
FY 2019 Recommended Budget Executive Summary

OUR GUIDING VISION

The Town of Cary is focused on meeting the needs of its citizens and achieving the goals of our guiding policy document, the Imagine Cary Community Plan which can be found here: <http://www.townofcary.org/projects-initiatives/cary-community-plan>. This plan, which was adopted in January 2017, is the result of several years of work, unprecedented community input and dozens of meetings and community workshops. It sets out a long-term vision, policies and strategic actions for our community with a time horizon out to the year 2040. The document consolidates and replaces several individual plans that guided Cary's growth over the past 20 years and covers the entire planning area of Cary, an area of nearly 53,000 acres. The Imagine Cary Community Plan is the road map to our future, and Cary's annual budget sets forth the funding needed to make our plans reality.

ONE CARY



Millions of data points come together to create Cary's budget and capital plan. Details—such as every employee's hourly pay rate, projected participation for any single park program, projected collection of recycled goods, or the cost of supplies necessary to operate the inductively coupled plasma mass spectrometer equipment at a water reclamation facility—are collected and summarized. Competing priorities are reconciled considering multiple factors such as our citizens' values and levels of service. Together, it's all analyzed and summarized to develop a recommended budget for council consideration.

This year for the first time, the full team of department directors worked together to develop a balanced FY 2019 General Fund operating budget to recommend to the Town Manager. Teams of directors and capital project experts also worked on the General and Utility Capital budgets to find resources in current projects and prioritize capital requests. By sharing responsibility for these tasks, each director gained a better understanding

and a complete picture of budgetary opportunities and challenges. This new duty has emphasized the importance of collaboration to find efficiencies across departmental boundaries through shared expertise and new perspectives. These high functioning self-directed teams worked to create a budget that will provide resources to continue to meet our citizens' expectations and to focus on tasks designed to build the community envisioned in Imagine Cary.

As part of our efforts to keep Cary great, we listen to our citizens' priorities all year long, not just during budget preparation. Citizens are encouraged to share their budget input with us throughout the year using whatever communication channel is most convenient to them. We use social media, the BUD newsletter, the Town's website, and our "on-hold" phone messaging to remind citizens of our interest in their participation.

BUDGET SNAPSHOT

The FY 2019 Town of Cary Recommended Budget totals \$347 million supporting both operating and capital spending. Operating expenditures of \$251.8M increased 4.0% when compared to the prior year while capital expenditures of \$95.3M are up approximately 39%. The property tax rate of \$0.35 per \$100 of assessed valuation remains unchanged.

It is important to highlight three fee increases included in this budget, those being: vehicle license fees, sanitation and recycling fees and utility rates.

VEHICLE LICENSE FEES: INVESTING IN OUR STREETS AND SIDEWALKS

The vehicle license fee is charged annually as part of the vehicle property tax bill for each registered vehicle within the Town of Cary. The \$15 increase is estimated to generate approximately \$1.95 million per year with \$650,000 of that amount available for general use and the remaining \$1.3 million dedicated to transportation capital use as outlined in North Carolina General Statute 20-97. The chart below indicates how we compare with our neighbors in this area.

VEHICLE LICENSE FEE COMPARISONS

Maximum Allowed Vehicle License Fee: \$30

| | Current | Recommending | Inc/(Dec) |
|---------------|---------|--------------|-----------|
| Cary | \$15 | \$30 | \$15 |
| Apex | \$15 | \$20 | \$5 |
| Chapel Hill | \$30 | \$30 | - |
| Durham | \$15 | \$15 | - |
| Holly Springs | \$10 | \$10 | - |
| Fuquay-Varina | \$15 | \$15 | - |
| Morrisville | \$15 | \$30 | \$15 |
| Raleigh | \$30 | \$30 | - |
| Asheville | \$30 | \$30 | - |
| Charlotte | \$30 | \$30 | - |
| Greensboro | \$30 | \$30 | - |
| Winston-Salem | \$15 | \$15 | - |

The FY 2019 recommended budget assumes that the additional \$650,000 generated for general use will be directed annually to the Town’s sidewalk program, while the remaining \$1.3 million will help support the annual street maintenance project.

Sidewalks. In light of this increase in available sidewalk funds, staff recommends directing a portion of the FY 2019 sidewalk program appropriation to design of the **Louis Stephens Drive sidewalk project**. Ultimately, this project would be constructed via a separate, future capital project other than the sidewalk program. If and when this project is ultimately constructed it should be funded in a manner not to deplete funds from the existing sidewalk program that are designed for on-going maintenance

and replacement of existing sidewalks. Three options for the Louis Stephens sidewalk have been identified to date. Staff will certainly bring this item to Council for further discussion and consideration.

Option 1: Full widening of a three-lane section with sidewalk on both sides of the road running from High House Road to Carpenter Upchurch Road to Louis Stephens Drive and the Cary Tennis Park.

