



Fiscal Year 2024 – 2025 Budget Proposal

Enclosed is the Town of Gordonsville proposed Fiscal Year 2024-2025 (FY25) budget. The proposed budget as presented is balanced with no proposed tax increases. Overall, staff anticipates 7.1% decrease in revenue and a 7.8% decrease in expenditures for FY25.

Prominent expenditures for FY25 include construction associated with the first phases of the renovation and expansion of Verling Park. Approximately \$74,250 remaining in ARPA funds will be used to offset payroll expenses in the Administration department to displace general funds to be applied to park project expenses. Additionally, a transfer from general fund reserves of \$19,540 will provide additional funding for the park, as will \$412,925 in general fund revenue over expense. All totaled, the FY25 budget provides \$506,715 in additional funds to support the Town's grant match for the project, which is reflected in reduced pledges and donations needed for FY25.

The FY25 budget consists of four funds--the General Fund, and three Enterprise Funds: The Water Fund, the Pool Fund, and the Airport Fund.

The *General Fund* budget for FY25 is 0.4% more than the budget for FY24 with a total of approximately \$5.5 million. This increase includes an increase in payroll expenses associated with salary study implementation and an increase in health insurance and retirement costs, offset by a reduction in capital project costs. The General Fund for FY25 includes \$1,814,065 for operational costs; \$16,050 in donations; \$78,650 for debt; \$1,935,200 for anticipated grant funds pass-through; \$1,657,450 allocated to capital outlay, and no transfer to Capital Reserves.

The *Water Fund* budget for FY25 is 12.5% more than the budget for FY24 with a total of nearly \$1.75 million. This increase is due largely to an increase in payroll expenses associated with salary study implementation and an increase in health insurance and retirement costs, offset by a reduction in capital project costs. The Water Fund for FY25 includes \$1,623,220 for operational costs; \$69,150 for debt; \$59,000 for capital projects and no transfer to Capital Reserves.

The *Pool Fund* budget has been zeroed-out for FY25 due to the construction of a new facility that is expected to come online in FY26.

The *Airport Fund* is 35.9% less than FY24 with a total of \$117,790. Included in the Airport Fund are \$28,190 for operational costs; \$72,370 for anticipated funding from state grants; and \$17,230 allocated to capital outlay for the Town's share of grant projects, including the continued update of the airport layout plan.

Economic trends, highlights of the FY25 budget proposal, including long-term capital project considerations, can be found on the following pages.

ECONOMIC TRENDS

The bullet points provided below are from recent economic updates provided by Dr. Sheryl Bailey, Virginia Tech Visiting Professor of Practice, during bi-weekly Virginia Local Government Finance Forum meetings attended by Town staff. The observations and trends noted were derived from various economic analytics sources, including the National Association for Business Economics, Moody's Analytics, S&P Global, Wells Fargo, and KPMG Economics. These items are provided to give context to the town's revenue and expenditure trends, and the FY25 budget as proposed by staff.

Wage earnings and labor force

- U.S. average hourly wages continue to trend above pre-pandemic levels, but have begun to level off, causing inflation to trend downward and moderate.
- The labor participation rate is declining.
- Total employment compensation increases are expected to be 4% on average in 2024.

Consumer spending

- Consumer spending is trending up as real disposable income levels continue to moderate. Purchases of food, groceries, and eating out have continued to expand.
- Personal savings have been nearly depleted, and consumer debt is high. The resumption of student debt payments has affected this trend.
- GDP growth was 2.5% in 2023, and is projected to slow to 1.6% into 2025—lower than pre-pandemic levels.
- Inflation was 6% in 2023, and has declined to 3.5% as of March 2024.

Construction

- Residential construction spending is still increasing overall, but began a slight decrease in early 2023.
- Home sales have trended upward since spring 2023 and are expected to increase through 2024.
- Developers are providing rate buy-downs because the demand for housing continues.
- Non-residential construction is expected to increase through 2024.

Housing and vehicle price trends

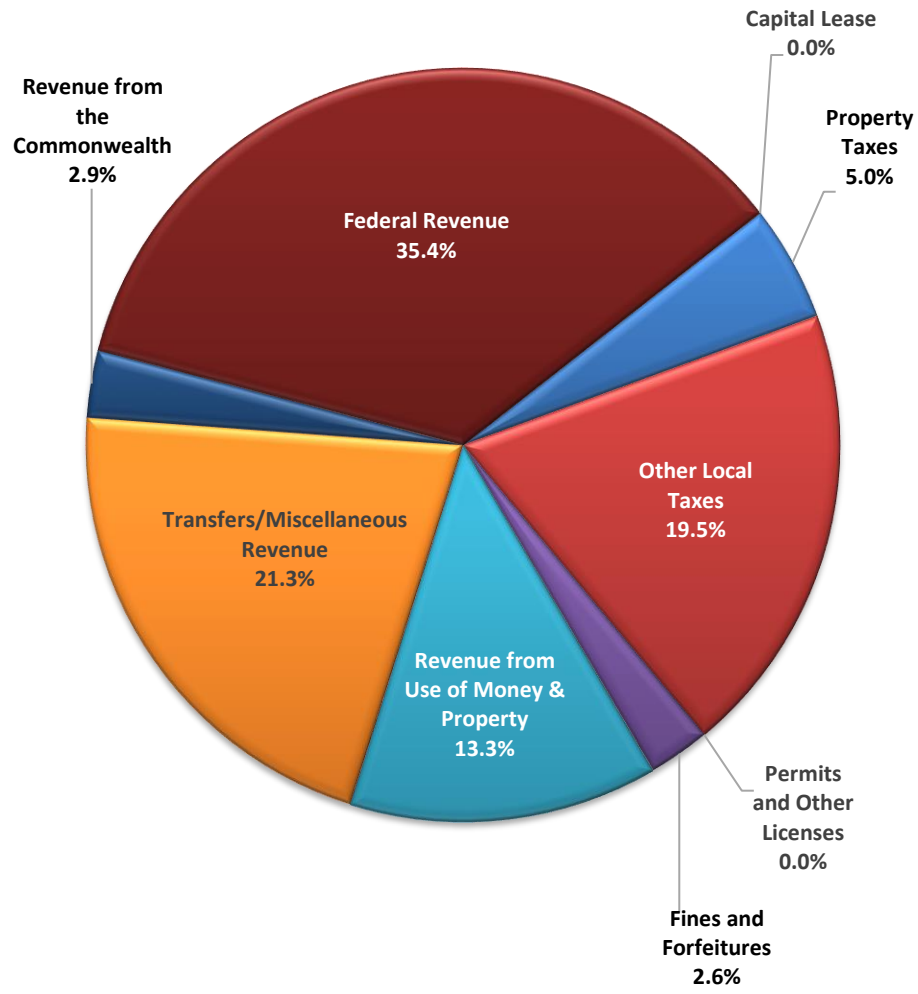
- Home price increases continue to outpace increases in personal income.
- Vehicle prices are stabilizing, and used car values have declined.

Banking industry

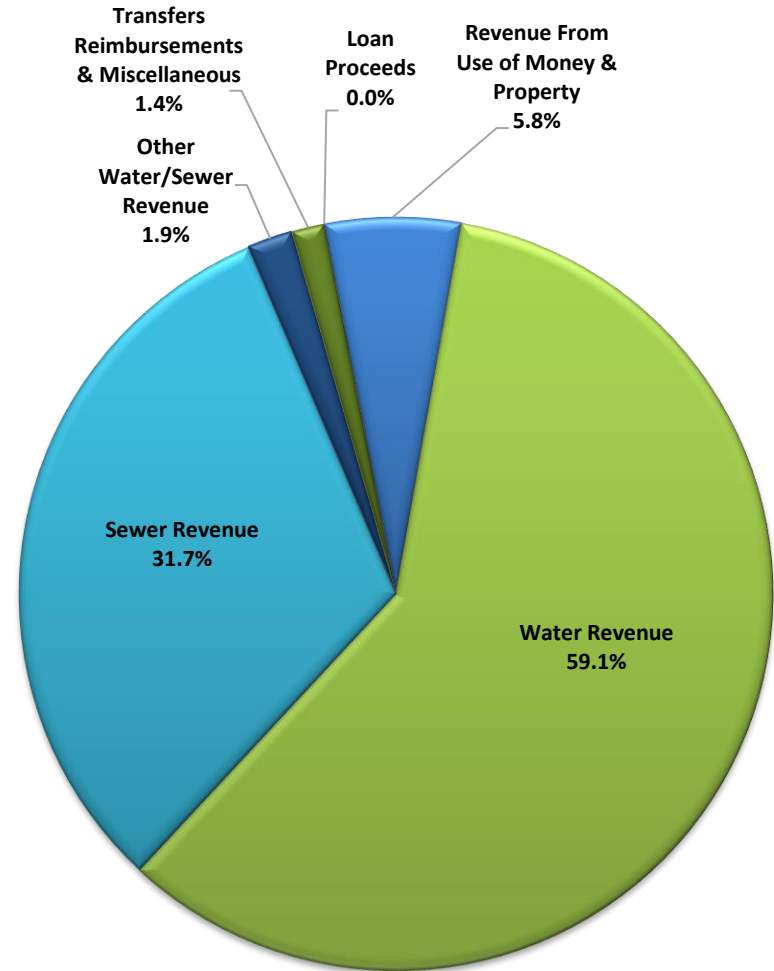
- Overall, the U.S. banking system is generally healthy and well-capitalized.
- Bank deposits have shifted from regional banks to larger banks.

The economic forecast for 2024 and beyond is cooler, moderate growth. Overall, the national economy is working to normalize; the federal funds rates are leveling off and the Federal Reserve is considering rate adjustments on a meeting-by-meeting basis. Recession is no longer in the long-term forecast.

