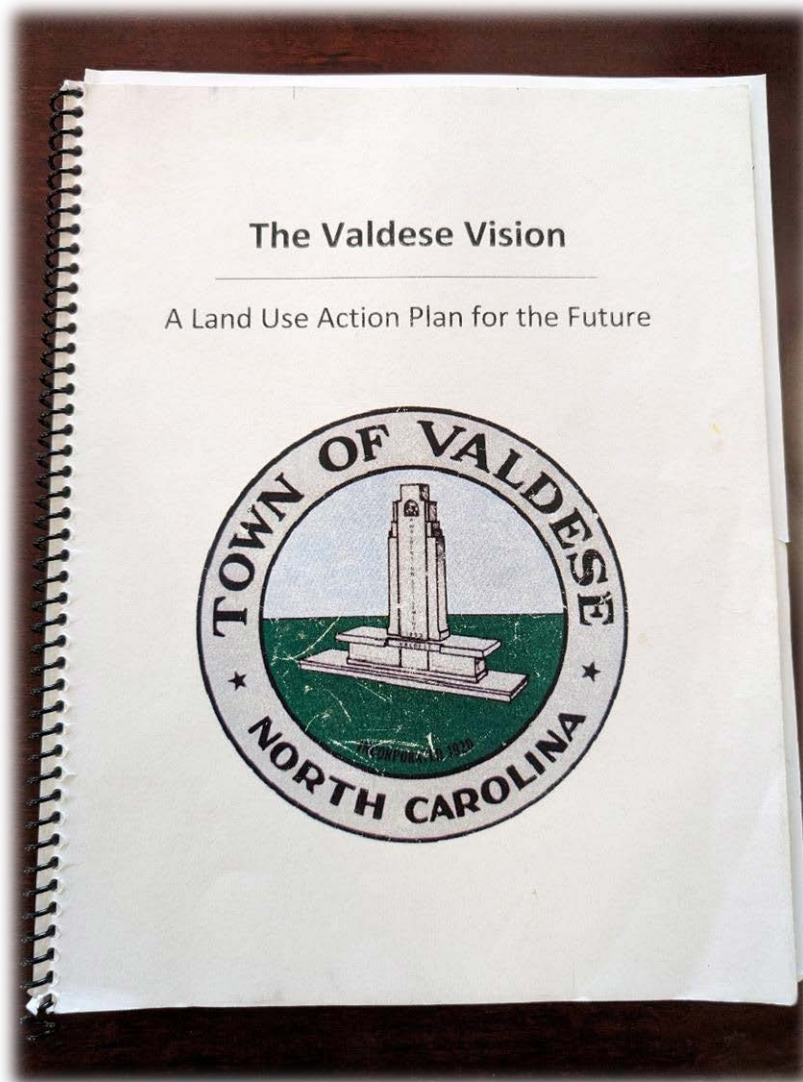
\$100,000

Reason for request:

The Valdese Vision - Land Use Plan meticulously details Valdese's overarching vision and addresses critical issues through strategic action planning. Its implementation strategies are designed to ensure that future land use decisions and development activities remain steadfastly aligned with the plan's recommended policies and actions.

The current plan is from 2014 and should be updated every 10 years.

Photo of the existing capital item being replaced:



Public Works Director Allen Hudson reviewed the following CIP needs for FY24-25:

Public Works Administration

Air Compressor

\$15,000 Reason

for request:

Originally installed in 2008, this unit is currently experiencing motor and tank issues. As we weigh the expenses of repairs against the investment in a new unit, the costs are beginning to align.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Public Works Administration

Item: Vehicle Lift

Cost: \$30,000

Reason for request:

The original installation of this lift dates back to 1993, and over time, it has become outdated. Unfortunately, finding replacement parts has become increasingly difficult. Our safety inspection company has repeatedly advised us to consider a replacement due to safety concerns arising from the lack of available parts for essential repairs.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Streets

Tractor with mowing attachment

\$60,000

Reason for request:

Replacing a 1987 model plagued by frequent engine malfunctions and recurring mower issues each year. This upgrade will equip our staff with state-of-the-art machinery for enhanced efficiency and performance.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Sanitation

Item: Roll-Off dumpster

Cost: \$6,000

Reason for request:

This item would significantly enhance our ability to serve citizens through our junk and construction debris service.

Photo or rendering of the new capital item being requested (if none, leave blank):



Department: Grounds Maintenance **Item:**

Ford F-150

\$46,000

Reason for request:

We're seeking an upgrade for our trusty 2012 F-150. After 14 years of faithful service, it's starting to grapple with transmission woes. Our goal is to uphold a replacement interval of a solid decade to ensure optimal resale value.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Grounds Maintenance

String Trimmers

\$1,500

Reason for request:

We typically replace four of these every three years due to their heavy usage during the mowing season; that's roughly the lifespan we've observed.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Grounds Maintenance

Backpack Blowers

\$1,500

Reason for request:

We regularly replace four units every three years to address wear and tear resulting from extensive use.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Police Chief Marc Sharpe reviewed the following CIP needs for FY24-25:

Item: Police Cruiser Unit 113

Cost: \$56,000

Reason for request:

Our current police cruiser (Unit 113) is a 2016 Dodge Charger with 111,447 miles on it. Aside from the obvious exterior wear and tear of the vehicle, we are having to repair unit 113 more than the rest of the fleet due to its age and mileage. We are replacing our fleet with Ford Explorers due to Dodge discontinuing the model Chargers. We are asking for a new 2024 Ford Explorer to replace this unit with. The 2024 Ford Explorer has been priced at approximately \$46,000. The additional \$10,000 requested is the cost to “outfit” the patrol vehicle. This will include interior partition with cage, in-car camera setup, push guard mount as well as decal striping; to make the vehicle patrol ready.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



Fire Chief Truman Walton reviewed the following CIP needs for FY24-25:

Fire

Medical Response Unit Truck

\$75,000

Reason for request:

Our current medic truck is a 2004 Ford F-350 Dually with a 6.0L diesel engine. The truck is 20 years old and is owned by Burke County. The proposed new truck would be a Chevrolet 2500 with a 6.6L gas engine. It would get better fuel economy and the cost of maintenance would be less than that of the diesel engine. It would not be a dually and could more easily navigate tight spaces. **Photo of the existing capital item being replaced:**



Photo or rendering of the new capital item being requested:



Community Affairs Director Morrissa Angi reviewed the following CIP needs for FY24-25:

Community Affairs

Item: Clock Tower Stucco Repair

Cost: \$15,000

Reason for request:

In the 2023-2024 budget, repairs have been made to the internal components of the clock tower. The exterior of the clock tower also needs to be addressed. The stucco is damaged from birds, - where they have bored holes and nested around the upper portion. These holes allow bird waste to reach the interior. The cost also includes painting. The stucco repairs will help protect the new internal components.

Photo of the existing capital item being replaced (if none, leave blank):



Community Affairs

Old Rock School Fencing

\$20,000

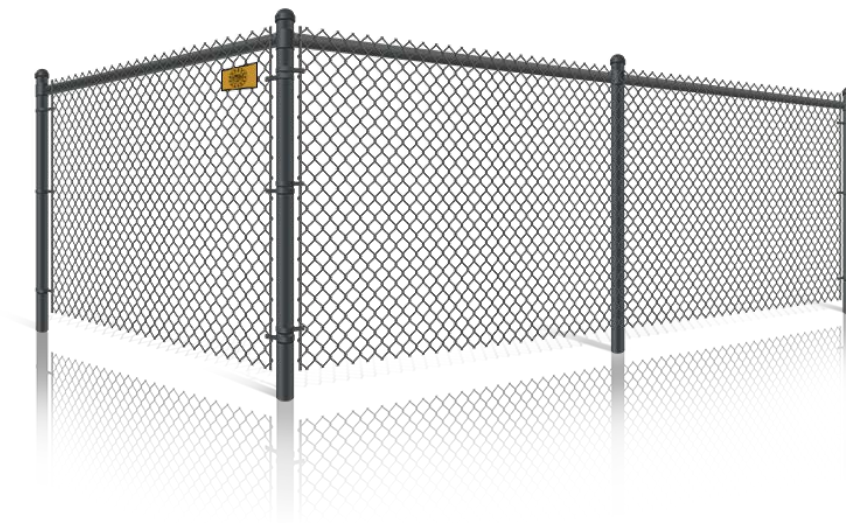
Reason for request:

The fencing around the Old Rock School and Temple Field needs replacement. The cost quoted includes fencing along the west side parking lot and the rock wall from the west rear corner of the Old Rock School to Temple Field Stage. The fencing has excessive rust, and sharp areas, and is no longer stable. This investment would improve the visual aesthetics of the area and also address safety concerns.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Parks & Recreation Director David Andersen reviewed the following CIP needs for FY24-25:

Parks & Recreation

Fitness Center Equipment

\$10,000

Reason for request:

A significant portion of the fitness center's equipment is outdated and requires replacement. Our aim is to introduce new equipment on an annual basis to enhance the user experience. This is an ongoing initiative that we are committed to fulfilling.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Parks & Recreation

Bowling Alley Party Room Floor Covering

\$4,942

Reason for request:

Replacing the carpet with vinyl flooring not only simplifies maintenance but also enhances the aesthetic appeal of the party room. We'll ensure consistency by using the same high-quality product found throughout the rest of the Community Center.

Photo of the existing capital item being replaced (if none, leave blank):

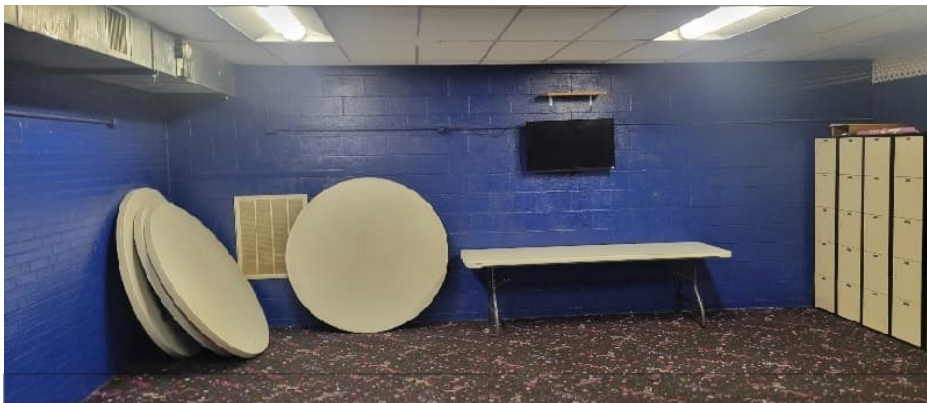


Photo or rendering of the new capital item being requested (if none, leave blank):



Parks & Recreation

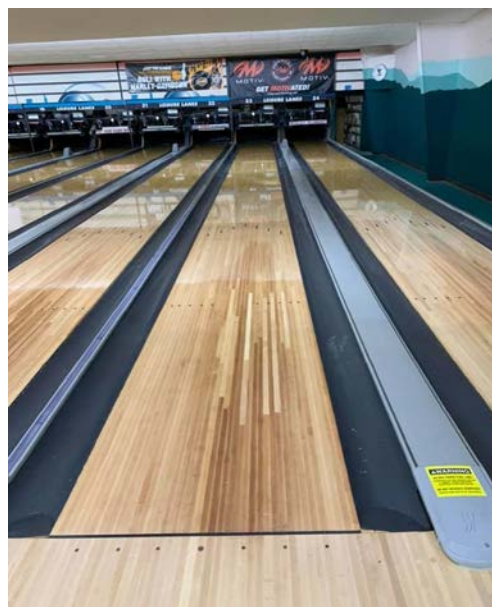
Bowling Lane Cutting

\$15,680

Reason for request:

To enhance gameplay and reduce the risk of ball damage, wooden bowling lanes necessitate periodic cutting. As far as I am aware, our lanes have not undergone cutting procedures since 2011. It is recommended that we consider this action, especially if we are planning to install synthetic decks. Doing so will enable us to achieve a smooth transition from the wooden lanes to the pin decks.