Total Project Cost: \$6.5 million Design Cost: \$900,000 (included in total cost)

Option 2: Half widening of the road section with curb and gutter

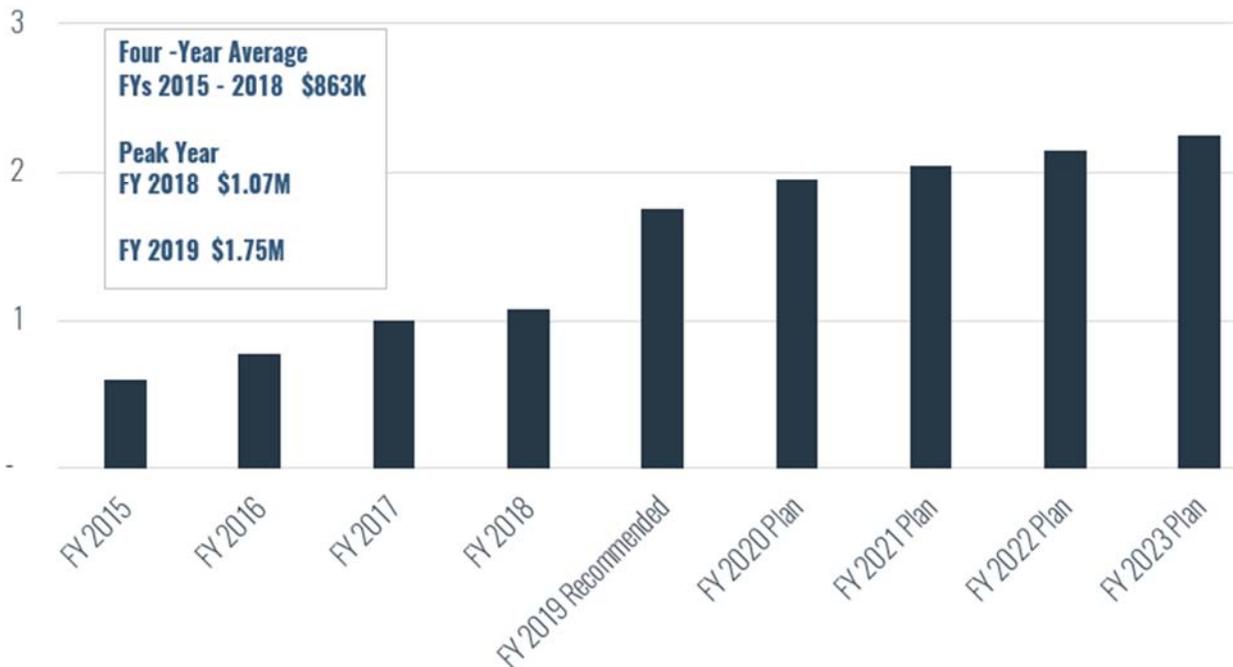
Total Project Cost: \$3.2 million Design Cost: \$450,000 (included in total cost)

Option 3: Five-foot temporary asphalt sidewalk along the shoulder

Total Project Cost: \$1.5 million Design Cost: \$120,000 (included in total cost)

Staff recommends Option 2, and at this point, would suggest locating the sidewalk on the east side of Louis Stephens Drive as the west side is undeveloped and future development would likely construct portions of the sidewalk on that side.

