

DRAFT MINUTES

TOWN OF APEX TOWN COUNCIL BUDGET WORK SESSION TUESDAY, MAY 5, 2023 2:00 P.M.

The Apex Town Council met for a work session on Tuesday, May 5, 2023 at 2:00 p.m. at the Apex Town Hall located at 73 Hunter Street in Apex North Carolina.

This meeting was open to the public. Members of the public were able to attend this meeting in-person or watch online via the livestream on the Town's YouTube Channel: <https://www.youtube.com/watch?v=MQFRMr80fgE>

[ATTENDANCE]

Elected Body

Mayor Jacques K. Gilbert (presiding)
Mayor Pro-Tempore Audra Killingsworth
Councilmember Brett Gantt
Councilmember Ed Gray
Councilmember Terry Mahaffey
Councilmember Arno Zegerman
Absent: None

Town Staff

Town Manager Catherine Crosby
Deputy Town Manager Shawn Purvis
Assistant Town Manager Demetria John
Assistant Town Manager Marty Stone
Town Attorney Laurie Hohe
Town Clerk Allen Coleman
Deputy Town Clerk Ashley Gentry
Budget and Performance Management Director Amanda Grogan
Budget and Performance Analyst Intern Brian Murphy
Budget Analyst Jessica Hoffman
Transportation and Infrastructure Director Chris Johnson
Finance Director Antwan Morrison
All other staff members will be identified appropriately below.

Staff attending remotely: Performance and Strategy Analyst Jimmy Aughenbaugh, Budget and Performance Analyst Paul Broussard, Inspections and Permits Director Rudy Baker, and Planning Director Dianne Khin.

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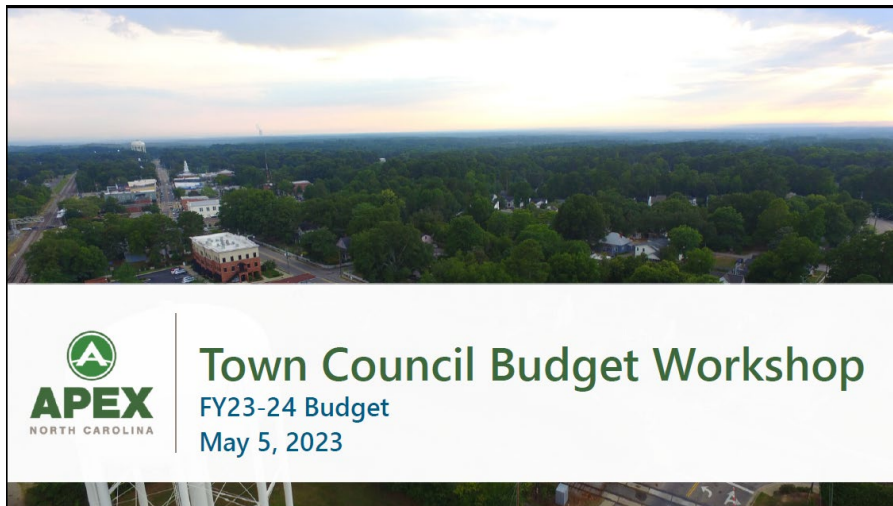
[COMMENCEMENT]

Mayor Gilbert called the meeting to order at 2:00 p.m.

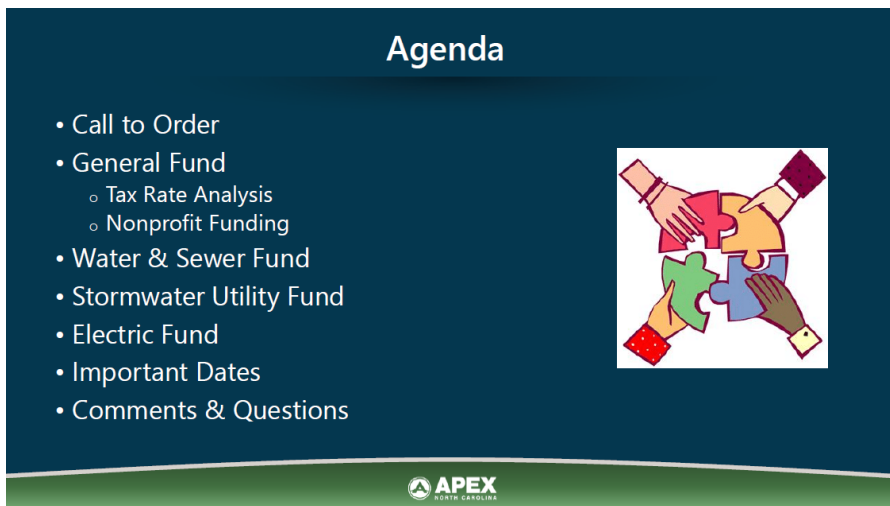
[AGENDA ITEM NO. 1 - GENERAL FUND REVIEW]

Budget and Performance Management Director Amanda Grogan gave an overview of what's being discussed within the General Fund Budget.

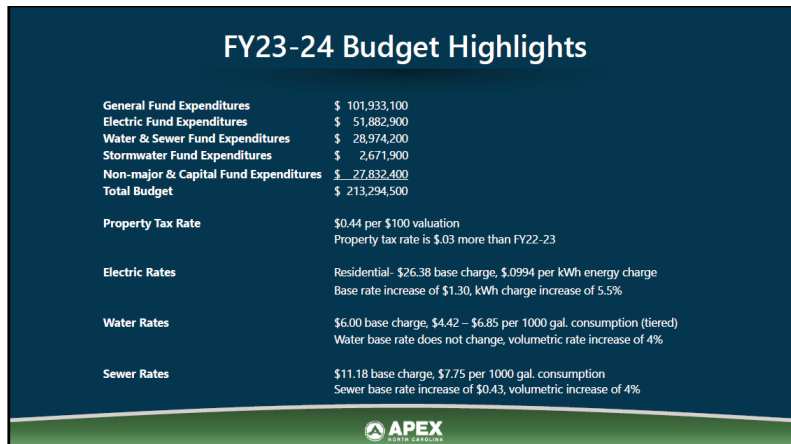
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1 [Slide 3]



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3 **Councilmember Gantt** asked if the separation of the Stormwater Fund was for
4 transparency or advantages.

5 **Director Grogan** said it's a separate fund because it's a separate utility, and that this
6 was Finance Director Morrison's call.

7 **Councilmember Zegerman** asked by separating it, does it limit the towns options.

8 **Finance Director Antwan Morrison** said stormwater is covered by stormwater
9 expenses and its easier to analyze when the funds are split.

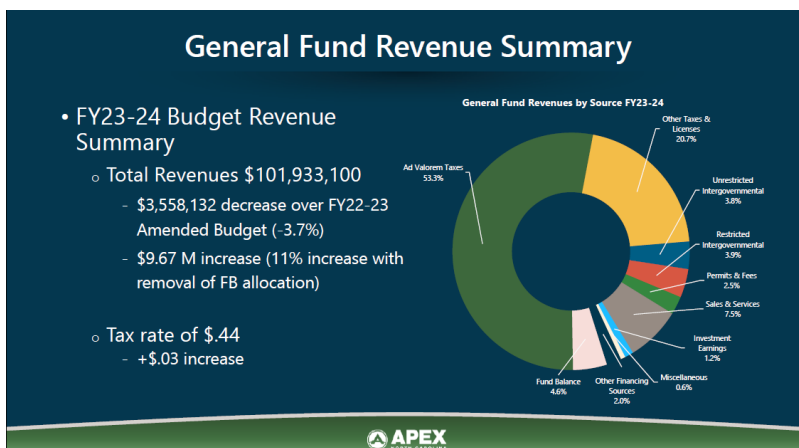
10 **Deputy Town Manager Shawn Purvis** said it was already separated out in the water
11 and sewer fund vision-wise. He said now that's it's been a year, it will help with tracking and
12 monitoring funds.

13 **Councilmember Gantt** asked if it has to be limited to the specific usage.

14 **Deputy Town Manager Purvis** said there were separate line items within the fund
15 showing what things went to.

16 **Director Grogan** said it is supported by the rates and fees the town charges.

17 [Slide 4]



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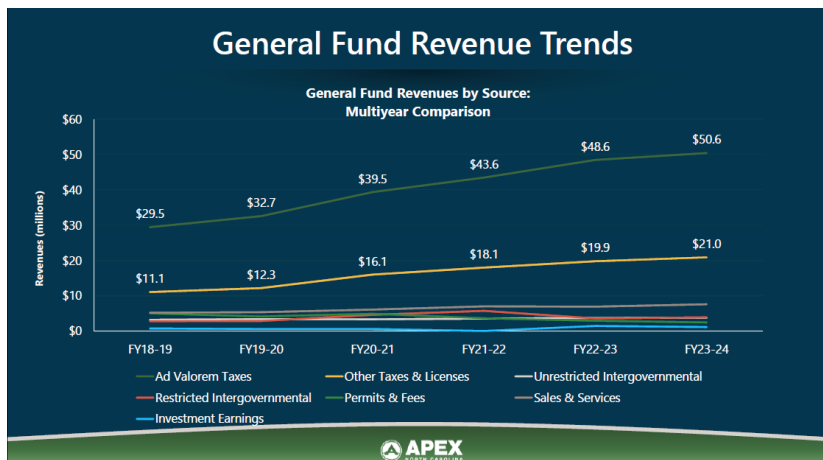
Councilmember Zegerman asked what is driving the 10-million-dollar variance between the budget and the estimates. He asked if the budget increases by a certain percentage and what numbers are being used.

Director Grogan said the number is the use of fund balance. She explained that the actual numbers the town is using are from the amended budget. She said the authorization to spend that amount is there, but the town doesn't anticipate using all of the funds because it's tied into PO carryovers from the previous fiscal year. She said some of it is tied to things that the town will reimburse itself for, such as revenue bonds.

Councilmember Zegerman said he was curious why the town is using the amended budget rather than a baseline for comparison because its not really what we are spending. He said we should be looking at what we are actually spending because it sways the numbers.

Deputy Town Manager Purvis said there will be fluctuation because the town is still paying back into this fiscal year through things received through August. He said it is an estimate but for consistency's sake the budget staff looks at the amended budget. Once the budget is finished this year, it is then moved to actuals. He said this gives the worst-case scenario, so that they are in a good situation by the end and not the other way around.

[Slide 5]



Town Attorney Laurie Hohe arrived at 2:08 PM.

Mayor Pro-Tempore Killingsworth arrived at 2:09 PM.

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1 [Slide 6]

General Fund Revenues by Source					
Source	FY21-22 Actual	FY22-23 Budget	FY22-23 Estimate	FY23-24 Budget	Percent Change
Ad Valorem Taxes	43,601,374	48,684,400	48,595,000	54,294,400	11.52%
Other Taxes & Licenses	18,056,631	19,670,000	19,861,000	21,078,500	7.16%
Unrestricted Intergovernmental	3,594,604	3,680,000	3,792,000	3,830,000	4.08%
Restricted Intergovernmental	5,787,220	3,632,400	3,622,628	3,960,800	9.04%
Permits & Fees	3,683,870	3,537,000	2,993,690	2,514,000	-28.92%
Sales & Services	7,064,026	7,058,200	6,981,341	7,663,400	8.57%
Investment Earnings	95,093	25,000	1,500,000	1,200,000	4700.00%
Miscellaneous	624,538	519,500	627,900	641,500	23.48%
Other Financing Sources	677,710	775,000	775,000	2,075,000	167.74%
Fund Balance	-	17,909,732	6,003,620	4,675,000	-73.90%
Total	\$83,185,066	\$105,491,232	\$94,752,180	\$101,932,600	-3.37%

2

3 **Councilmember Zegerman** asked if the budget isn't sustainable because of the
4 reliance on the reserves.

5 **Director Grogan** said not necessarily. She said when a fund balance is allocated it's
6 typically for a one-time expenditure or a capital project/purchase. She said PO carry overs
7 can often be tied into the new fiscal year.

8 **Deputy Town Manager Purvis** said this is an aggregate fund balance. He said the
9 other one discussed in the general otherwise is available fund balance. He said when staff
10 talks with Council they refer to the available fund balance. There is more in the overall funds,
11 but that is already tied up.

12 **Councilmember Zegerman** asked how would someone know where the 4.7 million is
13 coming from, and is concerned about relying on reserves to make the budget.

14 **Deputy Town Manager Purvis** said the town strategically plans for the use of fund
15 balance reserves and treats it like a savings. He said once they save enough for a project, it
16 will be used. He said it isn't good to have too much in reserves, because it doesn't serve the
17 public. He said the reserves only go towards capital, and not operating.

18 **Director Morrison** said the previous Council didn't spend money they didn't need to
19 spend and save funds so that now the town doesn't have to raise taxes as much as they would
20 have needed to in order to fund projects.

