

TOWN *of* WAKE FOREST

301 S. Brooks Street
Wake Forest, NC 27587
t 919.435.9400

www.wakeforestnc.gov

May 7, 2024

Honorable Vivian Jones, Mayor
Honorable Keith Shackleford, Mayor Pro-tem
Honorable Ben Clapsaddle, Commissioner
Honorable Faith Cross, Commissioner
Honorable Nick Sliwinski, Commissioner
Honorable Adam Wright, Commissioner

Mayor and Board of Commissioners:

Submitted for your consideration is the proposed budget for the Town of Wake Forest, North Carolina for the fiscal year beginning July 1, 2024. This budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The presented budget is balanced and identifies estimates for all revenues and expenditures for Fiscal Year (FY) 2025.

INTRODUCTION

As we look to FY25, opportunities abound. The Board of Commissioners (BOC) has adopted multiple plans with recommendations and action items. Staff is busy implementing these plans and searching for ways to increase the implementation rate. The town is considering moving away from traditional transit and introducing micro transit to the community. We hope this change will result in better connectivity for our citizens and more options for transportation to and from special events. This year, residents will see construction begin on some of our bond projects. Flaherty Park Field 2 is undergoing a transition from a recreation baseball field to a collegiate level baseball experience. We continue to be proactive in making strategic land acquisitions to further the mission and vision of the Town.

As growth continues, we are experiencing more investment in our retail base. The downtown area is experiencing a transformation with the addition of two food halls and two residential developments joining the successful Retreat at Renaissance townhome project. With more homes downtown, existing businesses within the core will continue to see more opportunities to meet the needs of nearby residents.

Later this summer, we will issue \$22 million of the \$75 million general obligation bonds authorized in November 2022. This first issuance will pay for the construction of the two remaining phases of the Dunn Creek Greenway along with transportation improvements. In future years there will be more debt issued for the remaining bond projects; however, the debt will be phased in over time in a fiscally conservative approach.

Public Safety continues to be the largest share of the Town budget. We are continuing to see an increase

in cost of public safety related items. Some items also remain in short supply. We are preparing to take on debt for two public safety facility projects: Fire Station 6 and the Public Safety Warehouse. It is important we provide sufficient levels of staffing and equipment for adequate response times, engagement with the community, proactive service delivery, and maintain our accreditation/ratings.

In addition to funding public safety, it is critical we continue to provide funding at adequate levels to ensure all our departments deliver the services residents expect: from quality-of-life enhancements to solid waste; to protecting the environment; to ensuring the building code is enforced; and maintaining the balance between growth and development. Funding becomes more challenging as we continue to add services, maintain existing services, meet our capital needs, and remain an employer of choice as prices and other factors influence how we provide services.

LINKING STRATEGY TO BUDGET

We must continue to provide a budget that invests in solutions. This management and policy philosophy in concert with the strategic plan lay the foundation of how our budget should be developed to address the needs of our community. The strategic plan is reviewed monthly with staff and is provided to the BOC on a quarterly basis. Listed below are the five goals of the strategic plan and a summary of key initiatives:

Sustaining Excellent Town Services - This recommendation includes funds for performance-based merit increases for staff, and the compensation and classification study that reviews a third of our positions every year to ensure we remain competitive and an employer of choice. For the sixth consecutive year, no insurance premium increases are needed. Once again, we have been able to lower insurance premiums for those who have family coverage under our PPO plan. We have enhanced other insurance options such as dental and other supplemental policies to provide employees with more options.

Due to price increases and supply issues, we must move forward with ordering a fire truck. It will take 30 months for the truck to arrive with an estimated cost of \$980,000. Because of the expanded timeline associated with production, we are also planning to purchase two additional fire trucks to meet our required replacement schedule for trucks that are currently in service.

We have secured land for Fire Station #6. Town staff has selected a design-build firm to begin the process of developing plans for the construction of the station and training center. Staffing and equipping the new station will be our next focus. We anticipate hiring 15 firefighters in the FY26 budget.

