



Town Council Meeting
August 2024 Work Session
August 20, 2024 | 3:30 PM
Apex Town Hall | 73 Hunter Street, Apex, NC
3rd Floor Training Rooms A and B

- 1. Call to Order | Pledge of Allegiance**
Mayor, Jacques K. Gilbert
- 2. Financial Advisor Introduction and Debt Financing Presentation**
Antwan Morrison, Director, Finance Department
Financial Advisors
- 3. Street and Sidewalk Design Updates**
Chris Johnson, Director, Transportation and Infrastructure Dev. Department
Adam Stephenson, Transportation Engineering Manager, Trans. Infra. Dev. Dept.
 - a. Capital Improvement Plan Overview**
 - b. N. Hughes Street Sidewalk**
 - c. S. Mason Street Sidewalk**
 - d. Jones Street Widening**
 - e. Justice Heights Extension**
 - f. Apex Peakway North Widening**
- 4. Q & A**
- 5. 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.



Financial Planning and Capital Investment Capacity
Presented by DEC Associates Inc
August 20, 2024

Introduction

Purpose of this conversation – Introduce DEC Associates and Financial Planning:

Importance of financial advisory services

Financial advice provides:

- › Independent advice from registered advisors and firm
- › Advisors act as a fiduciary for the Town
- › Advice that informs the Town
 - › Financial planning and financial policy advice
 - › Specific structure advice for bond issues
 - › Assist with ratings and work with the LGC
 - › Financial models measuring debt affordability
 - › And other advice
- › Means to augment Town staff resources
- › Demonstrates desire for highest financial performance

Financial advisors employed by nearly all NC issuers

DEC Associates modus operandi

What makes DEC unique:

- › DEC is 20 years old and the top advisor in NC by volume of issuance over the firms' history
- › Town/City client examples – Charlotte, Raleigh, Greensboro, Asheville, Holly Springs, various beach towns and more
- › Provided advice on many NC firsts – examples
 - › First COPs/LOBs issuance
 - › First Special Obligation Bonds
 - › Others
- › Depth of staff experience
- › Sound relationships with rating agencies and LGC
- › DEC known as a “planning first” advisor

Partnership, Cost Effective
Solutions

Introduction

Purpose of this conversation – resource and capital affordability planning:

Importance of financial planning

Planning provides:

- › Roadmap/evaluate current/future plans and policies
- › Achievement objectives – revenues and costs
- › Measuring – capital plan
 - › Plan funding – debt and other sources
 - › Greater financing alternatives
- › Tool to match needs/priorities – revenues and costs
- › Annual review – can change as needed
- › Stronger financial standing

Sound planning essential to lowest cost of services

Town's financial planning history

Increased use of planning tools:

- › Annual CIP budget
- › Use of financial policies
- › Issuance of debt only as necessary
- › Created capital reserves
- › Financial planning to meet growth and other needs
- › Triple A credit ratings
- › Others

Apex sound planner – Future – Moving to next level

Introduce, define, review

Introduction

Apex is moving positively in capital and debt planning:

Capital Improvement Plan (CIP)

Expanding the use of the CIP:

- › Capital Improvement Plan – general government and water and sewer/electric utility
- › Set aside resources for capital
 - › Capital reserves
 - › Specifically dedicated resources for debt/paygo
 - › Allocation in utilities – operating/capital
 - › Pay-as-you-go
- › Keeping flexibility to meet future needs/growth

Town has a lot to be proud of.....

Debt affordability

Defining affordability elements:

- › Debt and other policies must undergird the CIP
- › Use of both General Obligation (G.O.) bonds and Limited Obligation Bonds (LOBs) and Revenue Bonds
- › Meeting high quality credit criteria
- › Using appropriate means to fund the needs
- › Expanding/refining debt affordability model(s)
- › Debt structuring to meet resources
- › Continue to evaluate refunding opportunities

Key Takeaways

Debt Profile

Current Town debt:

Outstanding 6/30/24

Includes all forms of debt:

› G.O. – General Government	\$79,960,000
› Installment Financings	\$16,092,557
› Enterprise - Electric	\$8,282,000
› Enterprise - Water & Sewer	<u>\$38,091,632</u>
Total	\$142,426,189

Potential debt to be issued

Currently anticipated:

2025 LOBs	\$19.5 million
Remaining GO authorization - 2027	\$24.5 million
Installment Purchase – rolling stock.	\$3.0 million

Future anticipated:

Gen. Govt. – Future bond referendum (projects TBD)
W&S – Big Branch pump station/elevated water storage/Others
Electric – Green Level and E. Williams substations

Debt levels manageable

• Moving to Next Level •

Highest level resource, capital and affordability planning:

Why move up?

Drivers:

- › Efficient Utility rate setting
- › Capital asset needs
 - › Growth
 - › Maintenance of existing assets
- › Aid economic development
- › Need to plan for the longer term
 - › Especially capital investments
 - › Increased operating cost growth often brings
 - › Greater ability to meet unforeseen events
- › Sets the stage for improving financial standing

Who cares?

They are and why:

- › Community at large
- › Local Government Commission (LGC)
 - › Debt planning and affordability modeling highly perceived
 - › Issuing only what your need
- › Rating agencies
 - › Understand comprehensive planning
 - › Debt policies
- › Holders/purchasers of Town debt
- › Residents/rate payers

Utilize best practices

Moving to Next Level General Government

Highest level capital and debt affordability planning:

How to accomplish

Accomplishments and needs

Utilize best practices

Next steps for general government:

- › Evaluate capital related resources – all in one place?
 - › From all funds
 - › All sources/costs – pay-go, grants and debt
 - › Reserves can be retained
- › “Activate” the CIP
 - › Blend affordability and timing level of resources
 - › Priorities and including all needs within the CIP
- › Recognize separate needs and timing of operating and capital costs
- › Update and benchmark financial policies and metrics
- › Create expanded debt affordability model - underway

Results:

