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# FY 2021 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 through 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 Cary planning area. 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.

## THE PROCESS

Cary employs a "rolling budget" process which provides for mid-year adjustments to revenues, expenditures and service levels at quarterly intervals throughout the current fiscal year. Planning and development of the following year's budget also occurs year-round with finalization of the recommended operating and capital budgets taking place between January and May. The recommended budget is presented to Council for consideration in May with adoption occurring at the last Council meeting in June. The new budget takes effect, in accordance with state law, on July 1.

Typically, this process is highly collaborative with department directors working together to analyze requests, consider priorities and craft a unified budget recommendation to the Town Manager. The Town Manager reviews the materials and incorporates adjustments to form the Manager's Recommended Budget which is ultimately submitted to Town Council for consideration.

What Cary has experienced as an organization and as a community since March 2020 and the onset of the COVID-19 pandemic has been anything but typical. We are "staying at home together" to care for ourselves and our community. We are contending with economic uncertainty on both personal and community-wide levels. We are challenging ourselves to move forward in an environment where our usual certainties are absent.

The manner of developing the FY 2021 budget is just one of the many ways our organization has adapted to our COVID-19 environment. The items below highlight the most significant actions in our re-tooled FY 2021 budget process:



- We pulled the core work of budget development back to our Financial Strategy team, Chief Financial Officer and Town Manager. This was a difficult decision to make as we have worked hard over the last three years to create a collaborative budget development process involving all department directors and key staff.

- We challenged all staff to think more creatively than ever about cost saving ideas and to share those with Department Directors, no matter how large or small.
- We prepared the organization for a budget requiring sacrifice; and we assured the organization that we will maximize the rolling budget concept in FY 2021 and bring funding back to services should economic factors support this during the year. We will rely heavily on priority assessments indicated in the Catalog, Cary's internal documentation of services and projects, when making service-oriented decisions.
- We prepared and considered many FY 2021 budget scenarios before arriving at a recommendation. Multi-year revenue, expenditure and fund balance forecasts informed decision making for FY 2021 and set the stage for full development of a five-year general fund financial plan in the upcoming year.

The goal of this Executive Summary is to bring the reader into Cary's FY 2021 budget development journey and share the data points that influenced decision-making.

## ECONOMIC OUTLOOK AND FINANCIAL PRESSURE POINTS

### *Cary's Economy Outside of the COVID-19 Pandemic*

Cary and the Raleigh-Durham, Research Triangle Park region consistently outperform the nation with strong home price growth, job growth, personal income growth and population growth. A January 2020 editorial article entitled "[Has the Triangle Been Booming, Or Are We Just Hitting Our Stride?](#)" contends that "...the Triangle area has a solid foundation – quality of life, financial opportunity and evolving infrastructure – onto which we will continue to see future prosperity." Economists at Wells Fargo echoed this sentiment in early January noting that North Carolina as a whole continues to benefit from healthy business investment and a strong labor market. Benchmarks commonly associated with healthy, prosperous communities affirm these assertions.



Cary's median household income (stated in 2017 dollars) of \$97,755 is reflective of its highly educated citizenry of which 65.4% has a bachelor's degree or higher (Source: US Census Bureau). As of February 2020, Cary's unemployment rate was 3.2% (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. In addition to being attractive to businesses, amenities such as Bond Park, Koka Booth Amphitheatre, and a revitalized downtown with a bustling

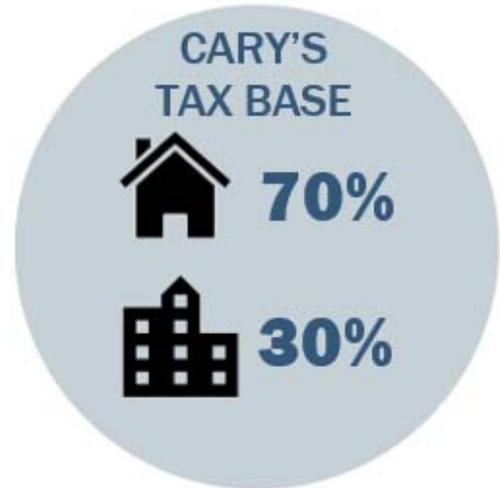
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social scene led Money magazine to rank Cary #1 on its “2018 Best Places to Live in North Carolina” and #5 on its “2018 Best Places to Live in the United States” lists.

