



TOWN OF DAYTON

BUDGET NEWSLETTER FY24-25

An Open Letter to the Citizens of Dayton

With the weary winter giving way to our vibrant Valley spring season, it must also mean that budget season has also returned. As part of this annual exercise prioritizing the town's goals for the pending fiscal new year beginning July 1st, the Town Council wants to hear from residents on the recommended draft budget.

Building upon the firm foundation from the past years, our new Town Manager Brian Borne has worked with our dedicated department heads, Finance Committee, Planning Commission, and Council to deliver a balanced, debt-free budget, which focuses on enhanced services, town events, public safety, and infrastructure. These are reflected in the Water and Sewer Fund, General Fund, and 5-year Capital Improvements Projects plan. So how does the Town plan for these investments and anticipate future projects and opportunities?

The Town has taken into account projects and programs that residents have clamored for through the 2022-23 Comprehensive Plan update and corresponding 2021-22 resident survey of services and programs. We all know we have a gem of a small town with enviable quality of life and historic downtown, and the Resident Survey confirmed that:

- **68% of residents desired promoting development of the downtown area.**
- **80% encouraged the Town to preserve historic sites in Dayton.**
- **88% respondents indicated the Town should continue efforts to enhance Dayton's appearance.**

Events and Summer Activities were another priority and in FY 2025 the following are proposed:

- Easter Egg Hunt, Redbud Festival, and Dayton Days
- Christmas Parade and Tree Lighting
- Summer Concerts
- New 5K Race

Law Enforcement and Public Safety continue to be at the forefront of FY 2025 funding:

- 24/7 Police coverage maintained
- Annual National Night Out Against Crime event
- CIP: Bi-annual vehicle replacement.

Improving Town infrastructure is also included as imperative funding:

- FY 2025: Well & High Service Pump Replacement
- Water Storage Facility and Possible Mini-Water Plant- Funding to begin engineering.
- Annual water and sewer line replacement carryover funding.

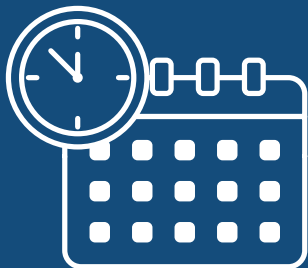
Transportation is also a key component addressed by residents in the Comprehensive Plan and will be addressed through looking at current transportation systems including roads; bicycle, pedestrian, buggy facilities; and public transportation. The CIP includes approximately \$177,264 of carry over balance funding for the following priorities:

- Continued funding of sidewalk retrofits and future extensions.
- Future alleyway evaluations and possible improvements.
- Future Bicycle-Pedestrian Master Plan, and projects which may include a Mason Street Bike-Buggy Lane with VDOT
- An extension from Main Street to Dayton Market, and possible Greenway improvements.

Please review the summaries in this newsletter and offer comments over the phone, e-mail, or by attending the public hearing on April 8th. By planning for our shared priorities, we can continue to embrace the Dayton way of life embodied in our motto, "Small Town, Hometown, Downtown!"



Bradford Dyjak
Chairman of the Finance Committee



Budget Public Hearing

At the April Town Council Meeting

Monday, April 8 at 6 pm

Live streaming will be available for the meeting.

Visit www.daytonva.us to find the agenda and streaming link on the homepage calendar.

Please note that the livestreaming is for viewing purposes only and no public comment will be allowed.

The FY 24-25 Budget Overview

The preparation of the annual Budget is one of the major responsibilities conferred by law upon managers in Virginia. Town staff has thoughtfully sought to assist in this responsibility of quantifying the cost-of-service delivery focusing on the most urgent of those requirements.

In developing the Town's spending plan to affect services and operations, several guiding principles were used during the conceptualization of this recommended Budget:

- Realistic assumptions for revenue and expenditure estimates that matched reoccurring revenues with expenditures, as a basis of budget recommendations.
- Strategies sought to balance citizen interests for public safety, staff views on facility, infrastructure and service sustainment, and employee wellbeing without placing additional financial burdens on our citizenry, merchants, and industry; and,
- Preserving Fund Balance for future capital outlays, improvements, and contingencies.

The major challenges driving this budget planning and expenditure reconciliation process were:

- Ensure the Town's budget maintains a healthy balance between revenue and expenditures at the current tax rate to maintain financial stability.
- Implement practices to maintain adequate reserve funds to address emergencies and economic downturns without disrupting essential services.
- Implement policy, practices, and programs to retain and recruit talented staff.
- Addressing additional staff needs to meet current and projected service demands.
- Deferral of various capital projects, equipment, and personnel.