- › Greater “standing” of plans
- › One place to see the entire capital spending and affordability
- › Greater transparency
 - › Residents
 - › Rating agencies
 - › LGC
- › “Best of the best”
- › Buy-in by the Town Council

Moving to Next Level Utility Fund

Highest level of rate setting, operating cost control, capital and debt affordability planning:

How to accomplish

Accomplishments and needs

Retain best practices

Potential next steps for Water and Sewer utility:

- › More fully develop the utility rate methods
 - › Utilize a rate consultant to determine fair and productive rates – rate and capital/debt affordability model
 - › Measure allocation between operating and capital
- › “Activate” rate setting
 - › Blend affordability and timing implementation of capital in the CIP
 - › Blend fair levels of fixed and variable rates
- › Timing of rate increases to appropriately spread cost and meet credit metrics objectives

Results:

- › Rate setting benchmarked to other growing cities
- › One place to see the entire operating, capital spending and overall rate affordability
- › Greater transparency
 - › Residents/customers
 - › Rating agencies
 - › LGC
- › “Best of the best”
- › Buy-in by the Town Council

Gen. Govt. Capital And Operating Cost Separation

Growth in capital needs and retaining cost efficiency for capital and operating:

Operating and capital interact uniquely

Each have cash flow differences:

- › Many cities include in General Fund
 - › Operating cost
 - › Debt service
 - › Capital pay-go
- › Creates cash/funding mismatch
 - › Debt service reductions – can become operating
 - › Pay-go amounts often change year to year
- › Likely moves capital resources to operating
- › Apex separates debt service – paygo

Separation method produces

Improved allocation to capital:

- › Fully account for/budget for capital in “one place”
 - › One all-inclusive capital fund an emerging trend
 - › Move all capital dedicated resources
 - › Reserves can be established within new fund
- › Central place for
 - › Defining all general capital priorities
 - › Determining affordability
 - › Setting or resetting timing
- › Once implemented - well received by policy makers
- › Significantly improves understanding and “Transparency”

Creates positives

Affordability Model

Contained Within Both General and Utility

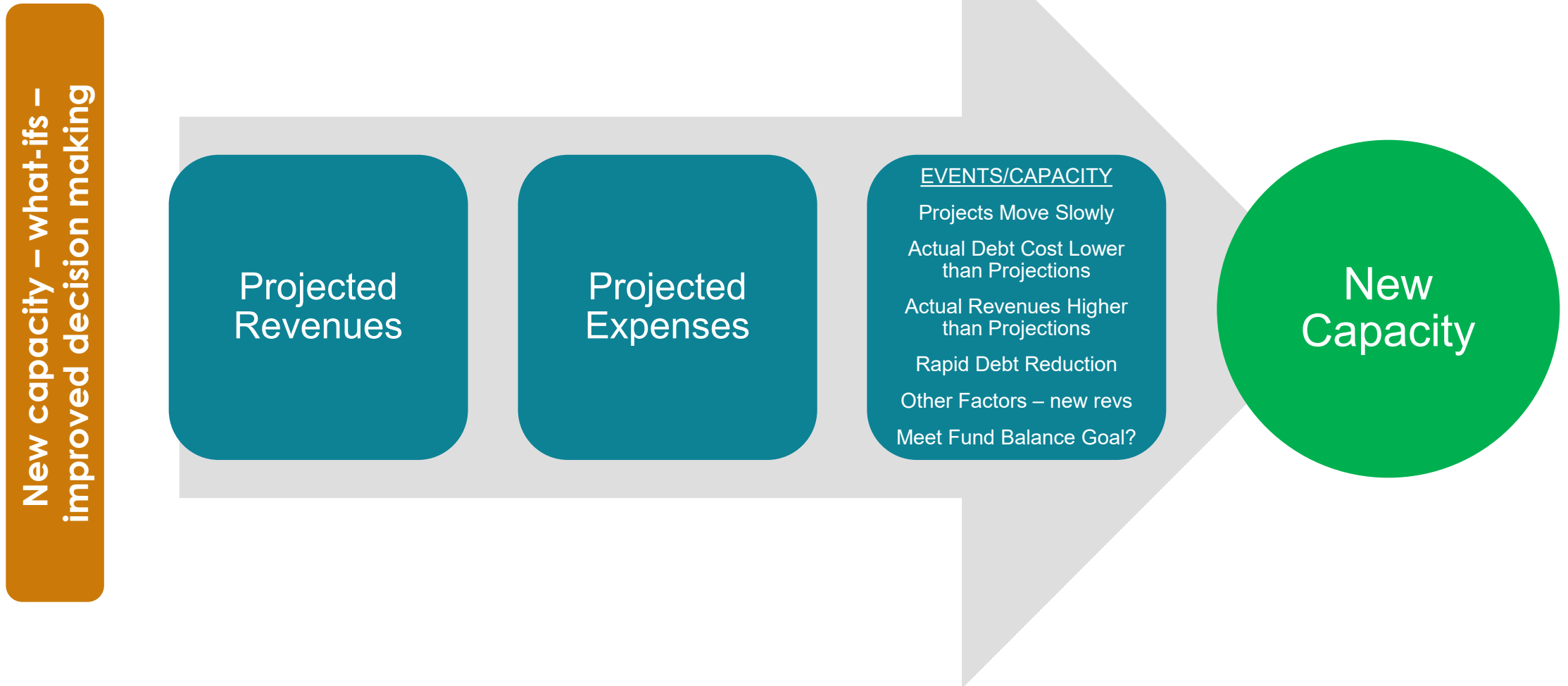
Debt affordability model:

Actions Needed	Includes
<div data-bbox="147 486 287 1150">Central repository of all capital metrics</div> <p>Includes all needed data:</p> <ul style="list-style-type: none">› Blends all available resources› Includes all capital related costs<ul style="list-style-type: none">› Current debt service› Pay-go› Projects future cost<ul style="list-style-type: none">› New debt service› Changes to pay-go› Incorporates efficient and cost-effective debt structures› Apex general and utility models under development <p>Can likely be implemented within existing operations</p>	<p>Metrics and assumptions:</p> <ul style="list-style-type: none">› Assumptions<ul style="list-style-type: none">› Growth in resources› Interest rates and other costs› Timing – greatest driver of affordability› What if analysis<ul style="list-style-type: none">› Capital cost and priorities› Changes to timing› Changing resources› Many others <p>Creates ability to look at unlimited potential scenarios</p>