SIDEWALK PROGRAM BUDGET HISTORY

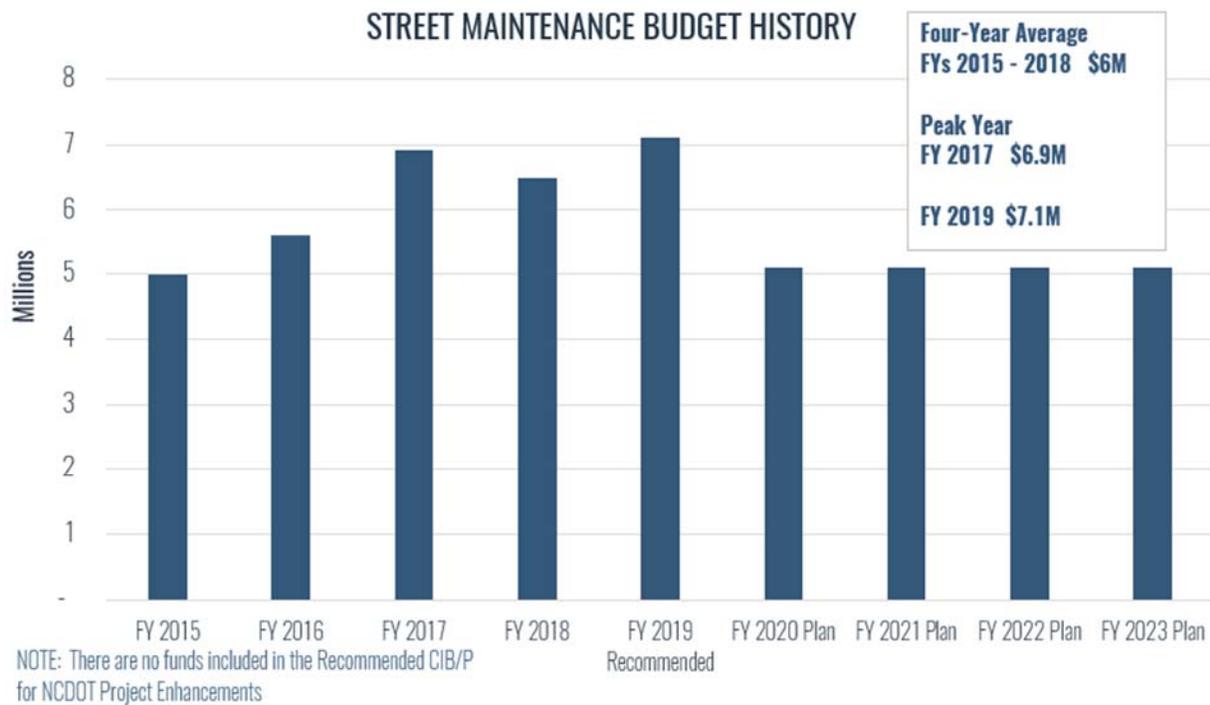


Street Maintenance. The additional funds generated via the vehicle license fee increase are also integral to the Town’s ability to continue funding street maintenance at approximately \$5.1 million per year (with FY 2019 benefiting from available bond proceeds as well).

What is this additional \$10 allowing us to fund in FYs 2019 - 2023?

| Street Maintenance | Existing Funding Capacity | Additional Funded Through Vehicle License Fee Increase | Total Programmed |
|--------------------|---------------------------|--|------------------|
| FY 2019 | 5,800,000 | 1,300,000 | 7,100,000 * |
| FY 2020 | 3,800,000 | 1,300,000 | 5,100,000 |
| FY 2021 | 3,800,000 | 1,300,000 | 5,100,000 |
| FY 2022 | 3,800,000 | 1,300,000 | 5,100,000 |
| FY 2023 | 3,800,000 | 1,300,000 | 5,100,000 |

* FY 2019 also utilizes \$923,367 of 2012 GO Bond Proceeds



It is important to note, as shown above, that with a five-year average street maintenance funding request of \$7.1M, we are making progress in this area but are still not meeting staff’s full funding

requests. This is a structural budget issue that will need to be rectified in the next couple of years as we continue to seek long-term capital financing methods for our maturing community.

The monthly sanitation and recycling fee increase from \$16 to \$17.

This extra dollar per month will generate approximately \$624,000 annually to help maintain the Town's robust and well-loved recycling program. The program is budgeted to cost more to maintain due to a policy implemented in January 2018 by China, a leading consumer of US recyclables. China's National Sword policy stringently regulates the quality of recyclables entering China by allowing only 0.3% of the materials received to be deemed non-recyclable or a contaminant. Cary's contamination rate is currently 12% while the national average is approximately 15%. Where once the Town received revenues for our recycled materials, we are now paying to dispose of them, and we expect this cost to increase. Even with the fee increase, a portion of the Town's sanitation collection and recycling service is still subsidized by operating funds. A consideration for the future includes phased fee adjustments so that ultimately 100% cost recovery is achieved.

Utility rates are recommended to increase 3%

Consistent with utility usage rate planning presented in last year's budget process, a 3% utility rate increase is also recommended for FY 2019. These revenues ensure that the Town can maintain its high standards for utility operations to produce top quality, safe drinking water and environmental protection while also meeting regulatory requirements and citizen service level expectations. Cary's utility rates are competitive, and we are committed to providing the highest quality, safest drinking water and utility services while keeping the financial impacts to our consumers in mind. This commitment is evident in our recommendation to continue smoothing out projected utility rate spikes by implementing annual 3% rate increases in accordance with the ten-year financial model.

Other fee adjustments

In addition to the three fee increases noted above, several smaller increases and/or adjustments are recommended. The most notable of these are a number of PRCR fee adjustments which are recommended for clarity and uniformity. Tennis pass rates are also recommended to increase by \$25 to \$50 (depending on category). This adjustment would generate an additional \$20,000 in support of general operations at the Cary Tennis Park.

The Town of Cary's FY 2019 recommended operating and capital budgets include the resources needed to "Keep Cary Great" by maintaining current operations, caring for our existing infrastructure, and constructing several key transportation and PRCR capital projects. Cary earned high marks for value of services for tax dollar, overall quality of life and overall quality of services in our most recent biennial citizen survey conducted in the spring of 2018. Maintaining this position does come at a cost, and the Town faces financial pressure in the near term as our infrastructure is aging, maintenance costs are increasing and the demand for new infrastructure and services in developing and redeveloping areas of Cary continues to exist.

ECONOMIC OUTLOOK AND FINANCIAL PRESSURE POINTS

Cary and the Raleigh-Durham, Research Triangle Park region continue to outperform the nation with strong home price growth, job growth, personal income growth and population growth. In August 2017 the personal finance website WalletHub compared 300 of the best real estate markets in the country and Cary, who ranked 4th, was the only East Coast municipality to crack the top 10. Cary's median owner-occupied home value of \$309,800 for the 2012 – 2016 timeframe reflects the fact that in the

last ten years, Cary has experienced some of the highest home appreciation rates of any community in the nation (Source: US Census Bureau).

Cary's median household income (stated in 2016 dollars) of \$94,617 is reflective of its highly educated citizenry of which 64.2% has a bachelor's degree or higher (Source: US Census Bureau). As of February 2018, Cary's unemployment rate was 3.9% (Source: US Bureau of Labor Statistics). A highly educated population, proximity to the Research Triangle Park and three major universities (the University of North Carolina at Chapel Hill, NC State University and Duke University) have made Cary an attractive location for business in the information technology, life sciences and clean technology fields.