In November 2019 personal finance website SmartAsset compared America’s mid-sized cities (those with populations above 100,000; excluding the 100 largest) to determine the “[Most Livable Cities in the U.S.](#)” Cary, ranked seventh, was the only east coast municipality to crack the top ten. Cary’s median owner-occupied home value of \$323,000 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 2017 data via DataUSA).

Nowhere is Cary’s favorable economic climate more visible than in the results of Wake County’s most recent property revaluation. Revaluation, or reappraisal, is conducted every four years in Wake County and refers to the process of updating property values to reflect fair market value. This process re-establishes equity and fairness in tax requirements between properties which typically change in value at different rates based on location and property type.

Approximately 97% of Cary’s tax base lies within Wake County. When looking at the tax base as a whole, Cary’s is largely residential with 70% of the tax base related to residential properties and 30% attributed to commercial. Wake County’s most recent revaluation reflects an 18% increase in Cary’s residential property values and a 28% increase in commercial values from four years ago (January 2016). Combined, Cary’s property values represent an overall increase of 21% in four years.



Updated property valuations became effective January 1, 2020 and inform the calculation of tax bills for the 2021 fiscal year beginning July 1, 2020. In accordance with state law, Cary has calculated its revenue neutral tax rate and determined that figure to be \$0.30 per every \$100 of assessed valuation. The concept of the revenue neutral tax rate is important to understand as it is a contributing factor in the development of the FY 2021 budget.

The revenue neutral tax rate is the tax rate estimated to produce the amount of revenue that would have been produced by the current tax rate if property revaluation had not occurred. In accordance with state law, the revenue neutral calculation recognizes that natural growth would have occurred outside of revaluation (i.e.: new home and commercial building construction) and incorporates a 2.16% growth factor when determining the revenue neutral rate.

But what does this mean?

- Cary’s FY 2020 tax rate is \$0.35 per every \$100 of assessed valuation
- That tax rate, when applied to our current total assessed value, yields approximately \$94 million in revenue.

- The revenue neutral tax rate of \$0.30 applied to our post-revaluation total assessed value yields approximately \$96 million in revenue. That number equals the same \$94 million of revenue previously earned with the \$0.35 tax rate plus \$2 million of natural growth: thus, the term revenue neutral.

## TOWN OF CARY ASSESSED VALUATION ANNUAL GROWTH

Fiscal Year	Assessed Valuation	S Change From Prior Fiscal Year	% Change
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	9.3%
2018	26,414,089,961	562,262,852	2.2%
2019	27,024,529,414	610,439,453	2.3%
2020 Estimated	27,846,334,590	821,805,176	3.0%
2021 Projected	33,532,763,780	5,686,429,190	20.4%

\*FY 2012, FY 2016, and FY 2020 were Wake County revaluation years. Revenues on revalued property for Cary residents were recognized in FY 2013, FY 2017, and FY 2021 receipts.

Cary is transitioning 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 2021 operating and capital budgets.

Using the Imagine Cary Community Plan as our guide, we are turning Cary’s tax base growth focus toward infill and commercial and residential redevelopment opportunities as our primary strategy for fiscal sustainability. Three separate development projects in various states of progress highlight our efforts in this area.

The [Eastern Cary Gateway Special Planning Area](#) presents the Town with a key economic development opportunity to create a new high density mixed-use center with a focus on employment uses on one of the last remaining large undeveloped sites near Interstate 40 with existing and future



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access to transit, and close proximity to NC State University, the PNC Arena, Raleigh and Downtown Cary.

The Eastern Cary Gateway serves as one of the main regional gateways into Cary and is accessed via two Interstate 40 interchanges located on the Town's eastern border. Nearly 50% of commuters entering and leaving Cary each day for work travel through this area.

### *Fenton*

The State of North Carolina sold a 92 acre parcel it owned in this special planning area along Interstate 40 to Columbia Development to develop [Fenton](#), an \$850 million mixed-use project, on the site. Fenton will offer over 2.5 million square feet of retail, office, restaurant, hotel and multi-family space anchored by a 125,000 square foot Wegmans Food Market. As of December 2019, Fenton was noted as one of the largest retail-driven projects underway in the United States.

The Fenton development meets the vision outlined in the Imagine Cary Community Plan for this area as it:

- creates a vibrant economic destination and gateway center;
- focuses on employment;
- serves as a revitalization catalyst for the area.

While the project will take several years to complete, grading has concluded and essential infrastructure is under construction.



CGI rendering courtesy of Columbia Development [www.fentonnc.com](http://www.fentonnc.com)

### *Cary Towne Center Redevelopment*

On December 12, 2019, the Cary Town Council voted to approve the rezoning for the Cary Towne Center Mall ([19-REZ-11](#)) which is also located in the Eastern Cary Gateway Special Planning Area just down Cary Towne Boulevard from Fenton. The applicant submitted their first development plan associated with the project in April 2020.

