

DRAFT MEETING MINUTES

TOWN OF APEX TOWN COUNCIL WORK SESSION TUESDAY, APRIL 15, 2025 3:30 P.M.

The Apex Town Council met for a work session on Tuesday, April 15, 2025 at 3:30 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:

CLERK NOTE: While this meeting took place at Apex Town Hall, part one was conducted in the Town Council Chambers on the 2nd Floor and part two was conducted in the training rooms A and B on the 3rd Floor.

Part 1 - <https://www.youtube.com/watch?v=N5S3jfUiCIU>

Part 2 - <https://www.youtube.com/watch?v=BFJiDFzZGsc>

[ATTENDANCE]

Elected Body

Mayor Jacques K. Gilbert (presiding)

Mayor Pro-Tempore Ed Gray

Councilmember Brett Gantt

Councilmember Audra Killingsworth

Councilmember Terry Mahaffey

Absent: Councilmember Arno Zegerman

Town Staff

Town Manager Randy Vosburg

Deputy Town Manager Shawn Purvis

Assistant Town Manager Demetria John

Assistant Town Manager Marty Stone

Town Attorney Laurie Hohe

Town Clerk Allen Coleman

All other staff members will be identified appropriately below.

[COMMENCMENT]

Mayor Gilbert called the meeting to order at 3:35 p.m., welcomed everyone, and led everyone in the pledge of allegiance.

[FY 2025-2026 MANAGER'S RECOMMENDED BUDGET PRESENTATION]

Town Manager Vosburg gave the following presentation:
[SLIDE 1]



[SLIDE 2]



1 **[SLIDE 3]**

Building Community Value
A Welcoming Community
FY24-25 Accomplishments

- Street Hockey Rink
- Neighborhood Improvement Grants
- Upgraded Crosswalk Beacons
- Cricket Pitch at Jaycee Park
- Pickleball / Tennis Court Resurfacing at Kelly Road Park



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3 **[SLIDE 4]**

Building Community Value
High Performing Government
FY24-25 Accomplishments

- New in-house training programs
- Expansion of lobbying efforts
- ERP Transition (phase 2)
- General government debt model and consultations
- Digital Asset Management tool



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5 **[SLIDE 5]**

Building Community Value
Environmental Leadership
FY24-25 Accomplishments

- Town Facility Solar Initiative
- Plant the Peak Program Expansion
- Pollinator Habitat Certification Program
- EV Charger Upgrades and Additions
- LED Street Light Conversion
- Environmental Programs Position
- Environmental Center Planning Kick-off



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1 [SLIDE 6]

Building Community Value
Responsible Development
FY24-25 Accomplishments

- Safe Routes to School Program Expansion
- Affordable Housing Plan Update
- Housing Land Purchase
- Comprehensive Plan Update
- Pavement Management & ADA Improvements



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3 [SLIDE 7]

Building Community Value
Economic Vitality
FY24-25 Accomplishments

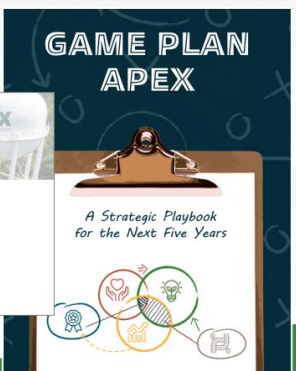
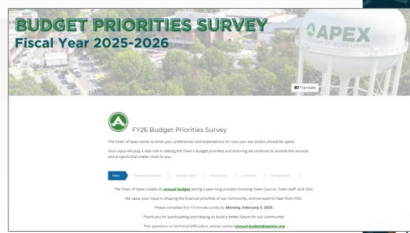
- Downtown Parking Mitigation
- Downtown Façade Grant Program
- Economic Development Incentives
- Little Beaver Creek Gravity Sewer Extension Design
- Electric System Expansion



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5 [SLIDE 8]

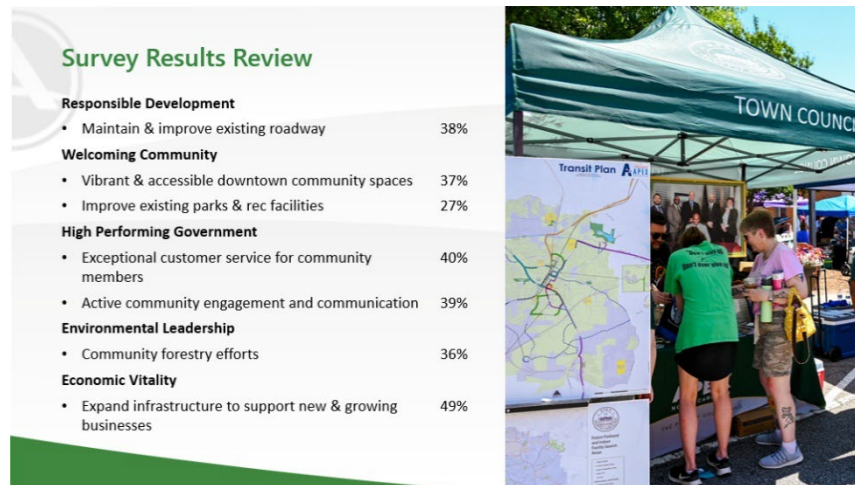
Recommendation Considerations

- Game Plan Apex
- Budget Priorities Survey



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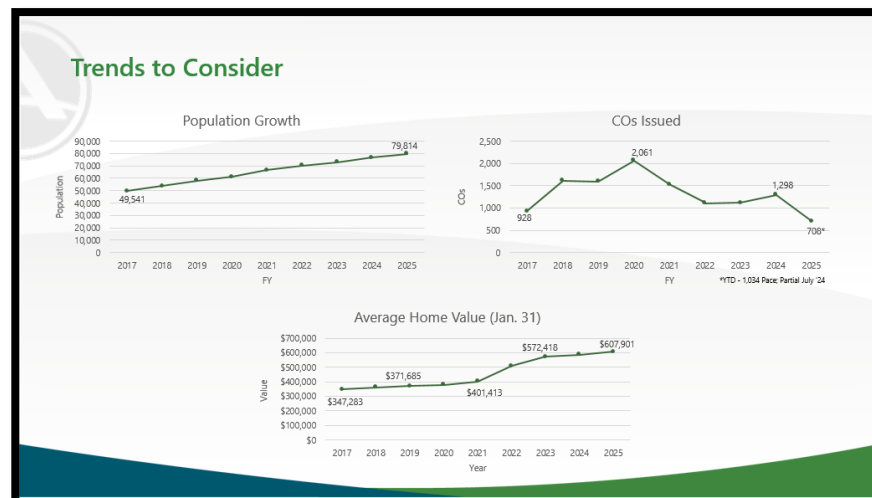
1 [SLIDE 9]



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3 [SLIDE 10]




4
5 [SLIDE 11]



1 **[SLIDE 12]**

FY25-26 Budget Challenges: Revenues

- Property Tax
 - Drop in County Tax Collection Rate
 - Record number of appeals (1,100 pending)
 - Vehicle value projections – uncertainty how market will affect
 - 15 bills introduced in NCGA that could have impact on property taxes beginning in FY27
- Sales Tax
 - Retail sales slowing, except for grocery sales reflecting inflation
 - Federal level decisions – creating uncertainty and volatility in market



