



MINUTES

The Holly Springs Town Council held a workshop meeting on Tuesday, April 9, 2024 at the Law Enforcement Center. 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 in the room as the meeting opened.

Council Members Present in the room: Mayor Sean Mayefskie and Council members Tim Forrest, Danielle Hewetson, Chris Deshazor, and Annie Drees.

Council Members Present Electronically: Mayor Pro Tem Dan Berry.

Council Members Absent: none.

Staff Members Present: Randy Harrington, Town Manager; Linda McKinney, Town Clerk (recording the minutes); Daniel Weeks, Assistant Town Manager; Scott Chase, Assistant Town Manager; Corey Petersohn and MaryBeth Spoehr, Budget, Innovation and Sustainability; Kameron Womack and Mathew Mutter, IT; John Schifano, Town Attorney; Kendra Parrish, Executive Director of Utilities & Infrastructure; Aaron Levitt, Sara Emig, and Debbie Abene, Utilities & Infrastructure; Cassie Hack, Director of Communications and Marketing; Tina Stroupe, Director of Finance; Chris Hills, Director, Development Services; Sean Ryan, and Elizabeth Goodson, Development Services; LeRoy Smith, Fire Chief; Paul Liquorie, Police Chief; Patty Dressen, Director of Office of Customer Care; Irena Krstanovic, Director of Economic Development (arrived at 7:27); Paige Scott, Director of Public Works.

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

2. Project Management and Delivery Study Report

Scott Chase, Assistant Town Manager, introduced Morgan McIlwain and Charles Archer from Freese & Nichols, consultants on the project management initiative. He said the Project Management Initiative was fundamental for change management as the town continues to grow. It would provide resource optimization and risk identification and management, and would project visibility, communication, centralized information for reporting and project insights.

Kendra Parrish, Executive Director of Utilities & Infrastructure, said the organization is currently managing \$800 million in projects that are in preliminary design, \$500 million. She outlined the current project management process. She outlined the goals and objectives of the project management initiative including accurate and effective reporting to Council; access to project level information throughout the organization; and project management policies, tools, and standards.

Morgan McIlwain outlined the process they used, including stakeholder meetings. She said the key takeaways from the findings included areas of success including the culture of the Town and collaboration between departments, and opportunities for improvement such as standardization, training, definitions (for better communication) and metrics.

Ms. McIlwain said that project phases begin with discovery, move through development and into training and support. She said we are moving into the second phase.

Ms. McIlwain said the strategy for the next phase is to establish standard definitions and metrics, so that everyone has the same expectations. Next, they need to develop processes and tools, and follow by evaluating a Project Management Information Solutions platforms.

Ms. Parrish discussed the current good project management practices that Holly Springs currently has in place, and what the next steps to evolve those to the next level would look like.

Ms. Parrish said that Transportation, is a key concern of the residents year after year. She said that organizational adjustments would need to be evaluated in the coming years with the addition of leadership capacity through reallocating positions and staff augmentation. In the future it could become a separate division within Utilities and Infrastructure.

Ms. Parrish said next steps would include continuing to advance on Phase 1 recommendations, proceeding toward Phase 2 for implementation and identification of Project Management Information Solutions. She said the FY25 proposed budget would include a modification in alignment focused on Transportation delivery.

Council discussed staffing requirements and change management strategies. There was further discussion about the phasing. They discussed the benefit to residents in optimizing resources and resource alignment. Mr. Harrington said that Council articulated Organizational Excellence as a strategic priority, and this was an excellent way to address that initiative. Staff reassured Council that any new software would integrate with software already in use.

3. Land Use & Transportation Check-in from Retreat

a) UDO Updates & Conditional District Process

Chris Hills, Director of Development Services, said this item was to present an overview of UDO updates requested by Council as well as some initiated by staff, and receive feedback. Beginning in fall 2023, Council indicated that they wanted some changes to Building Heights, Density, Residential Lot Sizes, and Conditional District process. Other amendments discussed were around the implementation of the Northeast Gateway and Downtown Area plans. There are also technical corrections, minor modifications, and amendments to the billboard/sign regulations. He said that last fall some quick adjustments were made. Staff said that Residential Uses & Lots and Conditional Zoning Districts would come back to Council in the spring of 2024, which is what we are here for tonight.

