MINUTES

The Holly Springs Town Council met for their annual retreat at the Rizzo Center in Chapel Hill and via video conferencing. Mayor Mayefskie presided, calling the meeting to order at 1:30 p.m. A quorum was established as five Councilmembers and the Mayor were present as the meeting opened.

Council Members Present in the room: Mayor Sean Mayefskie, Mayor Pro Tem Dan Berry, and Council members Aaron Wolff, Shaun McGrath, Timothy Forrest, and Kristi Bennett.

Council Members Absent: None.

Staff Members Present: Randy Harrington, Town Manager; Scott Chase, Assistant Town Manager; Daniel Weeks, Assistant Town Manager; Corey Petersohn, Administration; Mathew Mutter, IT; John Schifano, Town Attorney; Erika Phillips, Director, Human Resources; LeeAnn Plumer, Director, Parks and Recreation; Chris Hills, Director, 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; Antwan Morrison, Director, Finance; Paul Liquorie, Police Chief; Irena Krstanovic, Director, Economic Development; Jeff Wilson, Director, IT.

THURSDAY:

Review of Agenda

Randy Harrington, Town Manager, gave an overview of the agenda and discussed with Council what they needed to have a successful retreat. Mayor said that engagement was important. Council member Wolff said clear actionable items to take home to staff, conversation and debate focused on solutions, and an understanding of where we are and not arguing for the sake of arguing when there is a consensus that you do not agree with. Council member Forrest said unbiased remarks. Council member McGrath said to get out of decision-making mode and engage in strategic thinking, to think about where we go as we cross the 50,000 population mark.

<u>Assessing Our Community</u>

Community Satisfaction Survey Results

Cassie Hack, Director of Communications and Marketing, said we listen to our residents. She explained that, to get a consensus of opinion from all residents, it was necessary to conduct a statistically valid survey. She introduced Jason Morado from ETC Institute who conducted the Community Survey. He explained that ETC has done surveys in 49 of the 50 states, and has done many in NC among neighboring municipalities, which allowed them to compare the Town's results to those of other NC municipalities and across the US. He gave an overview of the purpose and methodology of the survey. He said that satisfaction with Town services is much higher in Holly Springs than other communities. The Town rates above the US average in 46 out of 48 areas, satisfaction with the overall quality of Town services is 25% above the US average, and satisfaction with customer service from Town employees is 32% above the national average. He said that the top community priorities identified in the survey were:

- Management of traffic;
- Management and planning of growth/development;
- Walking and biking trails;
- Adequacy of street lighting;
- Maintenance of Town streets; and
- Visibility of police in neighborhoods.

He then went into more detail with Council on the specifics of those findings. Mayor Mayefskie asked how the respondents were chosen. Mr. Morado said they were selected totally at random from addresses within the Town. Mayor Mayefskie asked how many were sent out. Mr. Morado said 3,000 went out because at the normal response rate that would bring in 400. But they received 530, which was an increase. Council member McGrath asked if there were any trends in the areas that were lower rated (traffic and growth) Mr. Morado said it was not unusual for fast-growing communities to rate these lowly. It is a theme in any area that is growing quickly. There were some open-ended comments related to this, but they trended towards growth being too fast and infrastructure not keeping up.

Council member Bennett asked if there was a map for the street lighting issue. Mr. Morado said it is in the report. MPT Berry asked if, outside of the survey questions, the free-form responses were grouped by theme. Mr. Morado said there was a little bit of that with Word Clouds, which gives you a bit of summary. Otherwise there are about 35 pages of open-ended comments. MPT Berry said sometimes the comments don't line up with the statistical ratings and asked if that was typical. Mr. Morado said the comments trend more negative than the overall results. One thing to keep in mind is that many people only commented when they had dissatisfaction. MPT Berry said there were a few actionable items in those free comments that the Town could do. Council member McGrath said it's awesome that our communications are working, and that people are listening. We should leverage that to increase people's confidence in what we are doing. And also, with what we expect some of these large developments to bring, in terms of restaurants, etc. that might come in following the large Economic Development projects. He said that on maintenance of streets, we need to communicate better which streets are the Town's to maintain and which are NCDOT. With Parks and Recreation, we have more walking and biking trails coming and we can address some of the concerns that are raised.

Council member Wolff said he was most pleased with the ratings of Town staff and their responsiveness. That is top-down cultural. It's amazing that our leadership has brought that culture to the Town. Mr. Morado said that this level of satisfaction with customer service is something you never see. Council member Wolff said we need to remember to invest in people as we decide where to spend money.

Randy Harrington, Town Manager, said the comments about staff are well deserved. Our staff works extremely hard to try to address resident's concerns. Town Council hears from those who maybe weren't satisfied, but most of our interactions are good. There were a few areas we were below the national and regional ranking, including enforcing Town codes on private property. We will bring those back to you tomorrow. Mr. Morado said that with the code, there were not a large number of dissatisfied people, but a lot who ranked it 3 out of 5, so those are people who can be swayed one way or the other.

Mr. Harrington said that on the street lighting issue, that's one that a few neighborhoods have made requests from time to time, but we haven't had a fund for that, so maybe we need to address that in the Capital Projects. Council member McGrath asked if that was primarily focused in the older neighborhoods. Corey Petersohn, Administration, said it was across the board. There was discussion about identifying which areas could be identified as having this need. Council discussed the difficulty of perception of code enforcement in areas where the county is adjacent to Town and people don't always know which properties belong to which jurisdiction.