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3 **[SLIDE 13]**

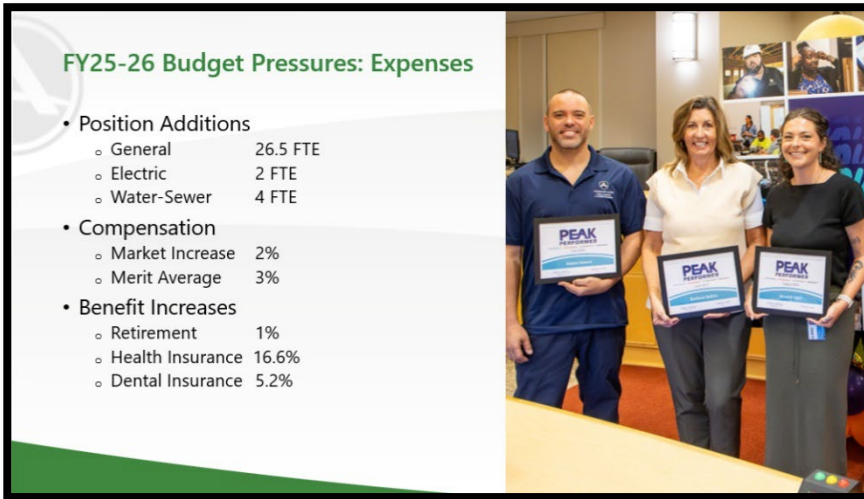
FY25-26 Budget Pressures: Expenses

- Equipment & Supplies Inflation
 - LED lights, pipe, building materials
- Bids Exceeding Engineer Estimates
 - Tunstall House +33%
 - Jones St. Improvements +40%
- Long Lead Times for Equipment & Vehicles
 - Fire Engine 2+ years
 - Transformers 2 years
 - Electric Meters 5 months

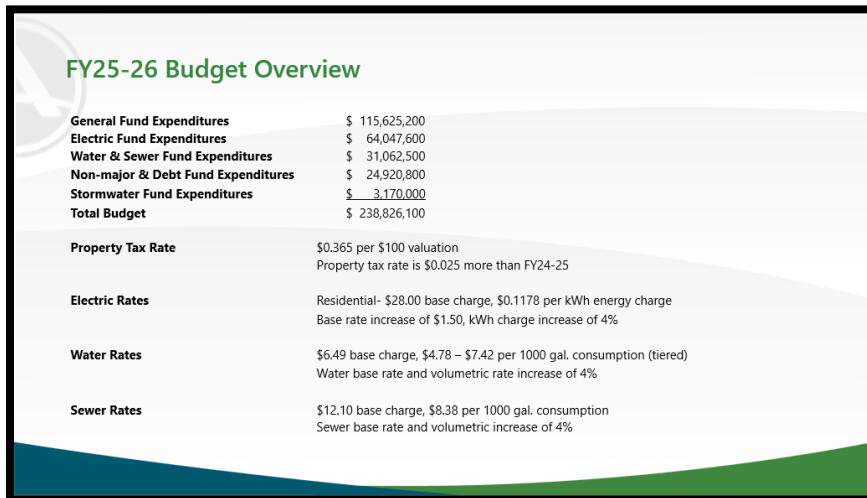


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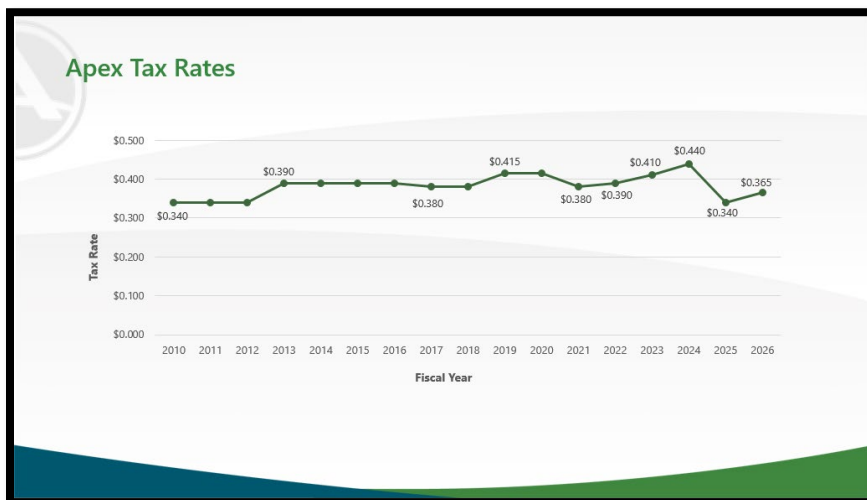
1 **[SLIDE 14]**



