



2024-2025 Budget Message

TOWN OF BLOWING ROCK, NC
Shane Fox, Town Manager

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ROCK, NC 28605



Town of Blowing Rock, NC

1036 Main Street
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MEMORANDUM

TO: Town of Blowing Rock, Town Council

FROM: Shane Fox, Town Manager

SUBJECT: 2024 - 2025 Budget Message

DATE: May 29, 2024

Town Council,

Please find enclosed the proposed budget for the Town of Blowing Rock for the fiscal year beginning July 1, 2024, and ending June 30, 2025 (FY2025).

The budget message brings the reader into the Town's 2025 budget development experience by sharing the data points that influenced decision-making. While current national economic concerns fueled by the impact of inflation dominate the headlines, Blowing Rock's local economy remains strong. More importantly, our commitment to providing excellent service is unwavering. The FY 2025 budget maintains Blowing Rock's high-quality services and makes future-focused investments in priority areas. By focusing on a structurally balanced and priority-based budget objective, the Town can provide the highest quality and efficient services to all stakeholders. The Town staff develops the budget with a complete focus on meeting the needs of our citizens and stakeholders while achieving the goals of our Elected Officials.

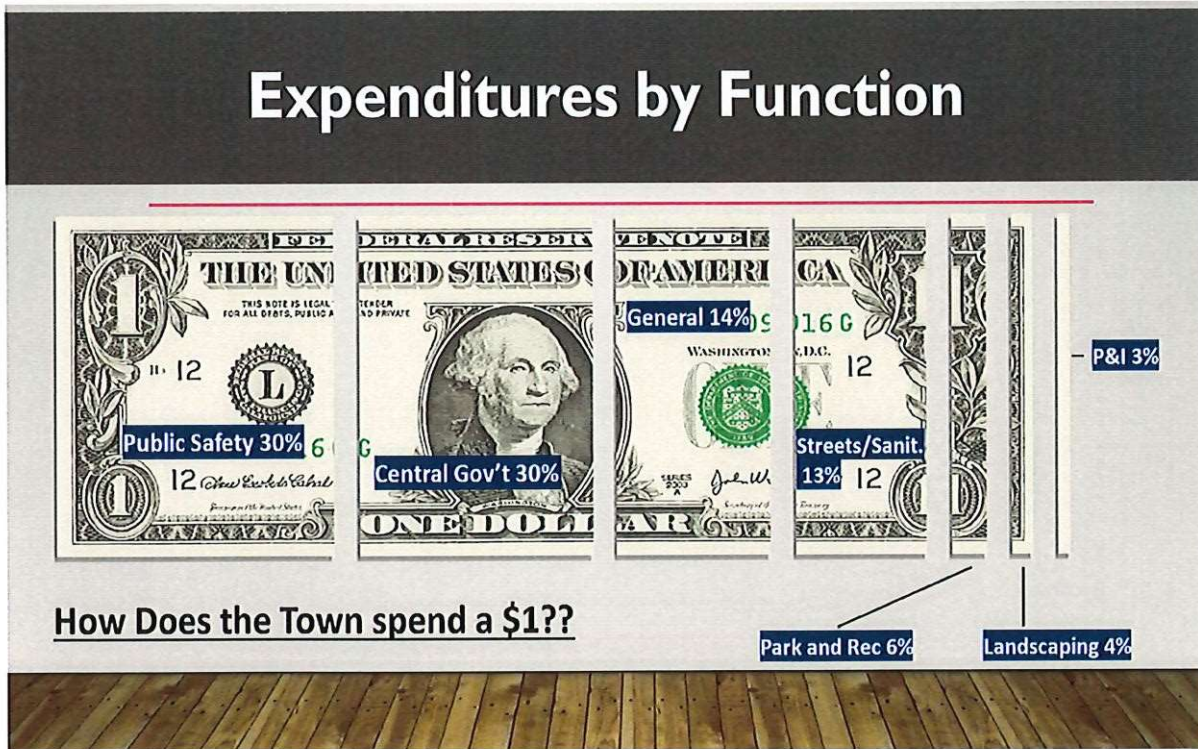
Blowing Rock employs a "rolling budget" process which utilizes budget review monthly and allows for Town Staff to maintain the budget process throughout the year. Planning and development of the following year's budget also occurs year-round with finalization of the recommended operating and capital budgets taking place between January and April. The recommended budget is presented to the Council for consideration in May, with adoption occurring at the Council meeting in June. The new budget takes effect, in accordance with state law, on July 1. The Town Manager reviews the materials and incorporates adjustments to form the Manager's Recommended Budget presented in this document and submits them to the Town Council for consideration.

