

TOWN of CARY



TOWN COUNCIL QUARTERLY REPORT

TOWN OF CARY, NORTH CAROLINA
FY 2020 FOURTH QUARTER

CARY MAYOR & TOWN COUNCIL MEMBERS

THANK YOU FOR YOUR CONTINUED LEADERSHIP, VISION AND SETTING THE CULTURE OF EXCELLENCE FOR OUR ORGANIZATION AND COMMUNITY. WE LOOK FORWARD TO WORKING WITH EACH OF YOU TO KEEP CARY GREAT.



Mayor
Harold Weinbrecht



Mayor Pro Tem
Don Frantz



Council Member
Lori Bush



Council Member
Ya Liu



Council Member
Jennifer Robinson



Council Member
Jack Smith



Council Member
Ed Yerha

ON THE COVER:

This year, in observance of Juneteenth, the fountain in Cary's Downtown Park was lit in red, yellow and green to honor the heritage and meaning of the day.

IN MOVING CARY FORWARD

To say this quarter was a difficult one for many in our community, state, nation and world would be an understatement. Throughout its duration, Q4 of FY 2020 added more and more challenges to our daily lives. Yet while we have not returned to “normal,” Cary’s dedication to its citizens remains constant as best evidenced by the continued high level of services we are currently providing.

For many of us, Q4 meant examining and reflecting on our priorities; our top priority is taking care of our people — our employees and our citizens. In Q4, we strived to keep our community safe, while continuing to provide the services our citizens rely on every day.

This report covers those activities and others related to Cary’s response to COVID-19, as well as construction

updates on Shaping Cary’s Tomorrow parks and transportation bond projects and a financial check-in.

Our next Quarterly Meeting is coming up on August 13 at Herb Young Community Center. While none of us know how long the COVID-19 pandemic will last, we will, as always, navigate it together.

#BeSafe

#BeKind

#BeCary

Sean R. Stegall

Sean R. Stegall
Town Manager



CARY COVID-19 UPDATE

KEEPING UP WITH COVID-19



Months after the start of the pandemic, Cary's Emergency Operation Center, or EOC, is still in operation. Every day, the EOC provides leadership with the information they need to make decisions, as well as ensure continuity of operations, particularly essential services. Cary staff receive weekly updates from Director of Public Safety Allan Cain and the EOC about COVID-related trends in Cary, Wake County and North Carolina. At the same time, an Organizational Framework Team produces weekly operational messages and reports to keep staff, particularly those working from home, informed of operational updates and to answer staff questions.

One of the EOC's ongoing tasks in responding to the COVID-19 pandemic is securing and maintaining an adequate supply of personal protective equipment, or PPE, to ensure staff can safely provide services. This task proved challenging at times, not only for staff but also other essential workers in the community, as PPE such as masks, gloves and gowns were in high demand. In April,

thanks to the efforts of Cary council members Ya Liu and Lori Bush, Cary obtained 5,000 nitrile rubber gloves from the Chinese American Friendship Association and purchased 30,000 masks. More than 20,000 of these masks were distributed throughout Cary, including to congregate care facilities to assist essential workers in caring for one of the community's most vulnerable populations. Among adults, the risk for severe illness from COVID-19 increases with age, with adults age 65 and older being at the greatest risk for serious complications.

Throughout the pandemic, Cary's Town Council has also worked to connect citizens to their local government through a series of video messages distributed on Cary's YouTube channel and social media. Mayor Harold Weinbrecht and council members Liu, Bush, Jack Smith and Jennifer Robinson recorded community messages about different aspects of the pandemic. They encouraged citizens to do their part in slowing the spread of COVID-19 but also do what they can to help their neighbors and take care of their own physical and mental health. These messages have been an important part of Cary's outreach and have helped humanize local government at a time when citizens are being asked to sacrifice so much.

In an ongoing effort to support citizens and businesses despite the pandemic, Cary staff continue to adapt to the ever-changing circumstances by adopting new, usually virtual, solutions. These include:

- Launching a new vendor application on Cary's website. This improved form utilizes DocuSign to allow vendors to securely submit banking information to set them up for payment.
- Holding its first virtual bid opening.
- Reopening Cary Tennis Park and WakeMed Soccer Park.
- Setting a date for Cary's first virtual neighborhood meeting.
- Holding virtual preconstruction, development review, Express Review and Special Project One-Hour Turnaround meetings.

- Emailing, instead of printing, certificates of occupancy and certificate of compliance letters.
- Adding paper applications, such as accessory uses for backyard chickens and bees, to the electronic review and payment portal.
- Accepting development fee credit vouchers electronically.

EMPLOYEE COMMUNICATION

Keeping employees informed was critically important in Q4 as the world of work changed for so many employees. A COVID-19 Update section of Cary's employee intranet became the central source for connecting employees to everything from essential "if you feel sick" and travel guidelines, evolving benefits updates and even a technology and telecommuting portal with instructions, tools and tips for seamlessly continuing work. Also posted were Town Manager Sean Stegall's communications to employees, All Hands videos and Deputy Town Manager Russ Overton's twice weekly Operational Framework Team messages and reports that served as a journal of work accomplished from all parts of the organization.

PRCR SUMMER CAMP REFUNDS

PRCR ceased operations on March 15 due to the pandemic. Staff immediately began cancelling affected classes and processing refunds for participants. By late May, Cary made the decision to cancel all summer camps; it was apparent at that point that camps could not occur as planned without placing staff and campers at risk. The cancellation of summer camps resulted in 2,400 sales orders that needed to be refunded. Twenty-four PRCR staff members formed a team to tackle this task collectively starting May 26. The team rose to the challenge to complete the work by June 3, which included notifying customers and getting money back into their pockets quickly.

COOP CAMP



COOP Camp, offered at Herb Young Community Center since March 18, is open to children from kindergarten to eighth grade whose parent/guardian is an essential Cary employee unable to work from home. Since then, Cary served 98 campers during 38 camp days. Popular activities include arts and crafts, movies, hide and seek and gym games. Campers are having so much fun at COOP Camp they don't want to go home. When a parent arrives to pick up their kid(s) at camp's end, there are times staff must persuade the campers that they can come back again to play together. In true OneCary spirit, staff from all over PRCR have supported COOP Camp. This includes temporary, seasonal and regular staff such as track-out camp counselors, front desk staff, tennis professionals, program instructors, facility supervisors, program supervisors and more.

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FINANCIAL HIGHLIGHTS

The Q4 results reflect the first notable financial impacts of COVID-19 on revenues and expenditures. The Q4 results in this report are not complete compared to the final audited results to be reported in the FY 2020 Comprehensive Annual Financial Report (CAFR). However, there is enough information to conclude that financial results will be different than those experienced by Cary in decades. Historically, Cary has experienced better year-end financial results compared to budget, but it is fair to assume that actual final revenues will come in well under budget given reduced retail, food and beverage activities and park, recreation and cultural program cancellations. With FY 2020 estimated revenue losses of at least \$6 million and at least \$4 million in additional expenditures due to the pandemic, financial results before planned capital transfers may barely break even or end with expenditures greater than revenues.

These projections based on the pandemic and its effects were pivotal to FY 2021 budget development and led staff to estimate FY 2021 pandemic-related revenue losses of \$11 million compared to the FY 2020 budget. Council unanimously approved a prudent schedule of taxes, fees and rates to support a \$427.6 million budget that holds services steady and pushes forward on infrastructure. By Council making a very difficult choice to set a tax rate higher than the revenue neutral rate following the Wake County real property valuation, Cary will remain in a strong position to ensure financial sustainability for the future and with the financial resources to maintain the service levels that set Cary apart. Details on the FY 2021 budget development and adoption are included in the budget section of this report.

As noted above, year-to-date financial results for Q4 prepared in mid-July will not match the final audited results in the CAFR. The figures reported represent routine transactions and are limited by the data available at this time. For three months following the close of the fiscal year, staff focuses on identifying and reporting transactions that should be attributed to the recently ended fiscal year. For example, Cary’s share of revenue for sales taxes collected by merchants in June will not be known until mid-September. Staff will continue to gather information until mid-September when Cary’s independent auditors, Cherry Bekaert, will begin to audit the staff’s preparation of the CAFR.

2020 FOURTH QUARTER FINANCIAL RESULTS

GENERAL FUND

FY 2020 Q4 GENERAL FUND SUMMARY

	FY 2020 ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
Revenues	\$ 195.7	\$ 163.0	83%	\$ 161.6	\$ 1.4	1%
Expenditures	195.7	176.1	90%	163.6	12.5	8%
TOTAL REVENUE OVER/ (UNDER) EXPENDITURES	\$ -	\$ (13.1)	-	\$ (2.0)	\$ (11.1)	555%

*The above and following tables are represented in millions. Revenues, authorized expenditures and transfers between funds are classified and summarized differently for the Council budget ordinance and for accounting and reporting purposes. Individual line items are consistent. The annual budgets referred to throughout this report reflect the budget as of the quarter end as adjusted (ADJ) by Council action or staff action where authorized.

FINANCIAL HIGHLIGHTS

Q4

Due to the timing of expenditures for technology, payroll and the unexpected COVID-19 pandemic, net results, according to the unaudited financials as of June 30, appear to have declined by more than 100 percent. Details on notable revenues and expenditures by category follow.

FY 2020 Q4 GENERAL FUND REVENUES

	FY 2020 YTD ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
Property Taxes	\$ 96.2	\$ 96.5	100%	\$ 93.8	\$ 2.7	3%
Other Taxes & Licenses	38.8	30.7	79%	28.9	1.8	6%
Unrestricted Intergovernmental	10.9	8.5	78%	8.8	(0.3)	-3%
Restricted Intergovernmental	0.3	0.4	133%	0.9	(0.5)	-56%
Permits & Fees	5.3	4.4	83%	5.4	(1.0)	-19%
Sales & Services	20.7	17.4	84%	19.3	(1.9)	-10%
Miscellaneous Revenue	3.1	2.7	87%	2.5	0.2	8%
OPERATING REVENUES	175.3	160.6	92%	159.6	1.0	1%
Non-Operating Revenues	20.4	2.4	12%	2.0	0.4	20%
TOTAL GENERAL FUND REVENUES	\$ 195.7	\$ 163.0	83%	\$ 161.6	\$ 1.4	1%

COVID-19's economic effects significantly impacted Cary's revenues. Overall, General Fund revenues increased 1 percent compared to the prior year thanks to the positive economic results of the first eight months of FY 2020. Had the economy and operations continued at the same pace, revenues as of Q4 could have been as much as 3 or 4 percent over the prior year and totaled about \$6 million more in the final, year-end audited results.

PROPERTY TAX

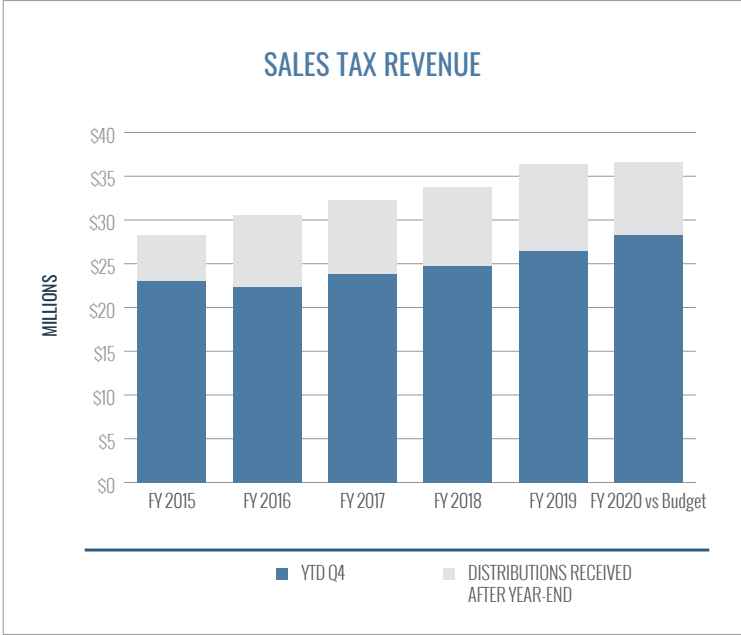
As the largest revenue source for the General Fund, property tax revenue represents 55 percent of total budgeted operating revenue. The economic effects of COVID-19 were limited to small reductions of collections for vehicle property taxes in Q4. Successful collections of taxes on real property occurred before the COVID-19 pandemic and offset these small losses so that property tax revenue met budget. In FY 2020, \$96.2 million was budgeted for property tax collections (both real and personal property) based on an anticipated property tax base growth of 3 percent over the prior year.

Taxes are based on an ad valorem tax levy on real property and personal property. Real property are items such as land and buildings, while personal property are items such as vehicles and commercial business equipment. Real property taxes were billed in July 2019 and were due no later than January 6, 2020. Conversely, personal property tax revenue is collected throughout the year based on the State of North Carolina’s Tax and Tag program, which combines the vehicle ad valorem tax collection with the State’s vehicle license renewal process.



