

Mayor and Council Workshop

6 p.m. April 12, 2022

Holly Springs Law Enforcement Center and livestream



MINUTES

The Holly Springs Town Council held a workshop meeting on Tuesday, April 12, 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 three Council members were present as the meeting opened, and two Council members were present via Zoom.

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

Council Member present via electronic means: Council members Shaun McGrath and Aaron Wolff.

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; Linda McKinney, Town Clerk (recording the minutes); Cassie Hack, Director of Communications and Marketing; Seann Byrd, Utilities and Infrastructure; Antwan Morrison, Director, Finance; Annmarie Forbis, Human Resources.

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

2. Fiscal Year 2022-23 Budget Development Update

Randy Harrington, Town Manager, said that this item was to update Council on the budget development process and some of the key factors shaping the upcoming budget recommendation. He introduced Malayna Maes with McGrath Human Resources who shared themes of the Pay and Classification Study and the Town's current overall compensation and benefits approach.

Ms. Maes said she wanted to review the study as the Town is preparing their budget. She outlined the study objectives, methodology and which comparable organizations were used to compare. She outlined the percentage of positions under Market or at risk of becoming under Market and gave an overview of the key findings. She said that every department had positions that needed to be adjusted. But the types of positions that most need adjustment are labor positions; first level supervisors; managers in professional series; specialized IT; engineers; and directors and assistant directors. She noted that compression was found in higher levels of a couple of departments. Ms. Maes recommended to the Council a range system structure where there is a 50% range from "minimum" to "maximum" pay grades. The plan, as described, would generally move the minimum pay grades up, while trying to maintain the current maximums. The goal of the plan would be to advance employees to the "target rate" within a reasonable period of time to avoid turnover. The target rate is set at 5% above the market rate as determined by the study. She stated that the system is developed with the merit system in place for employee advancement, but she also recommended a CPI or cost of living adjustment to adjust the ranges upward to ensure that the ranges remain competitive. Ms. Maes said that the recommendations are to place positions within the recommended Pay Grade, with career ladders established to promote retention. Employees who are under the new minimum rate

should be placed at the minimum. Additional in-range adjustments to align existing staff in the ranges closer to Target Market Rate based on time in current position. Evaluate employee credentials/certifications to align within respective job levels.

She said that 76% of existing employees will be impacted by these recommendations. 18% adjusted to recommended minimum; 38% adjusted to recommend minimum and in-range adjustment and 20% in-range adjustment only. Merit is independent of implementation with the 24% having no adjustment having this opportunity.

Council asked for and received clarification on the methodology used for this study. They discussed the anecdotal evidence that rendered these findings unsurprising and discussed the importance of attracting and retaining high quality employees as the town grows.

Randy Harrington, Town Manager, spoke about the trend of position vacancies increasing and being more difficult to fill. He shared statistics on how Holly Springs' health insurance plan compares with other municipalities in Wake County in terms of employee cost per month. He said that if no changes were made, the cost of health insurance would increase 28% next year. Moving to the North Carolina Health Insurance Pool (NCHIP) would save the town money, with a 15.3% increase and only minimal plan design changes. The insurance provider would still be Blue Cross Blue Shield. Moving to two plan options, will allow employees to choose from a base plan and a "buy-up" plan. He gave a breakdown of total compensation for four examples of town employees and said benefits account to approximately between 25% and 30% of an employee's total compensation.

Mr. Harrington said the pay and classification study is a major part of the upcoming budget recommendation. He said he asked the Senior Leadership Team what was most important – pay rates or new positions – and they said that the pay rates were more important, in order to retain the employees we have and fill those positions that are open. He said the key investments Council has discussed will also be part of the budget, such as yard waste, Operations center, Customer Care Center. He said he does believe that the existing revenue streams will be sufficient to maintain core services and advance strategic initiatives.

Council member Forrest asked if the recommended budget would be provided to Council in advance. Mr. Harrington said Council would get it on the day of the presentation, because there are so many moving parts that it cannot be ready in advance.

3. Water Reclamation Facility Expansion

Seann Byrd, Water Resources Director, said the purpose of this item was to discuss current status, future upgrades, and timelines on the expansion of the Town's Utley Creek Water Reclamation Facility. He showed the projected wastewater flow through 2040 and said that the current system is due to exceed capacity in 2028. He gave the reasons for the increase, including population growth and economic development. The facility is now in the geographic center of the Town. He showed the growth from 1999 to 2010, from 2.4 million gallons per day (MGD) to 6 MGD. He gave an overview of the current status of the facility and upgrades to make the plant not bother the neighbors – odor control, noise control, and directional lighting. He said that site improvements are needed to expand to 8 MGD. He showed the what raw wastewater looks like, through the microbiological treatment, to the final effluent of treated water.

Mr. Byrd discussed the current status of the reclaimed water system. The current design permits 1.5 MGD. Daily peak in 2021 was 862,000 gallons, which is a substantial savings in potable water capacity. There are currently 1,172 reclaimed water connections, but future demand due from FUJIFilm Diosynth Biotechnologies and Amgen will be about 200,000 gallons per day. He said that total annual reclaimed water usage has more than doubled since 2014. He said that biosolids are another aspect of wastewater treatment, with 2.4 tons per day being removed from the water in 2021. Biosolids are projected to double in 2026. The Town sends these to an off-site composting facility in New Hill.

