



MINUTES

The Holly Springs Town Council met in a workshop session on Tuesday, November 10, 2020 at the Holly Springs Law Enforcement Center and via video conferencing. Mayor Pro Tem Berry presided, calling the meeting to order at 6:00 p.m. A quorum was established as five Councilmembers were present as the meeting opened.

Council Members Present: Mayor Pro Tem Dan Berry, Councilmen Peter Villadsen, Shaun McGrath, and Aaron Wolff, and Councilwoman Christine Kelly

Council Members Absent: Mayor Sears

Staff Members Present in the room: Randy Harrington, Town Manager; Linda McKinney, Town Clerk (recording the minutes); Scott Chase, Assistant Town Manager; Daniel Weeks, Assistant Town Manager; Antwan Morrison, Finance Director; Mathew Mutter, IT; John Schifano, Town Attorney; Irena Krstanovic, Director of Economic Development; Sean Ryan, Development Services; Cassie Hack, Director, Communications and Marketing.

2. Workshop Overview

Staff Resource: Randy Harrington, Town Manager

Mr. Harrington gave an overview of the items on the agenda.

3. Economic Development Investment Policy

Staff Resource: Irena Krstanovic, Economic Development; Daniel Weeks, Administration

Irena Krstanovic, Director of Economic Development said the purpose of this item was to discuss the Economic Development Investment Policy, including a range of tools to assist the Town's recruitment and retention efforts. This policy would support Strategic Plan Goal 1, Enhance, attract, and engage diverse economic development opportunities, Initiative 1.1 concentrate business recruitment efforts in certain target industries; and 1.2 Pursue site readiness programs and infrastructure investments; and Responsible and Balanced Growth Goal 2, Initiative 2.1 Pursue a residential/non-residential tax base ratio of 70/30. She said that using these tools, this is an attainable initiative.

Ms. Krstanovic said that the current policy was adopted in 2005 and updated in 2016. The new proposed policy is renamed from Industrial Development Incentive Policy to Economic Development Investment Policy, to emphasize that this is an investment on the Town's part. It clarifies recruitment and retention goals, incorporates additional investment tools, and aligns with Wake County's target industries. The new policy goals include simplifying the existing policy to expedite decision making, adding new investment tools, remaining flexible, and identifying target industries. Ms. Krstanovic emphasized that the idea of remaining flexible is key to be able to close a deal. State level investment is by tiers, and with Wake County in Tier 3, that can work against us. Wake County has very fixed requirements, and the remainder comes down to the Town. Being flexible is very important to attract businesses to Holly Springs. The purpose of the new policy is to enhance competitiveness in recruitment and retention efforts, attract and retain jobs, attract new investment, and apply to competitive projects.

Ms. Krstanovic outlined five tools in the new policy and ranked them according to the security of the investment, from expedited review, development fee waivers, business investment grant, and synthetic tax increment grants, to public infrastructure investment made

by the Town and land purchase and conveyance. She explained each tool, what it could be used for, and what it could accomplish. She said decisions on these tools would be based on the strength of the project involved, and the competition for that project.

Next steps include incorporating Council's feedback into a new Economic Development Investment Policy and bringing that policy to Council at a January business meeting.

Discussion was held around whether COVID will impact bringing businesses to Holly Springs. Ms. Krstanovic explained that the types of industries being targeted are ones that need their employees on site, rather than working from home. There was discussion regarding site readiness, and how that impacts the "time to market." Ms. Krstanovic said that large pieces of property need to be put aside to be able to talk to large companies. This land needs to be site ready, but there needs to be flexibility in the Master Plan because we don't know which company will come. Not having buildings ready could eliminate us from some projects, and Economic Development is working with developers in the Green Oaks Parkway area to get some buildings ready that would be available for life science companies with higher job numbers than a distribution center type company.

A question was asked about how many acres the Town has ready. Ms. Krstanovic said there are about 200 acres in the Oakview area, and about 100 in the Friendship site, which is perfect for a high-energy user project. There was discussion around making the Friendship site more inviting, and options with NCDOT for an interchange in the area.

Randy Harrington, Town Manager said that he wanted to recognize that Ms. Krstanovic had been doing a lot of engagement with companies and working hard on policies. This policy is geared toward competitive projects, but to get to the 70/30, it's not just about the "big fish." Staff wants to look at some options for smaller projects and will bring those back to Council at some later time.

