



MINUTES

The Holly Springs Town Council met for their annual retreat at the The Rizzo Center in Chapel Hill. Mayor Kondratick presided, calling the meeting to order at 1:15 p.m. A quorum was established as the Mayor and five Councilmembers were present as the meeting opened.

Council Members Present in the room: Mayor Mike Kondratick, Mayor Pro Tem Annie Drees, and Council members Danielle Hewetson, Chris Deshazor, Sarah Larson, and Kara Foster.

Council Members Absent: None.

Staff Members Present: Randy Harrington, Town Manager; Scott Chase, Assistant Town Manager; Daniel Weeks, Assistant Town Manager; Corey Petersohn, Administration; John Schifano, Town Attorney; Sabrina McDonald, Director, Human Resources; LeeAnn Plumer, Director, Parks and Recreation; Chris Hills, Director, Development Services; Linda McKinney, Town Clerk (recording the minutes); LeRoy Smith, Fire Chief; Paige Scott, Director, Public Works; Cassie Hack, Director of Communications and Marketing; Kendra Parrish, Executive Director of Utilities and Infrastructure; Tina Stroupe, Director, Finance; Paul Liquorie, Police Chief; Irena Krstanovic, Director, Economic Development; Jeff Wilson, Director, IT.

THURSDAY:

CULTIVATING A HIGHLY EFFECTIVE GOVERNING BOARD

Review of Agenda and Team Activity

Randy Harrington, Town Manager, gave an overview of the agenda. He introduced Dr. Peg Carlson from the UNC School of Government who would facilitate discussions.

Governance and Working Together as a Governing Body

Dr. Carlson invited the Mayor, Council, and Manager to share their expectations of themselves and each other in order to serve and represent the residents of Holly Springs effectively. Council and staff worked through various hypothetical scenarios and discussed how they should be handled.

There was a short recess.

Governance and Working Together as a Governing Body (cont.)

Dr. Carlson led exercises in clarifying roles and expectations among and between the elected officials, and between the Board and the Town Manager. Council brought up the desire to have a stand-alone discussion (perhaps at a workshop?) to discuss ways to engage with the community.

Dr. Carlson asked what Council would like for next steps, and the consensus was to put these ideas together in a list to adopt. She asked what they would recommend they do if they are not meeting these expectations. Council member Deshazor said be honest in one-on-one meetings

with the manager and give feedback. Mr. Harrington said if they feel like he has not given them information, it is not from a lack of desire, so it is helpful if they say something to him or ask him.

PREPARING FOR OUR FUTURE – HOW RESIDENTS FEEL ABOUT THEIR LOCAL GOVERNMENT SERVICES

Citizen Satisfaction Survey Results

Cassie Hack, Director of Communications and Marketing introduced Jason Morado of ETC. She said this is the company that conducts the statistically accurate and benchmarked survey of Citizen Satisfaction in Holly Springs every two years.

Ms. Hack reminded Council of the results in 2023 on basic satisfaction and top community priorities. She said that much had changed in Town over the two years since the 2023 survey and turned the presentation over to Mr. Morado.

Mr. Morado showed the reach of the survey in the region and nationally, for the comparisons. He outlined the methodology used for the survey. He showed the increase in satisfaction with the Town in terms of being a place to live and a place to raise children, and that Holly Springs rates above the US average in 44 of 46 areas, with satisfaction with Town services 34% above and satisfaction with customer service from Town employees at 42% above the US average. He said the top community priorities were:

- Management of traffic;
- Management and planning of growth/development;
- Adequacy of street lighting;
- Enforcing traffic laws;
- Walking and biking trails; and
- Maintenance of town streets.

Mr. Morado then delved into the details of the questions asked and percentages of residents who gave the Town a particular rating. Next, he explained the maps that show where in town certain things are more of a concern. He explained that the benchmarking, using the same questions for multiple municipalities, shows that Holly Springs rates significantly (5% or more) above the US average in 44 of 46 areas, and above the Atlantic Region in 42 of 46 areas, and showed specific areas where this was the case, as well as those where the Town scored lower than the US and Atlantic Region averages.

Mr. Morado said that the trends since the survey started in 2021 show that satisfaction has gone down on enforcement of town codes and ordinances, but has gone up in the quality of parks and recreation programs and the quality of parks and greenways. Other areas that saw a decrease in satisfaction centered around the development process and enforcing mowing of weeds on private property.

Mr. Morado went on to discuss the top community priorities as mentioned above. The top two were overwhelmingly more important to the respondents than the remaining list. He explained how the survey requested the information to identify these priorities.

Mr. Morado showed the results of the Holly Springs specific questions, that the roadway most in need of attention is NC 55; that 70% of respondents said the yard waste service options meet their needs; that 46% would be supportive of an expanded yard waste collection service if it required an increase in monthly fees, and 46% would not be supportive. (8% were “not sure.”) He said that respondents indicated that the Town website should receive the most emphasis over the next two years, with the Town’s X account needing the least emphasis, according to responders. Responders indicated a desire for more dining and retail, with the majority saying there is too much multi-family residential development. He showed the importance residents give to topics as the

Town considers plans for the future and top was traffic management. Other top priorities were preserving trees and green space, prevent drainage/flooding and preserve water quality, and investing in expanding roads and sidewalks. He outlined the perceived importance of strategic goals by responders with Community Safety topping the list, followed by Growth Management & Economic Vitality.

Council asked questions about the methodology and timing of the survey, and whether the number of respondents would increase as population increased. Council asked if there was a free response section this year. Mr. Morado said there was and it would be sent to the Town later.

Randy Harrington, Town Manager, said growth and development is the top topic, as it is in Wake County in general. What residents said they want the most focus on is important for context as you consider topics over the rest of the retreat. Senior programming is a good example of how that was translated in the past. Some of this will translate into your strategic plans, and some will be administrative. MPT Drees said she wanted to make sure we maintain focus on the good things, and don't lose them as we move forward. Council member Deshazor said the theme he is hearing is transparency. How can we have better communication about what we are doing and how do we drive more people to 311. Mr. Harrington said, to that point, there may be some policy or procedural things to look at, but it could also be how we evolve our communications. Council member Larson said she wants clarity on Council's role in this, not putting it all on communications - to trickle down to board members, HOAs, etc. How do we change our language to frame issues so that the public understands. For example, they said they want more affordable housing, but they also said they don't want more apartments. Council member Foster brought up follow-up on traffic after a development comes online to see how it is playing out in real time. Staff talked about multiple points of data used, what DOT studies, and other ways of testing the traffic studies' accuracy.