The Manager's recommended Budget decreases by approximately \$348,124 from FY 2024 with the *total General Fund budget of \$2,608,710* and *Water & Sewer budget of \$4,363,990*. *General Fund Capital projects total \$258,000* and *Water & Sewer Capital projects total \$510,000* for a *total Capital Budget of \$768,000*, \$452,454 less than the FY 2024 CIP. The total FY 25 Town of Dayton Budget is \$7,740,700. **This spending plan proposes maintaining the current general fund ad valorem tax rate of 0.08 cents per \$100.**

FY 23-24 Project Highlights

Dayton made great progress in FY24 and takes considerable pride in its commitment to providing services and to enhancing a high quality of life for its residents. The following four projects demonstrate our focus on the long-term goal of making Dayton a desirable place to live, work, and invest.

Water Treatment Plant Upgrade

The approximately \$3.5 million project has significantly increased the amount of water the Town can produce. The new plant can filter up to three million gallons per day (3 MGD) with its upgraded system. It features two brand new filtration systems, and just one of those new filtration systems can produce more than the three filtration systems combined that were in the old plant.

Town Council approved the project in September 2021. The groundbreaking ceremony was held on May 4, 2022, and the ribbon cutting ceremony was held on May 12, 2023. The previous plant had been operational for over 20 years and could no longer keep up with the water usage demand. The Town decided to pursue this project to provide a more efficient service to its residents and businesses. ARPA funds were instrumental in funding this project without the Town of Dayton taking on debt.

Playground Equipment

The Town replaced the aging playground equipment at Sunset Park in 2023 to provide a safe and fun outdoor recreation opportunity for children. The new equipment maintained the signature purple color, hence the popular nickname “The Purple Park.” The equipment was purchased for \$51,836. A ribbon cutting ceremony was held at the Town’s fall bonfire on October 21, 2023.

Mayor Cary Jackson and Parks & Recreation Chair Bob Wolz cut the ribbon for new playground equipment at Sunset Park and officially welcomed guests to the annual Town bonfire.



Wayfinding Signage



The first phase of wayfinding signage was completed in 2023 with directional signs around town. The new signs draw attention to destinations around town and help guide visitors through town in an efficient manner. New gateway signs will be installed in Spring 2024. The new gateway sign designs will be reflective of Dayton’s character and complimented by new landscaping. The total project cost was \$289,000, funded by a combination of grants and Town funds. The Town received a USDA Community Facilities Grant for \$25,000 and the Rockingham County Tourism Grant for \$50,000. The Town funded the remaining \$214,000 of the project. Project completion is expected by June 30, 2024.

Downtown Master Plan

The Town is in the process of creating a Downtown Master Plan, thanks to a \$50,000 grant from Virginia’s Department of Housing & Community Development. The Master Plan will identify specific projects that will be a catalyst in the revitalization of the downtown district. A Project Management Team (PMT) consisting of business owners, residents, Rockingham County staff, and Town staff was formed and put in place to contribute to the process. The PMT will be collaborating with the consultant, POND & Company, on the creation of the plan. POND was chosen as the consultant following a competitive bid process in which the Town received four responses total. POND was not only the lowest bidder but was determined to be the most qualified. The plan has an expected completion date of October 2024.

PROPOSED BUDGET FOR THE FISCAL YEAR: July 1, 2024–June 30, 2025

Revenues

General Fund	
General Property Tax	\$166,500
Other Local Tax	\$426,750
Other Local Revenue	\$337,842
Federal/State Funding	\$121,200
Transfer for budgeting purposes	\$1,556,418
Water & Sewer Fund	\$4,019,450
Transfer from Reserves	\$1,112,540
Total Revenues	\$7,740,700

*Note: Transfers are for budgeting purposes, some are from operating surplus and others are from Reserves. The Town of Dayton operates on a balanced budget.

There is no change in the ad valorem property tax rate proposed for the coming fiscal year. The rate remains 0.08 cents per \$100 of assessed value.

Expenditures

General Fund	
General Government	\$798,505
Public Safety	\$822,775
Public Works	\$627,555
Parks, Recreation & Cultural	\$168,303
Community & Economic Development	\$191,572
Capital (General)	\$258,000
Water & Sewer Fund	
Operations	\$2,807,572
Transfer for budgeting purposes	\$1,556,418
Capital (Water)	\$510,000
Total Expenditures	\$7,740,700

The proposed budget reflects the following: a 3% increase to water and sewer rates and an increase of \$500/each for water and sewer connection fees as authorized by Virginia Code Sections 15.2-2143 and 15.2-2122; an increase to \$22 per month for refuse collection; an increase to \$25 for accessory building and sign zoning permit fees, and the establishment of a \$50 special event permit fee and a temporary use permit fee of \$25, all as authorized by Virginia Code Section 15.2-2286; and adoption of a Business and Professional Occupancy License (BPOL) tax subclassification for mobile food vendors, who shall pay a BPOL tax of \$50 per year.