The Cary Towne Center rezoning (19-REZ-11) provides for the redevelopment of the existing mall site with a mixed-use development project allowing up to 1.2 million square feet of office, 360,000 square feet of commercial uses, 450 hotel rooms and 1,800 residential units on approximately 87 acres. The rezoning includes a Preliminary Development Plan (PDP) which creates a grid street network accommodating various modes of travel including vehicles, pedestrians, bicycles and transit. The street network redevelops the centrally located mall building and surrounding surface parking into development blocks which connect office, commercial, civic and residential uses in a walkable format.



Preliminary Development Plan Illustrating the Predominant Use by Development Block

*Academy Park (One Walker One Walnut)*



CGI rendering courtesy of Academy Park, LLC

On February 20, 2020, the Academy Park (One Walker One Walnut) project was approved for Town-owned property in the heart of downtown Cary. The project is adjacent to our new parking deck, Wake County’s new regional library, and the Downtown Park. Cary sold two lots to Academy Park Cary, LLC for the development of a mixed-use site with retail, office, and multi-family uses as well as public facilities such as streetscapes and stormwater retention. Both lots were sold for their appraised value and are subject to obligations detailed in the Downtown Development Project Agreement and in restrictive covenants that are attached to the lots.

The One Walker One Walnut development includes 102,000 square feet of office, 34,000 square feet of retail and 153 residential units wrapping three sides of a 600-space downtown parking deck built for the new Cary Regional Library, the Cary Arts Center, and the Downtown Cary Park.

Each of these projects, in conjunction with Cary’s own projects like the second phase of the Downtown Park and others supported by the [Shaping Cary’s Tomorrow](#) bonds demonstrate our commitment to bringing the long-term vision, policies and strategic actions of the Imagine Cary Community Plan to life.

They are also proof positive that we are adapting our tax base growth strategy to fit our transition to a mature community.

**Short and Long-Term Economic Effects of the COVID-19 Pandemic**

The COVID-19 pandemic, and resulting recession, drastically affected the development of the FY 2021 budget. Significant growth in quarter-over-quarter comparisons of sales tax (Cary’s FY 2020 Quarter 2 receipts outpaced last year’s by almost 9%) are gone, and we have no benchmark to gauge the severity of FY 2020 and FY 2021 losses. We have assumed that we will earn no Parks, Recreation and Cultural Arts program and special venue revenue in the months of March – August 2020. This represents an FY 2020 estimated loss estimated at \$3 million below FY 2019 actuals.

FY 2021 sales tax and PRCR programming and special venue estimates are significantly less than FY 2016 earnings. Cary currently estimates an \$11 million combined FY 2021 revenue loss in the areas of sales tax, PRCR programming and special venue revenue, occupancy tax, permits and fees and investment earnings. The tables below demonstrate the magnitude of loss in sales tax and Parks, Recreation and Cultural Resources (PRCR) programming and special venue revenues.

	Total Sales Tax Revenues	\$ Change	% Change
2016 Actual	\$30,522,315	-	-
2017 Actual	\$32,234,819	\$1,712,504	6%
2018 Actual	\$33,772,686	\$1,537,867	5%
2019 Actual	\$36,382,033	\$2,609,347	8%
2020 Budget	\$36,622,023	\$239,990	1%
2020 Estimated	\$36,218,033	(\$403,990)	-1%
<b>2021 Budget</b>	<b>\$29,297,628</b>	<b>(\$6,920,405)</b>	<b>-19%</b>