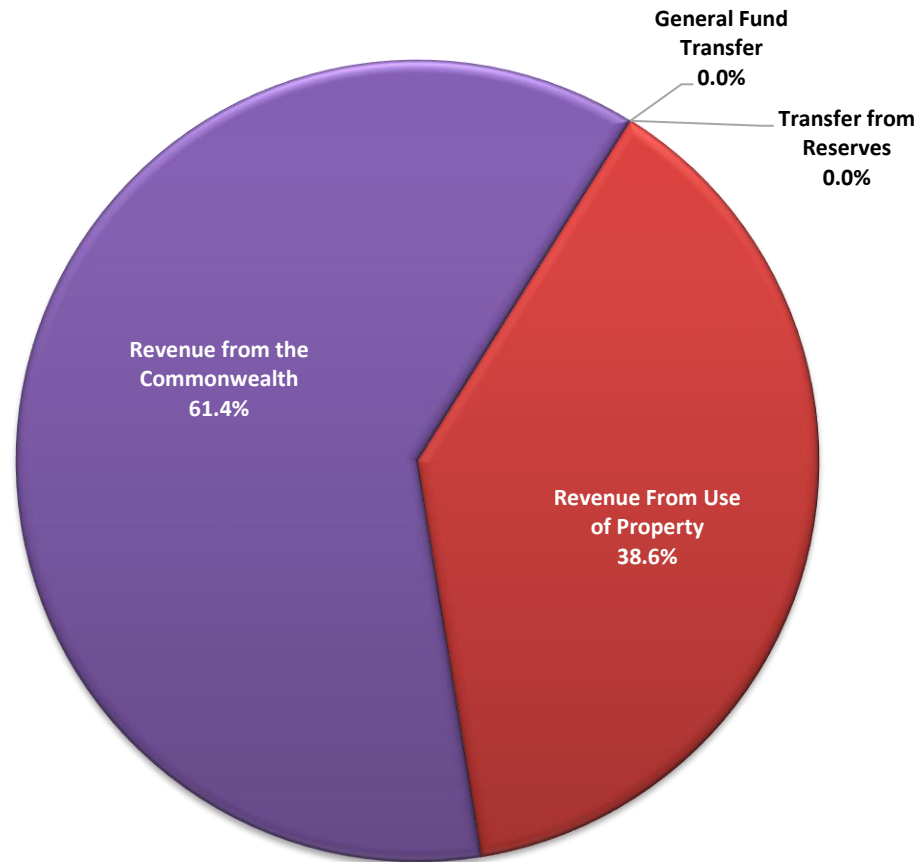
GENERAL FUND REVENUE



WATER FUND REVENUE



AIRPORT REVENUE

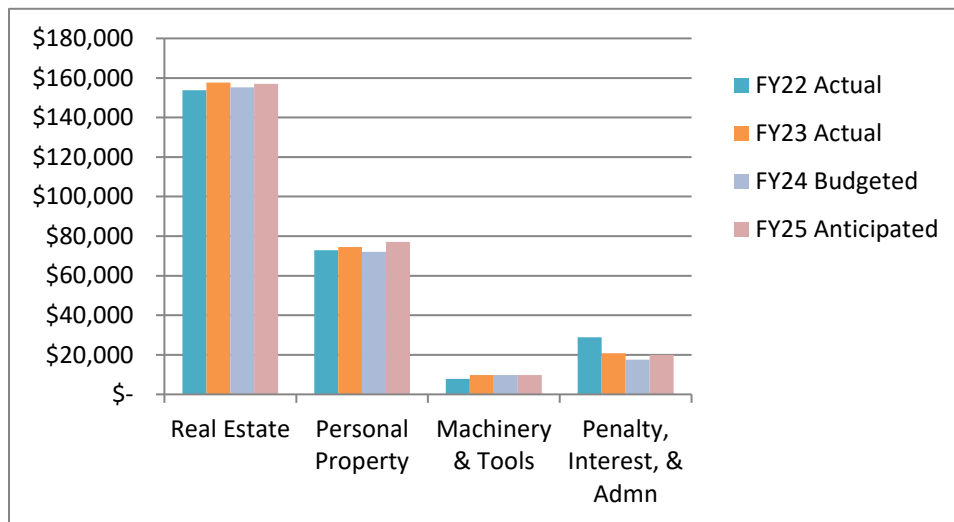


REVENUE SUMMARY

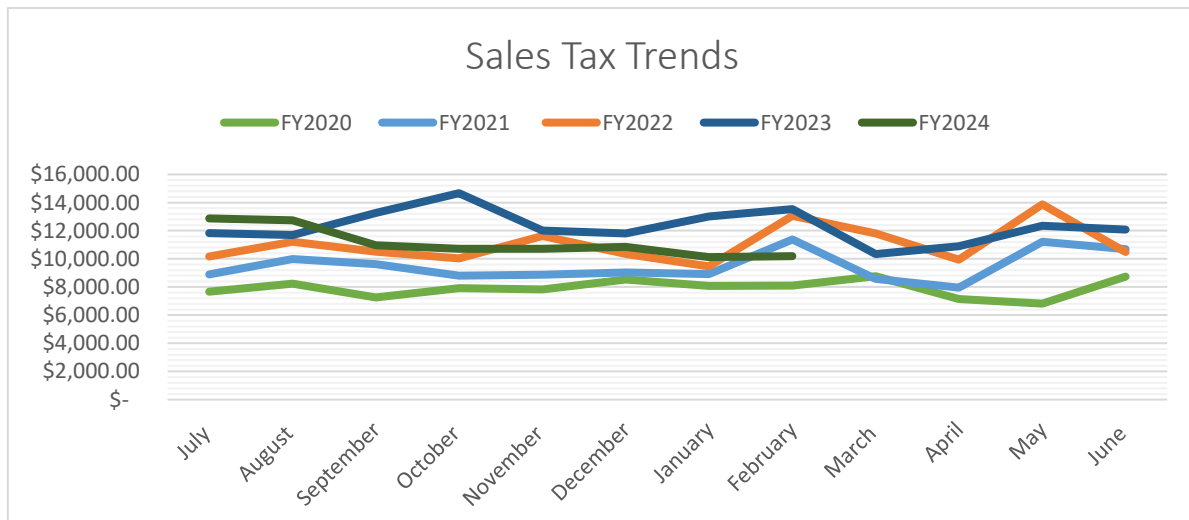
General Fund Revenue Trends

Based on historical and year-to-date collections, staff anticipates an overall 1.4% increase in tax revenues from FY24 levels. **Real estate and personal property tax** collections are expected to increase slightly; infrastructure improvements and higher vehicle values are projected to keep tax collections on the increase. Orange County will reassess property values in 2024; property assessments in town are likely to increase. According to the Treasurer's office, real estate tax collections are at 98%; personal property tax collections for vehicles are at 89.7%, while collections for tangible personal property are at 93.5%.

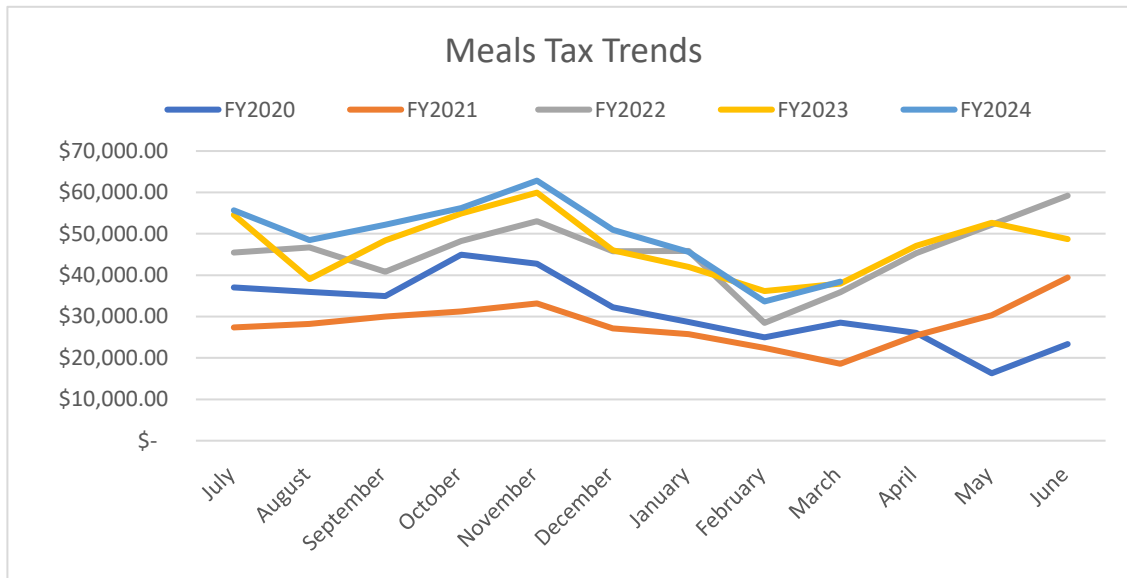
The amount of bank stock tax expected for FY25 is based on the bank stock tax payment received from Blue Ridge Bank in FY24 and is expected to decrease by 52% for FY25 as the result of a decrease in deposits.



Projected **sales tax** revenue for FY25 is conservatively predicted to remain the same as that budgeted for FY24. Year-to-date collections of sales taxes for FY24 are trending 11.2% below what was budgeted for the year, an indication that consumer spending in the town and the county are slowing due to the continued higher costs of goods and services. The chart below illustrates recent sales tax trends.



Meals tax collections in FY24 are strong, trending 6.1% on average above FY23 levels, and 12.8% on average above what was budgeted for the year. Pres de Pres, a new French restaurant that opened in 2023, rounds out the dining options available to the community and helps strengthen revenue from meals tax. Even with BBQ Exchange special event catering moving to another location out of town in the spring of 2023 and effectively reducing their overall meals tax to the town by an estimated 22%, meals tax revenue forecast for FY25 is estimated to be 21% higher than that budgeted for FY24. The chart below illustrates recent meals tax trends.



Revenue from **finances and forfeitures** budgeted for FY25 are based on historical and year-to-date collections, and are projected to be approximately 2.5% less than that budgeted for FY24. Stabilizing staffing levels in the Police Department is expected to provide better coverage in those areas where truck traffic and speeding are a concern, providing for improved traffic summons issuance and an increase in court fines as these items are adjudicated.

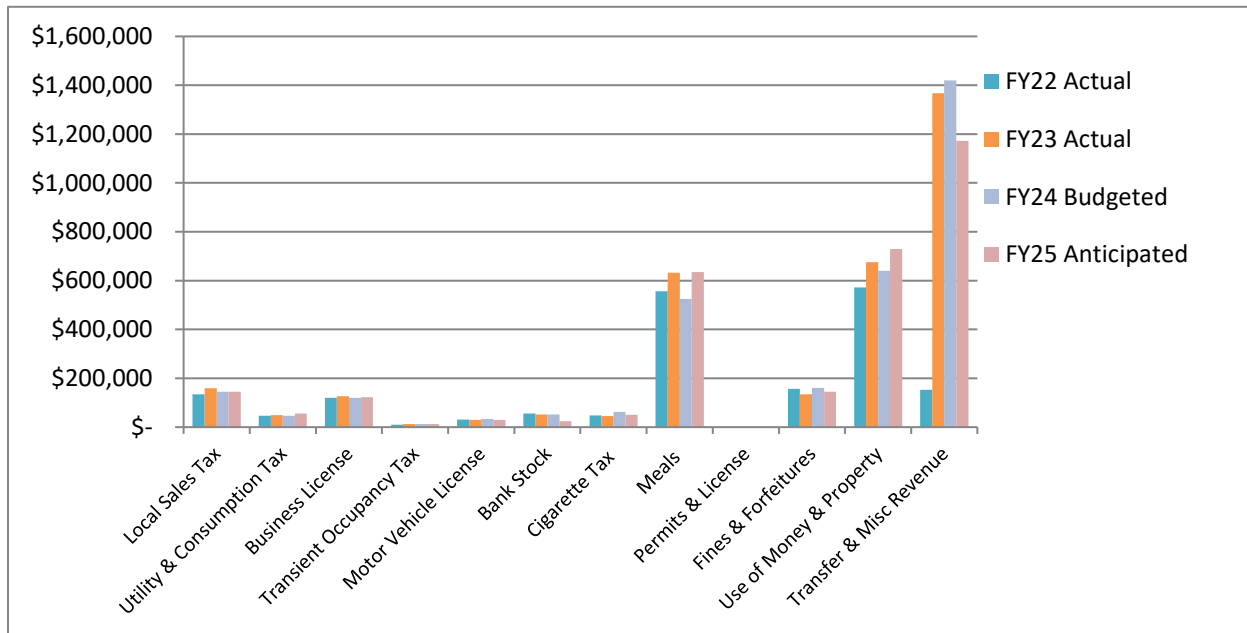
Revenue from the use of money and property includes interest earned, which increased significantly over the past year due to Federal Reserve interest rate increases to stabilize the national economy. Most interest earned comes from the Town's funds deposited into the Local Government Investment Pool (LGIP). This revenue category also reflects rent paid to the Town for the lease of its two residential properties and the spaces available for lease within the Gordonsville Business Center. All spaces in the business center are leased. Lease rates will increase 3% for the residential properties and at varying rates in accordance with lease agreements for the spaces at the Business Center. Overall, this category is expected to increase by 13.8% in FY25.

The **miscellaneous revenue** category includes revenue from various donations and fees. For FY25, funds pledged and donated by the community to support the Town's Land and Water Conservation Fund Grant application for the redevelopment of Verling Park are included—the amount shown includes donations needed to match additional grant funds awarded to the Town. This category also includes \$25,000 in grants for which the Town has applied from Sentara Cares and Culpeper Wellness. Also included in this revenue category are the proceeds from the sale of surplus equipment no longer used by the Town—for FY25 it is anticipated that Police Department equipment no longer in service will be sold. In anticipation of construction of the Safe Routes to School Wright Street sidewalk project in FY25, funds are included to reflect the Orange County Public Schools funding of the Town's 20% match for that project expense.

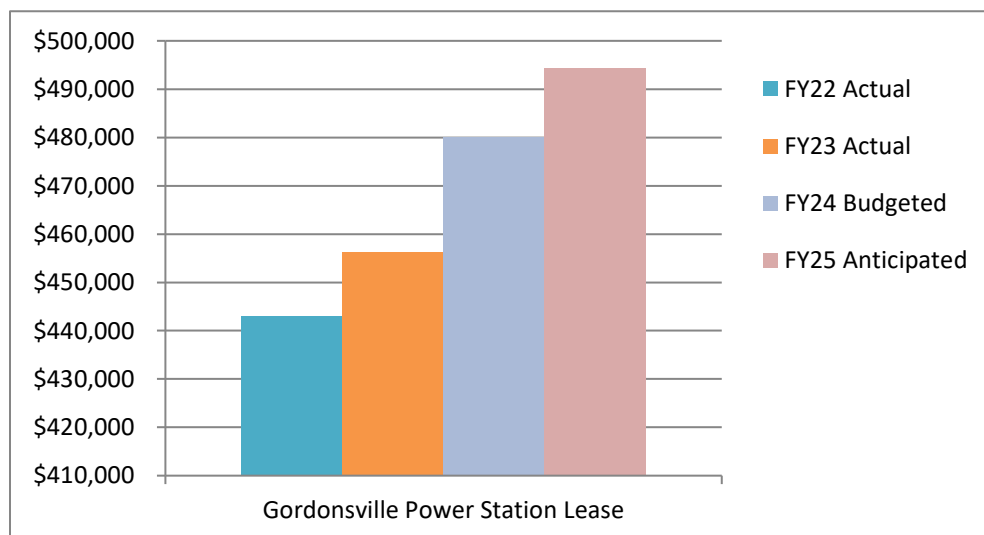
For **599 funds**, the projected FY25 revenue amount shown is based on the Commonwealth’s allocation to the Town for FY24.

The FY25 budget includes a Virginia Conservation Assistance Grant in the amount of \$30,000 to offset the cost of the installation of a bioretention feature as part of the Town’s parking lot redevelopment project at Town Hall.

The chart below illustrates the trends in revenue from FY22 to FY25.



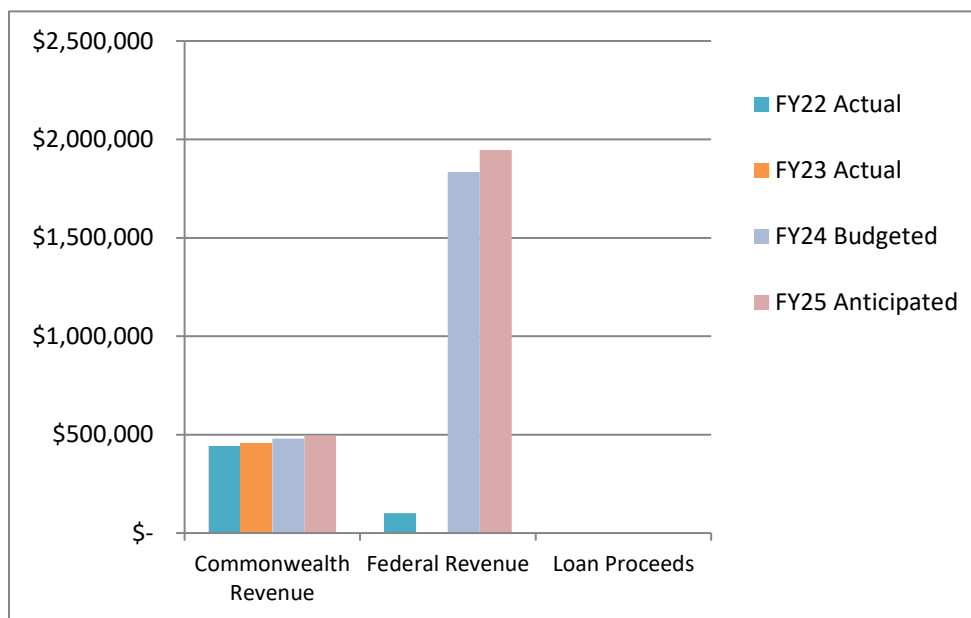
Gordonsville Power Station lease revenue projection reflects a maximum annual 3% escalation that is in the lease agreement.



