

Manager's Recommended Budget



Fiscal Year 2024-25, effective July 1, 2024



GENERAL FUND: \$20.1 MILLION

For services like residential garbage collection, public safety, and recreation facilities. Revenue is primarily from property and other taxes.



WATER & SEWER FUND: \$13.5 MILLION*

For water and sewer service, including system maintenance and improvements. Revenue is primarily from utility charges.



STORMWATER FUND: \$1.1 MILLION*

For stormwater services, including maintaining drainage infrastructure and keeping pollutants from waterways. Revenue is primarily from stormwater charges.

* Enterprise funds — No profits are made. Revenue is used for no other purpose.

RATES AND FEES



Property Tax Rate

60.7 cents per \$100

2 cent increase



Water Rates

\$11.53 per 1,000 gallons

7.5% increase



Sewer Rates

\$16.22 per 1,000 gallons

7.5% increase



Stormwater Fee

\$90 for residential

\$15 increase

Why are increases proposed for rates and fees?

Property Tax Rate

The town has had two tax rate increases in the last 15 years — in fiscal years 2013 and 2022. The last followed a revaluation of property in Orange County.

The recommended budget proposes a 2-cent tax rate increase in Fiscal Year 2025 with an additional 2-cent increase anticipated in Fiscal Year 2026.

On a \$400,000 home, a 2-cent tax increase would result in a tax bill that is \$80 higher than the previous year.

Numerous organizational and community needs are reflected in the table to the right. The proposed rate increase for Fiscal Year 2025 is expected to generate about \$320,000 in additional revenue. The additional funds would help cover the deficit associated with funding these town priorities.

Project	Annual Cost	Tax Rate Equivalent (in cents)
N.C. 86 Facility Renovation	434,000*	2.71
Affordable Housing	320,000	2.00
Train Station	162,000	1.01
Fire Personnel Expansion	114,000	0.71
Fire Station	300,000	1.88
Ridgewalk Greenway	583,000	3.64
Police Social Worker	80,000	0.50
Accounting Software	100,000	0.63
Police Vehicle Replc	225,000	1.41
Public Works Vehicle Replc	416,000	2.6
Market Pay Adjustments	165,000	1.03
Total		18.12

* Reflects annual debt service if project were debt financed. Budget assumes paying for the project using cash.

Water and Sewer Rates

The recommended budget for the Water and Sewer Fund includes a focus on our aging utilities system. Many of the town’s water and sewer assets are over 50 years old, with some 100 years old. Repair and replacement of assets becomes more expensive over time. The table to the right includes some assets proposed for repair or replacement in the FY25-27 Budget and Financial Plan.

The town has sought grant funding to help finance projects, generating \$9.03 million through the Building Resilient Infrastructure and Communities Program and the State and Tribal Assistance Grants funding. While grants help, the town has over \$35 million in identified water and sewer needs. Continued rate increases are needed to start addressing those needs.

Aging Infrastructure	
Water and Sewer Facility	90 years (1936)
Hasell Water Tank	90 years (mid-1930s)
Exchange Club and Eno River Interceptors	50 years


Items in the table above reflect the infrastructure that will start to be addressed in the three-year budget and financial plan.

Stormwater Fee

The town’s stormwater fee has not changed since the Stormwater Fund was started in Fiscal Year 2017. The budget proposes a \$15 increase for the residential tier with equivalent increases to the non-residential tiers in each of the three years of the financial plan to help fund the following:

- Improving compliance with the town’s stormwater permit.
- Building a reserve to fund stormwater infrastructure capital projects.
- Compliance with pending rules to protect Falls Lake, where the town’s watershed drains.
- Additional staff to proactively address stormwater system maintenance.


KEY ELEMENTS TO BUILDING THE BUDGET



1 TAKE CARE OF WHAT WE HAVE

The town’s budget motto prioritizes caring for infrastructure, equipment, buildings, employees and systems before making new budget additions.


- Repairing and replacing assets becomes more expensive the longer we wait.
- New assets must be balanced with the personnel, equipment and organization needed to maintain them.



2 MULTI-YEAR FORECASTING

A multi-year approach has been a key component of the town’s budgets since 1998.

- It eases looking forward to identify, address and mitigate potential problems.
- It shows how decisions now affect the town’s financial condition in the future.
- The financial plan’s first year is legally binding. Years 2 and 3 help provide a more accurate financial picture.



3 STRATEGIC PLAN

The adopted strategic plan for fiscal years 2024-26 links together priorities and creates a plan for achieving goals. The Strategic Plan is aligned with the Comprehensive Sustainability Plan.

- The proposed FY2025-27 Budget and Financial Plan includes resources to implement strategic plan objectives.
- Progress updates are provided throughout the fiscal year.