Mayor and Council Workshop
6 p.m. March 8, 2022
Holly Springs Law Enforcement Center and livestream

MINUTES

The Holly Springs Town Council held a workshop meeting on Tuesday, March 8, 2022 at the Law Enforcement Center and via livestream. Mayor Mayefskie presided, calling the meeting to order at 6:00 p.m. A quorum was established as the Mayor and four Council members were present as the meeting opened, and one Council member was present via livestream.

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

Council Member present via electronic means: Council members Shaun McGrath 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; Chris Hills, Director, Development Services; Elizabeth Goodson, Development Services; Sean Ryan, Development Services; Linda McKinney, Town Clerk (recording the minutes); Paige Scott, Director, Public Works; John Mullis, Public Works; Cassie Hack, Director of Communications and Marketing; Kendra Parrish, Executive Director of Utilities and Infrastructure; Antwan Morrison, Director, Finance.

1. Overview: Randy Harrington, Town Manager, gave an overview of the meeting agenda.

2. Housing Affordability Study

Sean Ryan said the purpose of this item was to provide Council with an update on the Housing Affordability Study and Housing Needs Assessment. Possible discussion points would be whether these are trends in housing needs that Council has seen in Holly Springs; what housing challenges has the Holly Springs community faced; what is Holly Springs particularly good at when it comes to housing; what housing needs are a priority to Council; and what are priorities for further research.

He introduced Christiana Whitcomb from HR&A Advisors. Ms. Whitcomb gave an overview of the study to date, including a housing needs assessment that considered demand, supply, barriers to affordable housing and a current housing needs analysis. She said they would evaluate a range of policy tools to address Holly Springs' housing needs. She gave an overview of different possible definitions of "affordable housing" and ways to consider "affordability" in terms of cost burden, and residual income. Next, she outlined specific factors affecting housing affordability in Holly Springs, and responses from Housing Affordability Survey respondents. She said there are three categories of needs: access to homeownership; displacement pressure; and limited housing supply. She outlined growth in sales price and average rents and compared it to growth in income and outlined which populations were most vulnerable. She said that while there are high paying jobs coming to Holly Springs which were driving up the cost of housing, the jobs with the fastest growth were at or under $40,000, and these workers increasingly cannot afford to live in Holly Springs.

Ms. Whitcomb explained the difference between forced displacement and pressured displacement and said that Holly Springs has instances of forced displacement (such as I-540) and is in danger of increasing pressured displacement. She outlined some of the factors that increase the cost of housing, some under the control of the Town and some not under the Town's control.

Council discussed the finding that 60% of Town staff said they were unable to afford to live in town, and the difference in the response to the Housing Survey which said 74% support the Town being involved in affordable housing and the Community Survey which said the opposite. Supply and demand pressures were discussed as was the need for middle and lower housing options. There was discussion about the projects that are currently in the pipeline and how they would move the needle on housing availability. Council also discussed partnerships with organizations like Habitat for Humanity.

3. <u>Annual Retreat Follow-up</u>

a. Utility Rate Model

Kendra Parrish, Executive Director of Utilities and Infrastructure, said that this was a follow-up to the presentation at the annual retreat on options for a financially sustainable combination of customer rates and system development fees. Council is asked to provide direction for the upcoming budget proposal. She said that at the Retreat Council was presented with two possible alternatives to the current rate model, with Alternative 1 being a monthly access fee (by meter size), and a 5 tier system of Unit Volume Rates; and Alternative 2 being a three-year phase in of Alternative 1. Council recommended Alternative 1 and requested more information.

Ms. Parrish explained the relationship between User Rates and System Development Fees (SDF) and best practices in maintaining and growing the water and sewer systems. She showed revenue requirements vs. revenue at current rates for water and sewer. She said the current SDF has the rate payers subsidizing development by 44%. She showed a graph showing the relationship between the average rate payer's cost and the percentage of the expenses of the program that is covered by that cost. She said the most fast-growing communities have some level of subsidizing by rate payers, but the percentage should be closer to 10-15%. The System Development Fee Report supports an increase up to $20,000. Staff is not recommending that large an increase. An increase in SDFs of 75% would be necessary in order for the rate payers to subsidize development at 12%. Ms. Parrish said that staff's recommendation is for a SDF somewhere between $9,750 and $11,700 to be proposed with the FY22/23 budget.

