



June 1, 2021

Mayor Jessica Day
Mayor Pro Tempore Stephen Morgan
Councilor Steve Evans
Councilor Ben McDonald
Councilor Latatious Morris
Councilor Mark Swan

FISCAL YEAR (FY) 2022-2023 BUDGET MESSAGE

Mayor Day and Town Council:

G. S. 159-11(b) requires the submission of a budget along with a budget message to the Town Council for consideration no later than June 1. The message is a concise explanation of the Town's goals to be accomplished by the budget for the upcoming fiscal year. It further explains important features of anticipated activities by setting forth goals, programs, and appropriation levels. Finally, the message outlines any major changes in fiscal policy.

The recommended FY23 Budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-8(a)). The budget is balanced and identifies all revenue and expenditure estimates for Fiscal Year (FY) 2021-2022 per G.S. 159-8(b). Per G.S. 159-11(b), the budget message is as follows.

OVERVIEW

According to the U.S. Census Bureau, the Town of Knightdale has 19,576 citizens. The current population represents a 71.6% increase since 2010. Knightdale was the 4th fastest growing community in North Carolina during this timeframe. While this growth continues to improve the quality of life for our citizenry, it presents significant challenges in meeting the service demand needs for a jurisdiction undergoing such significant growth.

Knightdale continues to maintain its historical commitment to fiscal responsibility. This commitment to financial stewardship is the foundation of the Town's numerous successes in capital projects and quality service delivery. The General Fund is the chief operating fund of the Town of Knightdale. The FY2021 Audit reported an unassigned, general fund balance of \$6,059,986 or 32.6% of total general fund expenditures for the fiscal year. General Fund health continues to be strong for Knightdale. Property tax revenues increased 29.2% while sales tax revenue increased by 29.89% in FY2021.

The Town operates a Capital Reserve Fund designed to proactively meet the capital needs necessitated by the growth of the area. Capital Reserves are funded by a dedication of \$0.025 of the tax levy as well as

any General Fund revenues in excess of 40%. For FY2020, the Capital Reserve Fund had an end-of-year balance of \$1,948,544.

Knightdale no longer owns or operates a water and sewer utility. The Raleigh Public Utilities Department provides water and sewer service to approximately 198,000 meters serving approximately 600,000 residents in Raleigh, Garner, Wake Forest, Rolesville, Knightdale, Wendell, and Zebulon. The merger ensures water and sewer capacity for Knightdale to meet the Town's current and future needs. Town residents began paying City of Raleigh water and sewer rates effective July 1, 2018.

Knightdale operates two primary programs funded through restricted revenue sources, the North Carolina State Street-Aid (Powell Bill) Program and the Storm Water Utility Fund. Both programs are essential in meeting the increasing needs of the Town's urbanizing environment. Powell Bill funds are generated from the State's Gasoline Tax through which a percentage of revenues are returned to municipalities. These funds are limited to maintaining, repairing, construction, reconstruction, or widening of local streets.

The Storm Water Utility Fund is currently funded by a \$6.75 monthly unit residential and commercial fee. This proactive program is designed to manage the increasing storm water facilities in Knightdale because of the Town's increasing impervious areas.

The Town's total outstanding debt as of June 30, 2021, was \$11,808,429, a decrease of \$520,440 (4.4%) from the previous year. This increase is mostly related to the Wake Stone Athletic Park, which has significantly been completed.

The Town's total net position increased by \$11,711,027 (12.6%) in FY21

FY2022-2023 BUDGET

As in previous years, the major emphasis of FY23 Budget is to maintain quality service-delivery levels and to meet expanding capital needs. Staff maintains our annual commitment to a budget development process that focuses on working within the limits of our existing revenue sources. Our responsibility is to be conservative in our revenue projections and subsequent budgetary recommendations to ensure prudent use of town funds. Knightdale is committed to developing and maintaining a strong financial position.

ORGANIZATIONAL GOALS

With a population density having increased over 25% since 2010, Wake County is the most populous county in North Carolina. The county currently has 1,129,410 residents. Growth pressures at this level have had significant impacts on the county's municipal landscape. The Knightdale Town Council recognizes that our community is undergoing a period of historic development. To better navigate the opportunities and challenges, the Town Manager facilitates an Annual Strategic Retreat of the Town Council. Strategic development is a joint responsibility of body the elected body and Town's Administration. Both stakeholder groups work together to develop the organization's direction. The annual engagement includes a review of progress, discussion of changes in the strategic landscape and a reaffirmation of



the Town’s core strategies. The retreat is encapsulated in a report that captures key discussion points and outlines any new priorities.