Sean Ryan, Development Services, said that Council wanted to revisit minimum lot sizes for certain zoning districts with a goal of providing a clear option for 10,000 square foot lots. He outlined the current standards for detached dwellings in SR, NR, and NCR districts, and the proposed changes. He said that allowing for an average lot size, rather than requiring certain percentages of lot sizes, would meet the Town's goal of mixed lot sizes in a neighborhood in a way that developers could actually construct, especially in smaller subdivisions.

Mr. Ryan said the Conditional Zoning Districts currently require a three-step process, with two check-in points with neighborhood meetings and public hearings. This process takes 18 – 24 months. Staff proposes an optional two-step process with the zoning and development plan combined into one neighborhood meeting and one public hearing. This would be legislative, not quasi-judicial, and would shorten the timeline by 6 months. This would be a choice for the applicant, with the three-step process as an option.

Mr. Ryan said the current process has the proposal go to Planning Board, then a Council public hearing, followed by Council decision. A possible update would be to have one public hearing for Planning Board and Council together, after which the item would go to the Planning Board and then to Council for a decision. This would add a month to the process, but in combination with the other proposed change, would still be five months shorter than the current process.

Mr. Ryan said that stakeholder feedback received was concern about added expense without providing more predictability, increased risk with no assurance of utility capacity,

suggestion of defining what minor modifications could be made to a plan without new rezoning and they asked to eliminate the quasi-judicial process and move towards staff approval.

MPT Berry said he liked the change to shorten the process and streamline the approval. He asked how the average lot size would be calculated. Mr. Ryan said one of the metrics a developer is required to report is the average lot size of lots intended for residential building, not the open space. That is the number staff would use to see if they met that metric.

Council member Hewetson asked if the applicant did select the three-step process, would it change Council's order of approval. Or would it still use the changed process. Mr. Ryan said if they choose the three-step process, it would be just as it is today. What we are seeing in a lot of our rezoning cases is that the rezoning and the development plan is on the same agenda or the next month. We are seeing a lot of the details coming in earlier already. He said the public hearing change would take effect regardless of if the applicant chooses the 2 or 3 step process. If Council decides to go forward with the modified process, they would not make the decision at the same meeting as the public hearing.

Council member Drees said her concern is whether they would get the same amount of input if the Public Hearing order changed. Mr. Hills said all the notifications would be the same so people would hear about it the same way. But if the action is not being taken that same night, it gives the applicant a chance to react to the public input and evolve their plan. Mr. Ryan said we often hear that if people had known about the Planning Board meeting they would have come to it. Having the Public Hearing earlier enhances our ability to get more input.

Council member Forrest asked if Planning Board would hear the Public Hearing. Mr. Ryan said they would be invited to come hear it, and the staff report would also include the results of the public hearing.

Council member Deshazor said he thought having the new public hearing order would be a good thing for Planning Board and the public. The other piece is, the combination of zoning and development plan raises a little bit of a concern for him, because it will make the process and those conversations longer because we would have to get it absolutely right the first time. He thinks that will make for very meaty discussions. Most of the time it will be fine, but sometimes it may be problematic. Mr. Ryan said this may reduce the amount of material Council gets, because instead of a concept plan, you will get a detailed development plan.

Council member Deshazor asked how many rezonings Council has said no to in the past five years. Elizabeth Goodson, Development Services, said that there are more that have been delayed than actually denied, although some have been delayed repeatedly. Mr. Hills said that only about 5% of proposals make it to the Council approval process, because the plan may not match town expectations or plans. The ones that make it to Council have been pretty well vetted.