The General Fund **grant** revenue category for FY25 includes the federal grant funds awarded by the Land and Water Conservation Fund on October 1, 2022 for the redevelopment of Verling Park. Funds

from the CFI Discretionary Grant Program are also included in FY25 for the purchase of four electric vehicle charging stations for the town to be located in the new parking lot at Town Hall.

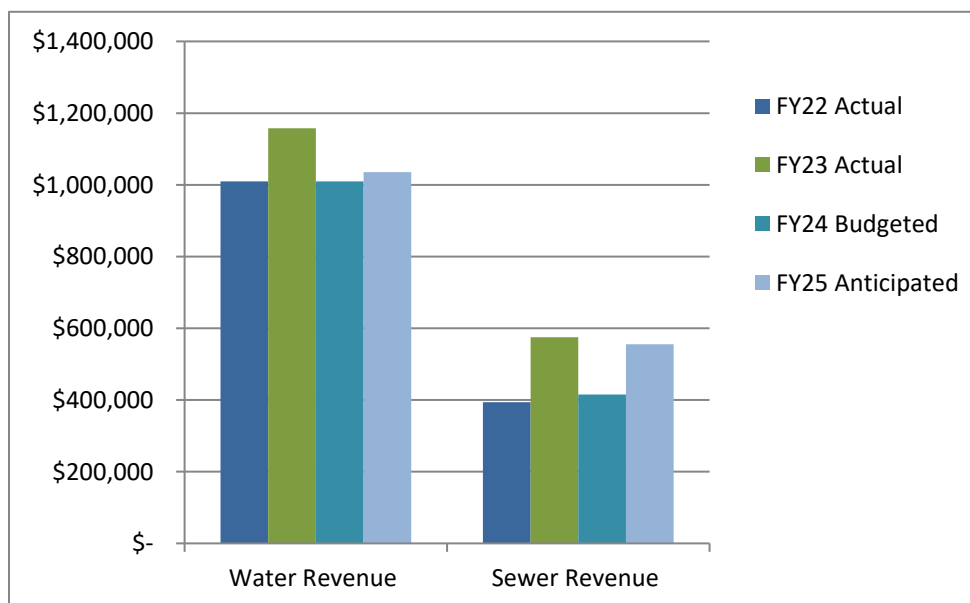
The chart below illustrates grant fund revenues:



Water Fund Revenue Trends

Water and sewer revenue projected for FY25 is based on FY24 year-to-date collections—water revenue is projected to increase 2.5% and sewer revenue is projected to increase 33.8% above what was budgeted for FY24. The projected revenue includes \$15,000 in availability fees that are based on the number of homes projected to be added to the Town’s water system in FY25. A transfer from water fund reserves of \$24,280 will help with funding water fund expenses as noted in the expenditure section of this report.

The chart below illustrates water fund revenue trends:

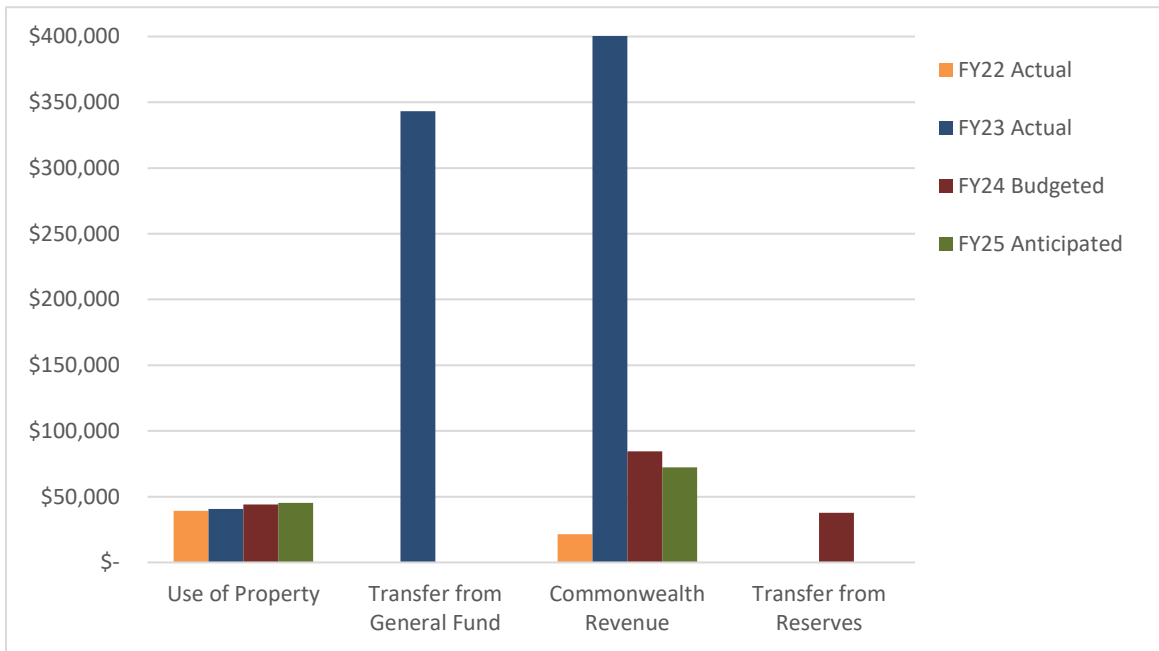


Pool Fund Revenue Trends

The pool will not be open during FY25 due to construction of the new pool facility.

Airport Fund Revenues

All hangar space at the airport is leased; revenue from hangar rental is anticipated to be approximately \$45,240 and reflects a 3.2% increase for FY25. Grant funds for capital projects at the airport are available from the Virginia Department of Aviation and have varying cost-share splits depending on the type of project. For FY25, \$72,370 in grant funds is budgeted for the continued update of the Airport Layout Plan, triennial inspections of the Automated Weather Observing System (AWOS), and painting of the Langley Hangar and t-hangar roofs.

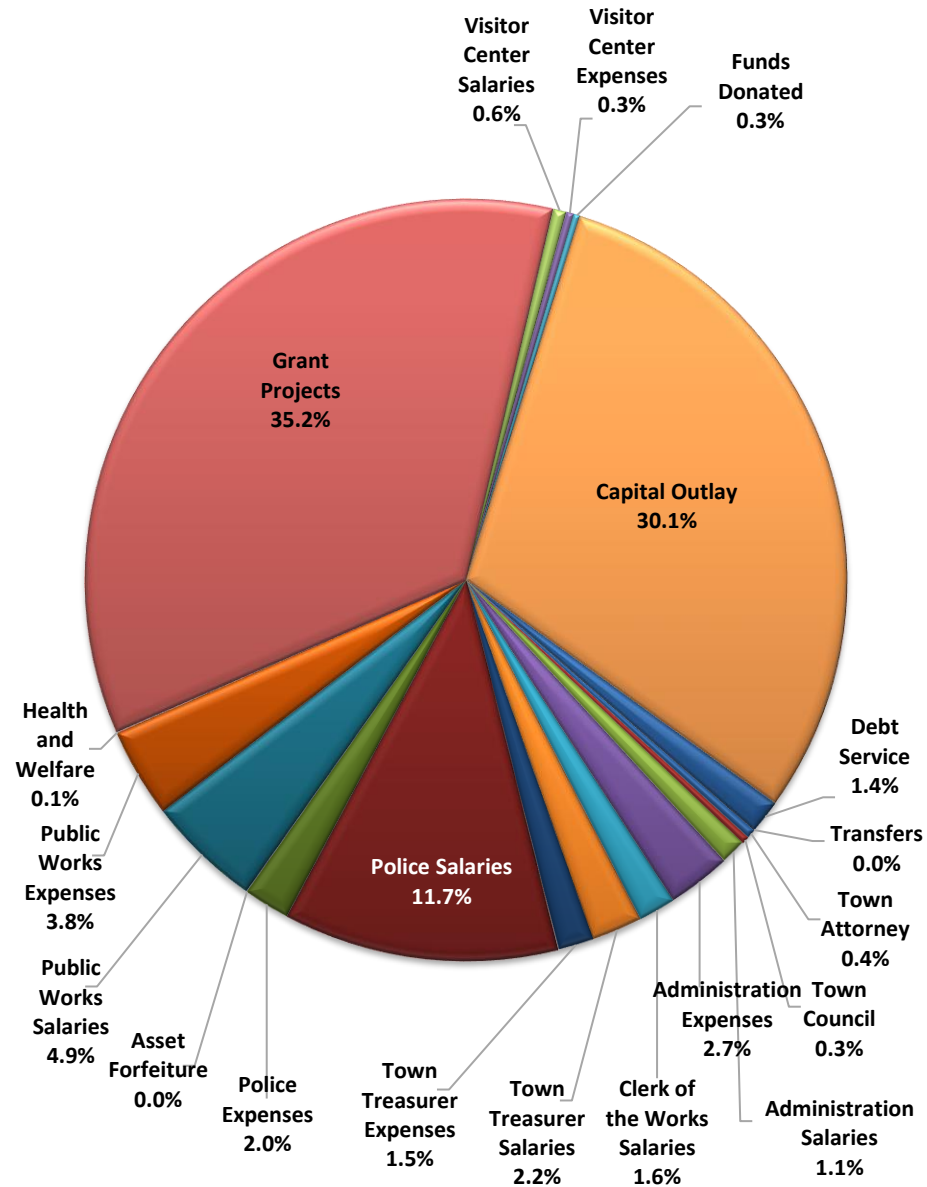


American Rescue Plan Act Fund Revenue

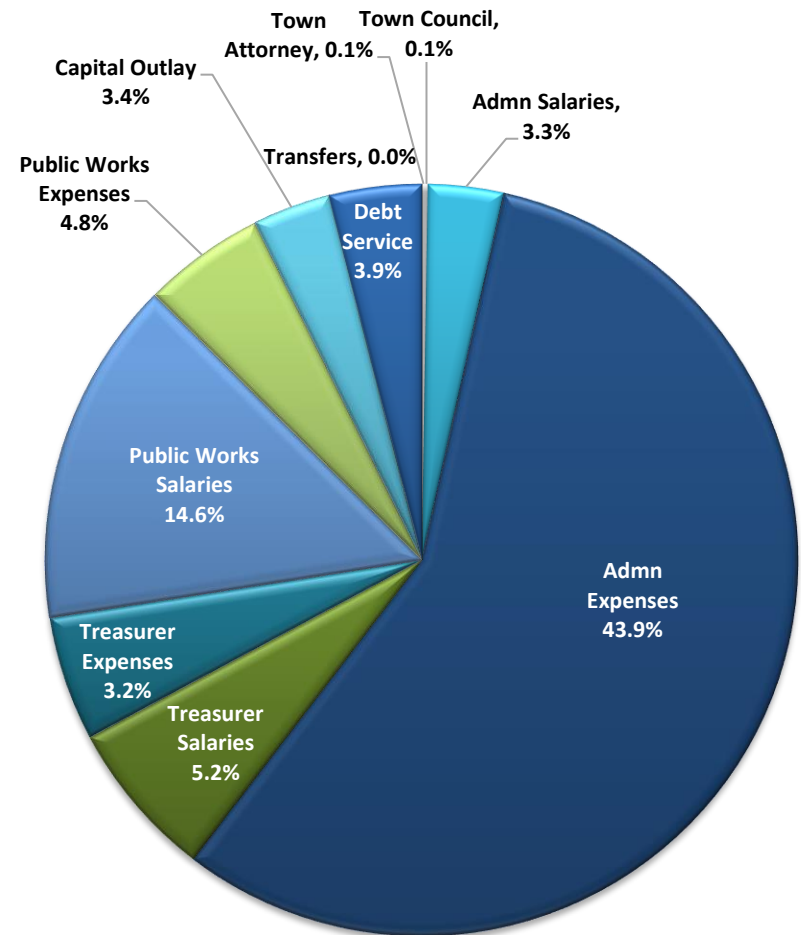
The Town has received \$1,684,928 in federal State and Local Fiscal Recovery Funds through the American Rescue Plan Act (ARPA) approved by the U.S. Congress on March 7, 2021. The U.S. Department of Treasury issued the first tranche of funding (\$842,464) to the Town at the end of June 2021. The second tranche of funds (\$842,464) was received by the Town in June 2022. Funds are being held in the Town's Local Government Investment Pool fund until they are appropriated for expenditure.

In FY23, approximately \$840,088 of ARPA funds were expensed for capital projects. In FY24, approximately \$736,590 will be expensed, leaving a balance of \$74,250. Staff requests that this remaining balance be appropriated as revenue to the FY25 budget for use in corresponding expenditures as discussed in the Expenditure section of this report.

