Mayor and Council Workshop
6 p.m. June 11, 2024
Council Chamber, and livestream

MINUTES

The Holly Springs Town Council met in a workshop session on Tuesday, June 11, 2024 in the Council Chamber and via livestreaming. Mayor Mayefskie presided, calling the meeting to order at 5:00 p.m. A quorum was established as the Mayor and four Councilmembers were present in the room as the meeting opened.

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

Council Members Present via electronic means: Mayor Pro Tem Dan Berry.

Council Members Absent: none.

Staff Members Present in the room: Randy Harrington, Town Manager; Linda McKinney, Town Clerk (recording the minutes); Daniel Weeks, Assistant Town Manager; Scott Chase, Assistant Town Manager; John Schifano, Town Attorney; Mathew Mutter, IT; Jeff Wilson, Director of IT; Kendra Parrish, Executive Director of Utilities and Infrastructure; Kimberly Keys, and Whitney Carter, Utilities and Infrastructure: Corey Petersohn, Director, Budget and Strategic Planning; MaryBeth Spoehr, and Matthew Dellinger Budget & Strategic Planning; Tina Stroupe, Director, Finance; Paul Liquorie, Police Chief; LeRoy Smith, Fire Chief; Patty Dressen, Office of Customer Care; LeeAnn Plumer, Director, Parks and Recreation; Matt Beard, Parks and Recreation; Paige Scott, Director of Public Works; Cassie Hack, Director, Communications and Marketing; Chris Hills, Director of Development Services; Elizabeth Goodson, Carrie Kennedy and Sean Ryan, Development Services; Sabrina McDonald, Director of Human Resources.

Mayor Mayefskie called the meeting to order. He congratulated Kendra Parrish, who won the Glass Ceiling Award from the Holly Springs Chamber of Commerce.

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

2. Wake County Public School System

Chris Hills, Director of Development Services, introduced Glenn Corrozza, Marcella Rorie, and Susan Pullium from the Wake County Public School System. He said they were here to talk about school planning and assignment considerations.

Mr. Corrozza said they would discuss the annual enrollment forecast, review projected crowding for next school year, review capital improvement plan updates, explain the preparation of the annual enrollment plan, review capped schools due to overcrowding concerns, and review options to address other school utilization concerns. He provided a website: www.wcpss.net/assignmentplanning where the public can go to get answers to questions about school assignments.

Ms. Rorie discussed the Annual Enrollment Forecast process. She showed projected Kindergarten membership through 2033-34, and the annual enrollment forecast update. Ms. Pulliam showed which areas of the county were seeing growth and which were showing decreases in enrollment.

Ms. Rorie discussed how school crowding was calculated, and showed the areas of the county that are facing school crowding in Elementary, Middle, and High schools.

Ms. Pullium gave statistics on how many Wake County Public School students live in Holly Springs, both town limits and the ETJ, and said they were 6% of the total student population. She gave student counts from 10 schools that are located in Holly Springs.

Next Ms. Rorie discussed the Capital Improvement Plan, showed the locations for planned new schools over the next seven years, and explained their prioritization. She explained the process of planning for future schools or the renovation of current schools. She talked about how off-site improvements are negotiated, and what public engagement looks like.

Ms. Pullium then explained the preparation of the annual enrollment plan. She highlighted four schools that were slated to open in the 25-26 school year, including Felton Grove High School. She outlined the four priorities that the WCPSS considers when assigning students to a particular school, the process for assignment, and the timeline for school assignments, and reminded the public of the website where can go for information and updates. She said that it was a little too early to know what the Felton Grove High School or Rex Road Elementary assignments were going to look like, but people can go to this website for more information.

Ms. Rorie then explained why schools get capped, and reviewed the schools that serve Holly Springs residents that are capped. Ms. Pullium discussed options to address other school utilization concerns. Mr. Corrozza reiterated that WCPSS could not do all this without the partnership with the Town.

