



TOWN *of* WAKE FOREST

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May 4, 2021

Honorable Vivian Jones, Mayor
Honorable Liz Simperts, Mayor Pro-tem
Honorable Jim Dyer, Commissioner
Honorable Chad Sary, Commissioner
Honorable Bridget Wall-Lennon, 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, 2021. 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) 2022.

INTRODUCTION

As we enter the sunset of FY2021, we are also leaving the long night of COVID-19. Restrictions that were considered a new normal are beginning to loosen. Schools are returning to in person instruction and more people are beginning to enter retail establishments that were once subject to occupancy restrictions.

Our ongoing technology initiatives allowed us to respond quickly to the need to distance staff, enable shift work, and telework. While Town Hall has remained open for business, most of the needs of our customers are being met through our online presence.

Just as we pivoted to the virtual environment, we are now moving back to in person programming. The first in person concert at the Renaissance Centre has sold out. Rentals of our outdoor facilities are higher than pre-pandemic levels and we are beginning to reintroduce some of our special event programming to the community. The traditional Six Sundays in the Spring will be held in the Fall and Spring this year. Popular events during Halloween and Christmas are being planned for in-person attendance. We are also working with some of our partner agencies on events that will meet any State imposed restrictions. The inaugural winter event: "Wake Forest Cares Holiday Kick-off" is in its planning stages and will be held in November.

Most of the projects from the 2014 bond referendum have now been completed. This year we will begin discussion and planning for another bond referendum in 2022. Similar to the 2014 referendum, these potential projects will allow us to continue making improvements to our infrastructure network and also provide more quality-of-life features to our parks and greenway systems.

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 shaped 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 four goals of the strategic plan and a summary of key initiatives and its relation to the budget:

- ***Economic Development*** – Space downtown is currently being renovated for Loading Dock Wake Forest (LDWF). LDWF will provide coworking space and serve as a tech incubator for many of the technology entrepreneurs within our community. Since the start of construction, some of the adjacent properties have been sold or are under contract. Preliminary plans show renovations and/or rebuilds of these underutilized properties.

The Town continues its partnership with the NC Wireless Research Center (WRC). Many of the grants and partnerships they have acquired are resulting in leading edge discoveries that will benefit our state and nation. WRC is currently working with Loading Dock on options to partner on technology developments such as NCRIOT. WRC and the Town continue to explore other options where partnerships might provide better access to technology for our citizens.

The SunTrust lot and the tech park partnership with the Seminary were placed on hold during COVID. Both projects have re-started. It is anticipated there will be meetings with the Board over the summer and proposals soliciting interest in redeveloping the SunTrust site in the fourth quarter of Calendar Year (CY)2021 or first quarter of CY2022. The Tech Park received its site certification from the Department of Commerce and Electricities. These certifications allow the site to be marketed through multiple databases at a national level to a wide field of site selectors. Due to the size of the site, it is anticipated to take 10 -15 years to reach full buildout.

The Renaissance Centre for the Performing Arts is beginning to reopen to in person events. Although virtual programming will still be offered, the focus has turned to offering more in person events as state regulations on gatherings begin to lessen. Rentals are also beginning to increase.

- ***Enhance a Safe and Connected Community*** –The update to the Community Plan is in progress and is scheduled to be adopted by the Board in December. Funds have been appropriated to begin the update of the Unified Development Ordinance (UDO)and the Manual of Specifications, Standards & Design (MSSD). These updates are necessary to ensure conformance with the current policies at the State and Federal level as well as to reflect the new vision and goals that will be adopted through the Community Plan update.

There are funds in the budget to address mobility issues such as new sidewalk installation and repair of existing sidewalks. Funding for stormwater initiatives as well as a review of further improvements to road connectivity are also included.

Fifty thousand dollars (\$50,000) is included in the BOC budget under agency allocations. These funds will be used to assist in the renovations and rehabilitation of homes in the northeast community in accordance with the adopted Northeast Area Community Plan. A Request for Qualifications is being prepared and will be issued closer to budget approval.

- **Culture that reflects our values:** The budget continues to allocate funds for merit increases. Our continued involvement in the North Carolina Health Insurance Pool serves us well. Premiums will not increase for the third straight year. Additionally, we have been able to accumulate reserves of \$1.5 million that will assist us in the event we experience high claims in a given year.

Staff is the most important asset we have. Many of them interact with the community daily and are ambassadors to our residents. The budget for each department allocates training to ensure our employees are up to date on the latest technology and professional trends to ensure we give our community what it expects and deserves...exemplary municipal services. Our Human Resources Department is also exploring training opportunities in diversity and inclusion for all town employees.

- **Maintain Fiscal Strength:** Alongside land use policy, our financial strength is key to a vibrant and growing community. It is important we remain financially sound, so that our residents and business owners feel confident in our ability to manage and use the resources they provide. A financially sound government ensures that we can fulfill basic municipal, and quality of life needs for our residents.

In addition, we are still maintaining our capital reserve fund in anticipation of any project shortfalls. We continue to forecast our CIP projects and operating revenue five years out so that we can appropriately plan to maximize resources.

REVENUE SUMMARY

The recommended tax rate for the coming year is \$0.495. This is based on an estimated tax base of \$6,878,669,750 (Wake County) and \$145,600,150 (Franklin County) and a collection rate of 98.5%. Collection rates over the past five years has been 99.7% or higher, but it remains prudent to be more conservative in our projections. The total budget for the Town of Wake Forest, inclusive of all funds, is \$91,434,535.