Randy Harrington, Town Manager, asked Council how they felt about whether the Quasi-Judicial process was worth their time. Council member Forrest if the quasi-judicial process is meant to help construction, and if it was meeting that intent. Mr. Hills said that according to statute there are two ways we can go. One is to have a quasi-judicial hearing for plan approval. The challenge is that if a project meets the standard it is hard to say no. And the public has a hard time understanding that. The other opportunity, and what our stakeholders would like, is for the quasi-judicial part to become administrative after zoning. Oftentimes the conditional zoning process is part of that. It allows Council to have the purview on both the rezoning and development. Staff would be open to allowing the development plan to be administrative, which would also shorten the time frame for the developer. Council member Forrest said we looked at moving this to the Board of Adjustment and then we pulled it at the last minute. But, he asked, as we continue to grow, at what point does Planning and Zoning need different authorities.

Council member Drees asked if Council brings something different to a quasi-judicial hearing than staff would. She asked if staff felt like they would have come to the same

conclusion as Council in those cases where a change was made. Mr. Hills said we have talked about modernizing the UDO with these changes. This is a bridge to not going all the way to administrative approval and we will continue to marinate this before bringing it back to Council.

Mayor Mayefskie said we have one of the longest processes in the county and shortening it would help with getting the housing we need. He asked if there were any legal concerns with this change. John Schifano said Council needs to realize that when they rezone something they could get anything that is an allowable use in that district. What we have tried to do is get close to conditional district rezoning. That is what we have been working towards. The danger that you run into is doing a rezoning and three of you thought you were getting one thing and three of you were thinking you were getting the other. In theory the rezoning could be invalidated. You want to be sure your zoning criteria align with what you expect to get on that site.

Council member Deshazor asked if a developer could change mid-stream which process they wanted. Mr. Hills said yes, they could decide that one process wasn't working and they could move to the other. Ms. Goodson said that in the 2-step process they are making one legislative decision that would have the zoning and development plan in the same decision, with civil construction drawings an administrative decision.

MPT Berry said we have to think about who is asking for these things. The development community is asking us to get rid of the quasi-judicial process as well as reducing the time. He thinks they are getting their cake and eating it too. He said there have been examples where Council involvement has gotten us something we wouldn't have gotten at the staff level only. He thinks we need to be careful about who we are trying to serve. If we combine the two elements in one, they are getting that anyway, so it's a balanced approach.

Council member Forrest asked if moving to the 2-step process and keeping the quasi-judicial could still be shorter. Mr. Hills said in theory you could, but to MPT Berry's point, a legislative decision gives the Council more leeway. It can give them more influence on change.

Mr. Ryan said the next item for Council's consideration was plan implementation. The Northeast Gateway currently allows three types of residential units: attached dwellings, apartment dwellings, and detached dwellings. Staff proposes breaking each of these down into their component parts. This would not change any permitted land uses currently, but would allow flexibility for future decisions, such as if there were a place where duplexes would be appropriate, but Council did not want townhomes.

Mr. Ryan said it has become clear that implementation of the Downtown Area Plan is going to be closely related to parking. Staff proposes eliminating the DMX exemption to providing parking for residential dwellings and commercial projects. This would apply to new development. No new parking would be required for a use change. He said the Town could also explore collecting a fee-in-lieu of parking.

Mr. Ryan said that the remaining proposed amendments were minor modifications and technical corrections. Minor modifications include nonresidential use allocation, nonresidential lot frontage/access, consolidation of amusement and entertainment uses, construction timing for residential open spaces and defined terms. Technical corrections would fix terminology consistency and document structure. Council member Forrest asked if we had seen any interest in building Accessory Dwelling Units. Mr. Hills said we may have fielded a handful of calls, but no one has moved forward with it.

Mr. Hills said our ordinances take a very hard line on off-premise signage. We value this because we are a character-driven community. He said the Town Attorney suggested we might need to take a look at how we regulate these signs. Mr. Schifano said that we are dealing with an application to erect a billboard in front of Fifth Third Bank, and the attorney representing them is the number one billboard attorney in the state. He takes the position that the enabling legislation says that we can regulate outdoor advertising, but it doesn't say we can prohibit it.