SALES TAX

Sales tax revenue, the largest single component of the Other Taxes and Licenses category, represents 21 percent of total General Fund budgeted revenue. Sales tax is distributed to municipalities by the N.C. Department of Revenue about two and a half months after the month when taxable sales occurred. Given this schedule, as of June 30, Cary has received receipts for July through March sales. Cary will receive its last FY 2020 sales tax distribution in September.



As of Q4, Cary received \$28.3 million of the \$36.6 million budgeted for sales tax revenue, which is 7 percent greater than this same period in the prior year. March 2020 sales tax revenue declined 7 percent compared to March 2019 as a direct result of the stay-at-home orders issued at the beginning of the pandemic. The impact of continuing stay-at-home orders on the remaining three sales tax distributions is expected to be dramatic; Cary could see as much as \$3 million less when compared to the growth trend Cary experienced in the first eight months of the fiscal year. The full effect on the FY 2020 final results will remain unknown until the final distribution in September.

GOVERNMENTAL REVENUE

Intergovernmental revenue makes up 6 percent of total budgeted General Fund operating revenues. Sales taxes on electricity, natural gas and wireless communications comprise 91 percent of the budgeted revenue sources for intergovernmental revenue. Utility sales taxes are budgeted at \$10.2 million in FY 2020. The state distributes utility sales tax revenue in December, March, June and September. Three distributions, representing a 4 percent decrease from the prior year, have been received through June 30, totaling \$7.8 million. Prior to the pandemic, these revenues were on target to meet budget.

Revenues in the restricted intergovernmental category decreased by 56 percent in Q4 compared to the prior year because of a \$500,000 decrease in police-related federal forfeiture funds. This is a highly variable revenue source where funding distributions are dependent on the Cary Police Department's participation in federal investigations. The amount of funding Cary receives is dependent upon the value of seizures during operations. It is normal for these revenues to fluctuate from year to year.

SALES AND SERVICE

Overall, the Sales and Services category decreased 10 percent compared to the prior year. Revenue losses of approximately \$3.2 million from pandemic-related cancellations of Parks, Recreation, and Cultural Resources programming and the closing of special venues were somewhat offset by increased revenues of \$1.7 million for solid waste fees. Solid waste revenue grew compared to FY 2019 as a result of a \$2.50 per month residential fee increase to cover increased recycling costs. Solid waste fees are billed and collected as part of water and sewer utility billing. During the pandemic, utility billing remained on schedule. However, Cary paused efforts to collect delinquent utility bills, consistent with Gov. Roy Cooper's executive orders. While the solid waste fees were earned for services delivered during FY 2020, collections for delinquent accounts will be delayed over as many as 15 months beyond fiscal year end because delinquent accounts will be offered a 12-month payment plan when collection work restarts.



FY 2020 Q4 GENERAL FUND EXPENDITURES

	FY 2020 YTD ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
General Government	\$ 35.0	\$ 27.3	78%	\$ 24.3	\$ 3.0	12%
Public Safety	54.6	53.0	97%	47.8	5.2	11%
Operations (PW & PRCR)	53.2	47.3	89%	45.3	2.0	4%
Development & Infrastructure	17.1	14.4	84%	15.0	(0.6)	-4%
OPERATING EXPENDITURES	159.9	142.0	89%	132.4	9.6	7%
Non-Operating Expenditures	35.8	34.1	95%	31.2	2.9	9%
TOTAL GENERAL FUND EXPENDITURES	\$ 195.7	\$ 176.1	90%	\$ 163.6	\$ 12.5	8%

Operating expenses increased \$12.5 million, or 8 percent, compared to the prior year. The growth in the General Government and Public Safety categories reflects the movement of personnel between departments, expenditures for technology system enhancements, and costs associated with the COVID-19 pandemic. Expenditures for the pandemic through Q4 total approximately \$4.3 million. Staff is working to maximize eligibility for reimbursement from federal and state resources for the COVID-related expenditures, but the timeline and limitations for reimbursement are unknown at this time.

In accordance with state statutes regarding the use of procurement cards, Cary must report all outstanding encumbrances in the financial system at quarter end. Encumbrances represent funds that have been reserved in the financial system to satisfy a commitment to make a purchase. Considering these encumbrances and year-to-date spending, the General Fund has an estimated

\$9.5 million remaining in the operations budget for the remainder of the year before final adjustments for CAFR reporting.

GENERAL FUND OPERATIONS -
FY 2020 REMAINING ENCUMBRANCES (Q4)

General Government	\$ 4,362,797
Public Safety	449,352
Operations (PW & PRCR)	2,612,914
Development & Infrastructure	478,910
Debt Service	23,580
Contingencies & Reserves	486,318
TOTAL ENCUMBRANCES	\$ 8,413,871

UTILITY FUND

FY 2020 Q4 UTILITY FUND SUMMARY

	FY 2020 YTD ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
Revenues	\$ 86.5	\$ 81.5	94%	\$ 77.9	\$ 3.6	5%
Expenditures	86.5	68.9	80%	82.6	(13.7)	-17%
TOTAL REVENUE OVER/ (UNDER) EXPENDITURES	\$ -	\$ 12.6	-	\$ (4.7)	\$ 17.3	-368%

* The above table is in millions. Revenues, authorized expenditures and transfers between funds are classified and summarized differently for the Council budget ordinance and for accounting and reporting purposes. Individual line items are consistent. The annual budgets referred to throughout this report reflect the budget as of the quarter end as adjusted (ADJ) by Council action or staff action where authorized.

Utility Fund net results improved compared to the prior year because FY 2020 capital transfers were budgeted to be \$13.8 million less than FY 2019 capital transfers. An analysis of revenues and expenditures is below.

FY 2020 Q4 UTILITY FUND REVENUES

	FY 2020 ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
Water Service	\$ 31.1	\$ 30.7	99%	\$ 29.2	\$ 1.5	5%
Sewer Service	48.3	47.4	98%	45.1	2.3	5%
Permits & Fees	2.1	1.7	81%	2.3	(0.6)	-26%
OPERATING REVENUES	81.5	79.8	98%	76.6	3.2	4%
Non-Operating Revenues	5.0	1.7	34%	1.3	0.4	31%
TOTAL UTILITY FUND REVENUES	\$ 86.5	\$ 81.5	94%	\$ 77.9	\$ 3.6	5%

Overall operating revenues are exceeding budget expectations. A 4 percent increase over the same period in FY 2019 reflects consumption increases and a 2 percent rate increase. Year-to-date revenue only includes 11 months of billing data and is 98 percent of budget. June services are billed in July, and final year-end service revenue could be as much as 10 percent to 12 percent over budget based on production estimates and the 2 percent increase in utility rates. The significant percentage change in non-operating revenue is due to an increase in investment income, which is discussed in the Cash and Investment section. Approximately \$3.5 million of budgeted appropriations of reserves in non-operating revenue will likely not be needed to balance the final audited utility position.

FY 2020 Q4 UTILITY FUND EXPENDITURES

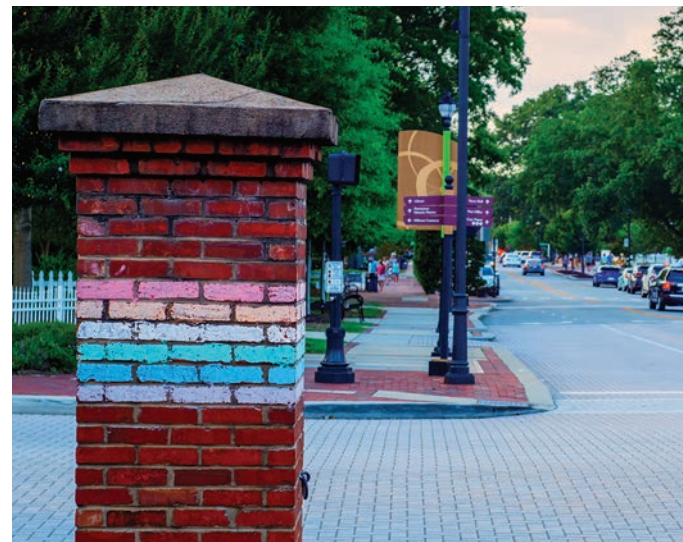
	FY 2020 ADJ BUDGET	FY 2020 YTD ACTUAL	% OF BUDGET	FY 2019 YTD ACTUAL	FY 2019 VARIANCE	VARIANCE %
Administration	\$ 10.7	\$ 9.3	87%	\$ 8.9	\$ 0.4	4%
Field Operations	17.0	13.7	81%	14.6	(0.9)	-6%
Wastewater (net of Apex)	11.0	9.5	86%	8.5	1.0	12%
Water Treatment Plant (net of Apex)	8.5	7.9	93%	7.7	0.2	3%
OPERATING EXPENDITURES	47.2	40.4	86%	39.7	0.7	2%
Non-Operating Expenditures	39.3	28.5	73%	42.9	(14.4)	-34%
TOTAL UTILITY FUND EXPENDITURES	\$ 86.5	\$ 68.9	80%	\$ 82.6	\$ (13.7)	-17%

Overall spending for the Utility Fund is in line with budgetary expectations. The variance in non-operating expenditures compared to FY 2019 is primarily due to a \$13.8 million decrease in capital project transfers.

Like the General Fund, the table below shows the total outstanding encumbrances in the financial system at the end of Q4. When including the encumbrance amounts along with the year-to-date operating spend amounts, the Utility Fund has over \$2.5 million remaining budget for operations at the end of the quarter.

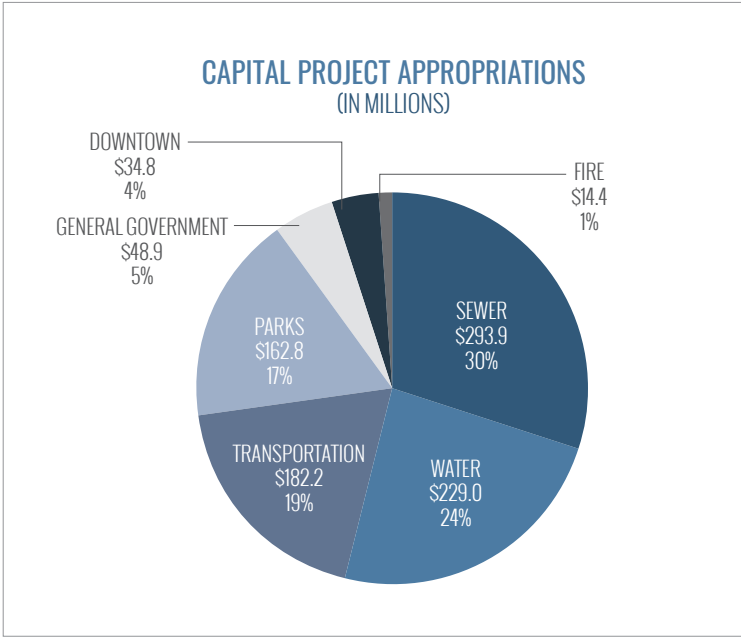
UTILITY FUND OPERATIONS -
FY 2020 REMAINING ENCUMBRANCES (Q4)

Administration	\$ 587,668
Field Operations	905,204
Wastewater	1,169,806
Water Treatment Plant (net of Apex)	882,761
Debt Service	11,801
Contingencies & Reserves	290,299
TOTAL ENCUMBRANCES	\$ 3,847,539



CAPITAL PROGRAM

On June 30, 2020, Cary had 466 active capital projects. Utility projects with a total budget of \$522.9 million comprise 54 percent of the capital spending authorization. General capital projects total \$443.1 million, or 46 percent of the total \$966 million capital authorization.

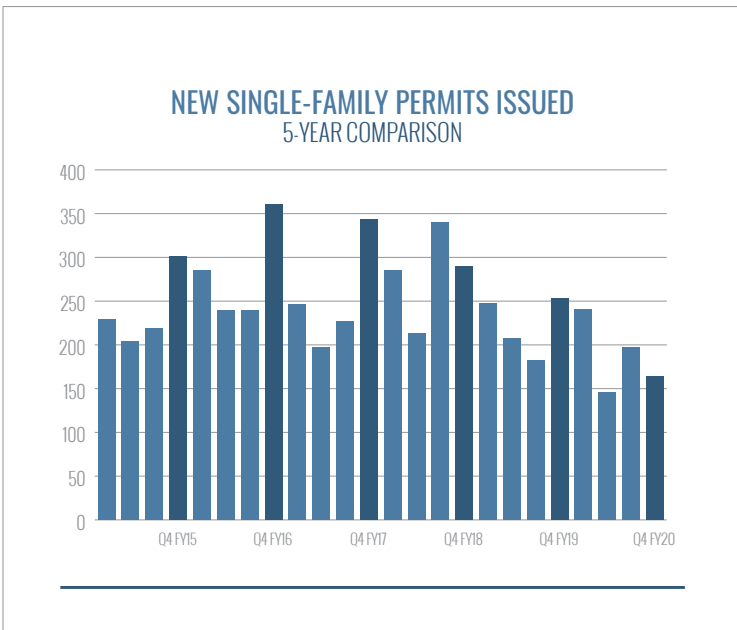


CAPITAL PROJECT SPENDING THROUGH Q4 (IN MILLIONS)

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
Downtown	\$	0.9	\$	1.1	\$	2.1	\$	8.6	\$	1.4
Fire		3.2		2.6		1.1		5.0		5.4
General Government		5.9		4.9		4.6		8.2		6.2
Parks		11.3		10.3		10.5		6.8		20.3
Streets		9.8		7.9		7.0		7.4		11.7
Sewer		16.5		19.1		22.6		20.2		20.9
Water		35.2		14.6		23.2		27.6		12.6
TOTAL	\$	82.8	\$	60.5	\$	71.1	\$	83.8	\$	78.5

Capital project spending totaled \$78.5 million through Q4. Because the mix of capital projects changes over time, there are no discernable patterns in capital spending.