As previously stated, the BOC has approved multiple plans over the last few years with action items that need to be implemented. Citizen input was vital to establish the vision and recommendations within these plans. Most of the implementation items fall to the Planning Department. Current workloads do not provide staff with enough bandwidth to effectively implement the action items in a timely manner. The budget provides funding for a position to oversee and implement these action items. These implementation goals are important to the quality of life and our community values. We do not allow these plans to just sit on a shelf.

Creating Accessible Housing Opportunities - Fifty thousand dollars (\$50,000) is included in the budget to continue to assist with renovations and rehabilitation of homes in the northeast community in accordance with the adopted Northeast Area Community Plan. We have seen positive results from the use of those funds. The Board of Commissioners also approved a Land Disposition Program (LDP). The LDP contains

several recommendations for housing initiatives within our community including land acquisition and disposition; program management, and strategic partnerships. To implement these initiatives and others, it is recommended the rate for housing recommendations be increased from half a cent to a full cent. Without increased funding, it will be challenging to attain many of the goals of the Housing Plan and the Land Disposition Program.

Fostering a Safe, Diverse, and Welcoming Community - The budget continues to provide funding for a variety of programs that improve the cultural and recreational offerings for our residents. Events like Six Sundays in the Spring and Friday Night on White both offer musical attractions but in different settings to attract a broad range of musical interest. Art shows, plays and other performing arts offered by the Renaissance Centre seek to entertain all ages and provide camps for kids to involve them in the arts at an early age. Funding is provided to transition a part time position to fulltime to assist our Parks and Recreation Department meet the demand for their programs and special events. Longtime events such as Boo Bash, Egg Hunt, Movie nights, etc., remain popular and as we grow attendance seems to increase at each event. This position will help to manage current events as well as create additional opportunities that appeal to residents of all ages and interests.

The Communications Department has finalized the location for directional signage. Funding is provided in the budget to begin installation of this Board initiative.

Investing in Transportation and Infrastructure - The first phase of our 3-year, \$18 million pavement program is underway. At the conclusion of this initiative, we will continue to allocate around \$2 million annually to ensure our roads are properly maintained. This annual funding will come from the 1.5 cents dedicated to transportation funding, Powell Bill monies and debt service as needed.

Staff is finalizing bid documents for Dunn Creek Greenway Phases 3 and 4. Smith Creek Greenway Phases 2 and 3 will be about two years behind the Dunn Creek project. Completion of these projects will fill a significant gap within the town to connect Raleigh and northward through Franklin County.

We continue to advance public/private partnerships to facilitate the speed at which projects are completed and to save costs. We are in the final years(s) of reimbursements to Wegmans, Endeavor Charter School, and Wheatfield Shopping Center for the off-site transportation improvements they constructed on our behalf. Next year's budget contains funding for more public/private partnerships that include the funding to complete the four-lane construction of Franklin Street to Rogers Road and the streetscape project along Wait Avenue and N. White Street. Future funding is also anticipated for the connection of Friendship Chapel Road and associated stream crossings.

Stormwater continues to be a priority. The Board approved the stormwater utility program and fee in November. The fee will address our aging infrastructure that often goes unnoticed. In addition to the recommended positions, there is also funding to address some of the stormwater issues that have been identified through our watershed studies.

Advancing Community and Economic Prosperity - The Wake Forest Business and Technology Park (WFBTP), a partnership with Southeastern Baptist Theological Seminary (SEBTS), is experiencing increased interest in development. This interest appears to align with the goals of the Seminary and Town. Funding is included to assist with preliminary steps toward the initial development. Finding land within the Town for economic development purposes can be challenging. Recently, a Site Identification Study was completed to assist our Economic Development team in identifying parcels that are best suited for economic development. Once development begins on the WFBTP, we need to have additional land

identified along with the resources in place to continue our effort at attracting businesses.

Funding has been included within the ED budget for the Wake Forest Business and Industry Partnership (WFBIP) Entrepreneurial program, Launch Wake Forest, and the Chamber of Commerce. These programs illustrate the Town's ongoing commitment to fostering the entrepreneurial ecosystem advancing across Wake Forest.

REVENUE SUMMARY

The recommended tax rate for the coming year is \$0.42. This equates to a \$0.085 reduction in the tax rate from FY 24. This rate is based on an estimated tax base of \$11,725,317,100 (Wake County and Franklin County) and a collection rate of 98.5%. The total budget for the Town of Wake Forest, inclusive of all funds, is \$128,668,100.

