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May 13, 2024

Dear Honorable Mayor and Town Council:

This letter hereby transmits the proposed Budget for the Fiscal Year Ending **2025** to the Mayor and Town Council of the Town of Dayton.

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 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 and other fee and rate revisions are summarized in the respective sections of this Message.

The Governing Body possesses the great responsibility of being stewards of Town funds as well as ensuring policies are implemented that foster a vibrant and healthy community. Your direction

sets the tone for how the Town may progress and in collaboration with our management team and your feedback, a clear set of priorities that can be fulfilled. The Budget encompasses several recommendations that will foster work force stability, address deferred maintenance challenges, and deploy projects that enhance our community and the quality of life in Dayton.

GENERAL FUND

The Town takes great pride and shows its commitment to providing the services and quality of life to our residents with progression of four previously approved projects as follows:

Water Treatment Plant Upgrade: The approximately \$3.5 million project will significantly increase the amount of water the Town can produce. The new plant can filter up to 3 million gallons per day 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.

This project was approved by the Town Council 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.

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. The project is expected to be completed 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 has been assembled to contribute to the process. The PMT will be working 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.

The proposed budget also 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 annual audit. The position will allow some 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. 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 ensures 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.

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.

WATER AND 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. In FY 2024 property was purchased for the new 2.5-million-gallon water storage facility. Funding is 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. The Town believes it is prudent to ensure adequate resources are available for construction and is looking ahead at the anticipated resources needed to fund construction. Anticipated cost of the new water storage facility is \$5 million and noted in the CIP for FY 2026.

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

Efforts are underway to renew our existing infrastructure. Maintenance, repair, and replacement of old and deteriorated segments of the water distribution and sewer collection system are ongoing to ensure system viability. The proposed budget includes funding to continue these efforts.

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, which is included in the Capital Budget.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) typically covers a five-year period, with the first year adopted as the Capital Budget. The Capital Budget decreases by \$452,454 from FY24 with the total proposed FY25 Capital Budget of \$768,000. Funding shown in subsequent years is not immediately committed, but reflects the estimated funding needed in the future for various facilities, projects, initiatives, and equipment. 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.

The FY25 Capital Budget funding for water and sewer projects includes Phase 1 work for Well #5/Mini Plant (\$25,000), design and engineering for the new water storage facility (\$350,000) and the replacement of a well & high service pump (\$135,000) essential to providing water service to Dayton. Water and Sewer capital projects proposed for funding in the CIP total \$510,000. 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 DHCD grant. General Fund capital projects proposed for funding in the CIP total \$258,000.

CONCLUSION

The Town of Dayton will continue to stay focused on the long-term goal of making Dayton a desirable place to live, work, and invest. Town services and infrastructure will be maintained and developed as the community grows and develops. With the extensive planning within our water and sewer department, Dayton is preparing itself to meet all residential and industrial development needs. Ready and able to meet these needs puts Dayton in an excellent position to grow our Town. 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.

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. By reestablishing community pride, Dayton will continue to blossom as the place we proudly call home.

I thank you for the opportunity to present this budget and I look forward to seeing Dayton's potential realized to the fullest. I, along with our staff, will work diligently throughout the remainder of the Budget process to achieve the priorities of the Mayor and Town Council for the upcoming Fiscal Year.

Respectfully,

Brian J. Borne, Town Manager