Over the last 60 years, Cary has been on an upward path. The vision and direction provided by Council over that time led to the creation of development guidelines, community programs, and public amenities that have made Cary great and branded it as a premier suburban community. People and businesses across the country and world were attracted to that brand and came here to build their professional lives and families. The growth generated by Cary's distinctive community amenities was tremendous, with the Town's population doubling over the last 20 years. Under incredible pressure, Town

staff developed the facilities and infrastructure needed to keep up with growth.

The improvements that the Town made to its physical environment and public amenities were paid for primarily through revenue growth generated by the expansion of the community. It is hard to overstate the effect this growth had on the fiscal health and outlook of the Town. The Town's General Fund budget has more than quadrupled during the last 20 years, but property owners pay little more in taxes now than they did at that time. Even during the Great Recession, when local governments throughout North Carolina and the nation were making deep cuts in their budgets that resulted in service reductions, layoffs, pay freezes, and large benefit cuts, Cary had sufficient growth to avoid these measures.

Growth has been the predominant feature of our past, but our future will look different. Our prior growth took place primarily in undeveloped areas where vacant land could easily be converted into residences and commercial areas. As these areas developed, much of the transportation and utility infrastructure needed to serve them was paid for by developers. The amount of land available for large scale residential and commercial projects is now far more limited.

Within Cary's planning jurisdiction, approximately 14 percent of the land remains developable. For a community that has succeeded over the past several decades through the facilitation of high quality new developments on undeveloped land, this is a significant change. As the Town's high quality of life has been historically funded by revenues generated from growth, the Town will need to identify new development opportunities that can assist in generating revenues needed to maintain Cary's quality of life and seek every opportunity to minimize cost.

The Town is changing from a growing community to a maturing community. The Town’s revenue growth is slowing compared to the “boom” years of the 1990s and early 2000s, and we are facing increasing infrastructure maintenance, renovation, and replacement needs. During our high growth years, much of our infrastructure was new and required little maintenance to keep in excellent condition. With the passage of time, more of our facilities and infrastructure are reaching the age where higher levels of maintenance are required. These two trends place a strain on our financial resources and informed recommendations for the FY 2019 operating and capital budgets. With the Imagine Cary Community Plan as its guide, the Town is turning its tax base growth focus toward infill and commercial and residential redevelopment opportunities as our primary strategy for fiscal sustainability.

Town of Cary Assessed Valuation Annual Growth

| Fiscal Year | Assessed Valuation | \$ Change from Prior Fiscal Year | % Change |
|---|--------------------|----------------------------------|----------|
| 2010 | \$20,397,595,898 | \$701,550,066 | 3.6% |
| 2011 | 20,680,181,321 | 282,585,423 | 1.4% |
| 2012 | 21,112,544,774 | 432,363,453 | 2.1% |
| 2013* | 21,557,354,633 | 444,809,859 | 2.1% |
| 2014 | 22,552,761,282 | 995,406,649 | 4.6% |
| 2015 | 22,800,436,078 | 247,674,796 | 1.1% |
| 2016 | 23,654,829,667 | 854,393,589 | 3.7% |
| 2017* | 25,851,827,109 | 2,196,997,442 | 2.7% |
| 2018 Estimated | 26,410,540,561 | 558,713,452 | 2.2% |
| 2019 Recommended | 26,794,170,460 | 383,629,899 | 1.5% |
| <i>*FY 2012 and FY 2016 were Wake County revaluation years. Revenues on revalued property for Cary residents were recognized in FY 2013 and FY 2017 receipts.</i> | | | |

One current example of this shift is the redevelopment of the Cary Town Center Mall to include world-renowned Swedish home furnishings store IKEA. Following the Town Council’s approval of a rezoning and Preliminary Development Plan in October 2017, IKEA submitted detailed development plans in December 2017 that are working their way through the Town’s Development Review Committee. This iterative review process, where staff works with IKEA’s development team to ensure that the plan meets the conditions of the rezoning as well as the Town’s Land Development Ordinance, will take several months to complete. In addition to development plan approval, detailed drawings of the building will be reviewed to ensure compliance with the North Carolina State Building Code. The approved development plan and the building plans will then be used by Town inspectors and IKEA’s contractors to construct the store.

The new zoning represents the first phase in the redevelopment of Cary Towne Center Mall. IKEA’s new two-story building, which includes approximately 380,000 square feet of floor area and a parking deck, will combine to redevelop the northern portion of the existing site, replacing some of the existing mall building, including the former Sears. A rezoning and Preliminary Development Plan have also been submitted for the second phase of the mall’s redevelopment, proposing to rezone another 55 acres of the site from General Commercial -Conditional Use to Mixed Use District. This proposal is currently being reviewed by Town staff, and collaborative dialogue is underway between the staff and

the applicant regarding the proposal’s consistency with the Town’s Imagine Cary Community Plan and the policies associated with the Eastern Cary Gateway Special Planning Area.