FY 2020 CAPITAL PROJECT SPENDING



The dollar chart demonstrates the percentage breakdown of capital investment spending in FY 2020. The project-to-date chart compares the total capital budget authorization by project type to the life to date spending for all active projects.

Capital spending fluctuates as larger projects become active and near completion. Cary invested \$78.5 million on capital improvements through Q4 of FY 2020, with more than 55 percent of the spending supporting 15 projects. The largest single capital expenditure of \$8.9 million funded the Carpenter Fire Station Road/CSX Rail Grade project. During FY 2020, \$5.5 million funded construction of the White Oak Creek Greenway. Just over 15 percent, or \$12.1 million, was invested in water and sewer system improvements such as waterline upgrades and sewer system pipeline repair and replacements that will improve the quality and reliability of water and sewer service for decades to come. Significant projects that began construction in FY 2020 and will result in more spending in future quarters include:

- WakeMed Soccer Park stadium and structure improvements
- USA Baseball improvements
- Street improvement projects

The Downtown Park project is still in design. Significant capital spending for the construction is expected to begin in 2021.

BUDGET

A key accomplishment in Q4 was preparation for FY 2021 that began July 1, 2020. On June 25, 2020, Council approved a \$427.6 million budget allocating \$283.9 million for operations and \$143.7 million for capital improvements. The FY 2021 budget focuses on maintaining services in the wake of Cary’s ongoing pandemic response and pushes forward with commitments to projects to maintain and enhance Cary’s transportation and transit systems, fire needs, parks, recreation and cultural resources, the downtown area, and other general government needs. The capital project budget includes some of

FINANCIAL HIGHLIGHTS

Q4

the projects approved by 80 percent of Cary voters in the Shaping Cary's Tomorrow bond referendum held in October 2019. The remaining bond projects are included in the capital plan.

Following the Wake County property reassessment as of January 1, 2020, as part of the budget, the Council unanimously supported a property tax rate of \$0.35 per \$100 valuation. This tax rate, while higher than the revenue-neutral rate of \$0.30, remains the lowest among Wake County's municipalities. The additional \$16 million of tax revenue generated by this rate will offset revenue losses due to the pandemic and set Cary's finances on a sustainable path in preparation for future debt service approved in the Shaping Cary's Tomorrow bond referendum.

Council left solid waste fees unchanged at \$19.50 per month and decreased utility volumetric rates 4 percent.

For the second consecutive year, the budget includes no new staff positions. The FY 2021 budget does not include any employee merit pay or cost of living increases.

As in previous years, the FY 2021 budget was developed as part of Cary's rolling budget process, in which budget conversations happen between council and staff year-round. As part of that process, citizens were, and continue to be, encouraged to share their priorities with Council any time of year during the Public Speaks Out portion of regular Council meetings; via email at budgetinput@townofcary.org; by phone at 919-469-4307; by posting on Cary's Facebook page at www.facebook.com/TownofCaryNC; and on Twitter by tagging @TownofCary and using the hashtag #TOCbudget.

The Adopted Budget will be available online and in print in late September. The FY 2021 Recommended Budget is available for review at www.townofcary.org/budget.

MID-YEAR APPROPRIATIONS

Almost \$1.2 million was included in the FY 2020 operating budget to support emerging or unforeseen needs arising during the fiscal year. The following table lists mid-year appropriations from this resource through Q4.

Q4 GENERAL GOVERNMENT MID-YEAR APPROPRIATIONS

Available for Mid-Year Appropriations (7/1/2019)		\$	1,177,299
Appropriation from General Fund Fund Balance	Q2 - Economic Development Expenses		(210,717)
	Q2 - Koka Booth Operations		(380,983)
	Q2 - Tree Canopy		(150,000)
	Q3 - None		-
	Q4 - None		-
	REMAINING AVAILABLE FOR MID-YEAR APPROPRIATION	\$	435,599

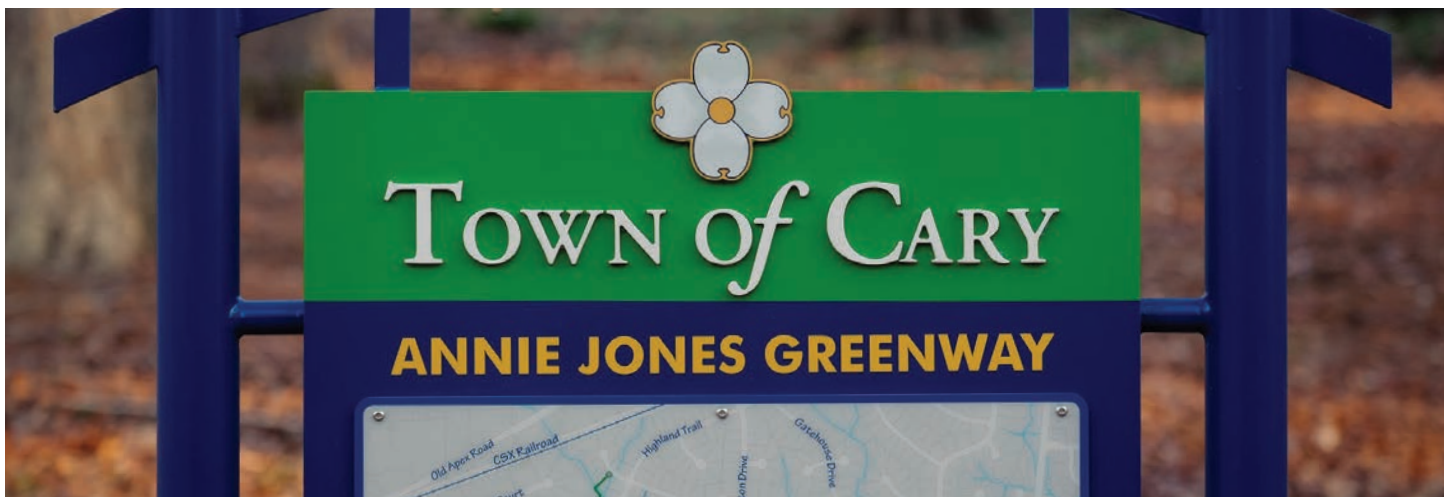
In Q4, there were no additional drawdowns of funds available for mid-year appropriation.

Q4 DELEGATED BUDGET AUTHORITY ACTION

Throughout the fiscal year, challenges and opportunities develop that warrant financial resources not included in the original budget. Often staff can repurpose existing resources to address the highest priorities and initiatives. The budget ordinance authorizes the Town Manager to approve inter-functional budget adjustments and requires reporting to Council. Accordingly, budget adjustments totaling \$1,734,396 were approved by the manager to address organizational realignments and reprioritize resources for expenditures such as consulting services and pandemic-related expenses:

Q4 INTER-FUND AND INTER-FUNCTIONAL BUDGET ADJUSTMENTS

BUDGET TRANSFER FROM:			BUDGET TRANSFER TO:		
Personnel Services	General Fund - Operations	\$ (239,000)	Personnel Services	General Fund - Administration	\$ 239,000
Personnel Services	General Fund - Operations	(235,905)	Personnel Services	General Fund - Public Safety	235,905
Personnel Services	General Fund - Infrastructure	(745,000)	Personnel Services	General Fund - Administration	745,000
O&M	General Fund - Operations	(500,000)	O&M	General Fund - Administration	500,000
O&M	General Fund - Operations	(14,491)	O&M	General Capital - GG1175	14,491
TOTAL 4TH QUARTER INTER-FUND AND INTER-FUNCTIONAL TRANSFERS		\$ (1,734,396)			\$ 1,734,396



BUDGET PUBLIC INPUT AND RECOMMENDATIONS

Citizens are invited to share their budget priorities throughout the year through social media, voicemail and email. A total of 17 budget public input comments were received in Q4 through all of our input channels including the statutorily required budget public hearing.

CATEGORY	COMMENTS RECEIVED	PLATFORM RECEIVED	TYPE OF COMMENT
General	2	Facebook, Twitter	Commented on the weeds and the lower tree branches along Regency Parkway Commented on the lack of grass/tree maintenance in western Cary, particularly the medians on O’Kelly Chapel and Carpenter Fire Station roads
Non-Profit Grants	7	Email	Reconsider funding level in the FY 2021 budget for Bridge II Sports Expressed appreciation for funding for Concert Singers of Cary Expressed appreciation for funding for Raleigh Camerata Expressed appreciation for funding for NAMI Wake County Expressed appreciation for funding for Transitions LifeCare Expressed appreciation for funding for Kiran Expressed appreciation for funding for GiGi’s Playhouse
Property Tax	2	Email	Question about how much their tax bill would increase with the proposed tax rate Question about how the tax rate has been advertised
Public Safety	4	Email	Question about Police Department budget allocation Question on whether the Police budget is too high; expressed a lack of interest in a new downtown parking deck Suggestion to direct Police budget toward police reform, such as mental health assistance Suggestion to direct police enforcement money to other forms of community wellness
Sustainability	1	Voicemail	Suggestion to allocate more resources in the future to sustainable energy projects
Transportation	1	Email	Suggestion to allocate more funds to GoCary budget and efforts
TOTAL	17		

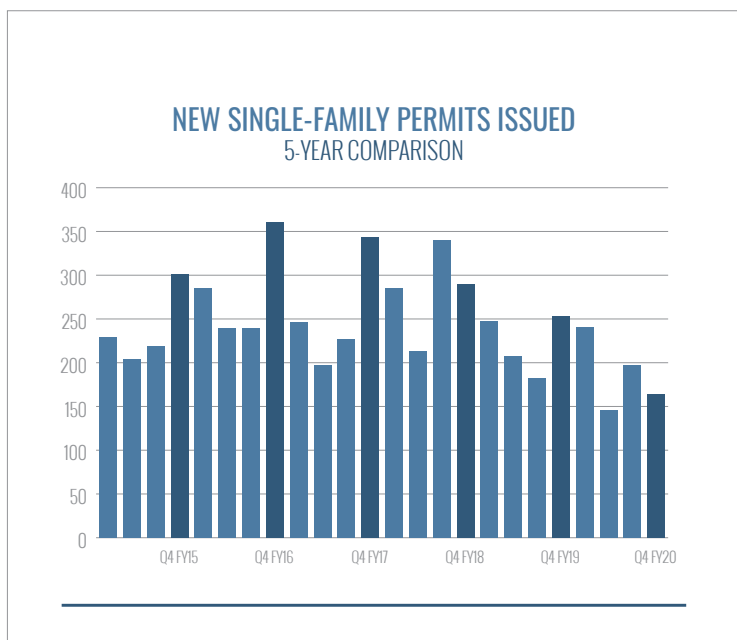
CASH AND INVESTMENTS

Cary ended FY 2020 with a cash and investment balance of over \$517 million. Cash resources for all funds are pooled to maximize efficiency and interest earning potential. About \$40 million is maintained in bank accounts to ensure immediate access to funds. The remainder is invested in securities that, first, ensure the safety of the principal; second, provide quick access to additional funds for any unforeseen needs (liquidity); and finally, earn the maximum interest income. Although prudent, by prioritizing safety, Cary’s ability to earn investment income is limited. The majority of funds are invested in low-risk, fixed-income securities such as federal agency obligations. These securities typically provide a slightly higher yield compared to federal treasury bill securities. Staff seeks opportunities to invest in AAA-rated North Carolina local government debt to diversify the portfolio. At any one time, the portfolio includes approximately 150 different investments that are scheduled to mature approximately every three to seven days over the next three to four years to match projected disbursements for payroll and other expenses.