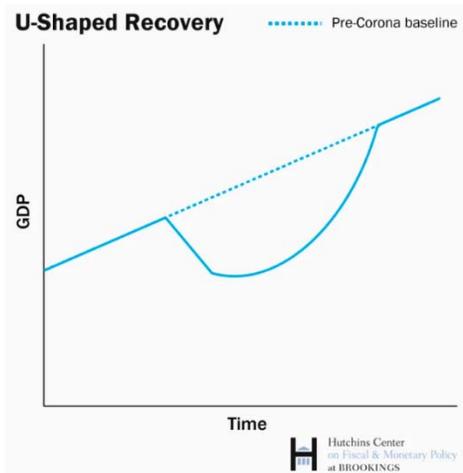
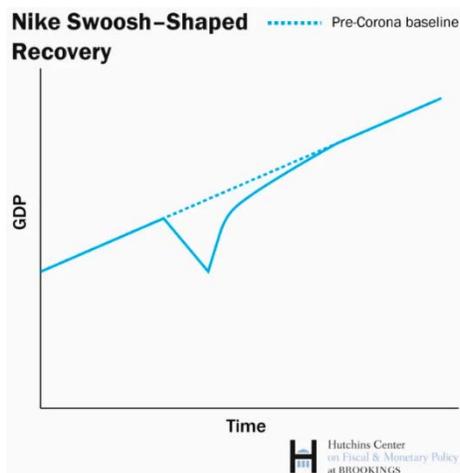
	Total PRCR Programming and Special Venue Revenues	\$ Change	% Change
2016 Actual	\$6,841,011	-	-
2017 Actual	\$7,302,600	\$461,589	7%
2018 Actual	\$8,074,265	\$771,665	11%
2019 Actual	\$8,312,905	\$238,640	3%
2020 Budget	\$8,361,779	\$48,874	1%
2020 Estimated	\$5,428,067	(\$2,933,712)	-35%
<b>2021 Budget</b>	<b>\$6,689,569</b>	<b>\$1,261,502</b>	<b>23%</b>

All signs prior to the COVID-19 pandemic indicated that Cary, and the Research Triangle area as a whole, are well suited to being considered “recession-resistant.” Smart Asset’s March 5, 2020 “[Most Recession-Resistant Cities – 2020 Edition](#)” placed Cary at #8, Raleigh at #9 and Durham at #18 out of 25 cities across the United States. The group cited Cary’s high rankings in the review categories of employment, housing and social assistance as the primary drivers behind this distinction. Cary’s “relatively high change in home value during the Great Recession, increasing about 4.5%, and a relatively low 2018 mortgage delinquency rate of 1.4%” also factored into the favorable ranking.

Moody’s credit rating agency released its 2019 update report for Cary on April 17, 2020. The report provides further assurance that Cary is well positioned to weather this economic crisis. While the potential impact of the COVID-19 pandemic is noted, the report clearly states that it yields no material immediate credit risks for Cary. Moody’s reviewers further explain that Cary’s credit position is extremely strong based on four key areas:

1. **Economy and Tax Base:** Cary has an exceptionally healthy economy and tax base with a median family income of 166% of the national level.
2. **Finances:** A robust financial position is based on cash balances and fund balance that are notably above the US median.
3. **Debt and Pensions:** Cary’s obligations are manageable and lower than US medians.
4. **Management and Governance:** Property tax revenues and expenditures are predictable, and Cary has flexible authority to set the tax rate.

While there is no way of knowing how long it will take for the national, state and regional economies to recover, many economists project a slow process with perhaps a boost in economic activity at the point restrictions are lifted and then a slow down again as consumers remain hesitant to spend. Economists at The Brookings Institute indicated on May 4, 2020 that two possible options for this slower return to economic normality are the “U” and “Swoosh” recovery theories. In a U-Shaped recovery, the gross domestic product (GDP) drops quickly, remains low for an extended period, and slowly returns to its pre-COVID-19 baseline level.



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In the “Swoosh” scenario, GDP drops quickly, experiences a short, sharp increase when stay-at-home orders and business restrictions are lifted, and then slowly resumes its path back to the pre-COVID-19 baseline level.

Cary isn’t just relying on strong financial position to help our organization and community navigate this economic crisis. We are doing our part to promote economic stability. Cary’s core services, including Development Services, Planning and

Inspections and Permits teams, quickly determined how to adjust their processes and leverage

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existing technology to press forward in a “business as usual” manner. Cary’s Inspections and Permits team completed 4,246 inspections in April 2020, the first full month that Town facilities were closed due to the pandemic. This figure represents 82% of the total inspections completed in April of the prior year.

Whether the economic recovery period is quick or prolonged, our organization will continue to adapt processes and thinking just as we have done in the latter half of FY 2020.

### ***First Steps in Multi-Year General Fund Financial Planning***

Cary has utilized financial modeling to provide multi-year utility fund forecasts on revenue, expenditures, fund balance and rate requirements for many years. Our goal is to fully implement similar planning for the general fund over the course of the upcoming fiscal year.

The general fund supports most of Cary’s day-to-day operations comprising approximately 64% of the entire annual operating budget. Long-term general fund planning will help Cary continue to make informed financial decisions by:

- providing a long-range perspective promoting strategic thinking in decision-making;
- aligning financial capacity with longer-term service objectives;
- promoting long-term sustainability through insight into future financial capacity.