Mayor Mayefskie asked if staff keeps a log of people who come with a concern that staff is unable to address. Mr. Harrington said he doesn't know if there is a formal process, but we do talk about these situations as a staff as opportunities to grow. And there are some times that we cannot satisfy someone, either due to law or some other reason.

Mr. Harrington said this survey provides a good opportunity for us to benchmark where we are today. Best practice will be to do another survey in 2 or 3 years to track how we are doing.

There was a short recess.

Planning for the Future

FY2022-23 Budget Outlook

Mr. Harrington said the purpose of this item was to give Council a preliminary snap shot of what might be coming up in the budget. Departments have not yet submitted budget requests, so over the next several months is when he will match those needs to Council priorities and create a budget. He turned it over to Corey Petersohn. Mr. Petersohn gave the timeline for the budget process through the spring for adoption in May. He described the two major funds: General Fund and Enterprise Funds that comprise the Operating budget. He defined the Community Investment Plan. Within that plan, debt may be planned for, for higher cost long-term infrastructure needs.

Antwan Morrison, Finance Director, said for revenue projections, property taxes are looking good for FY2022. We are tracking well and with 4-7% growth and a collection rate of 99.5% we are in good shape on this front. He said the figures are based on the 2020 assessed value. The next assessment will be in 2024. Sales tax has been very strong. The Town budgets conservatively and over the past 5 years, there has been between 7% and 12% growth. As of 12/31/21, the Town was 30% ahead of budget and we are still seeing sales tax growth. We are surpassing the conservative predictions and over the next few years we will re-evaluate our predictions after watching market factors. He said Development Fees are slightly down from last year due to supply chain impacts reducing housing production. But this is very dependent on the housing market. Finally, back in 2016-2017, HB255 passed saying that inspection revenue had to be spent on inspection purposes, which means any overage goes into a reserve fund. Parks and Rec continues to grow, with modest increases since the beginning of the pandemic. We have not reached pre-pandemic levels, probably due to fear of COVID. The Utility Fund is on target, and has potential budget considerations for capital planning and asset management. The Stormwater Fund reached the updated rate structure on January 1, 2021. Now staff can evaluate the effect of that rate change. FY23 potential budget considerations include drainage repair projects and system maintenance.

Mr. Petersohn said that potential budget considerations include benefit changes; implementation of pay study recommendations; Public Works resourcing and staffing; vehicle replacement; new positions to keep pace with growing service demand and population growth, and advancement of strategic initiatives, such as the Customer Care Center. Vehicle expense is about the same as last year, so while it is not a new expense, it is needed again. He said next steps would be adopting the Strategic Plan, the May budget presentation followed by the Public Hearing and workshop, with adoption of the new budget in June.

MPT Berry said that revenue projections have been historically conservative. Given last fiscal year and the expense expectations, are we in a position to be a little more aggressive in the forecasting of revenue? Mr. Morrison said yes, especially in *ad valorem* taxes. Being conservative has allowed us to build that fund balance. So we are looking to be a little less conservative than we have been in the past, because we need to prepare for needs that are coming up. We need to shift the mind set from building fund balance to increasing funds available for needs. Mr. Petersohn said we have had a lot of unknowns in the recent past. But it's good to be wrong in the direction of underestimating revenue. There was some concern about leveling off, but we have not seen that. Last year we were thinking 20-25% reductions because of the pandemic, not the 30% increase that we experienced.

Council member McGrath asked for an explanation of how sales tax is captured. Mr. Morrison said everything is collected at the state and county levels and there is a two-month lag between then and when the Town receives it. They calculate it by point of delivery, and population, and forward it to the municipalities on a per capita basis. One thing is we now collect sales tax on online shopping, which has increased our sales tax collection, in addition to people shopping instead of traveling, due to the pandemic. Staff will continue to monitor it closely.

Mr. Harrington said that in 2009-2010 there was a decrease in home values, but then a huge increase lately. And Wake County has a great tax assessor. We do not get a proportion of the transit tax, but we do get food tax and other taxes proportionately.

Council member Wolff asked if on the benefit changes and pay plan, if the current ability to recruit people was being factored in. Mr. Petersohn said the figure given is without a plan picked or solid number, but for the general outlook. There was discussion about how many new positions were budgeted for in the last budget and if this should be a greater focus for the next budget.

There was discussion about considering new residents and businesses when calculating sales tax estimates, and the reasons Development Fees have spikes and dips.

There was a short recess.

Debt Capacity Outlook

Antwan Morrison, Finance Director, introduced Andrew Carter and Doug Carter, the Town's financial advisors who gave a presentation on the Town's Debt Capacity Outlook.

Doug Carter said the purpose of this presentation was to review and update the Town's financial planning decisions since 2020, the Community Investment Fund, Debt affordability and future strategic decision needs. He said he doesn't know of another entity who has grown this fast this quickly. And that brings many challenges. He gave an overview of the benefits of financial planning, and said that the most important part of planning is to provide a road map and give you a way to know where you are. He discussed the fact that maintenance sometimes gets overlooked in the drive for new needs. He outlined the decision drivers that were specific to Holly Springs.