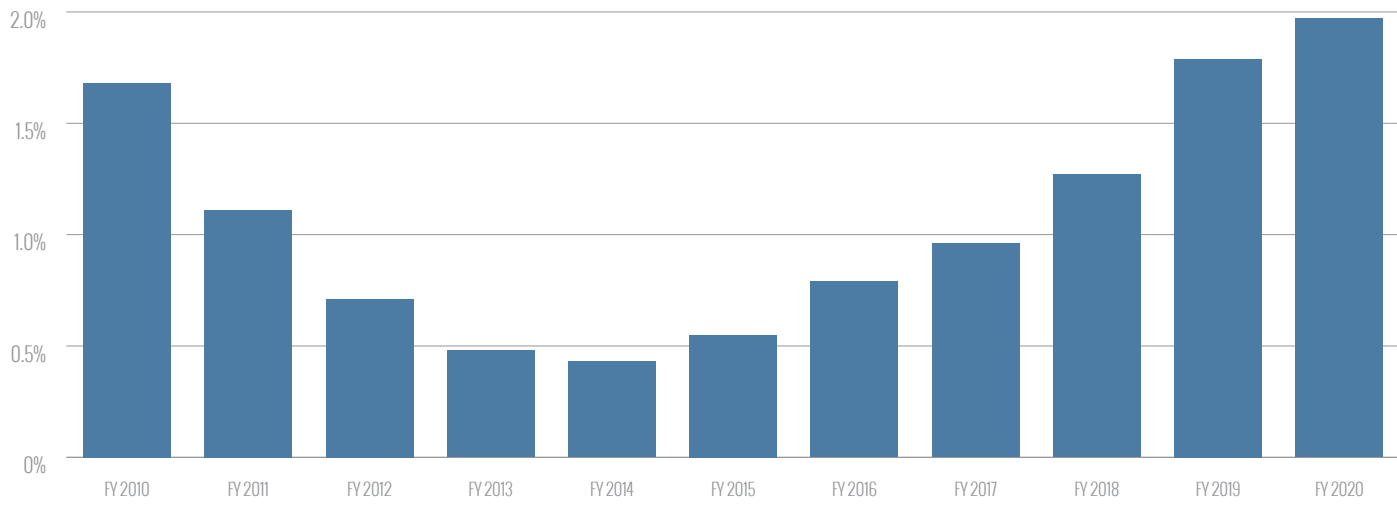
Cary’s cash and investment program is overseen by a fixed fee independent consultant. The financial advisors compile the weekly cash flow forecast and provide market insights, advice and reporting on a quarterly basis.

Interest earnings totaled \$10.9 million in FY 2020, which is an increase of over \$1.3 million, or 15 percent, compared to FY 2019. Cary’s annual yield increased from 1.79 percent in FY 2019 to 1.97 percent in FY 2020 due to rising interest rates in the market when a large share of the portfolio was purchased in FY 2019. About \$30 million of securities were called in FY 2020 and generated \$463,000 in capital gains. Interest rates began to fall in late FY 2019 and securities that were purchased in FY 2020 will generate a much lower rate of return. Due to the decreasing interest rates over the last year, the FY 2021 budget for interest income is about \$3 million less than FY 2020 actual earnings.

These investment earnings are allocated to each of the funds based on average share of the total pool. The General Fund comprises approximately 20 percent of Cary’s cash and investments. Just under \$2.2 million of the interest income was attributed to the General Fund, which is about \$33,000 over budget. The majority of Cary’s cash and investments, about two-thirds, are attributed to the capital funds for resources committed but unspent for general and utility capital projects.



POOLED CASH AVERAGE ANNUAL YIELD
FY 2010 - FY 2020



In accordance with accounting standards, Cary reports the market value of all investments every fiscal year-end to reflect the impact on the financial results in the unlikely case that Cary had to sell all its investments at fiscal year-end market prices. This acknowledgement of year-end market value is referred to as a “mark to market” adjustment. The adjustment increases or decreases interest earnings reported depending on market interest rates at June 30. In a rising rate environment, as interest rates go up, the price of a fixed-income security goes down. Likewise, when interest rates fall, as the market is currently experiencing, the price of a fixed-income security goes up. Cary’s mark to market adjustment for FY 2020 will increase interest earnings on the audited year-end financial statements by \$9 million. While Cary is required to report this adjustment on the financial statements, Cary will not realize this gain in interest earnings because Cary generally holds investments until maturity to meet future cash flow needs.

DEBT

Cary’s overall debt burden is about \$385 million with \$124 million attributable to the General Fund and \$261 million to the Utility Fund. Of the \$124 million General Fund debt, about \$25.6 million is variable rate debt with an interest rate that is reset weekly. As interest rates have fallen over the past year, rates have also fallen on the variable rate debt to average about 1.3 percent compared to 1.6 percent in FY 2019. This resulted in interest payment savings in FY 2020 of about \$260,000 for the General Fund.

ECONOMIC OUTLOOK

On June 3, 2020, the Federal Reserve released its first economic update since December 2019. The forecasts presented predict a slow path to recovery. In reaction to this, the Federal Reserve left interest rates unchanged. Federal Reserve Chair Jerome Powell also indicated that it is safe to assume there would be no rate increase through at least 2022.

In contrast to this outlook, Wake County released a report on July 2, 2020 noting that the Wake County property market increased significantly in June following a two-month decline.

“In Wake County, June 2020 real estate activity in dollar terms was up 35 percent compared to May 2020 and was nearly even with the pre-recession month June 2019. The number of deeds recorded in June was greater than in both May of this year and June 2019,” the report said. All signs prior to the COVID-19 pandemic indicated that Cary, and the Research Triangle area as a whole, are often

considered “recession resistant.” SmartAsset’s March 5, 2020 article “Most Recession-Resistant Cities – 2020 Edition” placed Cary at No. 8, Raleigh at No. 9 and Durham at No. 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 percent and a relatively low 2018 mortgage delinquency rate of 1.4 percent” also factored into the favorable ranking.

There is no way of knowing exactly how or to what degree national, state and regional economies will be affected by the pandemic or how long effects could last. Cary staff and Council will continue to work together to make judicious choices to serve Cary’s current citizens and protect our financial position so that resources will be available in the future to continue to maintain the high quality level of services that Cary citizens expect.





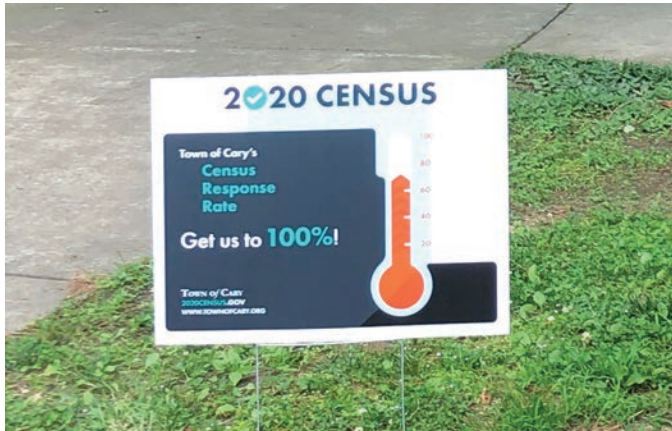


FOSTERING STRONG NEIGHBORHOODS





CENSUS 2020



Over a year ago, Cary partnered with other Wake County municipalities in a joint effort to promote participation in the 2020 U.S. Census. Early planning efforts were successful; however, the COVID-19 pandemic thwarted most public outreach events, and census takers were unable to go door-to-door to take counts. In April, Cary had a response rate of just 65 percent.

Toward the end of Q4, staff from various departments worked together to improve that response rate. Planning and Marketing staff created informational flyers, posters and ground signs that conveyed information about the value of the census and encouraged participation. Cary's Police Department distributed material to dozens of apartment complexes and to several area churches where community events took place. Cary's PR/CR staff posted ground signs at public parks and along Cary's greenway trails. Staff also provided electronic versions of messaging to apartment complex managers to distribute to residents. As of June 30, Cary reached a response rate of 74 percent.

According to the U.S. Census Bureau, census workers will be back in the field mid-August. In the meantime, Cary is working hard to ensure a complete count of our population. With the goal of an 82 percent response rate, Cary will continue to collaborate with other municipalities and to promote the census on Cary's web site, social media and BUD newsletter.

CARY HIGHLIGHTED IN VIVIAN HOWARD SHOW



Award-winning television host, best-selling author and celebrated chef Vivian Howard made a stop in Cary for an episode of her new PBS TV show, "Somewhere South." In the episode "It's a Greens Thing," Vivian gets a saag paneer lesson from family friends in Cary. She describes Cary's growth quite well when she said, "Cary, N.C. used to be the poster child for cookie-cutter suburbia, but in the last decade, it has evolved into the most culturally diverse community in North Carolina."

STUDY: WOMEN MOST SUCCESSFUL IN CARY

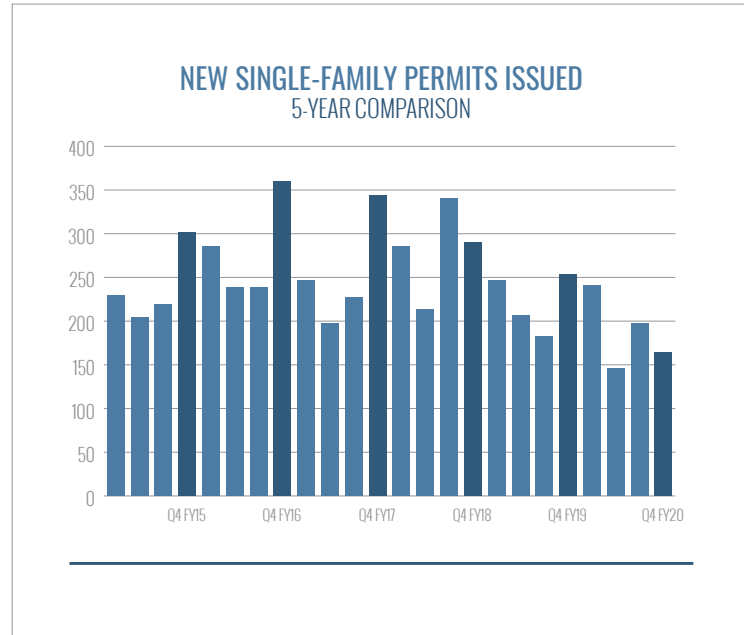
Cary took the top spot in financial information website SmartAsset's study "Cities Where Women are Most Successful." With a perfect score of 100, Cary ranks best for women in achievements such as education, income and business ownership. Of particular note from the study, more than 68 percent of women in Cary have a bachelor's degree and nearly 54 percent of all business owners in Cary are women.



SINGLE-FAMILY PERMITS

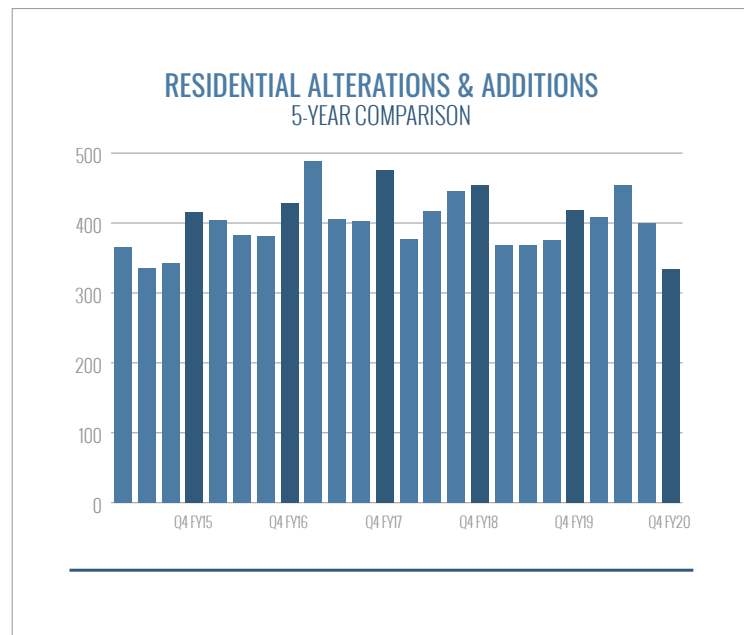
New single-family permits for Q4 totaled 164. While overall permitting remained strong, there was a slowdown of new residential construction at the beginning of the pandemic. Overall, this quarter’s permits for new single-family homes was 47 percent less than the five-year average for Q4. The top three subdivisions permitted were Brickyard (28), Courtyards at Kildare Farm (15) and Channing Park (14).

There were 218 single-family certificates of occupancy issued in Q4, an average of 3.4 certificates per workday. This is a 2.3 percent decrease in comparison to the COs issued in Q4 of FY 2019. The subdivisions receiving the most COs were Brickyard (34), Channing Park (26), Savaan (20) and Courtyards at Kildare Farm (14).



RESIDENTIAL ALTERATION AND ADDITION PERMITS

Residential alteration and addition permits for Q4 totaled 334. This is a 16.5 percent decline from Q3. These permits typically require contractors to enter the residence to perform the work. Therefore, due to the pandemic, this decline could be expected.







ASSURING CONTINUED PROSPERITY





THE MAYTON INN GETS NEW OWNERS

On June 2, Academy Park Hospitality, LLC. purchased The Mayton Inn. The partners include a number of downtown developers and investors, including Bill Zahn, George Jordan, Steve Knier, Jordan Gussenhoven and Grant Yarber. Two additional partners in the group are Craig Spitzer and Craig Shipley, founders of Early Bird Night Owl, the operators of The Durham Hotel in downtown Durham. The partners share the belief that The Mayton will play a vital role in the future of downtown Cary, the Downtown Cary Park and other future development taking place in the area. The Early Bird Night Owl partners will manage and operate The Mayton Inn.