Staff will monitor economic conditions, share general fund modeling analysis and bring forward financial policy recommendations throughout FY 2021. We will maximize the flexibility of the rolling budget by recognizing revenues earned beyond estimates as they occur and appropriating those dollars to high priority expenditure areas if needed.

## **FY 2021 OPERATING BUDGET DETAILS**

The FY 2021 Town of Cary Budget totals \$427.6 million supporting both operating and capital spending. Capital spending represents the greatest area of increase as \$41.8 million of voter-approved *Shaping Cary’s Tomorrow* general obligation bond debt is budgeted in FY 2021. With an 8.6% expenditure growth across all operating funds, and 3.7% specifically within general fund expenditures, the operating budget focuses on “staying the course” and maintaining service levels.

### **Property tax rate remains at \$0.35 per \$100 of assessed valuation**

FY 2021 property tax calculations are based upon the most recent property revaluations conducted by Wake County as of January 1, 2020. Cary’s calculated revenue neutral tax rate is \$0.30, or \$0.05 below the FY 2020 tax rate of \$0.35. The FY 2021 budget assumes that the tax rate will remain at \$0.35 per \$100 of assessed valuation. Keeping our tax rate at \$0.35 enables us to continue implementation of the strategic goals and initiatives outlined in the *Imagine Cary Community Plan* and places us in a position to keep our *Shaping Cary’s Tomorrow* transportation and PRCR bond projects on track.

### **Solid waste and recycling fee held at \$19.50 per month**

No change is budgeted for the monthly solid waste and recycling fee. This fee increased a total of \$3.50 across fiscal years 2019 and 2020 bringing the program’s cost recovery rate to 85%.

### **Utility rate decreased 4%**

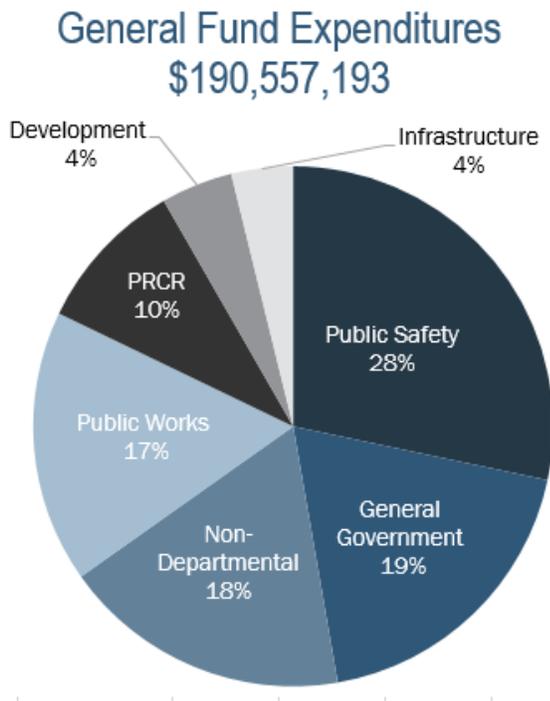
The Town is committed to providing the highest quality, safest drinking water and utility services while keeping the financial impacts to our consumers in mind. This commitment is evident through our continued efforts to eliminate large utility rate spikes by implementing smaller, more frequent rate

adjustments in accordance with our ten-year financial forecasting model. The decision to decrease FY 2021 utility rates by 4% is a direct response to COVID-19 and its impact on our community this fiscal year. Decreasing rates is not an action that can be taken repeatedly; however, this year's decision will not negatively impact our water quality or overall service provision as this budget appropriates \$2.5 million from fund balance, or savings, to address lost revenue associated with the fee decrease.

**Difficult choices made to balance operating expenditures in an uncertain revenue environment**

This year's budget does not include funding for Cary's pay for performance merit increase program for employees. This was an exceptionally difficult choice to make as Cary's employees are the heart of our service provision. We care deeply about our employees and commit to bringing this program back when Cary's revenue picture is more defined – hopefully in the Fiscal Year 2022 budget. The FY 2021 budget does include an additional \$1.1 million required employer contribution to the North Carolina Local Government Retirement System.

**GENERAL FUND**



The General Fund supports most of the Town's operations including Police, Fire, Transportation and Facilities, 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 2021 General Fund operating budget expenditures (excluding transfers to capital projects) total \$190,557,193. Of this amount \$163.2 million directly supports daily operations – an increase of 3.7% above the prior year adopted budget.