21 **Councilmember Zegerman** said in two years' time the town is going to be at a 25
22 percent mark and out of reserves. He said he appreciated previous Councils for creating this
23 savings, and that he also does not want to be the Council that spends all of it.

24 **Deputy Town Manager Purvis** said the town can run out of reserves if it keeps the
25 same pace. He said they will be shown this possibility in the CIP discussions, but that staff is
26 more conservative in their recommendation. He said they try to give Council flexibility within
27 the budget proposal. He said staff can continue to report the numbers out so there is an idea
28 of where the fund balance is headed. He said if the fund balance heads down even further,

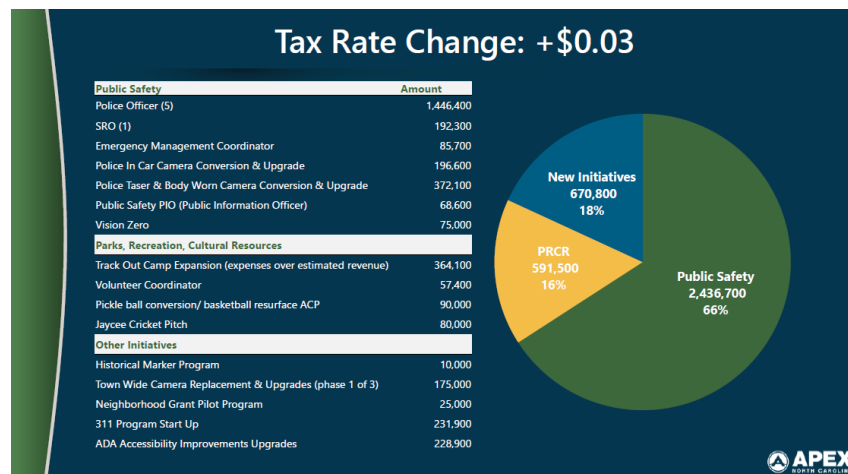
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staff will then connect with Council on their direction. He added that they work on trying to find a balance between being conservative, providing the service the community wants and needs, and giving Council the ability to execute projects.

Director Grogan said the fund balance is added back annually. She said anything that was not spent within that fiscal year goes back to the fund balance.

Councilmember Zegerman said he appreciated them being conservative, but stated that coming in under budget is not always a good thing, as it left room for services to be delivered that weren't. He said it could also be used for a new hire or for a capital investment such as a greenway.

[Slide 7]



Councilmember Mahaffey said in prior years there had been scenarios mapped out of what could be done if the rate went up an additional half-penny or penny from the proposed. He said this helped give Council a good view of the possibilities.

Director Grogan said this was sent to them as part of an email.

Deputy Town Manager Purvis said it wasn't as specific as in year's past, but does provide the list as a menu of options.

Councilmember Zegerman asked if this is the list of items requested by staff.

Shawn Purvis said that's correct.

Councilmember Gray asked if 3 cents is the right number from staff's perspective. He said he knew this was Council's recommendation, but wanted to hear their thoughts.

Deputy Town Manager Purvis said the goal is to get in as much of what Council wants to see in the budget as possible. He said from an operating standpoint the baseline is set, so when budget starts with the existing tax rate. He said there will be information presented on what it takes to do an assortment of other things. He said there are a lot of great things that could be done, but he can't really speak to a whole staff perspective as there are many different views from departments regarding where money should be spent. He said

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1 staff takes into consideration the community and political concerns of residents and Council
2 when drafting the budget.

3 **Mayor Pro Tempore Killingsworth** said it just depends on what Council wants to do,
4 if more staff is needed from the list or more equipment.

5 **Councilmember Zegerman** asked if staff feels the town is in a “bubble” with
6 spending, and is almost caught up on growth so as not to have to rely on reserves.

7 **Town Manager Crosby** said to a certain extent, reserves would always be relied on
8 for some one-time expenses.

9 **Councilmember Zegerman** expressed concerns about the 25% minimum fund
10 balance.

11 **Councilmember Mahaffey** said the state minimum requirement for the fund balance
12 is 8%, and the town is at 25%, and also comes in above its own much stricter requirement. He
13 said the rate could be lowered to spend it naturally, or spend this excess on the backlog of
14 300 million dollars’ worth of projects.

15 **Deputy Town Manager Purvis** said for the past 5 years, the town has come in under
16 budget. He said the town is trying to be careful moving forward with the budget this year or
17 next year because of whatever is going on in the economy and that is unpredictable. He said
18 it’s important to be careful in this timeframe to see if this tax rate is sustainable.

19 **Councilmember Zegerman** said he was concerned that the money wasn’t going as
20 far as it could. He said they may be reaching a plateau on growth.

21 **Councilmember Mahaffey** said he thinks there are two separate issues getting
22 conflated. There is capital spending which is the fund balance portion that is a set amount of
23 money that sometimes gets added to every year. He said it was a possibility to just not do
24 capital projects, though that isn’t what he would suggest. He said then there is the operating
25 budget which is more relatable to the sustainability issue with increased costs.

26 **Councilmember Zegerman** said his concern would be not funding the fund balance,
27 and then there’s no money left to do capital projects.

28 **Councilmember Mahaffey** said that no matter what, the way the budget is
29 constructed this year, there will be plenty of money available given the town’s own
30 requirements to have a higher available fund balance.

31 **Councilmember Gantt** said he thinks there has been a lot more non-residential,
32 higher density rezonings since around 2018, which will lead to a better fiscal state in three or
33 four years for the town.

34 **Councilmember Mahaffey** wondered how much of an impact that would have on the
35 tax base.

36 **Councilmember Gantt** said he believes it will be meaningful.

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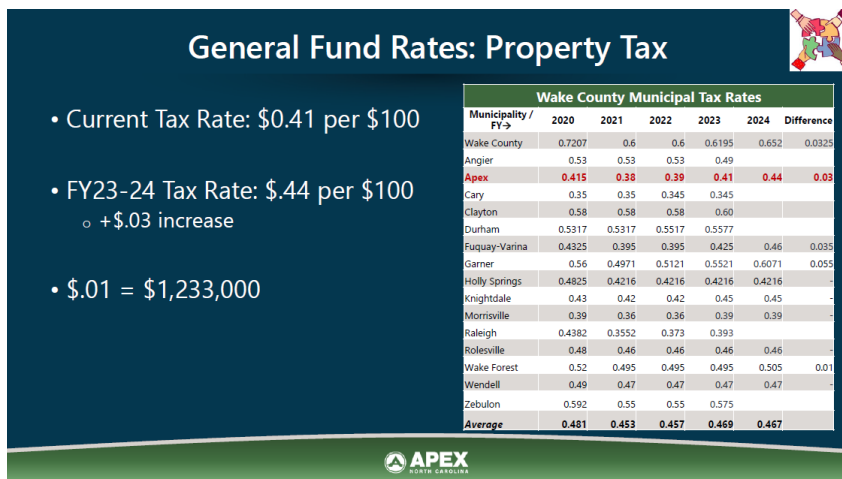
Councilmember Zegerman said it would depend on what gets constructed there, as some developments would bring in less tax revenue long-term.

Councilmember Gantt asked if the town has a residential and non-residential tax ratio that is projected out 10 years.

Director Grogan said the town has been an 80/20 split for years.

Deputy Town Manager Purvis said there is no magic number to what the ratio is. He said every community is different. He added that there is uncertainty as to how the commercial developments being constructed over the next several years will impact this ratio.

[Slide 8]



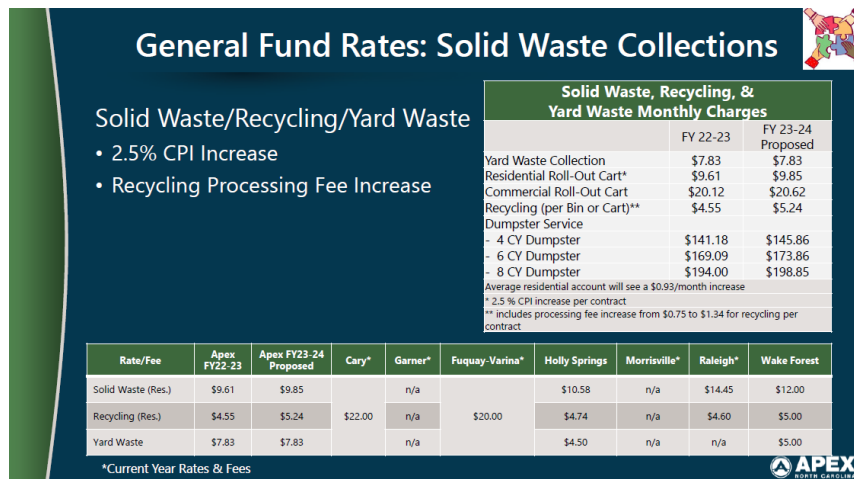
Director Grogan said Wake county is looking to do tax rate increase, as penny of that is tied to bonds. She said Fuquay, Garner, and Wake Forest all propose tax increases.

Councilmember Mahaffey said he has communicated with many members in the community about the tax increases and what they are going to, and the message has been well received. He said he can see there is an opportunity to use some additional fund balance later to capital projects.

Councilmember Zegerman said the use of the additional revenue will mostly impact residents directly.

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1 [Slide 9]



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3 **Councilmember Gantt** asked if the town is moving to the binned solid waste model.

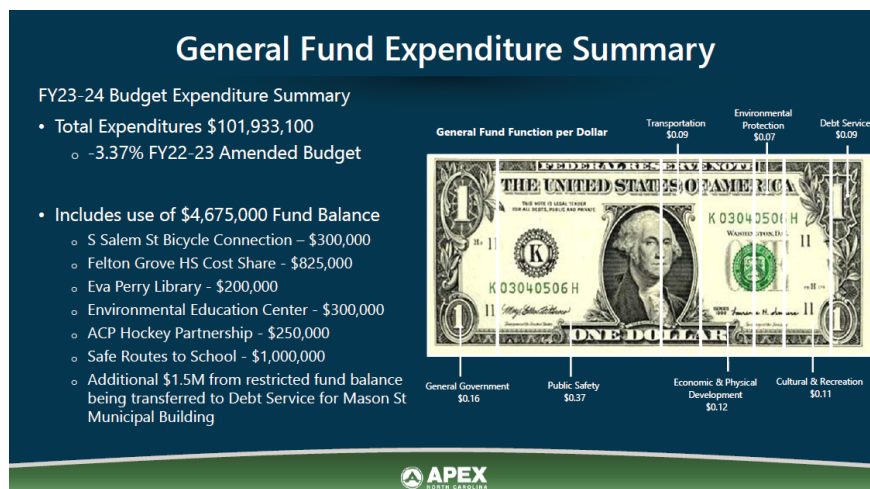
4 He asked would that increase or decrease the cost.

5 **Assistant Town Manager Stone** said it wasn't in this budget. He said it could reduce

6 costs, but would be do to an assortment of factors, such as every other week pick up instead

7 of weekly.

8 [Slide 10]



9

10 **Councilmember Gantt** asked if Holly Springs are paying any money on the Felton

11 Grove High School cost share.

12 **Deputy Town Manager Purvis** said Holly Springs has an intersection with a light

13 going up and the developer is paying for that, but Cary is contributing to some things.

14 **Mayor Gilbert** asked if Holly Springs decided not to contribute or were they asked.

15 **Councilmember Gantt** said the Town of Holly Springs needs to be asked since they

16 are benefiting the most from this project.

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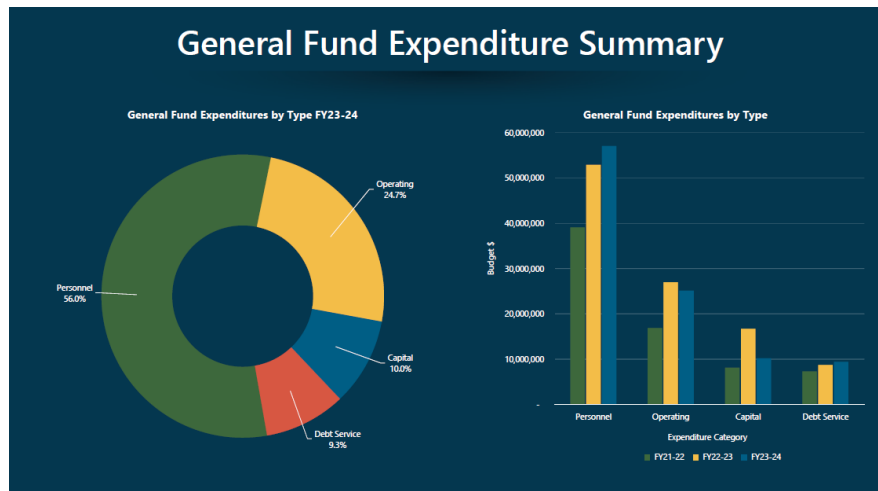
Assistant Town Manager Stone said Wake County Schools are coordinating this and their signalization is going to be done at 55.