Mr. Harrington talked about prioritizing greenways in the past and how that might play out in the future; he said there is funding to fill in the sidewalk gaps, which we have been saving up to do two big sidewalk projects – NMAC to Arbor Creek, and Avent Ferry Road downtown.

Motion to enter closed session pursuant to N.C.G.S. 143-318.11(a)(4) to discuss an economic development project.

Motion: Deshazor

Second: Larson

Vote: unanimous

Motion to leave closed session.

Motion: Larson

Second: Drees

Vote: Unanimous

The meeting recessed until 8:30 am on Friday.

FRIDAY:

The meeting reconvened at 8:30 am.

Key Takeaways and Reflections from Yesterday

PREPARING FOR OUR FUTURE – THE FINANCIAL PICTURE

Budget Outlook

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Corey Petersohn, Budget, Innovation, and Strategy, said this item was to provide an overview of the Town's operating budget with an outlook on the upcoming fiscal year preliminary budget considerations. He outlined the four areas of the Strategic Plan, which guides the budget and all other Town initiatives. He said there is a continuum of actions from vision setting to delivery of services, with the higher levels being driven by the Mayor and Council and the more specific driven by staff. He outlined how the Community Survey responses guide staff in creating the budget.

Mr. Petersohn explained the difference between the Operating Budget and the Community Investment Plan and what types of things are funded through each. He showed the breakdown of the FY25-26 Operating budget between General Fund, Utility Fund, General Fund Debt Service, Utility Fund Debt Service, Stormwater Fund, and Special Revenue Funds. He said that Enterprise Funds are a type of fund used in governmental accounting to account for activities that provide goods or services to customers for a fee, and which should be self-supporting. He explained the function, revenue sources, current outlook, and FY27 budget considerations for both the Utility Fund and the Stormwater Fund.

Mr. Petersohn said the General Fund accounts for expenditures and financial resources for services to the public except for those required to be accounted for in another fund, and gave examples of what that covers. He showed where the revenue comes from and that the largest revenue source is *ad valorem* taxes, with sales tax being the next largest source. He showed how sales tax revenue has trended up with a conservative increase of 5% projected, in order to play it safe. He said that with a little over \$500,000 in revenue for the current fiscal year being from non-recurring items, \$500,000 from fees, Parks & Recreation fees, permits, etc., around \$1 million in sales tax, and an estimated \$1.5-\$2 million growth. Staff anticipates there being \$4.5 to \$5 million available for the FY27 budget.

Randy Harrington, Town Manager, said that all municipal services are delivered by people. Attracting and retaining personnel is key, and the Wake County area is very competitive. He said personnel expenses, including salary and benefits, account for about 55% of all operating expenses, excluding debt service funds. During the last budget cycle Council identified a concern over the budgetary pressures created from the frequency and magnitude of pay and classification studies and asked the Manager to review compensation adjustment strategies during the FY27 budget development. He gave an example of a total compensation package, including benefits. Currently, annual employee pay adjustments are budgeted at 5%, with merit raises based on annual performance reviews with 0-6% eligible. The current distribution shows that very few, if any, employees are receiving less than 3% annual merit adjustments.

Mr. Harrington said that it is best practice to complete a pay study every 3-5 years, depending on market conditions. Typically, the Town contracts with a third-party compensation expert to analyze the town's pay and position classifications to regional market conditions. The first study was completed in 2021. COVID induced labor market pressures led to a follow-up pay study, implemented over two years with "sworn" public safety personnel in 2024 and general service personnel in 2025. He shared the US Bureau of Labor Statistics Employment cost Index for State & Local Government Employees for the last ten years and compared that to percentage increases for the Town of Holly Springs.

Mr. Harrington shared the feedback he received from Council at the 2025 retreat expressing fatigue from conducting multiple pay studies, uncertainty about continued labor market movement pressure, and cost impacts crowding out other priorities. Council guidance at that time was to examine if the annual pay adjustment should be augmented or redesigned with an annual cost of living adjustment.

Mr. Harrington said that things to consider in this are that data trends suggest different economic conditions since the 2021-2025 period, with labor market movement not the same for all employee groups. It is rare for any employee to receive below a 3% merit increase, and the cost of an annual merit plus COLA compensation model would likely require an additional \$500,000 per year in funding. Therefore, he said his recommendation would be to maintain the current merit based annual compensation approach, and requested Council's endorsement for labor market analysis-based studies at least every 3-4 years, and to continue to explore non-salary-based compensation package tools for recruitment and retention, such as Lifestyle Accounts.

Mr. Petersohn gave an overview of major facilities maintenance issues, and recommended continuing to ramp up preventative and corrective maintenance programs. He outlined six PAYGO accounts which are used as a strategy to bank cash for small to medium capital projects without taking out future debt, and are used to address maintenance needs, to respond to resident concerns, and fund strategic projects. He said preliminary budget considerations for the General Fund include \$2-3 million for additional positions and growth-related service demands. An additional \$1.5 - \$2 million would be for personnel investments including employee compensation and benefit rate changes. Another \$1.5 to \$2 million would be available for advancing Council priorities and funding smaller capital projects and facilities maintenance.

Mr. Petersohn said that considerations on the horizon for future budgets include Eagles Landing Park programming and additional personnel in FY28; Fire Station 4 Operating Expenses and personnel for FY29; Fire Station 5 Operating Expenses and initial personnel for FY31; and additional Fire Station 5 personnel for FY32. He asked Council for their direction on priorities and key initiatives throughout the retreat, and said that the March workshop would include a review of the Strategic Plan with recommended updates.