Doug Carter outlined why having a Community Investment Fund was important, rather than just having the funds in the General Fund, particularly because even when operating is down, capital needs to be maintained. Rapidly growing municipalities often need higher allocations to Capital than slower growth areas. He outlined the four ways that municipalities can raise revenue in North Carolina.

Mr. Doug Carter gave the elements that are considered in deciding the credit rating for a municipality. Economy 30%, Finances 30%, Management 20%, Debt (including pensions) 20%. He outlined the rating grades that are available. He said that in the recent past Holly Springs was upgraded by Standard & Poor's to AAA and Moody's from Aa2 to Aa1, and he believes that Aaa is on the way.

He showed the measurements used by Moody's and how Holly Springs scored on each. He showed how the Capital Investment Fund works in connection with the rest of the financial system of the Town. He said that to get new capacity, you look at projected revenues, and projected expenses. Then you look at projects' speed, actual debt cost that are lower than projection, actual revenues that are higher than projected, rapid debt reduction, and other factors. He then showed three models: what is currently available, and two alternatives of higher amounts. Andrew Carter walked through the CIP model, explaining how it works and what would be available for capital investment over the next several years.

MPT Berry asked what the numbers in red on the chart mean. Andrew Carter said that those are the years that Fund Balance has to be used to meet expenses, with the current revenue model. The model is a living document, based on current thoughts and conditions. These numbers will change as we get actual real numbers.

The first optional model was the same with a change of finding an additional penny equivalent in 2026 which brings it up to $30 million. This changes according to the timing and when the debt service hits. The models track cash flows, not when projects are approved; when they require expenditure. The second optional model would require 2.75 cents new resources. Each option would keep the Town in the healthy range.

Mr. Carter then said that future strategic decisions will be around community growth; inflation that has increased capital and borrowing costs; and significant private sector projects to increase the value of the penny materially in the next five years. The timing of future projects and updated costs will adjust these models. To bridge the potential funding need in the CIF, due to tax value increase, consider adding to CIF funding over current levels; move current debt service levy level up from the current 12 cent level, move one-time revenues (e.g. land sales) to CIF or other sources. This is something that needs to be looked at each year and adjusted as Council evaluates how to spend money.

Mr. Harrington said tomorrow we will talk a lot about capital, so understanding how it works and having confidence in how it works will help you with that. What you see is the benefit of the new economic growth, and the benefit of the investment of the 5 cent property tax increase from a previous budget.

There was discussion about when General Obligation Bonds were preferred and when Limited Obligation Bonds were the better choice, and on the projected interest rate used in the models.

The meeting recessed until 8:30 am on Friday.

FRIDAY:

Mayor & Council Decision-Making Values:
Elected officials discussed their top values for decision making, and the top four were: authenticity; respect; unbiased; and integrity.

Planning for the Future

Utility System

Antwan Morrison, Finance Director, introduced Michael Maker of NewGen Strategies who studied water, waste water, and reclaimed water rates to make sure they are aligned for current needs and future growth. Kendra Parrish, Executive Director of Utilities and Infrastructure, said the operating and maintenance of existing systems is funded by existing customers and incoming development. She explained the statutory basis for the allowable fees, and the level we need to get to in order to sustain current capacity and meet future needs.

Mr. Maker outlined the guiding principals and objectives of the study. The water and wastewater enterprise funds should be financially self-supporting and maintain reserves for contingencies and unplanned expenses. The objective is to ensure that rates are stable through sound financial management and system maintenance. He outlined factors that affect fees and rates. He said that existing customers pay existing rates, and new development pays System Development Fees. Operating expenses have to be paid by existing user rates. Capital expenses for system maintenance and system expansion can be cash or debt funded. He outlined the planned capital projects for water, wastewater, and reclaimed water. Long-term projects funded by debt contribute to generational equity, as future users are paying for the system as well as current users. He showed what the shortfalls are projected to be over the next five years if there is no change in current fees. He showed what increase in rate revenue would be needed to make the system self-supporting. This would not be all rate increase; it would include increases due to growth.

Mr. Maker outlined the current rates. He discussed alternatives for rate designs for water and wastewater to bring the Town closer to best practices. He said that best practice for waste water is a single volume rate, which could be phased in over three years. Using the alternate design access fee, the majority of customers' access fees would go down, large users would go up. He showed typical bills for residential customers under the different alternatives. He showed a comparison of Holly Springs' utility rates compared to neighboring municipalities.

Mr. Maker said that to meet the demand of continued growth, water and wastewater services need to be expanded, and to improve equity, costs need to be allocated to the customers who cause them to be incurred (existing vs. new; water vs. wastewater). The consultant recommends adopting alternative design 2 water and wastewater with monthly access fees varying by meter size, water having a five-tier system with revised multiples, and wastewater phased to all unit volume rates over three years.

Council discussed which customers in town use the giant meters and Mr. Morrison said it was larger industries and that master-metered apartment buildings use the standard ¾ inch rate. The tier system was discussed, as well as the factors that influence the cost of water in Town. The capacity to increase development fees was discussed as was balancing the impact of changing rates for customers. Council discussed that the current rate system has current users subsidizing development. They discussed the industrial rates and whether businesses would accept the higher rates.