Councilmember Mahaffey said the schools don't care because the law says towns pay for the roads now, and it's in the Town of Apex jurisdiction.

Councilmember Gantt said their drivers are going to be benefiting more from this.

Councilmember Mahaffey said he thinks it's a ridiculous law because it's a rounding error and the balance of cost of the project. He said it was pushed to us because that's what the law says.

[Slide 11]

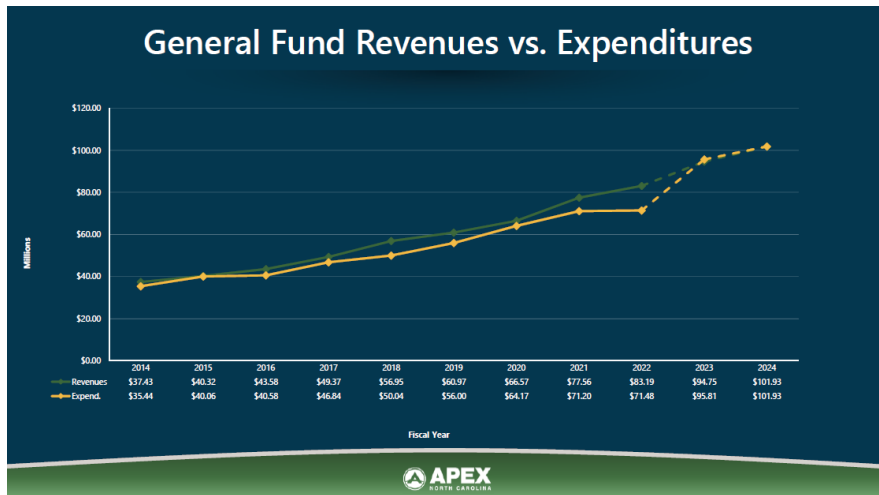


Councilmember Mahaffey asked if the PO carryovers will continue the next year.

Director Grogan said all staff received an email regarding their active PO's. She said there will be some PO Carryovers because of ongoing projects. She said projects wouldn't be carried over if they were initiated during this fiscal year, but hadn't actually started. She said they would be restarted in the new fiscal year.

Deputy Town Manager Purvis said the past 2 years have been worse for carryovers, especially with the impact COVID had on long-term projects.

1 [Slide 12]



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3 **Deputy Town Manager Purvis** said they were looking at options for what to do with

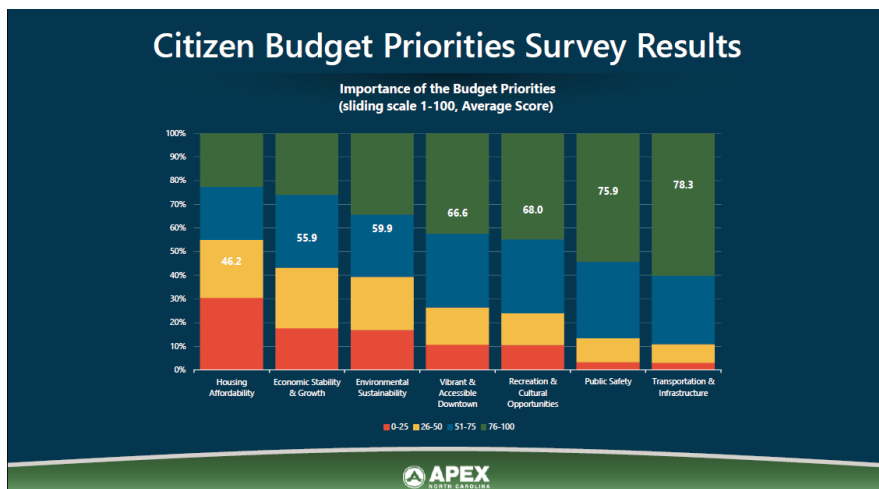
4 the information and funds that were left over from the previous year after audits, and how to

5 get that information out to Council more efficiently.

6 **Councilmember Gantt** said he likes to see the comparison and including more

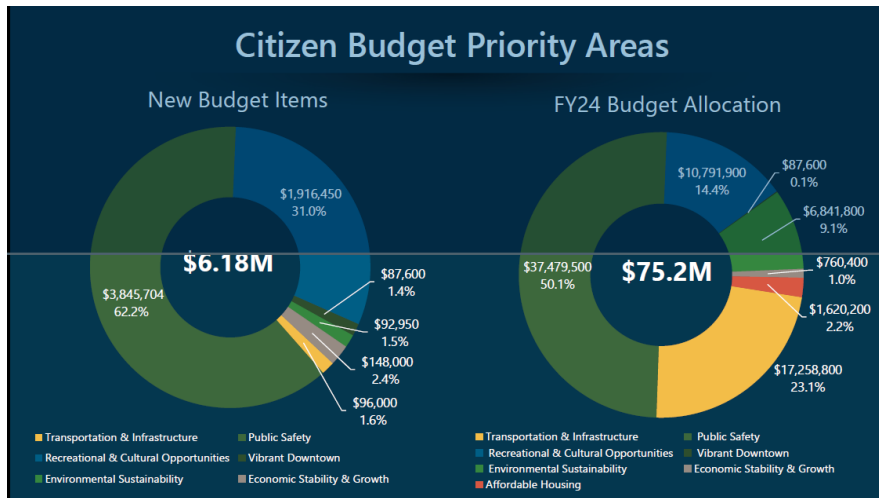
7 context in looking at the budget.

8 [Slide 13]



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1 [Slide 14]



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3 [Slide 15]



4
5 **Town Manager Crosby** said initially was \$5,000 per event but it had to adjust the
6 budget so that was re-evaluated to \$3,500.

7 **Director Grogan** said the \$3500 is an average number.

8 **Councilmember Zegerman** asked if this included the public safety officer tests costs.
9 He also asked if \$3500 is the limit of a town event or an event organizer seek sponsorship
10 from external parties.

11 **Director Grogan** said it did not include public safety costs.

12 **Director Morrison** said currently the town does not have an approved policy on
13 seeking sponsorships for town events. He said he's not sure of the timeframe but it's on the
14 list and it will come before Council at some point in the future.

15 **Councilmember Mahaffey** asked if the town has to vote to accept a donation or can
16 the town designate someone to accept checks.

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Town Manager Crosby said it sounds like in the past it has not been done under a policy, and has been inconsistent.

Councilmember Zegerman asked what is the timeframe of the policy. He asked would there be some benefit. He said there are plenty of parties that would like to sponsor a town event.

Director Morrison said within the next 6-8 months. He said he would like to have a draft to Council before the end of the calendar year.

Councilmember Mahaffey asked if someone would get a tax break if they donated to the town

Director Morrison said no, the town not a tax except organization.

Councilmember Mahaffey said if we had a festival commission for all the festivals it would be easier to fundraise for those.

Councilmember Zegerman asked would the town address that through a sponsorship process, or through a separate organization like Councilmember Mahaffey described.

Councilmember Mahaffey said it may depend on how much money is involved.


[Slide 16]

Personnel

- Factors driving Personnel
 - Position Additions (28)
 - Retirement Increase
 - 12.1% → 12.88% General Employees
 - 13.1% → 14.1% LEO
 - Insurance Increases
 - Health Insurance – 7.9% Increase
 - Dental Insurance – 5.8% Increase
 - Compensation
 - 2% Market Rate Increase (July)
 - 4% Merit (Oct)
 - \$1,200 Peak Lifestyle Reimbursement

Obligatory Benefits Impact			
Benefit	Increase	GF Budget Impact	Total Budget Impact
Retirement	12.88%	\$519,800	\$760,400
LEO Retirement	14.1%	\$244,900	\$244,900
Health Insurance	7.9%	\$384,400	\$507,700
Dental Insurance	5.8%	\$15,200	\$20,100
TOTAL		\$1,164,300	\$1,533,100

Proposed Personnel Impacts			
Benefit		GF Budget Impact	Total Budget Impact
28 Position Additions		\$3,164,000	\$3,680,700
2% Market Rate Increase		\$891,400	\$1,159,900
4% Merit		\$1,361,100	\$1,777,600
Lifestyle Reimbursement		\$657,400	\$793,600
TOTAL		\$6,073,900	\$7,411,800



Councilmember Zegerman asked what the peak lifestyle reimbursement is.

Amanda Grogan said it's a new incentive for staff that offers funding for wellness activities and purchases.

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1 [Slide 17]

FY23-24 Personnel

- Current Approved FTE positions: 610.75
- Proposed new positions: 28
 - 26.5 FTE → 637.25 FTE
- Of 28 recommended positions:
 - 3 PT
 - 1 PT to FT

Fund	Requests	Recommended	Annual Salary & Benefits
General	59	24	\$3,371,635
Electric	3	2	\$210,697
Water-Sewer	2	1	\$113,335
Stormwater	2	1	\$142,451
TOTAL	66	28	\$3,838,119

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3 [Slide 18]

Positions Recommended		
Department	Position	Qty.
Administration	Admin Assistant	1
Information Technology	IT Specialist (Jr Operations Specialist)	1
	IT Process Analyst (Business/Data)	1
	Geographic Information Systems (GIS) Analyst	1
Communications	Public Safety PIO (Public Information Officer)	1
Finance	Assistant Finance Director	1
	Purchasing/Contracting Specialist	1
Community Development & Neighborhood Connections	Neighborhood Improvement Specialist	1
Facilities	311 Manager	1
Police	Facilities Maintenance Technician	1
	Police Officer	3
	Police Officer-Directed Patrol	2
Fire	School Resource Officer	1
	Emergency Management Coordinator	1
Fleet	Fleet Services Manager	1
	Volunteer Coordinator	1
	Recreation Customer Service Specialist	1
	30-hr. Camp Director w/ Benefits	2
	Recreation Program Specialist	1
Parks & Recreation	Pleasant Park Operations Worker	1

4
5 [Slide 19]

General Fund Expenditures: Capital - Vehicles & Equipment

Vehicle Replacements					
Department	Unit #	Year	Make	Model	Cost
Police	70	2017	Ford	Taurus	93,644 \$ 69,800
Police	166	2017	Ford	Explorer	101,484 \$ 69,800
Police	232	2015	Ford	Explorer	80,980 \$ 69,800
Police	237	2015	Ford	Taurus	87,835 \$ 69,800
Police	250	2016	Ford	Explorer	85,931 \$ 69,800
Police	251	2016	Ford	Explorer	92,240 \$ 69,800
Police	262	2017	Ford	Explorer	86,510 \$ 69,800
Police	269	2016	Ford	Taurus	85,837 \$ 69,800
Fire	189	2011	E-ONE	Fire Engine	111,053 \$ 900,000
Fire	25	2007	Ford	Expedition	96,785 \$ 55,000
Fire	83	2013	Ford	Expedition EL	135,466 \$ 55,000
Fire	85	2007	Ford	F-150	76,192 \$ 55,000
Fire	179	2001	Dodge	Durango	137,082 \$ 41,500
TID	89	2012	Ford	Explorer	83,978 \$ 50,000
PRCR	211	2014	Ford	F-150	215,474 \$ 1,000,000
Total					\$ 1,764,900

Vehicle Additions					
Department	# of Additions				Cost
Facility Services	1				\$ 60,000
Police	4				\$ 310,000
Fire	1				\$ 80,000
Streets	1				\$ 213,000
Solid Waste	1				\$ 235,000
PRCR	2				\$ 240,000
Total					\$ 1,138,000

Equipment					
Department	Equipment Type				Cost
IT	Town Wide Camera Replacement (1/3)				\$ 175,000
IT	AV Standardization Upgrades (1/3)				\$ 42,500
Police	4 New LEO's Radio Equipment Set Up				\$ 40,000
911 Communications	Radio Encryption Key Loader				\$ 5,500
Fire	Fire Radio Replacement				\$ 150,000
Fire	Self Contained Breathing Apparatus Replacement				\$ 250,000
Fire	Ladder 34 Tools and Equipment				\$ 68,000
Streets	Concrete Mixer				\$ 8,000
Streets	Tilting Ditch Grading Bucket for 305 Excavator				\$ 2,900
Fleet Services	Fluid Gravity Feed System				\$ 7,800
PRCR	Volleyball Nets				\$ 10,000
PRCR	Public Art: Downtown LED digital display				\$ 108,000
PRCR	Tilt Deck Trailer				\$ 11,000
PRCR	Ventrac Finish Mower Deck				\$ 6,350
PRCR	Golf Cart				\$ 11,000
PRCR	Tractor				\$ 40,000
Total					\$ 936,050

6
7 **Councilmember Mahaffey** asked how many vehicles will be EVs.

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Director Grogan said most of them. She said they are looking at different types and when they could be received. She said of the vehicles aren't practical for EVs or hybrids, such as trucks with a high towing requirement.

Councilmember Mahaffey said whether it's next year or in later years, the town needs to have the charging stations in place at Public Works and the Police Department. He said he didn't see a ton of money in the budget to put charging stations at our facility. He asked is it about \$70,000.

