



Town Council Work Session
April 15, 2025 | 3:30 PM
Apex Town Hall | 73 Hunter Street, Apex, NC
2nd Floor Council Chambers (Item No. 1 – 3)
3rd Floor Training Rooms A and B (Item Nos. 4 – 6)

- 1. Call to Order | Pledge of Allegiance**
Mayor, Jacques K. Gilbert
- 2. FY 2025-2026 Manager's Recommended Budget Presentation**
*Randy Vosburg, Town Manager and
Other staff as applicable*
- 3. RECESS**
- 4. RECONVENE**
- 5. Debt Modeling for the Water and Wastewater Town Utility**
*Will Kerr, Raftelis Financial Consulting Inc.
Elaine Vastis, Raftelis Consulting Inc.*
- 6. Adjournment**

ANNOUNCEMENTS

Members of the public can access and view the meeting on the Town's YouTube Channel <https://www.youtube.com/c/TownofApexGov> or attend in-person.

Accommodation Statement: Anyone needing special accommodations to attend this meeting and/or if this information is needed in an alternative format, please contact the Town Clerk's Office. The Town Clerk is located at 73 Hunter Street in Apex Town Hall on the 2nd Floor, (email) allen.coleman@apexnc.org or (phone) 919-249-1260.

Town of Apex

Financial Plan & Debt Affordability Study

April 15, 2025



Agenda

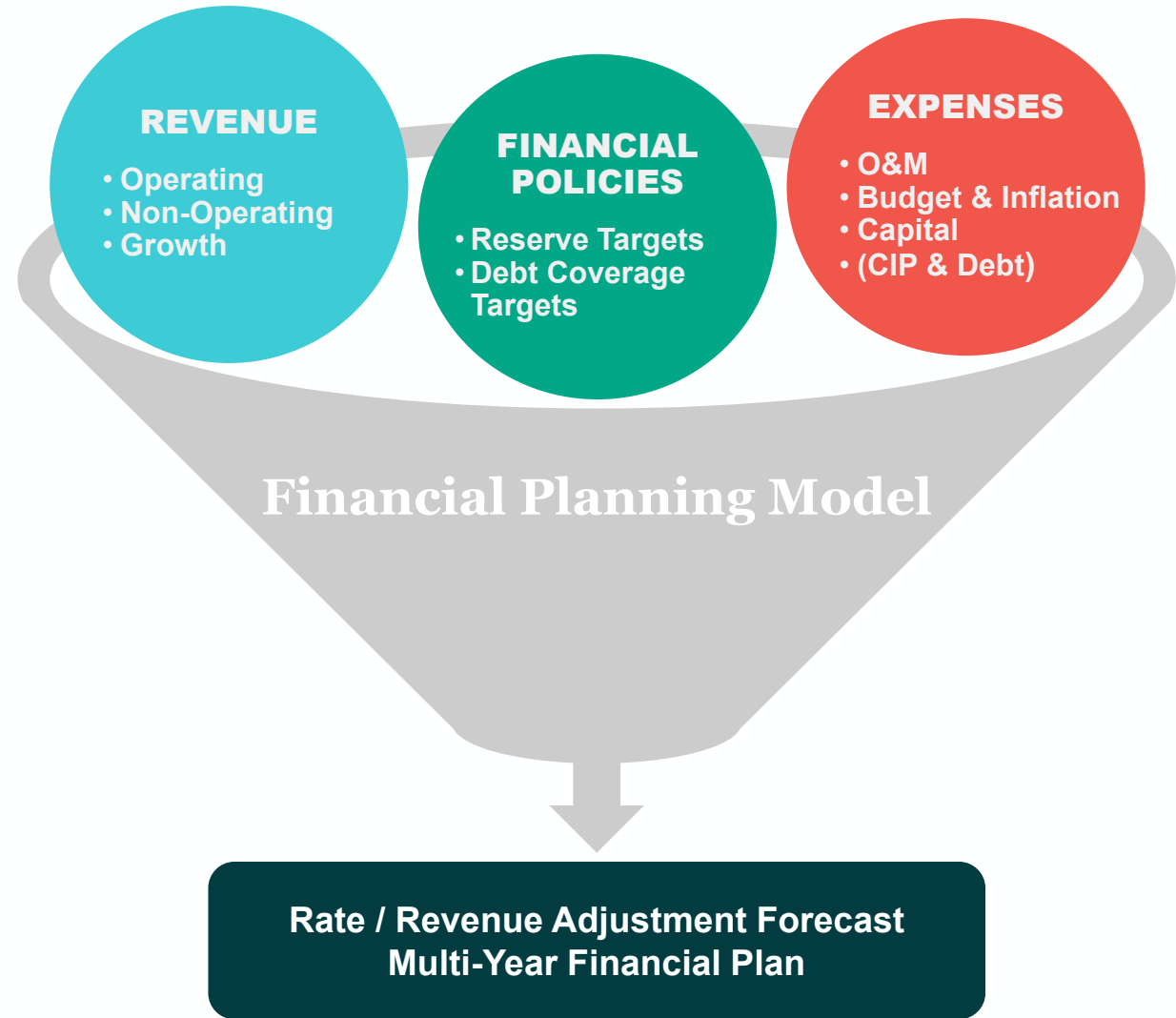
1. Background of the Study
2. Financial Planning
3. Scenario Evaluation and Results
4. Q&A