Proposed General Fund Budget and Water and Sewer Budget

The proposed General Fund budget for the Town of Blowing Rock for fiscal year 2024-2025 totals \$14,709,070, which represents 4.3% over the 2023-2024 General Fund Budget. The Water and Sewer Budget totals \$2,826,411, an increase of 7.5% from 2023-2024.

Revenue highlights in the 2024-2025 budget include a proposed 1-cent property tax increase to a proposed rate of .40 per \$100 of value, and modest increases in both Sales Tax Revenue and in the TDA. Building Permits continue to increase as the Town sees ongoing growth in renovations and in new construction. On the expenditures side, highlights include a 2.5% COLA for all general employees, a 10% salary increase for all Public Safety employees, including Fire and Police, a refocused capital plan, and reserves for future debt service as the Town looks toward additional debt needs. In the Water and Sewer Fund, a proposed rate increase of 5% is included due to ongoing debt service needs.

Overall, the Town expends monies based on the following functions:



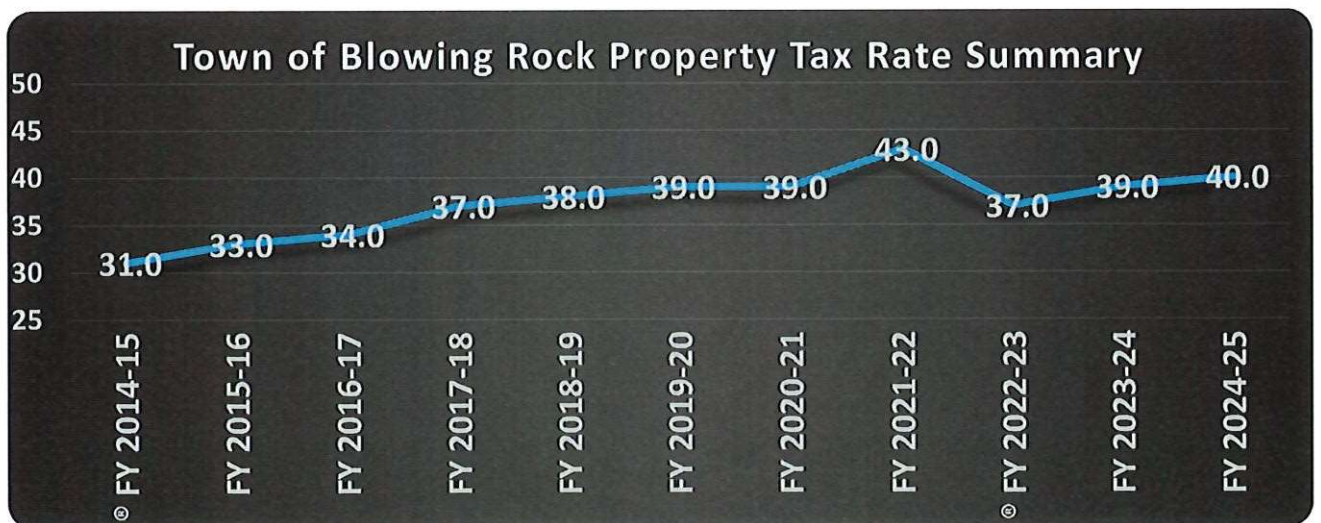
All funds are balanced and represent a fiscally responsible and conservative approach to budgeting. Several areas of the budget are highlighted below and demonstrate these objectives.

Property Taxes

The General Fund budget includes a Town-Wide property tax rate of .40 cent per \$100 of value, which represents a 1-cent increase from fiscal year 2023-2024. The current property tax base for Town of Blowing Rock is at \$1,687,885,420, a 1.7% increase over the prior year. The tax levy for the fiscal year 2024-2025 is proposed at \$6,740,599 and represents 46% of the overall General Fund Budget. One cent on the tax rate represents \$172,000 to the General Fund budget for the Town. The total tax base for the Town has increased 2.2% over the past two fiscal years while the value of 1-cent has increased from \$162,000 to \$172,000.

| | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> |
|-----------------------|------------------------|------------------------|------------------------|
| Total Tax Base | \$1.652 Billion | \$1.660 Billion | \$1.688 Billion |
| Tax Rate | 37 cents | 39 cents | 40 cents |
| Value of Penny | \$162k | \$165k | \$172k |