The Town Council also adopted the [Knightdale Strategic Plan](#) in 2019. The plan addresses the following critical areas:

- Vision
- Mission
- Core Values
- Strategic Focus Areas
- Short Term and Longer-Term action plans
- Performance Metrics

The strategic plan establishes the decision-making framework that continues to guide the Town Council. It is forward looking and guides work throughout the year but is nimble and responsive to changing needs. The plan develops strategic focus areas around those issue areas the Town Council can influence. While most of the plan is focused on longer-term strategies, developing action plans for accomplishing those priorities help put the plan into action.

To complement the Knightdale Strategic Plan, the Town uses an annual [Strategic Implementation Plan](#) to outline the capital investments and other initiatives that the Town Council aims to accomplish in the current fiscal year. These investments are identified, prioritized, and mutually agreed upon as part of Council’s annual retreat and are a component of the Town’s Capital Improvement Program (CIP).

Rounding out the overall framework for the direction of the Town of Knightdale, the Town also provides an [Annual Performance Management Report](#). The report demonstrates what the Town is doing to achieve the Focus Areas’ objectives as viewed through a service delivery lens. The report provides insight into service delivery efficiency and effectiveness.

PROGRAM COMMITMENTS

The Town of Knightdale currently operates nine, primary service delivery areas. The current areas of service are as follows:

Management		
Administration (including Communications and Information Technology)		
Front Line Services		
Police	Fire	Public Works (including Stormwater Management)
Support Services		
Human Resources	Finance	Development Services (including Engineering)
Park, Recreation, and Cultural Programming		

For FY23, Knightdale will expand service delivery by creating an Economic Development Program. The newly created program will be charged with the implementation of the [Knightdale Economic Development Strategic Plan](#). As the town continues to growth, it is imperative that our investments in

economic development grow accordingly. Attracting and growing businesses strengthens our economy providing locally produced goods and services. A strong businesses community is critical to providing a higher quality of life for Knightdale’s citizens. This program will be housed within the Administration Department.