Council member Deshazor said he would like to see the town focus more on total rewards. He suggested parental leave be expanded beyond the current six weeks, as 12 weeks was standard across the private sector. He would like to see Community Service days increased. He said he thinks the merit pay covers inflation and he does not want to go to COLA. He agreed with the 3-4 years for a pay study and to put money aside to take care of that. Council member Hewetson asked if there was staff time and other costs for a pay study above the consultant's fee. Mr. Petersohn said there was some staff time involved. Council member Hewetson said she believes a 3-year time frame was a good idea for pay studies. MPT Drees asked if there was feedback from staff on COLA vs. merit. Sabrina McDonald, Director of Human Resources, said there was not a huge amount of feeling either way, but our staff has grown familiar with the current model: even if they aren't excited about it, they understand it. She has not heard any feedback on merit vs. COLA. Council member Foster said merit keeps our talent high. If we have good benefits and attract high talent, and increase retention she agrees with merit pay. Mayor Kondratick asked if we could invest the additional \$500,000 that COLA would cost into something else that would compensate employees in other ways. Mr. Harrington said Lifestyle accounts are being used in neighboring municipalities and are very popular and can be used for gym memberships and other things.

Council consensus was to commit to a pay study every three years. Dr. Carlson outlined what Council had given as priorities.

There was a short recess.

General Debt Affordability Outlook

Tina Stroupe, Finance Director, introduced Doug and Andrew Carter and Dilan Gangopadhyay with DEC Associates, the Town's financial advisors. She said this item was to

explain the updated General Debt Affordability Model projections for consideration in community investment planning.

Mr. Doug Carter said that Holly Springs moved to the highest level of “best practice” capital and debt affordability planning in 2021 by establishing Community Investment Fund (CIF) and a debt affordability model, dedicating a portion of property tax revenues for capital projects /debt service, and adopting best practice financial policies for the fund. The result of this work is a AAA credit rating for General Obligation Bonds from both Moody’s and S&P. He said today’s discussion would center around the forecasted debt capacity availability for the General Fund. Water and Wastewater are supported with different revenue sources and a separate rate model.

Mr. Andrew Carter outlined the debt issued to date since the implementation of CIF and Financial Planning and projected debt of \$50,000,000, the remaining capacity on the voter-approved \$100 million Parks and Recreation General Obligation Bond. He outlined the methodology of the debt model and how it is conservative in its predictions, the importance of timing future debt issuances, and other metrics to maintain the triple A rating. He said other factors that contribute to the Town’s financial success are the shifting of a portion of the property tax revenue to debt service, properly balancing operating resources and capital resources, and the economic development projects that will provide additional capacity as projects are developed and tax revenue collected.

Mr. Doug Carter said that the debt model shows additional available debt capacity of around \$100 million while maintaining the current tax rate. This model assumes spreading debt issuances from 2028 to 2032. As the Town beats the model, potential capacity will be updated annually, and recent economic development projects provide reasonable justification to project capacity beyond \$100 million for future project planning purposes between FY28 and FY32.

Council member Hewetson asked if, for a 0 increase in taxes, we can issue new bonds. Mr. Doug Carter said that the state requires us to say what a bond will cost. When you have debt affordability planning like Holly Springs, on the ballot you can say we don’t have to raise taxes. Mr. Petersohn said the debt capacity of \$100 million to \$150 million would not cause a tax increase. Council member Hewetson asked why it still would have to go to a bond vote. Mr. Doug Carter said you have to vote on General Obligations bonds under the statute, because it is promising the revenue of the Town to repay the loan.

DESIGNING OUR FUTURE – PUBLIC INFRASTRUCTURE INVESTMENTS AND HOUSING AFFORDABILITY

General Infrastructure Investments

a. Transportation

Chris Hills, development Services, said this item was to give Council an update on current transportation projects and discuss transportation priorities. He said they would talk about the big picture, current funded transportation projects, conduct a transportation visioning exercise, and project priorities over the next twenty or ten years. He outlined the percentage of transportation investment in different modes from transit (1%) roadways (74%) bike and pedestrian (17%) and maintenance (8%). He said the community survey showed that public satisfaction with overall traffic management is low, with the southwest part of town being the most dissatisfied.

Mr. Hills expressed how an increased number of vehicles results in slower speeds and longer commuting time, which increases driver frustration. Traffic, however, is a symptom, not just a problem, and you cannot build enough lanes to fix traffic. We need to look at transportation with a holistic approach.

Carrie Mitchell, Utilities and Infrastructure, showed current transportation projects throughout the town. She gave updates on the Holly Springs Road corridor and said that the

NCDOT and East sections of Holly Springs Road have been completed, the Central section will be constructed in 2026, and the West section is in design phase for 2026. She gave details on the Avert Ferry Rd. widening Phase 2 project and the Downtown Festival Street.

Ms. Parrish gave an overview of the Intelligent Transportation System and what it can do for the Town. She explained that we are a pilot project for NCDOT, which sped up the process. The first three Phases have been completed, and Phase 4 will be a Town Traffic Monitoring and Response Center.

Ms. Mitchell said that the town maintains over 170 miles of paved streets. Municipal street maintenance is funded by state-shared gas tax revenues known as Powell Bill revenue. To achieve economies of scale, Powell Bill funds are saved over a two-year period and then used. She said the pavement condition index, as the town has grown, has deteriorated from 81 or Good in 2016, to 75 or Fair in 2022 but has remained steady since then.

Mayor Kondratick asked if our goal was to install and staff a traffic monitoring center when the Ops Center opens. Ms. Parrish said that we are at the point where DOT can see everything. The next step is deciding whether we monitor our signals, or do something in combination with a neighboring municipality. The space is allocated but we are still working out what that program would look like. She said that our level of service could be higher than DOTs. Traffic monitoring takes a 3-person crew, and they have talked to other towns to see how they phased it in. MPT Drees asked if any other neighboring municipalities had their cameras up. Jeff Wilson, Chief Information Officer, said Apex has some cameras they installed on their own and Fuquay-Varina has the signal boxes but no cameras. We are leading the way on smaller municipalities being able to monitor the roadways. Council member Larson asked if we have a way for residents to submit complaints currently to DOT while they are monitoring our traffic. Ms. Parrish said the Town takes calls through 311 and we notify DOT. There's also a number on the website for residents to call DOT directly. We log complaints and track what the DOT response time is. We have made a lot of improvements that help DOT do that, but they are still currently in charge of our signals.