Background of the Study

- Raftelis & Town Staff collaborated on a Financial Planning Study for the Water & Wastewater 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?”*

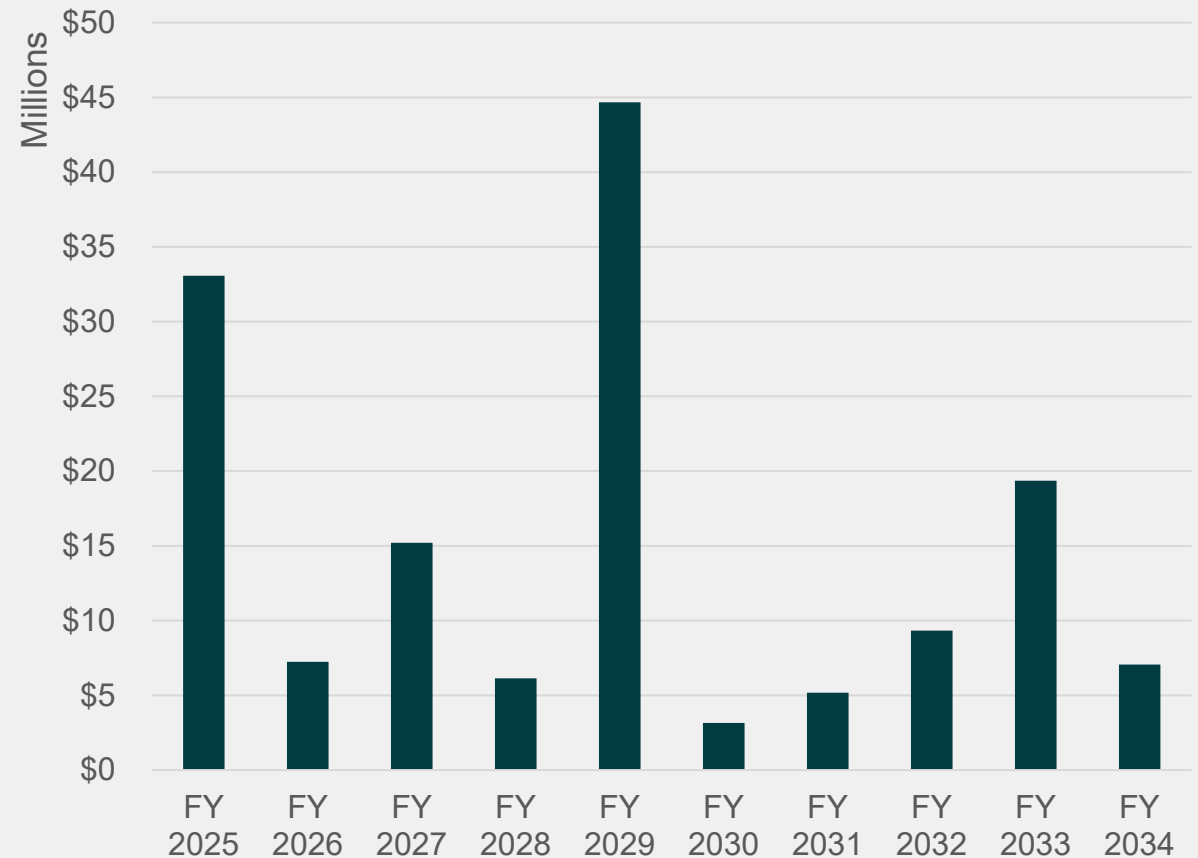
Financial Plan

- 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



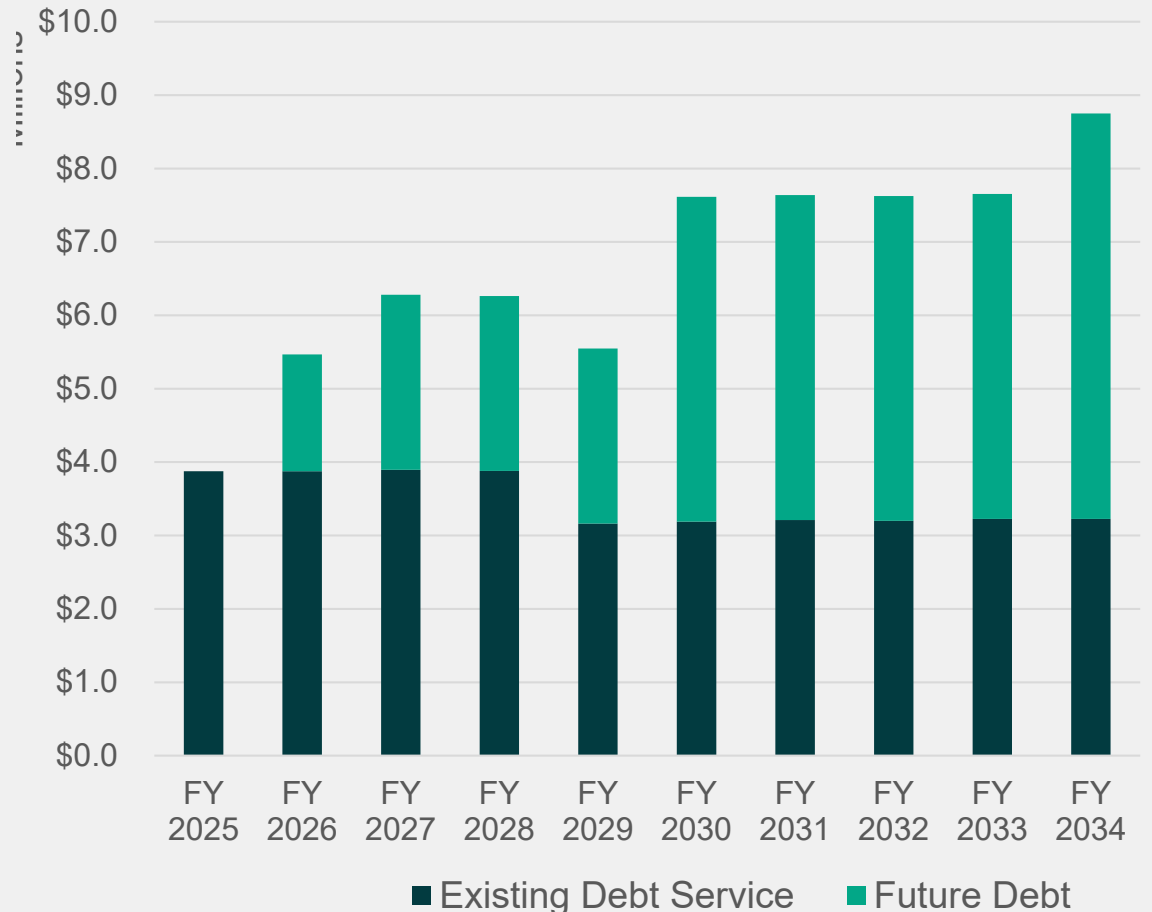
Capital Planned Improvements

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



Debt Service

- Existing debt (about \$4 million/year)
 - › Revolving Loans
 - › Share of Cary WWTP
 - › GO Bond
- Future debt may vary depending on project needs
 - › Used for evaluation:
 - FY 2026 Bonds - \$35m
 - 1yr interest only
 - FY 2029 Bonds - WWRWRF Expansion - \$30m
 - FY 2033 Bonds - CAWTF Expansion - \$16.1m



Other Key Assumptions

- Operating Costs
 - › FY 2026 Budget, blended increases of 4.0% per year thereafter
- Revenue Forecast
 - › Customer Growth – Increases monthly revenue (base & volume) ***and*** drives level of SDF revenue
 - 1% - 4% growth in customers per year (depends on scenario)
 - Growth in water/wastewater flow tied to growth in customer accounts (half the rate of growth in customers)
 - › All other revenues left flat at FY 2025 estimates