REAL RESULTS TOOL – OVERALL STATISTICAL ANALYSIS THAT DEFINES AFFORDABILITY AND DEBT CAPACITY

Mechanics of the Debt Model

Movement of \$s and defining capacity and affordability:



Initial Observations On Affordability

Preliminary review of Gen. Govt. and Utility affordability:

What we know now

Gen. Govt and Utility - major projects now:

- › New 2025 LOBs – Pleasant Park, Town Hall, Tunstall House
 - › Approx. \$19.5 million cost
 - › Can be borrowed and repaid over 20 years
 - › First year debt service approx. \$1,950,000
- › 2027 G.O.s – Remainder of authorization
 - › \$24.5 million cost
 - › Can be borrowed and repaid over 20 years
 - › First year debt service approx. \$2,450,000

Utility – under review now both W&S and Electric

Affordability

Preliminary insights:

- › Gen. Govt.
 - › Preliminary affordability model shows with 1.5 penny tax increase in 2026 both G.O.s and LOBs can be funded
 - › Other projects – some affordability available depending on timing and cost
 - › Creating a steady state for future issuance and resources to fund them
- › Utility - To come/working with Raftelis and Town staff

Budget 2026 will fully
define affordability

FINALLY

The Summary

What have we learned: Moving to the next level of affordability planning improves many things and Apex is on the way:

Summary Takeaways

Town Accomplishments Thus Far

Gen. Govt and Utility – both have pluses:

- › Strong growth and numerous community investments
- › High credit ratings
- › Use of financial policies
- › Use of multi-year CIP
- › Establishment of various capital reserves
- › Sound financial position – Gen. Govt. and Utility
- › Funding for future capital needs beyond current projects likely will require additional resources
- › Others

Potential Next Steps

Moving to highest level of best practices:

- › Implementation of Gen. Govt. Community Investment Fund?
- › Develop and maintain debt affordability model(s)
- › Expand financial policies to include affordability elements
- › W&S rate and affordability consultant recommendations
- › Plan for efficient and timely use of future debt capacity
- › Continue to manage to highest credit rating standards
- › Manage future population growth capital needs efficiently
- › Maintain fair and adequate utility rates to meet growth
- › Others

BOTTOM LINE - GREATER TRANSPARENCY AND MEANS TO DEFINE AND JUSTIFY COST EFFICIENT CAPITAL INVESTMENT



Thank You



August 20, 2024

Council Work Session: Street and Sidewalk Project Updates



Agenda

- CIP Overview
 - N. Hughes Street Sidewalk
 - S. Mason Street Sidewalk
 - Jones Street Widening
 - Justice Heights Extension
 - Apex Peakway North Widening
- 

Capital Improvement Plan (CIP)

FY23-24

- Justice Heights St Extension

FY24-25

- Apex Peakway North Widening
- Safe Routes to School
 - Hughes St Sidewalk
 - Mason St Sidewalk