Randy Harrington, Town Manager, asked for direction on which alternative Council feels most comfortable with, and some direction in regards to the System Development Fees balance. Then the financial advisor will take those new rates and create a new Debt Model based on them. Council requested that staff take Alternative 1 and run models with the current System Development Fees, a $9,500 System Development Fee, 50% higher, and perhaps one other. This would be brought back to Council at a future workshop. From that, staff would look for a final decision so that it can be worked into the budget.

There was a short recess.

Strategic Plan Updates

Corey Petersohn, Budget, Innovation, & Strategic Initiatives Manager, said that as an organization grows, the strategic plan needs to change. He gave an overview of the timeline and then said that today we were looking at the 1- to 3-year initiatives, that are more achievable.

Daniel Weeks, Assistant Town Manager, said that he was going to touch on some of the successes and challenges with the strategic plan. He said that in 2021 there were huge Economic Development successes with FUJIfilm, Amgen, Crescent etc. and great strides in adjusting the tax base to the 70/30 ratio. Challenges include the identification of future sites for large economic centers, and the strain on staff of accommodating these large economic development projects with water, policing, etc. Engaged Health and Active: Completion of the Parks Recreation and Greenways Master Plan is big success. A challenge with this priority area is the prioritization of limited resources in the midst of competing needs and wants. Scott Chase, Assistant Town Manager, said that for Organizational Excellence there were many successes, but one that had a powerful impact was the AAA bond rating with Standard & Poor's. CityView permitting software is another big success for improving customer services. This provides an online portal for customers to be able to schedule, check on and request inspections, etc. Challenges include recruiting employees. This is a problem that municipalities around the region and nationally are facing. The Pay and Class study could assist us with this recruiting. For Responsible and Balanced Growth a success is the new UDO which goes into effect on March 1st. A challenge is the "missing middle" in the housing stock in town. Housing prices have escalated to the point where new employees cannot afford to live in town, which will soon affect service delivery. He talked about the increase in material costs and the vacancies in the construction labor market which affect these costs.

Mr. Weeks said a success story under Safe and Friendly is Ladder 14 for the Holly Springs Fire Department, where the build time was a little over a year. It is a source of pride in the Fire Department and the community. A challenge is achieving CALEA (Commission on Accreditation for Law Enforcement Agencies), the gold standard in public safety. The Holly Springs Police Department is actively working on a plan with a goal of having the assessment in 2022. This is very in-depth, involved process with a lot of evaluation, and revising policies, and creating policies where they do not exist. There are over 207 standards to meet or exceed.

Mr. Petersohn outlined the current initiatives which are complete or in-progress. He said there would be six recommended changes or updates, and 20 proposed new initiatives; 14 of these are related to Engaged, Healthy & Active Community section that is being reworked. He gave an overview of the five strategic priority areas and the initiatives under each.

Council discussed including leveraging regional projects and public-private partnerships to achieve goals, and clarifying the wording of some.

Mr. Petersohn said this feedback will be used to revise these goals and initiatives. It will be brought back to the March workshop, and brought to an April meeting to be adopted.

Mr. Harrington said Council was running ahead of schedule so parking lot items could be discussed now.

Council discussed the new UDO. They requested staff do more than statutorily required notification for development projects, and staff said that text amendments could be brought back to Council in the first quarter, after there has been time to see what areas of the UDO need to be adjusted. The idea of "grandfathering" was brought up and staff informed Council that projects which have already been initiated are allowed to choose which UDO to apply. There was discussion on whether to "un-merge" the Planning Board and Board of Adjustment. Qualifications for membership on a board, and the formation of a Citizens Academy were discussed. There was unanimous consent to expand the notification distance and a majority opinion to separate the Boards, with that decision to be brought to a formal vote at a future Council meeting.

There was a one-hour recess for lunch.

<u>Investing in a Place "We Are Proud to Call Home"</u>

Transportation

Kendra Parrish, Executive Director of Utilities and Infrastructure, said the community survey showed that transportation is on the minds of the community. She said she is going to outline potential priority projects for the next 5 to 10 years. She outlined the potential funding sources for transportation projects. She said that four projects are currently funded as part of the 2018 transportation bonds. Since the bond there have been a lot of changes. The I540 completion is going to create two interchanges in Holly Springs, which is going to increase traffic not only from Holly Springs growth, but from regional growth. The land use plan has been updated which changes the density, and the CTP highlights hotspot areas that need focus. The Wake County Public School System has planned schools in Holly Springs, and to the north and south of us, which adds traffic.

She discussed the funding outlook over the next five years, to fund these projects. Chad Beck from Kimley Horne showed the dashboard for Holly Springs Road, which would allow residents to keep track of progress. He talked through the phases of the Holly Springs Road widening, which will help improve the travel in the east-west corridor. He showed where in town the potential projects are and what the changes would be.

Ms. Parrish said that each of these projects was looked at from a cost/benefit perspective evaluating:

- congestion
- safety
- truck traffic
- economic development aspects
- Intelligent Transportation system elements
- bike/pedestrian elements
- transit
- accessibility
- connectivity

These get totaled up and cost is divided by benefit for a cost/benefit prioritization.