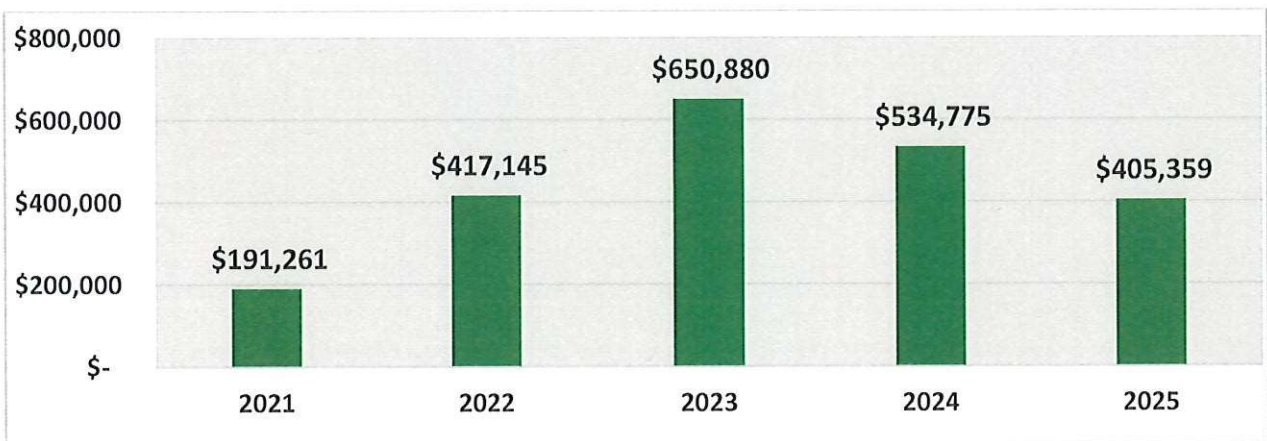
With the voter approved 2014 Bond issuance, the Town anticipated a 10-cent tax rate increase with the issuance of the Bonds in 2014. However, due to favorable interest rates, property tax reevaluation, and cost-effective decisions, the tax rate has only increased 9-cent over the last eleven fiscal years. The Town Property Tax Rate since 2014-2015:



Capital Outlay Requests

Capital Outlay proposed in the General Fund is \$405,359 which is a decrease of \$129,416 from fiscal year 2023-2024. The Town continues to place an emphasis to fund those items that were deemed critical to life safety, infrastructure maintenance, or continuity of operations for the Town. Capital outlay included in the budget for fiscal year 2024-2025 includes much needed IT upgrades and a new Financial Software package, new HVAC units at several Town-owned buildings, one new police cruiser with equipment, replacement of a landscape truck and two pieces of equipment in our streets department.

Here is a chart that shows the Capital Spending since fiscal year 2020-2021 to 2024-2025:



The Town has developed a Capital Outlay Fleet Plan that attempts to “smooth-out” the annual capital spending to approx. \$400-500K per year in future years.

Here is a chart that identifies the anticipated future capital fleet costs to the Town:

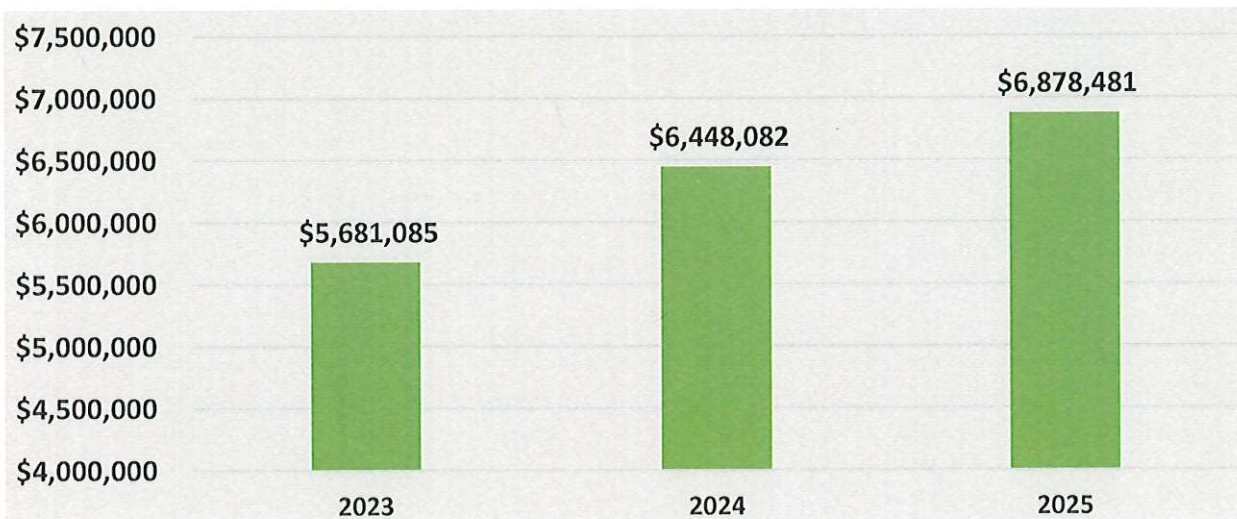


Personnel Changes and Benefits

The Town of Blowing Rock utilizes a combination of regional and state-wide data for market information for employee compensation. Utilizing this information on an annual basis allows for the Town to stay competitive with salaries and benefits, which in turn reduces turnover and improves our ability to recruit. The proposed 2024-2025 budget includes an across the board 2.5% Cost of Living increase for all employees, along with a special focus on Public Safety, including Fire and Police. Given the market fluctuation and demand for public safety employees, the budget includes a 10% increase for all public safety employees to stay competitive in the market.

- No new full-time positions are included in the budget.
- One PT position at the Water-Treatment plant is included.
- Overall employee salaries and benefits continue to be the highest expenditure of the Town as the Town employees are the Town's number one asset. Health insurance costs continue to rise and are projected at a 15% increase for the 2024-2025 fiscal year.
- The budget includes the continuation of the Town's longevity program, along with the 5% 401K match, and civic time allowance.

Including the COLA, a continued focus on public safety, and increases in health insurance, the total Salaries and Benefits for the Town are \$6,878,481 for the 2024-2025 fiscal year, an increase of 6.7% overall from 2023-2024.





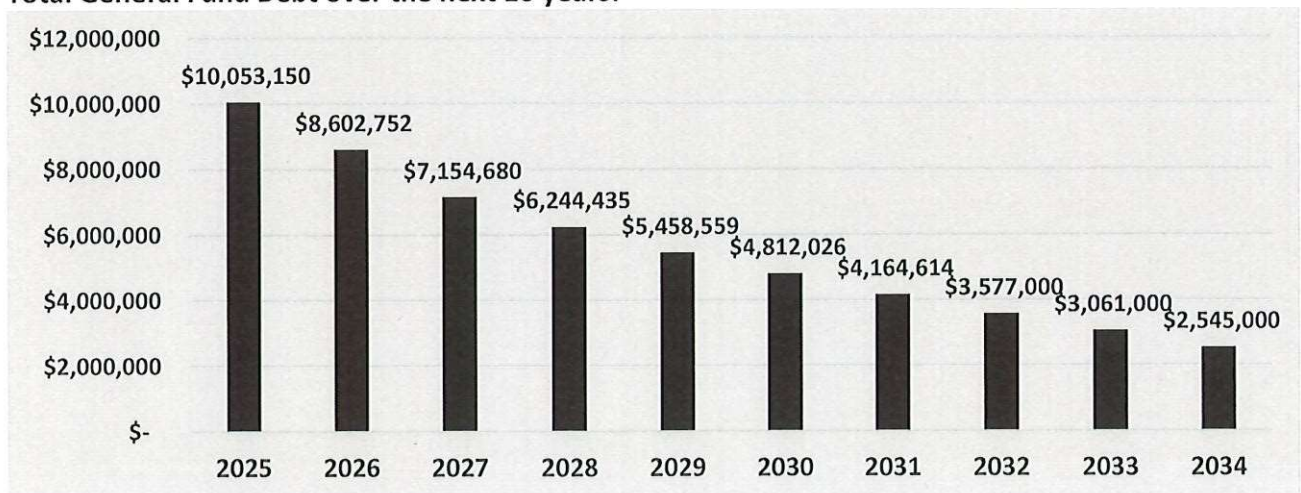
Blowing Rock Academy

In March 2024, the Town of Blowing Rock opened its doors to a state-of-the-art childcare center for Town of Blowing Rock Employees. The Town Council approved this revolutionary idea in 2023 and work began to transform the underutilized Town Community Building into the Academy. The Academy began as an idea during the COVID pandemic when many of the areas' childcare centers were closed due to Federal and State restrictions, forcing many of the Town employees to struggle to find childcare options. The Academy is not open to the public and is just available to Town of Blowing Rock employees at a market-friendly rate of \$400 monthly. The Blowing Rock Academy includes over 1,750 square feet of indoor area, and can serve a maximum of 30 children. It is open Monday-Friday from 6:30am – 5:30pm and is available to children from 6 weeks old to 5 years old. The Blowing Rock Academy mission is to strive to provide an affordable, high-quality, on-site childcare option for the full and part-time employees of the Town of Blowing Rock.