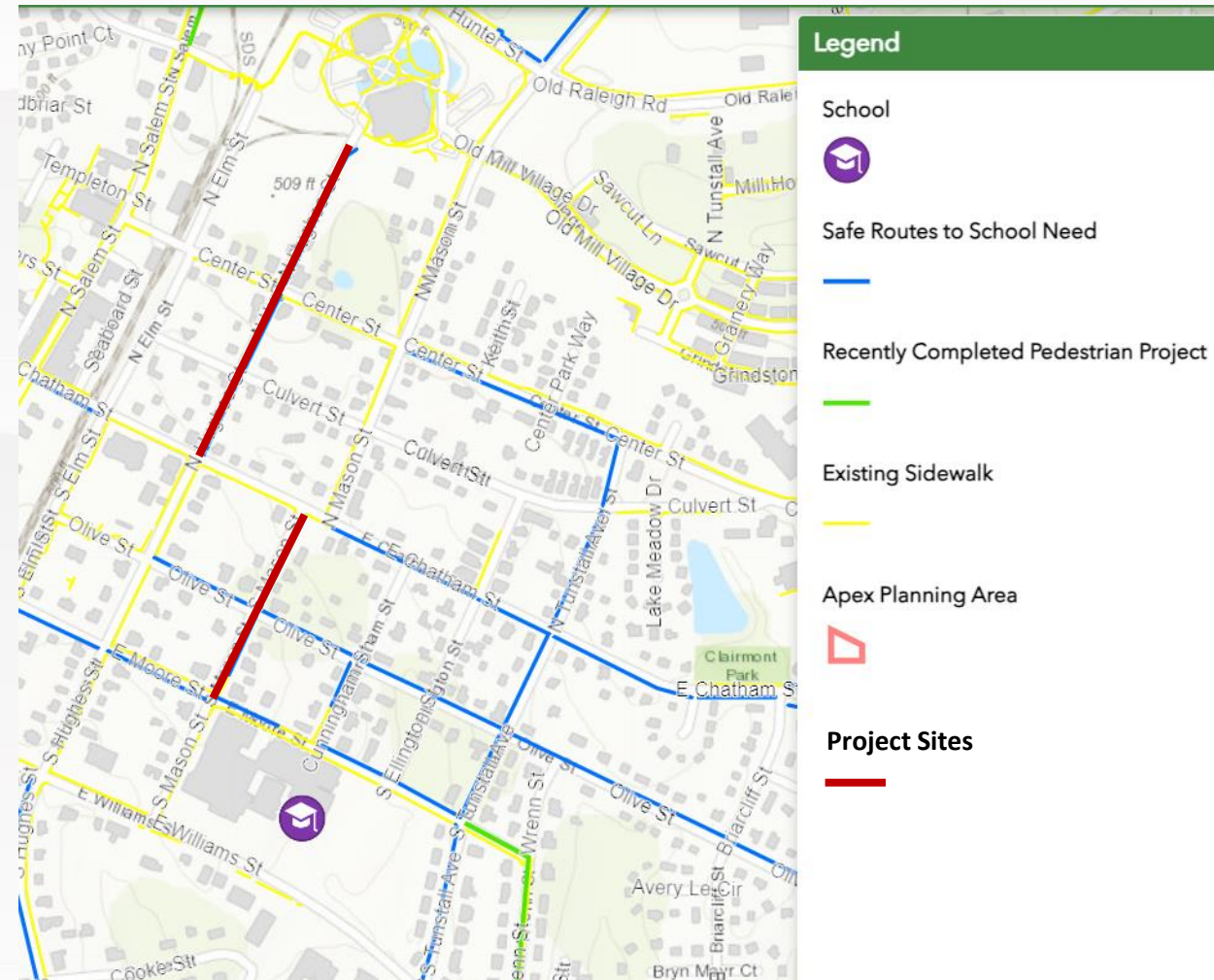
FY25-26

- Jones St Improvements

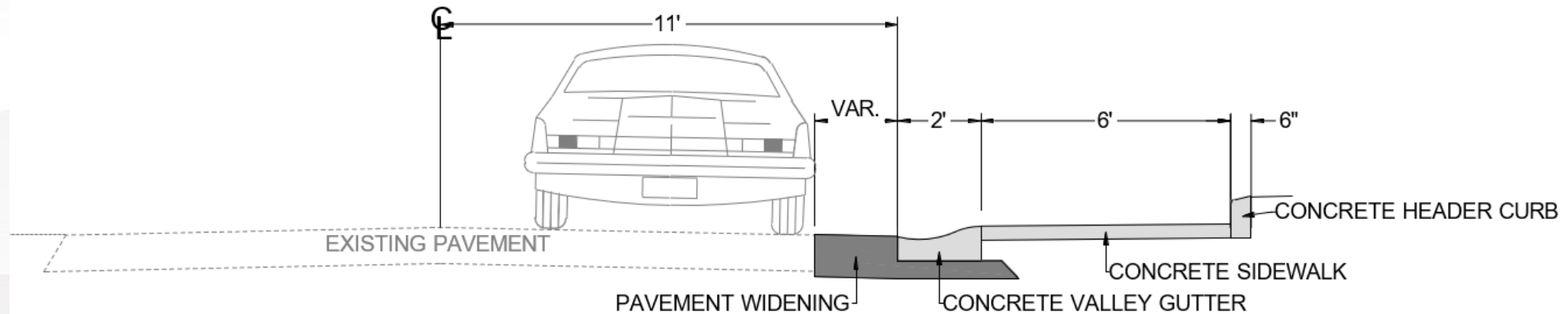
Transportation	FY24-25	FY25-26	FY26-27
Annual Pavement Management	4,000,000	3,625,000	3,750,000
Annual Miscellaneous Road & Sidewalk Improvements	450,000	300,000	300,000
Annual GoApex Transit Improvements	200,000	200,000	200,000
Apex Peakway North Widening	900,000	1,200,000	3,650,000
Center Street Railroad Crossing Improvements	150,000	50,000	800,000
Chatham Street Railroad Crossing Improvements	150,000	50,000	800,000
Felton Grove High School Improvements Cost Share	300,000	-	-
GoApex Transit Program	100,000	690,000	-
Jessie Drive Phase 1	1,500,000	4,350,000	-
Old US 1 at Friendship Road Improvements Cost Share	200,000	-	-
Olive Chapel Rd at Apex Barbecue Road Improvements	450,000	550,000	1,800,000
Safe Routes to School	5,000,000	1,642,330	1,207,160
South Salem Street Bicycle Connection	740,000	890,000	2,970,000
Technology Drive Enhancements Cost Share (HL-0007)	300,000	-	-
Vision Zero - Intersection Upgrades	150,000	850,000	850,000
Wayfinding Signage Fabrication & Installation	400,000	500,000	500,000
West Williams Street Sidewalk	150,000	50,000	750,000
Apex Peakway Southwest Landscaping	-	75,000	250,000
GPS Emergency Vehicle Preemption	-	205,000	220,000
Jones Street Improvements	-	300,000	-
Pavement Management Backlog	-	5,000,000	-
S-line Mobility Hub	-	460,000	-
Salem Street Downtown Streetscape, Gathering Space, & Alleys	-	2,350,000	2,765,000
Center Street and Chatham Street Sidewalk Phase 2	-	-	260,000
Jessie Drive Phase 2	-	-	2,330,000

Safe Routes to School

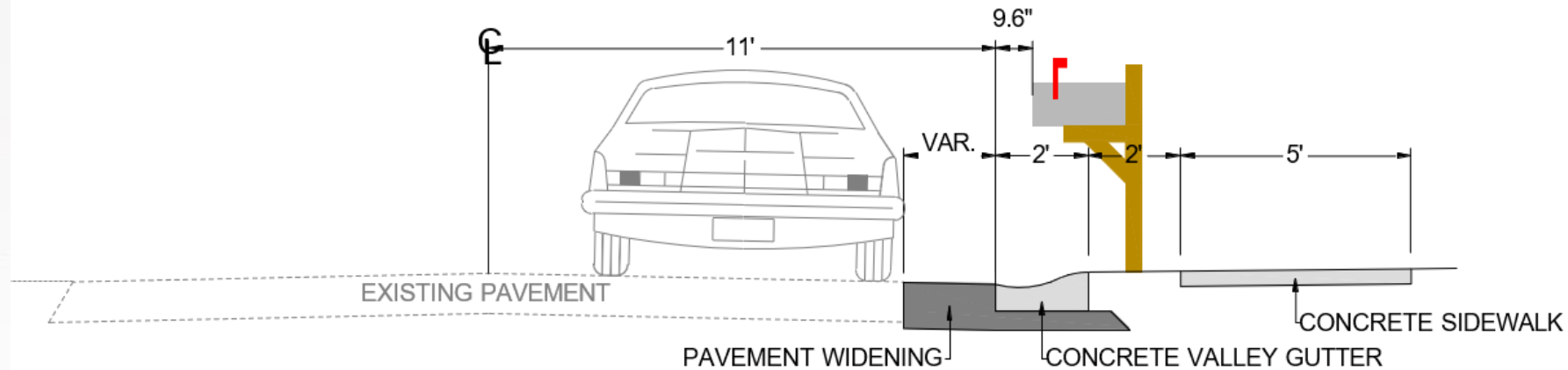
- Identification of needs
 - Principal meetings ~ two years
 - Apex PD insights
 - Resident requests
 - Prioritization database
- Current Projects:
 - Hughes St (E Chatham St to Community Center)
 - Mason St (E Moore St to E Chatham St)
 - Public Open House held on February 14th



