



# TOWN *of* WAKE FOREST

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May 2, 2023

Honorable Vivian Jones, Mayor  
Honorable Jim Dyer, Mayor Pro-tem  
Honorable Chad Sary, Commissioner  
Honorable R. Keith Shackleford, 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, 2023. 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) 2024.

## INTRODUCTION

The development of the fiscal year (FY) 2024 budget presented both opportunities and challenges. Although we are seeing price stabilization in some areas, costs and production times for most goods and services continues to increase. Products that took only weeks to arrive in past years, are taking two plus years to arrive. While this has been a significant challenge, it has also provided us an opportunity to be more innovative as we continue to deliver services to our residents.

One of the opportunities we have enjoyed is moving into an implementation phase. Many of our plans that were in development last year have been approved by the board. We are still moving forward with projects from the American Rescue Plan Act (ARPA) that include stormwater projects, watershed studies, an inclusive playground, etc.

Another opportunity presented itself when the 2022 Bond referendum, which contained four questions, passed. Plans are moving forward to begin work on roads, greenways, parks/recreation, and a downtown parking facility. These projects will be phased in over the coming years so that we can issue debt in a fiscally conservative approach to reduce the burden on the taxpayer. Street resurfacing and greenway projects are in a “construction ready” mode and will be the first to receive funding.

As the BOC discussed the list of potential projects to be placed before the voters, the board was briefed on the possibility of a tax increase between one and three cents to be used for debt service on the bond projects. The Local Government Commission also favored the Town increasing its tax rate to meet the debt service requirements. Each of the questions presented to the voters contained a section that read

in part: “...and providing that additional taxes will be levied in an amount sufficient to pay the principal of and interest on the bonds, be approved?” This budget recommends the tax rate for debt service be increased by one cent to fund the \$75 million in voter approved projects.

Public Safety continues to be the largest share of the Town budget. 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. The Police Department received its reaccreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA) this year and the Fire Department will continue to maintain its ISO 1 classification received last fiscal year.

We continue to research land to acquire for a future fire station. It is important that we have adequate response times to medical and fire emergencies. Funding is included in this budget for environmental and preliminary engineering. Once a parcel is selected, we will consider an installment loan to secure the funding to acquire the property which may result in a budget amendment. It is important that we continue to ensure our fire fighters are well equipped and trained to respond to emergencies.

As our Police Department (PD) has grown, so has the need for additional facilities. Presently, PD is located among different sites in multiple suites. Beginning in November of 2023, the PD will consolidate its functions into a new facility. This will allow officers economy of scale by being in one location to meet the growing needs and opportunities of policing today. The new location will not impact response times in any area of town. All our patrol cars are equipped with the necessary equipment to keep the officers in the field all day. Communications/Dispatch will remain in its current location.

In addition to funding public safety, it is critical we continue to provide funding at adequate levels to ensure all our departments continue to 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.

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*** – Funding has been included to provide performance-based merit increases for staff. For the fifth consecutive year, no insurance premium increases are needed. In fact, we have lowered insurance premiums and are offering a new low premium/high deductible plan as another choice for employees. We have enhanced other insurance options such as vision and have secured discounts for employees at local gyms.

As we continue to grow and expand services, it is important to evaluate how we operate. This year’s budget includes a reorganization of some town departments. The FY24 budget is \$110 million and growing. Currently the budget is part of the Finance Department. Due to the size of the budget, the importance it has in our operation and performance management system, it will be moved out of Finance and made a separate division within Administration. This will also

allow our Finance Department to focus on its increasing responsibilities in other non-budgetary items. Controlling risk is another component that has grown more critical since the merging of the Fire Department and the increase in responsibilities of Wake Forest Power. Like Budget, Risk Management will become a separate division. Our current CFO will be retitled and will assume the title and responsibilities of Assistant Town Manager/CFO beginning July 1. In that new role, she will have oversight of Financial Services, Budget Management, Organizational Performance, Risk Management, Wake Forest Power, and Information Technology. Page 6 depicts a revised organizational chart effective July 1. Other current responsibilities of the CFO will be shifted within existing positions. This revision will allow us to continue increasing our service delivery and ensure the goals and policies are being met along the various portfolios.

The budget contains funding for the addition of a Code Enforcement Apprentice in the Inspections Department. As the building inspections workforce across the state continues to retire, a shortage of qualified inspectors is emerging. In a proactive effort to prevent this gap in experience from occurring in Wake Forest, this apprentice program has been funded. The apprentice program will build upon our existing intern program. Current or former interns will have the opportunity to become an apprentice. Apprentices will be trained and mentored by the current staff. They will also attend and be required to pass the same state mandated trade exams as other inspectors. This program will allow us to successfully attract and retain young adults in their upper classman years of high school who want to learn a trade rather than going to college. The apprentice program will afford that opportunity, while at the same time producing well trained staff for the Town. This program has the potential to expand to other departments.