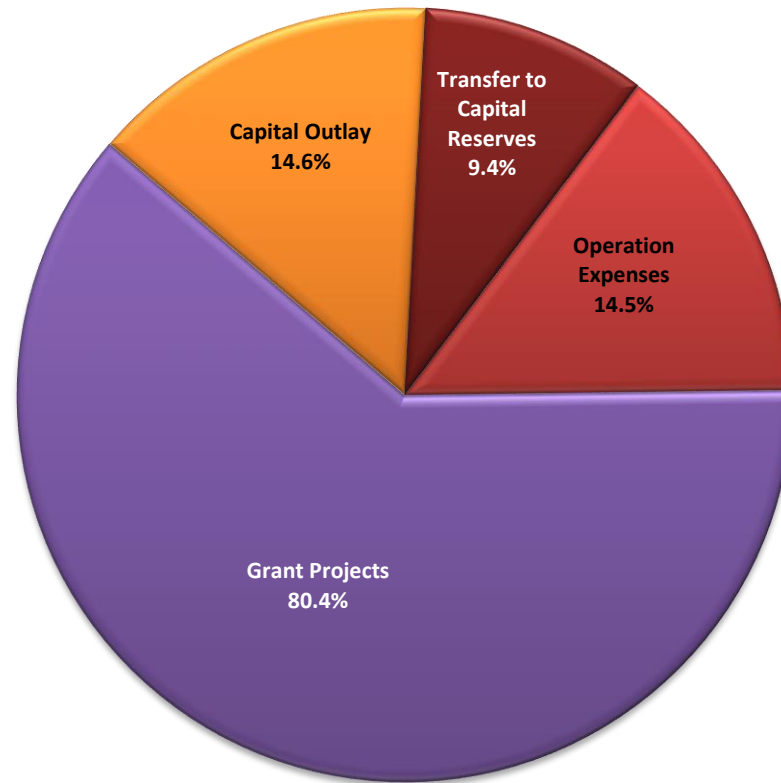
GENERAL FUND EXPENDITURES



WATER FUND EXPENDITURES



AIRPORT FUND EXPENDITURES

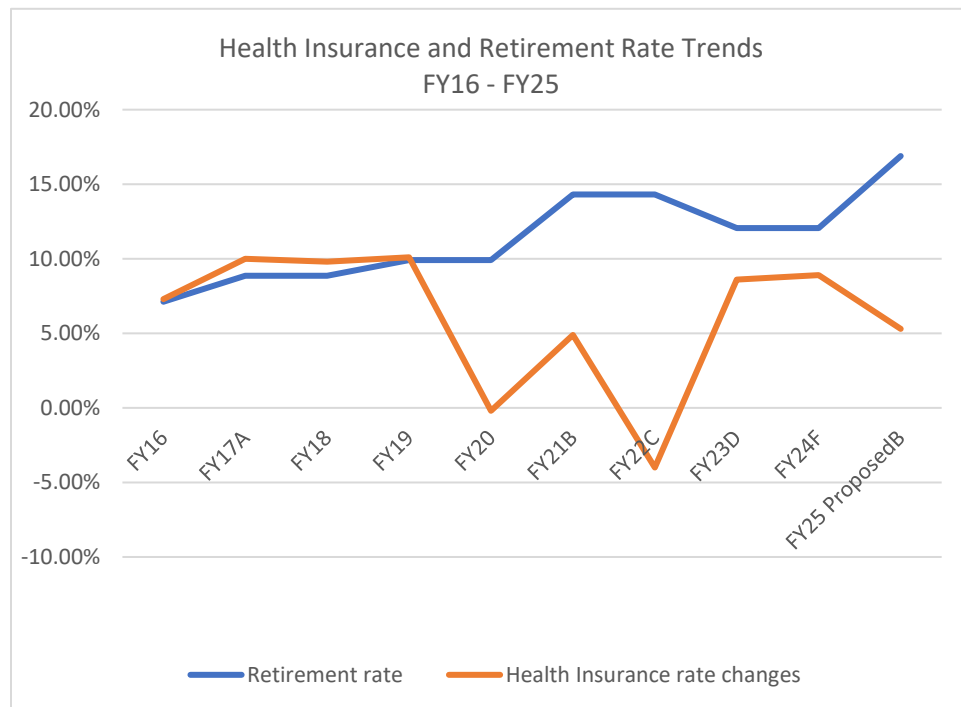


EXPENDITURE SUMMARY

Salary Expenses

Salary expenses include base pay based on annual salary or hourly wage, FICA, health insurance costs, retirement costs, life insurance costs, and workers compensation.

Overall, salary expenses budgeted for FY25 represent a 10.2% increase from salary expenses budgeted for FY24. Health insurance rates will increase approximately 5.3%, less than increases from previous years. Rates for the employer's contribution to VRS will increase to 16.89%, and the VRS Group Life Insurance rate will remain at 1.34%. Workers compensation rates and costs will decrease slightly in FY25. The chart below illustrates health insurance and retirement rates since FY16.



Pay and Classification Adjustments

The pay scale for the organization has not been increased since 2012 when salaries across the board were raised 5% to offset newly mandated employee contributions to VRS. Since 2012, the consumer price index nationally has increased nearly 29%; salaries in our organization have not kept pace with this increase. On January 1st, the minimum wage in Virginia increased to \$13 per hour, and it is slated to increase \$1 per hour per year for the next three years, reaching \$15 per hour by 2026.

There are several impacts being realized as a result of this lag. Long-term employees are reaching the end of their pay scale for the grade of their position. Additionally, the Town has difficulty recruiting and retaining employees as many surrounding localities and local retailers offer starting salaries for entry-level positions that are higher than what the Town offers (see chart below). The cost of living remains high—some employees have sought employment elsewhere to make ends meet. Recruiting and retention in our Police Department is particularly affected given today's cultural biases against law enforcement.

Locality	Position			
	Police Officer recruit	Deputy Treasurer	Town Clerk	Laborer
Gordonsville	\$32,340	\$25,340	\$35,655	\$21,889
Cape Charles (town)	\$34,591	\$40,042	\$56,345	\$24,583
Amherst (town)	\$40,244	\$35,817	\$51,518	\$34,262
Orange (town)	\$39,606	\$34,213	\$61,440	\$25,530
Louisa (town)	\$45,696	\$28,722	\$48,867	\$24,444
Scottsville (town)	\$40,000		\$45,000	\$47,750
Middleburg (town)	\$52,000			

Non-locality/retailer	Officer	Cashier
UVa Security	\$39,500	
Walmart		\$31,200
Chick-fil-A		\$32,240
McDonald's		\$30,825

FY24 Recommended Salary Adjustments

In the summer of 2022, the Town hired HREI, Inc., to conduct a salary and compensation study for the organization. Compensation for some departments was found to be consistent with the market analysis, while others fell below market. Using the compensation study as a guide, the Town Manager recommended the following salary adjustments for FY24:

- 10% increase to the Town's pay scale to address increases in minimum wage, which changes the salary range for each pay grade (see Tab 4 in the budget book). **This does not mean all employees receive a 10% increase in pay.**
- Position grade changes and salary adjustments to bring those positions *below market* in the organization closer to market values as noted in the study (for the Town Manager and the Town Clerk, a phased approach to increases was recommended):

<u>Position</u>	<u>Salary Study Recommendation</u>	<u>FY24 Budget Recommendation</u>
Town Manager	12.4% increase	6.2% increase (phase 1 of 2)
Town Clerk	32% increase	8% increase (phase 1 of 4)
Police Chief	8% increase	8% increase
Police Sergeant	9% increase	9% increase
Police Investigator	28% increase	28% increase
Police Officer	7.5% increase	7.5% increase

The salary study found the town's compensation for Treasurer's office staff and Public Works staff to be competitive with that of localities similar in size and budget to Gordonsville. However, to be equitable and to improve recruiting efforts, the Town Manager recommended pay grade adjustments for select positions in those departments. Other than a 3% merit, which was included in the FY24

budget for all positions, no additional pay increases were budgeted to affect these changes because salary amounts for those positions would fall within the new pay grades upon merit award.

Specifically, the following were recommended:

- Change *Deputy Treasurer - uncertified* pay grade from grade 13 to grade 14 to be the same as the Administrative Assistant in other departments, with *Deputy Treasurer – certified*, *Senior Deputy Treasurer – uncertified* and *Senior Deputy Treasurer – certified* pay grades increasing accordingly (see Classification schedule in Tab 4 of the budget book).
- Move pay grades for the Laborer positions in the Public Works Department up by two pay grades to improve competitiveness and to allow for increases in minimum wage (see Classification schedule in Tab 4 of the budget book).

Town Council approved the adjustments as presented when they adopted the FY24 budget on June 29, 2023. However, Council held off on implementing any of the recommended changes until the completion of the Town’s FY22 audit and gaining an understanding of the Town’s financial position. Recognizing that something needed to be done to help employees in the interim, Council approved a 4% salary increase for all employees, effective July 1, 2023.

FY25 Recommended Salary Adjustments

The 4% increase approved by Council helped to move those below-market salaries closer to the market values recommended in the study. As no merit increase was given in FY23, the Town Manager is recommending a 2% increase for all employees in May 2024. A 2% increase in May, added to the 4% awarded in July 2023, will provide a total 6% increase that equates to a 3% increase for each of the past two fiscal years (FY23 and FY24).

Awarding a 2% increase to all employees in May 2024 (prorated to the end of the fiscal year (two months)), brings the salary and benefits total for FY24 to less than what was budgeted for the year. The table below illustrates this point:

Salary Expenses by Department

	FY24 Budget*	FY24 Actual** (including 2% increase in May)	FY25 Proposed Budget	FY24-25 % Inc.
Administration	\$ 177,726	\$ 174,229	\$ 190,036	6.9%
Treasurer	\$ 213,321	\$ 217,812	\$ 240,603	12.8%
Police Department	\$ 573,639	\$ 547,509	\$ 641,870	11.9%
Public Works	\$ 451,395	\$ 415,582	\$ 489,254	8.4%
Visitor Center	\$ 28,262	\$ 27,800	\$ 30,396	7.6%
Total	\$ 1,444,342	\$ 1,382,931	\$ 1,592,159	10.2%
% of FY24 Budget		95.7%		

* FY24 Budget included the 4% increase given by Council on June 29, 2023 plus annual maximum 3% merit for all employees, prorated to anniversary date.

** FY24 Actual includes the 4% increase given by Council on June 29, 2023, plus a 2% increase for all employees in May 2024, prorated to the end of June (two months).

For FY25, the Town Manager is recommending the following changes to compensation. Implementing these will bring most salaries to the market values as recommended by the 2022 salary study:

- Maximum 4% merit for manager and leadership team, actual award based on performance evaluation and prorated to the employee anniversary date
- Maximum 3% merit for all other employees, actual award based on performance evaluation prorated to the employee anniversary date
- 5% end-of-probation increase for three employees, prorated based on employee anniversary date
- \$1/hr. increase for VC Greeters for half year to allow for minimum wage increase from \$13/hr. to \$14/hr. on January 1, 2025.
- % increases to achieve balance of Town Manager's FY24 recommended increases for select employees (each of these is less than 5% additional), based on the salary study, as follows:
 - Town Clerk - 2% (calculation: 8% recommended salary study increase - 4% July 2023 Council increase - 2% May 2024 increase = 2%)
 - Police Chief - 2% (calculation: 8% recommended salary study increase - 4% July 2023 Council increase - 2% May 2024 increase = 2%)
 - Sergeant - 3% (calculation: 9% recommended salary study increase - 4% July 2023 Council increase - 2% May 2023 increase = 3%)
 - Police Officer - 1.5% (calculation: 7.5% recommended salary study increase - 4% July 2023 Council increase - 2% May 2024 increase = 1.5%)

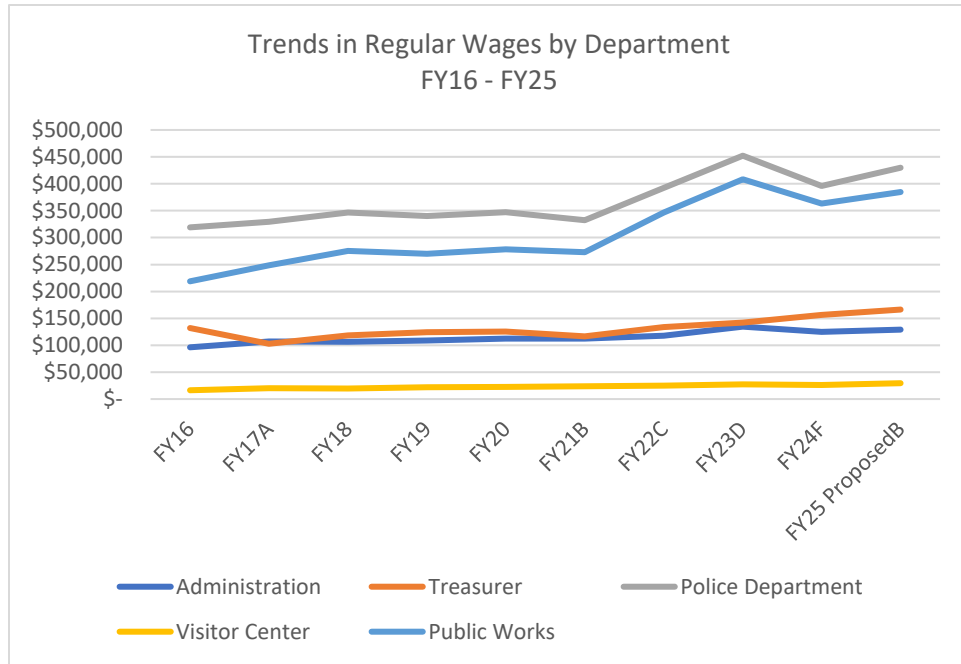
As noted above, the salary study found the town's compensation for Treasurer's office staff and Public Works staff to be competitive with that of localities similar in size and budget to Gordonsville. However, to be equitable and to improve recruiting efforts, the Town Manager recommends pay grade adjustments for select positions in those departments as follows:

- Change *Deputy Treasurer - uncertified* pay grade from grade 13 to grade 14 to be the same as the Administrative Assistant in other departments, with *Deputy Treasurer – certified*, *Senior Deputy Treasurer – uncertified* and *Senior Deputy Treasurer – certified* pay grades increasing accordingly (see Classification schedule in Tab 4 of the budget book).
- Move pay grades for the Laborer positions in the Public Works Department up by two pay grades to improve competitiveness and to allow for increases in minimum wage (see Classification schedule in Tab 4 of the budget book).