The project with the highest cost/benefit score was the Avent Ferry/Holly Meadow Signal. It has existing Town funding, and existing outside funding. New Hill improvements near Grand Hill Place was second. Avent Ferry at Cass Holt (realigning Cass Holt and Capeside) was third. Holy Springs Phase 1 was fourth.

Ms. Parrish said that potential target areas are:
Option 1 – New Hill/Old Holly Springs Rd.; Holly Springs Road Phase 1; Avent Ferry, Cass Holt, Capeside; and Avent Ferry Holly Meadow Signal.
Option 2 – New Hill, Old Holly Springs Apex Road & Grand Hill Place; Holly Springs Rd. Phase 1 and 3; Avent Ferry Holly Meadow Signal
Option 3 – Avent Ferry Rd. corridor – Avent Ferry widening Phase 2; signal at Holly Meadow; realignment of Cass Holt - Capeside.

She asked Council to use the dot stickers at their place (each dot = $2.5 million) and put their dots on the maps where they want the funds spent.

The consensus of Council was that Holly Springs Road Phase 3 and 1 were their top priorities, with Avent Ferry Road widening the third. There was discussion about the costs of completing all of the projects, the definition of a free-flow right turn lane, the reasoning behind the phasing of the Holly Springs Road widening and the right turn lane on Highway 55. Ms. Parrish said there was consensus on Holly Springs Road Phase 1 and asked for direction on the second project. Consensus was Holly Springs Phase 3, with additional pressure put on NCDOT to advance the Avent Ferry Road project to earlier than the currently planned 2029. There was discussion about partnering with municipal neighbors to advocate with NCDOT for the Avent Ferry/Cass Holt corridor.

Council discussed funding sources to complete this work, and Ms. Parrish said that now that staff had Council’s direction, they can explore options for funding such as LAPP grants and funding from new development in the area. Mr. Harrington said that there is an intent to transfer $1 million at the end of each fiscal year from savings and that at the end of five years there would be enough in the general fund.

Yard Waste Collection – interim topic

Paige Scott, Public Works Director said that we are transitioning from the biweekly to weekly collection, and she would like to ask Council to extend the biweekly collection for one month, to the end of March. This would give time for maintenance of equipment before we ramp back up for grass collection in the spring. Council agreed to the new schedule.

There was a short recess.

Parks and Recreation

LeeAnn Plumer, Director, Parks and Recreation, said Parks and Recreation is a passion for many of our residents. She said she would explore the Master Plans for three not-yet-developed parks, and receive direction from Council. The recently completed Master Plan document provides a guide to follow based on scientific survey results and staff expertise. She showed on a map where existing parks are, and where there is room to create parks.

Ms. Plumer said the Mims Park Property is 17 acres. A concept plan was done in 2012 and could include a Farmers Market pavilion, open space, programming space, natural and paved trails, adventure play and a stormwater amenity (added in 2013.) Since that time, a lot has changed in the downtown area. Most of the development happened south of Town Hall and the need for the stormwater facility became less. The size of the Farmers Market has grown significantly since this plan was envisioned and the proposed area is now too small. Parking is another challenge in this area, with inadequate parking for the Farmers Market. This is a woodland area, and the community survey indicated a desire to conserve trees. One thing she would like to propose is to activate the natural trails as we wait for the Village District plan. This could be a great destination, but staff suggests making minimal investment to create trails until such time as the Village District plan is updated.

Sugg Farm Park had a 2013 Concept Plan. It is 110 acres, and the Master Plan is highly program oriented for an area that has a conservation easement on it. In 2021 the Dog Park and restrooms were opened. This space is used for many Town events and we are finding that it is a great place to gather as a community. Ingress-egress is a problem, but will be addressed later. She listed some things that were in the 2013 plan, but the Conservation Easement does limit some of these uses, and there has been expansion of the use of this park for an event space. Some of the identified uses are still viable but others are no longer viable.

Cass Holt Road Park is 56 acres. It is the first park on the west side of 55, and the proximity to the schools is a plus. The final recommendations included indoor aquatic and fitness areas, some outdoor courts and fields, trails, picnic shelters and restrooms, and preserving the forested space.

Ms. Plumer said that greenways and trails are a priority for the community. The Master Plan identified them as a needed amenity. She showed the existing greenways (about 12.5 miles total) but many are in small sections. She showed the four sections that are currently under construction. These four projects add another 6.1 miles. There are development-funded greenways expected in the next two years, which add over 8 miles in greenways and sidepaths. There are 6 priority connections to increase length and provide connections that will come before Council over the next several months. The greenways will more than double over the next few years.

Ms. Plumer said considerations to keep in mind are location equity; variety of amenities; community desires; new park land needs; location opportunities; potential partnership opportunities; and funding and financing availability. She laid out some project options for Mim's Park, Sugg Farm, Cass Holt Road Park, greenways, renovation and maintenance needs, and future development. She asked for direction on Council's direction on which projects they wanted to tackle with the available funds.

Council discussed potential locations for a permanent Farmers Market space, the desire to keep it downtown at Mims', the lack of adequate space and parking there, plus the tree removal that would be necessary, and whether the Conservation Easement would allow for the Farmers Market at Sugg Farm. It was discussed that nature play and community gardens would be allowable uses at Sugg, but ball fields were not.