Mr. Hills conducted a visioning exercise on the future of transportation in Holly Springs in a non-cost constrained, ideal world with a 30-year horizon. He discussed the values and tradeoffs associated with transportation and how different priorities lead to different outcomes. He gave the cost per mile of various modes of transportation and explained how density and mixed-use areas can lead to lower traffic volumes (i.e. North Hills in Raleigh.)

Mr. Hills talked about the regional growth in Wake County. He said that over 11,000 people in Harnett County commute to work in Wake County, and the same is true from other counties. People commute into or through Holly Springs. He explained how the Comprehensive Transportation Plan (CTP) works to anticipate growth and plan for transportation projects, and how the Greenway Master Plan works to encourage alternate modes of transportation. He showed where there are key sidewalk gap areas in town within the existing pedestrian infrastructure. He said the CTP's vision is to provide a safe, efficient, connected, and accessible multimodal transportation network that plans for growth by taking a holistic approach to meet the needs of the Town's residents, businesses, and visitors both now and into the future. He explained how staff uses the CTP to meet these goals.

Mr. Hills outlined the current transportation projects, from near term to long term, and gave estimates of their costs. He showed where known improvements are coming from private investment, Town investment, and NCDOT. However, with all this in mind, he showed how the congestion is forecasted to increase from the 2020 condition to 2050.

Mr. Hills presented two approaches, conventional and entrepreneurial, and asked Council for direction on their preferred approach. Council was asked to think non-cost constrained over a 30-year time frame, and indicate how they would invest funds in transit; roadway; bike & ped; and

maintenance. Results were 21.6% on transit; 19.1% on roadway 29% on Bike & Pedestrian; Maintenance at 11.6%; and land use at 18.3%. Council discussed their reasoning behind their choices.

Next Mr. Hills led them through a cost-constrained exercise to identify project priorities. He showed several areas and projects that could use investment. He asked the board to allocate their funds based on a cost-constrained, ten-year model. The lowest rated was Maintenance at 13%; Transit at 18.3%; Roadway at 33.3% and Bike & Pedestrian at 35%. Council discussed how this would work with the town as a bedroom community or an employment center. What land uses need to change, what habits need to change, and who would be using the various modes of transportation.

There was a recess for lunch.

A group activity was conducted by facilitator to encourage flexibility of mind and body.

General Infrastructure Investments (cont.)

b. Public Facilities & Other Infrastructure

Elizabeth Goodson, Development Services and Sadel Lassiter, Utilities & Infrastructure, presented this item. Ms. Goodson outlined the parts of the Comprehensive Plan and how they work together as a tool for planning.

Ms. Goodson said future fire stations will be needed as the population expands. She showed areas that would require additional stations to maintain the level of service. She said stations 4 and 5 are in progress and the others are future needs that have not yet been prioritized.

Ms. Lassiter said there is land identified for Fire Station 4, a 9,000 square foot station. The tentative schedule is land acquisition in FY26, CIP funding needed (about \$13 million) in FY27, with design, and construction from FY27-29. This will add an additional \$2.5 million in operating costs for personnel and apparatus to staff the station. Fire Station 5 is estimated to be over 9,000 square feet and will include a police substation to meet the emergency and safety needs of southeast Holly Springs. CIP Funding would be needed in FY28 (about \$17 million), and design would occur in that year. Construction is anticipated to be from FY29-31. Operating costs would increase by about \$2.8 million.

Ms. Lassiter said that improvements to the Law Enforcement Center are tentatively scheduled for FY27 and includes parking expansion, storage expansion and security enhancements. The plan is to do this without increasing their footprint.

Ms. Lassiter said that the construction of the Operations Campus is underway with substantial completion expected this spring and staff relocation in the summer and fall of 2026. She outlined the departments that would be located at the campus and the amenities provided. She said that Bumgardner Drive extension is a part of this construction project. She shared what would be included in Phase 1, and which items would be completed in a later Phase 2.

Ms. Lassiter said the second phase would include the upfit of the second floor of the Admin building, fleet maintenance, vehicle wash/ inspection bay, covered lay-down equipment storage, a fuel station, additional parking, road widening and improvements, and the relocation of the Citizen's Convenience Center from its temporary location. This would need to be on the CIP for FY28-31 with funding of between \$35 and \$50 million, pending funding and design.

Ms. Lassiter said the next project to discuss is the Carolina Springs Park. This would be a 25-acre park, the second park on the west side of town. It would expand access to parks, greenways, and recreation amenities to residents in the northwest area of Holly Springs. The

tentative schedule would put this in FY27-28 for master planning and public engagement. The amount of funding is to be determined.

Ms. Goodson said that the Downtown Area Plan identified a need for additional parking downtown, with an expected need for two 400-space garages. These have been identified as a good option for a partnership. She said other parking downtown include the leases for existing public parking and the need to update these: at the Baptist Church (lease expires 2027) and the Methodist Church (lease expires 2029.) Ms. Goodson summarized the total project list and estimated costs, with a total estimate of \$90.2 to \$105.4 million, excluding Carolina Springs Park, which has an unknown cost at this point.

MPT Drees asked if Fire Station 4 was still a higher priority than Fire Station 5. Mr. Harrington said it was, but there is potential trouble in acquiring the land. In a few months, if that hasn't worked out, then Fire Station 5 might get built first.

MPT Drees asked if both would have police substation sites and Chief Liquorie said having one in Fire Station 3 could be sufficient, but they are looking at touchdown space, not a substation that would meet constituent needs. Mr. Harrington said we have a partnership with Wake EMS and there may be some cost-sharing with Wake County to house an EMS unit there. Mayor Kondratick asked if Station 5 could move ahead of Station 4 because of land acquisition and Mr. Harrington said yes, because we already own the land.

Council member Deshazor asked if blueprints from Fire Station 3 be reused to cut costs on Stations 4 and 5. Fire Chief LeRoy Smith said a fire station should be part of a community and reflect that community. Fire Station 4 may be more industrial and Fire Station 5 more residential in character. But stations need to be site specific. Council member Larson said when a development comes in, we are told that we have agreements with neighboring fire departments. When Fire Station 5 goes in, she asked if it would help roads in that area move higher up on the STIP level. Ms. Parrish said having a station in the area counts, but not as much as you think it would. Secondary roads come out of Division Needs funds, which are highly competitive. She said it would be a long time before DOT funds a project in the Rex Rd. area. Ms. Goodson said when we talk about fire response time, it is calculated by where the roads are now. When new developments come in, we can do things to route fire trucks different ways to improve response time.