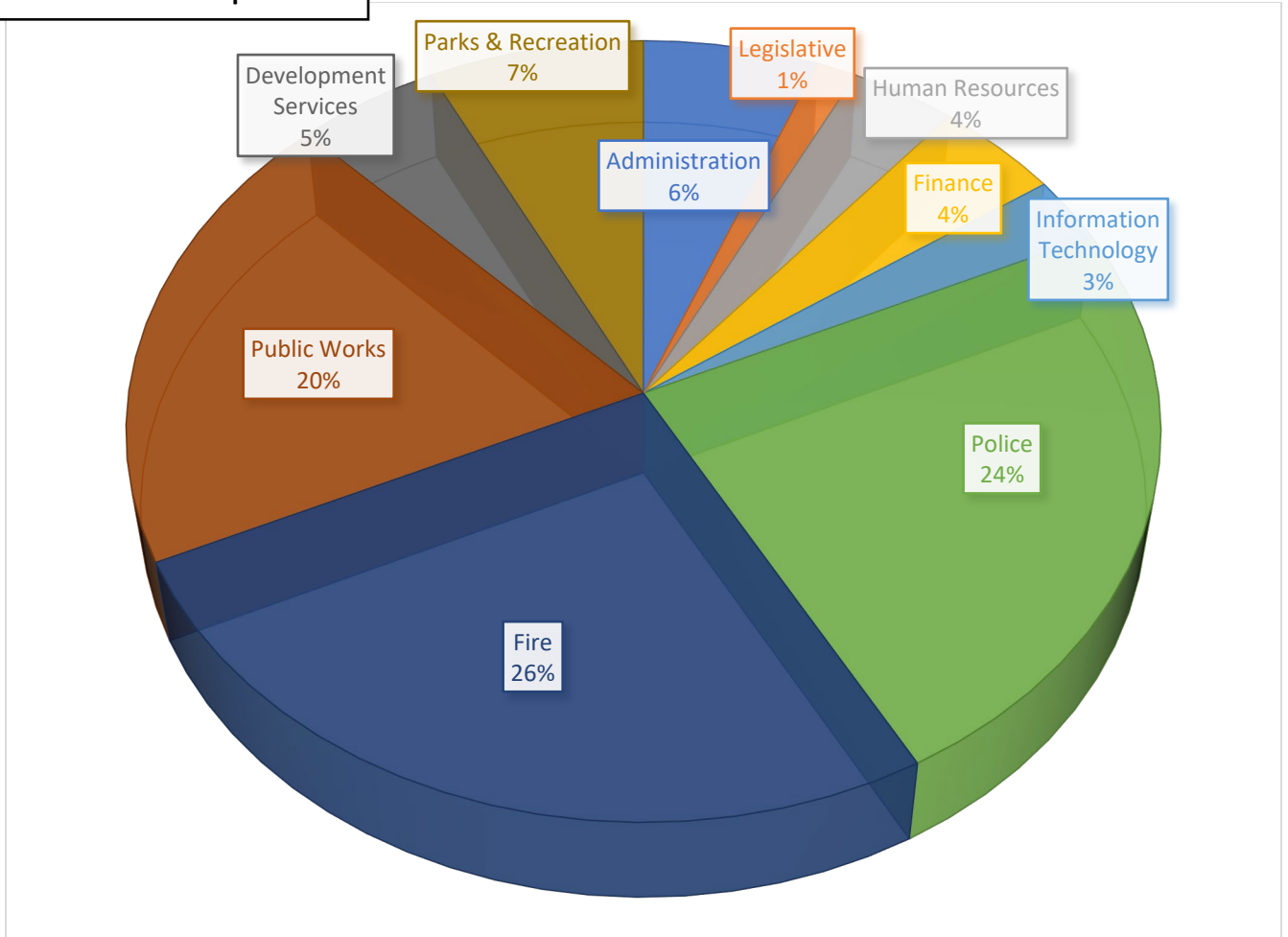
APPROPRIATION LEVELS

The recommended appropriation levels for FY23 are as follows:

General Fund

Department	FY22	FY23 (recommended)	Percent Change
Administration	\$1,186,775	\$1,298,973	9.4%
Legislative	\$307,287	\$298,247	(2.9%)
Human Resources	\$584,352	\$785,505	34.4%
Finance	\$808,608	\$929,661	14.9%
Information Technology	\$645,256	\$589,256	(8.6%)
Police	\$4,632,940	\$5,136,779	10.8%
Fire	\$4,598,391	\$5,644,734	22.7%
Public Works			
Grounds	\$808,544	\$841,546	4.0%
Streets	\$594,480	\$666,180	12.0%
Sanitation	\$1,244,500	\$1,661,325	33.4%
Operations	\$1,530,204	\$1,053,988	(31.1%)
Developments Services	\$1,121,872	\$1,053,988	6.0%
Parks and Recreation	\$1,445,890	\$1,597,423	10.4%
Debt Service	\$1,818,632	\$1,697,532	(6.6%)
Interfund Transfers	\$625,500	\$641,212	2.5%
TOTAL	\$21,953,231	\$24,130,861	9.9%

FY23 Allocations Per Department



Stormwater Fund

Stormwater	FY22	FY23 (recommended)	Percent Change
TOTAL	\$960,907	\$1,270,359	32.2%

MAJOR CHANGES IN FISCAL POLICY

Property Tax Rate

The Town Manager is recommending a property tax increase of \$0.02 for the FY23. The proposed tax rate is \$0.44 per \$100 of assessed value. This would generate estimated revenues of \$11,325,339 based on a total assessed value of \$2,577,738,095 after estimated appeals and a collection rate of 99.5%. The new tax levy will generate an additional \$512,990.

Property Value	\$0.42 (Current)	\$0.44 (Proposed)	Annual Increase
\$250,000	\$1,050	\$1,100	\$50
\$400,000	\$1,680	\$1,760	\$80
\$650,000	\$2,730	\$2,860	\$130
\$850,000	\$3,570	\$3,740	\$170

Average Tax Rate Impacts

Knightsdale has not raised property taxes since FY13 and lowered the rate in FY20. The Town Council has demonstrated strong fiscal responsibility with the tax levy during a period of tremendous growth. The FY23 increase is necessary to ensure quality service delivery and expanded amenities for town residents.

Sanitation and Recycling

GFL Environmental, Inc. will continue to provide sanitation and recycling services in FY23. As a result, Town staff recommends a \$0.75 increase to the monthly solid waste collection fee for the upcoming fiscal year. The current rate of \$16.55 will increase to \$17.50. The increase is necessary to offset increasing landfill fees. A recommended \$0.20 increase is recommended for the recycling fee as well. The current rate is \$4.80 with a new rate of \$5.00.

Personnel

FY23 is a salary study for the Town of Knightsdale. A comprehensive study of all positions is performed every 24 months. The town staff are the driving force in quality service delivery. Conducting and funding a salary study program is critical to attracting and retaining an exceptional workforce. 59.84% of the FY23 budget is allocated to salary and benefits, up from 52% in FY22. The increase is driven by growth, a rising Consumer Price Index (CPI), marketplace competition, and the impacts of the COVID-19 pandemic. The FY23 Salary Study is an investment of \$1,044,880 (\$803,754 salaries and \$241,126 benefits). This investment impacts 96% of all positions with 74% directly attributed to public safety. The FY23 budget also creates a 2.5% Cost of Living Adjustment (COLA) that represents a \$301,109 investment in staff to offset the increasing cost of living.

Funding the FY23 Salary Study will ensure that all employees are compensated in excess of the [Wake County living wage](#). The living wage is the estimated income level that allows individuals or families to afford adequate shelter, food, and other necessities in geographic region. The current living wage for an individual in Wake County is \$39,416 with the Town’s new, minimum salary level at \$40,509.

