

TOWN OF MARS HILL

FY 2025 – 2026

BUDGET MESSAGE



June 2, 2025

**Nathan R. Bennett
Town Manager**

TOWN OF MARS HILL BUDGET MESSAGE

FISCAL YEAR 2025-2026

***To the Town of Mars Hill Mayor and Board of Aldermen
and Citizens of the Town of Mars Hill:***

In accordance with North Carolina General Statute 159-11, the Town of Mars Hill Fiscal Year 2025-2026 proposed budget is respectfully submitted for your review and consideration. The proposed budget sets forth a plan of operations for all Town departments, programs, and initiatives for the coming year. This proposed budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with General Fund revenues and expenditures each totaling **\$3,425,450**, an 8.6% increase over the prior year. The Water and Sewer Fund is balanced with revenues and expenditures each totaling **\$1,436,437**, an 8% increase over the prior year.

INTRODUCTION

This budget message will introduce the Town of Mars Hill Fiscal Year 2025-2026 proposed budget. The budgeting process begins in early spring with management requesting proposed appropriation use plans from departments, agencies, and other Town-supported entities. Management takes those requests and develops a balanced budget in line with expected revenue from numerous sources. This document will provide a summary of how the Town plans to utilize its fiscal resources and will highlight significant impacts to the Town's budget. I am pleased to present this budget that provides the tools and resources necessary for an effective and efficient government for the Citizens of the Town of Mars Hill.

HURRICANE HELENE IMPACTS

No discussion of local government budget considerations this year can be had without a review of the impacts from Hurricane Helene in September 2024. The very word, "Helene," now immediately brings to the mind of every resident of Western North Carolina the devastation and desolation of our community from the worst natural disaster to strike our region. The word also recalls the resolve and dedication of the region to rise up to meet those very challenges thrust upon us. While the greater Town of Mars Hill community was spared from the most severe physical impacts from the storm faced by many of our neighboring towns, the Town did conduct many rescue operations and public safety and security functions while coping with unique challenges presented by several days without electricity, phone and internet communications.

The Town of Mars Hill Water and Sewer System was not damaged by Helene placing Mars Hill in the unique position to provide potable water to many neighboring towns whose water systems were severely impacted by Helene flood waters. For the first time since its construction, the water system interconnection between the Town of Mars Hill and Town of Weaverville was activated to allow the transfer of approximately 500,000 gallons of potable water from the Mars Hill system to the Weaverville system as the Weaverville municipal water plant on the Ivy River incurred significant damage from flood water and deposited debris. This transfer of water allowed Weaverville to repair their water plant and restore their own water treatment capacity in a manner of days instead of weeks. In addition, the Town of Mars Hill provided an additional 300,000 gallons of water by tanker truck delivery to many other neighboring communities including Burnsville, Spruce Pine, Asheville, Swannanoa, and others. These tankers

were from the NC National Guard, World Central Kitchen, NCDOT, personal vehicles, and other entities working to provide vital water resources to areas with severe long-term water system damage.

In addition to water distribution, the Town of Mars Hill deployed employees of the public works department to the Town of Marshall and Town of Hot Springs. These employees assisted our Madison County sister towns with repairs to water distribution systems and wastewater collection systems ravaged by flood waters. Mars Hill staff also coordinated the acquisition of necessary equipment, piping, and other materials from vendors and delivered these materials to Marshall and Hot Springs. Mars Hill public works employees dedicated over 160 hours to emergency response activities in Marshall and Hot Springs. The Town also opened the doors of Town Hall to the administration of neighboring towns, especially Marshall, whose Town Hall located on the French Broad River was destroyed by flood waters. Marshall administrative staff members have used Mars Hill town offices and equipment on an as-needed basis to complete important business functions of payroll, accounts payable, and utility billing since the storm. Mars Hill has been honored to provide these resources to our neighbors, and we cherish the friendships that have been forged through this situation.

These Helene activities were done to help our neighbors in their time of need, with no desire or expectation of any type of recognition for simply doing what was right. However, Mars Hill has been honored to receive attention from several partner organizations, such as the N.C. League of Municipalities, N.C. Rural Water Association, and the UNC Environmental Finance Center. Articles have appeared in statewide publications of these entities recognizing these good neighbor actions and practices. The Town is humbled to receive this attention but is certainly proud to receive this recognition.

Budget impacts from Helene were relatively minor. The Town has completed the public assistance process with the Federal Emergency Management Agency (FEMA) and N.C. Division of Emergency Management regarding reimbursement costs related to the Town's emergency preparedness and protective measures taken before, during and immediately after the storm. The Town expects to be reimbursed \$84,861 from FEMA for these storm-related activities.

REVENUES

It is the priority of elected officials and management to operate Town government in a professional, efficient, business-like manner. This budget provides a priority spending plan that attempts to minimize the tax burden on the Town taxpayer. The Town's primary general fund sources of revenue are property, sales, and utility franchise taxes. The high inflationary growth from prior years appears to have stabilized as the April consumer price index was down to 2.3% growth year over year.

Regarding the general fund, management recommends no change to the current property tax rate for Fiscal Year 2025-2026. The property tax rate is recommended to be maintained at the current rate of \$0.34 (thirty-four) cents per \$100 (one-hundred dollars) of valuation. This rate is based upon the total property valuation of approximately \$289,214,695 pursuant to information provided by the Madison County Tax Office. The FY 2026 amount of property tax expected for appropriation in the budget with a collection rate of 96% is \$950,250. Ultimately, property tax combined with other revenues from sales tax, investment interest income, miscellaneous fees, and other general fund sources, including specific function revenue sources such as the Madison County fire tax levy for the Mars Hill Fire District and state Powell Bill funds for street maintenance, are anticipated to total \$3,425,450.