MPT Drees asked if we are waiting for Eagles Landing to come online before deciding a direction on Carolina Springs. LeeAnn Plumer, Director of Parks and Recreation, said somewhat, but staff expects to begin the planning process next year with community engagement, etc. There are restrictions on the site that make it unsuitable for more extensive building. Council member Deshazor asked if it would be more focused on trees. Ms. Plummer said staff is looking at more passive recreation, nature-based type of feel. Council member Deshazor asked if the two public parking deck partnerships would be done before the downtown development. Mr. Hills said they are looking for a partnership with the RFP process that is currently underway. Mayor Kondratick asked what the build-out time for a parking deck is. Mr. Hills said about 18 months. But the cost per space is extraordinary. Council member Hewetson asked what the cost and timeline on the leased parking was. John Schifano, Town Attorney, said the only cost was that we paved it, and they were 20-year leases.

Mr. Harrington asked for direction on programming Fire Stations 4 and 5 and seeing how the other projects rank. Consensus was to move forward. Mayor Kondratick asked where we were in getting the leases extended. Ms. Goodson said we have begun conversations. Ms. Parrish said we have meetings with the leadership of those churches. She said the Stormwater Treatment area could double the parking lot size, so we are talking to them about opportunities to extend and make more out of the land.

Housing Affordability

Sean Ryan, Development Services, introduced Mark Perlman of Wake County. Mr. Ryan talked about the transportation discussion and how that feeds into housing affordability. He said they are seeking guidance on short-and long-term goals. He reminded them of the discussion at the workshop. He reviewed the tools that were looked at in the Housing Affordability Tools. He said that Tenants' Rights tools were less common in North Carolina, so they focused on the other two: Land Use & Regulatory Tools, and Subsidy Tools. He said the tools were matched up with Holly Springs' values and personality.

Mr. Ryan said that home sale prices have increased 65% between 2019 to 2023. The price increase from 2019 to 2025 is 62%. He compared that to our neighbors. House prices are stabilizing. Rent prices increased 22% from 2019 to 2023 and that number has stabilized. The number of multifamily units has increased, so that there are 2,440 today. He said he would like to look at a few more years of data, but it may be that the increase in units stabilized the prices. He said the growth of households making over \$150,000 is driving the cost of housing. If we bring it up to 2024, the number has increased 700%. He said the number of households earning less than \$30,000 almost doubled from 2010 to 2024.

Mr. Ryan showed, for rental households the numbers of cost-burdened and severely cost-burdened households. He said that the unit shortage for renter households making under \$35,000 in was identified as 460 units. Staff noticed some anomalies in the data, and it was revised down to 388.

Council member Hewetson asked what rent would be for a \$35,000 household to be not cost burdened and Mr. Ryan said it would be under \$600.

Mr. Ryan said that this is an issue that will take a long time to address. We can make small changes to move the needle, but these will change the trajectory. He outlined challenges that were identified in the study and the opportunities to address these challenges.

Mr. Perlman, Housing Affordability Community Revitalization Deputy Directory of Wake County, said he was here to give a high-level look at policy and program options. He outlined the state constraints on municipalities' ability to address affordable housing. He outlined regulatory options that do not require an outlay of funds. These include Incentive Zoning; Expedited Approvals; and Land Use Regulatory Changes. He outlined direct investment options (funding appropriation or revenue reduction) including Development Financing; Homebuyer Assistance; Homeowner Rehabilitation; and Public Land Disposition. He compared the impact of various options of one-time investments. He outlined options for municipal housing program infrastructure in neighboring municipalities and how much funding they have allocated. He summarized the options available, the resources required and the impact of each.

Dr. Carlson led an activity to discuss what short- and long-term success would look like. She then conducted a dot exercise to set up priorities for tools to use. The top priorities were expedited approvals, incentive zoning, and land use and regulatory changes. Long term goals identified were homeowner rehabilitation assistance and development financing.

Utility Infrastructure Investments

Kendra Parrish, Executive Director of Utilities and Infrastructure, said they were going to be talking about:

- a. Current Utility Projects and Water Quality
- b. Utility Rates Modeling
- c. Future Project Considerations
 1. Utle Creek Water Reclamation Facility Phase II Expansion Planning
 2. Water

Current Utility Projects and Water Quality

Ms. Parrish gave an overview of the growth of utility investments from the 1980s to the present and into the future. She said the “easy” things were exhausted, and now we need to work on more complicated partnerships and solutions. The next big milestone is wastewater investments. She said that where you pull your drinking water, you need to return your treated water. She said we discharge to Utley Creek, which goes to Harris Lake, then Buckhorn Creek, and back into the Cape Fear River, which is where our water comes from. She discussed PFAS in drinking water and said that we are in an initial monitoring period and will bring the report card to Council in June. The enforceable regulations will be finalized by the EPA in 2029-2031. She outlined the timeline for treatment of PFAS.

Ms. Parrish told Council where we are currently with funded water investments; the Sanford Water treatment plant and Harnett County / Holly Springs hydraulic improvements. She said the Utley Creek Water Reclamation Facility expansion is funded and underway and the business park pump station upgrade is funded and underway.

Utility Rates Modeling

Tina Stroupe outlined the Utility Debt Rate Model and how the rates provide the ability to finance and maintain utility projects. She said our revenue bond is Aa2 from Moody’s which is a strong rating. Doug Carter told them that this was the borrowing method for the Sanford plant. They made a strategic decision to use revenue bonds to give Council discretion as to when and how and at what level they issue the revenue bonds. But there are covenants in those bonds that you need to meet, one of which is that you will raise the rates to cover the debt.

Mr. Andrew Carter said the Town has moved to a larger system because of growth, which drove the decision to use the revenue bond model. The rate model runs the enterprise account. Because you are pledging revenue, you are agreeing to set the rates in order to cover the costs. He explained how the rate model is created. It is data-driven to forecast revenues and expenditures over multiple years.