Photo of the existing capital item being replaced (if none, leave blank):



Parks & Recreation

Synthetic Pin Decks for Bowling Lanes

\$25,600

Reason for request:

After 63 years of wear and tear, the current pin decks are in a state of disrepair. Upgrading to synthetic decks promises to not only alleviate future maintenance concerns but also safeguard against potential ball damage, ultimately enhancing the overall bowling experience for our patrons.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Parks & Recreation

10-Year Comprehensive Plan

\$23,000

Reason for request:

The 2013 plan has reached its expiration, prompting the necessity for a fresh approach that incorporates current citizen input and priorities. Additionally, this new plan will play a crucial role in securing grant funding for upcoming parks and recreation projects.

Photo of the existing capital item being replaced (if none, leave blank):

**Town of Valdese Comprehensive
Parks and Recreation Plan**



April 2013

Mr. Weichel shared a summary page broken down to operating expenses and capital expenses.

EXHIBIT 10

FY2024-25 Capital Budget Increase (Decrease) Over Prior Year				
Department	Account	Prior Budget	New Budget	Net Change
Administration / Town Hall				
	10.4200.740	20,000	22,000	2,000
Public Works Administration				
	10.4250.740	41,000	45,000	4,000
Maintenance & Grounds				
	10.4350.740	-	49,000	49,000
Planning				
	10.4900.740	3,000	100,000	97,000
Streets				
	10.5600.740	-	60,000	60,000
Sanitation				
	10.5800.740	165,000	6,000	(159,000)
Police				
	10.5100.740	45,000	56,000	11,000
Fire				
	10.5300.740	-	75,000	75,000
Recreation				
	10.6200.740	104,800	79,280	(25,520)
Community Affairs				
	10.6250.740	95,000	35,000	(60,000)
General Fund Total		473,800	527,280	53,480

EXHIBIT 11

2024-2025 Budget
General Fund Summary

OPERATING BUDGET

Department	FY22-23 Budget	FY23-24 Budget	FY24-25 Recommended
GOVERNING BODY	82,835	76,989	65,394
ADMINISTRATION	1,139,938	1,199,605	1,367,095
PUBLIC WORKS ADMIN	193,523	195,689	208,200
MAINTENANCE & GROUNDS	261,432	283,573	297,463
PLANNING	66,944	127,144	126,935
POLICE	1,210,334	1,295,208	1,323,832
FIRE	972,961	1,211,715	1,243,553
STREET	408,041	643,820	669,473
POWELL BILL	146,300	146,300	166,300
SANITATION	335,472	368,199	382,886
RECREATION	938,939	981,680	1,025,001
COMMUNITY AFFAIRS	607,540	689,887	662,504
Operating	6,364,259	7,219,809	7,538,636

CAPITAL BUDGET

GOVERNING BODY	23,000	0	0
ADMINISTRATION	2,000	20,000	22,000
PUBLIC WORKS ADMIN	20,000	41,000	45,000
MAINTENANCE & GROUNDS	0	0	49,000
PLANNING	16,000	3,000	100,000
POLICE	45,000	45,000	56,000
FIRE	175,000	0	75,000
STREET	32,000	0	60,000
SANITATION	32,000	165,000	6,000
RECREATION	0	104,800	79,280
COMMUNITY AFFAIRS	60,000	95,000	35,000
Capital	405,000	473,800	527,280

TOTAL EXPENDITURES	6,769,259	7,693,609	8,065,916
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TOTAL REVENUES	7,501,747
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difference: (564,169)

GENERAL FUND IDENTIFIED BUDGET SOLUTIONS Mr. Weichel shared that staff along with the manager identified items that we can remove that will not affect our operations. Mr. Weichel also shared options of new revenues that the Town can implement for Council's consideration.

Why are Expenditures \$564,000 more than Revenue?

Operational increases over FY23-24 due to cost of services, products, equipment, etc.	155,000
Cost of Living Adjustment 5%	134,000
Retirement increase of 0.75% and 1.00% for Law Enforcement	21,000
Health Insurance Increase 3.70%	9,000
Capital requests increase over FY 23-24	53,000
Decrease of Revenue compared to prior budget	192,000
	564,000

EXHIBIT 13

GENERAL FUND Non Operating Budget Cut Options				
Department	Account	Amount	Notes	
Administration	10.4200.450	(10,000)	Burke Transit/Greenway	
Governing Board	10.4100.060	(45,608)	Council Medical Insurance	
Administration	10.4200.930	(40,000)	Burke County Library	
Administration	10.4200.450	(1,500)	Troop 192 Flag Placement	
Administration	10.4200.450	(3,500)	Burke County REACT Annual Support	
Administration	10.4200.020	(6,000)	Town Manager travel allowance	
Fire	10.5300.720	(324,000)	Transfer to Public Safety project (future debt payment + 83k ABC revenue = \$407k)	
Streets	10.5600.900	(225,000)	Transfer to Street Paving fund	
Recreation	multiple	(90,000)	Winter Pool closure (open Late May to Early September)	
Recreation	multiple	(73,000)	ADD Summer Pool Closure (Total Pool Closure)	
Recreation	multiple	(6,000)	Tiger Gym decommission	
Community Affairs	10.6250.331	(7,500)	Christmas Decorations	
Community Affairs	10.6250.920	(5,000)	Main Street Façade Grant program	
Community Affairs	10.6250.452	(10,000)	Family Friday Nights - Reduced Season in Future Years	
Community Affairs	10.6250.452	(2,400)	Bouncy Houses at Spring Craft show, Family Friday Night kickoff and finale	
Community Affairs	10.6250.450	(12,500)	Fireworks contract - Independence day	
Community Affairs	10.6250.922	(6,500)	Fire works contract - Festival	
Community Affairs	10.6250.452	(2,500)	Cancel small events Leprechaun Hunt, Easter Egg Hunt, Grateful Gobbler, Mingle with Kris Kringle	
Community Affairs	10.6250.260	(8,000)	Local advertising (radio, print, etc - for local events parade, tree lighting etc.)	
		(879,008)		
GENERAL FUND Revenue Increase Options				
	Amount	Notes		
Trash / Recycle Fee	40,000	Increase of \$2.00 per month ; current revenues \$44,000 less than what we will pay Republic		
Vehicle Fee through DMV	120,000	estimate 4,300 vehicles in Valdese. (80,219 in Burke County)		
Christmas Parade entry fees	3,000	no current fee for entry		
OCP rental fee @ ORS	6,000	Rental fee for OCP use of ORS auditorium for shows only at non-profit rental rate		
RSFA lease for Galleries & Studio	4,600	Charge annually at current non-profit rate charged to Railroad Museum		
Recreation outside membership fee	1,200	Increase of outside membership gap from 33% to 35%		
ABC Store distributions	83,000	Currently being deposited into Public Safety Building project fund		
	257,800			

At 2:36 p.m., Mayor Watts closed the meeting and continued it to Day 2. Councilwoman Lowman made a motion to continue the meeting, Councilman Mears seconded. The vote was unanimous.

DAY 2 CONTINUED – APRIL 16, 2024

CALL TO ORDER At 9:00 a.m., Mayor Watts continued the meeting.

Councilman Harvey shared a recap with the Council members:

EXHIBIT 0

RECAP OF DAY 1 – APRIL 2024 VALDESE BUDGET WORKSHOP

WHAT DID WE LEARN?

- Bo Weichel put a tremendous amount of work into gathering and organizing a tremendous amount of information – clearly an order of magnitude beyond any other contributor.
- The format was superior to that used in prior March, 2-day workshops.
- Regrettably, the department head approach was virtually unchanged.

WHAT ARE THE BIG “KNOWS” AND “NOT KNOWNs”?

Focusing on a few key examples...

1) **Know**: Staff recommends a FY 24-25 DEFICIT OF \$564,000, as compared to the FY 23-24 deficit of \$238,000 presented to the council last April.

Don't Know: One – not one – example of any town operation that has been rethought, innovated, or modified to comply with council guidelines – no examples of doing more for less, shifting the burden of Valdese taxpayers to nonresidents, or new sources of revenue.

2) **Don't Know** the big one – “YTD” – where the operational and capital improvement draws on the revenue and reserve fund stand at FY 23-24 month 9.

3) **Don't Know** – the 2nd big one – FY 24-25 Personnel Plans.

4) **Don't Know**: FY 23-24 Repaving Plan – specifically, what is the amount allocated to date?

Comment: the “Paving Committee” has not met, nor received any information.

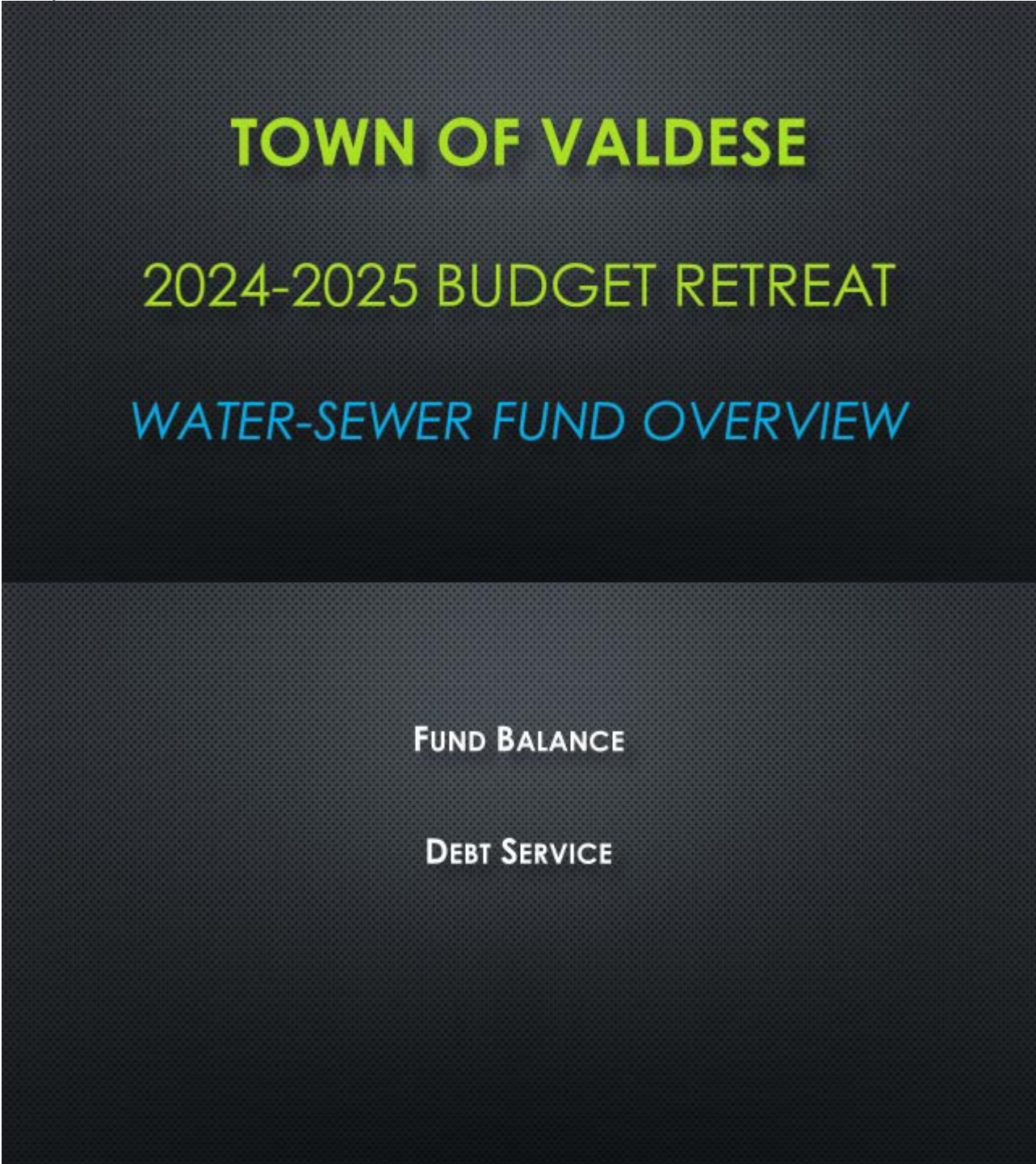
5) **Know**: our employees deserve and have one of the finest health insurance programs that is available; available to their children but not to spouses or to part-time employees.