4. Annexation

Staff Resource: Scott Chase, Administration; Sean Ryan, Development Services

Randy Harrington, Town manager, said that when he started with Holly Springs, he noticed that there were a lot of holes and irregularities in the shape of the Town Limits. Sean Ryan has been doing two years of research on this topic. Efficiency in how services are delivered, and trying to apply policies in the area, are less efficient with these enclaves.

Sean Ryan, Development Services, said that the purpose of this item was to provide Council with an overview on annexation and the evaluation of existing enclaves, sometimes known as "doughnut holes." Annexation is the incorporation of new territory into an existing municipality. It increases the tax base to meet Town needs and allows public services to be provided in an efficient, consistent, equitable, and cost-effective manner.

Mr. Ryan showed a map that showed the annexations from the original square mile that the Charter created in 1877 to the present day. Most occurred after 1990, and most were connected to development. Annexations can be contiguous, or noncontiguous, sometimes known as "satellite annexations."

There are three ways an annexation can happen: 1. Petition by the owner; 2. Petition by the Town, or 3. An act of the General Assembly. Petition by owner is by far the most common type of annexation. It is typically done to receive Town services, or at the time of subdivision or development. Petition by the Town can be considered when the Town may be in a better situation to provide services, or areas are urbanized or used for urban purposes, but it must meet a series of tests. These rules changed 8 or 9 years ago. Historically HS has not used Town Initiated Annexations. To do that, a majority of voters in the area to be annexed must approve the annexations in a referendum. If that referendum fails, there is a three-year waiting period before trying again. Utilities must be extended to all structures at no cost, and *bona fide* farms are exempt. This method is not practical because of these statutory changes. The third way is by a local act of the General Assembly, which has no statutory requirements. There is

also an Annexation of Enclaves Legislation that has been being considered by the GA for several years, without moving forward.

Mr. Ryan said that staff had evaluated 42 enclaves within the Town, and studied 38 of them. There are approximately 383 acres of predominantly residential or undeveloped land, representing approximately \$37,289,710.58 in assessed value. He showed where these enclaves are. He said that 13 of them have water and sewer in such a position that it would be practical to connect them to Town services.

Mr. Ryan said that contiguity is important for efficient delivery of services. Uncertain public safety response time or inefficient or duplicative service delivery can occur when there are enclaves. Residents can be confused as to who provides services such as water, sewer, garbage, police and fire protection, and there can be questions around zoning or property maintenance issues. There is a matter of equity, because residents in enclaves enjoy the enhanced quality of life provided by some services, such as parks and infrastructure, while businesses and residents within the Town limits pay for these areas.

Mr. Ryan spelled out some potential benefits and costs for the Town in annexing enclaves. He laid out the potential benefits and costs to property owners within enclaves for annexation. Potential next steps include further studying enclaves to understand the cost/benefit of annexation, supporting Annexation of Enclave legislation through the NCLM if Council is interested, or requesting a Local Act for specific enclaves.

Councilwoman Kelly said that some of those donuts are older community people, and the Town needs to be sensitive to the messaging and to their situations, so that they understand the purpose is to bring them services, not take their land. Councilman McGrath asked how many property owners staff has had discussions with. Mr. Ryan said that at this point of time it is only internal discussion. Staff has not spoken to homeowners. Councilman McGrath said that this might be a way to open up dialog and get information out to residents that it is not a "taking;" it is a benefit to the resident as well as to the Town.

There was discussion about costs connected with annexations and who pays them in the various types, whether Town ordinances and minimum housing standards were considered more restrictive than County ordinances, and which of these already apply because these areas are in the ETJ. There was discussion about how the Holly Springs Police Department often responds to calls in these areas because it would take the Wake County Sheriff's Department too long to get there, but that the Sheriff's Department also backs up Holly Springs Police when they need assistance, so it is a reciprocal arrangement.

Council consensus was to support the Enclave Annexation Legislation if the North Carolina League of Municipalities decides to pursue that, and Mr. Harrington was asked to bring back information to them about the NCLM decision. They also support staff reaching out to specific properties to discuss the benefits of annexation, and perhaps contacting state Legislators to request a local act.