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3 **[SLIDE 15]**

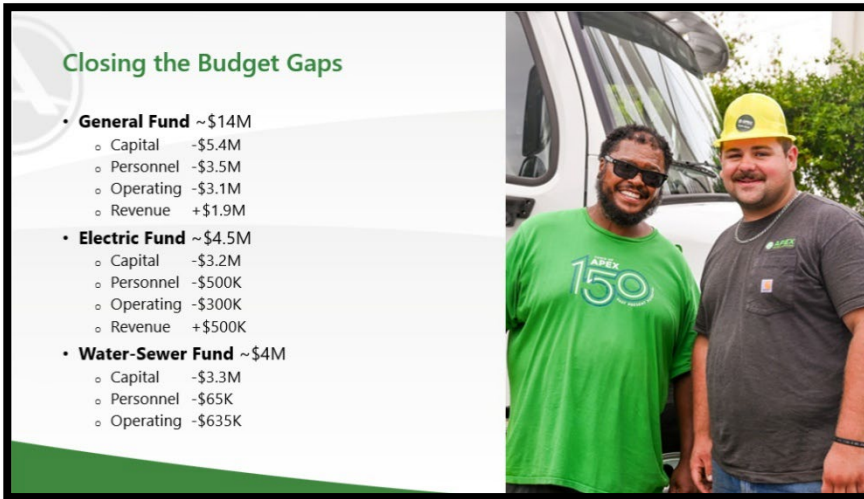


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5 **[SLIDE 16]**

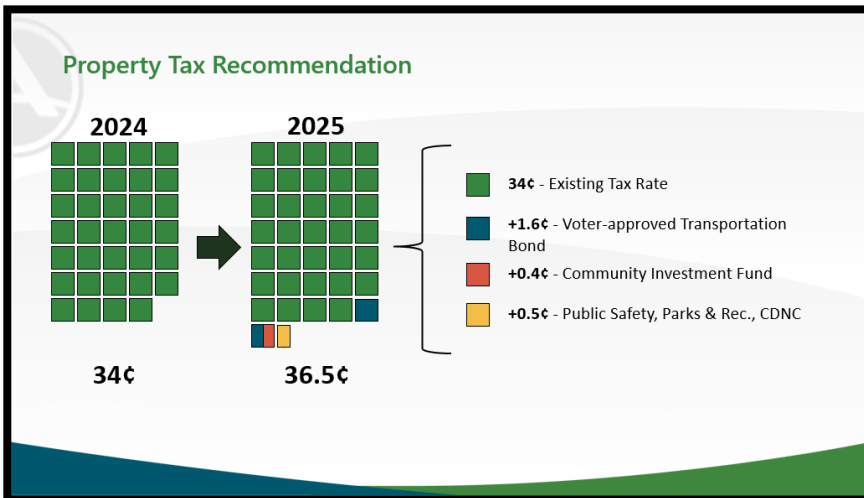


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1 **[SLIDE 17]**



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3 **[SLIDE 18]**



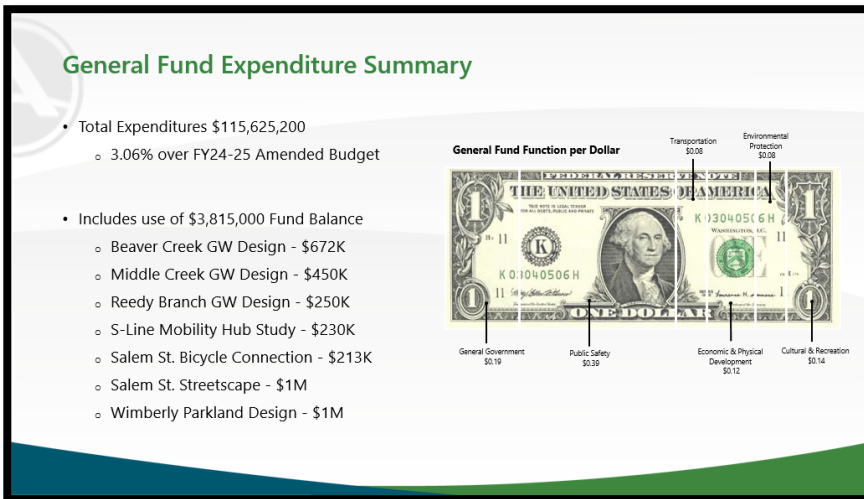
4
5 **[SLIDE 19]**

Tax Rate Change Effect for Residents

Tax rate increase
\$.025

| Home Value | Property Tax Rate Comparison | | | | Change (CY-Rec.) | Per Month |
|------------|------------------------------|---------|---------|---------|---------------------|--------------|
| | \$0.34 | \$0.356 | \$0.36 | \$0.365 | | |
| \$400k | \$1,360 | \$1,424 | \$1,440 | \$1,460 | \$100 | \$8.33 |
| \$500k | \$1,700 | \$1,780 | \$1,800 | \$1,825 | \$125 | \$10.42 |
| \$600k | \$2,040 | \$2,136 | \$2,160 | \$2,190 | \$150 | \$12.50 |
| \$700k | \$2,380 | \$2,492 | \$2,520 | \$2,555 | \$175 | \$14.58 |
| \$900k | \$3,060 | \$3,204 | \$3,240 | \$3,285 | \$225 | \$18.75 |

1 **[SLIDE 20]**

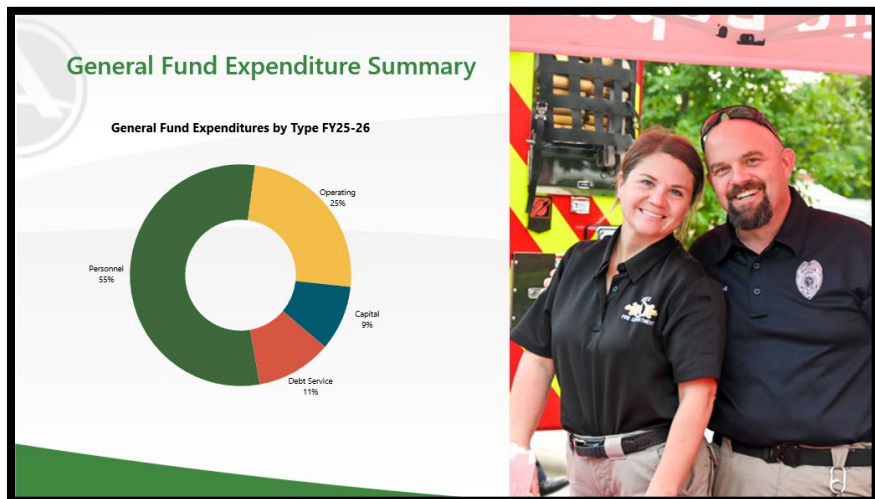


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3 **Councilmember Gantt** asked about the S-line being unfunded.

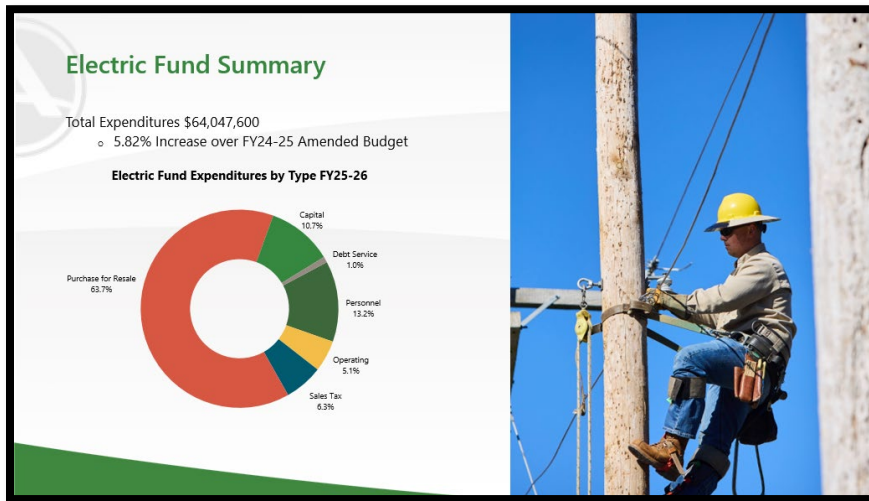
4 **Town Manager Vosburg** said that Assistant Town Manager Stone would address that.