Ms. Plumer gave some preliminary costs for Mims Sugg and Cass Holt parks. She expressed the need for a rec center, since programing is currently limited for lack of space, and the Town pays to rent space in schools. She explained different kinds of aquatic centers and said there is more work needed to define what the Town wants and to search for potential partners. She asked Council to consider whether the Town would follow the road improvement requirements that a private developer would have to follow. She said these are all things that would change the cost estimates.

Ms. Plumer showed potential funding sources, and how much is currently available, allocated but not spent, for the Cass Holt Road Park. She reminded Council how volatile the current market is. She asked for feedback on Cass Holt Road.

There was more discussion on Mims versus Sugg Farm as a place for the Farmers Market pavilion, and whether there was opportunity for partnerships. Council agreed that building trails was something that could be done more quickly and cheaply, and to pursue greenway connections.

Council discussed whether Cass Holt was the right location for an aquatic center and whether it would be advisable to seek public-private partnerships and a more regional location for that amenity. Ms. Plumer recommended a market analysis be completed to understand what is being provided and what is needed and outline the cost/revenue realities. Council asked Irena Krstanovic, Director of Economic Development, to explore partnerships for an aquatic center.

Council discussed what amenities could be afforded and made sense to construct. They want to do *something* at Cass Holt and not wait for the work needed for the aquatic center before doing other things. There was discussion on where to find the funds, whether to issue more debt, and whether or not to wait until Avent Ferry was widened.

Ms. Plumer asked for clarity of the concept Council would like before staff brings it back to them. Mr. Harington said there were three options to choose from for Cass Holt:

1. Move forward on recreation center and amenities
2. Move forward on recreation center and amenities and continue exploration on aquatic center; or
3. Focus on amenities with no rec center.

Consensus was to move forward on amenities, to analyze whether the rec center should go at this location, and to explore partnerships for an aquatic center in other locations. Mr. Harrington asked what kind of analysis Council would be comfortable with on the rec center.

Council discussed possible new uses at Ting and the Hunt Center. The best location for the new rec center was discussed.

Mayor Mayefskie said consensus was to do the "green" projects for Mims and Sugg: natural and paved trails and signage, community and educational gardens and nature play. For Cass Holt, Council agrees that we are in dire straits for at least a 3-court rec center, and staff should investigate whether Cass Holt is the best location for it, and to pursue amenities for that park. Also, Economic Development department would assist Parks and Rec in finding a partnership for an aquatic center.

The meeting was recessed until 9:00 am Saturday.

SATURDAY:

Randy Harrington, Town Manager, reminded Council of the Open House for the renovated Town Hall Annex and Development Services Lobby on Tuesday before their meeting.

Providing Excellent Service for a Growing Community

Employee Pay & Classification Study Preliminary Findings

Erika Phillips, Director Human Resources, explained what the Pay and Classification Study covered and what the Town hoped to achieve. She introduced Malayna Halvorson-Mayes from McGrath Consulting, to discuss the progress of the survey.

Ms. Halverson-Mayes gave an overview of McGrath Consulting and their experience in the field. She said the first goal of the study was to ensure the Town can attract and retain high quality employees, and the second is to ensure Holly Springs can match peer communities and the regional labor market. She explained the methodology of the study and how that would meet the stated goals. The comparable organizations studied were Durham City, Durham County, Fayetteville, Raleigh, Sanford, Apex, Cary, Chapel Hill, Clayton, Fuquay-Varina, Garner, Morrisville, Wake Forest, and Wake County. She gave an overview of the Town's compensation history – how often positions are analyzed, how often the salary schedule is adjusted, and annual performance adjustments.

Ms. Halverson-Mayes said that in order to build a new salary schedule, she needed to know Council's compensation philosophy, and where the Town wants to be in the market. She said there are three options for where the Town could be:

1. Lead the local market (Can the Town afford to lead the market?)
2. Be average (Most organizations strive for average)
3. Follow the local market (this usually happens for financial purposes and fiscal resources will then be allocated to recruitment and turnover)

She said that if you don't set wages at least at market level, you will pay that money in recruitment, turnover, and overtime. So you are still spending the money, just on different things.

She laid out things to consider in order to come to a compensation philosophy. She said that the Research Triangle has a population of 2.1 million with low unemployment (3%) with a future job growth estimate of 53.84%, and a median home cost of $403,000.

She explained that a Comp Ratio was a comparison of the Town's salary range to the market. She then explained how it was derived. The Average Market Rate is 50%, so that is what you want to see. An acceptable comp ratio range would normally be 40%-60% but current market conditions show that 40-44% is too low in some markets. She said for the Town's entry rate 36% of positions are under Market, 64% are aligned with the Market, but 24% are at risk to fall under Market. The Town is often hiring above minimum. At the midpoint of the salary scale, she said that 25% are under market, 75% are aligned with the market, but with 19% at risk to fall under the market. The Town's midpoint is not consistently aligned to the market. There is a large spread, with the midpoint at 33%, it is unknown how long it takes an employee to be "market competitive." In the current market, employees can go elsewhere if they are not making market wages. She said about half of the positions have the ability to meet or exceed the maximums of other locations, but the other half does not. She said there needs to be some adjustments to the ranges. Because it is so broad, they might need to be narrowed to get employees to market level faster. She said that for incumbents, 45% are under market; 55% are aligned with the market with 18% at risk to fall under market. Tenure, frequency of salary adjustments, and performance impact these findings.