There is an outdoor advertising act that states that it is a good thing for the state. Therefore, he asked staff to look at regulating it, rather than prohibiting it. The hope is for the level of regulation would meet the goals we all have for the Town.

Mr. Ryan said that staff is proposing amendments to clarify Outdoor Advertising as a commercial use in the permitted use table, create standards for size, location, and digital features, and limit them to certain Commercial and Industrial Districts, being very corridor specific. Areas in consideration for this permitted use would be RMX and HI Districts within 150' of the right-of-way along and facing US 1 and NC 540. He compared our current ordinance to our neighbors, saying that Apex, Cary, Knightdale, Rolesville, and Wake Forrest totally prohibit billboards, and Morrisville and Fuquay-Varina have ordinances similar to ours limiting size and height. He said that clarifying these types of signs as a land use, rather than sign ordinance, matter would make them permitted with standards, whereas Zebulon, the other municipality classing them this way, prohibits them. Mr. Hills said that the state says these are legal and could be good for your community, and some municipalities have said there are places they would be ok. We have the ability to regulate it to be in a place that is acceptable to our community. We would keep the current size restriction of 24 square feet, which is smaller than a traditional billboard.

Mr. Ryan said that next steps would be for Council to consider the amendment regarding billboards in May and those regarding residential uses and lots, conditional zoning districts in June. He asked for Council's feedback in preparing those amendments.

Council member Drees said she wondered if tree preservation could be revisited in the UDO amendments. Mr. Ryan said with the adoption of the new UDO there were some changes that increased the amount of open space and the applicant could choose to increase tree preservation to meet that need.

b) Microtransit

Elizabeth Goodson, Development Services, said this item was to provide an overview of microtransit, and explore considerations for expansion of the community's transit options. She said that investing in traffic management and increasing bus service in Holly Springs were topics that residents identified in the community survey as among their top priorities. She said that a half cent of the sales tax is dedicated to transit in Wake County, and the Wake County Transit Plan calls for transit connections to all municipalities in Wake County and funding for local transit programs. Ms. Goodson said that the Comprehensive Transportation Plan calls for a three-phase approach. The first phase is single on-demand microtransit zone with service points. Two other phases would move more towards a fixed route approach.

To make sure we are all operating under the same definition, she said that microtransit is small-scale, flexible routes, on-demand transit for a broad service area. It aims to find a balance between flexible and fixed, collective and individual, to be a middle way between individual vehicles and a large-scale bus service. There are different types of microtransit, including point-to-point, similar to a rideshare service, and zone-to-zone with set pick up and drop off areas. Either of these can be on-demand or pre-scheduled.

Ms. Goodson said that microtransit can be publicly operated, privately operated, or a partnership. The partnership approach requires a high level of coordination but offers the most flexibility with medium risk to the town. Populations best served by microtransit are lower density populations, riders who choose not to use their car, and persons with disabilities. GoWake Access Transportation is only accessible in rural service zones.

Ms. Goodson gave examples of microtransit programs in municipalities of similar size, and explained their costs, fares, and style of service. She said that lessons learned from other communities were that microtransit cannot replace fixed-route transit but can serve lower-density areas and uncover latent demand. Feasibility studies are needed to determine community needs and travel patterns before launching a service, and that choosing the right

service provider and proper promotion of the program are important. She also explored driver shortage challenges experienced by our neighbors. She outlined estimated operating costs, including start-up costs, technology needs, and staff to be around \$425,000.

Ms. Goodson said that this was a high-level overview. Next steps could be conducting a feasibility study, which would cost around \$70,000, but there is grant funding from CAMPO's Community Funding Area Program, which could provide up to \$50,000 or 50% of the cost of the study.

Council member Deshazor said people are asking for this and asked what the time frame to get something like this implemented would be. Ms. Goodson said a feasibility study is required. Mr. Ryan said two years is probably on the short end. Mr. Hills said there was a pilot program in northern Wake County. We might find a pilot program and piggyback on it. But to make sure we do it right the two-year timeframe is more likely. Mr. Harrington said if the study takes six months, we would come back to Council at the retreat or a future meeting, for future consideration.