Director Grogan said the town is doing an analysis on the type of charging stations to move to as a standard. She said the process now is to figure out what department is tied to that because the infrastructure over the next five years are based on the replacement vehicle schedule. She said a grant will be applied for this month.

Councilmember Gantt asked if the grant was the Raleigh MSA.

Mr. Murphy said it's a DOT program through the Federal Government.

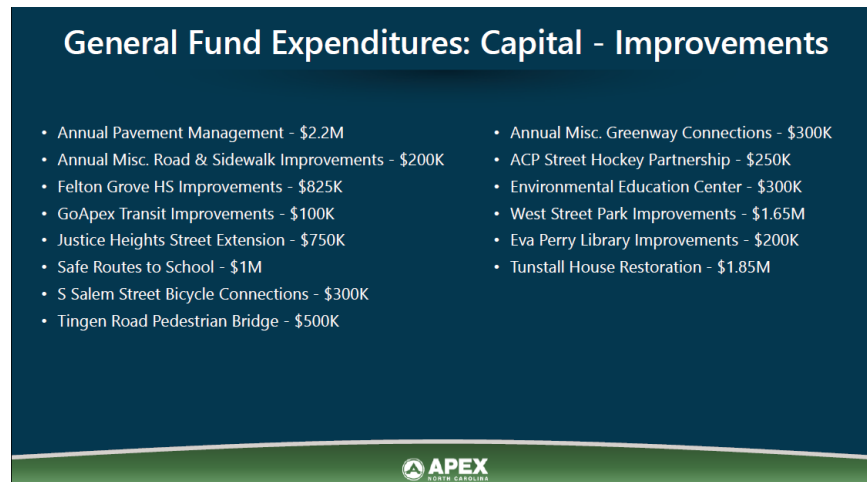
Mayor Gilbert asked if the electric power stations security has been enhanced.

Assistant Town Manager Stone said there are no cameras.

Mayor Pro Tempore Killingsworth said it would be a good idea after she's seen some stations has been shot at.

Director Grogan said she can ask the electric substation specifically when they're looking into doing cameras.

[Slide 20]



Councilmember Mahaffey asked what is the timeline for the Justice Heights project.

Director Johnson said he has it budgeted for FY24 as far as design.

Deputy Town Manager Purvis said it's already budgeted for design, and they are working on moving forward with construction.

1 **[Slide 21]**

Capital Reserve Funds

- Transportation Capital Reserve Fund
 - Projection: \$1.4M from Motor Vehicle Tax
 - Commitments: \$1.4M
 - \$650k to General Fund for Pavement Management & Annual Miscellaneous Road
 - \$750k to Street Project – Justice Heights Extension
- Recreation Capital Reserve Fund
 - Projection: \$1.3M
 - Fund Balance: \$6.9M

APEX
NORTH CAROLINA

2
3 **[Slide 22]**

Affordable Housing Fund

- FY23-24 Projection: \$1.2M
 - \$0.01 tax rate allocation
 - Reduction from \$0.015
 - \$3M committed from ARPA funds
 - Commitments: none pending

APEX
NORTH CAROLINA

- 4
5 **Councilmember Gantt** asked whose call it was for the decrease.
- 6 **Director Grogan** said when there was a recommendation made to the finance
7 committee when there was still a \$2.9 million-dollar gap.
- 8 **Councilmember Gray** said that this is a way of closing that gap.
- 9 **Councilmember Zegerman** asked if the town had \$4.2 million in the fund.
- 10 **Director Grogan** said \$250,000 is for the housing rehab program.
- 11 **Councilmember Mahaffey** said a good fund balance may be able to be saved in
12 order to then purchase some land.
- 13 **Councilmember Gantt** asked if the land purchase might be a joint affordable housing
14 or government use type of thing.

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Deputy Town Manager Purvis said it's up to Council. He said as long it's an appropriate use of government funds. He said council has the option to modify what these funds can be used for.


[Slide 23]

GF Fund Balance

- Current Unassigned (available) Fund Balance: \$43.7M
- Policy requires at least 25% → \$26.4M of FY23 Amended Budget
- Approximately \$17.3M available

What amount are we comfortable using?

- General Fund use of \$3,075,000 Fund Balance
 - Eva Perry Library (roof & air handlers) - \$200,000
 - Safe Routes to School - \$1,000,000
 - Felton Grove Cost Share - \$825,000
 - Justice Heights - \$750,000
 - S Salem Street Bicycle Connection - \$300,000




[AGENDA ITEM #2 - TAX RATE ANALYSIS]

Deputy Town Manager Shawn Purvis gave an overview on the tax rate and capital analysis for the overall budget.

[Slide 1]

Tax Rate & Capital Analysis


	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Proposed Tax Rate Plan	\$0.440	\$0.420	\$0.436	\$0.450	\$0.450
Estimated Capital as % of Budget	10.1%	11.2%	12.7%	11.6%	12.0%
Remaining CIP Gap	(\$0)	(\$3,383,898)	(\$1,932,880)	(\$4,779,266)	(\$2,584,331)
\$.01 Property Tax Increase =	\$1,224,357	\$1,408,011	\$1,493,697	\$1,584,599	\$1,681,032
Additional Tax Rate to Fully Fund CIP	\$0.000	\$0.024	\$0.013	\$0.030	\$0.015
Adjusted Tax Rate	\$0.440	\$0.444	\$0.449	\$0.480	\$0.465
Capital as % of Budget	10.1%	13.9%	14.1%	14.8%	13.6%



DRAFT MINUTES

[Slide 2]

Tax Rate & Capital Analysis	
Project Pushed for Further Evaluation	Estimated Cost
Davis Drive-Salem Church Road Realignment	\$7,000,000
Jessie Drive Phase 2 Construction	\$12,000,000
Peakway Southeast Connector	\$18,885,000
Production Drive Extension	\$2,000,000
Town-wide Traffic Signal System	\$6,800,000
Beaver Creek Greenway Extension	\$13,031,000
Big Branch Greenway	\$8,000,000
Pleasant Park Baseball/Softball Complex	\$12,300,000
Depot Parking Lot Repurpose	\$2,000,000
Total	\$82,016,000



Mayor Pro Tempore Killingsworth asked if the town has the staff capacity to do any of the projects.

Councilmember Gantt said the projects that are closer to this year is what the town should focus on first.

Deputy Town Manager Purvis said it depends on the project. He said the transportation projects would need more time for any new project. He said recreation would depend on the project, facilities such as parks would be a push but are manageable. He said we do not have the staff capacity right now for additional greenway projects. He said there are ways to work around that such as consultants and outside engineers, but that puts the town at the mercy of their timelines.

Councilmember Zegerman said he's looking at the CFD plan and asked about the timeframe and costs of the transportation projects with FY24-25 and FY25-26.

Councilmember Gantt said it depends on the project.

Deputy Town Manager Purvis broke down the project process for Councilmember Zegerman.

Councilmember Zegerman asked what was the selection process for the list of projects.

Deputy Town Manager Purvis said some high priority projects are the Pleasant Park, Beaver Creek Greenway extension, and Production Drive extension. The projects that were pushed out are the Davis Drive-Salem Street realignment and Town-wide traffic signal system. He said time wise and sensitivity of the project, the town isn't there yet so that's why it was pushed.

Councilmember Zegerman asked about the Big Branch Greenway.

Deputy Town Manager Purvis said it's not on the CIP because it's already been accounted for.

DRAFT MINUTES

1 **Councilmember Gray** said he would like to see the cost estimate at inception for
2 each project. He said having this information would be helpful to explain to citizens why projects
3 get delayed and why more money is needed.

4 **Mayor Gilbert** said he's already getting questions about Pleasant Park. He said he
5 would like to see this kind of information about certain projects.

6 **Councilmember Gray** said the town needs to be better at "telling the story" of why
7 certain things get approved, pushed back, or changed.

8 **Councilmember Mahaffey** said the town needs to be at a spot where it's not pushing
9 back projects. He asked if there are some opportunities to find funding.

10 **Deputy Town Manager Purvis** said he's not ruling out any grant funding, but it's too
11 early to confirm anything right now. He said staff has had conversations with the town's
12 financial advisor to help with the structure of some things and look at other possible funding
13 options. He said the town can not do Wimberly Road or Olive Farm Park areas without a
14 bond because they're going to be over 50 million dollars each. He said the Peakway
15 Connector is also unlikely to be done without a bond. He said anything debt-related has a
16 long-term impact, and they are analyzing that.

17 **Councilmember Mahaffey** said in regards to Pleasant Park, he asked if there is going
18 to be a gap of time in between the next floater bond, then what could the town do with the
19 space. He said if the park isn't going to be built, there is a 12 and a half million-dollar option
20 to build a bunch of really nice fields. He suggested something in the interim to utilize the
21 space.

22 **Deputy Town Manager Purvis** said that staff is looking into financial options to take
23 care of the other side of it. He said the other side is talking to parks and recreation team and
24 see if anything can be done to rescale the project or if it can be done in two phases. He said
25 as things stand, everything else could be done at the park but there would be some empty
26 space that is grassed.

27 **Assistant Town Manager Stone** said some people ask, "why don't the town go back
28 to natural fields", he said the design was based on artificial fields. He said if you go away from
29 artificial, you will end up spending a lot of money on grading and green landscaping, then
30 there's a possibility for stormwater issues. He said there might be a way to phase it with the
31 final product and that's something to look into. He said there are other ways to save money,
32 like shelters. He said it would still have the same function but not the same material.

33 **Mayor Pro Tempore Killingsworth** asked if community donations or financial
34 sponsorships around local businesses have been considered.

35 **Deputy Town Manager Purvis** said partnerships were looked at but they fell
36 through. He said that it is something that may still be done and would help. He said Craig
37 Setzer has reached out to potential partners and groups that he's waiting to hear back.

DRAFT MINUTES

1 **Councilmember Mahaffey** said the town should spend money to upgrade HVAC
2 systems in the Halle to improve conditions. He also said the floor markings for OSHA was
3 important, and the town has the money for the proposed project for \$110,00. He said this
4 project is five years out but he would rather do it sooner than later.

5 **Director Grogan** said that project would be operational phasing. She also said
6 regarding the HVAC that those are things that the town has started replacing in phases.

7 **Councilmember Gantt** said there may be some EPA grants they could be considered
8 for.

9 **Councilmember Gray** said he assumes there are other factors that Council hasn't
10 been aware of. He says he isn't sure if this is a regulatory issue or an issue getting parts. He
11 said he assumed staff would let them know of key issues that might would go into their
12 prioritization of things.

13 **Director Grogan** said there were some that were pushed out but also some that were
14 requested.

15 **Councilmember Zegerman** said the town should pull in some of the smaller ones
16 first.

17 **Assistant Town Manager Stone** said it could be a staff capacity issue or a new
18 technology that's going to come out the next year, and not necessarily a money reason as to
19 why a project can't be done.

20 **Councilmember Mahaffey** asked would there be an issue with doing an HVAC today
21 other than budget restraints, he asked is there a capacity issue.

22 **Town Manager Crosby** said the facilities manager may know and staff would circle
23 back around.

24 **Deputy Town Manager Purvis** said they are also looking at things that can be done
25 without changing or impacting the budget, such as procuring EVs. He said they will keep an
26 eye out and take advantage of an opportunity if it arises.

27 **Director Grogan** said they do try to pull things up when they foresee issues
28 potentially arising, or things become more pressing such as safety issues.