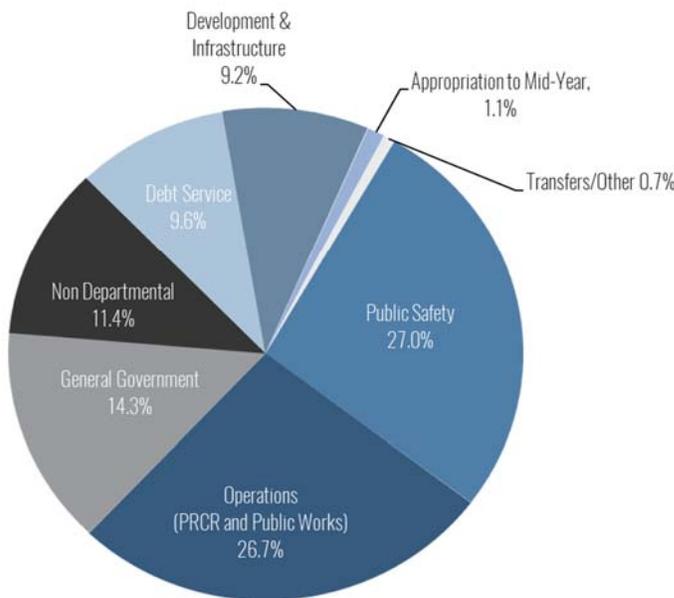
FY 2019 OPERATING BUDGET DETAILS

Beginning in FY 2018, the Town moved to a rolling budget approach where annually, a base operating budget is adopted in accordance with state law that supports the continuation of services at existing levels. As a part of budget development, revenues and expenditures are balanced and an amount of funding within the balanced budget is identified for use during the fiscal year to fund requests for new initiatives, positions or services. Reserving funds for this purpose allows the Town to address emerging issues and opportunities as they arise rather than holding them for consideration in the next year’s budget process. Any requests for new services, initiatives or positions are considered by Town Council at quarterly meetings held throughout the course of the fiscal year or during a regular council meeting.

The FY 2019 Recommended Budget for the Town’s three major operating funds are discussed below. Financial summaries for smaller funds such as Fleet, Health and Dental, Community Development, Economic Development, E911 and Insurance and Bonds may be found in the “Other Funds” section of this document.

GENERAL FUND

FY 2019 General Fund Expenditures and Transfers



The General Fund supports most of the Town’s operations including Police, Fire, Transportation and Facilities, Water Resources, Parks, Recreation and Cultural Resources, Public Works, Planning, Inspections and Permits, Development Services and various administrative functions such as Finance, Human Resources, Information Technology, the Town Manager’s Office, the Town Clerk’s Office, Legal and Town Council. FY 2019 Recommended General Fund operating budget expenditures (excluding transfers to capital projects) total \$169,633,952 which is 4.92% greater than the prior year budget.

The Recommended Budget includes several changes in staffing including an initiative to hire twelve firefighters in January 2019 to staff a ladder truck being placed into service in western Cary. The

FY 2019 Recommended General Fund operating budget also supports the conversion of 12 part-time positions to full-time. These positions serve various functions at the 311 Center, Cary Tennis Park and North Cary Water Reclamation Facility. Finally, \$500,000 has been included to allow for the implementation of a police workload/shift study that is currently underway.

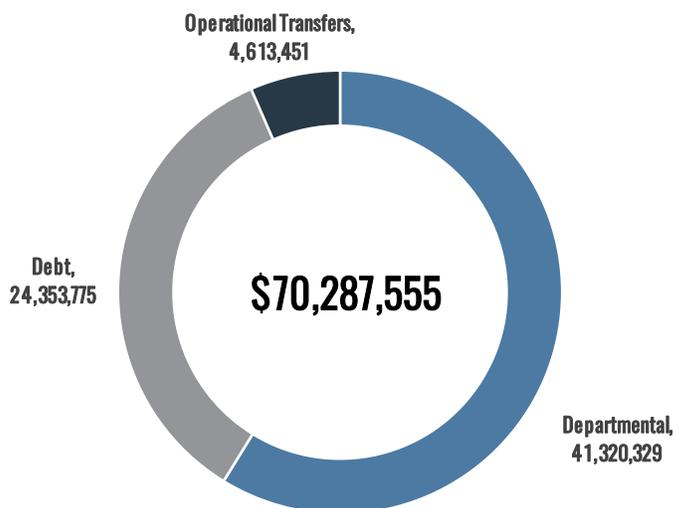
Other priorities within this Recommended Budget include an increased focus on employee training and development and continued implementation of new technology to improve our efficiency and engage more effectively as an organization and with our citizens.

In the spirit of continued investment in our most valuable resource – our employees – the FY 2019 Recommended Budget assumes a 4.5% average merit increase based upon individual performance throughout the year. Additionally, no increases to employee or Town health insurance premiums are recommended in FY 2019. While our organization’s health and dental claims experience has been steady for the past year, health care costs are dynamic and unpredictable. Our good fortune regarding this year’s premiums is likely not sustainable and certainly not guaranteed into the future.

Included within these budgeted expenditures is \$1.8 million reserved for emerging opportunities and Council-identified initiatives to be discussed at FY 2019 quarterly meetings in the spirit of the rolling budget process. Future expenditures found here could include monies for the Nancy Jones House, Community Branding Implementation and other council priorities.