Mr. Doug Carter outlined the key financial metrics adopted by Council, including bond ratings, days cash on hand policy, debt service coverage, and current and outstanding debt. He said that prior and projected rate adjustments to sustain service levels, fund current capital projects, and maintain financial targets were considered. Council adopted a 15% increase in FY24, FY25, and FY26; 12% in FY27 and FY28, 9% in FY29, FY30, and FY31. Factors that could influence future actual rate adjustments are the timing of projects and bid costs; interest rate adjustments for financing of projects; funding from grants; and increased usage by population growth and economic development partners. He said these percentage increases could change in the future depending on these factors and they will adjust the model each year.

Ms. Stroupe outlined the projected increases per this model on various sized users. There was discussion of conducting a rate study and that it was a difficult lift to residents, and balancing the rates between residents and businesses. Ms. Stroupe said that UNC figures comparing us to the rest of the state are not available but will be in March. She said seeking grants will help lower borrowing costs and thus reduce rate increases. She said that potential future factors are continued escalation in project costs; project timing and delays; and changes to consumption trends.

Future Water and Wastewater Investments

Ms. Parrish said we have secured 14 MGD of water and now we need to shore up wastewater. She explained why the expansion is necessary based on growth and expansion. She talked about

expansion through 2040 and planning ahead to prevent large rate increases. She said an additional water tank and transmission lines and additional wastewater capacity were needed. She explained that Utley Creek cannot handle more than 8 MGD so they are looking for other options to discharge. They are talking to municipalities who have capacity available because it will be more expensive in the future. She said options include Harris Lake, which NCDEQ has issues with, but would be the cheapest. They are still working with NCDEQ on this solution. Other options are the Western Wake Facility in the New Hill area, owned by Cary; Sanford is an option but they are not on the same trajectory, and it would take longer. She said they also evaluated a pipe to the Cape Fear River, but the regulatory path was impossible, and it was eliminated. She outlined rough estimates of these projects and other considerations. She said there is an additional possibility of getting partial capacity of 2.7 MGD as an interim option if they need more before 2035.

Mayor Kondratick brought up PFAS and chemicals we don't know about yet. Council member Foster brought up educating the community about things in their environment and things people can do. Mr. Harrington said the sources for why the Cape Fear has these chemicals are major industries and addressing it at the state level is needed. He said we are working on having a page on the website with more information about chemicals. Mr. Harrington said there would be more information on the state level coming and that this will be probably the most important thing this Council does.

Dr. Carlson walked through the agreements that arrived over the day. 1. Committing to the pay and class studies every 3 years; support for the two fire stations; shifting percentages on transportation funding; housing affordability priorities set as stated above; and to pursue the additional MGD of wastewater expansion.

Dr. Carlson did a wrap up of what worked well and where there was a delta for change.

The meeting was recessed until 9:00 am Saturday.

SATURDAY:

PREPARING FOR OUR FUTURE – SERVICE CONSIDERATIONS AND PARKING LOT

Stormwater Management

Daniel Colavito, Utilities and Infrastructure, said this was to reiterate the challenges discussed at the workshop and provide a way forward. He outlined the management of the quantity and the quality of stormwater. He said the programmatic (quality) portion, our infrastructure is aging and it becomes a challenge to manage. There is a backlog of inspections and repairs; regulatory requirements exist in perpetuity and are driven by population, not development. He gave the background on the stormwater fee calculations, which were done pre-COVID. He talked about balancing the ability to pay for the system with fees. Corey Petersohn, Budget, Innovation, and Strategy, explained the way fees were charged.

Mr. Colavito said the current fee is a flat fee of \$5.20 per home. Businesses are assessed through Equivalent Residential Unit (ERU) which is based on the impervious footprint of a residential lot, currently established 2,930 square feet.

He said that out of about 800 non-residential accounts, about 50% of the total impervious area in Town is owned by above 30 users. These are large shopping centers, manufacturing, and apartment complexes. About 50% of nonresidential accounts are billed for 40,000 sq ft or less of impervious surface. He said the current level of service is a C, which is considered good. We meet compliance requirements, have some routine inspections; routine and reactionary operations and

maintenance. But we are lacking a comprehensive multi-year CIP that would allow us to be proactive, not reactive.

Mr. Colavito showed examples of current major repair projects, and said that the total major repairs would be about \$2.5 million over the next five years. He talked about the grant possibilities for stormwater improvements at Womble Park.

Mr. Petersohn showed the need to generate additional funds. He showed how we benchmark our stormwater fees in comparison with other North Carolina cities. Holly Springs is below the \$7.19 average. He said that Cary, Fuquay-Varina and Garner are currently working to set their stormwater fees as an enterprise fund. He said the current fee structure appears in 2021. Since then, CPI has increased 24%. Nonresidential maintenance has increased 34% and construction for government is up 35%. He said that at the current level of funding, there will be a shortfall in the next few years that will mean one emergency repair could gut the budget. The current model is not generating enough revenue to maintain the system. Mr. Colavito said that operational expenses are spread across the dedicated stormwater staff, but also other departments. Mr. Petersohn said that adding capital expenses into the equation makes the shortfall larger at the current fee structure.

Mr. Petersohn said staff recommends a \$6.50/ERU rate which generates the additional funds to shift the program back to being self-supporting. He showed examples of what this would mean for residential and nonresidential customers. From \$1.30/month increase for residential customers, to increases of \$6.93 for 8,000 sq ft, \$17.37 more for 40,000 sq ft and \$43.34/month for the largest category of businesses customers.

Mr. Petersohn asked Council for feedback. Council member Hewetson said she doesn't like a two-year ramp up. She prefers a jump that covers the expenditure and prevents another fee increase in a year. She doesn't think it's going to be a problem for businesses, but she worries about households. She would rather do it at one time. Mr. Petersohn said the recommended \$6.50 fee takes normal inflation into account and allows them to manage expected capital projects and repair. Mr. Colavito said he thinks it is a sustainable and sensitive number. He said of the CIP that is proposed, they are working hard to get grant funding. It's not guaranteed, but it would help and they have been successful in the past.