DRAFT MINUTES

[Slide 3]

Strategic Goal Alignment						
Strategic Goal Alignment in General Fund			Strategic Goal Alignment in General Fund			
Strategic Focus	Strategy/Action Item	Budget	Strategic Focus	Strategy/Action Item	Budget	
High Performing Government	Continue to Implement Organization Assessment Recommendations		A Welcoming Community	Develop a Neighborhood Improvement Grant Program	25,000	
	- Addition of 24 New Positions across all departments	1,965,700		Public Art: Downtown LED Digital Display	108,000	
	Continue to Invest in Employee Professional Development			Encourage a Healthy & Active Lifestyle	250,000	
	- Travel & Training across all operations	724,100		- Harborside Street Hockey Partnership	300,000	
	Identify Benefit Options to Attract, Retain, & Develop our Workforce			Environmental Education Center Feasibility Study	300,000	
	- Peak Lifestyle Benefit Program	657,400		- Annual Greenway Allocation	519,900	
	- Employee Onboarding Kiosk / Annual Employee T-shirt	11,000		- PROR Camp Program & Class Expansion	28,000	
	Expand Diversity Inclusion Belonging Program			Pickleball Conversion Basketball Recreational ACP	90,000	
	- C&H Membership & Trail Access Rap Sessions	31,000		Jaycee Park Cricket Pitch	80,000	
	- New Hire Diversity Training	8,000		Increase Safe Places & Spaces	325,000	
Economic Vitality	Provide customer focused service		Environmental Leadership	- Vision Zero Initiative	26,000	
	- Transcription (All Meeting Minutes with Independent Contractor)	25,000		- Town Wide Camera Replacement	175,000	
	- Resident Satisfaction Survey	22,000		- Enhance Historical Marker Program	10,000	
	- eDiscovery Project Implementation	175,000		Mayor & Council Internship/Engagement Program	13,000	
	- Prolong Software for Solid Waste	16,000				
	- CSS 311 Customer Relationship Management (CRM)	105,000		Be a Leader in Renewable Energy & Conservation		
				- Electric & Hybrid Fleet Replacements & Additions	200,000	
				- Complete Charging Station Assessment with Implementation Timeline	15,000	
				- EV Charger Upgrade & Additions	70,000	
				- Start Composting Bin Pilot for Town Facilities	5,700	
	Subtotal	\$3,750,200		Plant the Peak Program	100,000	
					Subtotal	\$410,700
			Responsible Development	Support Diverse Housing Options (Allocation to AHF)	1,211,000	
				Provide & Promote Mobility		
				- Safe Routes to School Program Expansion	1,000,000	
				- CDK Relocation Feasibility Study	55,000	
				- Transit Program	861,200	
				- NCOT 7-Line Rate Grant	30,000	
				- Rapid Flash Beacon (Marking, Crosswalks)	20,000	
				- Improving Walkability across Apex	300,000	
				Focus on Infrastructure Improvements		
				- Pavement Management & ADA Improvements	1,300,000	
				Annual Miscellaneous Sidewalk Improvement	200,000	
				Subtotal	\$4,977,200	
				Grand Total	\$14,320,000	

Councilmember Gantt asked if Wake County provided track-out related recreation activities.

Deputy Town Manager Purvis said there's more municipal coverage in Wake County, and in some cases residents in Apex wouldn't be very close to where the County-provided recreations are.

Councilmember Gantt said it was interesting that the County didn't provide a lot of these recreational things for kids across the county more.

Councilmember Zegerman asked if the town is maxed out on solar panels.

Assistant Town Manager Stone said the study is going on right now. He said he's working out the contract now and has visited some of the facilities.

Councilmember Mahaffey asked will it come back as a budget amendment.


Assistant Town Manager Stone said the study will be done within the next six months.

Councilmember Zegerman there is no mark in CIP right now.

Assistant Town Manager Stone said he trying to generate how much it costs first then bring to Council to decide. He said its more beneficial if you do more facilities at one time than doing them at different times. He said there will be a project incurred at the treatment plant.

DRAFT MINUTES

1 [AGENDA ITEM #4 - NON-PROFIT FUNDING]

General Fund Expenditures: Non-Profit Support 				
Agency	FY22-23 Allocation	FY23-24 Request	Finance Committee Recommendation	Purpose
Apex Farmer's Market	\$17,800	\$19,700	\$75,000	Community Event & Food Acquisition Program
Citizens Assisting Police in Apex	\$1,200	\$1,200		Blanket Buddies program to provide bed fleece blankets to SafeChild. The blankets that are created by CAPA volunteers are made to be given to clients of SafeChild as a source of comfort.
Fiesta Christiana Mission Congregation	\$8,000	\$5,000		Family Resource Center general programming
InterAct	\$0	\$3,000		Crisis Intervention Client Assistance which assists with individual or family basic needs during their immediate time of crisis such as food, supplies, transportation, or temporary lodging.
SafeChild	\$15,000	\$25,000		Champion Our Children capital project for site development and operating costs to expand services needed by Apex children and families.
Transitions LifeCare	\$8,000	\$10,000		Hospice & Palliative Care services for low to moderate income residents of all ages in Apex; supply visiting services, medications, and supplies to patients with limited financial resources.
YMCA	\$0	\$9,300		Camp G.R.A.C.E. in Apex, a developmentally appropriate summer day camp for children with autism and Pervasive Developmental Disorder, to help build social skills, sorely needed, particularly after a year of school being closed, and to provide much-needed respite and childcare for families.
Carolina Swims Foundation	\$5,000	\$10,000		To support Carolina Swims Foundation (CSF) targeted water safety education initiatives called "Give the Gift of Swim" lessons for underserved children of the Town of Apex.
Western Wake Crisis Ministry	\$8,000	\$20,000		Funds will be used directly for financial assistance for clients living in Apex. Individuals and families may receive financial assistance for a late utility bill or past due rent.
Total	\$72,000*	\$103,200		

*Total includes \$9,000 allocated to non-profits that did not apply for FY24 funding

2
3 **Director Grogan** gave an overview of the agencies that have applied. She said they
4 are waiting on a recommendation from Finance Committee members.

5 **Mayor Gilbert** asked how many applications they had.

6 **Director Grogan** said this was all that applied. There were originally more but those
7 not shown had withdrawn. She added that the requests add up to \$103,000, but that number
8 needed to be cut down to \$75,000 to match Finance Committee recommendations.

9 **Councilmember Gray** asked for more context on the initial applications, and how the
10 list ended up the way it is now.

11 **Director Grogan** said Apex Public School Foundation withdrew, and that her staff
12 reached out to organizations that had applied in the past to inquire why they weren't doing
13 so this year. She said some of them had staff changes, and so they were unaware of the
14 deadlines.

15 **Mayor Gilbert** asked if Fiesta Christiana only requested \$5,000, noting that they were
16 the only group to go down on their request.

17 **Director Grogan** said they requested 3 different amounts in 3 different places on the
18 application.

19 **Ms. Hoffman** stated that one of the requests was for emergency fund funding, and
20 the other was for personnel costs, which are not eligible for this town funding. She said the
21 only programming funding request was for \$5,000.

22 **Councilmember Gray** said it was good to understand why some groups didn't apply
23 this year and that some had stayed or joined back. He said it was good to help those who
24 help the residents of Apex. He said he appreciates Director Grogan and her team reaching
25 out to organizations to understand where the confusion was.

26 **Director Grogan** said next year, Mr. Murphy will be working on piloting other ways to
27 inform non-profits and get the involved other than contacting them directly.

DRAFT MINUTES

1 **Mayor Pro Tempore Killingsworth** asked about the White Oak Foundation, and why
2 they had not requested funds.

3 **Director Grogan** said they have not requested funds for the past 3 years. She added
4 that staff would let Council know what the Finance Committees recommendation is.

5 **Councilmember Gantt** said he views the Farmer's Market differently now that they
6 aren't on public property. He said it is a benefit to Beaver Creek Shopping Center as much as
7 it is to the community. He asked if they were differentiating costs relating to operations versus
8 costs related to development. He also asked if the program that goes towards assisting with
9 utility bills was different from this one and if it is still in place.

10 **Director Grogan** said that program was still in place, and that it has always been two
11 separate programs.

12 **Councilmember Gantt** asked what that program would do versus this non-profit one.

13 **Director Grogan** said this is in addition to the utility program, and that this includes
14 more than utility cost aid.

15 **Councilmember Gantt** asked if the utility bill funds were used up.

16 **Director Grogan** said they were not, and that staff would be submitting a budget
17 amendment to them before the end of the fiscal year.

18 **Councilmember Mahaffey** commented that this non-profit program is much more
19 general as to what it can help fund, whereas the utility assistance program is more rigid in
20 that it can only help with utility costs. He said this non-profit fund is the best way they can
21 spend this money, as it helps those who help people in Apex.

22 **Councilmember Gantt** said that since these are charities and people can donate to
23 them on their own accord, his preference is to stay within the \$75,000 recommendation from
24 the Finance Committee.

25 **Mayor Pro Tempore Killingsworth** said she was curious what Council's thoughts
26 were on the Apex Farmer's Market, since it had moved from public property and is not
27 looking to come back.

28 **Councilmember Gray** said he agreed with Councilmember Gantt. He said when it
29 was downtown, the intent was to showcase local vendors and local businesses in an
30 environment that would also help be a circulator of business in the downtown area. He said
31 now that they are at Beaver Creek in a much more commercial environment, it makes it more
32 difficult to explain why they as a town are putting that money towards it.

33 **Councilmember Zegerman** said he agreed as well. He said he wasn't sure if he was in
34 favor of including the Farmer's Market on this list. He also was curious about SafeChild, since
35 they were based in Raleigh, but did work with the Apex Police.

36 **Director Grogan** said part of SafeChild's request was operating expenses, and the
37 other was capital investment and facility expansion.

DRAFT MINUTES

1 **Councilmember Gantt** said he was uninterested in funding the capital aspect, but
2 was still interested in funding the operating costs.

3 **Councilmember Mahaffey** said they have to expand their facilities in order to expand
4 their programming.

5 **Councilmember Gantt** said he may feel differently if the facility was being built in
6 Apex, but he isn't as interested since it is in Raleigh.

7 **Councilmember Mahaffey** said it doesn't matter where the facility is located if they
8 are helping Apex citizens.

9 **Councilmember Gantt** said he is just thinking about where he would be willing to
10 make cuts to get to the \$75,000 recommended limit.

11 **Director Grogan** said the Apex Police Department refers a lot of cases to SafeChild
12 for their services.

13 **Mayor Gilbert** said to his understanding, Apex gives more than any other Wake
14 County municipality to SafeChild.

15 **Councilmember Gray** said he wished there were other communities that raised the
16 amount they gave.

17 **Mayor Gilbert** asked what the Farmer's Market proposed as far as what they wanted
18 these funds to go towards.

19 **Director Grogan** said part of it went to their contracted service for the coordination
20 and management of their program.

21 **Councilmember Mahaffey** asked if there was marketing including as well.

22 **Mr. Murphy** said some of it was marketing.

23 **Councilmember Gray** said he didn't want to say they shouldn't give them anything, as
24 it ultimately helps out local business, but that it would be hard for them to give them more
25 money than before after they moved away from where Council wanted them. He said they
26 could justify an increase in the allocation if they were based more locally.

27 **Mayor Pro Tempore Killingsworth** asked why InterAct was not funded last year.

28 **Councilmember Mahaffey** said they didn't apply last year, and they were one of the
29 organizations they reached out to for them to come back into the program.

30 **Mayor Pro Tempore Killingsworth** said her preference would be to reduce the
31 amount of money the Farmer's Market received.

32 **Councilmember Gantt** said there would still need to be more cuts to get to the
33 \$75,000.

34 **Director Grogan** clarified that these organizations would have to show that were
35 spending the funds allocated towards them in line with what Council approved.

DRAFT MINUTES

Councilmember Zegerman if the Carolina Swims Foundation had a location in Apex where they did lessons.

Director Grogan said no, it was in Fuquay-Varina. She said with this money they would ensure it goes to fund support of Apex residents.

Mayor Gilbert said they teach underserved children and partner with the White Oak Foundation.

Director Grogan said they had to work with them to adjust their proposal to fit for qualifying items. She said the Finance Committee would be working to come to a consensus, and then Council will discuss where the money will be allocated.

Councilmember Gantt asked if there would be more information about the specific funding requests.

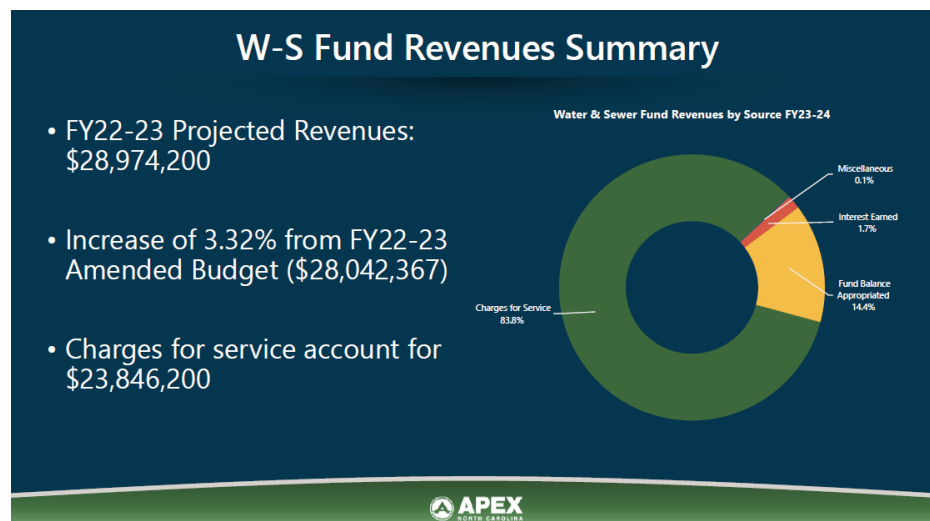
Director Grogan said yes, this was summarized for the PowerPoint.

Councilmember Gantt said he is interested in getting the Farmer's Market back to downtown, and if this could be used as a lever to help aid that it would be good.

Councilmember Gray said he wasn't sure they could use the term lever, but that it may be an incentive.