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*

Summary of Results

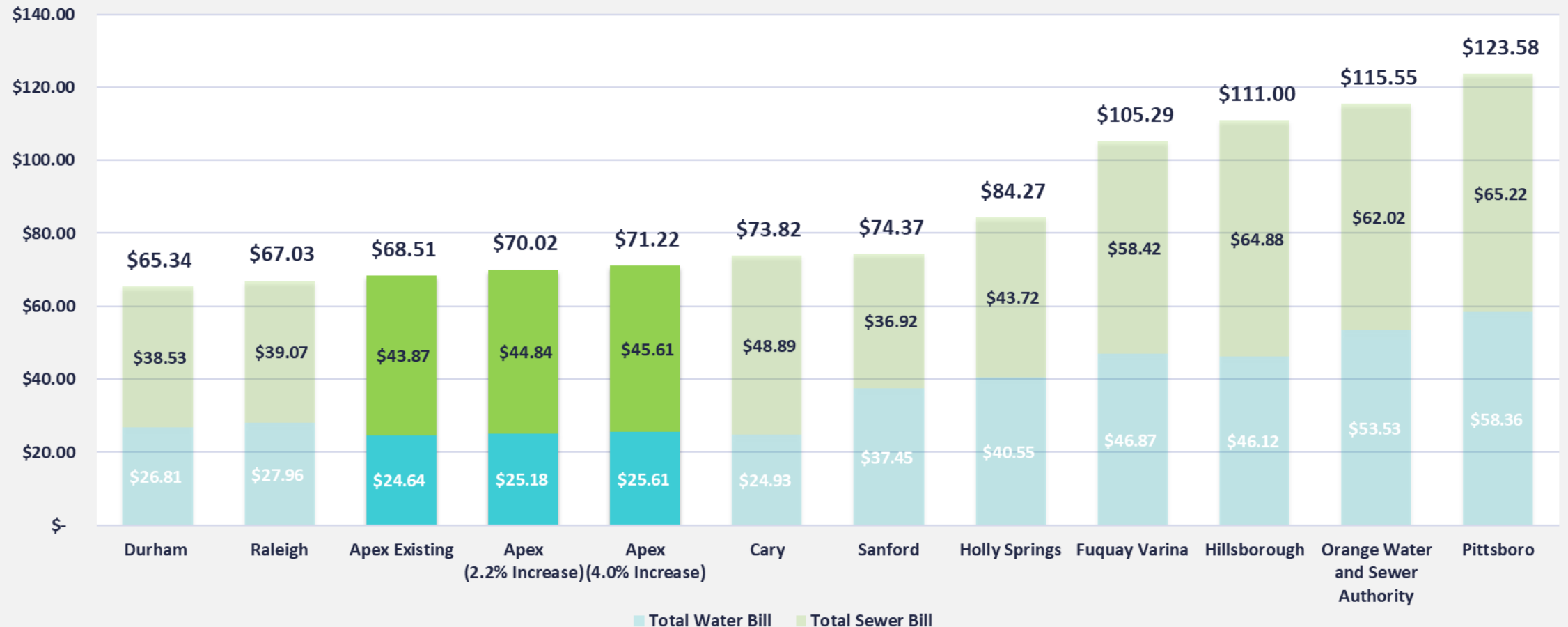
Scenario	Account Growth	CIP Funded (\$M)	Debt Funding (\$M)	Annual Rate Increase
Scenario 1A	High – 4%	\$150.4 (100%)	\$81.1 (54%)	2.2%
Scenario 1B	Moderate – 3%	\$149.2 (99%)	\$81.1 (54%)	4.0%
Scenario 1C	Moderate – 2%	\$128.1 (85%)	\$81.1 (64%)	4.0%
Scenario 1D	Low – 1%	\$85.9 (57%)	\$49.1 (57%)	4.0%

Summary of FY26 Residential Bill Impacts

User	Monthly Usage (Gallons)	Current Bill	FY2026 Proposed Bills		FY2026 Proposed Bill Increase	
			Scenario 1A <i>(High Customer Growth)</i>	Scenario 1B-D <i>(Moderate-Low Customer Growth)</i>	Scenario 1A <i>(High Customer Growth)</i>	Scenario 1B-D <i>(Moderate-Low Customer Growth)</i>
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

Regional Utility Bill Comparison

Residential Monthly Bill Comparison (3/4 Inch Meter & 4,000 Gallons)





Thank you!

Contact:

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



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However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute “advice” within the meaning of the Municipal Advisor Rule.