Council asked questions about maximum size for high schools, and the number of times a family is reassigned, and how far a student would be bussed.

3. FY 2025 Budget

Randy Harrington, Town Manager, said that this was a further discussion of the Fiscal Year 2024-2025 budget. He reminded Council that state law requires a balanced budget, so any additions require offsetting expenditure reduction or identification of new funding. Corey Petersohn, Office of Budget, Strategy, and Innovation, explained the Wake County Cost-Share for providing fire services to unincorporated areas of Wake County and said that Holly Springs had been allocated an additional $209,218 above what was expected in the Wake County budget, due to the efforts of Fire Chief LeRoy Smith.

Mr. Harrington said that Council had requested additional funding for transportation, and to maintain a property tax of 4.85 cents above revenue neutral. Mr. Petersohn outlined the proposal to balance the budget while shifting 0.25 cents from the operating budget by using the additional Wake County cost-share revenue, removing the yard waste operating contingency, reducing Downtown Investment Grant funds, and reducing the overtime policy adjustment.

Mayor Mayefskie asked Council if the current proposal meets Council's objectives, or if further discussion was needed. He said if further discussion was needed, it is Council's duty to present both the additions and subtractions in order to balance the budget.

Council member Hewetson said this met her expectations. Council member Forrest said, he can support this if we can protect the first responders, Utilities, and Parks and Rec positions. But with this new funding he would expect to see final plans for Holly Springs Rd central, and construction started in the following year. Council member Drees said she would like to discuss. Council member Deshazor said he would like to discuss. Mayor Pro Tem Berry said the money from the county is a tax on our residents so balancing the budget with this doesn't help residents. He hasn't changed his views and doesn't plan to support it.

Since there was no consensus, Mayor Mayefskie asked Council for their options.

Council member Deshazor asked what would happen if we delayed hiring one of the two new positions on the police force until next year's budget. Mr. Harrington and Chief Liquorie explained why both positions were necessary to grow the department to meet the challenges of Holly Springs' growing population. Council member Drees asked which position could be deferred for one year and Mr. Harrington said that he would not have recommended them if he didn't feel they were both important, but it was a higher-policy question for Council as to whether they want to evolve that way. Council member Hewetson said she would not support cutting either position. Council member Forrest said he is in favor of both positions. MPT Berry said he had nothing to add. He thinks there are areas to look at to make things tighter, but he appreciates the support for public safety. Council member Forrest asked how much eliminating one position would impact the monthly tax bill on the average home in Holly Springs. Mr. Petersohn said it would be about a 45 or 50 cent reduction. Council discussed what the impacts of not funding a position would be on geographic policing and on staffing concerns.

Mayor Mayefskie asked what number Council members Deshazor and Drees would be ok with, so Council could work towards that. Council member Deshazor said he doesn't have a specific number in mind, he wants to be told how much benefit would be gained by cutting certain things.

Mr. Petersohn pulled up the spreadsheet to allow Council to see what the impact of making changes would be. Mr. Harrington said there have been a couple of items in play over the last few weeks: street tree program expansion, Downtown investment Plan, and overtime pay adjustment.

Council discussed removing the Council pay raise and putting those funds into the overtime pay adjustment. There was discussion over whether there was a specific number that Council wanted to get to on the tax rate, or whether they were ok with the manager recommended rate.

Mayor asked if there was consensus on the 4.85 tax rate, with the adjustments of removing the council raise and moving that to overtime adjustments, and giving a smaller increase to the Tree Advisory Committee.

Council discussed the .25 cent increase for transportation and what it would accomplish.

Mr. Petersohn said if the rate was 4.385, the Council raise removed, and overtime adjustment replaced, there was a $10,047 surplus. Council said to put $10,000 back to Tree Advisory Committee and the remaining $47 to PAYGO to balance the budget.

Council member Drees asked Chris Hills to work with the Tree Advisory Committee to build a plan to use up the money that was added back. She said she would like to see something happen.