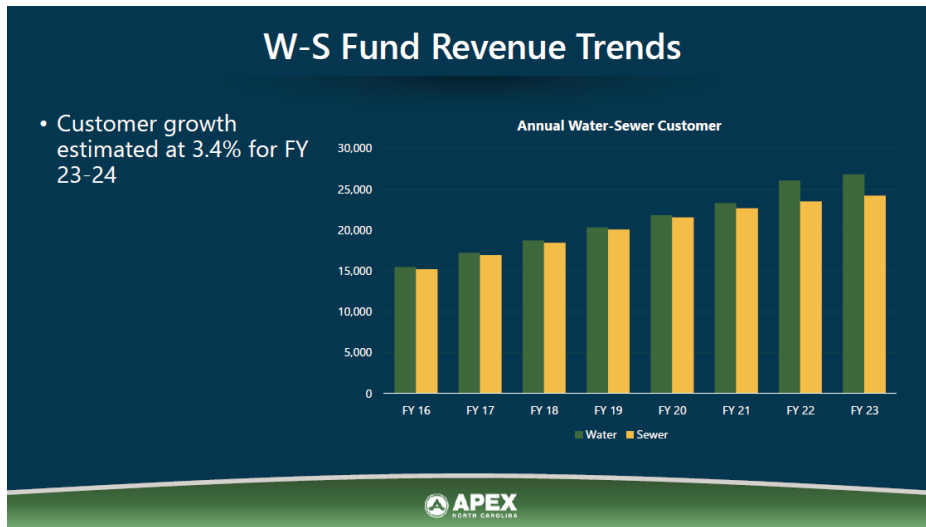
[AGENDA ITEM #5 - WATER & SEWER FUND]

[SLIDE 1]



DRAFT MINUTES

1 [SLIDE 2]



2

3 [SLIDE 3]

W-S Fund Rates

- Water**
 - Base Charge remains flat
 - 4% Increase in volumetric rate
- Sewer**
 - 4% Increase in base & volumetric rate
- Outside rates are double

Water	FY23	FY24	Difference
Base Charge	\$6.00	\$6.00	\$-
Volumetric Rate per 1,000 gal.			
Tier 1: 0-6,000 gal.	\$4.25	\$4.42	\$0.17
Tier 2: 6,000 - 12,000 gal.	\$4.89	\$5.09	\$0.20
Tier 3: > 12,000 gal.	\$6.59	\$6.85	\$0.26

Sewer	FY23	FY24	Difference
Base Charge	\$10.75	\$11.18	\$0.43
Volumetric Rate per 1,000 gal.	\$7.45	\$7.75	\$0.30

*Outside rates are double

APEX NORTH CAROLINA

4

5 [SLIDE 4]

W-S Fund Rates

Consumption 1,000 gals	Water Rates		Sewer Rates		Combined Water & Sewer Total			
	Existing	Proposed	Existing	Proposed	Existing	Proposed	% Change	Cost Difference
0	\$6.00	\$6.00	\$ 10.75	\$11.18	\$16.75	\$17.18	2.50%	\$0.43
2	\$14.50	\$14.84	\$ 25.65	\$26.58	\$40.15	\$41.42	3.07%	\$1.27
4	\$23.00	\$23.68	\$ 40.55	\$42.18	\$63.55	\$65.86	3.51%	\$2.31
5	\$27.25	\$28.10	\$ 48.00	\$49.93	\$75.25	\$78.03	3.56%	\$2.78
6	\$31.50	\$32.52	\$ 55.45	\$57.68	\$86.95	\$90.20	3.60%	\$3.25
8	\$41.28	\$42.70	\$ 70.35	\$73.18	\$111.63	\$115.88	3.67%	\$4.25
10	\$51.06	\$52.88	\$ 85.25	\$88.68	\$136.31	\$141.56	3.71%	\$5.25
16	\$87.20	\$90.46	\$129.95	\$135.18	\$217.15	\$225.64	3.76%	\$8.49

APEX NORTH CAROLINA

6

DRAFT MINUTES

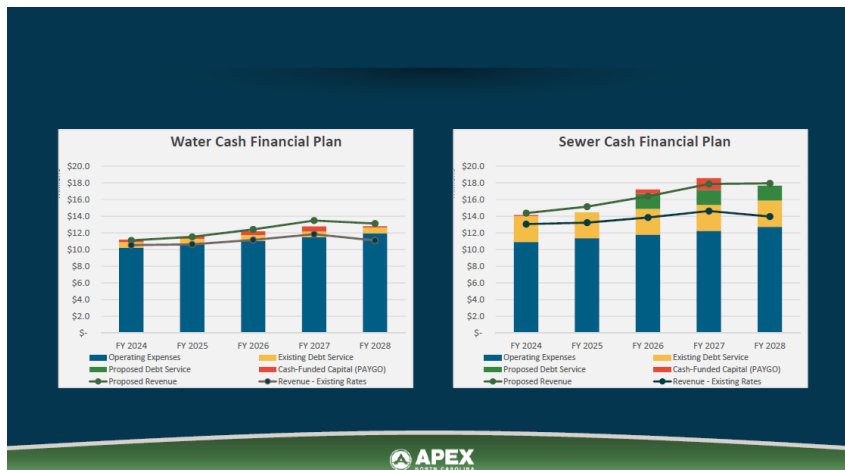
1 [SLIDE 5]



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3

4 [SLIDE 6]



5

6 **Councilmember Zegerman** asked if the proposal for the sewer debt services
7 accounted for the western capacity increase.

8 **Director Grogan** said part of it did. She said it will be tied to projects over time. She
9 said there's Big Branch and other projects developing in that area over the next several years.
10 She said some projects will be debt funded, then payments would start the following years.

11 **Councilmember Mahaffey** asked if Big Branch was included in this data.

12 **Director Grogan** said yes, partially, and that they were looking at financing \$20
13 million of it from reserves and \$20 million as revenue bonds. She said the two debt services
14 shown are Big Branch and the Cary DIP.

15 **Councilmember Mahaffey** asked how the revenue would work with the new
16 connections.

DRAFT MINUTES

Director Grogan said the revenue bonds would be paid off over time by the revenues generated from the new connections.

Councilmember Mahaffey asked if it would be based off not doing a rate increase.

Director Grogan said not necessarily. She said rates may have to be increased in order to meet the requirement for paying the debt. She said the idea is not to have the burden places on the existing customers, but the expand the base so future customers would be able to contribute and offset the debt as well. She said the \$20 million reserve money going towards it are specifically able to be used for capacity increases like this.

Councilmember Mahaffey asked if the reserves fund was from previous expansions.

Director Grogan said that comes from the developer fees.

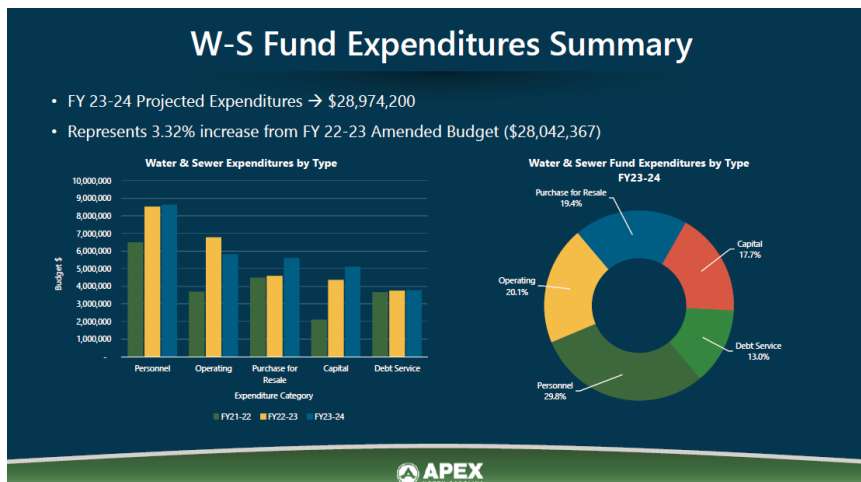
Assistant Town Manager Stone said there is currently legislation being proposed that may limit the town's ability to recover these kinds of fees.

Councilmember Mahaffey asked if that meant they could empty reserves for this project and then have no way of refunding it if a law passed that limited the ability to levy those kinds of development fees for expansion of town systems.

Assistant Town Manager Stone said that was a possibility.

Councilmember Gantt said they can't really plan based on potential future legislation.

[SLIDE 7]



DRAFT MINUTES

1 [SLIDE 8]

W-S Fund FY23-24 Expenditure Overview

- Personnel
 - Utility Field Supervisor
- Vehicles & Equipment
 - SL 1000 Analyzer Kits (2) - \$12,000
 - Itron Handheld Equipment - \$10,000
 - Cat 299 D3XE skid steer - \$139,000
 - New valve truck - \$230,000
 - Replace Unit 208 - \$76,000
 - Replace Unit 93 - \$45,000
 - Lift gate for Unit 146 - \$5,500
 - Compactor - \$85,000
 - Unit 128 Replacement - \$50,000
 - SL-Rat acoustical pipe inspect unit - \$30,000
 - Mulching head attachment - \$41,000
 - Radio Comm. operator headsets - \$8,500
 - Pole MH inspection cam - \$20,000
 - Herbicide Spray Equipment - \$10,000
 - Easement Jetter Replacement - \$75,000
 - Crane Truck Replacement - \$165,000
- Capital Projects
 - AMI- \$4.1M
 - Big Branch 2 Pump Station & Force Main - \$40M
 - Hwy 55 Booster Pump Upgrades - \$450K
 - Roberts Road Line Connection - \$250K
 - Sunset Hills Pump Station Improvements - \$4.4M
 - Wimberly Road Water Supply Vault - \$40K
 - WWRWRF – Phase II Expansion - \$170k

APEX NORTH CAROLINA

2

3

Councilmember Gantt asked if the AMI was the same as for electric.

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5

Assistant Town Manager Stone said yes, it serves as the “backbone” of water and electric.

6

7

Director Grogan said there would be some shared cost between water and electric, but that they would also have individual costs.

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9 [SLIDE 9]

W-S Fund Balance

- Current Fund Balance for Water Sewer: approx. \$67.5M
 - Awaiting final FY22 Audit and final Finance postings
- FY23-24 includes use of \$4.1M
 - AMI Smart Meter Project Implementation
- Capital Reserves (restricted for system expansion)
 - Use of \$ 20.9M in FY24
 - Big Branch 2 Pump Station & Force Main - \$20M
 - Hwy 55 Booster Pump Upgrades - \$450k
 - Roberts Road Line Connection - \$250k
 - Wimberly Road Water Supply Vault - \$40k
 - WWRWRF – Phase II Expansion - \$170k

APEX

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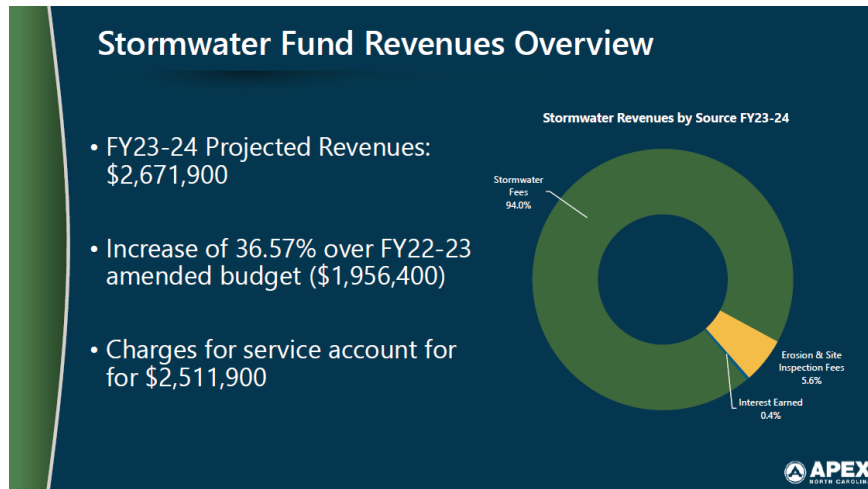
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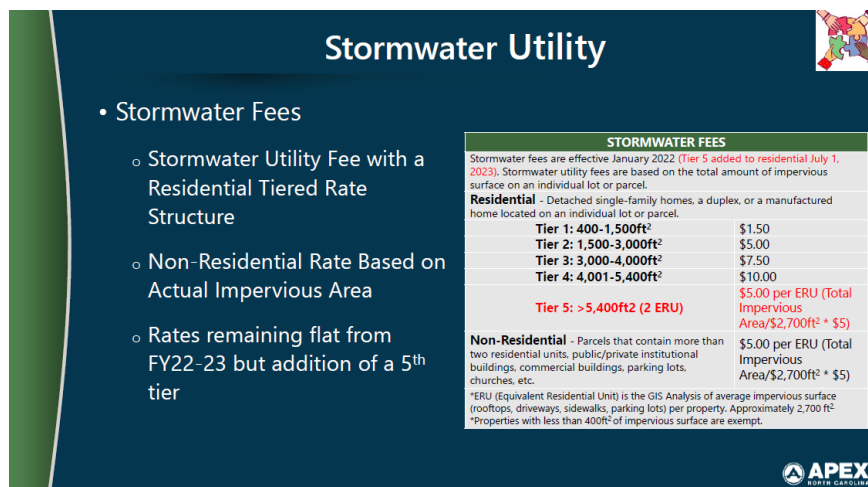
DRAFT MINUTES