NEW COMPANIES



Amazon became a corporate citizen of Cary with its announcement to open a delivery station, a facility where orders are prepared for last mile delivery to customers. Amazon anticipates the creation of hundreds of jobs with this facility paying a minimum of \$15 an hour. The delivery station will occupy about 300,000 square feet of existing space in Cary. The addition of the Cary site is expected to improve Amazon delivery times in the Triangle.

Circle Graphics, a Colorado-based graphics company that produces large-format, digital graphics, signed a long-term lease of 153,990 square feet at 501 Innovation Avenue near RDU. The company operates 407,000 square feet of manufacturing facilities across the country and prints more than 431 million square feet of material per year. The company is based out of Longmont, Colorado.

Raleigh Brewing Company opened a location in Cary — Raleigh Brewing at the Arboretum. Raleigh Brewing opened in 2013 by Kristie Nystedt, who is the first woman to own a brewery in North Carolina.



ONECARY VIRTUAL ARTICLE DISCUSSIONS

As work shifted from in-person to virtual, the Organizational Development division adjusted to accommodate by offering virtual article discussions weekly as a way for employees to connect with one another through learning and reflection. Nearly 50 different employees from 12 departments participated in at least one of these discussions with most people participating in two or more sessions. Articles ranged in publications and topics, including adapting to working from home, how countries respond to coronavirus, and showing compassion while navigating such an unknown time. The sessions spurred both thoughtful discussions and new relationships between colleagues across the organization. Employee response has been overwhelmingly positive with participants sharing numerous points of satisfaction, including the diversity of voices, authenticity, candor, respect and more.

DIVERSITY AND INCLUSION



Diversity, inclusion and equity efforts are more important than ever as our nation deals with two pandemics simultaneously: COVID-19 and racism. With most Cary facilities remaining closed and employees continuing to telework, staff found adaptable ways to keep employees engaged during this unpredictable, and often disturbing, time. “Woke Wednesdays with Tru,” short video content featuring Tru Pettigrew from Tru Access, was posted every Wednesday on Chatter. These weekly video snippets provided valuable information that led to the first virtual rap sessions on “Unconscious Bias and Cognitive Diversity.” In June, the series topic transitioned to “Courageous Conversations” as staff had very difficult, heartfelt and impactful conversations on racism that stemmed from the

events in Minneapolis. Weekly virtual conversations were held on a Heart-Head-Hand method as staff discussed their feelings on racism while sharing ideas and possible actions that could be assessed both personally and within the organization to be more inclusive. Staff shared information, resources and events on Chatter to continue engaging, listening and learning to better understand one another.

POWER OF INCLUSION

VIRTUAL RAP SESSION PANEL

Cognitive Diversity: Exploring identity diversity, experiential diversity, and neurodiversity

Friday, May 29th

9:00 am

Panelist
Renee P. Poole
Town of Cary
Chief Human Resources Officer

Facilitator
Tru Pettigrew
Tru Access
Founder

Panelist
Toni Y. Deaconite
Town of Cary
Chief of Police

OPEN TO EVERYONE

RETHINKING TRADITIONAL PROGRAMS

With restricted access to Cary facilities, modifying the annual FY 2021 Open Enrollment for benefit-eligible employees was critical. HR evaluated the traditional process and offered a passive enrollment, where employees were automatically enrolled in medical and dental benefits and only required to reenroll in their voluntary medical and



dependent care flexible spending accounts. This process was easier for employees and allowed HR to focus on customized outreach — over 500 employees who made a change for the new plan year were contacted.

To continue promoting healthy lifestyles, HR strategically modified the Healthy Rewards Program. The goal was to continue encouraging healthy behavior and to offer opportunities to make a lifestyle change. Of the 95 employees who did not earn the reward, a total of 28 engaged in the virtual health coaching option. An amazing 100 percent of participants completed or are on track to complete the program with nearly 20 percent staying engaged with the WakeMed health coach. This option further customized the Healthy Rewards program and allowed employees to individually customize a health and well-being action plan with a personalized health coach.

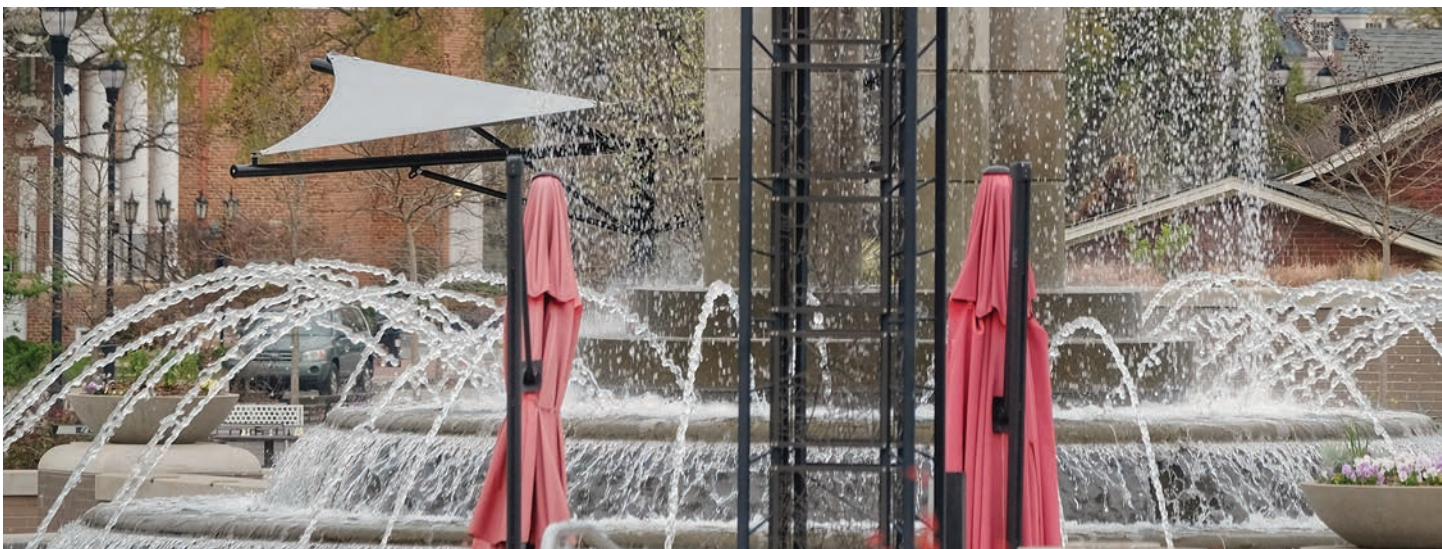
VIRTUALLY REACHING OUR EMPLOYEES

To keep up employees’ momentum in various health and well-being programs, the Total Employee Health team modified several challenges, made them virtual and extended the timeframes. In the 2020 Choose To Lose Weight Loss Challenge, more than 180 employees across all departments participated. Participants lost more than 400 pounds with some individuals losing more than 20 pounds

and 5 inches from their waist. At the same time, more than 115 employees from all departments participated in the Wellable Challenge, where our employees traveled more than 6,000 miles via biking, swimming, walking and more. Finally, virtual health coaching continued strong with 30 employees continuously engaging with our WakeMed health coach.

NEW MENTAL AND EMOTIONAL WELL-BEING OPPORTUNITIES

Supporting employees while they work remotely, in the field or in the Emergency Operations Center, is paramount to taking care of one another. The Total Employee Health team, in partnership with WakeMed, developed a custom program, “Finding Your Center,” to help employees focus on self-care and integrating easy, daily activities for physical, mental and emotional well-being. With 41 employees from almost all departments registered for the program, 71 percent completed the program. Concurrently, Cary offered expanded virtual behavioral health visits, and within the last quarter, 202 behavioral health visits were held, an increase from seven in Q3. Cary staff will continue to partner with benefit vendors to identify additional mental and emotional programs to continue specialized support during the pandemic and beyond.





EXPERIENCING THE CARY COMMUNITY





SHAPING CARY'S TOMORROW BOND PROJECTS

This section offers Cary citizens an update on the projects funded by the Shaping Cary's Tomorrow Parks and Transportation Bonds overwhelmingly approved in a 2019 referendum.



DOWNTOWN PARK PROJECT NEARS END OF DESIGN



The final design of the Downtown Park is nearly complete. Nineteen years in the making, the park will total seven acres and will be centrally located in downtown Cary surrounded by Walker, Academy, Park and Walnut streets. The park will feature a "great lawn" and a unique, tiered water feature. The lawn will be fronted by a pavilion and surrounded by a series of unique spaces, or "rooms," linked by paved walking trails. Additional features include performance places, market spaces, public art incorporated into the landscape, food and beverage facilities, a children's play area, interactive water features, a dog play area and walkways for strolling and relaxing. Construction is anticipated to begin in 2021 with an opening date of 2023.

CARPENTER FIRE STATION ROAD AND MCCRIMMON PARKWAY NEIGHBORHOOD PARKS

Design for Carpenter Fire Station Road Neighborhood Park is well underway with an anticipated construction start date of 2022. The master plan for this 20.8-acre park creates a vibrant and lively space within a wooded setting, offering play opportunities for everyone. A wide, wooded buffer of existing and planted trees along the borders of the park will provide an attractive environment for park visitors, while the forested slopes at the southern edge of the park offer opportunities for enjoyment of nature as well as protection of water quality in Panther Creek.

Design for McCrimmon Parkway Neighborhood Park is in progress with construction anticipated to begin in 2022. The 20-acre park's rolling topography, mature tree canopy and existing creeks provide the opportunity to integrate park features within this natural setting. The park will feature tennis and pickleball courts, a community garden, playground and public art.

ANNIE JONES PARK AND DUNHAM PARK TENNIS COURT REPLACEMENT

Annie Jones Park and Dunham Park remain in the design phase for court improvements. The existing tennis courts at both parks will be replaced with an additional tennis court added at Dunham Park. Court lights will also be upgraded at both parks and parking lot improvements made at Annie Jones Park. These projects were submitted to Cary's Development Review Committee and to the N.C. Department of Environmental Quality's Erosion Control Office for permitting.



DOG PARK PASS REGISTRATION/RENEWALS

Part of the dog park registration process has gone virtual. To register, citizens are directed to the Cary Dog Parks webpage to complete the registration form. The received form prompts staff to set up an account in Salesforce and verify the registration information before the pass is printed and mailed. This process leverages multiple technology platforms to provide quality customer service. Since inception of the automated workflow in June, Cary processed 65 new registrations and four renewals.

CARY RECOGNIZES JUNETEENTH



Juneteenth, celebrated annually on June 19, commemorates the end of slavery in the U.S. This year, in observance of Juneteenth, the fountain in Cary's Downtown Park was lit in red, yellow and green to honor the heritage and meaning of the day. These colors, in addition to black, all carry significant meaning on this day: red represents the noble blood that unites all people of African ancestry, the color black for the people, green for the rich land of Africa, and yellow joins these colors on the traditional flag of Ethiopia, which has influenced the flags of many pan-African organizations.

THOMAS BROOKS PARK IMPROVEMENTS

In response to drainage issues that resulted in extended field closures and safety concerns, Cary expanded the drainage system around the Thomas Brooks Park ballfield complex, repaired damage and replaced the adjacent asphalt trail. To meet citizen requests for cricket facilities, Cary renovated and expanded the batting cages to be used for cricket batting practice in addition to normal baseball and softball uses. Cary also addressed ADA items in the parking lot and at the complex entrance.

WAKEMED SOCCER PARK ARTIFICIAL TURF



In June, a contractor working on behalf of the Town converted two of WakeMed's eight fields to artificial turf. The fields were completed prior to the two weeks of rain that would have otherwise curbed practice for the Carolina Courage and North Carolina Football Club. Additional field lights were also added. Both of these improvements allow for increased scheduling flexibility and playtime for area sports groups at WakeMed Soccer Park.



CARY TENNIS PARK STADIUM COURT SEATING



As the facility continues to host major U.S. Tennis Association and collegiate tournaments, spectator seating has become a constraint. Utilizing Wake County Room Occupancy and Prepared Food Tax interlocal funding, Cary installed 568 fixed seats on three sides of the stadium court. A majority of these new, fixed seats with backrests were installed on the existing east and west concrete bleachers. An elevated viewing platform with 54 seats was also installed overlooking the south side of the court.

BOND PARK ADA IMPROVEMENTS



As identified in Cary's ADA Transition Plan, the comfort station restroom entrances and fixtures at Bond Park did not meet accessibility requirements. Based on current accessibility space requirements, the existing bathrooms could not be renovated to meet accessibility code compliance without either increasing the facility footprint, renovating the entire facility, or decreasing the number of fixtures in each restroom. Instead, Cary renovated the existing concessions space at Bond Park into two accessible family restrooms. In addition to the new restrooms, staff updated all plumbing fixtures and replaced all asphalt sidewalks leading from adjacent ballfields and parking lots with new concrete sidewalks to improve accessibility to the facility.