This has been a reassessment year for Wake County. Our revenue neutral rate is \$0.346. The increase from the revenue neutral rate to the recommended rate of \$0.42 can be attributed to the following:

Revenue Neutral Rate	\$0.3460
Fire Station 6 and Public Safety Warehouse Construction (Debt Service)	\$0.0175
2022 Bond Referendum Projects (Debt Service)	\$0.0100
Public Safety Capital Equipment	\$0.0025
Annual cost for 15 New Firefighters (currently in recruit school)	\$0.0100
Affordable Housing	\$0.0050
Increased operational costs	<u>\$0.0290</u>
Recommended Tax Rate	\$0.4200

Examples of the increased costs in town operations include:

- a state mandated increase in retirement system contributions,
- planned property acquisitions,
- payments for public-private partnership agreements for transportation to include Roosevelt Avenue Streetscape, Franklin Street widening, and Friendship Chapel Road connection to include stream crossings, and
- employee compensation, such as pay and classification adjustments, performance pay, and career ladders.

This rate will also help position us for future initiatives such as hiring 15 additional firefighters at the beginning of FY26 to staff Fire Station 6.

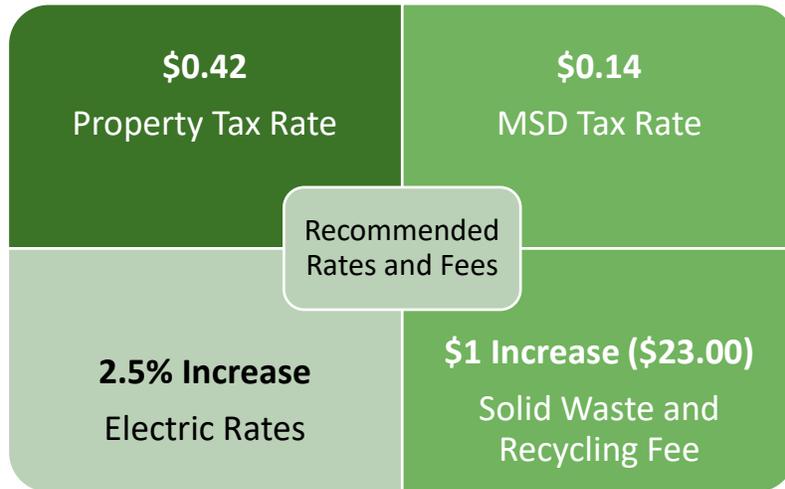
At the January retreat, staff presented four different scenarios of possible tax rates above revenue neutral to meet BOC goals and initiatives. These rates ranged from .425 to .495. The recommended rate is less than the scenarios presented at the retreat.

The recommended tax rate for the Downtown Municipal Service District (MSD) remains at \$0.14 per \$100 of assessed value. The revenues from this service district aid in offsetting debt for the Downtown Streetscape project, facade improvements and other costs as they arise.

Sales tax revenue and vehicle taxes and fees are projected to increase to account for growth. A 2.5%

increase in the sale of power for the Electric Department is projected for growth in the system. We are recommending a slight adjustment in electric rates by increasing the residential energy charge by 2.5%. This amount is less than we had projected and is keeping with the Board policy from the 2023 Retreat of smaller increases on a more frequent basis as opposed to larger increases less frequently. While we are growing our customer base, the cost of supplies/material; especially transformers continue to be a challenge. It is important to remember our electric system is an enterprise fund and should be self-supporting based on the revenue generated.

Solid waste and recycling fees are recommended to increase by \$1 per month. This increase is comparable to, in some instances below, the average charged by most area municipalities. This helps offset increases in billing fees from the City of Raleigh and aligns with Board direction of smaller, more frequent increases.



It is prudent fiscal policy to be conservative in our projections of those revenues that are affected by changes in the economy. These revenues include sales tax, interest income and building and inspection fee collections. To help meet revenue needs in the General Fund, \$2,070,665 of fund balance is appropriated. These funds are earmarked for one-time capital purchases. Due to our conservative budgeting, this amount may not be needed, but does help to balance the budget until final revenues are accounted for next fiscal year. Our fund balance remains above the adopted policy level. A healthy fund balance is needed in case of emergencies and unexpected expenditures. This will also allow us to benefit from lower interest rates when we borrow money.