[AGENDA ITEM #6 - STORMWATER UTILITY]

[SLIDE 1]



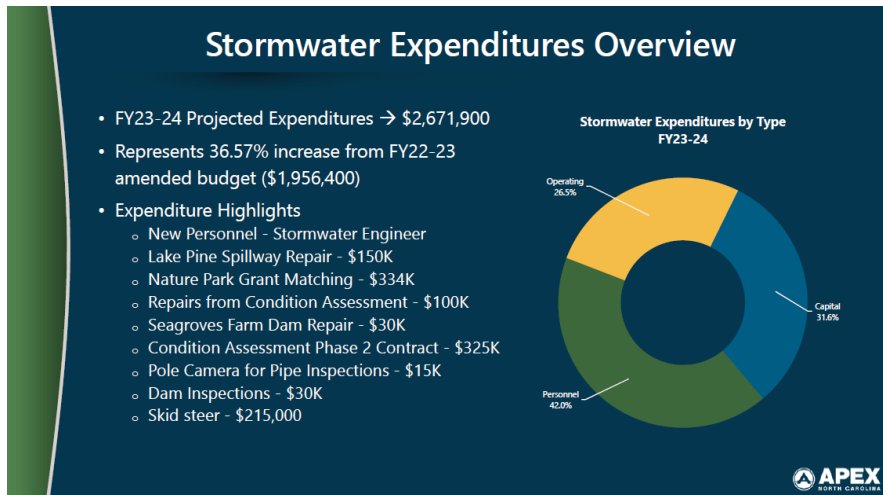
[SLIDE 2]



Director Grogan asked if there was a consensus to include these fee schedules in the upcoming budget proposals, and Council said yes.

DRAFT MINUTES

1 [SLIDE 3]

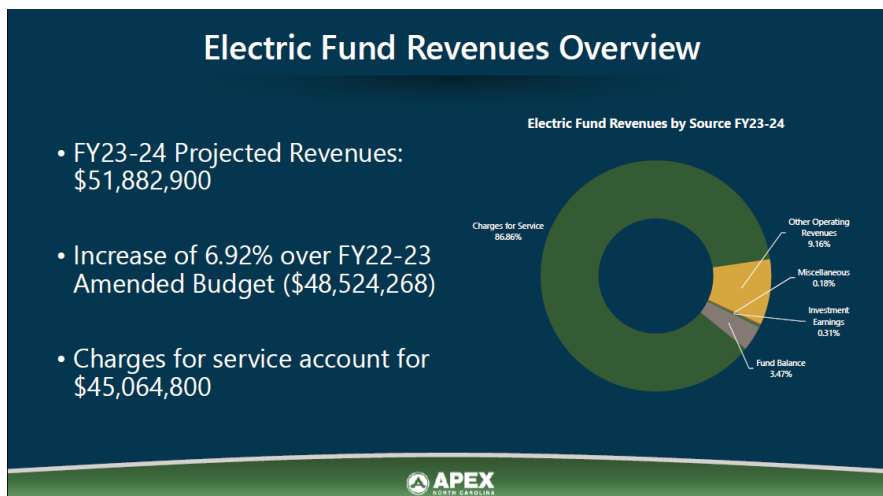


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4 [AGENDA ITEM #7 - ELECTRIC FUND]

5 [SLIDE 1]



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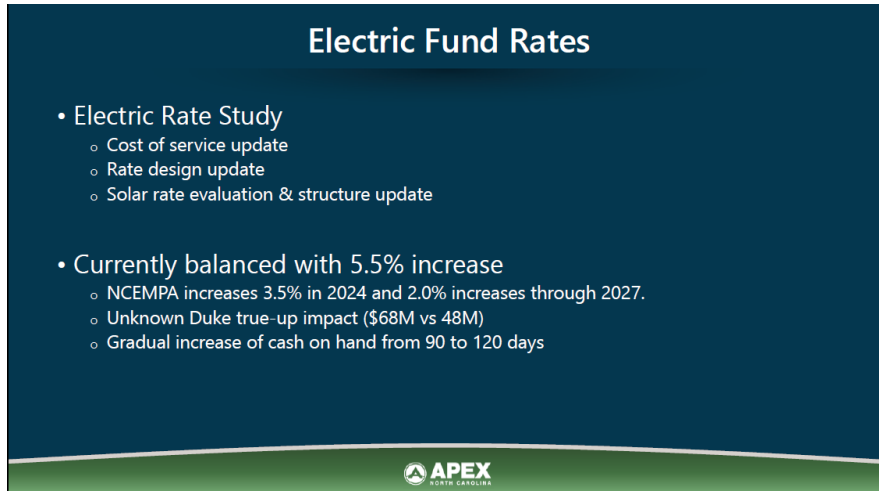
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[SLIDE 2]



Councilmember Mahaffey was confused on the \$68 million figure related to Duke Energy.

Assistant Town Manager Stone said it was based on a higher increase than expected, and that members of ElectriCities would be pass portions of the cost onto the Town. He said he was not sure how much Apex would get since it is a complex calculation. He said it would a number that wasn't known until after July of this year.

Director Grogan said these figures would be spread out over the 32 members of ElectriCities.

Councilmember Mahaffey said Duke's rates had gone up 18% this year, and was wondering if these higher costs were also related to that and the cost of fuel going up.

Assistant Town Manager Stone said he wasn't sure since it was a much different calculation, and that they can charge much different rates since they are a business.

Mayor Pro Tempore Killingsworth asked if Chatham County or Wake County ever considered a hydroelectric plant around Jordan Lake.

Assistant Town Manager Stone said he had no idea.

Mayor Pro Tempore Killingsworth said they had them where she grew up, and it was a super cheap cost for energy.

Councilmember Mahaffey asked if some ElectriCities towns still build their own power plants.

Deputy Town Manager Purvis said some that have special permission still do, but that Apex cannot produce energy under the current contract.

DRAFT MINUTES

Councilmember Mahaffey said he knows somebody of the King's Mountain City Council, and they love the natural gas plants they have, which they had to get special legislation to use.


Councilmember Zegerman asked how the solar requirement with Cary would work, and if that is considered generating power.

Assistant Town Manager Stone said they're providing power to the plant itself.

[SLIDE 3]

Rate Plan - DCOH

		Fiscal Year End June 30,				
No.	Description	2024	2025	2026	2027	
1	Recommended Rate Increase	5.50%	5.00%	5.00%	0.00%	
2	Date of Increase	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	
3	Months of First Year	12	12	12	12	
4	Transfer to Capital Fund	\$2,050,000	\$2,250,000	\$1,800,000	\$2,000,000	
5	Proposed Revenue Bonds	\$0	\$0	\$0	\$0	
6	Operating Cash Balance					
7	Beg Balance	\$12,021,251	\$12,786,551	\$12,448,851	\$13,734,351	
8	Total Revenue	\$52,310,600	\$53,217,000	\$56,085,500	\$57,296,600	
9	Total Revenue Requirements	\$51,545,800	\$53,554,200	\$58,800,000	\$57,411,000	
10	Annual Cash Flow	\$765,800	(\$377,200)	\$1,285,500	(\$116,400)	
11	End Operating Cash Balance	\$12,786,551	\$12,448,851	\$13,734,351	\$13,619,951	
12	Rate	\$26.38 / 0.0994 kWh, \$27.69 / 0.1044 kWh, \$29.06 / 0.1096 kWh, \$30.53 / 0.1150 kWh				
13	Average Customer Bill	\$140.69	\$147.75	\$155.12	\$162.78	
14	Target Days of Cash on Hand	90.00	\$10,881,616	\$11,384,408	\$11,691,049	\$12,163,089
15	Operating Cash Balance		\$12,786,551	\$12,448,851	\$13,734,351	\$13,619,951
16	Purchased Power		\$30,972,000	\$31,985,200	\$32,117,600	\$32,828,000
17	Operations & Maintenance Expense		\$15,159,000	\$14,184,900	\$15,296,100	\$16,500,100
18	Days Operating Cash On Hand		106	92	106	101
			\$1,904,935	\$1,064,443	\$2,043,302	\$1,456,858



Councilmember Zegerman asked what the baseline of the average bill was.

Director Grogan said the base plan goes up \$1.38.

Councilmember Zegerman asked what the average customer would have an increased bill of.

Director Grogan said \$7.36.

Councilmember Gantt asked if the Time of Use rates would be included next year.

Deputy Town Manager Purvis said it may be later than that, but this will be a start of getting on the course that Council wants to go on.

[SLIDE 4]

DRAFT MINUTES

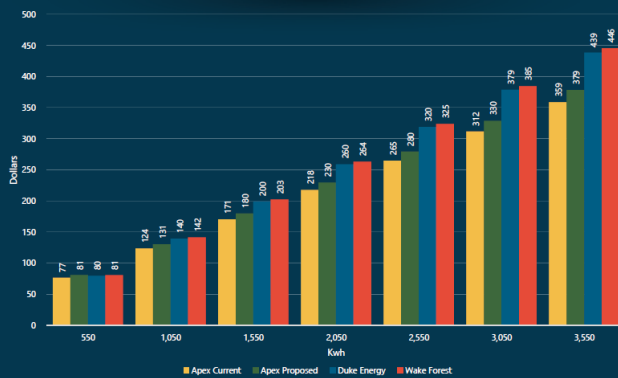
Recommended Electric Rates

Rate Description		FY22-23 Rates	FY23-24 Rates	Difference
Residential	Customer Charge (\$/bill)	25.00	26.38	1.37500
	Energy Charge (\$/kWh)	-	-	-
	- Energy (0-800 kWh)	0.0942	0.0994	0.00518
	- Energy (>800 kWh)	0.0942	0.0994	0.00518
	Customer Charge (\$/bill)	25.00	26.38	1.37500
Residential TOU	Energy Charge (\$/kWh)	-	-	-
	- TOU On Peak	0.1950	0.2057	0.01073
	- TOU Off Peak	0.0518	0.0546	0.00285
	- TOU Bilateral Credit On Peak	0.1303	0.1375	0.00717
	- TOU Bilateral Credit Off Peak	0.0310	0.0327	0.00171
Small General Service	Customer Charge (\$/bill)	27.00	28.50	1.50000
	Energy Charge (\$/kWh)	0.0966	0.1019	0.00531
	Customer Charge (\$/bill)	27.00	28.50	1.50000
	Energy Charge (\$/kWh)	-	-	-
	TOU On Peak	0.1950	0.2048	0.00980
Small General Service TOU	TOU Off Peak	0.0537	0.0564	0.00270
	TOU Bilateral Credit On Peak	0.1303	0.1368	0.00650
	TOU Bilateral Credit Off Peak	0.0310	0.0326	0.00160
	Customer Charge (\$/bill)	85.00	90.00	5.00000
	Energy Charge (\$/kWh)	0.0731	0.0780	0.00488
Medium General Service	Demand Charge (\$/kW)	7.75	8.20	0.45000
	Customer Charge (\$/bill)	85.00	90.00	5.00000
	TOU Energy Charge (\$/kWh)	0.0700	0.0739	0.00392
	TOU On Peak Demand Charge (\$/kW)	11.50	12.25	0.75000
	Customer Charge (\$/bill)	175.00	175.00	-
Large General Service	Energy Charge (\$/kWh)	0.0593	0.0622	0.00290
	Demand Charge (\$/kW)	10.32	11.00	0.68000
	Customer Charge (\$/bill)	175.00	175.00	-
	TOU Energy Charge (\$/kWh)	0.0579	0.0607	0.00280
	TOU On Peak Demand Charge (\$/kW)	11.86	12.75	0.89000
Large General Service TOU	Customer Charge (\$/bill)	350.00	350.00	-
	Energy Charge (\$/kWh)	0.0451	0.0476	0.00250
	CP Demand Charge (\$/kW)	20.18	21.00	0.82000
	Excess Demand Charge (\$/kW)	3.93	4.19	0.26000
	Customer Charge (\$/bill)	350.00	350.00	-



[SLIDE 5]

Average Monthly Bill



[SLIDE 6]

