



May 22, 2023

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

FISCAL YEAR (FY) 2023-2024 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) 2022-2023 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 approximately 20,000 citizens. The current population represents a 75% increase since 2010. Carolina Demography notes that Eastern Wake County has become a focal point of high growth in North Carolina. 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 FY2022 Audit reported an unassigned, general fund balance of \$7,887,922 or 36.3% of total general fund expenditures for the fiscal year. General Fund health continues to be strong for Knightdale. Property taxes are the largest revenue source for Knightdale. The Town’s tax base increased by 3.11% over the previous fiscal year.



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 FY2022, the Capital Reserve Fund had an end-of-year balance of \$3,174,794.

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 fee and per 2,200 square foot 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, 2022, was \$10,160,285, a decrease of \$1,648,144 (13.9%) from the previous year.

The Town's net position increased by \$5,111,166 or 4.87% in FY2022.

FY2023-2024 BUDGET

As in previous years, the major emphasis of FY24 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 30% since 2010, Wake County is the most populous county in North Carolina. The county currently has 1,175,021 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 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 revised the [Knightdale Strategic Plan](#) in 2023. 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 ten primary service delivery areas. The current areas of service are as follows:

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



APPROPRIATION LEVELS

The recommended appropriation levels for FY24 are as follows:

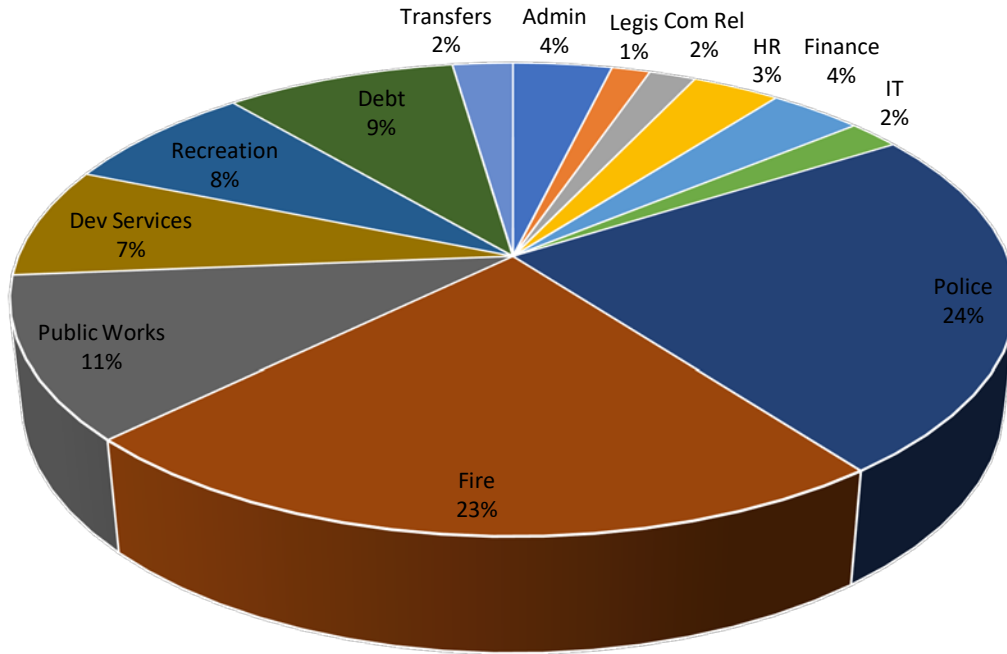
General Fund

Department	FY23	FY24 (recommended)	Percent Change
Administration	\$1,298,973	1,066,324	(17.9)%
Legislative	\$298,247	428,615	43%
Community Relations	N/A	\$512,966	-
Human Resources	\$785,505	952,142	21.2%
Finance	\$929,661	1,007,871	8.4%
Information Technology	\$589,256	567,455	(3.6)%
Police	\$5,369,064	6,662,005	24%
Fire	\$5,644,734	6,417,647	13.6%
Public Works			
Grounds	\$841,546	987,944	17.3%
Streets	\$666,180	586,500	(11.9)%
Sanitation	\$1,288,500	1,318,950	2.36%
Operations	\$1,661,325	1,513,454	43.5%
Development Services	\$1,053,988	2,131,889*	102.2%
Parks and Recreation	\$1,597,423	2,118,995	32.6%
Debt Service	\$1,697,532	2,471,805	45.6%
Interfund Transfers	\$641,212	667,000	4%
TOTAL	\$24,130,861	29,411,562	21.8%

*\$939,816 in major capital



FY24 Allocations Per Department



Stormwater Fund

Stormwater	FY23	FY24 (recommended)	Percent Change
TOTAL	\$1,270,359	\$1,716,206	35%

Capital Reserve Fund

Capital Reserve Fund	FY23	FY24 (recommended)	Percent Change
TOTAL	\$465,000	\$1,982,373	326.3%

MAJOR CHANGES IN FISCAL POLICY

Property Tax Rate

The Town Manager is not recommending a property tax increase for FY24. The current/proposed tax rate is \$0.45 per \$100 of assessed value. This would generate estimated revenues of \$11,939,300 based on a total assessed value of \$2,660,822,222 after estimated appeals and a collection rate more than 99%.