5 **[SLIDE 21]**



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1 **[SLIDE 22]**



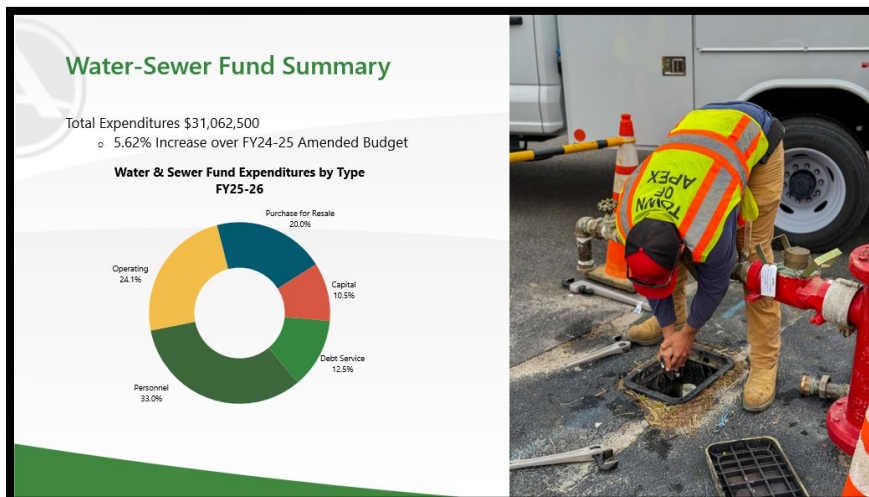
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3 **[SLIDE 23]**

Electric Rate Change Effect for Residents

- Base rate increase \$1.50
- Energy rate increase 4%

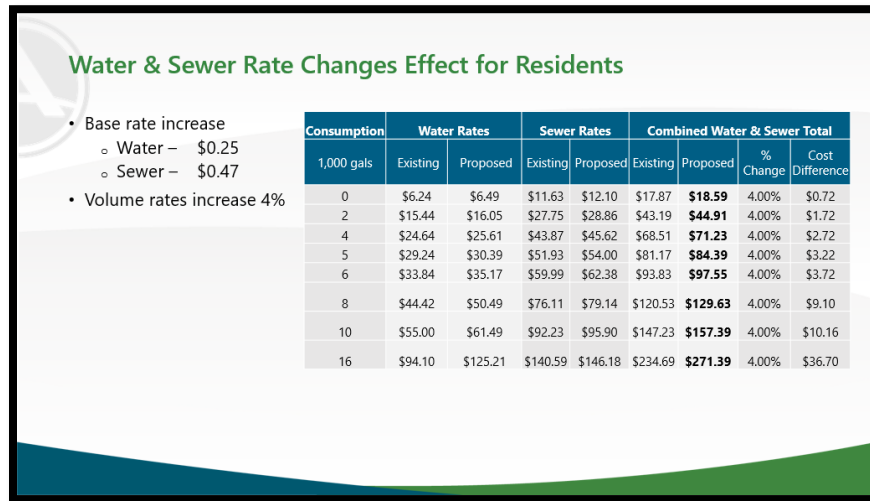
| Apex Residential Customers | | | |
|----------------------------|--------------------|---------------------|----------------|
| Kwh | Current Avg/ Month | Proposed Avg/ Month | Monthly Change |
| 950 | \$134.14 | \$139.91 | \$5.78 |
| 1,150 | \$156.80 | \$163.47 | \$6.68 |
| 1,250 | \$168.13 | \$175.25 | \$7.13 |
| 1,350 | \$179.46 | \$187.03 | \$7.58 |

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5 **[SLIDE 24]**

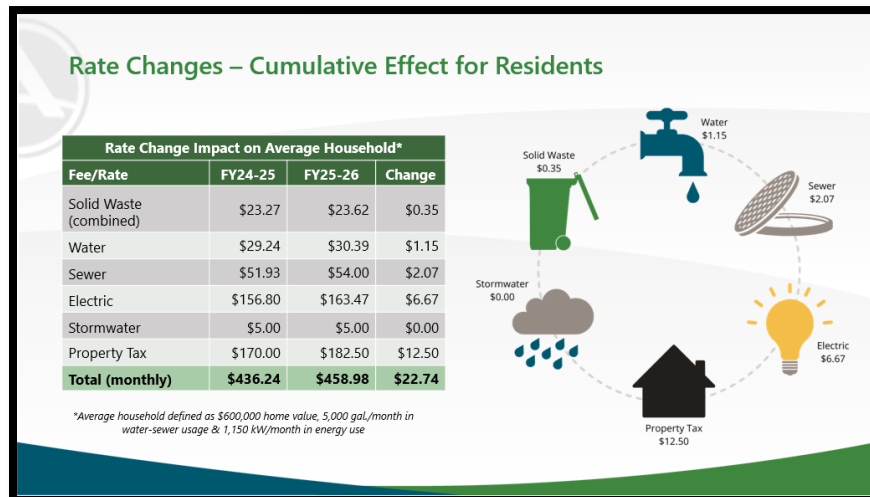


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1 **[SLIDE 25]**

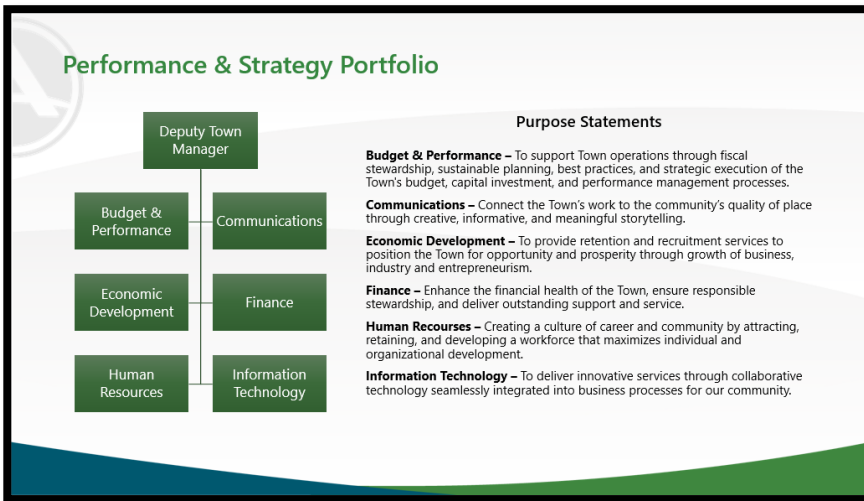


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3 **[SLIDE 26]**

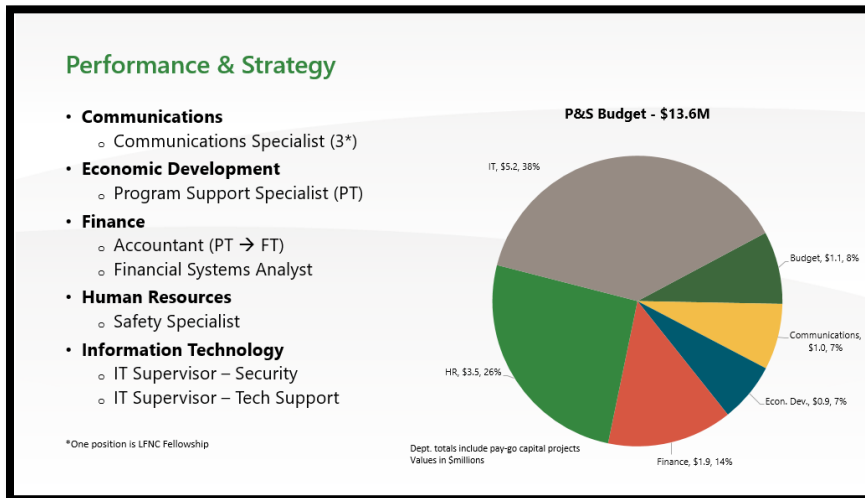


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5 **Town Manager Vosburg** asked Shawn Purvis, Deputy Town Manager, to present the
6 Performance & Strategy Portfolio.