UTILITY FUND

Utility Fund Expenses FY 2019



The Utility Fund supports operations of the Town’s water and sewer systems and includes the Utilities function as well as some staff from the Water Resources group. FY 2019 recommended utility fund operating budget expenditures (excluding transfers to capital projects) total \$70,287,555 which is 0.60% greater than the prior year budget.

Much like the General Fund, an increased focus on employee training and development and implementation of new technologies are priorities in the recommended Utility Fund budget. Additional funding was also included to address increasing chemical costs at the

Town’s three water reclamation facilities and the water treatment facility.

TRANSIT FUND

The Transit Fund accounts for revenues and expenditures associated with the Town’s GoCary transit service. FY 2019 Recommended Transit Fund operating expenditures (including \$1.6 million of general fund transfer support) total \$7,104,754 which is 14.3% greater than the prior year budget. This increase is primarily funded with resources dedicated from the Wake County Transit Plan.

The Wake County Transit Plan (WCTP) was presented in December 2015 as the strategic regional transit vision and was adopted by Wake County, the Capital Metropolitan Planning Organization (CAMPO) and GoTriangle in the summer of 2016. The WCTP guides future transit investment aimed at developing a robust, efficient regional transit system. In order to achieve these goals, the WCTP is funded through a number of resources including the one-half percent (1/2%) sales and use tax approved by Wake County voters in November 2016. Federal, state and local funds, farebox revenues,

the Regional Transit Authority Registration Tax and the \$7 Wake County Vehicle Registration Tax also support transit.

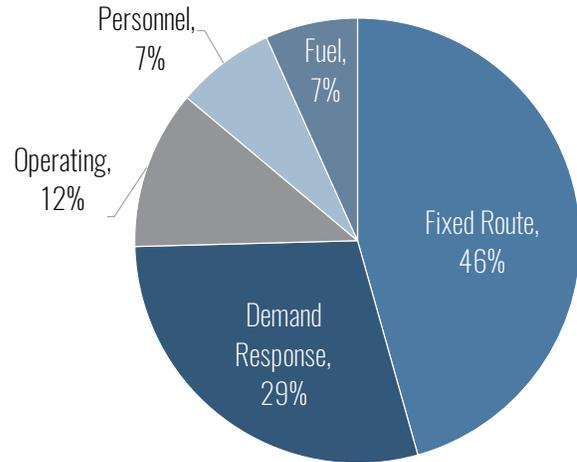
The FY 2019 Recommended Transit Budget includes the addition of the new Weston Parkway Route which is wholly funded by the Wake County Transit Plan.

FY 2019 CAPITAL BUDGET DETAILS

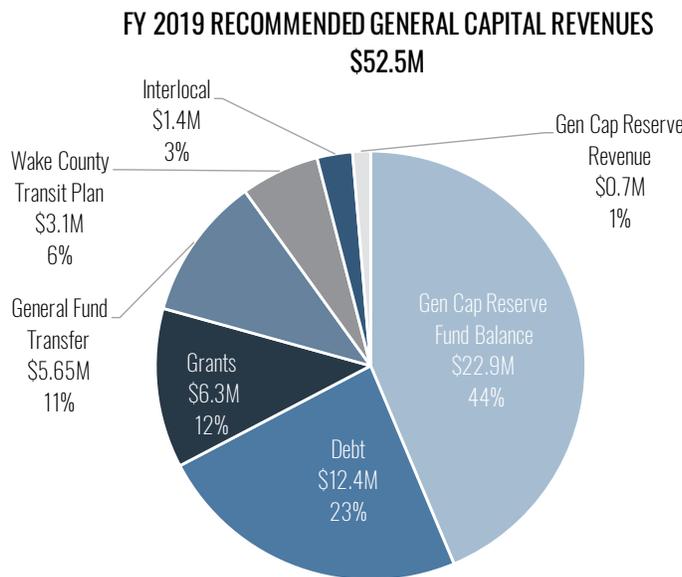
Staff prepares an annual capital improvements budget and a long-range capital improvements plan for Town Council's consideration. The capital improvements budget (CIB) and ten year capital improvement plan (CIP) are recommendations to help meet Council policy direction and Imagine Cary community plan goals in the areas of service delivery, infrastructure maintenance and development, regulatory compliance, facilities planning and development, financial condition and to further enhance the quality of life in Cary. Projects included in the CIB/CIP are typically assets with a value of more than \$25,000 and a useful life of over three years.

Planned appropriations for the budget year (FY 2019) and four subsequent years (FYs 2020 – 2023) are limited to the amount of funding projected to be available in those years. Only the FY 2019 budget year is formally adopted by Council. Figures noted for fiscal years 2020 through 2029 are for planning purposes only and are not appropriations for those years.

TRANSIT FUND EXPENDITURES BY FUNCTION



GENERAL CAPITAL



The general capital category encompasses Transportation, Transit, Fire, Parks Recreation and Cultural Resources, General Government and Downtown projects. The FY 2019 general capital improvements budget totals \$52,466,469 which is 34.39% greater than the prior year. This increase is primarily attributed to a \$14.6 million increase in FY 2019 transportation projects. Increased construction and right of way costs associated with the Carpenter Fire Station Road and CSX Rail Grade Separation project and the Carpenter Fire Station Road Widening (NC 55 to Cameron Pond) project account for \$11.9 million of the transportation increase.