MAJOR MAINTENANCE AT SPORTS FACILITIES



As part of an agreement, Wake County is slated to provide \$3 million annually to Cary for 20 years to use for maintenance of Cary Tennis Park, USA Baseball National Training Complex and WakeMed Soccer Park. FY 2020 is the first year of major maintenance projects to be completed under this agreement, including:

- Twelve courts resurfaced and elevator modernization at Cary Tennis Park.
- Main building renovation, digital scoreboards, speaker system replacement, field renovations and more at USA Baseball National Training Complex.
- Field renovation, fencing repairs, stand renovations, video equipment replacement and more at WakeMed Soccer Park.

USA BASEBALL NATIONAL TRAINING COMPLEX BATTING CAGES



To enhance amenities at the USA Baseball National Training Complex, Cary installed two full-length, pitching/batting lanes to support various programs. Most notably, these lanes are covered, on turf, accessible from all four fields and can be used rain or shine.

WALNUT STREET PARK UPGRADES

Cary is in the design phase for a project to add two new pickleball courts, a small basketball court and stormwater upgrades to Walnut Street Park. These will be placed around existing structures and will preserve champion and memorial trees.







GUIDING COMMUNITY GROWTH





2020 STANDARD SPECS MANUAL UPDATE

Cary's Standard Specifications and Details Manual is a valuable resource for Cary and its development community. Developers, designers, contractors and vendors routinely depend on it to plan and complete their work. In May, Cary staff updated this manual for the first time since 2017. Over the last three years, staff accumulated minor but important changes needed to keep the manual current. Utilities Project Manager Brian Drake took the lead on tracking these desired changes and worked with more than 40 people across the organization to build consensus. He was in the process of preparing an update later this year when Act 14 came along and proposed multiple changes to the manual to achieve public townhouse streets. Recognizing that a single update would be more efficient for staff and easier for users to understand, staff decided to take a OneCary approach by combining forces to work toward a comprehensive revision. As a result, Cary's first comprehensive update of the Standard Specifications and Details Manual since 2017 was completed on May 15.

FENTON MARCHES ONWARD



While development plans, building permits and construction activity in 2019 and early 2020 focused on grading permits and retaining walls, the spring of 2020 marked the beginning of a new chapter for Fenton. A development plan that included 193,000 square feet of office, 368,000 square feet of commercial, which is over 60 percent leased, and 355 dwelling units, was approved on April 29. The plan approval represented the culmination of

eight months of collaborative work between the developer and staff.

Following approval of the Phase I Development Plan, staff conducted its first virtual preconstruction meeting for the public infrastructure portion of Fenton on May 1. Staff also formed a special multi-department Architectural Review Committee that is reviewing architecture, landscape and hardscape for compliance with the development's design guidebook. At this time, final grading and retaining wall installation are underway on the site. The developer, who has reportedly signed a 20-year lease with Wegmans, continues to work full speed toward Wegmans' building pad delivery in the fall of 2020. Vertical development is anticipated to begin in late 2020 with the first stores opening in late 2021.

ONE WALKER ONE WALNUT



In May, the development plan for One Walker One Walnut, also known as the Academy Park Development, was approved. The project is located at the northwest corner of the intersection of Walker and Walnut streets, adjacent to Cary's new parking deck, Wake County's new regional library and the Downtown Park. The property is currently Cary-owned and will be sold to the developer in early FY 2021. Two mixed-use buildings are included within the project. The One Walker building, facing the Downtown Cary Park, will include 153 multi-family residential units with 21,195 square feet of retail along Walker Street. The One Walnut building will front Walnut Street with a mix of uses, including 83,800 square feet of office space



above 15,000 square feet of retail. A preconstruction meeting was held in June with construction expected to begin this summer. Construction fencing has been placed around the development boundary and the majority of the park to accommodate the construction of the shared stormwater device.

NON-RESIDENTIAL PERMITS

In Q4, nine non-residential permits were issued for a total of 469,798 square feet. The three largest non-residential permits issued were:

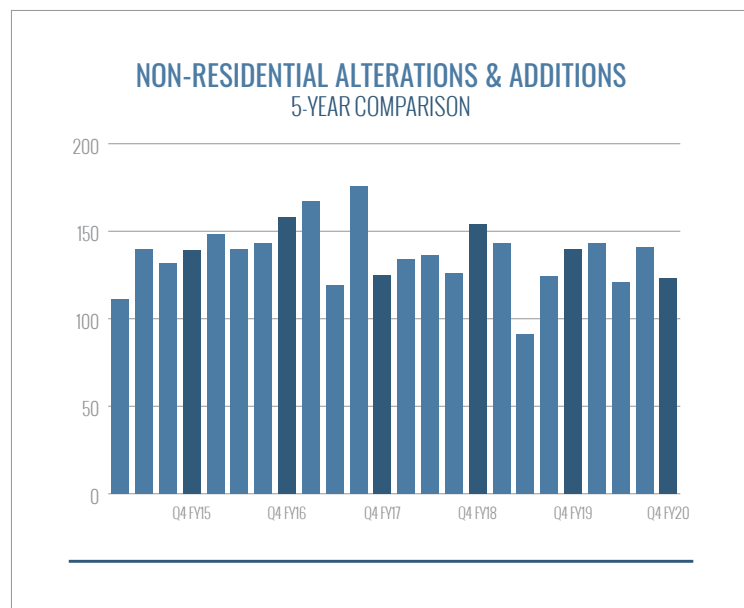
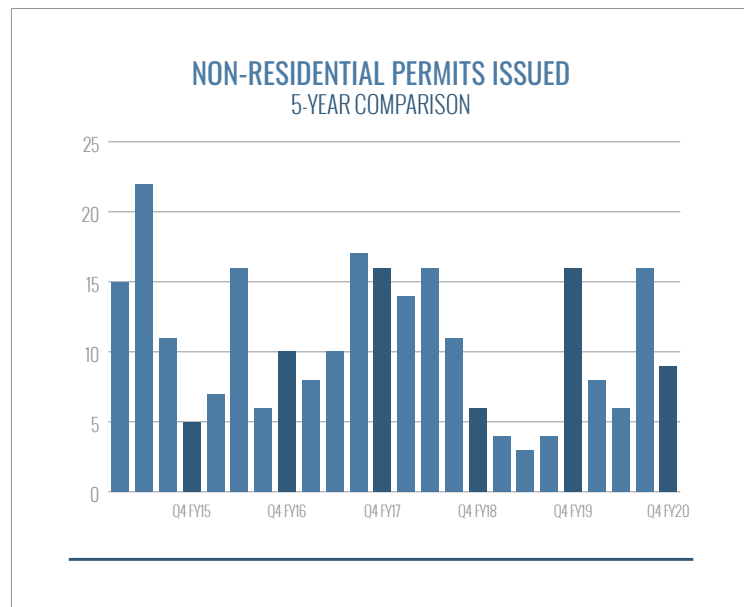
- Fenton Parking Deck, 1025 Fenton Gateway Drive: A two-tier, open parking structure with 802 parking spaces. This parking deck will provide parking for Wegmans and surrounding retail buildings.
- Cary Plastic Surgery, 1608 Kildare Farm Road: A new, 3,500-square-foot office building for Cary Plastic Surgery and an additional 1,700 square feet of medical office space.
- Batting Cage at USA Baseball National Training Complex, 7445 Green Hope School Road: A new 3,360-square-foot, open, covered batting cage structure at the training complex in Thomas Brooks Park.

NON-RESIDENTIAL ALTERATION AND ADDITION PERMITS

There were 123 non-residential alteration and addition permits issued in Q4. These projects include reinvestment into existing office, commercial and multi-family facilities. The three largest projects were:

- Cato Research, 2000 Centregreen Way, Suite 300: The research organization is relocating to Cary. Alterations to the existing office building included constructing enclosed and open office spaces with meeting rooms and break rooms.

- Marriot Residence Inn, 2020 Hospitality Court: Interior renovation to the public space and guestrooms.
- Wake County Public School System Administrative Offices, 110 Corning Road: Alteration work includes demolition of existing building components, new interior partitions, doors and frames, ceiling and finishes to the existing office space.





REZONING

During Q4, there were 21 cases in the rezoning process; six cases were approved.

RESIDENTIAL:

- Rezoning the Ferrell Property to allow the property to be subdivided into six single-family residential lots.
- Rezoning property within the Village at the Park PDD to allow up to 90 townhouses.
- Rezoning the Southerland Gooch Property to allow detached, age-restricted dwellings and townhouses.

MULTIFAMILY:

- Rezoning Petty Farm to allow up to 350 multi-family residential units.
- Rezoning in the Twyla Road South PDD to allow a mix of townhouses, multi-family units and non-residential uses.
- Rezoning multiple parcels at the northeast corner of the intersection of Chapel Hill Road and Northwest Maynard Road to allow for a multi-family development and the conveyance of more than an acre of land for the Nancy Jones House.

DEVELOPMENT PLANS

Forty-four development plans were approved in Q4, totaling over 707,000 square feet of non-residential use, 538 multi-family units and 139 single family lots. Included in these totals are the development plans for the first phase of Fenton and the One Walker One Walnut mixed-use project. Development plans for White Oak Townhomes and Daycare, which includes 30 new townhomes and a day care, and Dominion Estates, which includes 50 single-family lots in southwestern Cary, were also approved.

POPULATION

At the end of the quarter, Cary's population is estimated to be 170,287. During FY 2020 Cary's population grew by 2,966 citizens, or 1.8 percent.

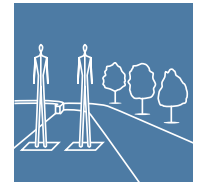




PROVIDING TRANSPORTATION CHOICES



MOVE PROVIDING TRANSPORTATION CHOICES



SHAPING CARY'S TOMORROW BOND PROJECTS

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CROSSING CARY VIA GREENWAY



The White Oak Creek Greenway segment between MacArthur and Davis drives was completed via a 916-foot boardwalk and a 104-foot pedestrian tunnel under the CSX rail line. This long-awaited segment is one of the last needed to complete a 15-mile connection from Umstead State Park through Bond Park to the American Tobacco Trail. In celebration of the completion of this segment and of Cary's growing greenway network, UNC-TV featured Cary greenways in a story on its "NC Weekend" show. UNC-TV has a statewide audience providing great exposure for Cary greenways and encouraging visitors to come and explore.

SIDEWALK PROJECTS

Cary held a virtual bid opening for several sidewalk projects this spring. The projects include:

- Ederlee Drive from Richelieu Drive to Penny Road Elementary School;
- Penny Road from Kildaire Farm Road to Crickentree Drive; and
- Tryon Road from West Asheville Avenue to East Asheville Avenue.

Construction is anticipated to begin this fall and continue through next year.

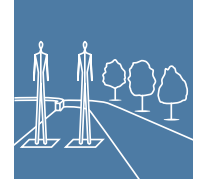
In addition, the 14 new segments that are part of the FY 2019 and FY 2020 sidewalks projects are steadily advancing in surveying, design, permitting and real estate acquisition. The Louis Stephens Drive Sidewalk Project, including about one mile of road widening, sidewalks, multi-use trail and Cary's first buffered bike lanes, is anticipated to be advertised for bids later this year. This project will serve as an opportunity to experiment and test various different progressive bike and pedestrian elements and allow staff to gauge usage and feedback from citizens.

STREET IMPROVEMENTS PROJECT



This May, Cary began construction for its annual Street Improvements Project. Construction is about 25 percent complete with repaving and asphalt patching already complete in Aerial Center Parkway, Gateway Centre

MOVE PROVIDING TRANSPORTATION CHOICES



Boulevard, Weatherstone, Glenkirk, Preston Highlands and Carpenter Village. Additionally, a contractor for the application of asphalt rejuvenation, pavement spray that extends the life of asphalt, is expected to start work this summer.

GO CARY



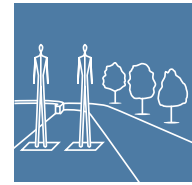
GoCary continues to prepare for system-wide operational changes later this year with construction set to begin this summer on bus stops for new and expanded routes. Existing bus shelters have been upgraded with fresh paint and LED solar lighting. New solar panels were installed to maximize sunlight exposure and reduce shading issues that interfere with performance. The panels provide clean energy for high-quality dusk to dawn LED lighting while maintaining three days of “reserve” energy in case of bad weather. The true color, natural lighting produced by the LEDs decreases eye strain and increases safety for waiting passengers, making it easier for bus drivers to see them at night. GoCary is the first transit system in the U.S. to install solar lighting of this quality.

BIKE CARY

Bike Month in May was reimagined this year as staff developed new methods for community outreach and engagement that adhered to social distancing guidelines. Social media was a vital component with posts focusing on bike education, safety and ride recommendations. Additionally, virtual engagement opportunities encouraged the community to join teams, challenge friends and earn prizes and awards for their bike rides throughout May.

