



# Apex Town Council Budget Workshop

Thursday, April 23, 2020

Jacques K. Gilbert, Mayor  
Nicole L. Dozier, Mayor Pro Tempore  
Brett D. Gantt, Audra M. Killingsworth, Cheryl F. Stallings,  
and Terry Mahaffey, Council Members  
Drew Havens, Town Manager  
Shawn Purvis, Assistant Town Manager  
Marty Stone, Assistant Town Manager  
Donna B. Hosch, MMC, NCCMC, Town Clerk  
Laurie L. Hohe, Town Attorney

The Budget Workshop of the Apex Town Council scheduled for Thursday, April 23, 2020, at 2:30 p.m. was held in the Third Floor Training Room, 73 Hunter Street

In attendance were Mayor Jacques K. Gilbert, Mayor Pro Tem Nicole L. Dozier, and Council Members Audra M. Killingsworth, Brett D. Gantt, Cheryl F. Stallings, and Terry Mahaffey. Also in attendance were Town Manager Drew Havens, Assistant Town Managers Shawn Purvis and Marty Stone, Town Clerk Donna B. Hosch, Town Attorney Laurie L. Hohe, Budget and Management Analyst Amanda Grogan, Human Resources Director Mary Beth Manville, Police Chief John Letteney, Fire Chief Keith McGee, Electric Utilities Director Eric Neuman, Parks and Recreation Director John Brown, Budget Technician Jessica Hoffman, Economic Development Director Joanna Helms, Public Works and Transportation Director Jose Martinez, Water Resources Director Mike Deaton, Building and Inspections Director Rudy Baker, Communications Manager Stacie Galloway, Finance Director Vance Holloman, and IT Director Erika Sacco.

## COMMENCEMENT

Mayor Gilbert welcomed everyone to the workshop. He thanked staff for the work that has been done on the budget. He was proud of how things have been kept moving through COVID-19.

Assistant Town Manager Purvis presented the agenda and explained how the meeting would progress. He presented the Town's vision, mission, and strategic goals.

### Specific Council Initiatives

Purvis stated Council initiatives were showing in the budget. We have already started working on some of these. Work with the school system is ongoing.

### Total Budget

Purvis presented the General, Electric, Water and Sewer, and Minor Fund numbers totaling \$150,241,900.

### COVID-19 Response and Adjustments

Purvis showed figures on the economic impact from the current quarter and fiscal year 20/21. He presented an overview of how the impact will be mitigated. The first few months, we were exceeding budget projections. Purvis hoped we would still end on a positive note at the end of this fiscal year. The first three quarters of the year, we were really strong. Explained were the challenges and how we're going to be progressing.

As for disaster response, we have a bit of this but nothing to offset any losses. We may be able to recoup a small amount of our expenses. Responding to Council, Purvis stated our sales tax distribution is based on population. We will get a bigger share of the pie because of our growth. There has been some talk about bankruptcy in municipalities, but this will probably be unlikely in North Carolina.

### General Fund Revenue Summary

Purvis spoke about the \$71,642,400 total revenues and the \$.38 tax rate which included \$2,070,000 from Fund Balance. The tax rate is a bit over revenue neutral. Ad valorem taxes mitigate against other economic impacts.

Purvis went over General Fund revenues by source, motor vehicle and waste collections, property tax rates, and other rates for planning and the cemetery. Council was glad to see increases for commercial properties. Responding to Council, Purvis explained the discount for military persons purchasing cemetery plots, Council stating the 20% discount was fair. Purvis explained tier rates that are in place for commercial but not residential. Council expressed concern about residents being penalized for their specific situations, i.e., having a moderate income but being home during the day. Havens stated this would be looked at this structure during the coming year.

Purvis showed the expenditure summary. There was some conversation about how our sales tax compares to other municipalities. The General Fund is balanced at this point. General Fund Revenues vs. Expenditures were presented. Each year since 2011, these have been close.

Responding to Council, Purvis answered questions related to the deputy clerk and sustainability positions.

Purvis stated there would be a one-year hiatus from the standard merit-based compensation plan and that there would be a change in healthcare and dental insurance carriers. He further stated that some employees were not earning a living wage. The Mayor expressed thanks to those who instituted the 7% increase in order to get to that living wage. Havens stated the cost to implement this 7% was close to what it would have otherwise been. Havens explained the decision to change insurance carriers. Council stated she felt it very good to move to CIGNA.

Responding to Council about the impact of OPEB, Purvis stated the recommendation was to cease this for employees hired after July 1, 2020, which is something other municipalities are doing. Right now, this is not a high recruiting factor. Staff stated we can find other ways for employees to plan for their retirement. Further explained was that OPEB was not in any collective bargaining agreements. The Town is looking at what it can do now for employees, such as health savings accounts. This change would not affect any current employees. Council was interested in any push back once this change is published.

Purvis stated we are not making any swap outs on rolling stock capital. He showed those items which had been backed out of large capital. He spoke about how and when revenues and expenditures can be adjusted. Purvis stated that improvements to the Eva Perry Library, a Town building, had been taken out of the budget at this point. He explained the County is making improvements and explained how they will be reimbursed.

Purvis showed the capital reserves and projects, stating that Council could re-prioritize these if desired. He spoke a bit about the Salem Street study, responding to Council question. Council were disappointed about the study being taken out of the budget. Conversation ensued on possible swap out alternatives, i.e., for Richardson Road. Purvis spoke about the grants which had been applied for and how getting them would affect some of the projects.

Purvis presented the Fund Balance and explained what the figures represented. Speaking about non-profit support, Purvis cleared up the legality of funding the school. He explained we don't have statutory authority to fund this. Council stated she wanted to know more about Jobs for Life. She had not received any further information on them, so she did not recommend funding.

#### Water Sewer Fund Revenues

Purvis presented these figures. Council asked if we expected these revenues to increase, Purvis explaining how the process works. He presented revenue trends, fund rates, and the expenditures summary, which

was balanced. Responding to Council, Purvis spoke about the renovation of Sunset Hills pump station that correlates with a high school.

Purvis reviewed the Water Sewer Fund and Electric Fund revenues. He presented Electric Fund revenue trends and the Electric Fund rates to which no changes were proposed. Electric Fund rates were overviewed and summarized. Purvis showed those items which were removed and decreased. Responding to Council, conversation ensued about replacing all the street lights, which would cost about \$2 million. There was also conversation about lighting the Tingen Road water tower, even if it were with the current system as on the Hunter Street tower, since lighting was taken out of the budget. Purvis would look at making adjustments for this. Purvis showed the cumulative effect of rate changes on residents.

Council spoke about COVID-19 and its unknown impacts. She wants us to be in a good starting place and in a healthy situation. Growth and staff have helped with this. Because of the economic recession, we want to be as responsible as possible.

Council expressed appreciation for all the work and the predictions. She did not want Apex to be forgotten in funding just because we're an affluent town.

Council Members thanked everyone for their work on the budget. The budget is broadly in line with what was talked about at the retreat earlier this year.

## ADJOURNMENT

With there being no further business and without objection from Council, Mayor Gilbert adjourned the meeting.

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Donna B. Hosch, MMC, NCCMC  
Town Clerk

ATTEST:

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Jacques K. Gilbert, Mayor