Mayor Kondratik said we have accrued a \$2.5 million backlog over the past five years. He asked, if another \$2.5 million in repairs crop up, would the \$6.50 cover the backlog and account for things we don't know about yet. Mr. Colavito said some of these projects have existed for more than five years. There will be more expensive projects that crop up. But if we can get through these, our backlog will never reach this level again and we will reach the place, year over year, where we can fund things as they occur. Mr. Petersohn said he expects this to be sufficient, barring another COVID type disruption. Mr. Colavito said with this allowing us maintenance, the projects will be less expensive because we will catch them earlier when they're not so difficult. Mayor Kondratik asked if every municipality that has a stormwater fee charges businesses the same way we do. Mr. Petersohn said the ERU is an industry standard best practice. It provides equity in funding projects. But he can't say for sure how each municipality does it. Council member Hewetson asked what happens if the average house size changes. Mr. Colavito said staff revisits the impervious data every 2 years and can look at that data and see if the ERU needs to be adjusted. It was set for five years and last year we looked at it and it stayed fairly stable – increasing only slightly. But if we see the trends skewing one way or another, we can revisit the ERU.

MPT Drees asked how many homes are significantly smaller than the ERU and whether they could be charged a different rate. Mr. Colavito said staff looked at a tiered rate for residential, but when they looked at the data Holly Springs has a tight grouping around that median - 80% fall within 500 sq ft of that. We do have some older homes, but that is a very small number. And only 15-20%

fall above that median. At the time the fee structure was set Council decided it wasn't worth tiering because of the administrative work required by Finance. If we want to revisit that as we trend toward larger homes, we could make that model and if it is still showing the outsize influence of larger homes we could revisit tiers. Mr. Petersohn said it is a large administrative burden given the range being so tight. There are issues of how to adjudicate it if residents claim to be in a lower tier than they have been assigned. Mr. Colavito said that tiering is not the norm – most municipalities charge a flat fee. If a commercial user challenges a fee, we make them provide engineering data. But if a resident challenged, it would be up to staff to provide that data.

Ms. Lassiter said that she has done analysis of municipalities of our size and we are in line with their ERU. Most places use 3000 sq ft. Council member Deshazor said he feels like we are raising too many fees. He worries about seniors and those on a fixed income. He would prefer building the fund more slowly. He thinks it is necessary, but how do we do it with the least amount of impact. Council member Hewetson said that was why we didn't do it last year. This is now another year, and these repairs need to be made. She understands that this is going to be a pain point for some residents. But at the same time, we have to keep the level of service. Pushing it off another year isn't feasible.

Mayor Kondratick said to him \$6.50 is putting our heads above water. Mr. Petersohn said increasing the fee to meet the known price increases would have produced more than we need, so they recommend it to be \$6.50. If you wait, the projects not getting done become more expensive projects and the rate would have to increase even more. Council member Deshazor said he would prefer an even higher fee for the larger businesses as they are using more water. Mr. Colavito said we could set a tier that larger users pay more, but it is industry standard for them to pay less per square foot. But large corporations understand it as a cost of doing business. If Council's direction is to tier it so that they pay more we can do that, but it is not industry standard. Council member Foster said this is small town growing pain. People who move here know what they are getting into. The challenge is for people who have been here for a long time in smaller houses. She asked if there was a program we could offer them, to put them in a lower tier and keep everything else the same. John Schifano, Town Attorney, said fees must be rationally related to something. You can't set the fee that way. If you want to supplement you could take money from somewhere else and use it for that. But fees must be set relative to the problem you are trying to solve. Council member Hewetson said the administrative cost would be higher than the amount of the increase. What that would cost the town would increase the operating costs for everyone.

Council member Drees said that if we have an appeals process for people who believe their home is smaller than the ERU it would effectively create a tier system. Mr. Colavito said you would be creating a system by which the people who need assistance have to understand what it is in order to apply for it, which is another burden.

Council member Larson said she understands the separation of the fees is transparency. You are seeing where your money is going, which is beneficial. But it would be a disservice not to be proactive. She agrees that this is necessary. Mr. Colavito said he understands that lots of fees are going up. But this is not going away and if we can't address it this way, it is going to cause more problems in the future. Council member Deshazor asked if this would increase the staff in Stormwater. Mr. Colavito said it would not. We are staffed for the foreseeable future; we just need to give them the means to do the things that need to be done. He explained how the equipment and crew that has been built over the last five years has enabled the Town to do repairs for lower cost. It allows us to put problems on a prioritized list, rather than telling residents that they have to repair a pipe on their own property that is taking water from the right of way.

MPT Drees said she wants to make sure that we are syncing between Development Services and Stormwater to make sure we do the ERU evaluations on a regular basis. Mr. Colavito

said we look at it every 2 years and GIS helps us with that. Council member Larson asked if golf courses count toward this. Mr. Colavito said their buildings and paved paths do.

Mr. Harrington asked if Council want to do some level of increase, and if so, is \$6.50 appropriate and reasonable. Consensus was an increase was needed and \$6.50 was the right amount.

There was a short recess.

Parking Lot Items / Open Discussion

- **Eagles Landing Park Marketing**

LeeAnn Plumer, Director, Parks and Recreation, said she had been asked to review the background on the Eagles Landing Park naming and the Council's Town Facilities Naming Policy. She outlined the objectives, general principles, and categories in the Policy which Council adopted in October of 2022. She said that, among other considerations, it states that Council has the authority to name Town Assets, that a permanent name should be identified prior to bid award for construction and that renaming is generally discouraged, with certain exceptions. She outlined the reasons included in the policy that justify renaming assets.

Ms. Plumer identified the twelve names discussed by the Parks and Recreation Advisory Committee (PRAC) in January of 2024 prior to advancing six names to Council: Springside Park; Hollyview Park; James Norris Park; Eagle View/Eagle Landing Park; Cass Holt Road Park; and Summit Point Park. She outlined which features each of those names checked off the list of Geographic, Cultural/Historical/ Natural Features/ and People or Organizations which are identified in the naming policy. At their retreat in February 2024 Council voted using a "dot exercise" and Springside and Eagle View/Eagle Landing tied. This was followed by a series of Council votes. A motion to allow residents to vote on the name failed 2/3; a motion to name the park Springside Park failed 2/3; and a motion to name the park Eagles Landing Park passed 3/2.