The water and sewer fund is an enterprise function which is required by the State of North Carolina to be supported only by the revenue generated from the service provided. In keeping with established Town policy, management recommends a 2.5% increase in water and sewer usage fees. This increase is necessary to keep the water and sewer fund solvent while providing safe drinking water, processing wastewater, and making necessary capital improvements to the water and sewer system. The system is financially strong, and consistent stewardship is necessary to maintain that status. The Water and Sewer Fund anticipates total revenue from customer charges, fees, and miscellaneous sources totaling \$1,436,437.

EXPENDITURES AND INITIATIVES

The Town of Mars Hill is dedicated to sound fiscal management, capital planning and responsible day-to-day operations. Accurate budget projections and a disciplined approach to budget administration have allowed the Town to successfully maintain essential public services, enhance public safety, make strategic investments to support community and economic development while maintaining financial stability. This budget is a comprehensive document that addresses the fiscal needs of some twelve (12) departments and affiliated agencies. The intention of this section is to highlight some of the larger appropriations for departments and key initiatives included in the budget.

1. **Fire Department:** The Mars Hill Fire Department is a Town department that also serves county residents in the surrounding Mars Hill Fire District. The Department employs eight (8) full-time paid staff with 30 volunteers. It is vital that the Department has the equipment and resources needed to respond to any emergency whether it be a manmade or natural disaster. There is funding in this budget to fully fund increased personnel costs, including health insurance and retirement contributions mandated by the N.C. State Health Plan and Local Government Retirement System, respectively. There is also funding recommended for capital equipment, including replacement of equipment, response gear, and new apparatus. The total fire department budget is recommended for an appropriation of \$1,042,783, utilizing revenue from the fire tax district and additional town funds.
2. **Police Department:** The Town is committed to providing our citizens and visitors with a professional police force to ensure the safety and security of our community. The Department employs seven (7) full-time paid officers. Mars Hill continues to experience community growth with an expanded response area and increased service calls. The Department focuses on community policing activities and ensuring officer safety. As always, funding is included for increased personnel costs for health insurance, retirement contributions, and supplemental retirement expenses. This budget also proposes funding the acquisition of a replacement patrol vehicle for other needed equipment and training. The total police department budget is recommended for an appropriation of \$876,150.
3. **Water and Sewer System:** The Town continually makes capital improvements to the water and sewer system. The Town was recently awarded two Asset Inventory and Assessment grants from the N.C. Department of Environmental Quality for \$150,000 each for the water and wastewater systems. These grants will provide for thorough assessments of these vital systems, develop capital improvement plans, and identify needed improvements. The budget anticipates providing the matching funds for these grants in the amount of \$60,000, but these projects likely will not begin until the second half of the fiscal year with completion of those projects not expected until well into FY 2027. In addition, this document for several budget cycles has noted that the Town expects to begin construction on the \$700,000 grant-funded project to install 1,200 LF of new sewer line and 2,200 LF of new water line from the new sewer pump station at I-26 Exit 11 southward along Calvin Edney Road. This project has been delayed several years due to unexpected delays, first due to COVID-19, and then, delays in processing the project at the N.C. Department of Commerce. The Town believes all of those obstacles have been addressed and is hopeful this project will begin at long last this fiscal

year. An additional capital construction project is the NC 213 waterline and 300,000-gallon water storage tank project. This \$4.4 million project is funded by a direct appropriation from the N.C. General Assembly to Madison County. The County is the contracting entity, however, upon completion of the project the assets will be transferred to Town of Mars Hill ownership as part of the Town water system, and as such, the Town will gain important assets to manage and operate. Separately, this proposed budget provides an increase to capital outlay to improve lines and system appurtenances, including purchase of a high-pressure sewer line jetter, electronic message board, and security fencing and water tank preventative maintenance projects. Other capital projects are planned with appropriations in this budget.

4. **Employee Compensation:** Town employees work hard to provide a safe, secure, healthy, and prosperous community. To keep good employees in all sectors of Town employment, particularly in the current highly competitive job market, compensation commensurate with the knowledge and skills in consideration of the current labor market and economic circumstances is necessary. This budget recommends an across-the-board cost-of-living pay increase of \$2,500 per year for all permanent full-time employees and \$1,500 per year for permanent part-time employees. In addition to compensation, the N.C. Local Government Retirement System has increased the employer (Town) contribution rate by an additional 0.74% (to 14.38%) for all general employees and 1.11% (to 15.04%) for law enforcement officers who are members of the system requiring a significant additional contribution from the Town. The N.C. State Health Plan has not released rates for the next enrollment period effective January 1, 2026. However, the Trustees of the Plan recently authorized the State Treasure to consider a number of premium and plan structure changes, thus an anticipated increase of 2% in those rates has been included in this budget.

BUDGET SUMMARY

The leadership of the Mayor and Board of Aldermen together with the diligent work of Town employees, has resulted in a financially stable, effective, and efficient Town government. This has allowed the Town of Mars Hill to undertake a number of capital projects for the long-term improvement of our community while at the same time providing excellent day-to-day services our citizens deserve. The goal of this proposed budget is to provide financial resources to continue the excellent work that all departments, agencies, and community partners do to move the Town of Mars Hill forward.

Respectfully submitted this 2nd day of June, 2025.



NATHAN R. BENNETT,
Town Manager