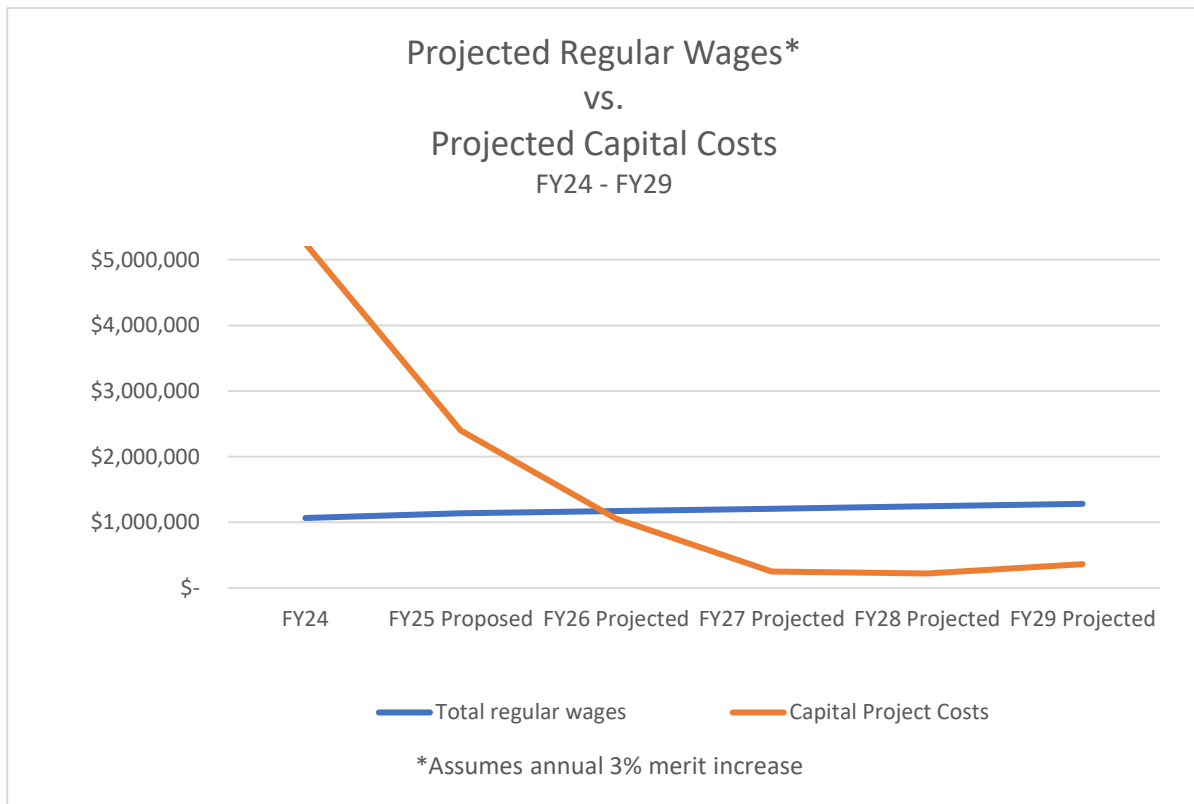
Other than a 3% merit, which is included in the FY25 budget for all positions, no additional pay increases are budgeted to affect these changes because salary amounts for these positions will fall within the new pay grades upon merit award.

Staff believes these changes to the Town's compensation structure will improve recruitment and retention efforts, and will also help employees better accommodate the continued increase in the cost of goods and services. Staff also believes these changes are sustainable beyond FY24 as the Town's VRA loan was paid off in FY23, freeing up over \$100,000 annually in the Town's budget. Additionally, the infusion of ARPA funding into the Town's budget has allowed several capital projects to be accomplished—as these projects come off the list, the Town's capital expense is reduced.

The chart below illustrates recent trends in regular wages, by department:



The chart below provides a comparison of projected wage trends versus projected capital expenditures:



Payroll and the American Rescue Plan Act Fund

For FY25, staff recommends that \$74,250 of unspent funds from the American Rescue Plan Act be used to fund a portion of General Fund payroll expenses for the Administration department so that operating funds displaced as a result may then be used to help fund park project construction. This is further discussed under the Capital Outlay section of this report.

Administration

For FY25, the General Fund and Water Fund split for Administration expenses will remain at 70/30 to reflect the division of duties of the department.

Clerk of the Works

For FY25, funds are included in the budget for the employment of a Clerk of the Works to oversee the park redevelopment project. The amount budgeted is \$50/hr. for 30 hours a week and includes FICA and workers compensation.

Police Department

The projected salaries for the police department for FY25 are based on 171 hours worked per month per officer; officers currently work 168 hours per month, on average, to maintain 24-hour coverage for the town. Funding includes return of the Investigator position to full-time status.

Public Works Department

For FY25, the General Fund and Water Fund split for Public Works Department expenses will remain at 50/50 to reflect the division of duties of the department. No new positions are requested for the department.

Treasurer's Department

The General Fund and Water Fund split for Treasurer's Department expenses will remain at 50/50 in FY25 to reflect the division of duties of the department. In FY25, funds are included for the hiring of a part-time Maplewood Researcher to help research and issue burial permits, mark graves, and organize cemetery records. The proposed compensation is \$20/hr. for 20 hours a week.

Line of Duty Act Coverage

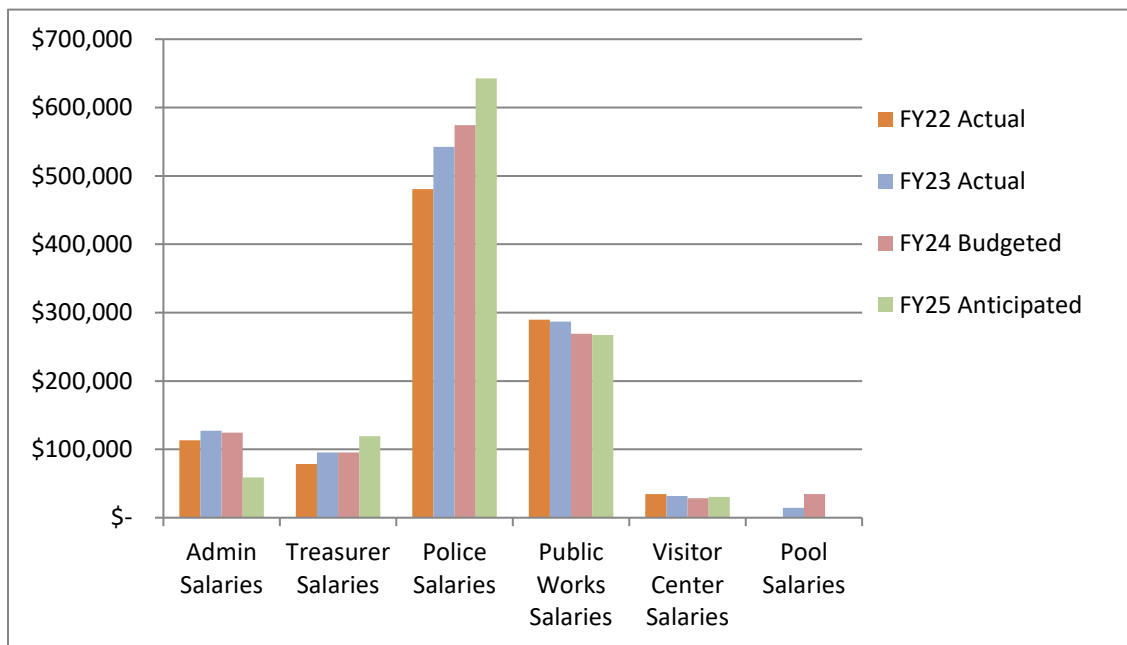
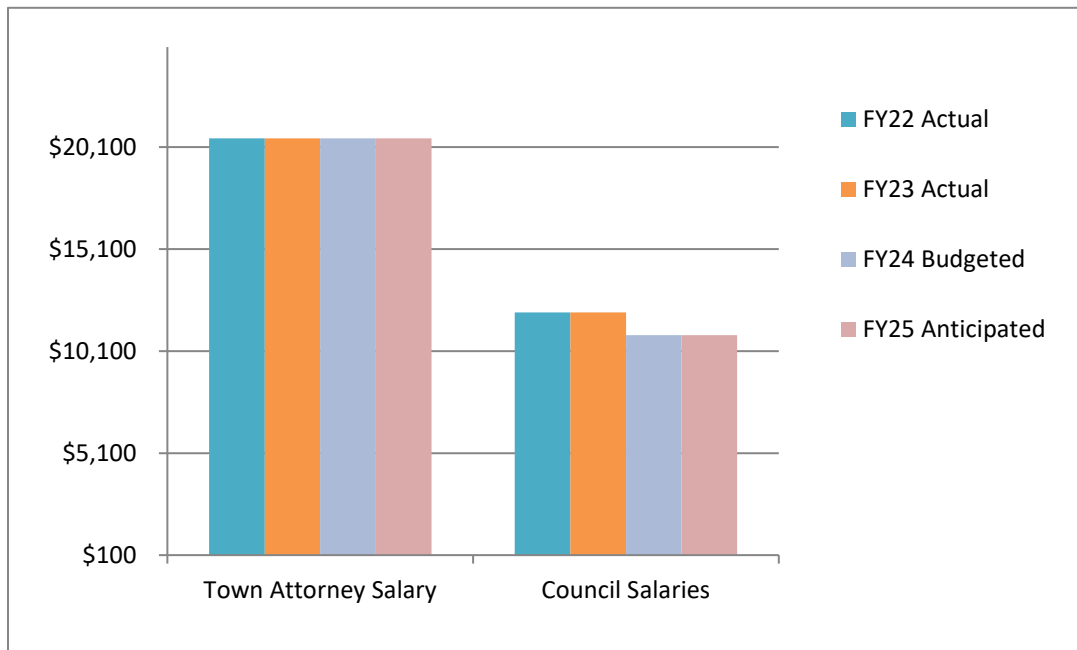
Premiums paid for the Line of Duty Act benefit provided to all Town Police Department employees for FY25 are projected to remain the same as expensed in FY24.

Visitor Center

The Visitor Center Director continues to work 34 hours a week, year-round, as the Center is open six days a week and visitor numbers have increased significantly. The salary amount reflects an increase to \$15/hr. The Director continues to be actively involved in other tourism and economic development efforts year-round, including event planning for the Fried Chicken Festival and the Chicken Festival 5K run, and serving on the Orange County Tourism Advisory Committee.

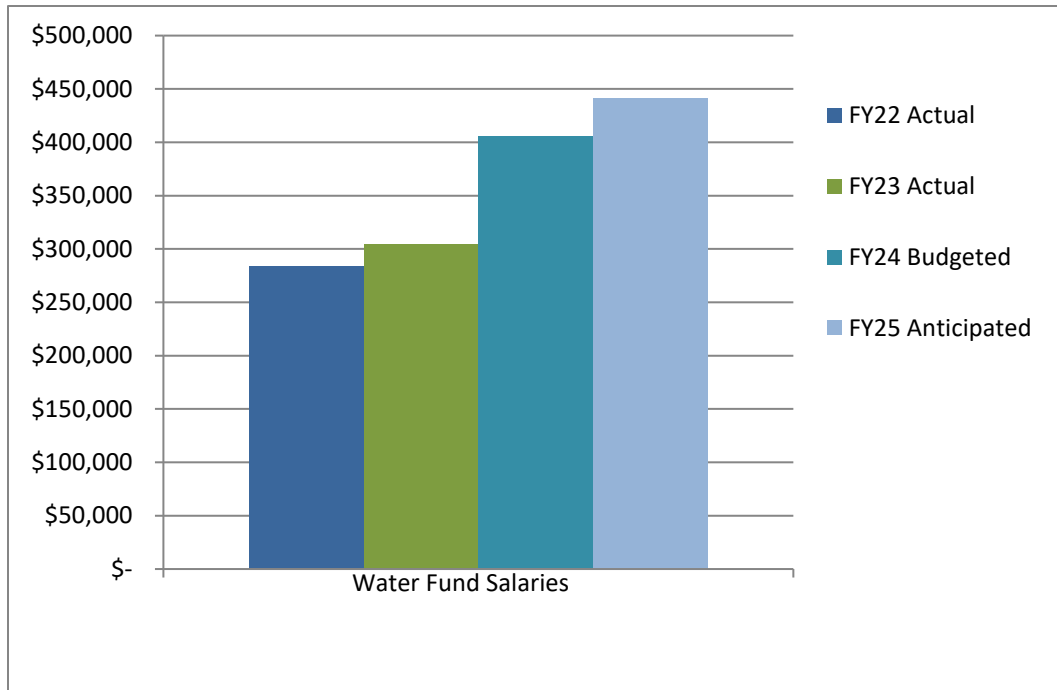
The salary amount as proposed includes compensation for Greeters, who are paid only when they work on Saturdays (5 hours per Saturday, one Greeter each Saturday). Any weekday hours they work is unpaid volunteered time. The hourly rate budgeted for July - December 2024 is \$13/hr., and \$14/hr. for January – June 2025.

GENERAL FUND SALARIES



Admin. Salaries split 70/30 GF/WF; Treasurer and Public Works salaries are split 50/50 between funds.

WATER FUND SALARIES



The chart above reflects trends in water fund salaries from FY22-FY25.

Operational Expenses

Administration Expense Line Items

General Fund Administration expenses are projected to increase 7.4% in FY25, the result of projected increases in the Administration General Fund *Building Maintenance Contractual* line item to fund window and column repair and painting at Town Hall, an increase in the funds paid to the Town of Orange for TOOT II service due to increased operational costs being passed down by Virginia Regional Transit, an increase in *Advertising* expenses, an increase in Public Officials liability insurance costs, and funds included in the General Fund *Telephone & cell phone services* line item for the purchase of town-owned cell phones for the Town Manager and the Town Clerk (the Town Manager currently uses her personal cell phone for town business).

Water Fund Administration expenses are projected to increase 13.9% in FY25, for the same reasons as noted above, and due to an anticipated increase in water service payments to RSA (resulting from new development and increased water use in town).

Treasurer Expense Line Items

In FY25, General Fund expenses for the Treasurer's department are projected to increase 24.3%, and Water Fund expenses are projected to increase 20.2%. The Town's auditing firm and accounting consultant have both indicated an increase in their fees for FY25 and funds have been budgeted to accommodate those expenses. Funds are budgeted for a new printer for staff, as well as an increase in the Bright accounting system maintenance fees. Funds are also budgeted for additional staff training and associated hotel expenses. In the Treasurer's *Computer Software & Maintenance* line item, funds have again been budgeted for the conversion of real estate and personal property tax files provided by the Orange County Commissioner of the Revenue.