Knightdale did raise the property tax rate in FY23 to offset the increase cost of services. The increase was the first since FY13. The Town Council has demonstrated strong fiscal responsibility with the tax levy during a prolonged period of tremendous growth.



Sanitation and Recycling

GFL Environmental, Inc. will continue to provide sanitation and recycling services in FY24. The Town Manager is not recommending an increase in the monthly solid waste collection fee for the upcoming fiscal year. The current rate will remain \$17.50.

Personnel

FY24 is not a salary study year for the Town of Knightdale. 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.

51.54% of the FY24 budget is allocated to salary and benefits, down from 59.84% in FY23. The budget also creates a 3% Cost of Living Adjustment (COLA) for staff to offset the increasing cost of living. The Town will fund up to 4% merit in the upcoming fiscal year to continue its commitment to performance-based compensation. The Town will offer 3 new, paid leave days as a benefit of employment beginning this year. This budget funds recruitment and retention incentives for law enforcement and offers expanded mental health services for all public safety professionals.

Human Resources will lead the second year of the Knightdale Culture Project in FY24. This program represents the Town’s commitment to cultural appreciation and awareness. It is specifically designed to recognize the importance of diversity and inclusivity for all internal and external stakeholders of the Town. Another noteworthy personnel investment is the establishment of a supervisory training program. This program is crucial to equipping staff with the necessary training to lead subordinates and ensure service delivery excellence.

The FY24 Budget allocates 150 full-time positions, which is a 10.2% increase from last year. The Town continues to make serious investments in its workforce to meet the increasing demands of service delivery. Allocated positions have increased 59% over the previous 5 fiscal years. Ten new positions are created in this year’s budget:

- ✓ Fire Marshal
- ✓ Police Officer (2)
- ✓ Police Cadets (4)
- ✓ Police Evidence Technician
- ✓ Public Works Team Leader
- ✓ Planner

Municipality	FY23	FY24
Wake County	\$0.6195	\$0.652
Garner	\$0.5521	\$0.6072
Zebulon	\$0.575	\$0.575
Wake Forest	\$0.495	\$0.505
Wendell	\$0.47	\$0.47
Rolesville	\$0.46	\$0.46
Fuquay-Varina	\$0.425	\$0.455
Knightdale	\$0.45	\$0.45
Apex	\$0.41	\$0.44
Raleigh	\$0.393	\$0.433
Holly Springs	\$0.4216	\$0.4216
Morrisville	\$0.39	\$0.39
Cary	\$0.345	\$0.345

Wake County Tax Rates (current and proposed)



The FY24 Budget ensures 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 \$38,497 with the Town’s minimum salary level at \$41,725.

Major Capital / Capital Project Ordinances (CPO)

Knightsdale will continue to invest approximately \$17.9 million in major capital projects for FY24. These projects represent multi-year fiscal investments. The Town will see significant completion of several major capital projects in the upcoming fiscal year.



Fire Station #4 (Opening in FY24)

Project	Status
Mingo Creek Greenway Ext.*	To be constructed in FY24
Fire Station #4 (Hodge Rd.)*	To be completed in FY24
Fire Station #1 (Forestville Rd.)*	To be completed in FY24
Fire Pumper Truck (2)	To be delivered in FY24
Public Safety Center*	Construction documents to be prepared in FY24

**Town of Knightsdale Strategic Priority*

Capital Improvement Projects (CIP)

Capital improvements are defined as purchases or projects of more than \$10,000. For FY24, 67% of General Fund capital requests and 100% of Stormwater capital requests will be funded. Major highlights included the following:

- ✓ Public Art*
- ✓ Comprehensive Plan Update*
- ✓ CAMPO Community Funding Area Grant (sidewalks and crosswalks)
- ✓ USDOT Safe Streets for All Grant (speed reduction and traffic calming)
- ✓ KSP Maintenance Shop Improvements
- ✓ Powell Bill (local paving and sidewalks)
- ✓ Fully funded KPD Vehicle Program
- ✓ Fire Station #3 (Clifton Rd.) Renovations (deed transfer from Wake County in FY24)
- ✓ Panther Rock Park*
- ✓ KSP Field #2 Lighting
- ✓ KSP Shade Structures
- ✓ Stormwater repair projects (4)

**Town of Knightsdale Strategic Priority*



Harper Park Inclusive Playground (FY23 CIP Project)



SUMMARY

The Town of Knightdale was productive and made significant accomplishments toward several projects while maintaining fiscal responsibility during FY23. Several of those projects will be completed in the upcoming year. The Town will open two, new fire stations and deploy two, new fire engines into service. Construction plans for the new Public Safety Center will be finalized ahead of construction in FY25. The Town will also complete a spatial needs assessment for a community center. The center will be located adjacent to the Wake Stone Athletic Park and will be constructed in FY28. It is important to note that the FY24 Budget provides the necessary allocations to ensure operational distinction while meeting 100% of the Town Council's strategic priorities.

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 FY24 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

