

**STATE OF THE TOWN
TUESDAY, JANUARY 25, 2012**

Thank you for coming. We have done these reports to our citizens on an informal basis from time to time, but this year we decided to present a regular "State of the Town" to give a more or less benchmark to where we are and **where we think we're going**.

At the conclusion of my remarks we'll have senior Town staff join me for a Q&A.

Let me start with our financial condition: As you know we've had an economic downturn that has affected local government in much the same way as the private sector (although I have to admit our revenue collection measures are somewhat more beneficial for government than private business.)

I know you've heard us say countless times, Standard and Poor's has given Apex a AAA bond rating which allows us to borrow money at the lowest interest. We haven't gone to the bond market in a while and even though we have about \$6 million in unsold bond authority from the most recent parks and recreation referendum, we aren't in a position to borrow this money now. We cannot afford the debt service until we have new growth.

Our current Town budget is almost \$74 million of which \$30 million is general fund. Our tax base is \$4.4 billion on a property tax rate of 34 cents per hundred of valuation – second lowest in Wake County, behind Cary.

As you know, we are part of the ElectriCities group and distribute electricity to our 12,800 customers. One point I want to make about our electric enterprise – we do not commingle funds or transfer funds from our electric fund to the general fund –as some other towns do – Apex has always kept these funds separate and we do not subsidize our tax rate through higher electric bills.

Our current population is 38,728 which ranks us 22nd in size in North Carolina. This is a 2.3 percent increase during 2011. Cary's population increased by 2.3 percent and Morrisville by 13 percent.

The governing board has had a conservative growth management vision for about the past decade. We believe the best residential growth is between 3-5 percent on average. Clearly the economy has helped us with this number.

You may be surprised, though, at the number of housing units that have been approved, but not built. Currently, we have 12,497 single family and multi-family approved but not built. Our normal factor is an average of 2.8 persons per household. That is a potential population growth if all of these units are built of 35,366.

Housing value is 3rd highest in Wake County – behind Cary and Wake Forest – an average value of \$234,000.

Some statistics of note: Median Family income is \$102,000. Median age is 31.2 years and 96 percent of our residents have at least a high school diploma and 58.8 percent have a college degree.

We have tried to keep our focus on good quality growth for the future and with the competitive environment of our region, it is necessary to have a solid economic development program. Last year we established the Apex Economic Development Commission with a number of Apex business men and women who volunteered to help formulate an economic development strategy for the future. We have the assistance of Ken Atkins of the Wake County economic development team as well as a noted state leader in this area, Ernie Pearson. This is a work in progress, but we have already completed a SWOT analysis of Apex – Strength, Weaknesses, Opportunities and Threats. The commission has identified a number of priorities for immediate attention to help attract quality businesses and of course jobs to our community.

This commission has agreed to partner with the Apex Chamber in its existing business visitation program to explore needs of our current business community.

We need to define what kinds of industry are right for our community and what types we can likely attract given our attributes. This will be our mission in the near future -- and to determine what assistance our town government might provide to attract them.

Economic Engines for our Future

- The long awaited waste water treatment plant, that we are building with Cary, has finally been granted all necessary permits and is finally under construction. Hopefully in a couple of years we'll see the completion. As we've said for several years, waste water capacity is essential for growth and development and currently, on paper, we're nearly out. Much of our best property for development cannot be provided with sewer service now because much of our infrastructure is full. With the completion of our plant in New Hill, we'll be set for the foreseeable future.
- Total WRF cost is \$327 million - Town of Apex share of capacity is 34.1%
Town of Apex share of cost is \$82 million, of which \$36 million is cash on hand. This facility will grant us an additional 5.3 million gallons of wastewater capacity each day.
- Water, we're in good shape with our current Apex-Cary water treatment plant drawing 40 million gallons daily from Lake Jordan. Our daily average is 2.9 million gallons. This leaves us 6.3 million gallons of excess capacity daily.
We own 23 percent of this capacity. Lake Jordan, as you may know, draws its water from a huge basin and that gives us an advantage in time of drought or shortage in other reservoirs. Actually, during our most recent drought when Falls Lake was about dry, we were never under about 300 days' supply.
- The I-540 Expressway will be more than just a very good mover of commuter traffic (we hope), but also an economic engine with some very attractive parcels for development along its route, especially interchanges. Hopefully, commuters from the south will be willing to pay the toll for a quicker drive and leave highway 55 to us.
- Of course, I must say that the potential of Veridea – the 1,100 acre multi-use project stands at the top of our list and Town Council will complete its approval of these plans soon with the environmental part. We have been very thoughtful about this project during our review process – over two years of active staff and Council consideration. Obviously the scope of this project is unprecedented and we want to be sure to do it right. Potentially from \$4.5 to 6 billion of tax base over the next 15-20 years.