EXPENDITURE SUMMARY

Personnel

Due to a mandate from the State Treasurer’s Office, retirement contributions to the Local Government Employees Retirement System (LGERS) are increasing to 13.67% for general employees and 15.04% for law enforcement. LGERS still remains one of the best performing and solvent government pension plans in the Country.

The budget recommends funding for the following thirteen (13) new full-time positions:

Position	Justification
Patrol Officers (4)	Adding a patrol officer to each patrol squad will help mitigate any delayed response times due to added traffic and expanding town boundaries. The additional officers also ensure continued growth of the squads to meet the rising demand of police services and continue fostering a sense of safety within the town.
Detective	As we continue to see an increase in call volume and extra cases being generated, an additional detective is needed within the Criminal Investigations Division to provide the skill, manpower and time required to ensure successful prosecution.
Community Police Unit Sergeant	Supervises the Community Police Unit which combines the School Resource Officers, the D.A.R.E. Officer, and the Community Resource Officers under one command. This unit would work together in activities, programs and events which bring the community together to continue our efforts to grow relationships.
Desk Officer	A sworn officer is needed at the downtown precinct during business hours to take reports, walk-ins, child seat installations, and respond to downtown incidents.
Parks Planner	<p>The Comprehensive Transportation Plan and the Parks and Recreation Master Plan propose new greenways and parks (e.g., Skate Park, Ailey Young House Park, Joyner Park Expansion, etc.). Current staffing and workloads have necessitated a need to hire someone dedicated to parks planning. This position would:</p> <ul style="list-style-type: none"> • plan and program for the construction and bidding of these parks and greenways, as well as any new projects adopted through the Parks and Recreation Master Plan, • review development plans to ensure consistency with the master plan and to make sure required park improvements are feasible, and • allow the town to research and apply for more grant opportunities.
Project & Programs Manager	Over the last few years, the town has adopted the Community Plan, Historic Preservation Plan, Northeast Community Plan, Comprehensive Transportation Plan, Housing Affordability Plan, and the Strategic Plan. Later this year a new downtown development plan, parks & rec master plan and S. Main Street Corridor Study will be adopted. Combined, there will be 200+ implementation or action items that will need to be undertaken to ensure the vision and goals of the community are realized. Due to our rate of growth, it should be expected that these adopted plans be revised every five to seven years. This continuous cycle of updating by our Long-Range Division, coupled with the amount of development activity/review by our Development Division calls for an additional position to assist and oversee the implementation of all plan action items.
Special Event Coordinator (PT to FT)	Due to the increased demand and attendance of events by Parks & Recreation such as the Egg Hunt, Boo Bash, July 3 rd fireworks, movie nights and concerts, there is a need to transition the current part-time position to full-time status. This will allow more streamlining of events as well as provide the opportunity for the department to increase its event offerings to a wider audience.
Applications Analyst	Assists our IT Department in providing comprehensive support across multiple critical applications such as New World, Laserfiche, Office 365, etc. As application-based programs become more prominent in local government, there is a need to bolster our capacity to handle ongoing support needs efficiently across all departments and importantly Police (OSSI and WatchGuard programs) and Fire.
Tree Trimming Supervisor	Adds the supervisory role to an existing tree crew and provide more manpower for addressing tree and vegetation overgrowth of stormwater easements and outfalls.
Stormwater Utility Manager	Administers the Town's stormwater utility program to ensure the highest level of service is provided and to provide strategic planning for its future. This position will also ensure compliance with the State's MS4 Phase II permit, to be renewed July 1.

Capital Outlay

Capital funding is planned for both the General Fund and the Electric Fund. In the General Fund, we are relying on installment financing, capital reserve funds and fund balance to fund needed capital items. Installment financing will be used to acquire most of the rolling stock listed in the Capital Improvements Plan. The Board's policy of maintaining adequate fund balance and capital reserve funds affords us opportunities for flexibility in funding capital items. Minor capital items have also been funded where needed. The capital funding plan for this year is \$11.4 million, a breakdown of each fund is below.