The FY23 Budget allocates 134 full-time positions. The Town continues to make serious investments in its workforce to meet the increasing demands of service delivery. Allocated positions have increased 60% over the previous 5 fiscal years. Two new positions are recommended in this year’s budget: Economic Development Manager and Stormwater Manager. The Town Manager also recommends a mid-year evaluation of public safety personnel needs to assess any required, mid-year appropriations.

Capital Projects and Improvements

For FY23, \$1,317,305 is recommend for the General Fund and \$219,000 for the Stormwater Fund in capital improvements. The specific project recommendations are as follows:

Municipality	FY22	FY23
Wake County	\$0.60	\$0.62
Zebulon	\$0.55	\$0.58
Garner	\$0.51	\$0.55
Wake Forest	\$0.50	\$0.50
Wendell	\$0.47	\$0.47
Rolesville	\$0.46	\$0.46
Knightsdale	\$0.42	\$0.44
Fuquay-Varina	\$0.40	\$0.43
Holly Springs	\$0.42	\$0.42
Apex	\$0.39	\$0.40
Raleigh	\$0.37	\$0.39
Morrisville	\$0.36	\$0.39
Cary	\$0.35	\$0.35

Wake County Tax Rates (current and proposed)

General Fund Description	FY22	FY23
Town Hall - Elevator Replacement	120,000	
Town Hall Renovations (2nd Floor)	140,000	85,000
Council Chamber Renovations		-
Water Tower Painting		25,000
Comprehensive Transportation Plan	225,000	
Standard Specifications Manual	30,000	
Public Art	15,000	15,000
River District Small Area Plan		-
Downtown Small Area Plan		-
Housing Plan		100,000
First Avenue Sidewalk Connector		-
Old Knight Road & N First Ave Sidewalk Gaps		-
Code Enforcement Vehicle		-
Hodge Road Crossing		
Fire Department Utility Truck & Upfit	62,500	
Fire Utility Vehicle		55,000
Mower for Station 3		11,000
MSA Evolution 6000 Thermal Imaging Camera		11,000
Super X Rescue Jacks (2 Sets)		22,000
Fire Inspector Truck & Emergency Equipment Upfit		
Ladder Truck		
Performance Dashboards - Power BI	50,000	
Harper Park - Inclusive Playground	400,000	
Harper Park - Additional Pickleball Courts	403,875	
Disc Golf		25,000
Sportstraq Athletic Field Prep Equipment		-
Princeton Greenway Bridge Replacement		150,000
Baseball Field Drainage-K'dale Community Park		-
Police Vehicle and Ancillary Upfit Refresh	248,000	216,400
Police Drone		-
CelleBrite Investigative Tool	15,500	
Landscape Specific Truck*	63,000	
Street Repaving Projects	371,057	
Forklift	12,000	
Rotary Cutter ROW Mower	27,000	36,405
Public Works Light Duty Vehicle Refresh		72,000
Public Works Special Duty Vehicle Refresh		
Public Works Building Addition		-
Gooseneck Landscape Trailer		15,500
Blue Light Emergency Tower with HD Camera		-
KSP Dumpster Enclosure		-
KSP Maintenance Shop		-
Town Hall Parking Lot Repave and added Dumpster		103,000
Park Christmas Tree Extension Base		-
Spatial Needs Study		50,000

Street Paving and Sidewalk Projects	371,060	325,000
Total	\$ 2,553,992	\$ 1,317,305
Stormwater Fund		
	FY22	FY23
Tracked Skid Steer	67,500	
Forest Drive Rehabilitation	200,000	
Maplewood Pipe Replacement		125,000
Vehicle Refresh	40,000	36,000
IDT Software to support Permits and Inspections		58,000
Total	\$ 307,500	\$ 219,000

SUMMARY

The Town of Knightdale was productive and made significant accomplishments toward several projects while maintaining fiscal responsibility during FY22. As in previous years, the town's current needs are like those of other suburban jurisdictions in the Triangle area. Knightdale is fortunate to enjoy proximity to Raleigh as well as I-87 and I-540. The accessibility afforded by these transportation corridors in conjunction with the abundance of amenities in the capital area continue to be attractive assets to current and future residents of Knightdale. The continued, rapid development of Eastern Wake County will greatly impact our town for the foreseeable future. The Town Council and staff will dedicate the necessary resources to strengthen Knightdale's regulatory environment to ensure an increasing quality of life for our citizenry.

The FY23 Town of Knightdale Budget provides the financial resources to continue to facilitate positive change in greater Knightdale. It improves existing service levels while providing the funding necessary to strengthen our regulatory environment, invest in capital needs, and renovate town-owned properties. This budget attempts to limit expenditures wherever possible but at the same time recognizes the needs of our community.

Respectfully submitted,



Bill Summers, ICMA-CM
Town Manager