Council member Hewetson asked what a study would entail. Ms. Goodson said it would look at our service area and our way of looking at it, from type of vehicle to possible zones.

Mayor Mayefskie said he would like to look at a fee-based model. He doesn't know if we have funds in the budget for free rides, but \$2.50 to get a ride to the grocery store is reasonable. Council member Hewetson said something like Morrisville's, with a fee but it gets you to points in town, would be feasible. Mayor Mayefskie asked if this was geared towards the adult community who need transportation to doctors' appointments, rather than zone to zone. Council member Deshazor asked if a mixture of both would be feasible. He thinks there is a demand for point-to-point and for zone-to-zone. Ms. Goodson said either is more flexible than a fixed route system.

Council member Drees said she thinks we need the study in order to get answers to the questions Council is asking. Council member Forrest said there is a litany of things that this could address. He asked if Holly Springs qualified as rural enough for GoWake. Mr. Ryan said it does not. Council member Forrest said our 55 and above population is close to 10% of our population and we need to address their needs. He agrees we need the study. MPT Berry said any cost we put towards this is a challenge in this budget year, so we need to think about what we're cutting to get it. Mr. Harrington said if Council does want us to move forward, our match with CAMPO would mean the Town's contribution would be doable and that would be the only expense over the coming year until more guidance was offered.

4. Budget Check-in

Randy Harrington, Town Manager, said before he addressed the budget he wanted to address Council's feedback on the Strategic Priority area: Growth Management and Economic Vitality is the proposed label to meet Council's request. He asked for confirmation on whether that matches what they were requesting. The consensus was that it was ok.

Mr. Harrington said this item was to provide a brief update on the budget process, with a focus on an update to the Public Safety pay classification study. He said he is seeking feedback to help inform his final budget balancing considerations.

Malayna Halvorson-Maes from McGrath Human Resources said that there has been a 49% increase in openings in Public Safety since 2020 and a decrease of at least 16% in applicant volume. She said turnover is expensive and impacts staff burnout, overtime line items, and operational readiness. She outlined some of the challenges that are driving compensation trends and applicant expectations.

Ms. Halvorson-Maes gave an overview of the 2021 Compensation Study. She explained who the Town's Market Comparable Organizations were and showed how Holly Springs compares using Minimum, Midpoint, and Maximum Comp Ratios. She said minimums were ok,

but midpoint and maximum were falling behind, which creates problems for recruitment. She said that while Council targeted a rate above average in the implementation of the 2021 study, Holly Springs has fallen behind in both minimum and maximum pay for police and fire personnel.

Ms. Halvorson-Maes recommended separation of sworn positions to their own salary schedules, adjusting public safety salary ranges to align to the 50th percentile of comparable findings (with consideration for compression separation) re-developed levels for Police Officer and Firefighter positions, and retaining employee positioning within each range. She showed a market illustration of what it would take to position Holly Springs above the average for the area.

Corey Petersohn, Budget, Innovation, and Strategy, said that the pay classification study utilizes position data effective July 1, 2023 from the comparables. Staff recommends accounting for inflation on the proposed public safety pay grades (an increase of .89%). Benefits would include an increased employer contribution rate to the retirement system. With these in mind, the cost of this implementation would be \$1,293,732 (including impact to vacant positions) with \$995,079 of that from salary and \$298,653 from benefits.

MPT Berry asked how long it should take an employee to advance to the midpoint. Ms. Halvorson-Maes said part of it is based on how broad your ranges are, and yours are 50%. You have to think about what the organization has deemed proper performance. But if you take more than 5 or 6 years to reach that midpoint, you will find that employees get frustrated. With that said, if you have a competitive range and they can see the progression, sometimes they don't get as frustrated because they can see a path. MPT Berry asked if we do this every two years, every time we do this it is range neutral, it's going to take longer for people to get to 50%. Ms. Halvorson-Maes said you are in a very competitive area, and you have a lot of vacancies, so you have more cards stacked against you. You are going to need to keep looking at these and rely on your performance management system to be sure your employees are reaching their marks. It is one piece of the puzzle. There are other reasons people decide to stay or go. Mr. Petersohn said right now if an officer is 50% into their pay grade, when we move the grade, they will remain at 50% of the new grade. So how long it takes to get to the midpoint depends on their evaluation. MPT Berry said that he thinks the more we do this, for some people it could make it harder.