Proposed Typical Sections (sidewalk on east side, looking north)



No Verge



With 2' Grass Verge

N Hughes St Conceptual Rendering (Chatham Street to Culvert Street)



N Hughes St Conceptual Rendering (Center Street to Senior Center)



S Mason St Conceptual Rendering (E. Moore Street to Olive Street)

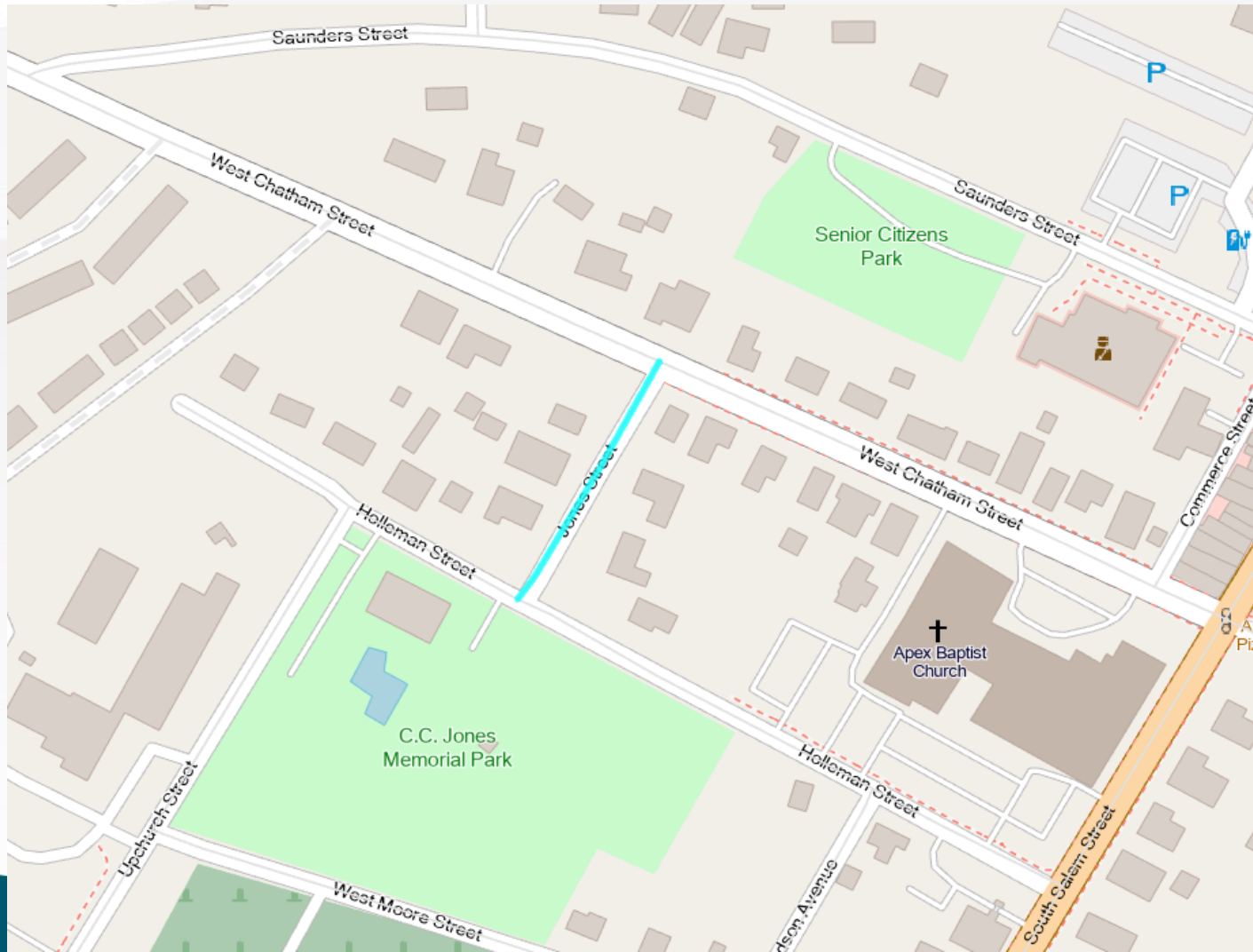


S Mason St Conceptual Rendering (Olive Street to Chatham Street)