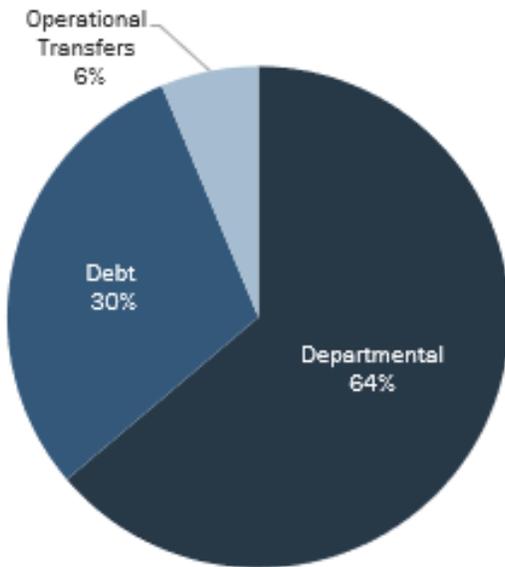
Debt repayment, a segment of the Non-Departmental portion of the pie chart to the left totals \$17.6 million in FY 2021, a 2.6% increase over prior year. This budget also reserves \$1 million for emerging opportunities and Council-identified initiatives to be discussed at FY 2021 quarterly meetings in the spirit of the rolling budget process.

The FY 2021 budget recognizes that many COVID-19 pandemic unknowns remain. Major revenue sources like sales tax, occupancy tax, PRCR programming and special venue and permits and fees revenues are budgeted at 20% beneath FY 2020 adopted levels. These revenues are integral to our ability to hold service levels steady in the coming year. Balancing the FY 2021 general fund budget involved not only decreasing expenditures, but also the appropriation of \$6.1 million from fund balance for operations. Fortunately, Cary has long been guided by a Council and staff whose commitment to strong financial management practices now gives us the ability to utilize reserves, or savings, to bridge pandemic-related revenue shortfalls without harming our overall financial stability.

A total of \$2 million has been set aside within this budget to address pandemic related operational expenses that may arise in the coming months. As we further refine preparations and timelines for welcoming citizens and employees back to Town Hall, building modifications, supplies or programming may be required. This funding will support those and other pandemic-related needs.

## UTILITY FUND

### Utility Fund Expenditures \$79,480,189



The Utility Fund supports operations of the Town’s water and sewer systems. FY 2021 utility fund operating budget expenditures (excluding transfers to capital projects) total \$79,480,189 which is 9% greater than the prior year budget.

Much like its general fund counterpart, the FY 2021 utility fund budget focuses on maintaining existing levels of service provision. Increases in chemical costs and vehicle maintenance and replacement form the bulk of this year’s operational cost increase.

Cary is committed to protecting our water source, Jordan Lake, and has included a \$765,000 appropriation from utility fund fund balance in support of watershed protection activities. This work will officially be conducted through a capital project, but a recurring utility fund transfer has been factored into our utility fund financial modeling to support this initiative.

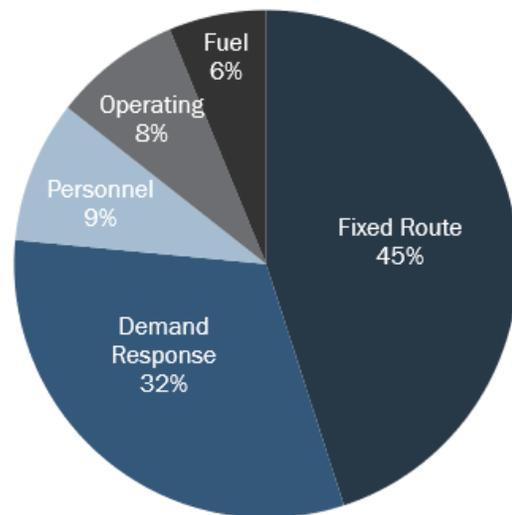
Increases in operating fund transfers, including \$5 million as a utility fund contribution toward Other Post Employment Benefit obligations are factors in the overall budget increase as well.

## TRANSIT FUND

The Transit Fund accounts for revenues and expenditures associated with the Town’s GoCary transit service. FY 2021 Transit Fund operating expenditures (including \$1.6 million of general fund transfer support) total \$8,863,995 which is 24% or approximately \$1.7 million higher than the prior year. This increase is primarily related to GoCary fixed route service changes which are 100% funded through Wake County Transit Plan dollars. GoCary’s Demand Response service is also experiencing increased use resulting in additional costs assumed wholly by Cary.

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

### Transit Fund Expenditures \$8,863,995



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 seven-dollar Wake County Vehicle Registration Tax also support transit.