5. Annual Retreat Planning

Staff Resource: Linda McKinney, Town Clerk; Randy Harrington, Town Manager

Linda McKinney, Town Clerk, said that she had investigated several options for the 2021 Mayor and Council Annual Retreat, and would like feedback on both the location and the subjects for discussion. Possible retreat dates, depending on location selected, would be the first weekend in February, or the second weekend in February. Options include a traditional retreat, possibly with reduced staff attendance, or a local retreat with no overnight stay. She presented four options for a traditional retreat: Pine Needles in Southern Pines, Carolina Inn in Pinehurst, the Rizzo Center in Chapel Hill, or the Arrowhead Bed and Breakfast in Durham. She outlined their availability, the space for social distancing, and other pros and cons for each location, along with the COVID19 statistics for each county.

For a Day Retreat, with no overnight stays, she said the options would be at a Town facility such as Bass Lake Park or the Cultural Center, or at the Rizzo Center in Chapel Hill. She

outlined the advantages and disadvantages of each, and their availability for the first two weekends in February.

Council consensus was a day retreat with a possibility of some people staying overnight, at the Rizzo Center on the first weekend in February.

Randy Harrington, Town Manager, offered suggestions for potential topics of discussion at the retreat. Planning and Development could include Master Plans engagement (CTP, P&R, UDO); Council planning processes and decision matrix; and Transportation & Parks and Rec Bond Projects Progress, and speakers from the School of Government could be brought in to discuss where we are in relation to other municipalities, especially since the Town has grown.

The Strategic Plan could be reviewed and refined, as it should be looked at yearly.

There could be a discussion of the budget outlook / CIP preview.

He then asked Council for other possible topics they desired to discuss at their retreat.

Councilman McGrath said he would like to talk about tax base and revenue and the impact COVID is having on municipal revenues, which falls in to these plans, and what can be done to entice small businesses to Holly Springs. He said he also would like to continue to figure out how to incorporate the Planning Board, to have a joint session with them to talk about a decision matrix and planning processes, so that Planning Board is on the same page as Council.

Councilwoman Kelly said that either at a workshop or retreat, she would like to discuss the following:

- Landfill;
- big innovation ideas and where we want to go, where we want to invest to build out some of the departments;
- what do we want out of our boards and committees in general;
- perhaps some diversity training or something that goes along with goals you have been training staff, whether it's Black Lives Matter or COVID or other things that we want to set our message around.

Mr. Harrington said that maybe the retreat is a good time for Council members Kelly and McGrath to give an update on the Landfill Committee's work and progress. It was suggested that some of the commissioners could be invited to come.

Councilman Wolff said he would like to consider sustainability. He thinks that with the affordable housing topic, Council is at a roadblock until we have a budget outlook. He also would like to discuss the Body Cam Policies, which we expect to see soon. Mr. Harrington said the body camera topic is scheduled for the January workshop, but we could bring that to the retreat if there are things don't get finished then. Councilman Wolff would also like to discuss the fee-in-lieu policy and what the Town can and cannot do.

Councilman Villadsen said that next year is going to be a huge planning year and a huge budget year and he looks forward to discussion more than presentations. He agrees that they need to revisit the strategic plan every year to see what needs to be adjusted. Other than that, if a topic lends itself to presentation, he suggests it be left for a workshop; if it lends itself to discussion then put in on the retreat.

MPT Berry said whether it's the workshop or the retreat, he is expecting a heavy public safety ask in this next budget. He wants to know what the Police and Fire Departments need for the next budget year. He would like to spend more time on transportation bond projects, and assigning priorities to each of those projects. With COVID, construction costs have come down, so there might be an opportunity to look at some of those projects.

Mr. Harrington asked if there was any interest in having a facilitator. Consensus was that it would depend on which topics are ultimately selected, whether a facilitator would be useful or not.

6. Open Discussion:

Councilman McGrath said the landfill working group is moving its meeting to next Thursday from 5:30 – 7. They might need to find a larger venue than the Holleman Room, since others are joining the discussion. The possibility of a larger space or Zoom were discussed.

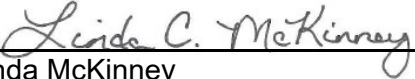
MPT Berry brought up the process for the Clerk's and Attorney's review and discussed using Survey Monkey, and following the process that was used for the Town Manager's evaluation. It was discussed that the evaluations could happen in December since January is the date that merit increases begin, or the increase could be made retroactive, if the schedule did not permit evaluations in December.

7. Closed Session: none

8. Adjournment:

Motion to adjourn was made by Councilman Villadsen, second by Councilwoman Kelly, and passed with a unanimous vote. The November 10, 2020 workshop meeting of the Holly Springs Town Council was adjourned at 7:52 pm.

Respectfully Submitted on Tuesday, November 17, 2020.



Linda McKinney
Town Clerk