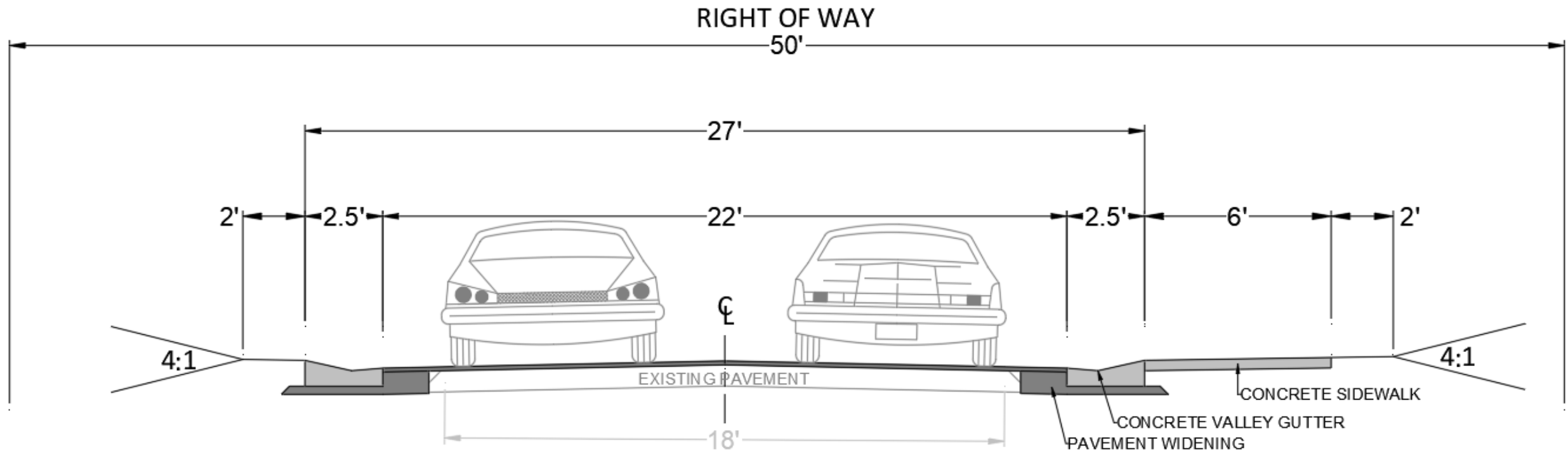
Jones St Improvements

- Public Open House held on June 13th (combined with Justice Heights St Extension)



Jones Street

Proposed Typical Section (sidewalk on east side, looking north)

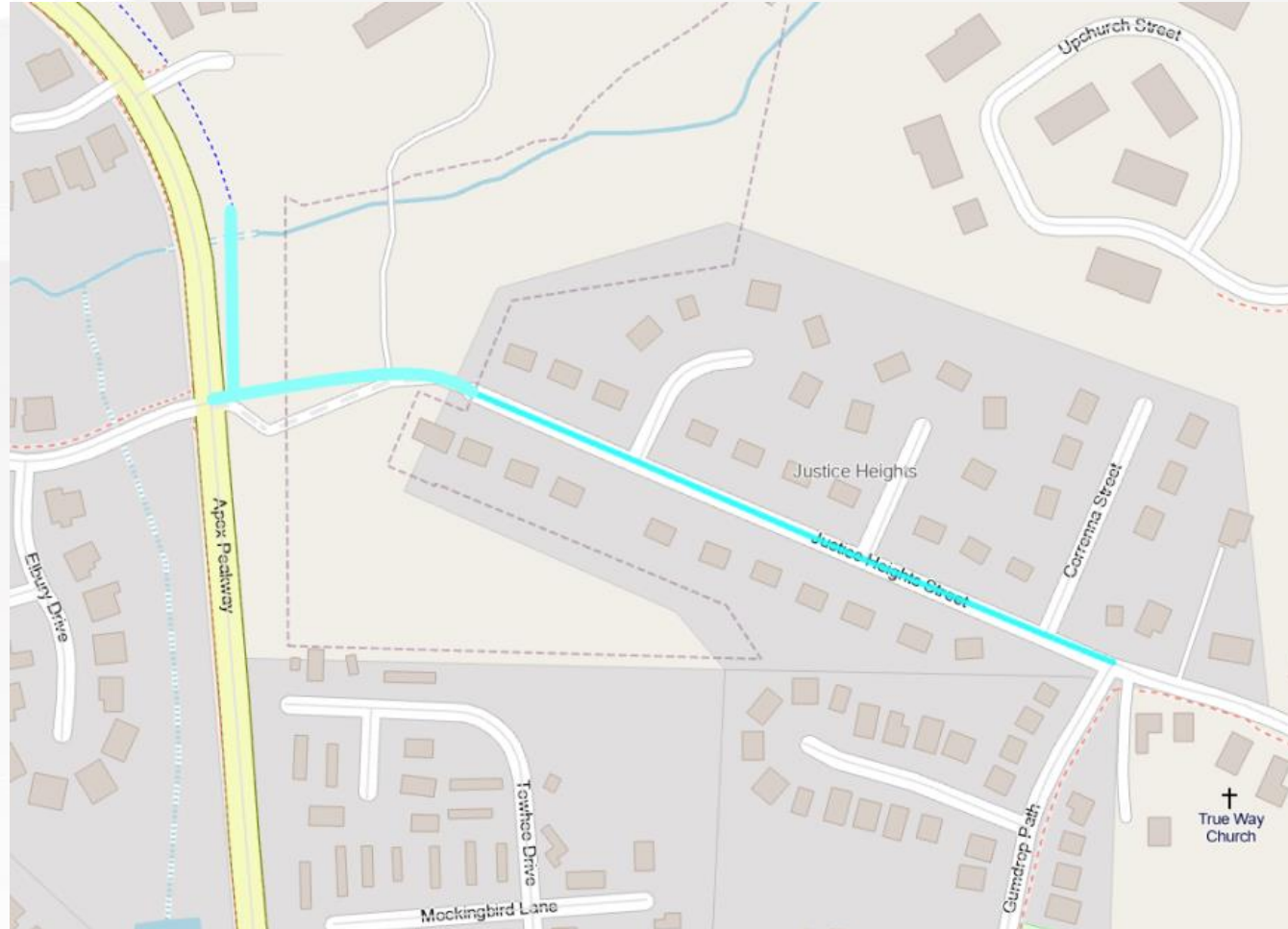


Jones St Conceptual Rendering (looking west towards Holleman St)