Cary also launched a new Bike Cary website, which consolidates bike safety tips, education guidance, recommended rides, greenway information and upcoming projects. It also highlights an interactive survey to kick-off the public engagement phase of an update to the Bike Cary design guide. With more than 1,000 responses to date, the input received will provide guidance and insight into how and why the community rides, what types of facilities the community feels safest on, and any barriers that may limit riding. Results show greenways and street-side trails appear to be the overwhelming favorite for bike facilities. Exercise and fun are cited as the top two reasons for riding, and traffic cited as the top reason for not biking more frequently.

Staff will develop a context-based guide for bike facility design by corridor based on data from community input, stakeholder responses and industry guidance. Finally, staff are planning “pilot” bike lane installations so users can physically try different bike facility types and provide feedback that can be incorporated into the guide and future designs. This outreach will continue into 2021 as staff explores how to connect and enhance our bike network in Cary.



WE'RE COUNTING YOU!

Bicycle and pedestrian counting devices are located at several locations across Cary, including on the Black Creek Greenway, Louis Stephens Drive street-side trail and Lake Pine Drive. Two additional units are periodically circulated throughout the bicycle and greenway system. The devices, which Cary purchased from EcoCounter, are designed to compile bicycle and pedestrian usage data on the Town's greenway and bicycle system. In June, Black Creek Greenway saw some of its highest usage with 1,491 users recorded on June 21. Likewise, Symphony Lake had a total of 1,028 users on June 29. The collected data helps staff evaluate bicycling and walking usage on Cary's system, monitor commuting patterns and recreational trips, identify trends, prioritize infrastructure projects, support grant applications and plan for future facilities.

NEW TRAFFIC SIGNAL INSTALLATIONS AND PEDESTRIAN SIGNAL IMPROVEMENTS



Cary completed one new traffic signal installation and two pedestrian improvement projects in June. These include:

- The installation of a traffic signal at Weston Parkway at the intersection of Sheldon Drive and Weston Estates Way, including mast arm poles, a future CCTV camera for remote monitoring and fiber optic cable connectivity to the Traffic Management System.

- Pedestrian signal upgrades on Tryon Road at New Waverly Place and Keisler Drive, including pedestrian crosswalks and signals, green time for left turns and pedestrian curb ramp upgrades.
- Pedestrian signal upgrades on Kildaire Farm Road at Lochmere Drive, including pedestrian crosswalks and signals along with curb ramp upgrades.

EXPANSION OF CCTV COVERAGE

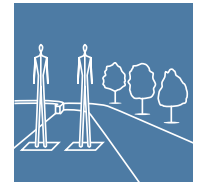
The first virtual formal bid award was conducted for the purchase of 45 CCTV cameras for the Cary Advanced Transportation Management System. Bids were accepted from 35 bidders with the contract being awarded to Halifax Security, Inc. for a project cost of \$103,031. With the addition of these 45 cameras, the Cary transportation management system will include 170 CCTV cameras at the 215 traffic signals within the network.

PEDESTRIAN HYBRID BEACON AT CARY HIGH SCHOOL



In response to concerns by Cary High School administration about students crossing Walnut Street via crosswalk multiple times per day, Cary staff determined a pedestrian hybrid beacon is appropriate for this location. A pedestrian hybrid beacon is a traffic control device designed to help pedestrians cross busy or higher-speed streets midblock. A pedestrian waiting to cross would press a button, activating overhead flashing lights that alert drivers. This device can reduce pedestrian-related crashes by 55 percent, according to National Cooperative Highway Research Program research.

MOVE PROVIDING TRANSPORTATION CHOICES

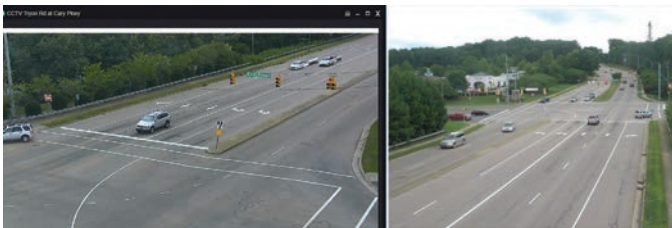


Cary staff received cost estimates for design and is in the process of conducting a preliminary survey using drone technology to aid in design decisions. Next steps include design and review by Cary and the N.C. Department of Transportation. Installation is expected to be complete within the next year. Cary already has pedestrian hybrid beacons at the intersection of Evans Road and the Crabtree Creek Greenway as well as the intersection of Green Level Church Road and Dennison Lane/Jewel Creek Drive.

TRAFFIC SIGNAL SYSTEM COMMUNICATION MILESTONE

For the first time in the 15-year history of Cary's Traffic Management Center, communication has been established to 100 percent of the devices in the Advance Transportation Management System. All traffic signals, CCTV cameras and video detection units are remotely accessible through Centracs Central Signal System Software. Cary has always carried a high percentage of communication within our system, but the latest connection of two traffic signals in the northwest portion of Cary results in total communication in our network.

DYNAMIC LEFT TURN INTERSECTION



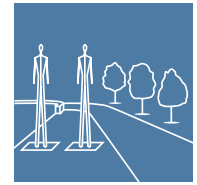
The first-ever Dynamic Left Turn Intersection was installed in February at the intersection of Cary Parkway and Tryon Road. The intent was to improve operations for off-peak drivers by allowing permissive left turn movements on a flashing yellow arrow rather than having drivers wait for a green arrow. This concept has been operational through Q4 of FY 2020 with no reports of crashes.

During Q4, sponsoring organizations Cary, N.C. Department of Transportation and the Regional Transportation Alliance met to discuss the operations of the intersection and make adjustments to ensure drivers are given the information they need for a successful pilot project. A private engineering consulting firm will commence an interim analysis in July to review compliance rates. A full analysis of the operational impacts is still on hold until traffic volumes return to pre-COVID-19 levels.

WALKER STREET IMPROVEMENTS PROJECT



In May, the intersection of Walker Street and East Chatham Street opened to traffic as the Walker Street Improvements Project reached substantial completion. This project added enhanced aesthetics and pedestrian accessibility in this area, including brick sidewalks, upgraded wheelchair ramps, new decorative traffic and pedestrian signals, as well as upgraded street lighting, utilities and storm drainage. It also provided sidewalk improvements adjacent to the First United Methodist Church and made provisions to support improvements proposed at the Rogers Building site. Final project completion will follow landscaping this fall once cooler temperatures return.



REEDY CREEK ROAD PROJECT

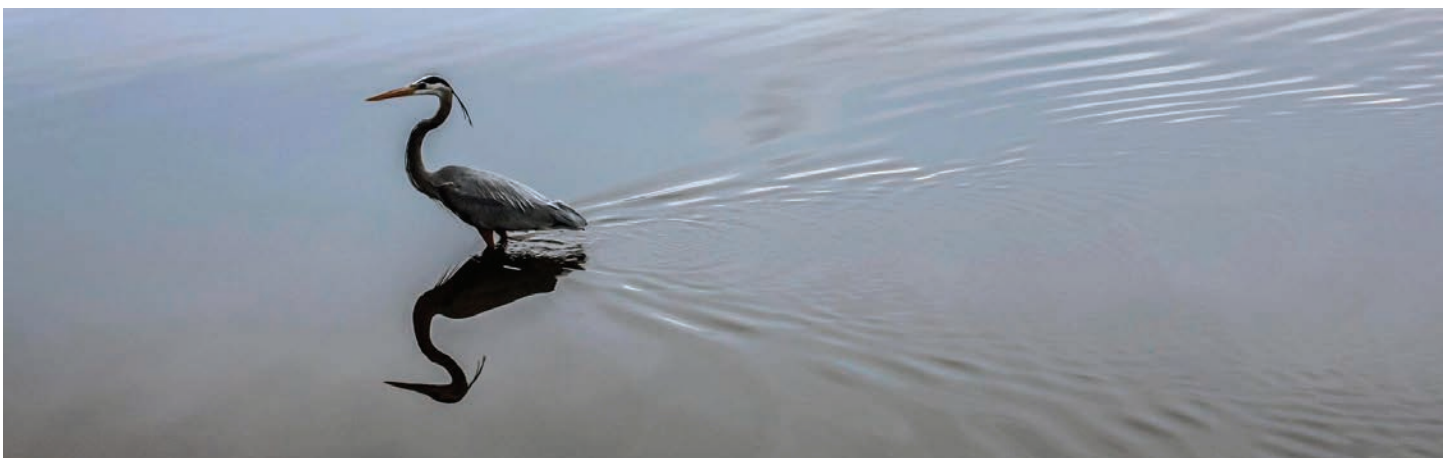


Construction on the Reedy Creek Road Widening Project began in June. Safety is a top priority and the project team has worked to modify construction operations and procedures with the contractor due to COVID-19. Clearing operations and installation of erosion control measures are moving forward.

CARPENTER FIRE STATION REALIGNMENT AND GRADE SEPARATION



Construction on the railroad bridge overpass and associated street realignment is about 55 percent complete. In May and June, the contractor worked to complete vertical retaining wall reinforcement to help support the new bridge. Staff continues to work with the contractor to identify and implement measures to enhance bridge aesthetics that will complement and reflect the special history of the Carpenter Historic District. Roadway construction continues between N.C. 55 and Good Hope Church Road, including installation of the first round of asphalt pavement.





MEETING COMMUNITY NEEDS





NEW PILOT INCENTIVIZES GREEN INFRASTRUCTURE



As part of an ongoing effort to reimagine Cary’s approach to stormwater, staff launched a pilot to incentivize homeowners and businesses in the Walnut Creek Watershed to slow rainwater down on their properties. This pilot, funded through a private foundation grant called the Southeast Sustainable Communities Fund, assists property owners in installing landscape features like raingardens, cisterns and permeable pavers.

The first project, a 1,500-gallon cistern, was completed in June and holds the water from the residential rooftop after a rainstorm, storing it for watering gardens. Storing the rainwater during rainy days and using it for irrigation during drier days allows the homeowner to use the rainwater beneficially and for the water to slowly infiltrate and soak into the ground. This project helps reduce runoff and flooding beyond property lines and within the local watershed. Staff is working to finalize six other contracts to install additional projects through this pilot.

POLICE DEPARTMENT ASSISTS WITH “DECORATE THE FOUNTAIN” CHALK EVENT



Moved by the deaths of George Floyd and Breonna Taylor, two Cary High School seniors partnered with Cary police to stage an art event in the Downtown Cary Park on June 2. The two-hour event, called “Decorate the Fountain,” provided a safe space for local students and their families to express their feelings about recent events and to share positive messages of hope and unity. The event also spawned healthy conversations about improving police-community relations nationwide.

Cary High School seniors Ella Green and Michael Shorb, the event’s organizers, came up with the idea after assisting with clean-up efforts following the downtown demonstrations in Raleigh on May 30. Ella and Michael approached Cary Police Department staff with the idea to decorate around the downtown fountain with chalk messages of love and support for people of color in the community. The Police Department arranged for a drone to fly over the Downtown Park in order to capture the chalk images, which the participants agreed would be temporary. The event organizers and participants removed their artwork upon the event’s conclusion.



SEWER REHABILITATION UPDATE



In keeping with a commitment to maintain our utility infrastructure, Cary completed rehabilitation of the Walnut Creek Outfall in June. This sewer line, constructed around 1963, serves a large portion of downtown Cary, as well as Cary High School, Cary Towne Center, the future Fenton development and a significant number of other businesses and residential properties. About 2.5 miles of sewer line was cleaned, inspected and rehabilitated, extending its service life by 50 or more years. In addition, about 50 manholes were repaired or rehabilitated.

Rehabilitation of the Walnut Creek Outfall represents the second phase of the FY 2018 Sewer Interceptor Rehabilitation Project. This \$8.6 million project began with rehabilitation of the Harrison Oaks Interceptor, which conveys sewer flows from SAS, Embassy Suites, Bass Pro Shops and several other commercial properties. Work is now underway on the third and final phase of this project – rehabilitation of the Upper Swift Creek Interceptor from Southwest Maynard Road to Southwest Cary Parkway.

EMERGENCY OPERATIONS CENTER AT FIRE STATION NO. 9



On March 20, Fire Station No. 9 was opened for operation. The station's 1,400-square-foot, multi-purpose room was designed with the flexibility and functionality to serve as Cary's long-desired Emergency Operations Center. On June 6, Cary put it to use when the EOC's police, fire, operations and planning sections held their inaugural EOC activation at station 9 for scheduled peaceful gatherings held in response to nationwide social injustice protests. The new facility allowed EOC staff to make decisions to keep protestors, citizens, motorists and officers safe during the event. The ability to see and control traffic cameras, view live stream internet feeds with real-time intelligence, and stream drone footage provided a comprehensive picture of what was happening. Staff was able to monitor how the crowd was moving, anticipate potential conflicts and concerns, and reposition officers ahead of the crowd allowing unprecedented control of the situation. Future use of the EOC could include natural disasters or festivals like Lazy Daze or Fourth of July celebrations.