Funds generated through the recommended vehicle license fee increase allowed sidewalk funding to be increased from \$1.1 million to \$1.75 million in FY 2019 and supplied an additional \$1.3 million for the annual street maintenance project.

The FY 2019 recommended general CIB is primarily funded through \$23.6 million of general capital reserve fund balance and revenue appropriations. Additionally, \$10.7 million of 2012 Community Investment Bond funds is directed to FY 2019 transportation needs. Asset backed debt of \$1.7 million is also recommended to fund a portion of the aerial ladder truck replacement project. Grant funding of \$6.3 million for transit, transportation and PRCR projects, \$3.1 million of Wake County Transit Plan funding for GoCary projects and \$1.4 million of hotel/motel and food and beverage tax funding from Wake County for special venue projects provide additional funds in FY 2019.

As discussed previously, much of the Town's infrastructure was installed in the high-growth period of the 1990s and 2000s. These tennis courts, greenways, roads, roofs, HVAC systems and more now require significant maintenance. In fact, 73% of the general government category's \$5.1 million FY 2019 recommended expenditures support maintenance of existing infrastructure.

The Town has historically relied upon substantial general fund transfers to fund major maintenance and allow for continued development of new facilities. Significant FY 2018 mid-year appropriations totaling \$9.7 million for projects such as the downtown library parking deck and improvements to WakeMed Soccer Park and the Koka Booth Amphitheatre limit future available funding from this source. A total of \$5.65 million of general fund transfers is recommended for FY 2019 and each of the following four programming years yielding a total of \$28.25 million across FYs 2019 – 2023.

The FY 2019 general capital budget is complicated by changes in funding plans for the \$6.72 million recommended for the Reedy Creek Road Widening project from NE Maynard Road to N Harrison Avenue. Based on input from the Capital Area Metropolitan Planning Organization (CAMPO) last year, it was expected that the majority of this project would receive federal funding. Recently we learned that the project would receive \$632,029 of federal funds in FY 2019 and then be eligible for a federal funding reimbursement of up to 50% if the Town were to provide the remaining \$6.1 million upfront in FY 2019. While it is extremely likely that the Town will indeed be eligible for this reimbursement, the funds will be reimbursed as the project progresses. Eventually, as grant funds are received, Town funds will be returned to the general capital reserve and become available to address other capital needs.

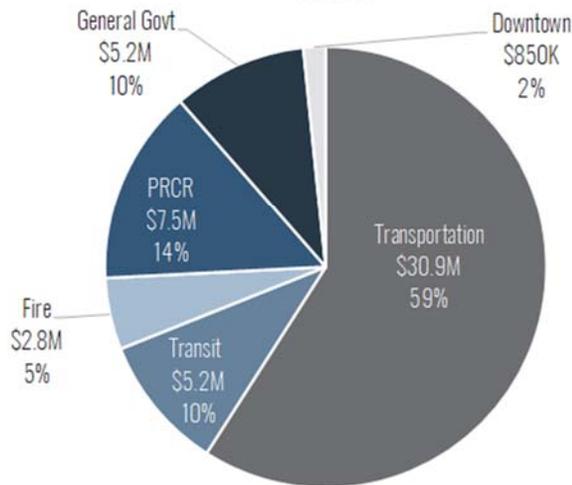
The recommended increase in vehicle license fees supports transportation capital needs including \$7.1 million for street resurfacing in FY 2019 (combined with available debt funding) and \$5.1 million in each of the subsequent four programming years. While these resources support the Town's street maintenance goals, in FYs 2020 - 2023 they may not provide for the same level of service of street maintenance that our citizens have come to expect.

In addition to the maintenance focus, the FY 2019 CIB appropriates funds for projects providing new, enhanced or expanded infrastructure.

- \$8.7 million is included for completion of the Carpenter Fire Station Road/CSX Rail Grade Separation project bringing that total project budget to \$29.96 million.
- \$3.2 million is included for land and site acquisition associated with the Carpenter Fire Station Road Widening (NC 55 to East of Cameron Pond) project. An additional \$6.1 million is programmed in FY 2021 for construction. Combined with the \$1.1 million appropriated to date, total project cost is estimated at \$10.4 million.

- \$2.7 million supports three storm water projects. These funds are utilized for the annual street storm drainage rehabilitation project and to support drainage assistance policies that are determined throughout the year as the need arises. Please note that we are in the midst of a complete overhaul of our existing stormwater plans, policies and practices. All financing options (potential creation of a stormwater utility, other fees, etc.) and maintenance methods are being examined. Future budgets will reflect our work in this area.
- \$500,000 is included for to be determined downtown improvements as we implement our master plan.
- \$215,000 is included for Parks, Recreation and Cultural Resource facility improvements, such as enhancing the lobby at Bond Park Community Center to include device charging stations.

FY 2019 RECOMMENDED GENERAL CAPITAL EXPENDITURES
\$52.5M



The competition for resources between maintenance and new construction continues throughout FYs 2020 - 2023 where \$190.4 million in additional capital project needs are forecast and tentatively programmed. Transportation projects during this period are primarily limited to maintenance. Funding is not projected for any enhancement work on planned NCDOT road projects in Cary during this period.