Don't Know: when, how, or why the precedent was established that the mayor and council members, many of whom are retired and covered by Medicare and state retirement health plans deserve to have their health insurance coverage replaced by the employee group “platinum” health insurance plan.

6) **Know**: all community service requires personal sacrifice of time; council service requires so much time that Valdese and many towns grant an honorarium to council members.

Don't Know: What is a fair and reasonable amount? Is \$2800/council member and \$4300/mayor too little? What should the amount be?

UTILITY FUND OVERVIEW Assistant Town Manager/CFO Bo Weichel provided an overview of the Town’s utility fund balance, debt services, and budget challenges. Mr. Weichel shared that the unassigned fund balance for last year was in the amount of \$4,249,010, with a 69% fund balance percentage of expenditures. Mr. Weichel identified items that will affect this year's fund balance.



FUND BALANCE

WATER SEWER FUND

WHERE DID WE END ON JUNE 30TH?

- UNRESTRICTED FUND BALANCE WAS \$ 4,249,010
- FUND BALANCE PERCENTAGE 69% OF EXPENDITURES

WATER SEWER FUND

WHAT WILL IMPACT FUND BALANCE SO FAR THIS YEAR?

- FUND BALANCE APPROPRIATIONS \$46,985

Pineburr Sewer Replacement	46,985
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- NEW TAP AND CONNECTION FEES \$62,000
- WATER REVENUE FOR RESIDENTIAL, COMMERCIAL, & INDUSTRIAL IS SLIGHTLY TRENDING UP IN USAGE.

DEBT

TOWN OF VALDESE			
Utility Fund Debt			
	Annual Payment	Balance Remaining	Years Remaining
Inflow & Infiltration (SRF)	14,317	156,560	12
Settings - Water & Sewer (USDA)	67,118	1,592,163	24
St Germaine Water Line (SRF)	8,626	129,383	15
Water Meter AMI (SRF)	88,112	1,409,790	17
Water System Improvements (SRF)	23,328	373,238	16
Main St. Waterline Replacement (SRF)	70,704	1,201,958	17
Bleach Conversion-Water Plant (SRF)	31,453	534,697	17
FY 2022 Vehicles/Equipment (Truist)	14,610	29,219	2
Water Plant Upgrades MCC (SRF)	39,871	717,662	18
Vector Truck (PROPOSED BUDGET)	88,000	440,000	5
TOTAL	446,139	6,584,670	
Operating Debt Ratio	7.96%		

Debt Service Schedule (Utility Fund)

EXHIBIT B

UTILITY FUND	W&S Const I&I	Water System Improvements	W/S Settings GO Bond (USDA)	Water Meter AMI	St Germaine Water Line	Main St. Water Line Replacement	Water Plant Bleach Conversion	FY21-22 Vehicles/Equip 8120 (TRUIST)	Water Plant Upgrades MCC		
FY	CS370396-08	H-SRF-F-19-1933		H-SRP-D-17-0096	H-LRX-F-18-1924	H-LRX-F-19-1955	H-SRP-D-18-0163		H-SRP-D-17-0151	Total	Reduction
25	14,316.61	23,327.35	67,117.50	88,111.85	8,625.50	70,703.40	31,452.75	14,609.52	39,870.10	358,134.58	
26	14,085.69	23,327.35	67,055.00	88,111.85	8,625.50	70,703.40	31,452.75	14,609.52	39,870.10	357,841.16	293.42
27	13,854.79	23,327.35	66,990.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,895.74	14,945.42
28	13,623.87	23,327.35	66,802.50	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,517.32	378.42
29	13,392.95	23,327.35	67,612.50	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	343,096.40	-579.08
30	13,162.05	23,327.35	67,337.50	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,590.50	505.90
31	12,931.13	23,327.35	67,020.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,042.08	548.42
32	12,700.21	23,327.35	67,660.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,451.16	-409.08
33	12,469.31	23,327.35	67,215.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	341,775.26	675.90
34	12,238.39	23,327.35	67,727.50	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	342,056.84	-281.58
35	12,007.47	23,327.35	67,155.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	341,253.42	803.42
36	11,776.57	23,327.35	67,540.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	341,407.52	-154.10
37		23,327.35	66,840.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	328,930.95	12,476.57
38		23,327.35	67,097.50	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	329,188.45	-257.50
39		23,327.35	67,270.00	88,111.85	8,625.50	70,703.40	31,452.75		39,870.10	329,360.95	-172.50
40		23,327.35	67,357.50	88,111.85		70,703.40	31,452.75		39,870.10	320,822.95	8,538.00
41			67,360.00			70,703.40	31,452.75		39,870.10	209,386.25	111,436.70
42			67,277.50						39,870.10	107,147.60	102,238.65
43			67,110.00							67,110.00	40,037.60
44			66,857.50							66,857.50	252.50
45			65,520.00							65,520.00	1,337.50
46			63,140.00							63,140.00	2,380.00
47			60,760.00							60,760.00	2,380.00
48			58,380.00							58,380.00	2,380.00
49											
50											
51											
52											
53											
54											
55											
56											
57											
58											
59											
Total	156,559.04	373,237.60	1,592,162.50	1,409,789.60	129,382.50	1,201,957.80	534,696.75	29,219.04	717,661.80	6,144,666.63	

REVENUES Mr. Weichel reviewed the Utility Fund revenues and said it mainly consists of water/sewer sales.

EXHIBIT C

2024-2025 Budget Allocation
UTILITY FUND REVENUES

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
INTEREST ON INVESTMENTS	30-3290-000	1,336	31,284	300	5,000	20,000
RENTS	30-3310-000	2,150	600	1,800	1,800	0
OTHERS	30-3350-030	474	316	0	0	0
UTILITY BILL PENALTIES	30-3350-040	61,013	88,292	51,000	51,000	60,000
WATER CHARGES - RES	30-3710-010	2,565,350	2,686,594	2,450,000	2,677,500	3,199,613
WATER CHARGES - COMM	30-3710-011	275,531	300,218	262,000	294,000	302,820
WATER CHARGES - IND	30-3710-012	471,762	437,782	450,000	479,520	493,906
WASTE WATER CHARGES	30-3710-020	1,159,053	1,117,156	1,199,950	1,199,950	1,499,276
LONG TERM MONITORING	30-3710-021	18,900	18,900	18,500	18,500	18,900
SPRINKLER SERVICE CHARGES	30-3710-030	0	0	0	0	0
TAP & CONNECTION FEES	30-3730-000	53,130	70,910	10,000	10,000	40,000
RECONNECTION FEES	30-3750-000	14,641	90,072	15,000	35,000	60,000
TOWN OF DREXEL	30-3810-020	177,328	227,257	175,000	216,000	222,480
BURKE CNTY-E BURKE SYST-WW	30-3810-030	110,486	172,260	108,000	116,640	120,139
BURKE COUNTY WATER	30-3810-032	92,670	116,677	94,000	108,000	111,240
RC WATER CORP	30-3810-040	222,420	237,839	188,490	232,200	239,166
RC WW	30-3810-042	17,504	18,744	13,890	16,500	17,000
ICARD WATER CORP	30-3810-070	144,773	145,326	128,400	128,400	132,000
CONNELLY SPRINGS MAINT	30-3810-080	11,500	11,500	23,000	23,000	23,000
TRANSFER FROM CAPITAL RESERVE	30-3970-700	260,000	593,548	375,000	0	0
PROCEEDS FROM FINANCING	30-3970-812	27,935	0	0	0	356,000
FUND BALANCE-APPROPRIATED	30-3990-000	-15,708	242,129	110,911	68,988	0
TOTAL		5,672,248	6,607,404	5,675,241	5,681,998	6,915,539

WATER TREATMENT PLANT Mr. Weichel said the biggest change was the Duke Energy line due to the increase in rates. Mr. Weichel noted that chemicals are a big expense also with an increase. Councilman Harvey asked how many employees are at the Water Plant. Mr. Weichel said we have nine employees, which includes the Water Resources Director and Superintendent. Councilman Harvey wondered if there was a replacement plan for the Water Resources Director and asked if that position should be filled. Councilman Harvey would like to put that on the May agenda for review.