1 [SLIDE 27]



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3 [SLIDE 28]



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5 [SLIDE 29]

Performance & Strategy: Projects & Programs

| | |
|---------------------------------|---------|
| • Smart Technology/AI | \$200K |
| • Cyber Security Enhancements | \$127K |
| • Employee Health & Safety | \$31.5K |
| • Employee Education Assistance | \$25K |

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Councilmember Gantt asked if these were additional projects.

Deputy Town Manager Purvis said that these are additional.

[SLIDE 30]

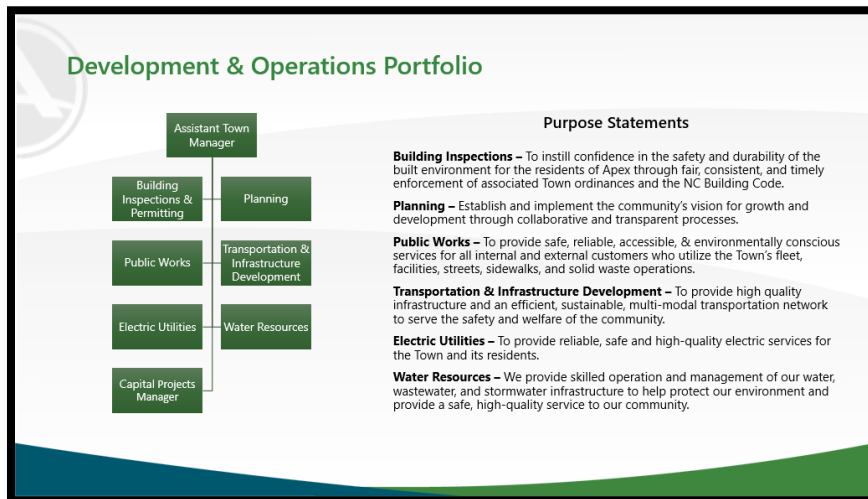


Councilmember Gantt asked if the training and initiatives were cut back after negotiations.

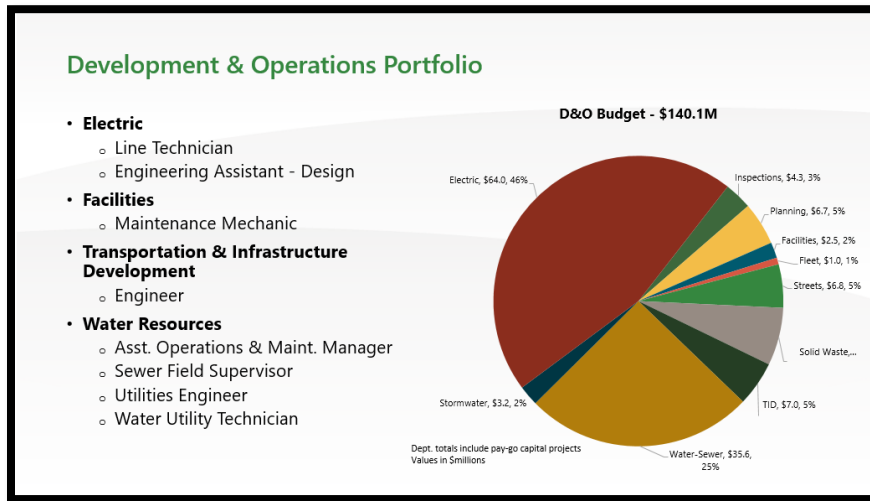
Deputy Town Manager Purvis said yes that they had worked with the departments.

Town Manager Vosburg then asked Marty Stone, Assistant Town Manager, to come to give the presentation for the Development & Operations Portfolio.

[SLIDE 31]



1 **[SLIDE 32]**



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3 **[SLIDE 33]**

Development & Operations Portfolio: Projects & Programs

| | | | |
|------------------------------------|----------|---------------------------------|-----------|
| • Electric System Expansion | \$5.5M | • Olive Chapel-BBQ Intersection | \$256K* |
| • Annual Pavement Management | \$3.625M | • Rear Loader Addition | \$240K |
| • Green Level Substation | \$2M | • Abbingdon Gravity Sewer Ext. | \$220K |
| • UV System Replacement | \$1.5M | • S. Salem Bike Connection | \$212.5K* |
| • Apex Peakway N. Widening | \$1.2M | • Crosswalk Beacon Replacement | \$210K |
| • Little Beaver Creek Gravity Ext. | \$1.1M | • Vision Zero Programs | \$160K |
| • Salem St. Streetscape | \$1M | • Vision Zero Projects | \$150K |
| • Leaf Truck Replacement | \$360K | • Seagroves Farm Dam Repair | \$100K |
| • Howell Road Water Line | \$270K | • Pleasant Plains Access Study | \$75K* |

*Town Contribution, Additional Grant Funds for Project

4
5 **Councilmember Gantt** asked about the projects that are partial for this year and are
6 going to be in next year's budget.

7 **Assistant Town Manager Stone** said that these are the monies needed for this year
8 for the current phase of the project. He said that they looked at projects that would not
9 happen this year so that funding would not be included in this year's budget.

[SLIDE 34]

| Development & Operations Portfolio: Unfunded Opportunities | |
|--|----------|
| • Pavement Management Backlog* | \$5M |
| • Jesse Drive Phase I Construction* | \$4.35M |
| • Lake Pine Dam Replacement | \$1.6M |
| • Load Management Switch Replacement | \$1.565M |
| • Staff Positions** | \$995K |
| • Streetlight Upgrade to LED | \$750K |
| • Solar Initiative | \$670K |
| • S-Line Mobility Hub Study | \$230K |
| • Training Opportunities | \$122K |
| • CSX Switching Relocation Phase II | \$120K |

* Project cost is part of transportation bond
**Includes 5 new requests and 1 existing FTE that will not be funded in FY25/26

Councilmember Gantt asked about potential timeframes on the switching yard.

Assistant Town Manager Stone said that it was a CAMPO-led study, and he was not sure but could ask.

Councilmember Killingsworth asked if these types of studies would want to close crossings to increase speed.

Assistant Town Manager Stone said that would be a good assumption and that could come into play.

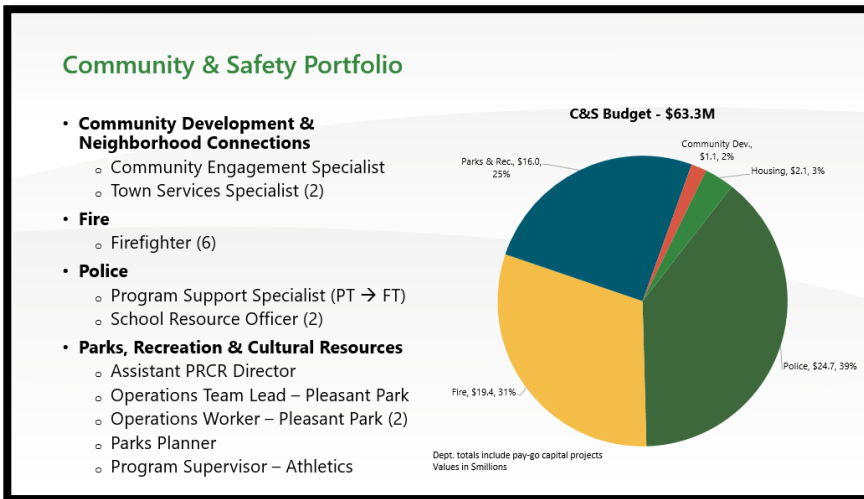
[SLIDE 35]



Town Manager Vosburg invited Demetria John, Assistant Town Manager, to give the presentation on the Community & Safety Portfolio.