- ***Creating Accessible Housing Opportunities:*** With the adoption of the Affordable Housing Plan, the budget contains funding to address several of the goals. First, 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 use of those funds. Second, the budget contains funding to continue a land disposition study/policy that was implemented during the current fiscal year. As described in the affordable housing plan, a land disposition study is needed to identify the developable land owned by the town and an accompanying policy that is consistent with North Carolina law and not arbitrary and capricious to provide an incentive to encourage affordable housing. Third, another goal of the plan was the engagement of community, religious, and elected leaders in the promotion of housing programs and resources to reach those most in need of support. The Town is partnering with DHIC to offer housing counseling services to lower income members of the Northeast Community and Town employees of any income level free of charge to the applicant. This Town-sponsored partnership will give individuals the opportunity to have one-on-one counseling services that will take them through the step-by-step process of qualifying for a mortgage, credit building, foreclosure prevention, and balancing their home finances. The aim is to help participants achieve and sustain homeownership. Finally, the BOC has dedicated half a cent of the tax rate (.05 cents) for affordable housing. While some of the funding is being used to accomplish the above goals, \$200,000 has been used to establish an affordable housing fund to assist in future housing initiatives.

Recently, Wake County Commissioners met with the Wake County Mayor's Group to discuss partnering with municipalities on affordable housing. Staff continues to have conversations with the Wake County Housing Authority regarding the redevelopment of their sites and will now begin to engage the Wake County Housing Department to assist in this project. Hopefully this partnership can make significant strides in the redevelopment of our public housing sites into affordable housing units that do not displace the current residents but provide better housing opportunities for those residents and others. This project has the potential to greatly improve the lives and housing quality for some of our most vulnerable residents through meaningful partnerships.

- ***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. The Senior Center continues to expand and reinvent various programs to meet the needs of our increasing senior population. Funding is provided to assist Parks and Recreation in updating and planning for new facilities to meet the athletic interest of our residents.

The Communications Department is working to finalize the location of the directional signage approved at the BOC retreat. This will incorporate design specifications and create cost estimates for the installation. The next phase of the project involves the design and location of gateway signage.

- ***Investing in Transportation and Infrastructure:*** Engineering recently presented the results of its pavement management study. A recommendation was to invest in a comprehensive pavement management program for our existing roadways and then begin annual funding for continued maintenance. To address this issue, the recommended budget contains funding to begin a 3-year comprehensive repaving program for a total of \$18 million. After the initial investment, it is our intent to invest \$2 million annually to keep our roadways maintained. This annual funding will be provided through a combination of Powell Bill funding and the one and a half cents (0.15) tax dedicated to transportation.

The passage of the bond referendum contains several greenways, road connection projects, traffic lights and funding for miscellaneous transportation projects. These are all moving forward and in various stages of development from preliminary engineering to construction drawings. Some of the greenway projects are closer to the construction plan phase and will be in the first batch to receive funding along with the repaving project.

We continue to advance public/private partnerships to facilitate the speed at which projects are completed and to save costs. We are in 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. The street scape project will be completed in conjunction with the new Food Hall that is in plan review.

Stormwater will continue to be a priority this year. In addition to the recommended position, funding is included to complete the analysis for a stormwater utility fee to be presented to the Board. There is also funding to address storm water concerns in a couple of our older neighborhoods.

- ***Advancing Community and Economic Prosperity:*** The budget continues to provide funding for the Founders Program located within Loading Dock Wake Forest. This program centers around cultivating Wake Forest's entrepreneurship ecosystem in partnership with Loading Dock Wake Forest and RIoT (part of the Wireless Research Center). Participants have access to an Entrepreneur-in- Residence (EIR), structured programming conducive to small business growth and development, and the launch of a formal accelerator program as the initiative moves forward. The EIR program provides participants the opportunity to meet regularly with an experienced, successful entrepreneur for one-on-one mentoring and best practice advice. The program has seen great success during its initial year, and demand continues for the program. Annual funding is also provided for Launch Wake Forest and the Chamber of Commerce. These three programs illustrate the Town's ongoing commitment to fostering the burgeoning entrepreneurial environment advancing across Wake Forest.

As a follow up from the BOC retreat in January and in alignment with one of the tasks in Goal 5 of the strategic plan, funding has been included that will provide a site and financial analysis for the parcel the Town has acquired next to the Renaissance Center plaza.

## REVENUE SUMMARY

The recommended tax rate for the coming year is \$0.505. This is based on an estimated tax base of \$7,631,691,445 (Wake County and 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 \$110,309,395.

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 and vehicle taxes and fees are projected to increase to account for growth. The budget also recommends the increase of the solid waste fee by \$1.00 per month. A 3.5% increase in the sale of power for the Electric Department is projected for growth in the system. Electric Rates were adjusted in March 2023 to be effective April 1 and September 1 respectively. Changes are included in the proposed budget. As prices have yet to level off and supplies chain issues still exist, we will need to closely monitor this fund. It is important to remember our electric system is an enterprise fund and should be self-supporting based on the revenue generated.