EXHIBIT D

2024-2025 Budget Allocation WATER PLANT						
Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
SALARIES & WAGES	30-8100-020	379,274	405,013	401,392	423,871	441,661
OVER TIME PAY	30-8100-021	3,640	606	3,000	3,000	3,000
PART TIME PAY	30-8100-022	0	0	0	0	0
PROFESSIONAL SERVICES	30-8100-040	3,364	9,861	11,500	11,500	11,500
FICA TAX	30-8100-050	28,368	30,275	30,817	32,536	33,897
GROUP INSURANCE	30-8100-060	74,197	87,635	88,210	79,442	84,638
RETIREMENT	30-8100-070	43,453	49,070	48,984	54,908	60,528
TELEPHONE & INTERNET	30-8100-110	1,078	1,209	1,400	1,300	1,300
ELECTRIC	30-8100-130	210,071	253,864	220,008	275,892	300,892
FUEL OIL	30-8100-132	4,451	787	5,000	5,000	5,000
TRAINING	30-8100-140	2,203	1,608	2,000	2,500	3,500
MAINT & REPAIR BLDGS	30-8100-150	32,981	18,219	29,270	29,270	29,270
MAINT. & REPAIR EQUIPMENT	30-8100-160	91,150	240,977	29,000	29,000	29,000
MAINT. & REPAIR AUTO & TRUCKS	30-8100-170	588	671	680	680	680
ADVERTISING	30-8100-260	0	0	600	600	600
AUTO SUPPLIES GAS	30-8100-311	4,271	2,500	2,500	4,500	4,000
AUTO SUPPLIES DIESEL	30-8100-312	94	529	1,000	400	400
AUTO SUPPLIES TIRES	30-8100-313	0	618	625	625	625
AUTO SUPPLIES OIL	30-8100-314	150	100	162	162	162
DEPT SUPPLIES & MATERIALS	30-8100-330	2,075	3,073	3,400	3,400	3,400
CHEMICALS	30-8100-332	76,202	185,755	78,500	198,900	236,400
LAB SUPPLIES	30-8100-333	16,114	16,663	18,500	18,500	23,000
WATER TESTING-PROFESSIONAL	30-8100-334	9,704	9,994	11,900	11,900	15,900
UNIFORMS	30-8100-360	6,981	3,312	3,328	5,200	5,200
CONTRACTED SERVICES	30-8100-450	3,214	5,121	5,040	6,540	6,540
IT	30-8100-490	0	4,795	4,800	500	500
DUES AND SUBSCRIPTIONS	30-8100-530	9,989	10,280	10,424	10,064	10,164
INSURANCE AND BONDS	30-8100-540	24,137	24,342	24,342	24,342	27,000
MISCELLANEOUS EXPENSE	30-8100-570	0	0	0	0	0
SAFETY	30-8100-572	3,132	3,394	3,400	3,000	3,000
CAPITAL OUTLAY	30-8100-740	65,457	12,835	400,000	76,000	231,600
DEBT SERVICE	30-8100-910	31,453	71,322	73,414	71,324	71,324
PRO RATA	30-8100-920	550,000	549,999	550,000	550,000	550,000
VEDIC	30-8100-930	12,500	12,500	12,500	12,500	12,500
ECONOMIC DEVELOPMENT BPED	30-8100-931	9,904	10,894	10,894	10,894	12,012
ECONOMIC GRANTS	30-8100-935	0	0	0	0	0
CONTINGENCY	30-8100-990	221,000	221,000	221,000	221,000	221,000
TOTAL		1,921,195	2,248,821	2,307,590	2,179,250	2,440,193

WASTEWATER TREATMENT PLANT Mr. Weichel shared that we have new equipment in the budget for a new PPA system to disinfectant.

2024-2025 Budget Allocation
WASTE WATER PLANT

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
SALARIES & WAGES	30-8110-020	365,324	372,655	395,009	396,842	404,191
OVER TIME PAY	30-8110-021	0	0	0	0	0
PART TIME PAY	30-8110-022	0	0	0	0	0
PROFESSIONAL SERVICES	30-8110-040	0	0	2,500	2,500	2,500
FICA TAX	30-8110-050	26,927	27,601	30,099	30,239	30,801
GROUP INSURANCE	30-8110-060	78,633	86,418	87,814	85,332	90,917
RETIREMENT	30-8110-070	41,510	45,120	47,843	51,031	54,999
TELEPHONE & INTERNET	30-8110-110	2,992	3,536	3,264	3,264	3,600
ELECTRIC	30-8110-130	141,621	166,398	225,000	225,000	225,000
FUEL OIL	30-8110-132	6,432	4,233	7,500	7,500	7,500
TRAINING	30-8110-140	2,294	3,664	4,925	4,925	4,925
MAINT. & REPAIR BLDGS	30-8110-150	94,030	109,150	110,000	110,000	110,000
MAINT. & REPAIR EQUIPMENT	30-8110-160	11,895	11,079	12,000	12,000	12,000
MAINT. & REPAIR AUTO	30-8110-170	597	1,653	2,090	2,090	2,100
ADVERTISING	30-8110-260	0	0	100	100	100
AUTO SUPPLIES GAS	30-8110-311	4,222	3,587	5,670	5,670	5,000
AUTO SUPPLIES DIESEL	30-8110-312	0	0	0	0	0
AUTO SUPPLIES TIRES	30-8110-313	469	0	2,900	2,900	1,900
AUTO SUPPLIES OIL	30-8110-314	0	222	750	750	750
DEPT. SUPPLIES & MATERIALS	30-8110-330	11,837	11,871	12,000	12,000	12,000
CHEMICALS	30-8110-332	57,577	55,804	77,318	77,318	107,718
LAB SUPPLIES	30-8110-333	8,989	12,000	12,000	12,000	12,000
WOOD CHIPS	30-8110-336	61,000	40,500	51,000	51,000	51,000
UNIFORMS	30-8110-360	3,530	3,695	3,750	3,750	3,750
CONTRACTED SERVICES	30-8110-450	12,244	11,513	13,860	14,160	28,840
IT	30-8110-490	0	0	500	500	500
LONG TERM MONITORING	30-8110-500	17,737	18,448	18,500	21,000	21,000
DUES AND SUBSCRIPTIONS	30-8110-530	7,960	8,390	8,670	10,381	14,521
INSURANCE AND BONDS	30-8110-540	24,040	28,000	28,000	28,000	32,000
MISCELLANEOUS EXPENSE	30-8110-570	0	0	0	0	0
SAFETY	30-8110-572	1,261	2,233	2,500	2,500	2,500
CAPITAL OUTLAY	30-8110-740	209,903	199,882	364,600	175,000	404,500
DEBT SERVICE	30-8110-910	0	0	0	0	0
PRO RATA	30-8110-920	550,000	549,999	550,000	550,000	550,000
VEDIC	30-8110-930	12,500	12,500	12,500	12,500	12,500
ECONOMIC DEV BPED	30-8110-931	10,272	11,630	11,630	11,630	12,747
TOTAL		1,765,796	1,801,781	2,104,292	1,921,882	2,221,859

COLLECTIONS & DISTRIBUTION SYSTEM Mr. Weichel noted that the biggest change is a proposed capital item requested which will be reviewed later today. Mr. Weichel noted that the requested capital outlay item, part of the amount is the cash for the item to purchase and the other half of that is located in the debt service. Mr. Weichel said we would get the money from the bank but then we will have a debt payment, which is part of the debt schedule we reviewed earlier.

2024-2025 Budget Allocation
WATER SEWER CONSTRUCTION

Line Item Description	Account Code	2021-22 Actual	2022-23 Actual	2022-23 Budget	2023-24 Budget	2024-25 Recommended
SALARIES & WAGES	30-8120-020	322,592	367,212	382,276	399,296	427,719
OVER TIME PAY	30-8120-021	10,973	8,596	18,030	19,400	24,400
PART TIME PAY	30-8120-022	0	780	0	0	23,400
PROFESSIONAL SERVICES	30-8120-040	39,922	66,061	76,996	77,727	77,877
HEALTH REIMBURSEMENT (HRA)	30-8120-041	0	0	0	27,700	29,000
FICA TAX	30-8120-050	24,889	28,111	30,265	31,672	36,019
GROUP INSURANCE	30-8120-060	78,681	87,430	95,164	79,118	84,074
RETIREMENT	30-8120-070	36,691	44,016	46,387	51,623	58,935
TELEPHONE & INTERNET	30-8120-110	2,485	2,661	2,700	2,700	2,700
POSTAGE	30-8120-111	0	373	510	650	650
PRINTING	30-8120-120	105	1,472	1,481	1,500	1,500
ELECTRIC	30-8120-130	18,305	17,552	20,088	20,088	22,080
NATURAL GAS	30-8120-131	0	0	0	0	0
TRAINING	30-8120-140	2,958	1,957	2,970	6,370	6,570
MAINT. & REPAIR BLDGS	30-8120-150	22,441	40,416	43,250	44,500	46,750
MAINT. & REPAIR EQUIPMENT	30-8120-160	9,742	10,632	10,650	10,650	10,650
MAINT & REPAIR AUTO	30-8120-170	3,623	3,667	3,693	3,693	3,693
ADVERTISING	30-8120-260	0	52	100	100	100
AUTO SUPPLIES GAS	30-8120-311	8,223	8,762	8,763	13,500	13,500
AUTO SUPPLIES DIESEL	30-8120-312	3,620	6,551	3,668	3,668	5,000
AUTO SUPPLIES TIRES	30-8120-313	5,200	3,844	5,200	5,200	4,200
AUTO SUPPLIES OIL	30-8120-314	718	2,037	2,180	2,180	2,180
DEPT. SUPPLIES & MATERIALS	30-8120-330	69,818	65,847	68,902	80,514	86,664
METERS	30-8120-331	951	8,000	8,000	10,000	30,000
CHEMICALS	30-8120-332	1,250	595	1,700	1,700	2,100
UNIFORMS	30-8120-360	2,079	3,328	3,328	3,328	3,328
CONTRACTED SERVICES	30-8120-450	79,055	79,232	102,063	106,103	155,073
IT	30-8120-490	0	0	1,000	1,000	1,000
DUES AND SUBSCRIPTIONS	30-8120-530	2,275	2,200	5,449	5,449	5,849
INSURANCE AND BONDS	30-8120-540	24,628	28,533	28,612	28,612	31,000
MISCELLANEOUS EXPENSE	30-8120-570	0	0	0	0	0
SAFETY	30-8120-572	254	1,743	2,660	3,060	5,060
CAPITAL OUTLAY	30-8120-740	154,213	58,283	0	252,700	677,600
DEBT SERVICE	30-8120-910	290,597	287,271	287,274	287,066	374,815
TOTAL		1,216,288	1,237,214	1,263,359	1,580,867	2,253,486

EXHIBIT E

FY2024-25 Major Changes (> \$1,000) Operating Budget					
Department	Account	Item	Prior Budget	New Budget	Net Change
Water Sewer Construction					
	30.8120.021	Over time	19,400	24,400	5,000
	30.8120.060	Medical Insurance	79,118	84,074	4,956
	30.8120.070	NC Retirement system mandated employer contribution	51,623	58,935	7,312
	30.8120.130	Pump stations and tanks - Duke energy	20,088	22,080	1,992
	30.8120.150	Septic tank pumping	7,500	8,750	1,250
	30.8120.150	Clearing right-of-ways	1,000	2,000	1,000
	30.8120.312	Diesel fuel	3,668	5,000	1,332
	30.8120.313	Auto Tires	5,200	4,200	(1,000)
	30.8120.330	Pipe and service tubing	7,000	10,000	3,000
	30.8120.330	Gravel	12,000	15,000	3,000
	30.8120.450	Print and mail utility bills	37,000	42,000	5,000
	30.8120.450	IVR phone payment system *NEW*	-	1,800	1,800
	30.8120.450	Mueller past services billing *one-time* expense	-	41,000	41,000
	30.8120.572	Safety gear	-	2,000	2,000
Water Plant					
	30.8100.060	Medical Insurance	79,442	84,638	5,196
	30.8100.070	NC Retirement system mandated employer contribution	54,908	60,528	5,620
	30.8100.130	Electric - Duke Energy	275,892	300,892	25,000
	30.8100.140	Conference *NEW*	2,500	3,500	1,000
	30.8100.332	Chemicals	198,900	236,400	37,500
	30.8100.333	Lab supplies	18,500	23,000	4,500
	30.8100.334	UCMR5 testing	1,000	5,000	4,000
Waste Water Plant					
	30.8110.060	Medical Insurance	85,332	90,917	5,585
	30.8110.070	NC Retirement system mandated employer contribution	51,031	54,999	3,968
	30.8110.313	Tires for F350 removed	1,000	-	(1,000)
	30.8110.332	Chemicals	77,318	107,718	30,400
	30.8110.450	Cintas towel service *NEW*	-	2,280	2,280
	30.8110.450	PAA equipment lease *NEW*	-	14,400	14,400
	30.8110.530	DEQ Stormwater certification	860	4,200	3,340
	30.8110.530	DEQ Annual NPDES Permit fee	3,440	4,625	1,185

CAPITAL BUDGET CHANGES Mr. Weichel reviewed an overview of the capital budget changes.