Assistant Town Manager John introduced her team and gave the following presentation:

1 **[SLIDE 36]**



2
3 **[SLIDE 37]**

Community & Safety Portfolio: Projects & Programs

| | | | |
|------------------------------|--------|------------------------------|----------|
| • Beaver Creek GW | \$672K | • Fire Engine | \$1.25M* |
| • Kidstowne Playground | \$200K | • Fire Station 3 Renovations | \$6M* |
| • Middle Creek GW | \$450K | • PD Drone Program | \$197.5K |
| • Public Art Master Plan | \$25K | • PD Wellness Program | \$175K |
| • Reedy Branch GW | \$250K | | |
| • Wimberly Parkland Design | \$1M | | |
| • Apex Cares Housing Rehab | \$750K | | |
| • CommUniversity | \$7K | | |
| • Housing Education Campaign | \$30K | | |
| • Neighborhood Grants | \$30K | | |

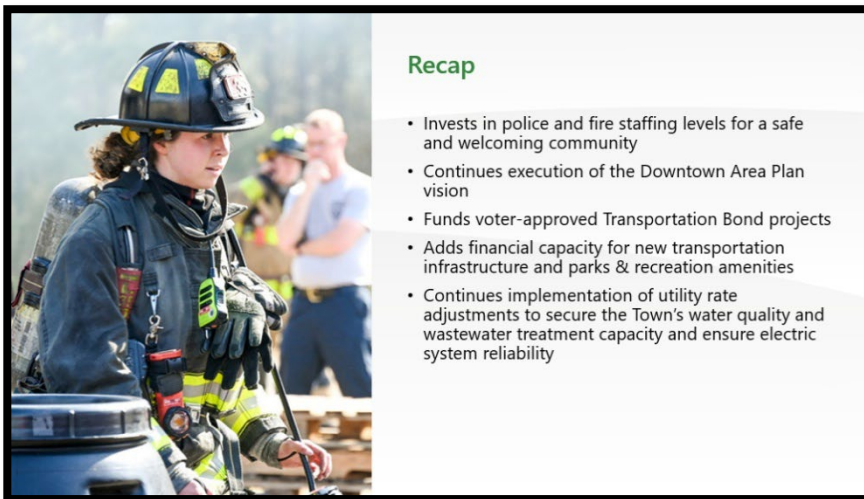
*Debt Financing

4
5 **[SLIDE 38]**

Community & Safety Portfolio: Unfunded Opportunities

| | |
|------------------------------------|--------|
| • New Positions | \$1.6M |
| • Training Opportunities | \$26K |
| • Small Pick-Up Truck | \$80K |
| • Cricket Batting Cage | \$55K |
| • Driving Simulator | \$220K |
| • Street Hockey Cover & Playground | \$200K |
| • Annual Greenway Allocation | \$300K |

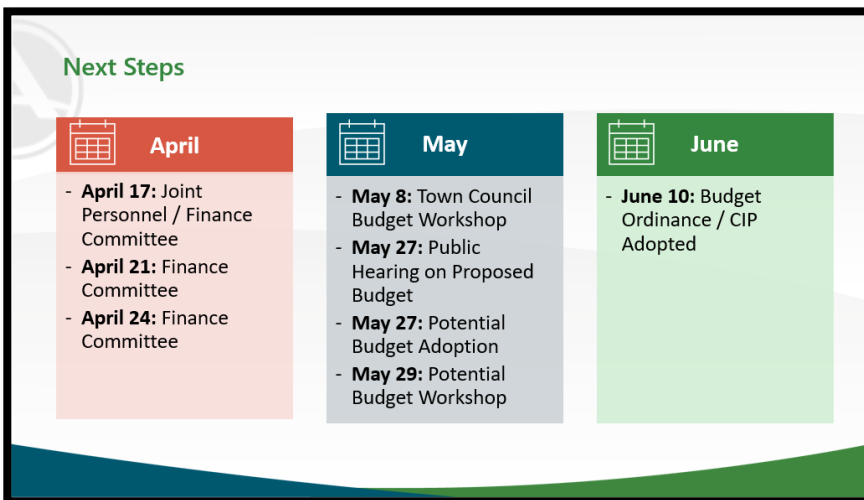
[SLIDE 39]



Recap

- Invests in police and fire staffing levels for a safe and welcoming community
- Continues execution of the Downtown Area Plan vision
- Funds voter-approved Transportation Bond projects
- Adds financial capacity for new transportation infrastructure and parks & recreation amenities
- Continues implementation of utility rate adjustments to secure the Town's water quality and wastewater treatment capacity and ensure electric system reliability

[SLIDE 40]



Next Steps

| April | May | June |
|--|---|--|
| <ul style="list-style-type: none">- April 17: Joint Personnel / Finance Committee- April 21: Finance Committee- April 24: Finance Committee | <ul style="list-style-type: none">- May 8: Town Council Budget Workshop- May 27: Public Hearing on Proposed Budget- May 27: Potential Budget Adoption- May 29: Potential Budget Workshop | <ul style="list-style-type: none">- June 10: Budget Ordinance / CIP Adopted |

Mayor Gilbert said that he liked this process and the presentation. He asked if there were any questions from Councilmembers.

Councilmember Killingsworth said she was glad about the transparency and openness of discussion and that it gives the picture of what is happening behind the scenes that is typically not seen, and she appreciates the recommendations.

Mayor Pro Tempore Gray said that this gives more of a perspective and direction and the opportunity to give Council what the departments need. He thanked the Town Manager and other staff for putting this together.

Councilmember Gantt said that the unfunded items in the past had scenarios within half-cent increments of tax rate options and asked if they would be doing that this year.

Town Manager Vosburg said that it had not been planned yet but they would bring that information to them if they wanted.

Councilmember Mahaffey said that he was looking forward to seeing the budget book and he thanked the departments for the work on the budget. He said that a lot of

sacrifices are being made, and he would keep that in mind while this budget was being contemplated.

Mayor Gilbert declared the meeting in recess at **4:45 p.m.** and stated the meeting would continue in 15 minutes on the 3rd Floor in Training Rooms A and B.

[DEBT MODELING FOR WATER AND WASTEWATER TOWN UTILITY]

Mayor Gilbert reconvened the meeting at **5:00 p.m.**

Interim Finance Director Jessica Murphy-Rhem introduce **Will Kerr**, Raftelis Financial Consulting Inc. to give the following presentation

[SLIDE 1]



[SLIDE 2]



1 [SLIDE 3]

Background of the Study

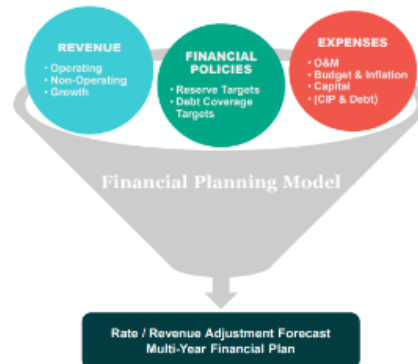
- Raftelis & Town Staff collaborated on a Financial Planning Study for the Water & Sewer System
- Utilized billing data, operating expense records, growth assumptions, and the Town's Capital Improvement Plan (CIP)
- Goal is to establish a plan – “What can we afford?”