Mayor Kondratick asked what the rational for the community not voting was. Ms. Plumer said there was discussion, but the vote did not pass. Council member Hewetson said this had come before Council two or three times. They were fatigued. She was in PRAC meetings and there had been a lot of resident input. Every name had reasons put forward, but when it came down to it, there was no unanimity. But it was time to make a decision and go on. Council member Deshazor said that when that motion was made it was made because Eagles Landing Park came up as a recommendation from Council. He made the motion to give the residents a chance for input because the name didn't come from PRAC. MPT Drees asked if the PRAC considered Eagles Landing or was it a separate track. Ms. Plumer said PRAC had heard that name, but they did not vet it. It came from a council member but was not generated by PRAC.

MPT Drees asked why we were talking about it now. Mayor Kondratick said a Holly Springs Sports marketing class put together an idea and marketing plan around changing the name to Hawks Landing and sent him an email and that is why we are discussing it.

Council discussed the original process that led to the name Eagles Landing Park. They discussed the costs and delays involved in changing the name, the requirements put forth in the naming policy for changing an asset's name, and whether there were smaller elements of the park that could be named with the students' input. There was discussion around the differences in a named sponsorship and other naming practices, and a desire was expressed to get teenagers involved earlier in the process, perhaps through the Teen Recreation Advisory Committee, in the future.

The direction of Council was to keep Eagles Landing Park, look to these groups for future naming opportunities, and bring smaller naming opportunities back to Council. There was also

consensus to revisit the naming policy in the next six months to make it less ambiguous and more robust.

E-bikes / E-scooter Safety

Chief Paul Liquorie spoke of the proliferation of e-bikes, e-scooters and e-motos and said we have seen some problems and heard some complaints. But they are also a mode of transportation, and the town wants to balance transportation needs and safety concerns. He outlined the challenges of identifying the different vehicles and their statutory identity. He said enforcement becomes an issue because of these different classifications. He showed the different ways the statutory identifications affect what is allowed. The concerns for those which go over 20 mph are more severe accidents. Mopeds and Motorcycles have to be registered, the type of helmet is different, there is an age restriction, and they must be insured. He explored what state law controls vehicles, whether powered electrically or not.

Council member Foster said is this an education thing, since complaints are about higher speeds. Chief Liquorie said that staff looked at options to take an informative approach. If we then aren't getting results, we can look at greater enforcement or engineering solutions. He suggested an online parent informational guide and a video. There is a lack of knowledge by parents. There could be printed guides and/or QR code distributed at special events. There is also a safety component with the batteries. They are different from other combustibles, and there is a recycling component that would also be a part of the education. Greenways would need signage that could have a QR code to educate people about the differences in the various bikes. MPT Drees said greenways are tricky because allowing e-bikes makes it more dangerous for the pedestrians, but safer for the kids. She suggested that signs explaining proper passing etiquette would be good. Council member Larson suggested the police go to HOA meetings and teach bike safety, like the motorcycle classes.

Chief Liquorie suggested that ordinance changes might be necessary, and discussed which types of ordinances aren't useful because they are not enforceable. For example, there is currently no mechanism to fine a person under 16, so the only option is a very cumbersome process. Council member Hewetson asked if there was a way to mark the vehicles so that parents know what they are buying. Chief Liquorie said he was not aware of a federal regulation. This is an area where technology is getting ahead of legislation. He would ask Council to consider new ordinance being practical, realistic, and enforceable. Our current ordinance does not allow motorized vehicles on the greenway, but it is not being enforced. And given the guidance given to encourage multimodal use of the greenway, we need to change the ordinance. We need to address where the allowable places for e-bikes (e-motos are already excluded by state statute). We need to address allowable uses (ramps etc.) Council member Larson asked if there was any space in future parks where we would allow these. Ms. Plumer said we haven't planned any because this is coming up quickly. We're looking at the where, the what, and the why. Council member Hewetson said as we talk more about using greenways as transportation, this is a big consideration. Chief Liquorie said the issue with a set place to ride is that wherever this is established, the biker has to get there. They won't have mom and dad drive them. They'll take the roads. Chris Hills, Director of Development Services, said a lot of our funding for greenways comes from CAMPO and it is for transportation, not recreation. E-bikes are probably a big part of that. MPT Drees suggested that we need to consider what materials are on particular trails and not use them if they tear them up. Chief Liquorie said suggestions for ordinance amendments would incorporate that e-bikes must yield to pedestrians and would limit motorcycles from going on greenways.

Chief Liquorie offered community engagement ideas, recommended enhanced signage and information-kiosks. He said they would continue to engage Parks and Recreation Advisory

Committee and Police Community Advisory Group and bring proposed ordinance modifications and policy modifications to Council in the next 1 to 2 months. He said they would create a parent information guide for use online during community events and through key stakeholders.

Council discussed making the online guide easy for parents to understand and using community policing to educate the public. The different helmets required were discussed with a suggestion that parents bring helmets to the police station or fire station for evaluation.

Mr. Harrington asked Council to recognize that there are short-term and long-term things we can do. What he hears is the need to make tweaks to the ordinance, make an effort to educate bikers on passing etiquette, and engaging with youth.

Legislative Action Agenda

Mr. Harrington showed a draft Legislative Action Agenda for the year that came up from the committee and the Mayor. Mayor Kondratick said the issues were broken down to primary and secondary priorities with each group: the Wake County School Board; the Wake County Board of Commissioners; the General Assembly; and Congress.

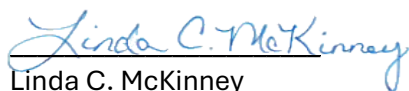
There was discussion of keeping local control items as a philosophy and addressing other items through that lens. Council discussed their priorities and Mr. Harrington said a refined agenda would come to Council for approval at the March 3rd meeting.

Council discussed the institution of additional civic spaces as we connect greenways and sidepaths through town. Ms. Plumer said staff is pursuing that on the Middle Creek Greenway and Chris Hills said the UDO addresses standards for civic spaces, but they could be looked at and revised if necessary.

Mr. Harrington said staff needs to come back to Council with an update on Greenway projects. Maybe that conversation is a way to incorporate this conversation and get some additional clarity on what is wanted.

Adjournment: There being no further business, Council member Deshazor made a motion to adjourn at 12:41 pm on Saturday, February 7, 2026. It was seconded by Council member Larson and passed with a unanimous vote.

Respectfully submitted on Tuesday, March 17, 2026.



Linda C. McKinney
Town Clerk