General Fund

The proposed budget includes the addition of one full-time position, Administrative Assistant to assist the Treasurer's Office with the front desk, accounts receivable, payable and to address the segregation of duties noted in the Town's annual audit. The position will allow limited re-organization of staff to bring the needed assistance to our Community and Economic Development Department.

Town employees continue to remain our single greatest asset. It is far more cost effective to retain current employees than it is to recruit new. Included is funding for the Town's merit program on a sliding scale based on performance of 0-3%, a COLA of 3% and a 2.5% increase for Police Officers per the Career Development Plan (CDP) requirements. A classification and compensation study will help guide the Town in preparation of the FY 2026 budget. The study will help to ensure that our position salary table is comparable to the surrounding market.

Maintaining existing facilities is a priority and the proposed FY 2025 Budget continues to address many maintenance issues. The replacement of needed equipment in Public Works to continue providing essential services; landscape improvements to Dove Park, around the new gateway signs; computer and software upgrades to enhance efficiency; and continued revitalization efforts in the downtown area are included and recommended for funding and projected forward in the Capital Budget (CIP) for future years.

The total General Fund Budget is \$2,608,710. The proposed FY 2025 Budget being recommended has been balanced through the strategic use of reserve funds and current revenues.

Capital Budget funding for the general fund includes equipment; truck replacement (\$130,000) used for yard waste and other public works related operations, mower replacement (\$18,000), skid steer replacement (\$60,000), and downtown revitalization efforts (master plan \$50,000) which will be reimbursable through the Department of Housing and Community Development (DHCD) grant. General Fund capital projects proposed for funding in the CIP total \$258,000.

The Town of Dayton offers the following recreational facilities:



Cooks Creek Park
Dayton Greenway
Sunset Park
Dove Park
Silver Lake Nature Trail



Water & Sewer

The proposed budget for the Water and Sewer Fund for FY 2025 is \$4,363,990. The Town has committed to a financial plan that allows for an annual 3% increase in the water and sewer rates to provide adequate funding for the rising costs associated with providing water and to maintain treatment and distribution infrastructure for current and future customers.

Water and Sewer connection fees will be increased on July 1, 2024, by 12.5% (\$500.00 respectively) based on comparable market rates.

In FY 2024 property was purchased for the new 2.5-million-gallon water storage facility. Funding of \$350,000 included in the FY 2025 Capital Improvement Projects (CIP) for the design and engineering of the new facility. This expanded water storage capacity will ensure meeting the demands for service for Cargill and the anticipated positive economic development and growth in Dayton. With the future in mind, \$25,000 is included for Phase 1 of Well #5/Mini Plant which would provide Dayton with an additional water source to meet future demands. Taking care of today's needs, the replacement of a well and high service pump at \$135,000 is essential to providing current water service. Failure to replace this equipment would cause a disruption to the current water service supply. The Town believes it is prudent to ensure adequate resources are available and is looking ahead at the anticipated resources needed to fund construction of the new water storage facility. Anticipated cost of the new water storage facility is \$5 million and noted in the CIP for FY 2026.

The purpose of the Capital Improvement Program (CIP) is to allow the Town of Dayton to examine its current resources and determine what future resources it needs. This is helpful for determining not only how much funding is needed but also when such funding is needed to ensure financial feasibility and stability.

Pictured left: The filtration system used to filter Town water.



Pictured right: Public Works Supervisor Jennifer Reppe gives a tour of the water treatment plant.



Waste Collection

Waste Collection fees will increase due to the annual increase prescribed in Waste Management's contract and the Consumer Price Index (CPI). The increased cost of \$19.00 to \$22.00 is to offset the costs billed by Waste Management and for weekly yard waste collection, and monthly bulk item collection. To continue these services at the current level, a new truck is necessary.

In addition to the trash collection services contracted through Waste Management the Town of Dayton Public Works employees provide the following:

- Weekly yard debris collection every Monday.
- Leaf collection in the fall.
- Monthly heavy trash collection the first Tuesday of each month.
- Regular Street Sweeping on the second Tuesday of each month from spring to fall.

THE IMPACT OF INFLATION: *Almost Two Decades with no adjustment in the Tax Rate*

There are two ways to describe inflation. First, it is a decrease in one's purchasing power of money or time. Second, it is an increase in the price we pay for goods without the corresponding increase in the value of those goods. Either way, the bottom line is our money will not go as far today as it did yesterday. This is true for everyone including the Town of Dayton. Annual inflation, in the range of two percent (2%), indicates a sign of pricing stability and what we experience in a healthy economy and positively impacts the economy. It can stimulate spending, spur demand and productivity when the economy slows down and needs a boost. It is when inflation begins to surpass wage growth that it can be a warning sign of an economy that is struggling. We have seen both over the past two decades, but the Town has not adjusted its revenue incrementally over that time. Along with the impact of COVID, labor shortages and increased labor costs, supply chain shortages, increased costs of materials, and equipment the impact of inflation without an increase in revenue to balance has an impact in planning Dayton's future and relevant to Dayton's financial stability.