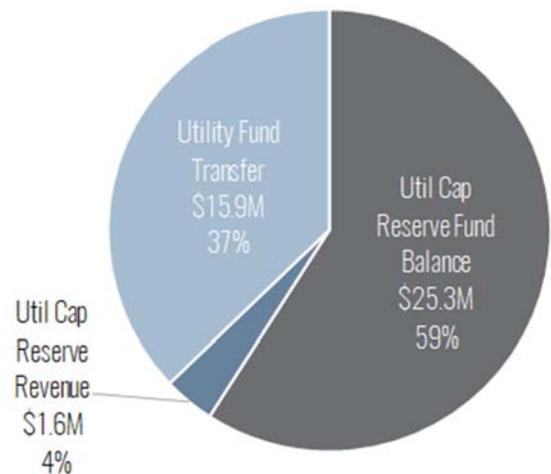
Two new parks, a community facility and a fire station/E911 back-up center are programmed during these years based on an assumption that Cary voters will approve a bond referendum to support these and other projects.

A notable project in this period is the \$15.3 million Swift Creek Greenway which will run from Lake Pine Drive to Regency Parkway. This project anticipates 80% federal grant funding to add 2.6 miles of greenway, create gateways into Cary and ultimately provide patrons with access to Bond Park.

UTILITY CAPITAL

The utility capital category is comprised of water and sewer projects. The FY 2019 utility capital improvements budget totals \$42,809,905 which is 44.96% greater than the prior year. This increase can be attributed to recommendations for \$2.9 million for the Wastewater Pump Station Parallel Force Main project and an additional \$5.6

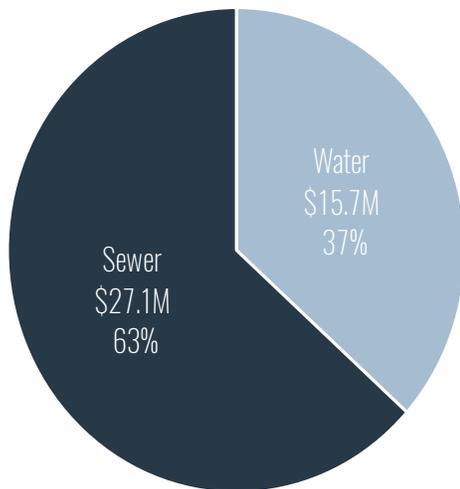
FY 2019 RECOMMENDED UTILITY CAPITAL REVENUES
\$42.8M



million for completion of the North Cary Water Reclamation Facility Partial and Full Diffused Air System project in FY 2019.

The FY 2019 recommended utility CIB is primarily funded through \$25.3 million of utility capital reserve fund balance appropriations.

FY 2019 RECOMMENDED UTILITY CAPITAL EXPENDITURES
\$42.8M



Utility Fund transfers of \$15.9 million and \$1.6 million of utility capital reserve revenue round out appropriated resources. No new revenue bond debt is needed to support FY 2019 projects.

A total of \$15.7 million is recommended for water projects in FY 2019. Approximately one-third of this amount, or \$5 million, focuses on upgrading, replacing and maintaining existing water lines. Another \$4 million provides remaining funds needed for the conversion of the treatment process at the Cary/Apex Water Treatment Facility to ozone/biofiltration. Biofiltration has been proven to provide improved removal of certain inorganics,

organics and trace organics in the drinking water treatment process.

The sewer capital budget totals \$27.1 million with 41% or \$11 million of this amount directed to the Winding Pine Regional Pump Station Gravity Sewer and Force Main project. This project provides for design and construction of a 5 million gallon per day (MGD) regional pump station, 2,300 linear feet of 42-inch gravity sewer, 2,300 linear feet of 20-inch force main and elimination of the existing Kit Creek Pump Station. The project will provide gravity sewer to the remainder of the Town's northwestern service area and eliminate the need for extensive improvements at the Kit Creek Pump Station.

The North Cary Water Reclamation Facility's Partial and Full Diffused Air System project is another key aspect of the FY 2019 utility capital budget. With a total project cost of \$12.82 million and \$7.22 million budgeted to date, the \$5.6 million FY 2019 appropriation provides remaining funds needed for upgrades that will allow the facility to process an additional 1 MGD of wastewater using the existing two trains. These improvements will delay the need to put the facility's third train into full-time operation.

The additional \$166.5 million of utility needs preliminarily programmed in the FYs 2020 - 2023 period continue to place emphasis on maintenance of the Town's utility infrastructure along with meeting additional capacity needs.

- \$49.8 million is included for water lines ranging from extending and connecting new lines to maintaining, upgrading and relocating existing lines. These expenditures total our annual utility improvement program.
- \$9.75 million is included for maintenance of the Cary/Apex Water Treatment Facility.

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- \$8.6 million is included for maintenance of the North, South and West Cary Water Reclamation Facilities
 - \$22 million is included for sewer system repair and rehabilitation.

FINAL THOUGHTS

The FY 2019 recommended budget is another step along our path to make the Imagine Cary Community Plan reality. The process used to develop this budget built upon our One Cary ethic by bringing department directors together in determining how to maintain exceptional levels of service in an ever-changing fiscal environment. The common thread throughout the recommendations within this document is a resounding desire to work together to Keep Cary Great.