Ms. Halverson-Mayes talked about the demographics of current Town employees. Currently there is an average years of service of just under 7 years. She said that 48% of the

Town's workforce are under 40, are new to the organization, and are taking time to move through the salary schedule, and this is the mobile generation, who are not afraid to leave and work elsewhere. She said the Town has a good cross section of generations, but they are generations that should be retained, and that are recruited by other organizations in the public and private sector. She illustrated how, if an employee was hired at the minimum rate of a salary grade, and received a standard salary adjustment, it could take 16 years for that employee to reach market rate. That employee will look for other employment to reach market rates.

Ms. Halverson-Mayes said she is in the process of developing a compensation structure, and she has an idea of where the Town would like to be, but she wanted to hear from the elected officials on where they want to be in their compensation philosophy.

Council discussed whether benefits were factored into this study and were told no, this was a salary study, but increasing salaries can help offset the increased costs of health insurance. Council discussed the rising cost of living in Holly Springs and whether other municipalities were having the same issues with hiring and retention. Council asked to hear from some of the department heads present regarding hiring and retention difficulties.

Paige Scott, Director of Public Works, said when she started here she met with employees, and the number one thing they said needed to be improved was salary. There are positions open for over a year and they are not getting applicants with the right skills. She has 7 vacancies for 39 positions. The rate is not competitive and it is difficult to get good employees. Most employees in her department don't live in Holly Springs because of affordability issues, and their commutes vary from an hour to an hour and a half. Things like snow response become difficult and the service level will eventually drop because employees won't be able to make it in. She said that in Public Works you are very tied to the market, and construction work is hot right now, but we are in the low end of the scale and are losing employees.

Kendra Parrish, Executive Director of Utilities and Infrastructure, said her department is made up by a majority of labor positions and having been here for 20 years, she noticed that in recessionary times people run to government jobs, and in good times to private sector jobs. But what is happening now is different. Her department isn't losing employees to the private sector, but to other municipalities. And labor employees lie so far away, due to hosing costs, that in the case of a water line break, for example, service times are slowing and service is being affected. We are being asked to do more with less. Employees are losing ground, due to inflation.

LeRoy Smith, Fire Chief, said that salary compression, keeping some employees in the same grade disadvantages those who have been with the Town for many years. We average a 4.5% pay increase, and inflation is 7%. Employees are losing buying power. He said that Wake County, Garner, and Fuquay-Varina are seeing the same issues.

Council discussed whether cutting some benefits would allow an increase in salaries. Ms. Halverson-Mayes said that if you allow employees to drop out of the health insurance plan, only those who use it most would stay in, which would increase the costs, not decrease them.

Mayor Mayefskie asked what next steps would be. Ms. Halverson-Mayes said we were favorable to be a leader in terms of compensation for recruitment and retention. Because our demographics are attracting a younger workforce, the Town needs the higher compensation to support retention. She recommends keeping performance management, but it needs to be substantial enough that employees are keeping up with inflation. Next McGrath Consultants Is going to rebuild the compensation system, to keep the Town within the leader position, maybe not the top, but above average. Then she will meet with Town Administration and then Department Directors to go through recommendations and get feedback. Along with that is a cost estimate for administration to incorporate into the budget process.

Randy Harrington said there was a lot to unpack here. Directors are experiencing a real challenge every day. Conversations about total compensation are relevant because all of that is considered in the budget process. Staff has been so appreciative of the Council supporting parental leave and elder leave and the other benefits. On insurance, the family cost is a hard pill to swallow, and we are going to work on moving that needle more. The other thing is the 401k program. Typical in the region is 5% from the organization. 6% is paid by the employee into the retirement system and 1% from the Town. You have to look at the totality, and we want to make sure we are competitive to meet your Strategic Plan.

There was a short recess.

Customer Care Center

Daniel Weeks, Assistant Town Manager, said staff has been doing research for a year. He described the participants on the steering committee, from all departments. Staff is ready to recommend the conceptual design for a new Office of Customer Care and next steps towards implementation. We want to make sure that customer satisfaction remains high. He defined an Office of Customer Care (OCC) and what its purpose is. The vision is for the OCC to serve as the “front door” to the Town. Once contact number for basic services to improve efficiency in service and processes, easy access to services for all, reduce non-emergency 911 calls, and this is part of our Smart Cities Strategy.

LeeAnn Plumer gave an overview of what the steering committee has been doing over the past year. She gave a snapshot of what the current process is for delivering customer service. She outlined the analysis of what other municipalities do who have had an OCC for a long time. She talked about meeting the resident where they are in terms of preferred communication method, and outlined the lessons learned and keys for success. The committee said that we should start small and build over time. She said customers should be the primary focus rather than number of calls answered, and agents should “own” the inquiry to ensure success. Bilingual ability would be extremely helpful.

Ms. Plumer said there are three models possible: Direct service, Hybrid, or Operator/transfers. The Hybrid model can resolve many services, but some may need to be referred to other departments. This balance can shift over time as we get the system up to speed. She said the service would be brought in over phases, with phase one being simpler, more timely communications, and common service requests.