There were discussions about the amount that current rate payers are subsidizing development being unsustainable and that developers know this is being discussed. That home prices are determined by what the market will bear more than by any particular fee charged by the Town, as evidenced by the fact that housing prices did not drop when the SDF was lowered was discussed along with the process which involves putting the fee out for public comment and reporting back to Council on comments received, which will happen before the budget process. Council agreed that the Town has been undercharging for years and a move towards equity was in order. Consensus was to look at raising the System Development Fee to $11,700 in FY23.

b. Yard Waste Collection Model

Paige Scott, Director of Public Works, said that at the Retreat Council requested more information on a proposed yard waste service cost-recovery model. Since the Retreat they have reached out to multiple municipalities and websites to see what plans were out there. At the Retreat, staff recommended a transition to 96-gallon Yard Waste Carts with bi-weekly collection and two fee-free curbside yard waste collection events. Excess items or brush can be scheduled and collected for a fee and a location will be set up for a yard waste convenience center.

Ms. Scott reiterated the benefits of the new model including: compliance with stormwater permit; reduction in stormwater debris clogging; improved town aesthetics; improved customer service and consistency of services; reduced wear and tear on equipment; less labor-intensive model that is safer for crews; and more scalability and sustainable model of service. She outlined the concerns Council had raised at the Retreat and the desire for more discussion on cost-recovery goals for the yard waste fee and opt-in/opt-out options.

John Mullis, Public Works, said that since the Retreat staff has held more conversations with HOA presidents and there is flexibility on enforcing the “cart housing” for the third cart. He explained the enforcement and compliance issues facing the Town currently. The Town currently has no control over residents putting yard waste in the street, and contractors putting waste in the street.

Ms. Scott outlined the costs required to continue the current model with growth, and said the proposed cart model would have an annualized total savings of $295,000, with no staff positions being eliminated, but some moved to the new customer drop-off site.

Ms. Scott said that there were different ways to have an Opt-out option. One option would be for those declining the cart also declining to receive curbside collection, with a fee reduction to be determined by Council. Any resident can schedule excess yard waste collection for a fee, receive seasonal leaf collection, and the use of the convenience center as part of their solid waste fee. Residents then accept the responsibility and cost of yard waste removed. Some core considerations are whether it is a public good to maintain the Town’s Aesthetic, and thus those opting out are receiving a public good. The current “mow and throw” model is inconsistent with the Town’s Green Initiatives. There is also the question of whether this would set a precedent for people to opt out of other fee-based core Town services. Additional considerations are that the yard waste cart fee would increase directly in proportion to the number of households opting out, which reduces the cost-recovery potential. Trucks would still be required to cover the same geographic area and would require the same amount of staff. In addition, administrative rules (and staff time) would be required and customer serviced support and technology would be needed to manage the opt-in/opt-out. And there could be an increase in illegal dumping or mis-use of the program. This could also impact the budget process with no way to predict the number of households willing to pay the cart fee.

Ms. Scott said an opt-in model would provide the same services as the opt-out model, but residents would have to subscribe to the cart service. Opt-in models almost always result in lower participation numbers, driving up expense. She outlined two regional opt-in models, which are very different from each other, and explained that the opt-in model requires significant user education and outreach, an increased administrative cost burden, and the potential increase in disposal violations and illegal dumping.

Mr. Mullis said that another option proposed at the Retreat was contracting out the service. He said that this would not result in a decrease in the rate paid by the customer, and that there is a very limited number of businesses who accept this work. Nationally service levels for yard waste were least high on the company’s priority, so service levels are an issue. He also said no municipality in NC over 50,000 population contracts out their yard waste collection. Additional risk considerations for this model include decreased disaster response, service level problems, staff retention, and vendor availability.

Mr. Mullis talked about cost recovery. Whether this model is adopted or not, fees will have to increase in order to reach 100% cost recovery. To keep the current model and maintain the 40% cost recovery the Town currently has would require an increase to $4.47 per month. Rates could be raised to below the average for peer communities and still reach a 60% cost recovery model. Ms. Scott said that staff recommends implementing a bi-weekly cart collection model to comply with stormwater permit and Town Ordinance with minimal enforcement.