Police Department Expense Line Items

Expenses for the Police Department are expected to increase 8.6% in FY25, largely due to the increase in fuel costs, vehicle insurance, and the purchase of a new copier to replace the existing machine that has reached its end-of-life and is no longer serviceable. Funds are also budgeted for the implementation of the accreditation process for the department.

Public Works Department Expense Line Items

FY25 General Fund expenses for the Public Works Department are projected to increase 1.9%, largely due to an increase in funding for *Town Beautification* to cover landscaping services, and *Street Signs* for the purchase of signage and barricades. Water Fund expenses are projected to decrease 2.4% in FY25. Funds are included in FY25 to accommodate the increase in fuel costs, and the purchase of overall bibs for employees.

Health and Welfare

Funds are included in this category for Tax Relief for the Elderly.

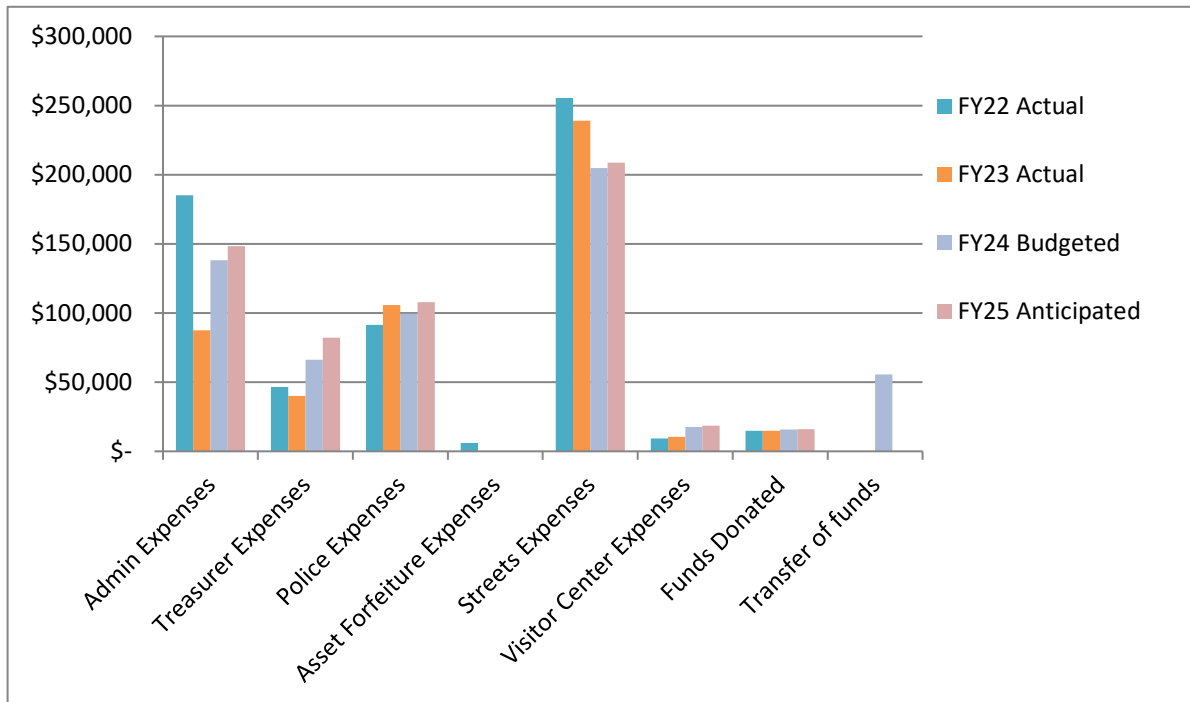
Visitor Center Expense Line Items

Visitor Center expenses are projected to increase 4.8% in FY25 due to additional funds budgeted for Chicken Festival expenses, most of which will be offset by donations to the Town.

Funds Donated

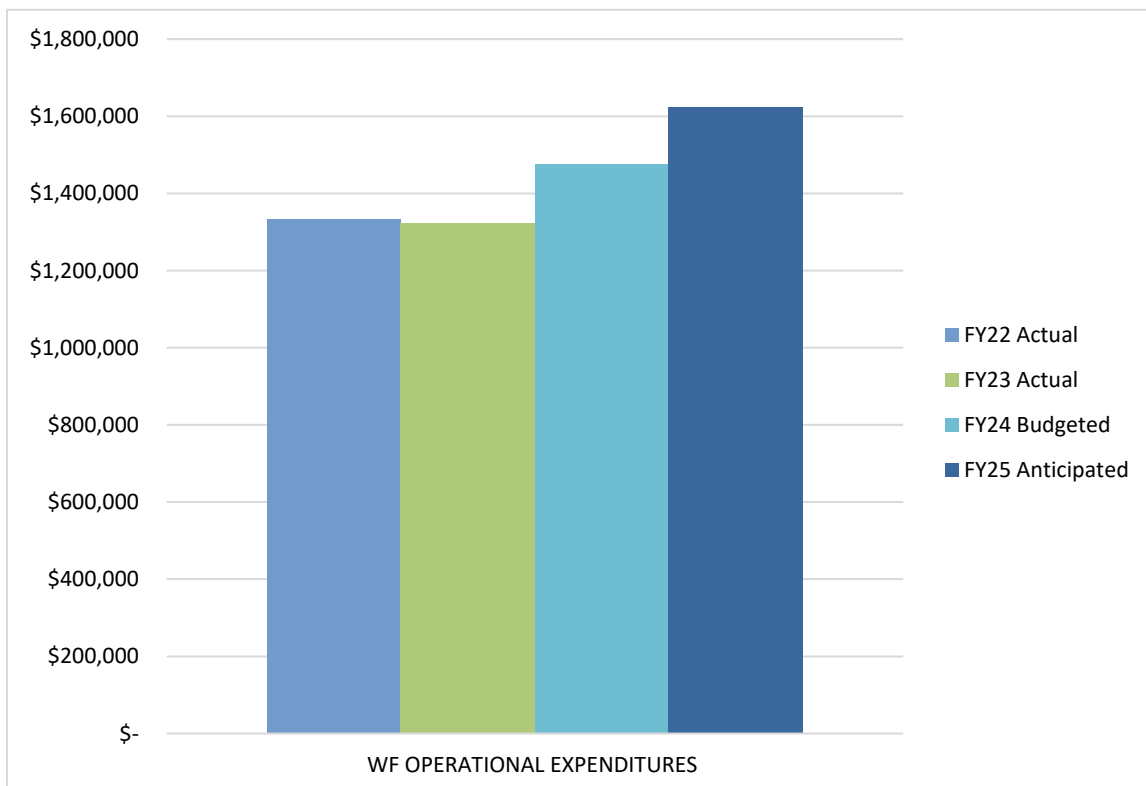
Funds donated by the Town to various community groups will increase 1.9% in FY25 due to a \$300 increase in the cost of the Orange County Business and Industry Reception.

GENERAL FUND OPERATIONAL EXPENSES



Admin. expenses split 70/30 GF/WF; Treasurer and Public Works expenses are split 50/50 between funds.

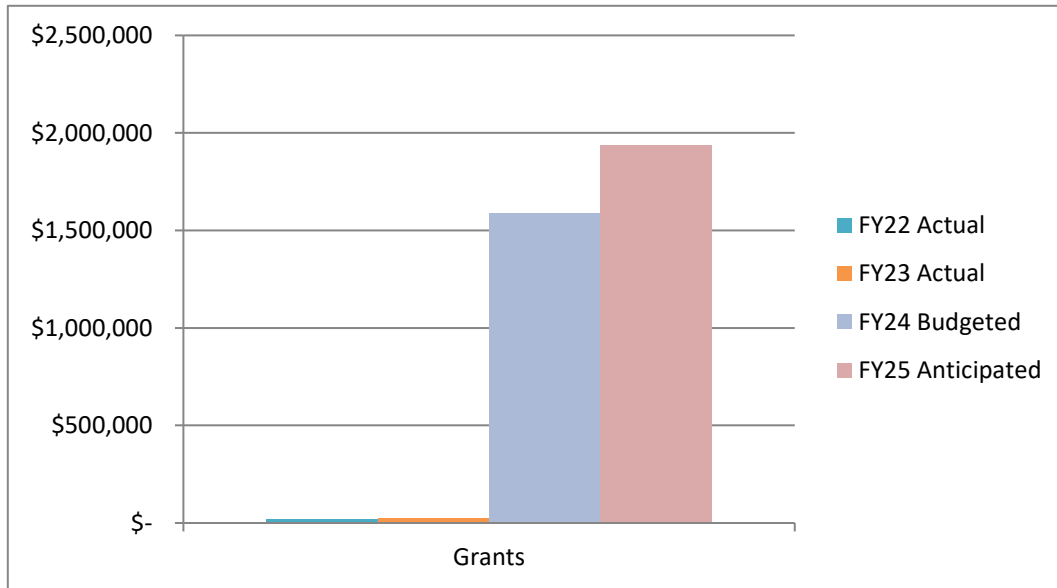
WATER FUND OPERATIONAL EXPENSES



Grants

Grant project funding is remains high in FY25 due to funds anticipated from the Land and Water Conservation Fund grant program for the renovation and expansion of Verling Park, as well as funds from the Safe Routes to School grant for the Wright Street sidewalk project. The Fire Programs grant and Litter Control grant budget amounts are based on FY24 expenditures.

GENERAL FUND GRANT EXPENSES



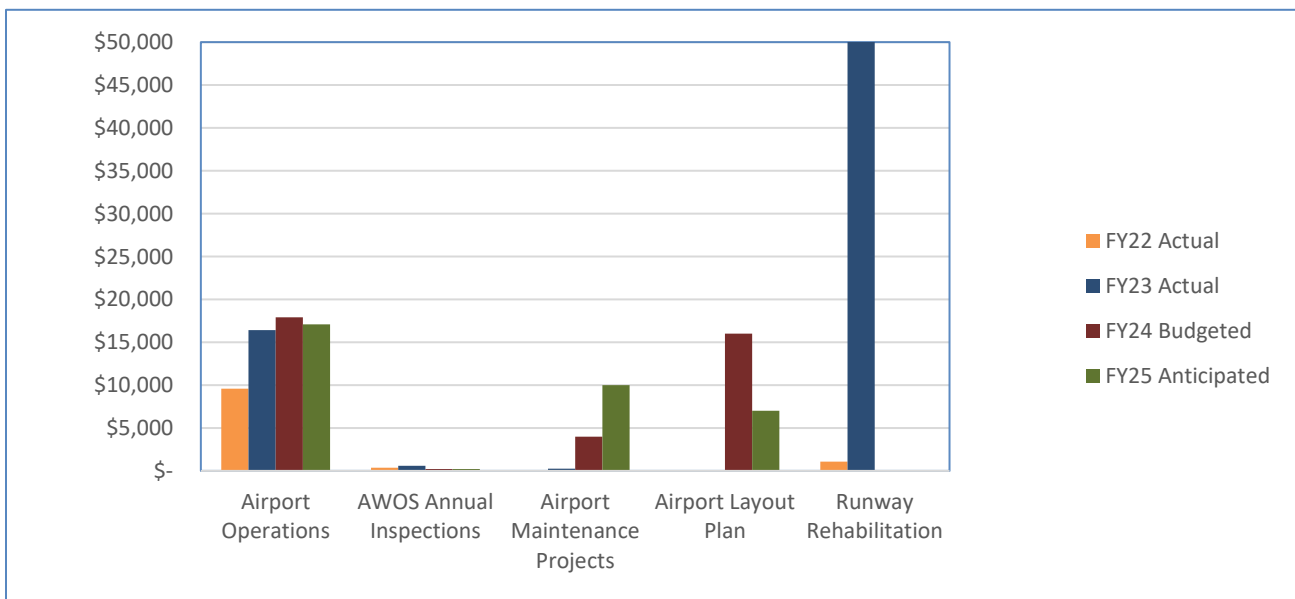
Pool Expense Line Items

No operational expenses are budgeted for the pool in FY25 due to the construction of the new facility.

Airport Expense Line Items

The FY25 budget includes airport operational and grant expenses. Specifically, \$17,900 is budgeted for anticipated expenses for electricity, phone service, property insurance, materials and supplies, and building maintenance. Grant expenses are budgeted for AWOS inspections and the continued update of the Airport Layout Plan.

AIRPORT FUND OPERATIONAL AND GRANT EXPENSES



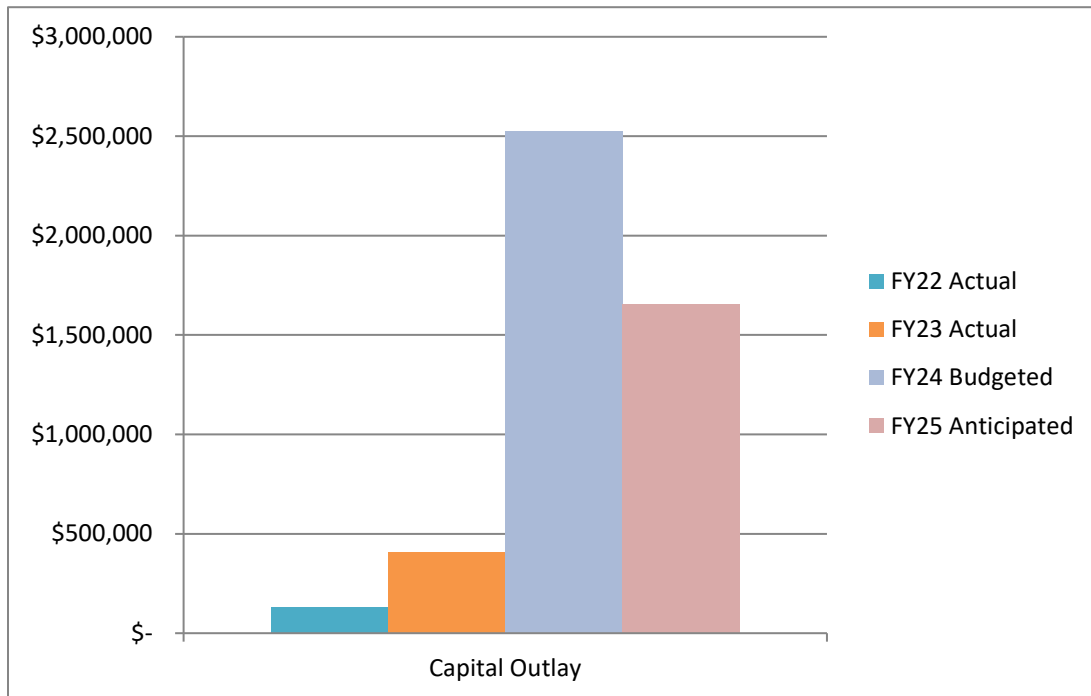
Capital Expenditures

For FY25, capital projects are funded with monies from the General Fund, Water Fund, and Airport Fund. A very small amount of ARPA funding that remains after capital project expenses over the past two fiscal years is applied to the Verling Park project as noted below. The chart on pages 25-26 illustrates how ARPA funds have been expensed in comparison to the spending plan endorsed by Town Council in the fall of 2021. The projects noted below are based on the assumption that most capital projects budgeted for FY24 are pursued in that year.