EXHIBIT F

FY2024-25 Capital Budget Increase (Decrease) Over Prior Year				
Department	Account	Prior Budget	New Budget	Net Change
Waste Water Plant				
	30.8110.740	175,000	404,500	229,500
Water Plant				
	30.8100.740	76,000	231,600	155,600
Water Sewer Construction				
	30.8120.740	252,700	677,600	424,900
Utility Fund Total		503,700	1,313,700	810,000

CAPITAL NEEDS Mr. Weichel asked each Department Head to identify their FY24-25 CIP needs for FY 24-25.

Water Treatment Plant Superintendent Eric Wilson reviewed the following CIP needs for FY24-25:

Water Treatment Plant

Valves and Electronic Valve Operators

\$100,000

Reason for request:

This request is to upgrade outdated air actuated valve operators dating back to the 1950s, which are no longer supported due to obsolete parts. These aging units frequently experience malfunctions, causing operational disruptions on a weekly basis. Additionally, the bearings in most of these valves are either deteriorating or have already failed, resulting in challenges with fully closing the valves.

To address these issues and improve efficiency, we propose replacing these outdated units with modern electronic valve operators. This upgrade promises to significantly reduce downtime and eliminate the need for costly repairs. Our plan is to gradually replace all 24 units over a three-year period, starting with the replacement of 8 units as outlined in this request.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Water Treatment Plant

Onsite and Remote Tank Inspection

Cost: \$8,000

Reason for request:

In accordance with North Carolina state regulations, it is mandated that we conduct inspections on all tanks containing finished water once every three years. The Water Plant in the Town of Valdese maintains four such tanks, in addition to four others situated within the system. Subsequent to the inspection, any necessary cleaning of the tanks will be scheduled based on the findings from the preceding year.

Photo of the existing capital item being replaced (if none, leave blank):



Photo or rendering of the new capital item being requested (if none, leave blank):



Water Treatment Plant

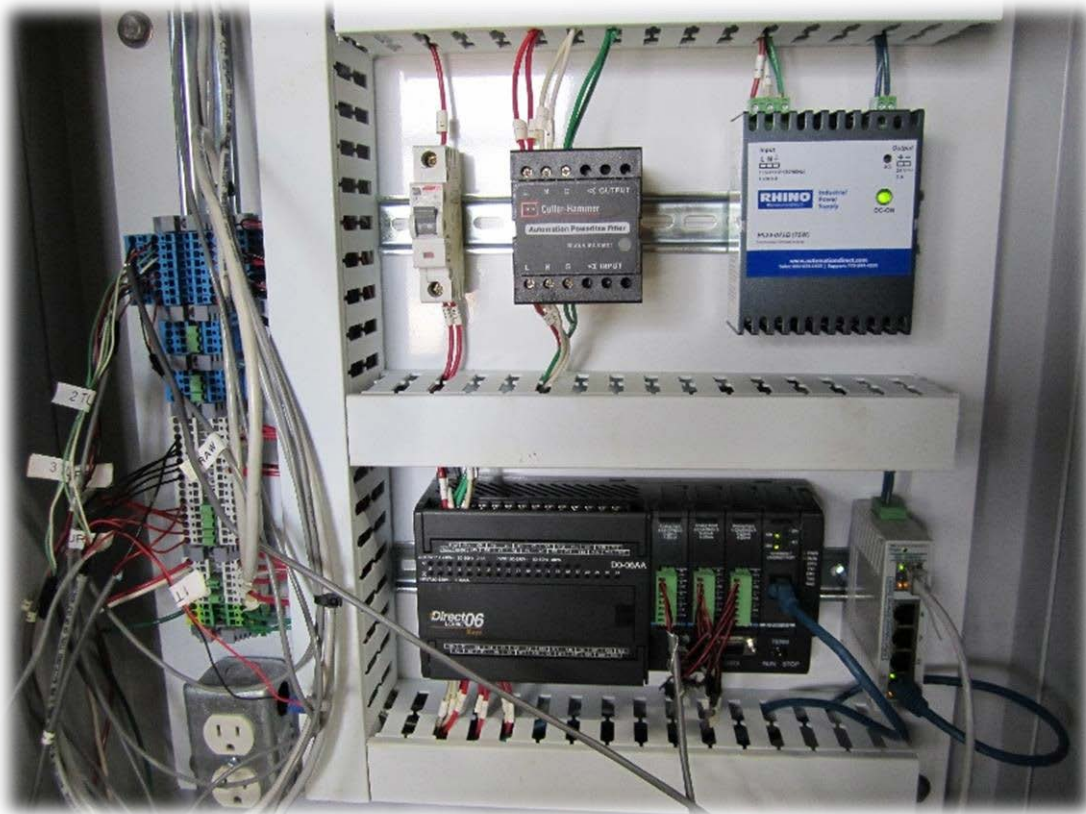
Upgrades to booster pump station and storage tank telemetry

\$65,000

Reason for request:

Programmable Logic Controllers (PLCs) are compact computing devices capable of receiving input data and issuing operational commands through their outputs. However, these PLCs have become outdated, with spare parts no longer available. Yet, they play a crucial role in our infrastructure, governing the initiation, cessation, and communication processes of our booster stations and storage tanks. The replacement of these obsolete units would significantly reduce potential downtime, ultimately saving the Town of Valdese money in the long term and ensuring greater customer satisfaction. This upgrade initiative is relevant to seven locations across the Valdese water system.

Photo of the existing capital item being replaced (if none, leave blank):



Water Treatment Plant

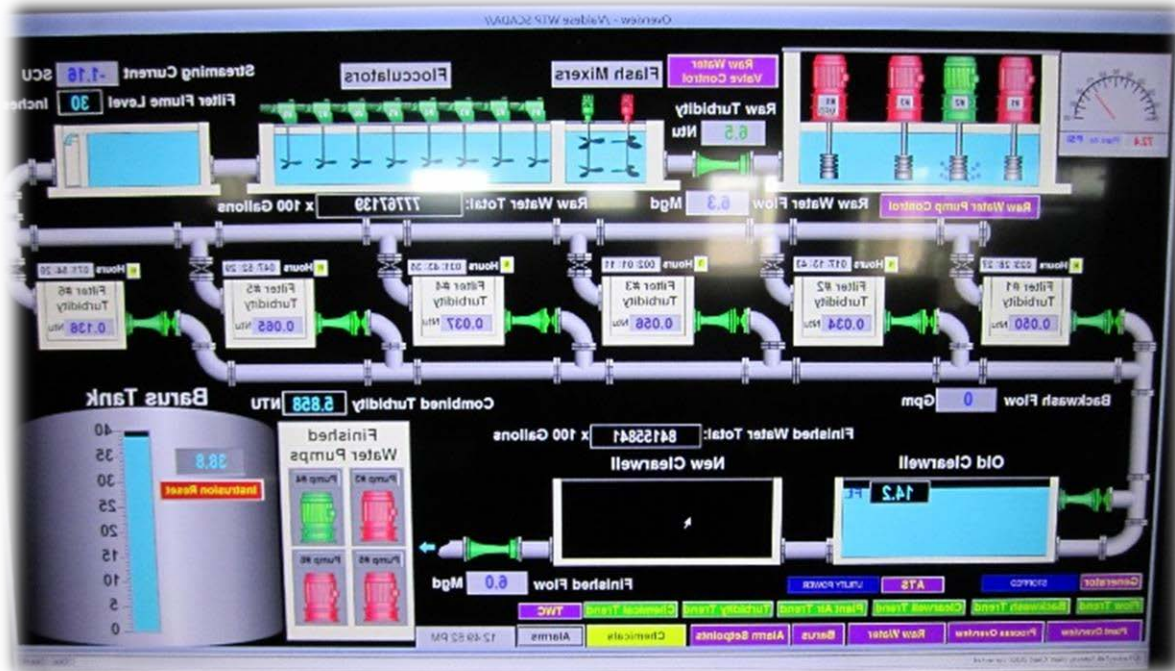
Supervisory Control and Data Acquisition (SCADA) Software Update

Cost: \$42,000

Reason for request:

This software empowers employees to initiate, halt, manage, and oversee diverse processes within the water plant. However, it's crucial to note that the current software is significantly outdated. Transitioning to updated SCADA software offers a multitude of advantages, including enhanced security measures, streamlined compliance management, seamless integration of cutting-edge technologies, and simplified programming capabilities.

Photo of the existing capital item being replaced (if none, leave blank):



Wastewater Plant Superintendent Lonnie Laird reviewed the following CIP needs for FY24-25:

Wastewater

Repair drains in dewater bldg.

\$25,000

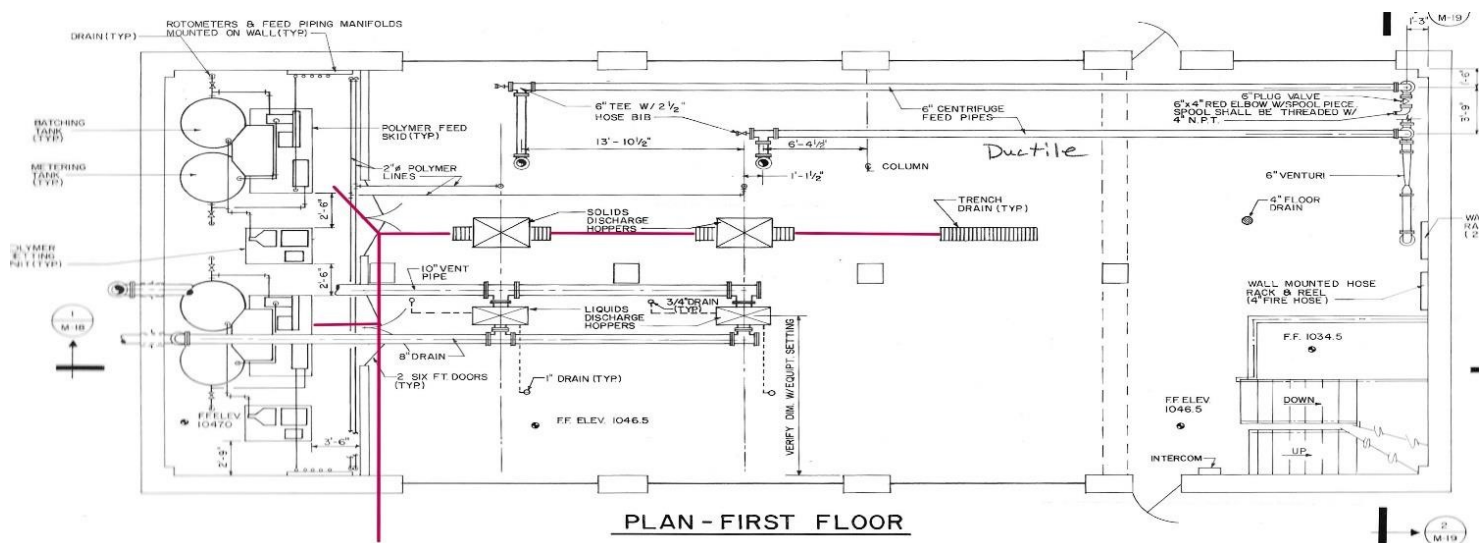
Reason for request:

The drains in the dewater building have been problematic for over a decade. Last year Roto-Rooter found existing drains in this building were corroded to the point of collapse. These drains are important for equipment flushing and cleanup. This water hasn't been treated and cannot combine with runoff outside the building. We propose cutting the floor and installing new pipe to a proper manhole (about 40 feet). There is the possibility of using some of the existing pipe and installing new pipe outside the building. Waiting on contractor to troubleshoot more and propose the optimum solution.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



April 14 & 15, 2024, MB#32

Wastewater

Secondary Clarifier Rehab and painting

\$25,000

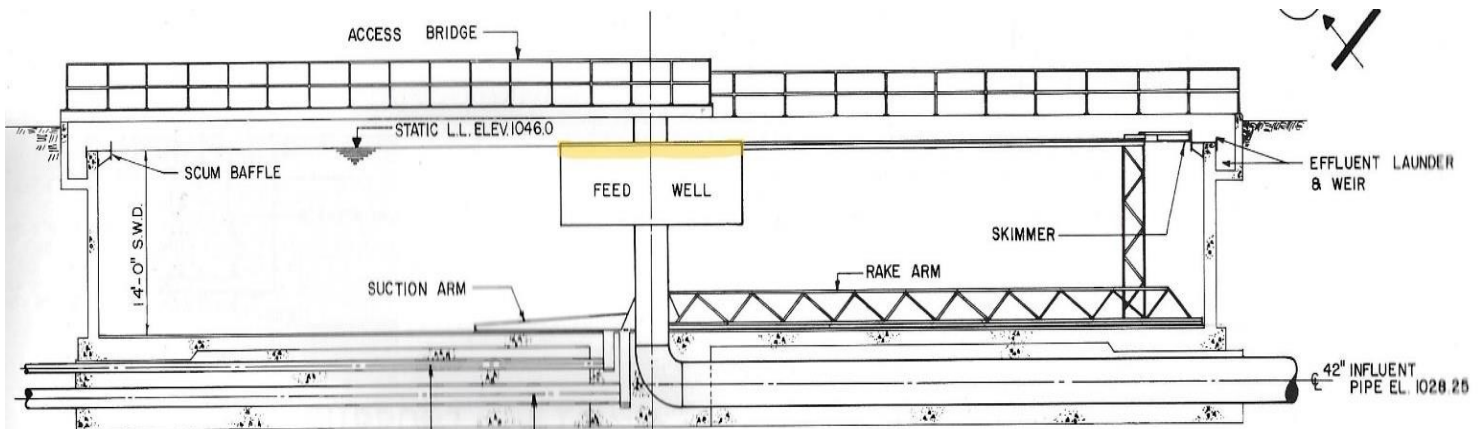
Reason for request:

This request is to have a contractor replace rusted sections of metal from the metal inner ring on both secondary clarifiers. As shown in the photographs, the ring has a rusted trough in several places at the waterline, allowing wastewater to short-circuit the design of the clarifier, reducing treatment efficiency. We estimate this cost repairs both clarifiers.

Photo of the existing capital item being replaced: Rust holes in yellow



Photo or rendering of the new capital item being requested:



April 14 & 15, 2024, MB#32

Wastewater

Aeration Basin Upgrade (1978)

\$300,000

Reason for request:

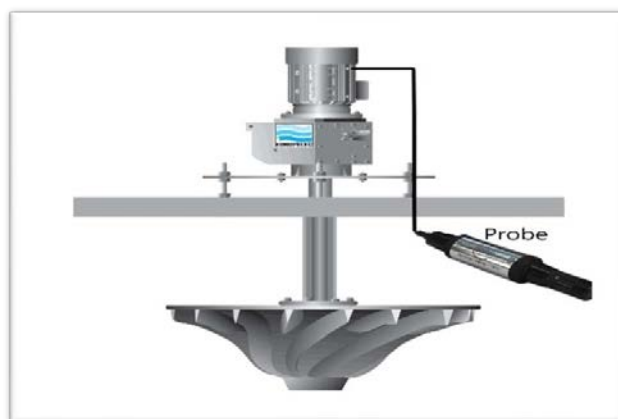
The microbes that do the work in the wastewater process need an optimum amount of oxygen in order to thrive. Adding oxygen to the water is a very energy intensive process. Optimizing the oxygen level is one way to maximize efficiency. We have had electrical and mechanical failures in recent years. We have had to rebuild the failed units at considerable cost. Our current units are obsolete and should be replaced before we have another failure.

Below left is our basin #1 which is not in service. You can see the blades below the platform that violently agitate the water, introducing oxygen. New aerators use a VFD to speed or slow one aerator according to the oxygen level as detected by an oxygen probe to save energy by not aerating more than needed. Below right is the in-service basin (#2) with the aerator running.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested (*New unit with probe*)



April 14 & 15, 2024, MB#32

Wastewater

Conversion of SO2 bldg. to PAA

\$10,000

Reason for request:

We use rented chemical metering pumps that are located outside on a skid. Our purpose with this request is to design, purchase, and install our own chemical metering equipment inside this existing building. This will allow for easier maintenance and troubleshooting, make it safer for operators to change out the 3000-pound totes of chemical, and save us \$14K per year on pump rental.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



Wastewater

Roll up door replacement dewater bldg.

\$25,000

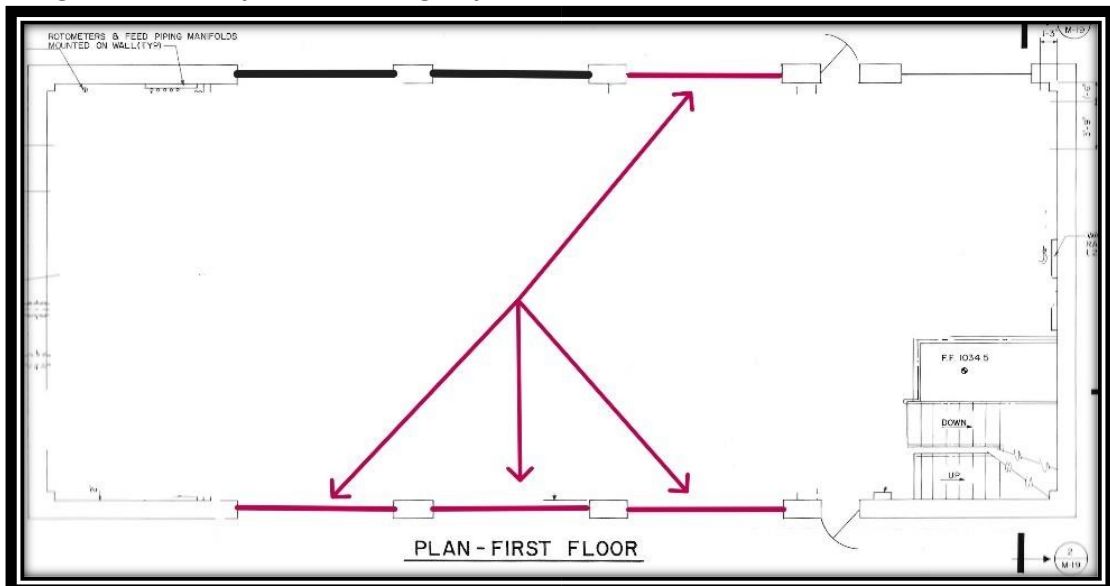
Reason for request:

Treatment of wastewater involves removing solids from the water treated. These solids are separated from the water in a process is known as dewatering. The dewatering building has six metal roll up doors that get used frequently. In cold weather months we must maintain the temperature of the building above freezing and this effort is complicated by the rusted doors. There are 4 doors to be replaced.

Photo of the existing capital item being replaced: Red arrows show corrosion.



Photo or rendering of the new capital item being requested: Red arrows show old doors.



Public Works Director reviewed the following CIP needs for FY24-25: Mr. Hudson noted that the Water/Sewer Department takes care of 64.4 miles of sewer collection system and 154 miles of waterline, that includes the Triple District system.

Department: Water Sewer Construction & Maintenance

Item: Vactor Truck

Cost: \$600,000

Reason for request:

Enhance maintenance of our sewer system by implementing more thorough cleaning, thereby extending its lifespan and reducing the occurrence of blockages. Additionally, prioritize regular storm drain cleaning and promptly address minor water leaks to minimize damage and mess.

Photo or rendering of the new capital item being requested:



Department: Water Sewer Construction & Maintenance

Item: Jetter

Cost: \$75,000

Reason for request:

This 2009 model has been well used and is showing signs of wear. There have been multiple pump and hose real issues. A new unit would be more efficient since it can be installed on the back of an existing truck. This allows for better access ability on our sewer rights-of-way than having a trailer type unit.

Photo of the existing capital item being replaced:



Photo or rendering of the new capital item being requested:



Mr. Weichel reviewed the balanced Utility Fund summary:

EXHIBIT H

2024-2025 Budget Utility Fund Summary			
OPERATING BUDGET			
Department	FY22-23 Budget	FY23-24 Budget	FY24-25 Recommended
WATER PLANT	1,907,590	2,103,250	2,208,593
WASTE WATER PLANT	1,739,692	1,746,881	1,817,359
WATER & SEWER CONSTRUCTION	1,263,359	1,328,166	1,575,886
Operating	4,910,641	5,178,297	5,601,839
CAPITAL BUDGET			
WATER PLANT	400,000	76,000	231,600
WASTE WATER PLANT	364,600	175,000	404,500
WATER & SEWER CONSTRUCTION	0	252,700	677,600
Capital	764,600	503,700	1,313,700
TOTAL EXPENDITURES	5,675,241	5,681,997	6,915,539
TOTAL REVENUES			6,915,539
difference:			0

CAPITAL IMPROVEMENTS PLAN WATER & SEWER RATE STUDY R.J. Mozeley with McGill Associates provided updates on projects in progress, upcoming projects, and went over why developing a Capital Improvement Plan(CIP) is important. Mr. Mozeley explained to Council that the CIP list items are either for a regulatory requirement, viability of equipment, efficiency, and growth causing the need to expand.