STORM DRAINAGE IMPROVEMENTS



Sections of the Cary community are safer to travel through during rainstorms with the completion of three storm drainage improvement projects this quarter. Deteriorating stormwater infrastructure caused two sinkholes within the right-of-way of Highland Trail in the Scottish Hills neighborhood. These sinkholes were addressed by replacing pipes and drains with newer, concrete systems. In the nearby Kildaire Farms subdivision, a segment of aging culverts under Two Creeks Road that frequently clogged and caused street and residential crawlspace flooding was also replaced. On Bayoak Drive in the Dutchess Village subdivision, repairs were made to an existing culvert, a parallel culvert was added, and additional drains were installed. With this new infrastructure, these stormwater drainage systems can better handle rainfall volumes and mitigate the potential for flooding at previously impacted residential properties. In addition to addressing aging infrastructure, Cary's adaptive approach to managing stormwater builds cooperation, equity and goodwill with citizens.

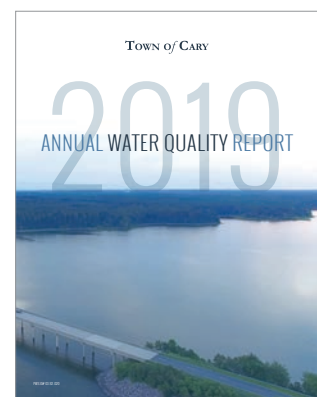
2019 WATER MAIN REPLACEMENT PROJECT COMPLETION

Each year, as part of our Asset Management Program, Cary undertakes a water main replacement project. Using risk-based prioritization, the most susceptible water mains in our system are identified and replaced with new pipes. This proactive approach keeps our water system strong, safe and reliable. As a result, Cary consistently maintains a water main break rate well below the national average for utilities each year. This of course leads to fewer service disruptions and a more efficient use of funding.

Coinciding with the close of FY 2020, construction of the 2019 Water Main Replacement Project is now complete. This project took place throughout four areas of central Cary, including Madison Avenue/Crest Road in the Oakwood Heights neighborhood, part of the Greenwood Forest neighborhood, part of the Walnut Hills neighborhood, and nearly all of South Walker Street and Byrum Street. This year's work resulted in some of Cary's highest replacement totals to date with more than 15,000 feet of water main replacement coupled with the installation of more than 200 new water service lines and meters, which will serve hundreds of Cary residents for decades to come.

ANNUAL WATER QUALITY REPORT

Cary's 2019 Consumer Confidence Report can now be found online. The annual water quality report provides results of more than 50,000 tests conducted last year showing that, once again, Cary's water meets or exceeds all federal standards. It features an article on emerging contaminants and highlights how Cary continues to make its system more resilient and is prepared





to serve its community's water needs well into the future. Cary also received the 2019 Large Water System of the Year and Overall Water System of the Year awards by the North Carolina section of the American Water Works Association, as well as the Partnership for Safe Water Director's Award for the 16th year in a row.

MICROSOFT/SAS IOT STORMWATER PILOT

For the past year, a multi-departmental team has been hard at work on a new stormwater alert system as part of our Smart and Connected Community, Adaptive Stormwater and Microsoft Smart City Blocks Grant programs. That work culminated with the announcement of a strategic partnership between Microsoft and SAS, bringing tighter integration with each company's core solutions to better facilitate the objectives of the grant.

The Smart City Blocks Grant program provides funding and resources for innovative smart city projects in small- and medium-sized communities. These projects must be successfully deployed in a small city block or pilot area, quickly scaled across the entire city, and have the capability to be easily replicated in other communities. The

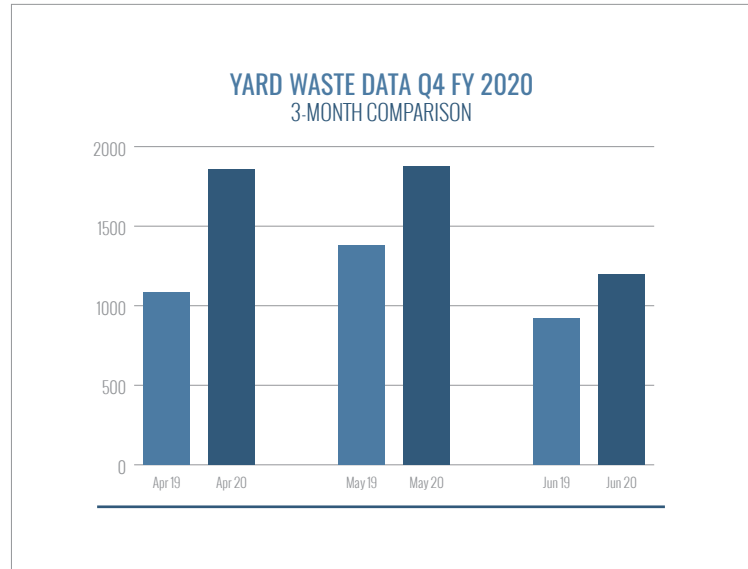
objectives of Cary's Smart and Connected Community and Adaptive Stormwater programs as well as the deployment of water level sensors and rain gauges in the downtown area made it a natural fit for this grant.

Since fall 2019, representatives from IT, Stormwater, PRCR, Public Works and the Manager's Office have collaborated with various vendors to create our Smart and Connected IoT Architecture. To date, stormwater sensors and gauges have been deployed within Walnut Creek, at Cary Arts Center and WakeMed Soccer Park. These devices capture real-time data, and staff are working on an ESRI dashboard to visualize the data, which will increase situational awareness and provide a mechanism to share the data with regional partners like N.C. Emergency Management. The data is also being sent to Salesforce, creating automated Chatter posts about rising water levels and intense rain events, allowing staff to generate work orders more efficiently. Lastly, this data is being stored in a long-term Microsoft Azure database, which SAS uses to build water flow and flood prediction models with their Visual Analytics product. These solutions are being tested, adjusted and will be put into production within the next few months to meet the grant's requirements.





SOLID WASTE DOESN'T MISS A BEAT DURING COVID-19



As many communities discontinued certain solid waste services, particularly yard waste collection, in response to the pandemic, Cary took measures to continue these services despite heavier than normal volumes. Beginning in early April, Cary began a “one person per vehicle” operation, and employees began wearing masks. Staff heard from citizens often how appreciative they were of Cary’s crews and services.

SIMPLE RECYCLING STOPS OPERATIONS

Simple Recycling notified Cary that, due to COVID-19, they have materially changed their business and are not able to countersign the pending contract, and therefore, they will not be launching a curbside textile recycling program in Cary. Staff is disappointed by this decision, and over the coming months, Cary’s Interdepartmental Recycling Team and Public Works will explore other options.



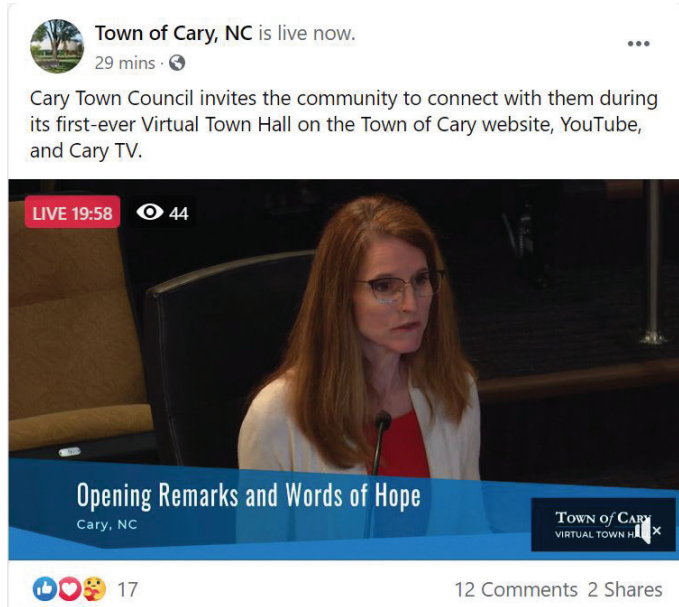


MOVING FROM VISION TO REALITY



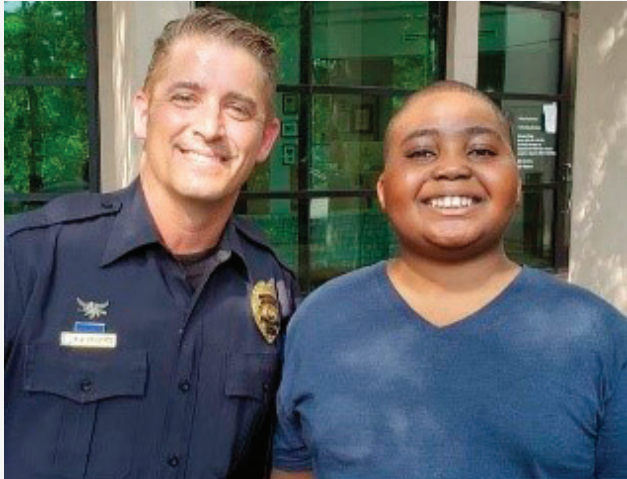


CARY TOWN COUNCIL HOSTS FIRST-EVER VIRTUAL TOWN HALL



On April 30, in an effort for the Cary Council to engage virtually with citizens during the COVID-19 quarantine, Cary hosted a live, virtual Town Hall. Each council member was given the opportunity to offer words of hope to the community and respond to questions submitted in advance from citizens. Citizens submitted more than 45 comments ranging in topics from Cary’s coronavirus response to the progress of Shaping Cary’s Tomorrow bond projects, including continued efforts downtown. The event was streamed live on Cary’s website to 353 viewers, YouTube to 285 viewers, and CaryTV. The event was also streamed live on Facebook for the first time with 2,108 viewers tuned in. Overall, this was the most-watched meeting in Cary’s history.

TOWN KUDOS - LETTER FROM A CARY MOTHER



I thank God for my church! Thanks to “Candid Conversation,” “Talking to Our Sons — Being Black in America,” I was able to get the necessary information and tools that will help to engage my son in positive activities.

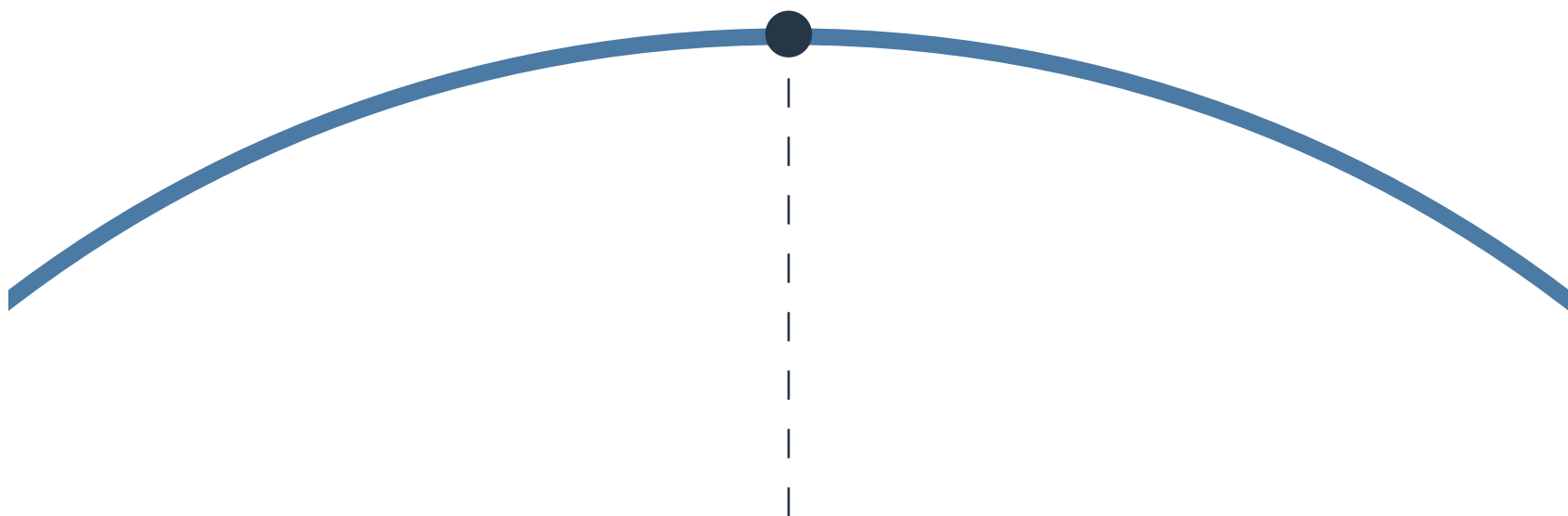
I took Bryce to the Cary Police Department today, in hopes of signing him up for the Youth Citizen’s Police Academy, I did this to help teach my children, our children the proper way to act and respond in certain situations. Thank you, Sgt. M. Wyatt Crabtree, for the time you devoted to my family. We really learned a lot!

Due to COVID-19, all activities in the Town of Cary have been canceled. But, because of our meeting today and the limited number of spots, my Boogie was guaranteed the first spot!

If you know me then you know my children are my EVERYTHING! In “this world,” my son already has three strikes against him, he’s YOUNG, BLACK and MALE, and I will do all it takes to make sure he’s equipped for now and for his bright future.



KEEPING CARY GREAT



TOWN of CARY

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