To put this into practical perspective when developing the Town's budget, the total assessed value of all property in Dayton is approximately \$208,125,000, yes billion! At the ad valorem tax rate of 8-cents (\$0.08) cents per \$100 of assessed value the Town of Dayton receives \$166,500 of revenue from property taxes. Our single largest revenue source. Given that, 1-cent (\$0.01) of revenue from property tax equals \$20,812.50. Today, one new Police vehicle has a total cost of \$71,500.00 including upfit, equipment and accounting for an annual increase of 5% inflation. With one-cent (\$0.01) yielding \$20,812.50 of revenue it takes 3.45-cents of the 8-cent rate required to purchase one Police vehicle ($3.45 \times \$20,812.50 = \$71,803.13$). Leaving 4.55 cents for all other General Fund operations. Another example is the purchase of a new (bio) truck (used for yard waste, event waste, etc.) at a price tag of \$130,000 this new truck would require 6.25-cents of the 8-cent tax rate ($6.25 \times \$20,812.50 = \$130,078.13$). Leaving 1.75-cents for all other General Fund operations. Both illustrate, again, our money does not go as far today as it did yesterday.

On the other side of the equation, Dayton's Median Household Income (MHI) according to 2010 Census Data was \$36,576.00. The updated 2022 Census Data (2022 American Community Survey 5-year estimates) reports Dayton's MHI to be \$81,346.00. How does this impact Dayton? Due to the significant increase in the MHI, exceeding the USDA maximum eligibility, Dayton is no longer eligible to receive USDA Grant Funds to purchase vehicles. This grant has been used extensively to purchase Police vehicles at \$25,000 per vehicle. Over the past five years, Dayton has received a total of approximately \$175,000, if you include the \$25,000 granted for Wayfinding Signs. At the current 8-cents rate, a new property assessed at \$1,000,000 added to the tax roll would generate \$800.00.

As your Town Manger it is my responsibility to advise the Council on the Town's financial condition and future financial needs. My goals and objectives here are straightforward: financial stability; adequate funding for providing essential services; maintain and improve infrastructure; support economic development initiatives; ensure fiscal responsibility and efficiency; manage debt responsibility, this also includes being able to take on necessary debt to construct a \$5 million dollar water storage facility; maintain adequate reserve funds (to sustain an economic downturn, the unexpected or disaster); promote transparency and accountability; implement long-term financial planning (CIP); environmental responsibility, address needs of all residents; and embrace technology and innovation to improve efficiency and effectiveness.

Talking about adjusting the tax rate is never an easy discussion to have, but it is a necessary one to have if Dayton wants to continue its investment in infrastructure, services, and economic development. As I stated early on in this newsletter, "This spending plan proposes maintaining the current general fund ad valorem tax rate of 0.08 cents per \$100." If we do not begin the conversation, the Town of Dayton will eventually struggle to attract businesses, retain residents, or stimulate growth over the long term potentially leading to stagnation or decline.

Our continued focus on upkeep and enhancement of the downtown and community-wide resources through partnerships and proper planning will allow Dayton to grow and flourish. Over time, we will not only change the physical landscape, but also implement standards that are not required, but expected. The decisions we make now will lay the foundation for our future and we need to do so with a sound plan and unified voice.

TOWN OF DAYTON BUDGET NEWSLETTER

This newsletter is your one-stop shop for information about Dayton's budget. We're committed to fiscal responsibility and transparency, and we want to keep you informed about how your tax dollars are being used to invest in our community.

This issue will cover key highlights of the upcoming budget, prior year budget accomplishments, information about the public hearings and your opportunities for input.

We encourage you to stay engaged and informed about your local government's finances!

Please join us at these FREE annual events provided by the Town of Dayton

March 30: Easter Egg Hunt at Sunset Park

April 6: Redbud Arts & Craft Festival, Summer Concert Series at Dove Park. The line up this year includes:

- **May 18, Little Walter & The Convictions**
- **June 15, Nothin' Fancy**
- **July 20, Rewind**
- **August 17, Standing Room Only**
- **September 21, The Goodson Band, finale to the inaugural 5K Run.**

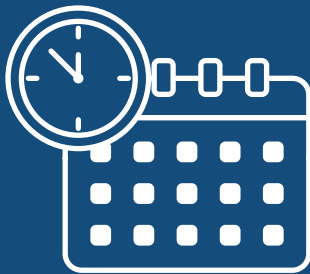
August 6: National Night Out

October 5: Dayton Days Autumn Celebration

October 26: Town Bonfire and Halloween Event

December 6: Christmas Parade and Tree Lighting

December 11: Resident Christmas Party



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