General Fund - \$8.6 million	Electric Fund - \$1.4 million
replacement police cars and other vehicles	line construction
new sidewalk construction	replacement of vehicles
facility improvements/repairs	equipment that has outlasted its life cycle
other public safety needs such as body cameras, thermal imagers, new rescue boat and an SCBA Airpacks	
transfers for transportation and housing initiatives	
Stormwater Fund - \$1.4 million	
various initiatives, repair, reservoir and drainage projects	

Debt Service

Debt service fund for this year is \$11.1 million, which is 12.8% of the General Fund expenditures. All general fund debt is placed in this fund. \$3.2 million is set aside for future debt - one cent is for the November 2022 Bond referendum and over \$2 million is for Public Safety debt (Fire Station 6, warehouse, and engines).

Other Agencies

It is recommended the Birthplace Museum receive their requested funding increase to \$25,000. The Boys & Girls Club is recommended to receive their request for increased funding to \$10,000. The Chamber of Commerce remains at \$20,000. Other agency funding is included within those specific departments, such as Launch Wake Forest within the WFBIP budget.

Resources for Seniors continues to manage the Northern Wake Senior Center by providing programming and other services to our Senior Adults. As more towns within the County build senior centers, the allocation provided from Wake County to support Resources for Seniors must be shared with others. This has increased our budget request for this year to \$150,000. As we move into next fiscal year, we will begin more in-depth discussion with Resources for Seniors to transition the programming operations of the Senior Center to the town.

While nonprofits provide a needed service to the community, it is often difficult to decide which ones to fund. It is important to review the mission of the non-profit and how that fits into the service of the community and values set by the Board. This must be balanced with revenues available and the requirements of the Town to provide basic services to its citizens.

FUTURE NEEDS AND ISSUES

It is extremely important we look to the future and prepare now for the needs of the community and Town operations over the coming years.

- **Personnel** – As our community continues to grow and we enhance our services to citizens, personnel are a continual need and represent one of the largest expenditures.
- **Legislative Action** – Municipal governments are created by the State and action by the General Assembly could create unanticipated (and unfunded) mandates. Each session, bills are introduced that could restrict local decision-making authority.

SUMMARY

Fiscal year 2025 will be another busy year for the Town. As we work to implement projects and deliver services to our residents, we must remain aware that cost increases and material delays remain. We continue to plan for the long term while preparing for the challenges of today and the opportunities and innovations of tomorrow. We have an excellent team of employees that are dedicated, professional and work hard every day for the betterment of our community.

This budget continues the goals of our strategic plan. It also represents a fundamental philosophy of being conservative on our revenue projections and maintain fiscal constraint in our expenditures. This principle means that not every need can be fulfilled, but we will work effectively and decisively with the resources that are allocated. It is important that our budget invest in solutions; not throw money at problems.

Due to our budget philosophy and practices, I feel confident the budget presented is realistic and provides the resources needed to further the mission of the Town. I hope this budget displays the positives of what we can accomplish for our citizens and the actions we take to remain an employer of choice for our staff. Whether a community is growing or not, there are always challenges. I believe this budget meets the challenges of this growing, vibrant community and allows Wake Forest to continue to thrive in its delivery of services to our residents.

I would like to thank our Assistant Town Managers and Department Directors for their hard work and dedication in preparing this year's budget. Our Senior Budget Analyst, Ben Blevins, has been instrumental in the development of this budget, especially in performance management. I would like to welcome our new Budget and Performance Manager, Michelle Daniels. While working with her on this budget, it is clear her budget acumen will serve the Town well for many years to come and we are glad to have her on the team. Aileen Staples continues to be instrumental in helping me develop the budget. Aileen's financial principles and expertise are key to keeping us financially stable and she is to be commended. Finally, I want to thank each of you for your sound fiscal policy. Without this, Wake Forest would not be the great place it continues to be. Please let Aileen or I know if you have any questions or need additional information as we move through the budget process toward adoption in June.

Respectfully submitted,



Kipling D. "Kip" Padgett, ICMA-CM, CPM
Town Manager