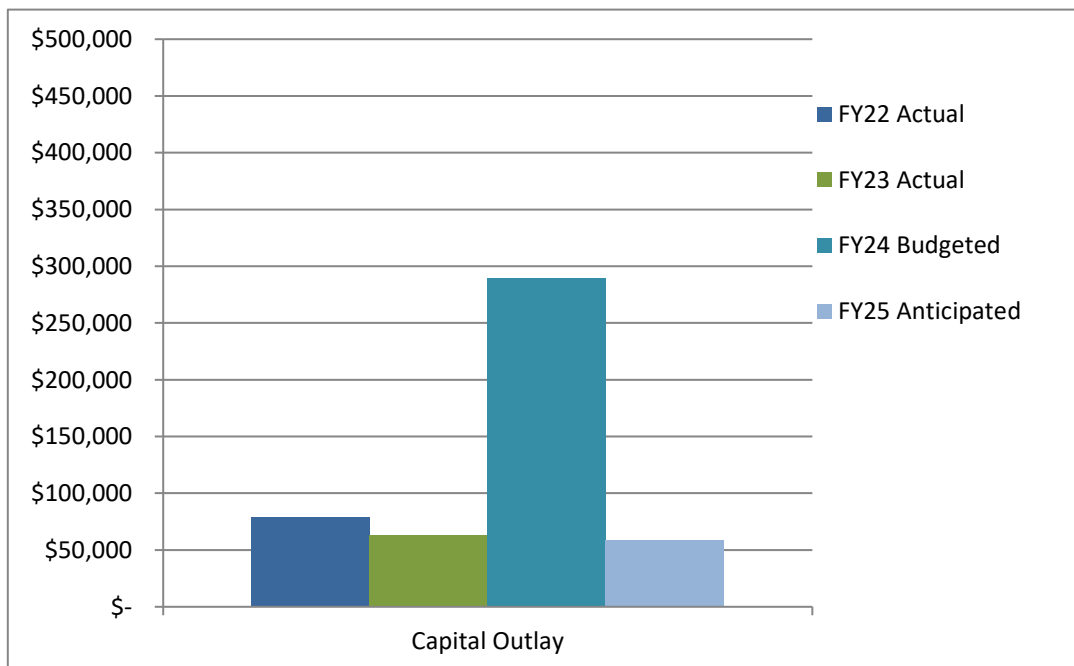
- In *Special Projects – Replacement Capital*, nothing is budgeted for FY25. Any funds not expensed for FY24 projects noted here will be carried forward to FY25.
- In *PW Vehicle Purchase - Replacement Capital*, the Public Works Director is requesting the purchase of two used vehicles to replace Truck #3 and Truck #10 (dump truck) (\$100,000 GF/WF split).
- In *PW Equipment Purchase – Replacement Capital*, the Public Works Director is requesting funding for a walk-behind concrete saw and chainsaws (\$5,000 GF); and zero-turn mower (\$5,000 WF).
- In *New Public Works Facility*, nothing is budgeted for FY25.
- In *Safe Routes to School project – Town*, funds are budgeted for the Town’s share of costs for the Wright Street sidewalk project in proximity to Gordon Barbour Elementary School as part of a Transportation Alternatives Program Safe Routes to School grant project (\$96,800). This expense will be funded by a contribution of funding from Orange County Public Schools.
- **ARPA offset:** In *Verling Park Redevelopment and Expansion*, funds are budgeted for the Town’s share of the Land and Water Conservation Fund grant for the project (funded by pledges and donations from the community, other grants, and \$506,715 General Fund revenues over expense for FY25). This also includes \$74,250 of General Fund monies offset by ARPA payroll expense. Funds not expensed in FY24 will carry forward to FY25.
- In *Special Projects – New Capital*, nothing budgeted for FY25. Project funds not expensed in FY24 will be carried forward to FY25 (100% GF).
- In *PW Equipment Purchase – New Capital*, nothing budgeted for FY25. Project funds not expensed in FY24 will be carried forward to FY25 (GF/WF split).
- In *Electronic Vehicle Charging Stations*, funds are budgeted for the purchase of two electric vehicle charging stations to be placed at Town Hall. This expense will be offset by grant funds as noted previously (\$60,000 GF).
- In *Sidewalk Materials (repairs)*, funding is budgeted for sidewalk repair in areas of the town where the most significant repair is needed, based on Council/staff review (\$5,000 GF).
- In *Water Meter Installation*, staff is requesting funding for system-wide water meter replacements (\$137,500 WF). ARPA funds have been used to fund the replacement of over 700 meters. Project funds not expensed in FY24 will be carried forward to FY25 (100% WF).
- In *Visitor Center Improvements*, nothing funded for FY25. Project funds not expensed in FY24 will be carried forward to FY25 (100% GF).
- In *Water Map upgrade*, staff requested funding to update the water map for the Town’s water system, including all meter and hydrant locations and SCADA, in FY24 (\$35,000 WF). This project has been delayed to FY26. Nothing budgeted for FY25.

- In the Airport Fund, funding is requested for the local match of the airport layout plan update, as well as funding for continued AWOS triennial inspections, and funds to paint the roofs of the Langley Hangar and the t-hangars. Several of these projects are cost-share projects with the Virginia Department of Aviation; as such, the state's portion is shown in Grants and the Town's portion is shown in Capital Outlay.

GENERAL FUND CAPITAL OUTLAY



WATER FUND CAPITAL OUTLAY



Capital Expenditures and Programs Using Funds Offset from ARPA funding of payroll expenditures - FY23 and FY24

Projects by ARPA Category - as previously presented to Council	Estimated Expense	Budget Category	FY23 Budget Amount	Expensed in FY23	FY24 Budget Amount	Projects to pursue in FY24	Notes
Public Health and Economic Impact							
Generator purchase for Town Hall and GBC	\$ 30,000	GF/WF - Capital Outlay	\$ 30,000	\$ 10,000	\$ 20,000	\$ 20,000	To be completed in FY24
Town Hall HVAC replacement	\$ 20,000	GF/WF - Capital Outlay	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	To be completed in FY24
Town website refresh to enhance public communication	\$ 12,000		\$ -	\$ -	\$ -		Free upgrade included in Revize contract
Council Chambers digital improvements for remote participation	\$ 5,000		\$ -	\$ -	\$ -		Completed in FY23
Historic District Walking Tour Development and Implementation	\$ 5,000	VC Operations	\$ 5,000	\$ 400	\$ 4,600	\$ 4,600	Begun in FY23; to be completed in FY24
Total	\$ 72,000		\$ 55,000	\$ 10,400	\$ 44,600	\$ 44,600	
Premium Pay							
Premium pay program for essential employees	\$ 60,000		\$ -				opted for payroll increase in FY23
Total	\$ 60,000		\$ -				
Revenue Replacement							
Building and Maintaining Infrastructure							
Runway Rehabilitation Project	\$ 287,427	AF - Capital Outlay	\$ 343,240	\$ 343,240	\$ -		Completed in FY23
Airport t-hangar construction	\$ 25,000		\$ -		\$ -		to be pursued after FY24
Sidewalk addition/replacement	\$ 12,300	GF - Capital Outlay	\$ 72,768	\$ -	\$ -		funds needed for TH parking lot project in FY24
AS400 Replacement (for Bright Accounting system)	\$ 10,000	GF/WF - Capital Outlay	\$ 35,760	\$ 36,575	\$ -		Completed in FY23
Total	\$ 334,727		\$ 451,768	\$ 379,815	\$ -	\$ -	
Water/Sewer/Broadband							
Water							
System-wide water meter replacement and replacement of meter reading handheld and software upgrade	\$ 300,000	WF - Capital Outlay	\$ 137,500	\$ 135,950	\$ 123,530	\$ 123,530	Meter replacement underway. Pursue software replacement in FY25
water meter/fire hydrant/SCADA system/valve location mapping	\$ 30,000	WF - Capital Outlay	\$ 35,000	\$ -	\$ 35,000		Pursue in FY26
Preliminary Engineering for water/sewer extension to airport and Gordonsville Business Center	\$ 50,000		\$ -	\$ -	\$ -		May be pursued through Community Engineering Corps
Update Preliminary Engineering Report for Town Water Supply	\$ 50,000		\$ -	\$ -	\$ -		May be pursued through Community Engineering Corps
Stormwater Management/ Water Quality Improvement							
Town Hall Parking Lot Redevelopment and Stormwater Management Project	\$ 375,920	GF - Capital Outlay	\$ 215,500	\$ -	\$ 266,360	\$ 266,360	Project underway; cost includes contaminated soil removal and disposal
Verling Park redevelopment planning contribution	\$ 50,000	GF - Capital Outlay	\$ 65,000	\$ 85,000	\$ -		
Greenspace enhancement through park development in all town neighborhoods	\$ 50,000	GF - Capital Outlay	\$ 50,000	\$ -	\$ -		project delayed; funds needed for TH parking lot project
Town-wide drainage improvements for stormwater management	\$ 100,000		\$ -	\$ -	\$ -		Coordinate with VDOT
Total	\$ 1,005,920		\$ 503,000	\$ 220,950	\$ 424,890	\$ 389,890	
Contingency	\$ 50,000		\$ -				

Capital Expenditures and Programs Using Funds Offset from ARPA funding of payroll expenditures - FY23 and FY24

Proposed FY23 Capital Projects/Programs	Estimated Expense	Budget Category	FY23 Budget Amount	Expensed in FY23	FY24 Budget Amount	Projects to pursue in FY24	Notes
Water Tank Valve Upgrade		WF - Capital Outlay	\$ 10,000	\$ 10,000	\$ -	\$ -	completed in FY23.
GBC Roof Replacement		GF/WF - Capital Outlay	\$ 130,000	\$ -	\$ 165,000	\$ 134,600	Over Suites C - F
GBC Parking Lot paving		GF/WF - Capital Outlay	\$ 35,660	\$ 31,000	\$ -	\$ -	completed in FY23.
Computer and server upgrades		GF/WF - Capital Outlay	\$ 46,500	\$ 39,000	\$ 17,500	\$ 17,500	Replace equip. that has reached end-of-life or end-of-support (add'l funds needed in FY24 due to cost increases)
Admin copier replacement		GF/WF - Capital Outlay	\$ 6,500	\$ 6,800	\$ -	\$ -	Replace vs. leasing
Town Hall carpet replacement		GF/WF - Capital Outlay	\$ 10,000	\$ -	\$ 10,000	\$ -	Carpet is original to building and is 27 years old
Visitor Center HVAC replacement		GF/WF - Capital Outlay	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	see capital outlay notes
PW Vehicle Purchase		GF/WF - Capital Outlay	\$ 95,000	\$ 59,880	\$ 75,000	\$ 75,000	Replacement of Ford F-550 Flat Bed truck
PW Equipment Purchase		GF/WF - Capital Outlay	\$ 160,000	\$ 82,243	\$ 65,000	\$ 65,000	Purchase of skid-steer in '24
Total			\$ 503,660	\$ 228,923	\$ 342,500	\$ 302,100	
Total - all categories			\$ 1,513,428	\$ 840,088	\$ 811,990	\$ 736,590	

*numbers shown in orange are estimates

Projected ARPA Funding Expense by Fiscal Year		Expense
Beginning Balance	\$ 1,684,928	
FY22	\$ (34,000)	Payroll Expense - Offset funds for PD Vehicles and Park Design
FY23	\$ (840,088)	Payroll Expense - Offset funds for Capital Expenditures as noted
FY24	\$ (736,590)	Payroll Expense - Offset funds for Capital Expenditures as noted
Ending Balance	\$ 74,250	

Debt

In accordance with the Town's Financial Policies adopted by Town Council in August 2013, the following parameters must be met with regard to debt:

Debt as a percentage of Assessed Value will not exceed 2.5%. The 2023 estimated assessed value of real estate within the town is \$136,963,600; 2.5% of \$136,963,600 is \$3,424,090.