Council member Drees said we talked about benefits changes at a past workshop. Have we given any thought on phasing these in to lessen the budget impact? Maybe giving it to those with the most need. Mr. Harrington said first, there are some jurisdictions that break it up into a 2- or 3-year plan. From a morale standpoint, that's harder to manage. If you are taking it over a 2–3-year period, you are falling behind because most are moving. Council member Drees said she was not talking about 2-3 years. Even over a month or two. Mr. Harrington said the cost of that would be negligible, but who gets to be first means you have morale to deal with. Mr. Petersohn said this is in one way a phased implementation because last time it was the whole organization and now it's just public safety. Mr. Harrington said the most aggressive way to assure that an employee meets their midpoint is to have a stepped system, but that would double the cost and give you a pay plan that is not sustainable. MPT Berry said we did this two years ago and Public Safety was half of that cost. Now we are proposing the same money. It is not sustainable to do this every two years and tie up our budget. He said we need to find a way to do this for less money, because eventually it is going to catch up. Mr. Harrington said that is a great point. He said that through his 24-year career in local government he has never seen the market move like it has in the past years. What we are seeing right now is unique. Long-

term wise it is not sustainable in the region. So there should be some modulating in the market. This is showing where the market is now. But he agrees that we need to watch it closely.

Council member Forrest asked why we don't have a step program in public safety that would get employees to the midpoint faster. There's got to be a way to implement that. If we don't have a way to do a step system, it's something we should look at. He said \$1.3 million is a lot of money. But right now our hands are tied. He asked about providing other things to keep the salary fight down. We need to do this, but we need to develop other plans for the long term. Mr. Harrington said he has experience with the step system and it becomes completely unsustainable. Traditionally it is based on years, not performance. Council member Forrest said it should be based on performance and education, not be automatic. Mr. Harrington said we have done some career laddering at the start of the study in 2021. There are ways to move up. Council member Forrest said we have to engage in best practices for our size of town. Mr. Harrington said we are using best practices. Something like a step program is not necessarily best practice. But we are trying to be data driven. The conversations we are having about other practices to take a little pressure off salary alone are also best practices we are addressing.

Council member Deshazor said that at the retreat we talked about total reward, but now we're talking salary only. He wants to look at total rewards to sweeten the pot to make sure we are making employees happy here. There are different things out there we can address. Mr. Harrington said Council will see that in the recommendations. There were 11 or 12 things we talked about last month and you will see more on that, following up on that conversation. Mayor Mayefskie said a business model of hiring by how other municipalities hire is not a good model. He wants others to follow us. We can come up with other ideas to keep people here. We as a team are above and can do these things to keep our employees.

Mr. Harrington said he would roll out the budget presentation at the May 14th meeting.

5. Open Discussion

Skipped in the interest of meeting CM Drees' 9:00 hard stop.

6. Closed Session: The Council entered into closed session, pursuant to N.C.G.S. 143-318.11(a)(4) to discuss an economic development incentive.

Motion by: Deshazor

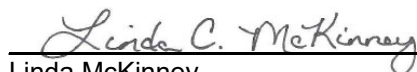
Second by: Forrest

Vote: Unanimous

Motion to leave closed session was made by Council member Deshazor, seconded by Council member Forrest, and passed with a unanimous vote.

6. Adjournment: There being no further business for the evening, motion to adjourn was made by Forrest seconded by Council member Hewetson and passed with a unanimous vote. The April 9, 2024 meeting of the Holly Springs Town Council was adjourned at 9:18 pm.

Respectfully Submitted on Tuesday, May 14, 2024



Linda McKinney
Town Clerk