Customer Growth & Sales Assumptions

Customer and Sales Escalation														
Esc.	Description	4-yr Avg	Actual					Forecast						
			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
1														
	Residential							9-month trend						
1	Customers		8.06%	10.91%	8.46%	5.66%	3.21%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2	Usage		5.90%	8.15%	4.64%	9.09%	1.87%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Residential TOU													
3	Customers		9.78%	46.05%	9.70%	-4.25%	-5.39%	-3.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Usage		9.71%	36.90%	0.66%	-1.35%	5.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Small General Service													
5	Customers		5.58%	3.62%	5.23%	7.35%	6.18%	4.47%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
6	Usage		6.15%	1.36%	-1.30%	5.88%	19.89%	8.28%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Small General Service TOU													
7	Customers		16.05%	45.64%	23.22%	0.23%	0.81%	-1.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	Usage		14.58%	45.75%	25.61%	-2.65%	-3.30%	-4.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Medium General Service													
9	Customers		-0.59%	2.82%	-1.21%	2.72%	-1.18%	3.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Usage		1.40%	0.67%	-4.92%	4.44%	5.75%	-2.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Medium General Service TOU													
11	Customers		10.67%	25.00%	5.00%	14.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Usage		79.05%	78.70%	296.12%	42.40%	1.89%	-2.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



[SLIDE 7]

DRAFT MINUTES

Monthly Impact

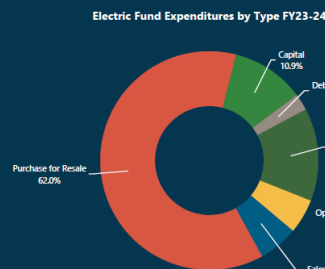
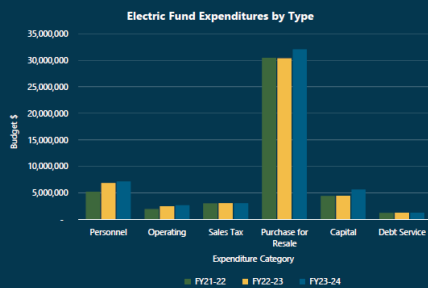
Apex Residential Customers			
Kwh	Current Avg/Month	Proposed Avg/Month	Monthly Change
950	\$114.49	\$120.81	\$6.32
1,150	\$133.33	\$140.69	\$7.36
1,250	\$142.75	\$150.63	\$7.88
1,350	\$152.17	\$160.57	\$8.40



[SLIDE 8]

Electric Fund Expenditures Overview

- FY23-24 Projected Expenditures → \$51,882,900
- Represents 6.92% increase over FY22-23 Amended Budget (\$48,524,268)



[SLIDE 9]

FY23-24 Electric Fund Expenditures Overview

- Vehicles & Equipment
 - Equipment Trailer - \$25K
 - Materials Trailer - \$15K
 - 5" MOLE (trenchless equipt.) - \$18K
 - Modification to Pulling Rig - \$10K
 - Non-tilt trailer for Unit 112 - \$15K
 - Automatic Traffic Control Arms - \$30K
 - Resistagraph for Poles & Trees (decay detector) - \$10K
 - Front End Mower for Ditch Wizard - \$6,500
- Personnel
 - 2 Positions Recommended
 - 2 Line Technicians
- Capital Projects
 - East Williams Substation - \$1.8M
 - LED Replacement - \$250K




DRAFT MINUTES

1 [SLIDE 10]

Electric Fund Reserves

- Current Electric Fund Balance \$19M
 - Awaiting final FY22 Audit and final Finance postings
 - FY23: \$3.3M available for appropriation due to restrictions
- FY23-24 includes use of \$1.8 M
 - East Williams Substation



2


3 **Councilmember Zegerman** said it doesn't seem like there's not a lot on line
4 maintenance.

5 **Director Grogan** said that and other items were in separate line items in the budget.

6 [SLIDE 11]

Other Fee Changes

ELECTRICAL UNDERGROUND AND SERVICE LATERAL FEES			
Primary Facilities:		Service Laterals:	
Collected by Electric Department		Collected by Building Inspections Permitting	
Based on cost difference of normal overhead facilities and the requested underground facilities.		Charges are for the first 100 feet of service length. An excess footage charge, if applicable, is billed separately by the Electric Utilities Division at \$4.25/foot over 100 feet.	
Single-Family	\$526.75	Single-Family	\$561.776/service lateral
Townhomes	\$526.75	Townhomes	\$561.776/service lateral
Apartments	\$526.75	Apartments	Apartments are typically served with multiple meter bases at approved locations; service laterals are usually installed in conjunction with the primary facilities and service lateral charges do not apply
EV Chargers	@ cost determined at submittal request		



7

8 **Councilmember Mahaffey** asked if the town loses money by providing electricity.

9 **Director Grogan** said yes.

10 **Mayor Pro Tempore Killingsworth** asked if the increase rates would cover that
11 discrepancy.

12 **Director Grogan** said somewhat, but the cost to buy energy could still increase. She
13 said they increase costs on developers as well to help system expansion costs.

DRAFT MINUTES

Councilmember Mahaffey asked if they knew what Duke would charge for this type of service to Municipalities.

Director Grogan said their system is different, but staff can get information on that. She said part of it is tied to how they charge rates.

Assistant Town Manager Stone said Duke's rates are set up to recover costs in a set amount of time. He said they are a for-profit company.

Director Grogan said they aren't trying to recoup all of system expansion costs through rates, like Duke does more of.

Councilmember Zegerman asked what the restrictions of the balance was.

Deputy Town Manager Purvis said they have to keep a certain level to account for lag.

[SLIDE 12]

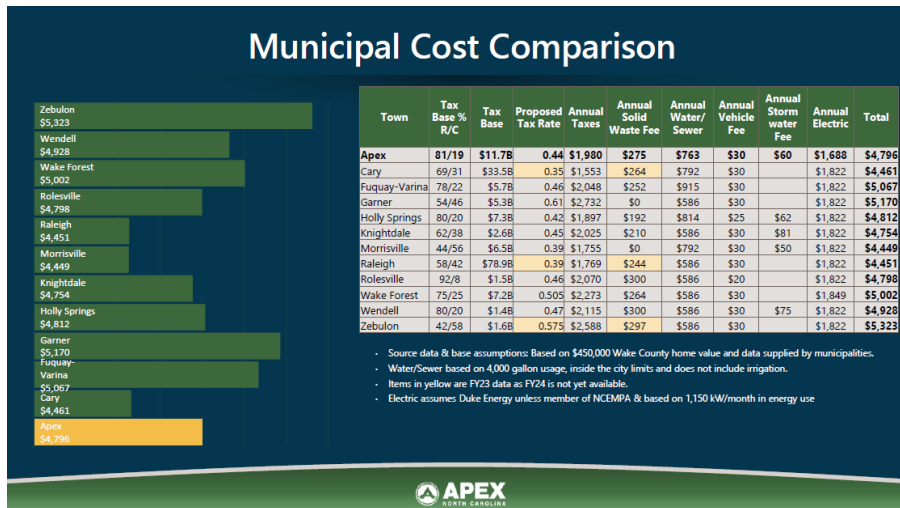
Strategic Goal Alignment Enterprise Funds		
Strategic Focus	Strategy/Action Item	Budget
High Performing Government	Personnel Additions	
	- Sewer Maintenance Field Supervisor	205,700
	- Stormwater Engineer	147,200
	- Electric Line Technicians (2)	269,300
	Provide Customer-Focused Service	
Economic Viability	- Hosted Switch System (Nakon Upgrade)	35,000
	- OMS - SCADA Integration, Customer Mapping, Disaster Recovery	36,800
	Subtotal	\$694,000
	System Expansion to Support Residential & Commercial Growth	
	- Big Branch 2 Pump Station and Gravity Main	20,000,000
A Welcoming Community	- Roberts Road Water Line Connection	25,000
	- HWY 55 Booster Pump Upgrades	450,000
	- Cary-Apex Water & Sewer Projects	922,200
	- New Water Meter Installation	200,000
	- Electric System Expansion & East William Substation Expansion	5,100,000
Environmental Leadership	Subtotal	\$26,697,200
	Enhance Communications for a More Informed Community	
	- Educational Giveaways, Supplies, etc. for Water & Sewer	1,500
	- Fats, Oils, & Grease Educational Items	1,000
	- Stormwater Public Education, Outreach Supplies, & Giveaways	5,500
Responsible Development	Subtotal	\$8,000
	Be a Leader in Renewable Energy & Conservation	
	- AMI /Smart Meter Implementation	\$4,100,000
	- LED Street Light Conversion	250,000
	- EV Transition Investigation (2 Replacements)	75,000
	- Nature Park Streambank Restoration	333,600
	- Develop Funding Strategy for Watershed Protection of Jordan Lake	135,000
	- Preserve Natural Resources & Habitats	
	- LCRR Lead Service Line Inventory & Tracking Software	142,500
	- Fats, Oils & Grease Vehicle Wraps	10,000
	Subtotal	\$5,046,100
	Investment in Infrastructure Upgrades & Replacement	
	- Water/Sewer Hydro Model Updates	\$150,000
	- Stormwater Condition Assessment Phase II	325,000
	- Annual Miscellaneous Drainage Improvements	100,000
	- Pump Station Improvements & Upgrades	700,500
	- Water Main Replacement & Rehab Program	300,000
	- Inflow & Infiltration Repairs (Various Locations)	300,000
	- Pump Station Maintenance & Repair	\$14,000
	Subtotal	\$2,410,000
Grand Total		\$34,855,300

[SLIDE 13]

Rate Changes Cumulative Effect on Residents				
Rate Change Impact on Average Household*				
Fee/Rate	FY22-23	FY23-24	Change	
Solid Waste (combined)	\$21.99	\$22.92	\$0.93	
Water	\$27.25	\$28.10	\$0.85	
Sewer	\$48.00	\$49.93	\$1.93	
Electric	\$133.33	\$140.69	\$7.36	
Stormwater	\$5.00	\$5.00	\$0.00	
Total	\$235.57	\$246.64	\$11.07	
*Average household defined as 5,000 gal./month in water-sewer usage & 1,150 kW/month in energy use				
Property Tax Rate Comparison				
Home Value	\$0.41	\$0.44	Change	per Month
\$200,000	\$820	\$880	\$60	\$5.00
\$300,000	\$1,230	\$1,320	\$90	\$7.50
\$400,000	\$1,640	\$1,760	\$120	\$10.00
\$500,000	\$2,050	\$2,200	\$150	\$12.50

DRAFT MINUTES

1 [SLIDE 14]



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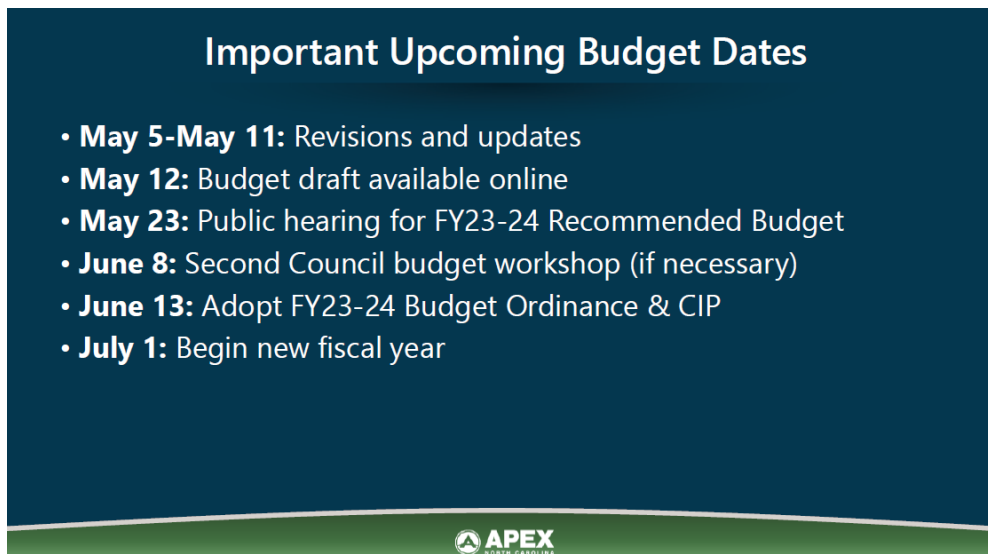
3 **Councilmember Mahaffey** asked if there was a way to forecast what these numbers
4 may be.

5 **Deputy Town Manager Purvis** said he would like more time to evaluate that, he said
6 he and Director Grogan have looked at creating a model to help determine that.

7 **Councilmember Mahaffey** said Apex may be getting closer to a 70/30
8 Residential/Commercial split after some of the upcoming projects.

9

10 [SLIDE 15]



11

12 [SLIDE 16]

DRAFT MINUTES

Final Questions & Comments

"A nickel ain't worth a dime anymore."

~Yogi Berra



Mayor Gilbert told staff they did a great job, and thanked them for their work. He then adjourned the meeting.

ADJOURNED

Mayor Gilbert adjourned the meeting at 5:01 p.m.

Jacques K. Gilbert
Apex, Mayor

Allen Coleman, CMC, NCCCC

Apex, Town Clerk

Submitted for approval by Apex Town Clerk Allen Coleman.

Minutes approved on _____ of _____, 2023.