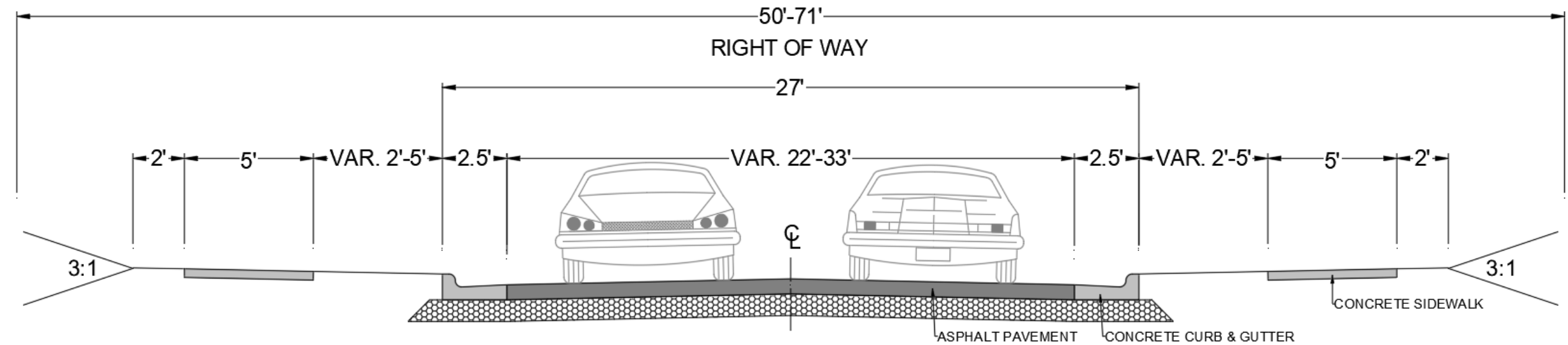


Justice Heights St Extension

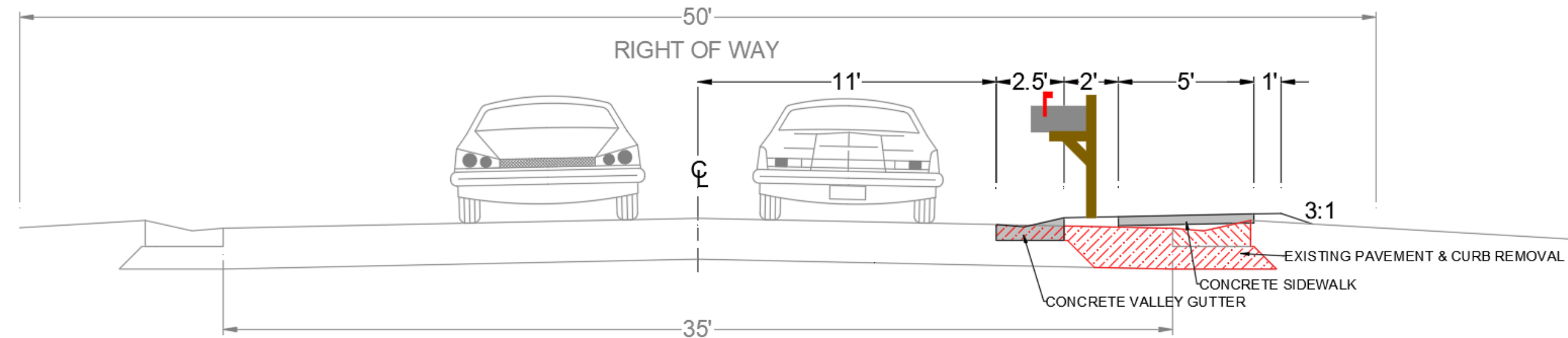
- Public Open House held on June 13th (combined with Jones St Improvements)



Justice Heights Street Proposed Typical Section (extension)