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, \$2,287,000 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 low interest rates when we borrow money.

## **EXPENDITURE SUMMARY**

### ***Personnel***

The budget recommends the funding of twenty-seven (27) full-time positions. The positions are:

- Firefighters (15) – A recruit school will begin in January. National Fire Protection Standards recommend each company should have five people to be effective on any incident. Our ISO rating also looks at our company staffing when determining our classification. These additional firefighters will also provide us more trained staff to help start a new fire station once it is constructed.
- Code Enforcement Officer – To meet the amount of current and proposed growth in the Town. This position will ensure we continue to meet all statutory requirements for inspections as well as maintain our level of customer service.
- Code Enforcement Official Apprentice – As discussed earlier in the memo, this position will be entry level and allow the department to offer a career path to a graduating high school senior by providing on the job training and certification as a code enforcement official.
- Zoning Officer – To meet the amount of current and proposed growth in the town. This position will assist in education and compliance along the development services continuum.
- Custodian (2) – To enhance our level of service with keeping our buildings clean, an in-house crew of two will allow us to have more control and oversight. During business hours, they will provide daily cleaning to the Town Hall campus, along with oversight and direction from our Public Facilities group. The addition of this crew will also result in savings from our current custodial contract.
- Budget Manager – Over the past several years we have had one person managing the budget. As the budget continues to grow and the amount of capital expenditures increase, it is important we add another budget staff member to oversee and administer the budget.
- Administrative Assistant – This is currently a part-time position that will move to full-time. Many departments continue to introduce new programs, events and initiatives that require significant time and attention by the Communications Department.
- Arts Liaison – This is currently a part-time position that will move to full-time. As the Renaissance Centre arts programs have expanded as well as the work of the Public Arts Commission, the workload has reached the need for full-time status.

- Environmental Specialist (Stormwater) – The State mandated MS4 program requires significant staff resources to properly establish and maintain an effective program. This position will help with the workload to meet and enforce State requirements.
- Solid Waste Equipment Operator – As new homes come online, new routes are created, and existing ones expanded. This new position is needed to meet that demand.
- Solid Waste Collector - As new homes come online, new routes are created, and existing ones expanded. This new position is needed to meet that demand.
- Recreation Specialist (Athletics & Aquatics) – Continued growth and interest in our athletics and aquatics program has reached a level that requires another position.

Due to a mandate from the State Treasurer’s Office, retirement contributions to the Local Government Employees Retirement System (LGERS) are increasing to 12.93% for general employees and 14.29% for law enforcement. LGERS still remains one of the best performing and solvent government pension plans in the Country.

### ***Capital Outlay***

Capital funding is planned for both the General Fund and the Electric Fund. Capital outlay in Electric will consist of line construction and replacements of vehicles and equipment that have outlasted their life cycle. 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 other vehicles. Capital funds will be used for funding needs such as new sidewalk construction, and facility improvements/repairs. Public safety needs such as license plate readers, thermal imagers and an emergency fuel trailer are also funded. 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 \$8.6 million for the general fund and \$1.7 million for the electric fund.

### ***Debt Service***

Debt service for this year is \$8.1 million, which is 10.8 % of the General Fund expenditures. The debt service fund tax rate is \$0.08. This includes the additional one cent for the bond referendum. The budget also contains \$350,000 for debt service to finance the three-year street resurfacing program. All general fund debt is placed in this fund. One cent is equal to approximately \$750,000.

### ***Other Agencies***

It is recommended the Birthplace Museum and Boys & Girls Club remain at their current funding levels. The Chamber of Commerce remains at \$20,0000. 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. The budget maintains the increase from last year at \$27,500.

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.
- **User Fees** – It is becoming more challenging to absorb many of the cost increases over the last couple of years due to inflation and supply issues.
- **Legislative Action** – Municipal governments are created by the State and action by the General Assembly could create unanticipated (and unfunded) mandates. Many bills are currently under consideration that could alter local decision making. A bill was passed last year that now requires a local government to remit 2% of its inspection’s revenue to the Department of Insurance.

## SUMMARY

Fiscal year 2024 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 are still present. Economic challenges during the past two years have given us the opportunity to innovate and reinvent in some areas. We must continue to look beyond the traditional horizon to prepare for the challenges of today and the opportunities of tomorrow. We have an excellent team of employees that are dedicated, professional and work hard every day for the betterment of our community.

I wrote the following paragraph last year anticipating the passage of the bond referendum and the subsequent need for an increase in the debt service portion of the tax rate: *“Over the past few years, we have seen tremendous growth and requests for additional services, programs, and activities. Additional resources have been added to address those demands. As we look to the November referendum, I would encourage you to keep in mind the debt service needs to fund new bond projects. As we continue to grow and plan for the growth that has not fully materialized, the current tax rate will be stressed to maintain the operating needs of the Town and staffing for the services that accompany. It will become more challenging to use the natural growth of the tax rate to fund new bond projects that are very much needed by our community. Additional funding to the debt service fund will be needed.”*

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 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