3

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3 [SLIDE 4]

Financial Plan

- Goal
 - › Model yearly cash flow and reserve balances and calculate rates
- Key Cost Drivers
 - › Cost Escalation
 - › CIP / Capital Needs
- Revenue Drivers
 - › Customers and usage
 - › Rate increases
 - › System development fees
- Financial policies are the balancing mechanism



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5 [SLIDE 5]

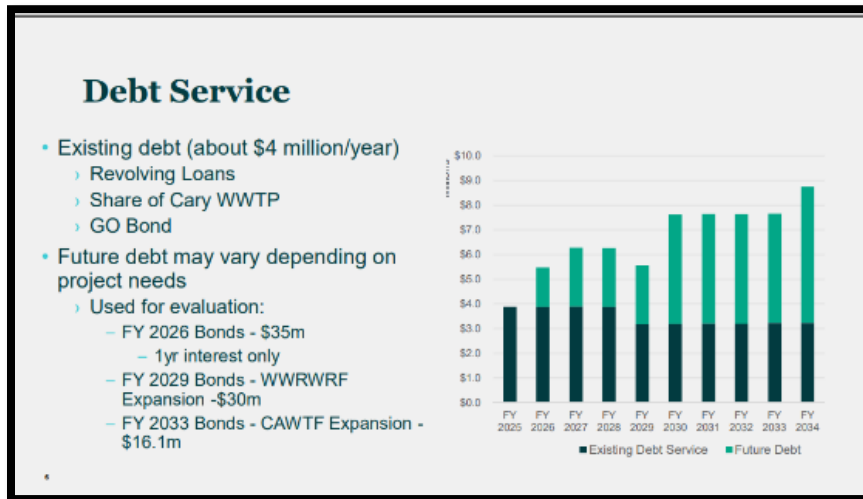
Capital Planned Improvements

- Total 10-year CIP: **\$150.4m**
- Major Projects:
 - › \$40 million for Big Branch Pump Station
 - Some funding already set aside
 - › \$28.9 million for WWRWF Expansion to 30 MGD
 - Cost share likely to increase
 - › \$16.1 million for CAWTF Expansion



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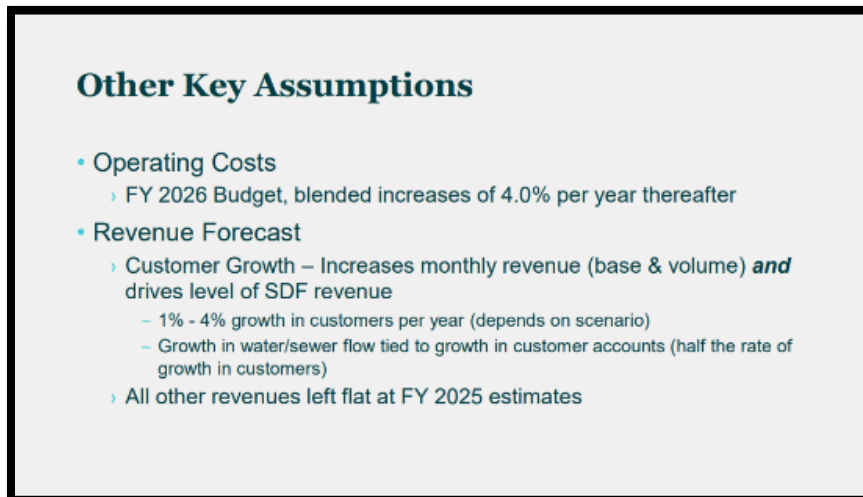
[SLIDE 6]



Councilmember Mahaffey asked what the deal bond was for water and sewer.

Deputy Town Manager Purvis said that they could look it up. It depends on if that was the best interest rate that they could get at that time. He said it pre-dated everyone on staff now.

[SLIDE 7]



Councilmember Mahaffey asked what flexibility there is instead of the STF rates.

Deputy Town Manager Purvis said there is a prescription for how they have to be derived from the utility side.

Town Attorney Hohe said the calculation had the requirements built into it.

Councilmember Mahaffey asked if there was any flexibility in that calculation.

Assistant Town Manager Stone said that there are combined methods, for example looking at future projects that adds capacity. He gave an overview of what additional capacity would look like, and estimating costs based on capacity added.

Councilmember Mahaffey said that the STF fund is occasionally revisited.

Assistant Town Manager Stone said that they have to be revisited every 5 years, but they can be revisited at any time.

Councilmember Gantt asked what factors affect the forecasts. He said that land use choices may affect the growth.

Mr. Kerr said land use planning doesn't affect it and it is simpler from top level.

Councilmember Gantt asked if the factors are real and whether they would have more town homes for single family homes in the future.

Mr. Kerr said yes density and use would have an impact in that regard. He said there are a lot of factors because there are other revenues.

Councilmember Gantt asked if the different growth models could be one aspect.

Mr. Kerr said that it would consider large water users when working with infrastructure planning and larger operations like manufacturing plants are a different level for water demand.

[SLIDE 8]

Scenario Evaluation Process

- Key Variables
 - › Growth and SDF revenues
 - › Capital project timing
 - › Rates and rate increases
- Financial Planning Targets
 - › Debt Service Coverage = 1.5x Total Debt
 - › Days Cash on Hand = 365 Days
 - › Based on input from the Town's Financial Advisor to Achieve Aa/AA
 - Double A Rating Standard for NC Bonds for High-Quality Issuers Like Apex

[SLIDE 9]

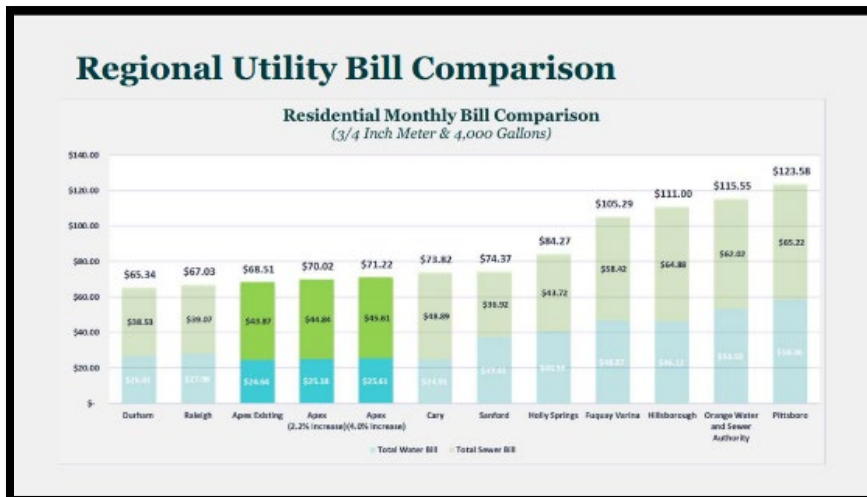
Summary of Results

| Scenario | Account Growth | CIP Funded (\$M) | Debt Funding (\$M) | Annual Rate Increase |
|-------------|----------------|-------------------|--------------------|----------------------|
| Scenario 1A | High – 4% | \$150.4 (100%) | \$81.1 (54%) | 2.2% |
| Scenario 1B | Moderate – 3% | \$149.2 (99%) | \$81.1 (54%) | 4.0% |
| Scenario 1C | Moderate – 2% | \$128.1 (85%) | \$81.1 (64%) | 4.0% |
| Scenario 1D | Low – 1% | \$85.9 (57%) | \$49.1 (57%) | 4.0% |