Jeff Wilson, CIO, said that the technical challenges have a lot to do with security of payment systems and integration of software. It will involve multiple formats, from phone calls to texting, email, and website communications. The Phase 1 staffing model starts with a center manager to find out what needs to be done. Then add a few customer care positions and start training. It would be under the Town Manager’s office, highly integrated with Communications, and perhaps physically located somewhere in Finance. Proposed hours at this point would be 8-5, Monday to Friday. Currently the Holly Springs Police Department dispatch center takes after hours calls, but this can be revisited. Many services could be resolved up front, but calls that need to be transferred, the agent who answers still takes ownership of that call. Currently we are in the process of integrating the IT components. Next steps are to analyze the community survey results and this spring an RFI will go out for a customer service platform. In the summer and fall Communications will look at the marketing plan, with training following, and a soft-launch in the spring of 2023. Mr. Wilson said he is working on a 311 number to find out the process. Initially Century Link said we couldn’t get it. But he worked with the Utilities Commission and was told that, since we have a 911 we can have a 311. He said he is still working with Century Link to make sure cell phones as well as land lines go to that number. If we get the 311 it will be forwarded to the main phone number until the OCC is up and running.

Mr. Harrington said that nationally 311 is used for municipal customer service, but if we cannot get it, we will try to get a simple, easy to remember, phone number.

Council discussed having a customer survey sent out after a question is resolved to evaluate customer satisfaction. There were questions about the work needed behind the scenes to insure a successful launch, which is driving the timeline. Agents who are not specialized in one department, but are trained on all the different software systems and department procedures are more successful than those who specialize, and result in better outcomes on the customer end. And a good workorder system needs to be in place behind the scenes to ensure success.

Yard Waste Collection

Paige Scott, Director of Public Works, said the purpose was to discuss the sustainability of our current yard waste collection model. Currently yard waste has 12 employees and 10 pieces of equipment, and is divided into leaf season and non-leaf season. The current model of putting yard waste in the street is not sustainable. This puts us out of compliance with our stormwater permit. The program is not self-supporting, with a 40% cost-recovery rate. Alternative models include requiring the use of compostable bags; establishing setout limits; switching to call-in services during seasons of low demand; converting to automated yard waste collection with containers; or a citizen convenience center. She discussed what neighboring communities' models are. She said that the National Solid Waste Association's 2017 study had key findings that included that converting to a bi-weekly collection with 96-gallon roll-out carts was feasible. Automatic collection is safer for employees, improved neighborhood esthetics and provided equitable service.

Ms. Scott said staff is recommending the carts, moving to bi-weekly collection with 2 announced fee free curbside yard waste collection events, bulk items or brush scheduled and collected for a fee, and a convenience center at the new operations campus. This will maintain current service levels. She recommends that Council review the cost-recovery model for financial stability.

She said the cost would require a $2 million upfront capital investment. The estimated impact on the budget though, would go down, due to decreased maintenance and personnel costs. She said that to stay with the cost recovery 40% model at the current practice, rates would need to go up from $4 to $5.89; with the new model it would be $4.47 to stay at 40% cost recovery, and $11.18 for full cost recovery. She said staff has been attending HOA meetings to gather input and the general feedback was positive. The major concern was having another cart when they have a cart hut. They were asked about opt-out options, but if that happens people would still pay the fee. She outlined next steps to get to full implementation in the spring of 2023.

Council discussed where the yard waste is being taken, why the fees have gone up, and whether there are other sites that would charge less. They discussed whether there should be an opt-out option or an opt-in option. Contracting yard waste collection out was discussed and staff explained that we were too large, and the costs would be more than collecting it ourselves. There was discussion of how violating the storm water permits would affect the Town as well as the costs incurred due to yard waste causing flooding and equipment failures.

Mr. Harrington said he was hearing three council members who support the new model with some phasing, but a request for more information from all members, particularly on an opt-in or opt-out model. He said it would be brought back to Council at the March workshop.

Open Discussion/Parking Lot Items

Mayor Mayefskie asked if there was consensus about the UDO and undoing the merge of the Board of Adjustment and Planning Board. Consensus was to make that amendment to the UDO. There was discussion around requiring certain qualifications in order to serve. Chris Hills, Director of Development Services, said that we are required by statute to have a Board of Adjustment so Council could request certain qualifications but if no one with those applied, we would still have to have a Board of Adjustment. The formation of a Citizens Academy was discussed and Mr. Harrington said he would bring something back to Council on that.

The question of whether Vape Shops could be moved to the Industrial zoning to keep them out of neighborhoods and from targeting youth. Mr. Hills said a new designation would have to be created but that could be brought to Council at the first UDO update. There was discussion of code enforcement around neon signs and other similar issues, and whether the Town should move from a complaint-based system of enforcement to a more proactive model.

Mr. Harrington asked Council if the second week in February works as the timing for the retreat each year so that staff can plan more ahead. Consensus was that it was.

Adjournment: There being no further business, Mayor Mayefskie adjourned the 2022 Mayor and Council Annual Retreat at 12:30 pm on Saturday, February 12, 2022.

Respectfully Submitted on Tuesday, March 1, 2022.

Linda C. McKinney

Linda C. McKinney
Town Clerk