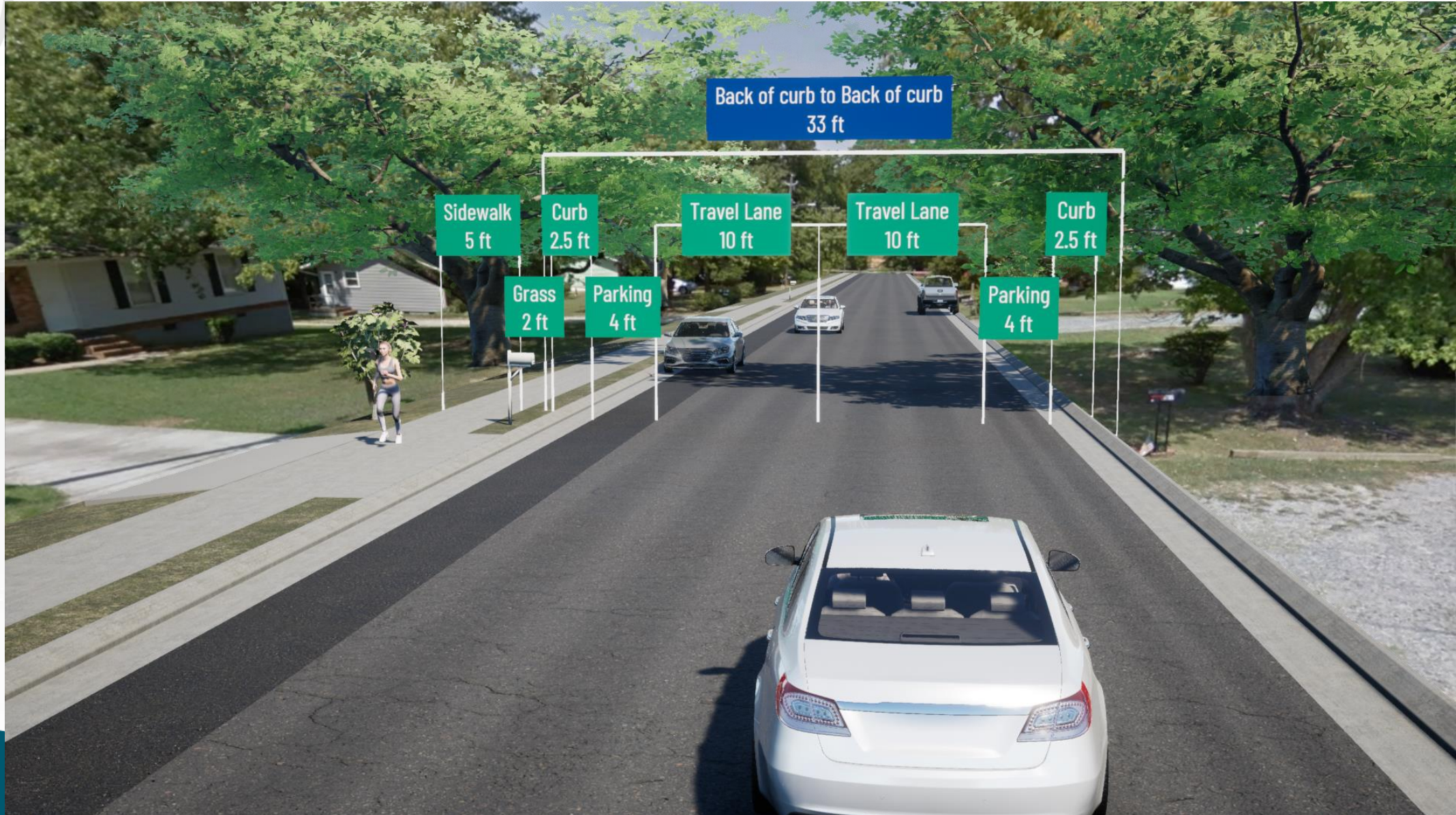


Justice Heights Street Proposed Typical Section (existing street, looking east towards Salem St)



Justice Heights Street

Existing Traffic, Construction Traffic, & Final Traffic (Looking westward from Bullock Court)



Current Schedules

	2024		2025				2026	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
N. Hughes Street Sidewalk	DESIGN		RIGHT OF WAY		CONSTRUCTION			
S. Mason Street Sidewalk	DESIGN		RIGHT OF WAY		CONSTRUCTION			
Jones Street Widening	DESIGN		RIGHT OF WAY		CONSTRUCTION			
Justice Heights Extension	DESIGN		RIGHT OF WAY		CONSTRUCTION			

Apex Peakway North Widening (Center St to Old Raleigh Rd)

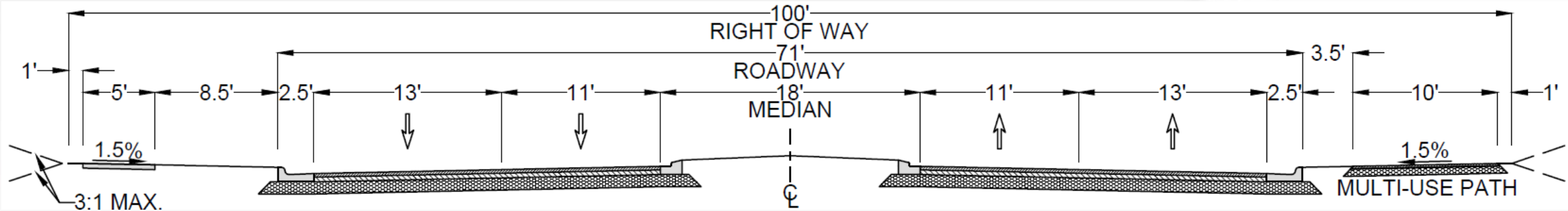


Apex Peakway North Widening

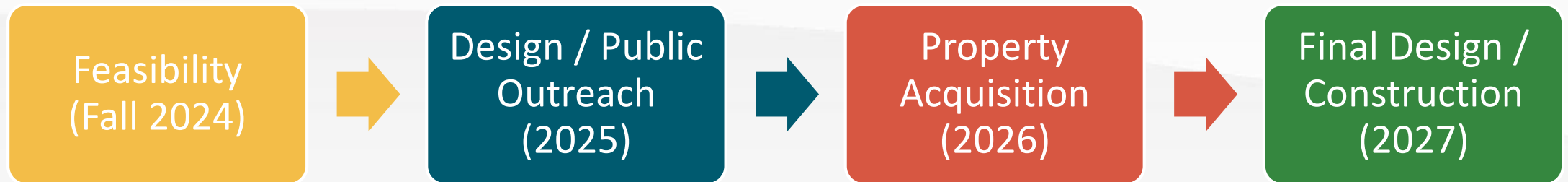


Apex Peakway North Widening

- Kisinger Campo & Associates selected to complete feasibility study
 - Develop conceptual symmetrical & asymmetrical widening schemes to arrive at best fit
 - 2 alternatives



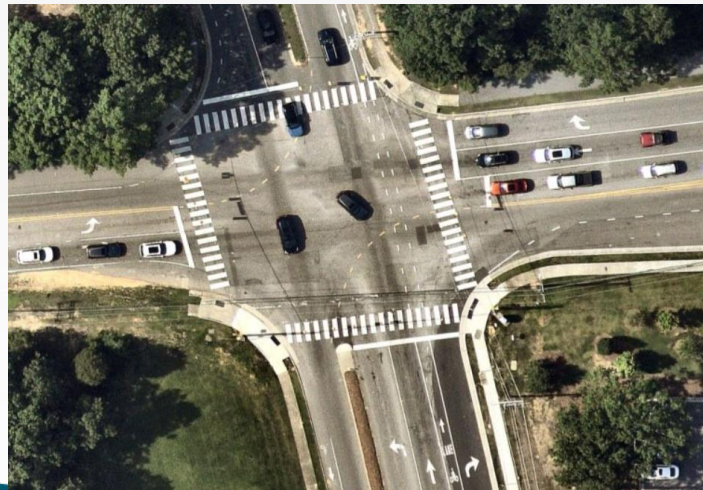
Current Schedule



Apex Peakway North Widening

Project impacts:

- 807 Center St (Peakway LLC)
- Old Mill Village frontage
- Stream crossing
- Widening and pavement marking transitions at/through Old Raleigh Rd intersection and Ten Ten Rd intersection





Thank you!