Currently, the Town has the following outstanding debt:

VML/VACo 2018A/2018B Loan	\$1,060,700	Payoff year:	August 2032
Orange County Sales Tax Repayment	\$ 19,000	Payoff year:	July 2026

Total current debt:	\$1,079,700 (0.79%)
Available debt:	\$2,344,390)

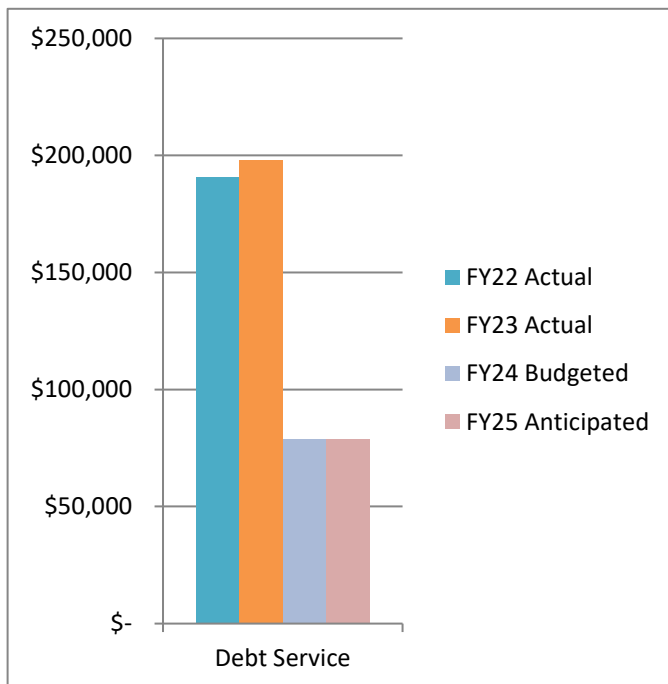
Debt Service as a percentage of general governmental expenditures will not exceed 10%.

FY25 debt service:	<u>\$ 147,746</u>	x 100 = 3.6%
FY25 general governmental exp.:	\$4,060,930	

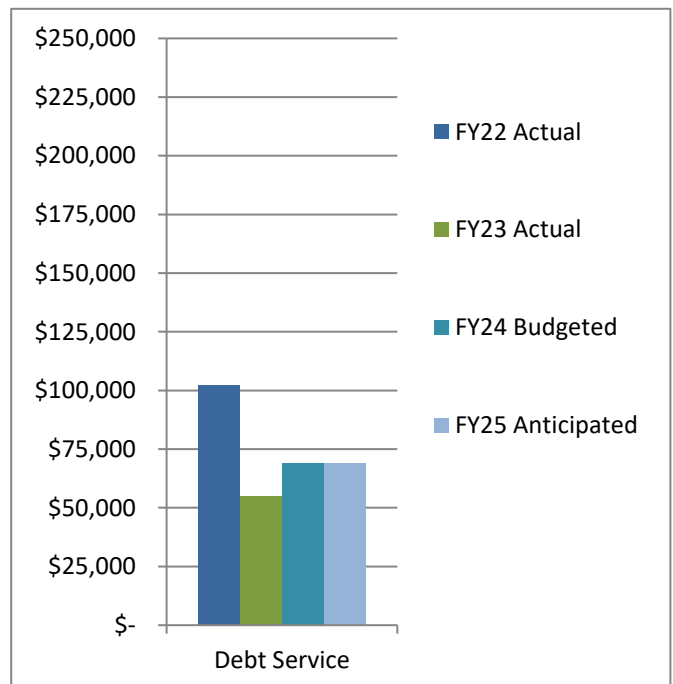
Currently, the Town's debt service as a percentage of general governmental expenditures is 3.6%.

- Repayment of funds obtained through the issuance of the Town's General Obligation bonds for the Main Street streetscape project and the purchase of the new public works building and airport properties began in August 2018. The seventh year of principal and interest payments are budgeted for FY25.
- In FY24, \$9,500 has been budgeted for the Town's ninth installment of repayment of sales tax to Orange County. This is a payment that will be made annually for ten years, or until July 2026 (FY2027), in accordance with the settlement agreement signed by the Town and County in December 2016.

GENERAL FUND DEBT



WATER FUND DEBT



Contingency / Transfer to Capital Reserves

As proposed, the budget includes a contingency of \$5,000 each in the Airport Fund, General Fund, and \$10,000 in the Water Fund. The budget does not include a transfer to Capital Reserves for the General Fund, Water Fund, or the Airport Fund.

Appropriation schedule modifications

One change is proposed in the appropriations schedule. A 3% increase is recommended for airport rental fees for FY25.

Capital Improvements Plan

The chart on the next two pages provides an overview of capital project planning for FY25 – FY29.

Staff looks forward to reviewing the budget with Council.

CAPITAL IMPROVEMENTS PLAN
FY24 - FY29

			FY2024		FY2025		FY2026		FY2027		FY2028		FY2029		Notes
PROJECT	Estimated Cost	Funding Source		Department		Department		Department		Department		Department		Department	
Infrastructure Repair/Replacement															
Water															
Water line repairs (develop list each Jan-Feb for next budget)	TBD	Water Fund	\$ -	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	
Water system needs assessment (update 2004 Prelim. Eng. Report)	\$50,000	Comm. Eng. Corps/USDA Rural Develoment Funds	\$ -		\$ -		\$ -		\$ -		\$ -				
System-wide water meter replacement - Phase I	\$137,500	ARPA (thru FY24)	\$ 123,530	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	\$ 15,000	PW	
System-wide water meter replacement - Phase II	\$137,500	ARPA (thru FY24)	\$ 123,530												
Streets															
Town Streets - develop annual repair list in Jan-Feb for next budget	TBD	General Fund	\$ 84,000	PW	\$ 40,000	PW	\$ 40,000	PW	\$ 40,000	PW	\$ 40,000	PW	\$ 40,000	PW	Funds requested in FY24 for repaving of Weaver and Union Streets
Sidewalks															
Safe Routes to School sidewalk/crosswalk project (Wright Street)	\$96,800	General Fund			\$ 96,800	OCPS	\$ -		\$ -		\$ -				Waiting on final cost estimate from VDOT
Sidewalk repairs/addition (develop list each Jan-Feb for next budget)	\$57,568	General Fund	\$ 4,000	PW	\$ 4,000	PW	\$ 4,000	PW	\$ 4,000	PW	\$ 4,000	PW	\$ 4,000	PW	ARPA funds initially planned in FY23 needed for TH parking lot project due to increased costs
Other															
GBC parking lot paving	\$40,000	ARPA (thru FY24)	\$ -		\$ -		\$ -		\$ -		\$ -				
Town Hall Parking Lot Redevelopment	\$412,980	ARPA (thru FY24)	\$ 375,920	Contract	\$ -		\$ -		\$ -		\$ -				cost increased - inflation and initial estimate low; will need supplemental appropriation of \$37,060 to cover full cost as bid.
Town-wide drainage improvements for stormwater management	TBD	Federal infrastructure funding	\$ -		\$ -		\$ -		\$ -		\$ -				This will be coordinated with VDOT
Martinsburg Avenue entrance corridor enhancement project	TBD	TAP Grant	\$ -		\$ -		\$ -		\$ -		\$ -				
Cooke Park/downtown brick sidewalk repair	TBD	General Fund	\$ 14,000	Contract											Completed in FY24.
Building Maintenance/Repair															
Town Hall															
Plaster/Drywall repair (PD, Council Chambers, TM Office)	\$2,000	General Fund	\$ -		\$ 2,000	PW	\$ -		\$ -		\$ -				
Carpet/flooring replacement in Town Hall	\$10,000	ARPA (thru FY24)	\$ 10,000	Contract	\$ -		\$ -		\$ -		\$ -				
Interior painting of Town Hall	\$5,000	General Fund	\$ -		\$ 5,000	Contract	\$ -		\$ -		\$ -				
Visitor Center															
Carpet/flooring replacement	\$2,000	General Fund	\$ -		\$ 2,000	Contract	\$ -		\$ -		\$ -				
Drainage repair - south wall		General Fund	\$ -		\$ -		\$ -		\$ -		\$ -				Will be fixed during TH parking lot project
Gordonsville Business Center															
Roof replacement (over suites C - F)	\$165,000	ARPA (thru FY24)	\$ 165,000	Contract	\$ -		\$ -		\$ -		\$ -				
Front door replacement - Town Hall	TBD	General Fund			TBD	Contract									
Equipment/Vehicle Replacement															
Police Vehicle Replacement (create program)	\$60,000	ARPA LE Grant and USDA Rural Development Grant	\$ 91,000	PD	\$ -		\$ 45,000	PD	\$ -		\$ 48,000	PD			Goal is to purchase two new vehicles in FY24 and then replace a vehicle every other year afterwards.
Public Works Vehicle Replacement (create program)	\$80,000	ARPA/Town funds	\$ 75,000	PW	\$ 30,000	PW	\$ -		\$ 35,000	PW	\$ -		\$ 40,000	PW	Two used trucks to replace two inoperable vehicles in FY24, and then one vehicle every other year.
Public Works Equipment Replacement	\$160,000	ARPA (thru FY24)	\$ 65,000	PW	\$ 30,000	PW	\$ 30,000	PW	\$ 30,000	PW	\$ 30,000	PW			For purchase of skid steer or mini-excavator, and pipe saws.
Generator Purchase for Town Hall and GBC	\$30,000	ARPA (thru FY24)	\$ 20,000	PW	\$ -		\$ -		\$ -		\$ -				
Town Hall HVAC replacement	\$20,000	ARPA (thru FY24)	\$ 20,000	Contract	\$ -		\$ -		\$ -		\$ -				
Visitor Center HVAC replacement	\$10,000	ARPA (thru FY24)	\$ 10,000	Contract	\$ -		\$ -		\$ -		\$ -				
Public Works shop HVAC (new)	\$25,000	General Fund													
System-wide computer refresh and network update	\$56,500	ARPA (thru FY24)	\$ 17,500	Contract	\$ -		\$ -		\$ -		\$ -				
Exchange server and operating system (OS) server upgrade	\$21,700	ARPA (thru FY24)	\$ 21,700	Contract											Need supplemental appropriation (inadvertently left out of FY24 budget)

CAPITAL IMPROVEMENTS PLAN
FY24 - FY29

			FY2024		FY2025		FY2026		FY2027		FY2028		FY2029		Notes
PROJECT	Estimated Cost	Funding Source		Department		Department		Department		Department		Department		Department	
Airport Projects															For airport projects, only the Town's cost is shown
Runway rehabilitation (Town cost)	\$338,130	ARPA (thru FY24)	\$ -		\$ -		\$ -		\$ -		\$ -				
Broadband connection (firewall and three access points)	\$13,600	Airport Fund	\$ 13,600	Admin	\$ -		\$ -		\$ -		\$ -				
Airport obstruction removal (state cost-share)	\$8,000	DOAV cost share	\$ -		\$ -		\$ 10,000	Admin	\$ -		\$ -				
VDOT Property fence relocation	\$30,000	Airport Fund	\$ 30,000	Admin	\$ -		\$ -		\$ -		\$ -				
Airport Layout Plan update (state cost share)	\$92,000	DOAV cost share	\$ 18,400		\$ -		\$ -		\$ -		\$ -				cost increase; need SA of \$2,400 for local share
T-hangar Roof Repair	TBD	DOAV cost share	\$ -		\$ -		\$ -		\$ -		\$ -				
Fuel tank replacement (state cost share)	\$125,000	DOAV cost share	\$ -		\$ 46,250	Admin	\$ -		\$ -		\$ -				
T-hangar site preparation - design (state cost share)	\$60,000	DOAV cost share	\$ -		\$ -		\$ 12,000	Admin	\$ -		\$ -				
T-hangar site preparation - construction (state cost share)	\$300,000	DOAV cost share	\$ -		\$ -		\$ -		\$ 60,000	Admin	\$ -				
Former FBO Building Acquisition	\$100,000	DOAV cost share	\$ -		\$ -		\$ -		\$ -		\$ 20,000	Admin			
T-hangar construction	TBD	Airport Fund	\$ -		\$ -		\$ -		\$ -		\$ -				
Purchase snow sweeper for runway (state cost-share)	\$3,500	Airport Fund	\$ -		\$ -		\$ -		\$ 700	PW	\$ -				
Rotating beacon fixture replacement and deck repair	\$17,600	DOAV cost share			\$ 24,700	Contract									beacon continues to fail; LED replacement needed
FY29 - Airport - Pilot's office renovations and parking improvements	\$250,000	DOAV cost share													
Other													\$ 250,000	Contract	
Boundary adjustment															
impact analysis update	\$10,000	General Fund	\$ 10,000	Contract	\$ -		\$ -		\$ -		\$ -				
legal services	\$60,000	General Fund	\$ 60,000	Contract	\$ -		\$ -		\$ -		\$ -				
Verling Park - Dix Memorial Pool Improvements - Phase I	\$6,006,523	grant/donations	\$ 3,890,895	Contract	\$ 2,115,628	Contract	\$ -		\$ -		\$ -				
Verling Park - Dix Memorial Pool Improvements - Phase II	\$884,583	grant/donations	\$ -		\$ -		\$ 884,583	Contract	\$ -		\$ -				
Water system (meter-hydrant-SCADA-valve) mapping	\$35,000	ARPA (thru FY24)	\$ 35,000	Contract	\$ -		\$ -		\$ -		\$ -				
Preliminary Engineering for water/sewer extension to airport and GBC	\$50,000	Comm. Eng. Corps/ USDA Rural	\$ -		\$ -		\$ -		\$ 50,000	Contract	\$ -				
Town-wide greenspace (park) development	\$50,000	DCR Grant funds	\$ -				\$ -		\$ -		\$ 50,000	Contract			ARPA funds initially planned here needed for TH parking lot project due to increased costs
Town website refresh	No cost		\$ -		\$ -		\$ -		\$ -		\$ -				Free upgrade included in Revize contract
Historic District walking tour development and implementation	\$5,000	ARPA (thru FY24)	\$ 4,600	VC	\$ -		\$ -		\$ -		\$ -				
Total			\$ 5,246,975		\$ 2,401,678		\$ 1,055,583		\$ 249,700		\$ 222,000		\$ 364,000		
Fund Source	Total														
Grants/donated funds	\$7,118,906		\$ 3,981,895		\$ 2,115,628		\$ 916,083		\$ 78,000		\$ 27,300		\$ 233,250	\$ -	
ARPA	\$888,550		\$ 888,550		\$ -		\$ -		\$ -		\$ -				
Town	\$948,150		\$ 253,000		\$ 189,250		\$ 139,500		\$ 171,700		\$ 194,700		\$ 130,750		