Residents could decline the cart but would still be responsible for the monthly yard waste fee as determined by Town Council. The fee could be adjusted to the 60% cost recovery estimate in Fiscal Year 2023, with consideration of closing the cost recovery gap in future years. If Council supports the new model, the Manager will include it in the recommended budget.

There was discussion about a convenience center for residents and Ms. Scott said that staff was looking for an interim location until the new Operations Campus could be built. There was discussion of leaf collecting and how it would continue to be as current, but there would be no problem with a resident putting leaves in their yard waste cart if they fit. There was discussion about the cost-recovery model and leaving it at 40% for FY23 since other rates will be raised, but continuing to look at this in future years.

Consensus was to accept the staff recommendation of implementing a bi-weekly cart collection model, with residents allowed to decline a cart, but still being responsible for the full monthly yard waste fee, but to leave the cost-recovery model at 40% for FY23 and consider closing the gap in future years.

Mr. Mullis said that this program would take 6 to 9 months to roll out, giving staff time to educate the public and prepare.

Randy Harrington, Town Manager, said this is much like the Stormwater issue: two services that were not sustainable. This is the right model and will be better for our community and we will be stronger for it.

c. Strategic Plan Update

Corey Petersohn, Administration, said that the purpose of this item was to review progress on and updates to the Mayor and Council's Strategic Plan building off the feedback that was received. He reviewed the timeline for updating the Strategic Plan and then outlined those initiatives that have been completed, those that are in progress, and those new initiatives which were discussed at the Retreat, specifically highlighting areas where Council's feedback was incorporated.

Mr. Petersohn asked if these edits matched up with what Council requested at the retreat and Council agreed that they did.

Mr. Petersohn said that the next step will be for Council to adopt the Strategic Plan at their April meeting, allowing the Strategic Plan to guide staff in the budgeting process.

OPEN DISCUSSION

Linda McKinney, Town Clerk, said Council needs to choose a voting delegate to the NC League of Municipalities. Council discussed the duties of the voting delegate and who had served that in the past. Consensus was to make this appointment at the organizational meeting in the future, and to assign it to a member of the Legislative Action Committee, and Council appointed Council Member Tim Forrest to serve as the voting member for 2022.

Mayor Mayefskie said yesterday was a big day with the Amgen groundbreaking and some good things are coming for the Town out of the discussions that were held there.

Council member Forrest thanked the previous Town Council for the Amgen and FUJI projects that are coming to fruition now, and he praised the Economic Development team for their hard work. There is a lot of work that goes on that our residents don't necessarily see to bring these projects to completion.

Mayor Pro Tem Berry said he was getting a lot of questions on the daycare across the street from Holly Glen. Requests for a traffic light have increased. He asked for an update on the DOT warrant and when we will get the signal at Holly Meadow. Kendra Parrish said the signal is at 75% design. We allowed in the CIP six months for right-of-way acquisition, and we probably won't have that much right of way to acquire. Design is moving forward. The signal is not yet warranted, but NCDOT is seeing the writing on the wall, and is reviewing the design. We are designing and paying for the signal so we can put that pressure on NCDOT. Norris Crossing is supposed to pay at the pre-construction meeting, which is about a year away, so that timing should work out. She said that this is "back of the envelope" figuring, but she could put the information together to send out in a Friday briefing.

Council member Wolff said Council was expecting a discussion about signing on with Raleigh on the Nondiscrimination Ordinance and asked what the progress was. John Schifano, Town Attorney, said he has seen a draft. Anyone who signs the NDO would get a "free ride" for a year and a half. Municipal attorneys are working through some minor language edits and he expects to bring it back to Council. There are still some outstanding questions. He recommends opting in with the exception of the "natural hairstyles" provision, which creates problems for police and fire. But that is Council's decision. The mechanics are that the County will handle the complaints and referrals to Campbell Law. Council said it was worth a 15-minute discussion once the final wording is in place, if there is room on the April workshop.

Closed Session: none.

5. Adjournment: There being no further business, Motion to adjourn was made by Council member Wolff seconded by Council member Forrest and passed with a unanimous vote. The March 8, 2022 Workshop meeting of the Holly Springs Town Council was adjourned at 7:56 pm.

Respectfully Submitted on Tuesday, March 15, 2022.

Linda C. McKinney

Linda C. McKinney
Town Clerk