Mr. Byrd said the key challenges for retrofitting a treatment plant are site liberties and constraints; the capacity to enhance existing structures; utilizing best technology; and building with the future in mind. He gave an overview of what would be needed to retrofit the Utley Creek plant. He said next steps would include issuing an RFQ for Engineering Services, a preliminary engineering report which would include engineering alternatives analysis and environmental studies. This would be followed by a design phase in 2023-24 and construction in 2024-26. Projected cost range is between \$78 million and \$133 million. For comparison, he said, a recent project in Johnston County last November cost \$93.1 million.

The Town currently discharges to Utley Creek. Mr. Byrd said that after the upgrade to 8 MGD, an environmental assessment would be needed. With increased discharge there is a high probability that Utley Creek will not be large enough and the Town would need to explore discharging directly to Harris Lake. The next phase after 8 MGD is expected to be complete by 2035.

Council member Forrest asked about impacts to Utley Creek if we were to stop discharging there, if any farms used Utley Creek for irrigation and whether the creek crosses Avent Ferry Rd. He asked if an impact analysis would be completed. Mr. Byrd said that Utley Creek does not cross Avent Ferry Rd but runs parallel to it, and the creek is surrounded by residential land and land owned by Duke Energy. He said the Environmental Assessment which is required is basically an impact analysis. Council member Forrest asked about the access road to the treatment plant and if that would be part of the expansion. Mr. Byrd said that by the time construction starts that extension is expected to be in place as part of other development in the area.

MPT Berry asked if there were any economies of scale to go higher than an additional 2 MGD now, rather than waiting. Mr. Byrd said if we go above 8 there are environmental studies required that cost about \$500,000 and add time to the process. Not including any requirement to pipe to Harris Lake, the additional capacity would cost about \$180 million, and if discharging into Harris Lake was required that would include, in addition to the pipe, a separate station at the end of the piping for aeration, chemical addition, and flow monitoring. There are a lot of unknowns at this point.

Council discussed how many years the additional 2 MGD would extend our capacity. Mr. Byrd said it would take us to 2035, but given the time required for expansion, this process would have to begin in 2032. Phasing was discussed and Mr. Byrd said that the next expansion after the 8MGD would be cheaper than this upgrade because of the work that would be done with this expansion to prepare for future expansion.

Council member McGrath said that forecasting out and looking at this from a System Development Fee perspective, it made sense to him to look at a longer horizon to make sure the funds are baked into the System Development Fees.

Council member Wolff said that our recent economic development success has compressed the timeline, and asked if there were any projects coming that Council should be considering that will shorten it more. He also asked if the two big projects would use the same amount of reclaimed water. Mr. Byrd said that any projects the size of FUJIfilm Diosynth Biotechnologies or Amgen would shorten the timeline more. And there are other capacities that we do not currently have that could impact economic development projects. He said that Amgen is projecting the use of about half of FUJI's first step projections.

Randy Harrington said those are good questions about sizing for the future. Really this comes down to affordability. One of the things Antwan Morrison, Finance Director, is working on with our financial advisor, DEC associates, is to build a model on the utilities side to see what impacts particular projects would have on rates.

Council member Bennett asked about the cost of piping discharge to Harris Lake. Mr. Byrd said that is an unknown because the State could let us keep the Utley Creek discharge staff did not include the cost of piping to Harris Lake.

4. Town Clerk and Town Attorney Updates

Linda McKinney, Town Clerk, gave Council an update on her activities for the first quarter of 2022 including negotiating a new agreement for cemetery management and preservation of historical records and bookmarking on livestreams of Council meetings. She then outlined a request from the Holly Springs Police to use the Council chamber once per quarter for a teen restorative justice program that currently only has locations in Raleigh but none in this area of the County for Holly Springs, Apex, and Fuquay Varina residents who have trouble getting to Raleigh for the program.

Action: Motion to allow the Teen Court to use the Council Chamber once per quarter.

Motion by : Forrest

Second by: Bennet

Vote: Unanimous

John Schifano, Town Attorney, gave an update on the right-of-way acquisition for Holly Springs Road widening East and the Arbor Creek/Middle Creek greenway. He said there was a lot of risk-management work going on to update various town policies. There will be insurance liability increases in the next fiscal year, but nothing too major.

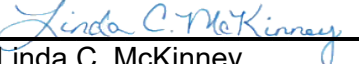
OPEN DISCUSSION

MPT Berry asked why the System Development Fee change was published for comment. Mr. Harrington said the statute requires it to be published for 45 days prior to the public hearing, which will be at the second meeting in May with the budget hearing.

Closed Session: none.

5. Adjournment: There being no further business, Motion to adjourn was made by MPT Berry seconded by Council member Forrest and passed with a unanimous vote. The April 12, 2022 Workshop meeting of the Holly Springs Town Council was adjourned at 7:47 pm.

Respectfully Submitted on Tuesday, May 3, 2022.


Linda C. McKinney
Town Clerk