VALDESE

NORTH CAROLINA

2024 Town Council Budget Retreat Water & Sewer CIP Update and Financial Analysis

April 16, 2024



Prepared By:
R.J. Mozeley PE, Senior Project Manager
Dale R. Schepers, Financial Services Analyst



Water and Sewer Utility Fund



- Water Treatment
- Wastewater Treatment
- Water Distribution / Wastewater Collection
- Separate from General Fund and Self Supporting
- Over 5,200 retail customers and several wholesale/contract customers
- Utility Fund value of \$5.7M annually

Capital Improvement Planning

- **Viability Needs**
 - Aging Equipment
 - Out of Date Technology
 - Operational Issues
- **Efficiency Needs**
- **Growth Needs**
 - Capacity Assurance
 - Capacity Expansion
- **Regulatory Needs**
 - Permitting Changes
 - Monitoring Changes



Financial Analysis

- **Revenues**
 - Historical Revenue
 - Growth
 - Rate Adjustments
- **Expenses**
 - Salaries and Benefits
 - Operating Expenditures
 - Capital Improvements
 - Debt Service
- **Fund Balance**





Assumptions and Model Inputs

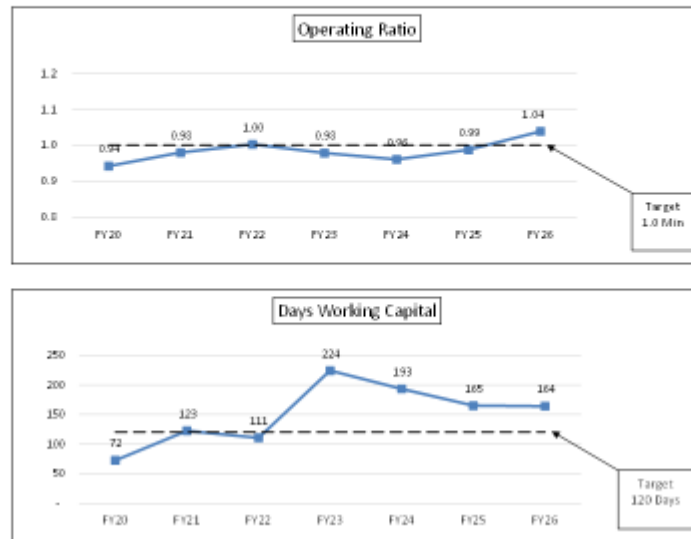
- **Revenues**
 - Growth Factoring (minor)
 - Impact of Rate Adjustments
- **Expenses**
 - Inflation
 - Capital Planning
 - Debt Strategies
- **Fund Balance**
 - Coverage Ratio
 - Target Percent of Expenditures



Dale Schepers with McGill Associates shared financial benchmarks and compared water/sewer rates from our neighboring towns.

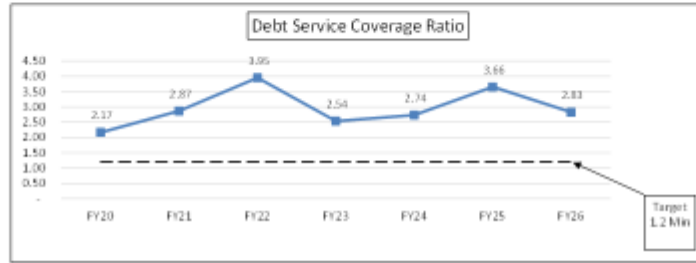
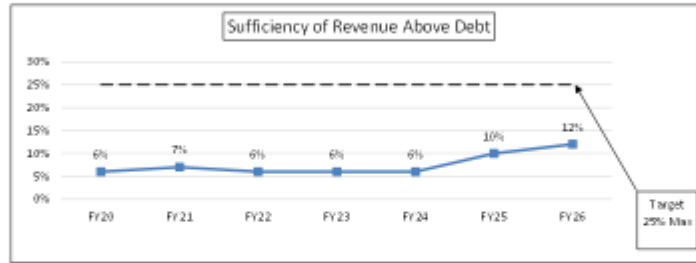


Water Utility Financial Benchmarks





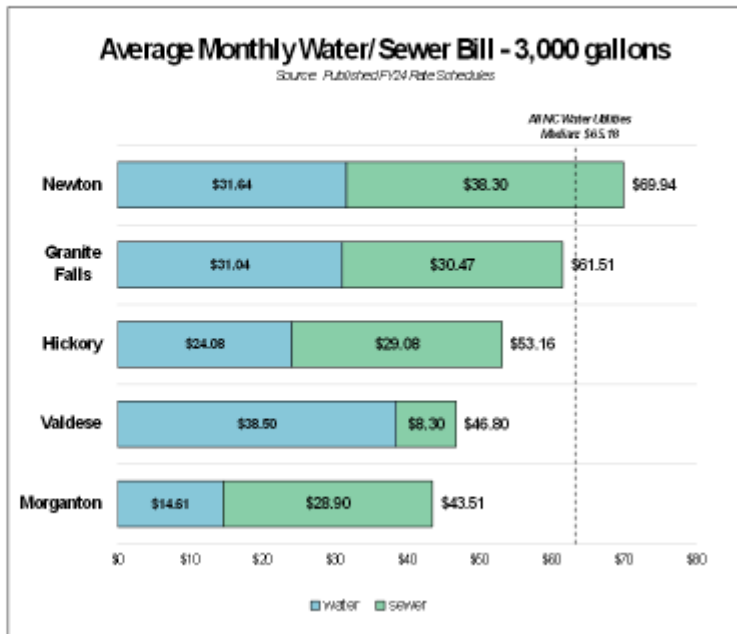
Water Utility Financial Benchmarks



Comparison to Neighbors

Inside Residential Customer Class

FY24 Rates



Councilman Harvey asked how long McGill has been preparing the 10-year CIP. Mr. Mozeley said nine years. Councilman Harvey thinks that it is great we have this plan.

April 14 & 15, 2024, MB#32

Town of Valdese Water and Sewer Utility Fund 10-YEAR Capital Improvements Plan FY 2024

Water Distribution / Wastewater Collection														
Project Number	Project Description	10-Yr CIP Cost	Test Year	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7	FY 8	FY 9	FY 10	Years 11 - 16
		Cost	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Vehicles and Equipment														
1	2022 Cat Mini Trackhoe	202,700	90,000									202,700		
2	2009 Pile Hunter Jet M 35418	74,900		74,900										
3	2024 Vector Truck	600,000		600,000										
4	Trailer	16,700				16,700								
5	2017 Ford F250 4x4	80,700				80,700								
6	2018 Ford F150 Meter Truck	50,500					50,500							
7	2011 Ford 4x4 F350	87,900							87,900					
8	2021 Chevy 4x4	60,100								60,100				
9	2022 Chevy 3500 Diesel 4x4	127,500									127,500			
10	2004 Chevy Dump Truck F450	135,200										135,200		
11	2016 Ford F150 4x4	63,800									63,800			
Subtotal - Vehicles and Equipment		1,480,000	90,000	674,900	-	77,400	60,600	-	87,900	60,100	191,300	337,900	-	-
Infrastructure Improvements														
12	Large Meter Replacement	84,400				84,400								
13	Renew Arc-Flash Study	7,800		3,500					4,300					
14	Rodent St. Water and Sewer	1,155,200			1,155,200									
15	Jefferson Ave Water & Sewer Replacement	140,000			140,000									
16	Ridgewood-18S Loop	981,200				981,200								
17	Mt. Home - Hawkins Loop	1,696,300				1,696,300								
18	Berrytown Water Main Replacement - CDBG	3,000,000					3,000,000							
19	Jacumin Rd. Loop	-												3,991,200
20	Harris Avenue PS Gravity Sewer Extension	-												2,175,100
21	Advent St. Tank and Booster Station	-												4,004,600
22	Holly Hills Sewer System Extension	-												4,579,800
23	Sewer Main Rehabilitation	6,177,700							1,900,000		2,055,000		2,222,700	
24	Water Main Replacement	4,830,600						1,600,000		1,730,600		1,500,000		
Subtotal - Infrastructure Improvements		16,073,200	-	3,600	1,296,200	2,781,800	3,000,000	1,600,000	1,904,900	1,730,600	2,066,000	1,500,000	2,222,700	14,760,600
Total 10-Yr CIP: Water Distribution/Wastewater Collection FY25-34		18,553,200	90,000	678,400	1,296,200	2,858,300	3,060,600	1,600,000	1,892,200	1,790,700	2,246,300	1,887,800	2,222,700	14,760,600
Capital Project funded or partially funded using external source(s): ARPA, Direct Allocation, etc.														
Capital Project funded or partially funded using debt issue(s)														

Town of Valdese Water and Sewer Utility Fund 10-YEAR Capital Improvements Plan FY 2024

Water Treatment Division														
Project Number	Project Description	10-Yr CIP Cost	Test Year	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7	FY 8	FY 9	FY 10	Years 11 - 16
		Cost	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Vehicles and Equipment														
1	2018 Explorer	51,800					51,800							
2	2017 Ford F-250 (replace w/F150)	99,500			49,300	51,200								
3	2004 Ford F-150	72,200								72,200				
Subtotal Vehicles and Equipment		223,500	-	-	49,300	61,200	61,800	-	-	72,200	-	-	-	-
Plant Upgrades and Improvements														
4	Roof Replacement - Finished Water PS	-	21,000											
5	Booster Pump Stations and Tank Telemetry	65,000		65,000										
6	SCADA Upgrade, Add #2 and #3 FWP, all chemical feed	62,500		42,000										
7	Renew Arc Flash Study	37,600		16,600								20,500		
8	Replace Air Actuated Filter Valves and Operators (30 ea)	312,200		100,000	104,000	108,200								
9	Tank Maintenance	366,000		8,000	86,500			10,900	107,600			14,200	128,800	
10	Replace Electrical Substation	1,406,100			1,406,100									
11	Replace Bulk Chemical Tanks & Refillish Area	750,000			750,000									
12	Roof Replacement - Main Bldg	59,500			59,500									
13	Water Treatment Plant Upgrade	6,790,000				6,790,000								
14	Chemical Injection Points	28,100				28,100								
15	Booster Pump Stations Equipment Rehab and Replace	51,000			25,000	26,000								
16	Roof Replacement - Maintenance Bldg	72,500					72,500							
17	Safety Railing for Flocculators and Sedimentation Basins	351,000						351,000						
18	Perimeter Chain Link Fencing	197,300									197,300			
19	FWP Motor Control Center Update (replacement)	342,100									342,100			
20	Pave Raw Waters PS Access Rd.	-												255,500
Subtotal - Plant Upgrades and Improvements		10,880,900	21,000	231,600	2,431,100	6,862,300	72,600	381,900	107,800	21,800	638,400	54,700	128,800	266,600
Total 10-Yr CIP: Water Treatment FY25-34		11,104,400	21,000	231,600	2,479,400	7,003,600	124,300	381,900	107,800	83,200	638,400	54,700	128,800	266,600
Capital Project funded or partially funded using external source(s): ARPA, Direct Allocation, etc.														
Capital Project funded or partially funded using debt issue(s)														

April 14 & 15, 2024, MB#32

Town of Valdese Water and Sewer Utility Fund 10-YEAR Capital Improvements Plan FY 2024