## FY 2021 CAPITAL BUDGET DETAILS

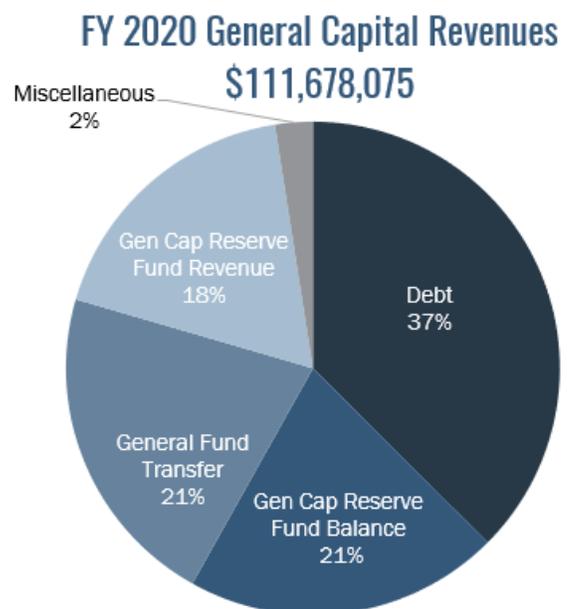
Staff prepares an annual capital improvements budget and a long-range capital improvements plan for Town Council's consideration. The capital improvements budget (CIB) and twenty year capital improvement plan (CIP) are recommendations to help meet Council policy direction and Imagine Cary Community Plan 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 2021) and four subsequent years (FYs 2022 – 2025) are limited to the amount of funding projected to be available in those years. Only the FY 2021 budget year is formally adopted by Council. Figures noted for fiscal years 2022 through 2041 are for planning purposes only and are not appropriations for those years.

## GENERAL CAPITAL

The general capital category encompasses Transportation, Transit, Fire, Parks Recreation and Cultural Resources, General Government and Downtown projects. The FY 2021 general capital improvements budget totals \$111,678,075 which is significantly higher than the prior year. This increase is driven by two unique funding sources totaling \$59.8 million, or approximately 54% of total FY 2021 general capital appropriations:

- \$41.8 million of the \$225 million in *Shaping Cary's Tomorrow* general obligation bond funds is budgeted in FY 2021 allowing Cary to continue to move forward with voter approved Transportation and PRCR projects
- \$18 million in Wake County Transit Tax funds is included in the FY 2021 budget including \$17.0 million for construction of the GoCary Regional Operations and Maintenance Facility and just over \$400,000 for GoCary bus stop improvements.

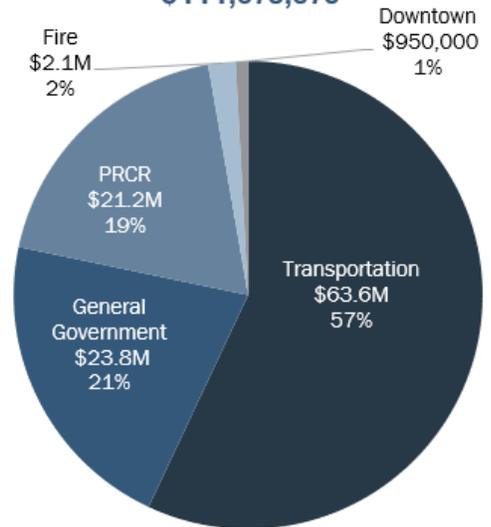


The FY 2021 general CIB utilizes \$23 million of general capital reserve fund balance and \$20 million of capital reserve revenue appropriations (including Wake Transit Tax funds) to support projects. An additional \$41.8 million of general obligation bond debt, along with \$23.9 million in general fund transfers and \$2.75 million from miscellaneous sources rounds out the FY 2021 funding picture.

Infrastructure maintenance remains a primary focus of Cary's capital program, and this is reflected in FY 2021 budgeted capital expenditures. Examples include:

- \$7.1 million for street improvements
- \$6.1 million for park renovations
- \$3.9 million for facility maintenance needs involving painting, security, extension of WIFI, minor renovation, internal roads and parking lot resurfacing and HVAC and roof replacement
- \$1.85 million for maintenance at Cary's three sports special venues
- \$1.75 million for sidewalk improvements
- \$1.0 million for intersection improvements
- \$1.0 million to continue ADA accessibility improvements to Town facilities
- \$735,000 for improvements to Koka Booth Amphitheatre
- \$590,000 for greenway resurfacing and pedestrian structure repair

### FY 2021 General Capital Expenditures \$111,678,075



Other high priority initiatives funded in the budget include focus areas like stormwater at \$2.1 million, owner-occupied housing rehabilitation at \$300,000 and historic preservation at \$500,000.