The recommended tax rate for the Downtown Municipal Service District 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 for the current year has been higher than expected. A 5.8% increase from FY2021 estimates is budgeted for the coming year, which returns us to pre-COVID levels. Vehicle taxes and fees are projected to increase approximately 5%. A 5.7% increase in the sale of power for the Electric Department is projected for growth in the system as well as a rate increase in FY2022. It is important to remember our electric system is an enterprise fund and should be self-supporting based on the revenue generated. Similar to other utility systems, rate adjustments are necessary to maintain the integrity and reliability of the system. Any rate adjustments approved would not be effective until September 1, 2021.

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, \$1,200,000 of fund balance is appropriated. These funds are earmarked for one-time capital purchases. Typically, due to our conservative budgeting, this amount may not be needed, but does provide to balance the budget until final revenues are accounted for next fiscal year. Our fund balance remains at 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 low interest rates when we borrow money.

EXPENDITURE SUMMARY

Personnel

The budget recommends the funding of ten (10) full-time positions. The positions are:

- Town Attorney – As directed by the Board, funding has been included for a Town Attorney. The position will be a full-time employee of the Town, who reports to the Board of Commissioners.
- Safety Coordinator – Our Risk Manager has done a great job in reducing our risk and ensuring safety is a top priority of our employees. As the Town has grown and the jobs have become more complex, another position is needed to assist him to ensure continued compliance with Town, State and Federal regulations.
- Telecommunications Shift Supervisors (2) – In FY2018, there were 55,209 calls for service. FY2021 is projected to end with 68,613 calls for service: an increase of over 24% from FY2018. The continued increase in calls require additional staff to handle the call volume and ensure emergency calls are received and dispatched to first responders effectively and efficiently.
- Detective (1) – Increasing caseloads have caused the need for an additional detective. In addition, background checks have increased in number and complexity often requiring the assigned Detective to get behind on some criminal investigations. Although this recommended position will handle cases, their primary responsibility will be handling all background checks.
- Community Resource Officers (4) – It is important for our community to enjoy a positive relationship with its police department. These four positions' primary function will be to strengthen community relations. They will patrol parks and greenways on foot, bike, and ATV. The officers will also attend community meetings/functions and special events – all the while taking the time to engage one-on-one with citizens with a particular emphasis on our young people. As previously stated, increasing calls for service and caseloads are making it difficult for our current patrol officers and other units to initiate the more personal one-on-one contact we strive to provide.

- Victim Advocate (1 nonsworn) – Many of the calls to which we respond are domestic disputes and/or involve individuals suffering from mental illness. This recommended position will be responsible for following up after such incidents to check on the welfare of those involved, along with any caretakers. The position will provide contact information and guidance and establish connections with agencies and resources to help those in need. In some instances, upon request, this position will also assist the victim as he/she maneuvers through the judicial system.

Due to a mandate from the State Treasurer's Office, retirement contributions to the Local Government Employees Retirement System (LGERS) have increased and are projected to reach 12.55% for general employees and 14.17% for law enforcement by 2023. This year we are required to increase our contribution percentages from 10.25% to 11.44%. The impact this year is \$622,786. Since 2018, our cumulative total to the retirement system has increased by almost \$2 million dollars due to the state mandate increases and the addition of the Fire Department. After 2023, it is anticipated retirement contributions will continue to increase, but at a slower pace as the state strives to keep the retirement system solvent.

Capital Outlay

Capital funding is planned for both the General Fund and the Electric Fund. In the Electric Fund, system improvements, line construction, and LED upgrades are planned. Capital outlay in Electric will consist of the purchase of two meter test boards and the replacement of a meter van. In the General Fund, we are relying on installment financing, capital reserve funds and fund balance to fund needed capital items. The installment financing will be used to acquire most of the rolling stock listed in the Capital Improvements Plan. These include replacement police cars and vehicles that have passed their life cycle. Capital funds will be used for funding needs such as new sidewalk construction, and facility improvements/repairs. The largest single item this year will be a \$586,500 replacement for Engine 1 at the Fire Department. Additionally, funding has been appropriated for downtown items. 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.

Debt Service

Debt service for this year is \$7.1 million, which is 11.8% of the General Fund expenditures. The debt service fund tax rate is \$0.0775. All general fund debt is placed in this fund. A majority of debt service is due to construction projects that have been approved by the Board and through the 2014 voter referendum.

Other Agencies

It is recommended that Resources for Seniors, the Birthplace Museum and Chamber of Commerce receive funding at the same levels as last year. An additional \$2,500 has been placed in this category for award to other nonprofits subject to a Board approved application and award process.

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 for any agency.
- **Debt** – All debt obligations from the 2014 referendum will be issued by June 30, 2021. We are currently at 11.8% of general fund expenditures and our policy is 15%.
- **Legislative Action** – Because we are a creature of the State, action of the General Assembly could create unanticipated (and unfunded) mandates.
- **LGERS** – It is anticipated there will be future rate increases to keep the system solvent. Although we hope the pace is slower than it has been over the past three years, it could have a large impact on future budgets.
- **American Recovery Plan** – As of the writing of this memo, the exact amount, and specific guidelines on the use of these funds are pending. There are several needs throughout Town where these monies could make a significant impact. It will be important to fully understand the use of these funds going forward.

SUMMARY

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.

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 as a Town 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. It truly is where “innovation meets opportunity”.

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 the area of performance management. I want to specifically thank our Chief Financial Officer, Aileen Staples, as we navigate the budget process.

Her financial principles and expertise are key to keeping us financially stable. 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,

A handwritten signature in black ink that reads "Kip Padgett". The signature is written in a cursive, flowing style.

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