Wastewater Treatment Division															
Project Number	Project Description	10-Yr CIP Cost	Test Year	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7	FY 8	FY 9	FY 10	Years 11 - 16	
		Cost	2024	2025	2026	2027	2028	2029		2030	2031	2032	2033	2034	2035
Vehicles and Equipment															
1	Dump Truck to take Compost to Customers	-	35,000												
2	New or Used Sludge Trailer	67,000	50,000											67,000	
3	Replace 1998 Biosolids Truck	41,700				41,700									
4	Replace 2017 Lab Truck	40,000				40,000									
5	Replace 2018 Ford Explorer	45,600					45,600								68,500
6	Replace Riding Mower (2021)	17,000								17,000					
7	Replace Maintenance Vehicle 2022	59,000									59,000				
8	Compost Loader (2023)	165,500											165,500		
Subtotal Vehicles and Equipment		456,900	86,000	-	-	81,700	46,600	-		17,000	-	69,000		165,500	67,000
Plant Upgrades and Improvements															
9	Centrifuge Overhauls - Two Units	142,800	53,200								70,000	72,800			
10	Repair Drains in Dewater Bldg. (Trench Manhole)	25,000		25,000											
11	Roll Up Door Replacement Dewater Bldg. (4 Doors)	25,000		25,000											
12	Secondary Clarifier Rehab and Painting	51,000		25,000	26,000										
13	Conversion of S02 Bldg. to PAA	10,000		10,000											
14	Renew Arc-Flash Study	44,200		19,500							24,700				
15	Aeration Basin - 3 Aerators FY25, Full Basin Upgrades FY35+	300,000		300,000											9,927,300
16	Cline Street PIS Modifications	1,490,000		1,490,000											
17	Primary Clarifier Rust Removal and Paint	95,900			43,300						52,600				
18	SCADA PLC Upgrade	67,800			52,000						15,800				
19	Seal/Bearing Replacement - Centrifuge Sludge Pumps	11,900			11,900										
20	Spare Pumps: Morgan Trace and High Meadows	15,200			16,200										
21	Sludge Grinder Replacements - Two Units	31,800			7,000	7,300					8,600	8,900			
22	Concrete Work at Compost Pad	35,200			10,800		11,700			12,700					
23	Update and Repair Admin Bldg. & Roof	360,000				360,000									
24	Compost Pad Electrical Repair	5,600				5,600									
25	Spare Sump Pump - Universal Application	9,000				9,000									
26	Roof S02 Building (2001) (Original)	14,600				14,600									
27	Seal / Bearing Replacement for Secondary Waste Pumps	11,700					11,700								
28	Compost Area Multi-Purpose Shed	59,500						59,500							
29	Pump Station Control Upgrade - High Meadows and Morgan Trace	11,700						11,700							
30	Seal Replacement for Influent Pumps 3&4	19,900						19,900							32,300
31	Seal Replacement for Secondary Waste Pumps	11,700						11,700							
32	Influent Pumps 3 and 4 Valves & Check Valves	105,000							105,000						
33	Influent Pump Station Electrical Panel Upgrade	425,800							425,800						
34	Seal Replacement for Influent Pumps 1&2	12,200							12,200						
35	Sludge Recycle PIS Building Roof (2008)	36,500							36,500						
36	Spare Pump Seltz Road Pump Station	15,200								15,200					
37	Dewatering Building Roof (2010)	75,900								75,900					
38	Thickener Blower #1 rebuild or replace	19,000								19,000					
39	Recycle Bldg Electrical Panel Upgrade	394,800									394,800				
40	Thickener Blower #2 rebuild or replace	19,700									19,700				
41	Primary Wasting Electrical Panel Upgrade	34,200										34,200			
42	Influent PIS Building Roof (2012)	64,000											64,000		
43	Primary Clarifier #2 Drive & Bridge Replacement	148,000												148,000	
44	Spare Pump John Berry	29,600												29,600	
45	Spare Pump Cline Street	-													77,000
46	Biosolids Drying Equipment	-													20,501,600
47	WWTP Equipment Rehab & Replacement	-													201,200
Subtotal - Plant Upgrades and Improvements		4,228,400	63,200	1,884,600	186,200	386,600	125,000	679,600	122,800	688,200	116,900	64,000		177,800	30,738,400
Total 10-Yr CIP: Wastewater Treatment FY25-34		4,684,900	139,200	1,884,600	186,200	478,200	170,800	679,600	139,800	688,200	174,900	229,600	244,800	30,807,800	
<div><div>Capital Project funded or partially funded using external source(s): ARPA, Direct Allocation, etc.</div><div>Capital Project funded or partially funded using debt issue(s)</div></div>															
Total System Capital Improvements Plan															
Total 10-Yr CIP: Water and Wastewater FY25-34		35,321,900	249,200	2,804,500	3,940,800	10,321,000	3,345,600	2,541,400	2,239,600	2,470,100	2,960,600	2,102,200	2,596,100	45,814,000	

April 14 & 15, 2024, MB#32
Town of Valdese Water and Sewer Utility Fund
Financial Model Output Summary
FISCAL YEAR 2024

Revenue

Description	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Operating Revenue Existing Rates	5,682,000	5,698,000	5,748,000	5,796,000	5,845,000	5,894,000	5,943,000	5,993,000	6,044,000	6,095,000	6,147,000
New Revenue (Cumulative amount)		862,000	1,565,000	1,749,000	1,918,000	2,089,000	2,233,000	2,378,000	2,523,000	2,670,000	2,819,000
Projected Operating Revenue	5,682,000	6,560,000	7,313,000	7,545,000	7,763,000	7,983,000	8,176,000	8,371,000	8,567,000	8,765,000	8,966,000

Expenses

Operating Expenses	5,661,000	5,241,000	5,381,000	5,527,000	5,679,000	5,837,000	6,002,000	6,174,000	6,353,000	6,540,000	6,735,000
Capital Outlay	249,000	958,000	1,341,000	1,031,000	346,000	1,091,000	1,040,000	870,000	761,000	602,000	496,000
Existing Debt Service	361,000	360,000	480,000	498,000	481,000	479,000	477,000	475,000	472,000	471,000	483,000
Projected Debt Service	-	-	203,000	400,000	400,000	517,000	614,000	744,000	922,000	1,043,000	1,213,000

Percent Increase Applied

Overall Revenue Adjustment	15.1%	12.2%	3.2%	2.9%	2.9%	2.4%	2.4%	2.4%	2.4%	2.4%
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Financial Outcomes

Description	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Expenses to Cover	6,271,000	6,559,000	7,405,000	7,456,000	6,906,000	7,924,000	8,133,000	8,263,000	8,508,000	8,656,000	8,927,000
Difference / (Shortage)		1,000	(92,000)	89,000	857,000	59,000	43,000	108,000	59,000	109,000	39,000

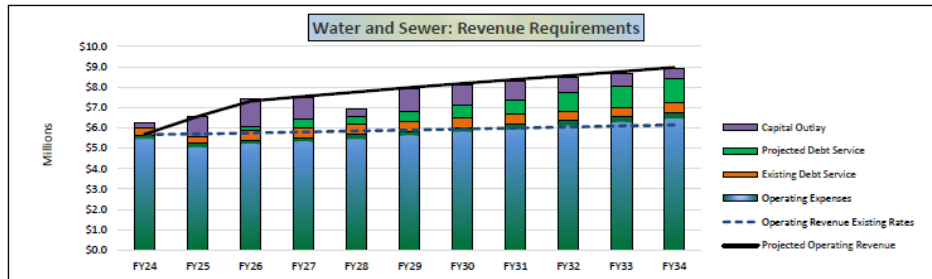
Effect on Average Customer Bill

Combined Residential Bill 3,000 gal	\$46.80	\$50.85	\$55.75	\$57.50	\$59.25	\$61.05	\$62.60	\$64.20	\$65.85	\$67.55	\$69.30
Monthly Combined Residential Bill Change		\$4.05	\$4.90	\$1.75	\$1.75	\$1.80	\$1.55	\$1.60	\$1.65	\$1.70	\$1.75

Financial Indicators

Fund Balance Tracker	4,000,000	4,001,000	3,909,000	3,998,000	4,855,000	4,914,000	4,957,000	5,065,000	5,124,000	5,233,000	5,272,000
Fund Balance % of Expenses to Cover	64%	61%	53%	54%	70%	62%	61%	61%	60%	60%	59%

Summary Chart

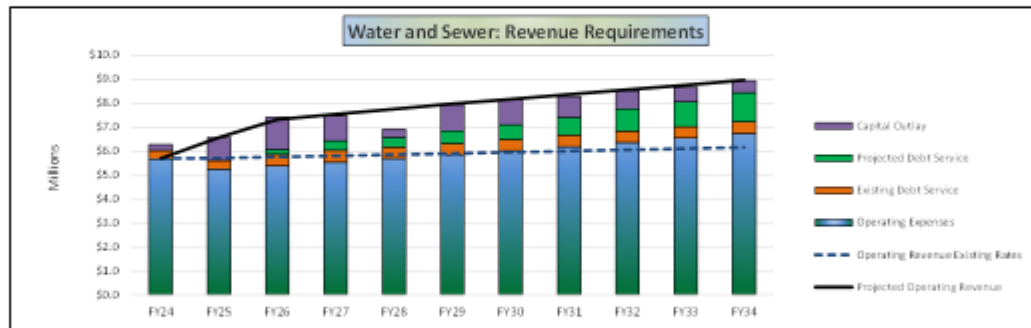


Water/Sewer 10-Year Capital Investment

Description	Total CIP	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Water Treatment	11,105,000	232,000	2,479,000	7,004,000	124,000	362,000	108,000	93,000	539,000	35,000	129,000
Wastewater Treatment	4,666,000	1,895,000	166,000	478,000	171,000	580,000	140,000	586,000	175,000	230,000	245,000
Distribution / Collection	19,553,000	678,000	1,295,000	2,839,000	3,051,000	1,600,000	1,992,000	1,791,000	2,246,000	1,838,000	2,223,000
Total Water/Sewer CIP	35,324,000	2,805,000	3,940,000	10,321,000	3,346,000	2,542,000	2,240,000	2,470,000	2,960,000	2,103,000	2,597,000



Revenue Requirements – Per Plan



FY 25 Requires \$862K Additional Revenue

Council members discussed possible rate changes for inside, outside, and Triple District customers.



Revenue Adjustments:

- **Water Rate True-Up** (Based on Council Action)
 - Transition Triple District Customers to Outside Rates
 - Adjust Current Outside Customer Multiplier to 1.5
 - 2-year Transition Period for Both
- **Sewer Rate True-UP**
 - Better Alignment of Revenue with Expenses
 - 2-year Transition Period
- **Inflation Adjustment**
 - 4% Revenue Increase for Inflation
 - Applies to All Customer Classes



Rate True-Ups: 2-Year Transition Period

Triple District Water Rate True-up: 3,000 gallons

Customer Class	FY24	FY25	FY26
Inside Residential Water	\$38.50	\$40.05	\$41.70
Triple Water	\$38.50	\$50.05	\$62.55
Outside Residential Water	\$54.80	\$57.00	\$62.55

Sewer Rates True-up: 3,000 gallons

Customer Class	FY24	FY25	FY26
Inside Residential Sewer	\$8.30	\$10.80	\$14.05
Outside Residential Sewer	\$15.45	\$20.25	\$26.35
Inside Commercial Sewer	\$8.80	\$11.45	\$14.90
Outside Commercial Sewer	\$17.35	\$22.60	\$29.40
Inside Industrial Sewer	\$17.50	\$22.80	\$29.80
Outside Industrial Sewer	\$34.55	\$44.95	\$58.55



Customer Bill Comparisons: 3,000-gallon Use

Monthly Water/Sewer Bill: 3,000 gallon Usage

Customer Class	FY24	FY25	\$ Change
Inside Residential	\$46.80	\$50.85	\$4.05
Outside Residential	\$70.25	\$77.10	\$6.85
Inside Commercial	\$48.80	\$53.05	\$4.25
Outside Commercial	\$97.20	\$105.65	\$8.45

Councilman Harvey asked why we were paying VEDIC \$25,000 every year. Mr. Weichel shared that is a long-standing relationship that past Councils have wanted to keep. Council discussed the next steps for the budget process.

ADJOURNMENT At 12:34 p.m., Councilwoman Lowman made a motion to adjourn, seconded by Councilman Ogle. The vote was unanimous.

The next meeting is a regularly scheduled meeting on Monday, May 6, 2024, 6:00 p.m., Valdese Town Hall.

Town Clerk

Mayor

jl