



Apex Town Council Budget Workshop

Thursday, April 20, 2017

Lance Olive, Mayor
Nicole L. Dozier, Mayor Pro Tempore
William S. Jensen, Eugene J. Schulze, Denise C. Wilkie,
and Wesley M. Moyer, Council Members
Drew Havens, Town Manager
David Hughes, Assistant Town Manager
Donna B. Hosch, CMC, NCCMC, Town Clerk
Laurie L. Hohe, Town Attorney

The Budget Workshop for the Apex Town Council scheduled for Thursday, April 20, 2017, at 5:00 p.m. was held in the Third Floor Training Room, Apex Town Hall, 73 Hunter Street

In attendance were Mayor Lance Olive, Mayor Pro Tem Nicole L. Dozier, and Council Members William S. Jensen, Eugene J. Schulze, Denise C. Wilkie, and Wesley M. Moyer

Also in attendance were Drew Havens, Town Manager; Laurie L. Hohe, Town Attorney; Dianne Khin, Planning Director; Amanda Grogan, Budget & Management Analyst (also sitting in for Town Clerk); Brandon Boone, Electric Utilities Director; Eleanor Green, Human Resources Director; Erika Sacco, Director of Information Technology; Joanna Helms, Economic Development Director; John Brown, Director of Parks, Recreation and Cultural Resources; John Letteney, Chief of Police; Jose Martinez, Director of Public Works & Transportation; Keith McGee, Fire Chief; Marty Mitchell, Director of Fleet & Facility Services; Marty Stone, Director of Water Resources; Randall Heath, Emergency Medical Services Chief; Rudy Baker, Director of Building Inspections & Permitting; Stacie Galloway, Communications Manager; and Vance Holloman, Finance Director
Absent was Town Clerk Donna B. Hosch

COMMENCEMENT

Mayor Olive called the meeting to order and the following discussion ensued:

GENERAL FUND

The Town Manager presented the General Fund Expenditure and Revenue Summary showing a 1.9% decrease over the 2016-2017 Fiscal Year Budget. He explained this is due primarily to the transition of Capital Projects into Capital Project Funds.

Fund Balance: The Town's Fiscal Policy Guidelines calls for available fund balance of a minimum of 25% of the annual operating budget. The current fund balance available of \$14.4 million is \$1.05 million beyond the 25% of the current fiscal year budget minimum requirement. Councilmember Moyer questioned the possibility of changing the policy. Discussion regarding the limits were ensued, however the consensus of the Town Council was to leave the policy as is at this time.

Expenditures: The Town Manager presented a summary of Capital Projects planned for the respective Reserve Funds, where the revenues are received from, how the projects would be funded and how the funds would be accounted for. The Town Manager also reviewed Personnel requests for the General Fund, recommending 22 of the 47 requested positions for the FY 2017-2018 Budget. This allows the town to stay under 9 personnel per 1,000 population. The proposed budget also includes 21 vehicles for replacement and the addition of 16 new vehicles.

Tax Rates & Fees: The Town Manager stated that the proposed tax rate remains unchanged at \$0.38 per \$100. Discussion regarding what a tax increase could provide in terms of town services ensued. The Town Manager responded that one cent on the tax rates equates to approximately \$643,700 and the Town of Apex remains lower than most Wake County municipalities. Consensus of the Town Council was to leave the tax rate unchanged for the FY 2017-2018 Budget, but would like to review options during the Budget Retreat for the formulation of the FY 2018-2019 budget.

Vehicle License Fee: The Town is authorized to change a Vehicle License Fee up to \$30 per year. The Town Council voted to increase this fee from \$5 to \$10 in FY 2016-2017. Town staff presented and the Finance Committee recommended increasing fee to \$15 per vehicle with a total of \$10 of the fee going to the Transportation Capital Reserve Fund. The Town Manager commented that each \$5 increase generates approximately \$200,000. The consensus of the Town Council was to support the increase to fund transportation projects.

Solid Waste & Recycling: The increase is based upon the Bureau of Labor Statistics CPI- U.S. City Average Garbage and Trash Collection Index from March the prior year to March of this year, per the Town's contract with Waste Industries. The Finance Committee recommends changing rates in accordance with the change in contract cost. The consensus of the Town Council was to increase the rates consistent with contract increases.

Yard Waste: The cost of Yard Waste Collection increased by \$0.01. While the Finance Committee recommended no increase in rates, the consensus of the Town Council was to increase the rates consistent with the costs. There was discussion regarding charging for this service for Townhomes. The consensus of the Town Council was to leave how fees are applied unchanged for now.

WATER & SEWER FUND

The Town Manager presented the Water & Sewer Fund Expenditure and Revenue Summary showing an 8.4% decrease over the 2016-2017 Fiscal Year Budget. He explained this is due primarily to the transition of Capital Projects into Capital Project Funds. He reviewed Capital Outlay items and commented that 5 of 7 requested positions were recommended for inclusion in the FY 2017-2018 budget.

The Town Manager commented that the water and sewer rates have not increased since 2012 and the last rate study was beyond anyone's memory. A rate and fee study was conducted this year.

Water & Sewer Fund Rates and Fees were presented with recommended changes including minor increases to base rates and introduction of a 3 tier rate structure. The tiered rate structure promotes conservation and charges more for those who use more. Also proposed in the addition of a base rate for irrigation accounts.

Capital Reimbursement Fees, as presented to the Finance Committee, were recommended for approval as well. In the proposed structure, the fees would be calculated by meter size following the most common practice and allowing for easier administration.

ELECTRIC FUND

The Town Manager presented the Electric Fund Expenditure and Revenue Summary showing a 5.1% increase over the 2016-2017 Fiscal Year Budget. He explained this is due primarily to the quick expansion of the electric system. He reviewed Capital Outlay items and commented that 2 of 2 requested positions were recommended for inclusion in the FY 2017-2018 budget. Proposed changes in rates were discussed as well. Electric base rates would increase, however energy charges per kWh would decrease.

POTENTIAL GENERAL OBLIGATION BOND

The Town Manager stated that the Draft Capital Improvement Plan showed \$57.59 million in debt funded projects. Following the Town Council Retreat and subsequent revisions to the draft CIP based upon Council input, the current recommendation for a General Obligation Bond referendum is \$36 million. This Bond will be used for Phase I & II of Pleasant Park, portions of Beaver Creek and Middle Creek Greenway and the construction of the Senior Services Center.

Discussion regarding the amount of the bond ensued. The consensus of the Town Council was to move forward with a General Obligation Bond referendum, however agreement on the amount was not reached.

ADJOURNMENT

There being no further business, Mayor Olive adjourned the meeting.

These Minutes approved this 16th day of May, 2017.

Submitted By: _____
Amanda R. Grogan
Budget and Management Analyst

Attest: _____
Lance Olive
Mayor

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