1 [SLIDE 10]

| Summary of FY26 Residential Bill Impacts | | | | | | |
|--|-------------------------|--------------|------------------------------------|--|------------------------------------|--|
| User | Monthly Usage (Gallons) | Current Bill | FY2026 Proposed Bills | | FY2026 Proposed Bill Increase | |
| | | | Scenario 1A (High Customer Growth) | Scenario 1B-D (Moderate-Low Customer Growth) | Scenario 1A (High Customer Growth) | Scenario 1B-D (Moderate-Low Customer Growth) |
| Small User | | | | | | |
| Water Bill | 2,500 | 17.74 | 18.13 | 18.44 | 0.39 | 0.70 |
| Wastewater Bill | | 31.78 | 32.48 | 33.04 | 0.70 | 1.26 |
| Combined Bill | | \$ 49.52 | \$ 50.61 | \$ 51.48 | \$ 1.09 | \$ 1.96 |
| Average User | | | | | | |
| Water Bill | 4,000 | 24.64 | 25.18 | 25.61 | 0.54 | 0.97 |
| Wastewater Bill | | 43.87 | 44.84 | 45.61 | 0.97 | 1.74 |
| Combined Bill | | \$ 68.51 | \$ 70.02 | \$ 71.22 | \$ 1.51 | \$ 2.71 |
| Large User | | | | | | |
| Water Bill | 6,000 | 33.84 | 34.58 | 35.17 | 0.74 | 1.33 |
| Wastewater Bill | | 59.99 | 61.32 | 62.37 | 1.33 | 2.38 |
| Combined Bill | | \$ 93.83 | \$ 95.90 | \$ 97.54 | \$ 2.07 | \$ 3.71 |

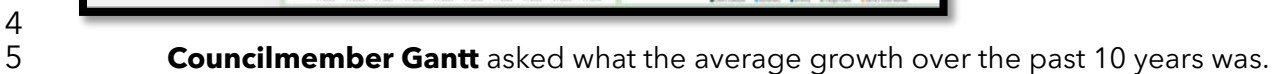
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3 [SLIDE 11]



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Thank you!

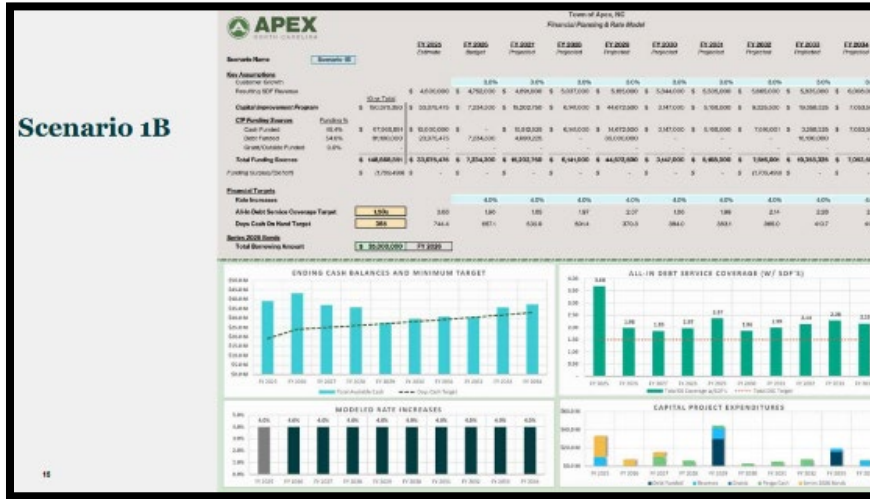
Contact:
 Will Kerr / 704 247 3231 / wkerr@raftelis.com



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Mr. Kerr said about 6%. He said this scenario is a bit more conservative than that.

[SLIDE 15]



[SLIDE 16]



[SLIDE 17]



Councilmember Gantt asked if slow growth meant that the projects would get deleted because they wouldn't be needed as soon.

Mr. Kerr said that is one of the limits that they are up against because they don't have a CIP that is dynamic and adjusts itself. He said that it is more of a thought exercise and trying to look at the long-term picture.

Councilmember Killingsworth said this was more of an objective understanding of how growth affects us and how stopping growth would affect us.

Interim Director Murphy-Rhem said that the policies helped shape the projections and the all-in debt coverage ratio in Scenario 1D were 1.5 times lower around FY27, so with this scenario the target would not be met in the metrics. She said this was a very conservative scenario.

Councilmember Gantt asked if the model from Planning would be going down over time in the growth rate.

Deputy Town Manager Purvis said that the real-life growth model is 80% residential. He said that the hope was that there was some non-residential growth. He said that in the scope of this and what has already been built or coming that they are comfortable with the 3% range, and that the peak should be in a couple of years based on what is coming.

Director Deaton said that there is variability with the price of projects and 10 years in the future prices will change and go up.

Former Director Morrison said that this is a planning document, and it's not set in stone and can be reviewed annually.

Councilmember Mahaffey said that he favored scenario 1A. He said that as costs are rising, and project costs are increasing, it may be good to do an STF evaluation every 5 years. He asked if the last study could be sent out again.

Mr. Kerr asked if there were any other questions.

Interim Director Murphy-Rhem said that scenario 1A is the lowest impact and they are looking for some guidance from Council.

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1 **Mayor Gilbert** suggested 1A and called for a show of hands to see which
2 councilmembers supported option 1A as presented by the consultant.

3 The following councilmembers said 1A: Mayor Pro-Tempore Edward Gray,
4 Councilmember Audra Killingsworth, and Councilmember Terry Mahaffey.

5 **Councilmember Gantt** suggested 1B.

6 **Mayor Gilbert** said that it sounded like the majority was 1A.

7 **Councilmember Gantt** said that it is hard to know how new developments would play
8 out.

9
10 **[ADJOURNEMENT]**

11
12 **Mayor Gilbert** adjourned the meeting at **5:48 p.m.**

13
14 Jacques K. Gilbert
15 Apex, Mayor

16
17 Allen Coleman, CMC, NCCCC
18 Town Clerk to the Apex Town Council

19
20 Submitted for approval by Apex Town Clerk Allen Coleman

21
22 Minutes approved on _____ of _____, 2025.
23
24