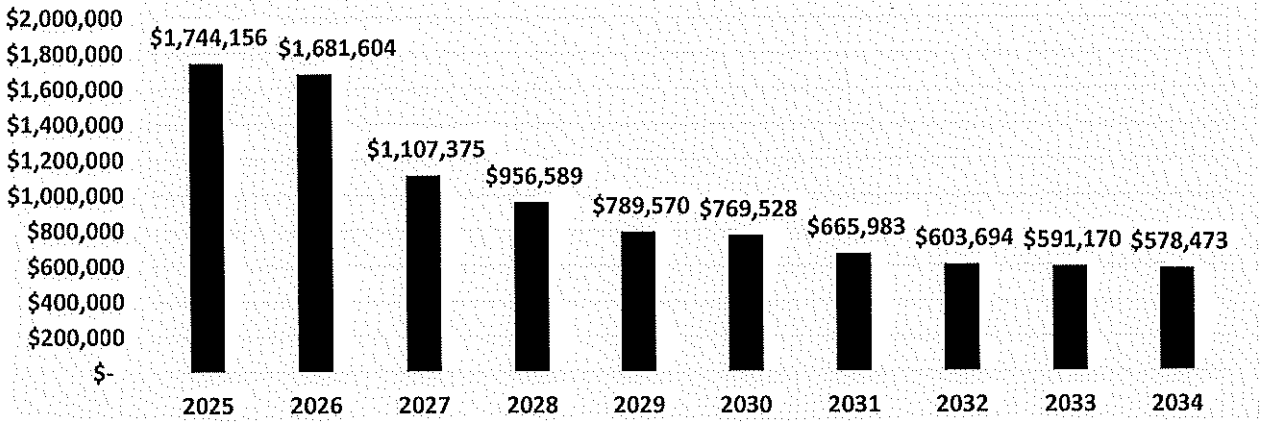
Debt Service – GF and W/S Funds

The Town of Blowing Rock maintains a debt portfolio to assist the Town in providing the services necessary to function, including buildings, capital and fleet, and general obligation bonds approved in 2014. By NC State law, local governments may issue debt totaling 8% of the total assessed value of its property tax base. The Town of Blowing Rock's legal debt margin for the 2024-2025 fiscal year is \$135,000,000. Currently the Town has an outstanding debt balance in the General Fund of \$10,053,150 and a total debt balance in the water and sewer fund of \$4,279,822. Of the GF Debt balance of \$10M, the General Obligation Bonds approved in 2014 represent \$7.2M and of the \$4.3M in the water and sewer fund, General Obligation Bonds represent \$2.2M of the total debt. See below for some additional data on the Town's debt portfolio and annual debt requirements over the next 10 years.

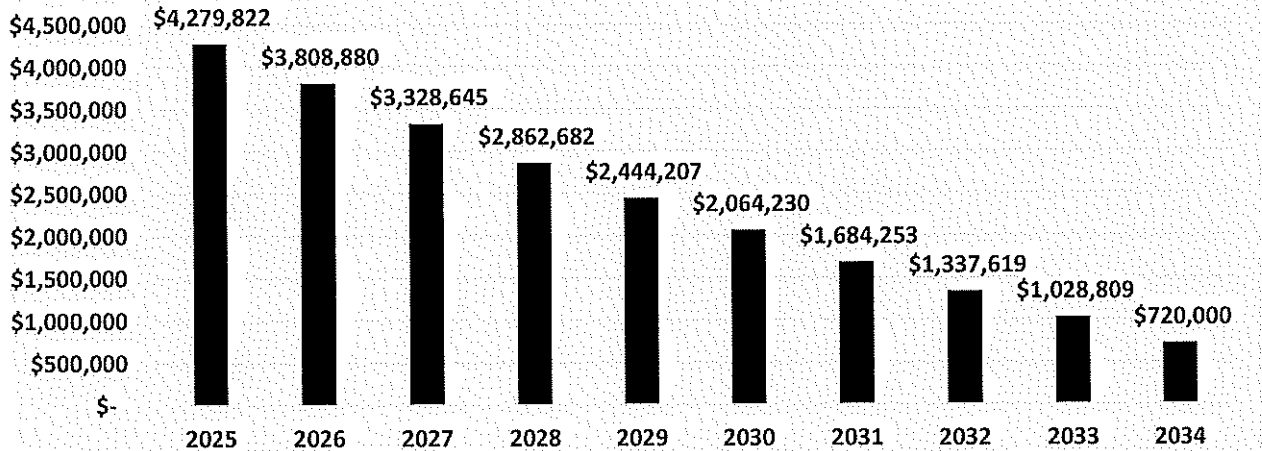
Total General Fund Debt over the next 10 years:



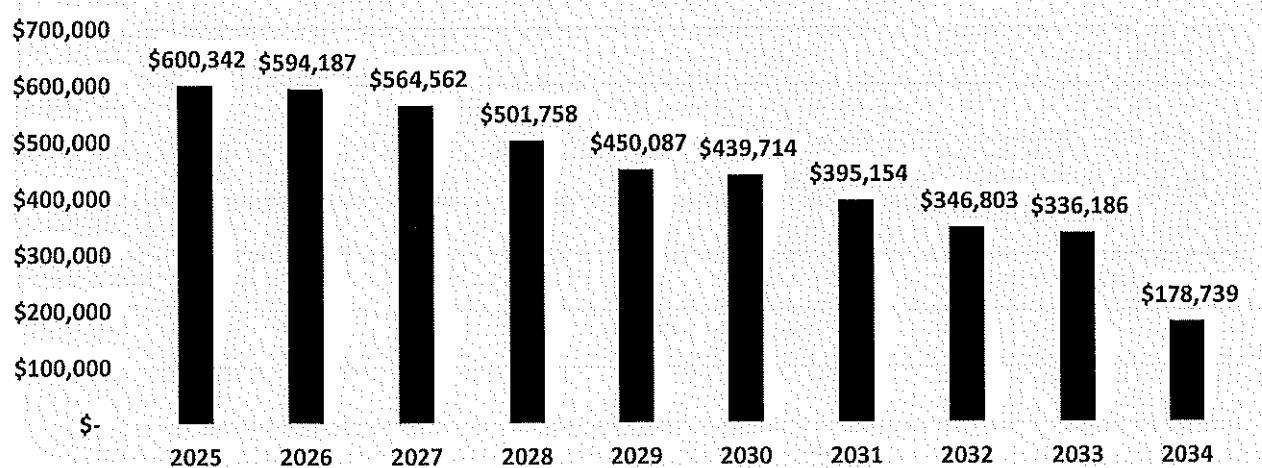
Total General Fund Debt Service over the next 10 years:



Total Water and Sewer Debt over the next 10 years:



Total Water and Sewer Debt Service over the next 10 years:



Utilities Rate Changes

The Town of Blowing Rock is proposing a 5% increase in its water volume rate and a 5% increase in the sewer volume rate for FY 2024-25 effective July 1, 2024. The 5% proposed increase in both water and sewer is due to ongoing increased cost in material, supplies, and debt service requirements. In fiscal year 2023-2024 the town installed all new water meters utilizing the latest AMI technology that has resulted in a more transparent, user friendly, and efficient water metering system, which uses real-time data. The town is moving forward with accepting an offer letter from the USDA to begin much needed upgrades to both the Water Treatment Plant and the Wastewater Treatment Plant, along with replacement of the Mayview Lift Station. Debt service on the approximate \$4.5M loan will begin in future fiscal years and will be secured utilizing a Revenue Bond.

The 5% increase on an average water/sewer bill with usage of 5,500 gallon would result in a \$3.75 monthly increase.

In Closing

The FY 2025 budget presented in this document is balanced in accordance with state law and sets a strong foundation for the new fiscal year. Our rolling budget process sets the Town of Blowing Rock up to quickly adjust should the economic picture shift. Staff will bring monthly revenue and expenditure updates to the Council, and we will adjust revenues and/or expenditures as circumstances warrant. This budget document would not be possible without the tireless work of many members of the Town Staff, specifically department heads and every member of our departmental teams. Producing this Recommended Budget document requires the dedication and coordination of the Finance team led by Tasha Brown, whose efforts were instrumental in leading the preparation of many of these documents, meetings, calculations and processes. I look forward to working with the Town Council to complete the adoption of the FY 2025 Budget. The Town of Blowing Rock is a community like no other, and the work facilitated through this budget continues to move this great community forward and continue to make Blowing Rock the "Crown of the Blue Ridge".

Respectfully Submitted,



Shane Fox
Town Manager