The FY 2021 capital improvements budget also recognizes the importance of continuing to move forward with important new infrastructure projects. Examples of these include:

- \$17.6 million for construction of the GoCary Regional Operations and Maintenance Facility (100% funded with Wake Transit Tax dollars)

#### *Shaping Cary's Tomorrow* new facility projects

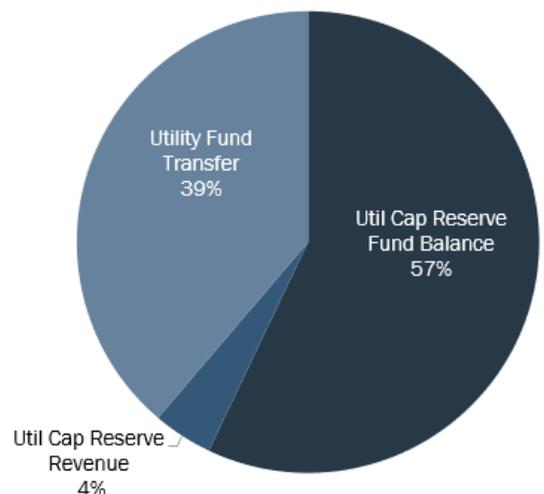
- \$15 million for design and construction of a parking deck in downtown Cary
- \$15 million for construction of the Carpenter Fire Station and McCrimmon neighborhood parks
- \$6 million for NC 540 enhancements including sidewalks and greenways
- \$3.2 million for design and construction of the Louis Stephens Drive/Carpenter Upchurch sidewalk

## UTILITY CAPITAL

The utility capital category is comprised of water and sewer projects. The FY 2021 utility capital improvements budget totals \$32,035,763 which is 14.8% less than the prior year. Utility capital projects continue to focus on infrastructure maintenance with 77% of this year's budget directed to these needs.

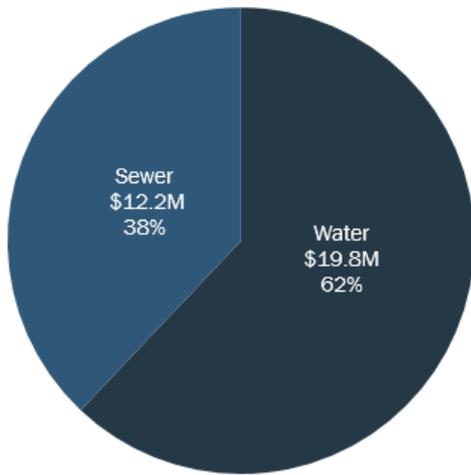
The FY 2021 utility CIB is primarily funded through \$18.3 million of utility capital reserve fund balance and revenue appropriations. Utility fund transfers of \$12.4 million and \$1.3 million in municipal partner reimbursements round out resources. No new revenue bond debt is needed to support FY 2021 projects.

### FY 2021 Utility Capital Revenues \$32,035,763



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**FY 2021 Utility Capital Expenditures**  
**\$32,035,763**



A total of \$19.8 million is appropriated for water projects in FY 2021. One-quarter of this amount, or five million dollars, focuses on upgrading, replacing and maintaining existing water lines. Another \$3.8 million supports the Kildaire Farm Road water line reinforcement, while three million dollars funds basin rehabilitation at the Cary/Apex Water Treatment Facility. FY 2021 also provides \$2 million for the scheduled replacement of Cary’s Aquastar water meter technology.

The sewer capital budget totals \$12.2 million with 57%, or seven million dollars of this amount, directed to sewer system repair/rehabilitation. An additional \$969,000 supports equipment replacements and maintenance at the North, South and Western Cary water reclamation facilities.

**IN CLOSING**

The FY 2021 budget presented in this document is balanced in accordance with state law and sets a strong, yet cautious, foundation for the new fiscal year. None of us knows how long the economic impacts of the COVID-19 pandemic will last, or how quickly or slowly our local economy will rebound. However, our rolling budget process sets Cary up to quickly adjust to whatever may come our way. Staff will bring regular revenue and expenditure updates to Council, and we will adjust revenues and/or expenditures as circumstances warrant. Regardless of the uncertainties experienced in budget development this year – one common thread with years past remains - a resounding desire to enrich the lives of our citizens by creating an exceptional environment and providing exemplary services.