4. Project Updates

a. Operations Campus

Kimberly Keys said this item was to provide Council with an update on the Operations Campus progress and project budget status. She said that Phase 1A had completed clearing and erosion control. Mass grading and storm drainage work is on-going with road construction coming up and substantial completion expected in September of 2024. She showed exterior and interior renderings of the Administration Building and the Operations Building. Phase 1B (construction) is next with the first bid opening set for June 20th, second bid opening June 27th, Council approval of the Guaranteed Maximum Price (GMP) at the July 16th meeting, LGC Approval on August 6th, and permit approvals and construction starting in September. Substantial completion is expected in the winter of 2026. She outlined the Benefits of using a Construction manager at Risk.

Mr. Petersohn outlined the project budget and the Construction Manager At Risk (CMAR) preliminary estimate and soft costs. He said that value engineering had reduced the amount by approximately $1,400,000 and the current CMAR estimate is $46,656,973. He outlined the current funding mechanisms including Limited Obligation Bonds, initial bond issuance interest and anticipated bond premium/interest. He said there could be some continued value engineering. He said that this is still an estimate, but this has narrowed the gap to within the reasonable number to be solved.

Mr. Petersohn explained the difference between General Obligation Bonds and Limited Obligation Bonds and explained how that difference affects the “bond premium” the Town can expect to receive. He asked if Council had any questions about the strategy to pursue. Mr. Harrington said there are two variables baked into this: we hope that we will receive good bids. If we are better on those, it will help us. Second, we have been very conservative on the bid premium, but in the event we don’t get it (and our financial advisor believes we will) we would be looking at some value engineering to get it to a place we could afford, although it would mean reducing the size of the building or other significant cuts.

Mayor Mayefskie asked when bids come in, how specific they were. Mr. Keith Calyon of ADW Architects said that they are very specific and competitive in each item. Council member Drees asked how sure we were of the bond premium. Mr. Petersohn said we are working with our financial advisors and based on historic performance, we chose a very conservative number. This is not a final budget; this is a strategy discussion. Tina Stroupe, Finance Director, said we are going to do the bond sale in August, and no one expects the bond market to change in two months. Mr. Petersohn said the initial bond resolution will come to Council at the next meeting and that will include a “not to exceed” amount and will include some refinancing to save money on some other items.

Council member Deshazor asked if staff had any concerns with delays in the project and our funding. Ms. Keys said that we are on time with the Ops Campus. It’s Fire Station 3 that has some delays.

b. Fire Station 3

Kimberly Keys, Utilities and Infrastructure, said this item was to deliver an update on Fire Station 3 construction progress and budget status. She said that current construction activity is interior wall framing, exterior sheathing, fascia, storm sewer systems, and plumbing, as well as mechanical and electrical rough-in. She said they recently held the “top off” ceremony, with each fire fighter signing the beam that was then installed at the top of the building. She said the potential opening date has been delayed due to Duke Energy’s delayed construction of Cinder Station Road and utilities, but the project is currently within the Council approved budget.

c. Eagle Landing Park

LeeAnn Plumer said this item was to give Council an update on Eagles Landing Park design progress and project budget, and to get Councl feedback on recommended strategies to deliver the project within current and available funding options. She outlined the initial allocation of the Park Bond funds across six projects, the largest of which is the new park. She outlined the timeline from the Master Plan approved in 2022 to the design and permitting that is happening now. She said site construction is anticipated to begin in 2025 with final completion at the end of 2027. She gave a website where the public can go for timeline and status information of all parks bond projects.

Ms. Plummer outlined the current allocated funding with a CIP budget of $92,450,000. She said that the preliminary design estimate, as of April 30th, comes to $110,200,000, given a funding gap of $17,750,000. She outlined the value engineering efforts including reducing the size of the rec center by 10,000 square feet, changing the ceiling height in the gym and lobby, reducing the amount and size of windows, site modifications, pre-engineered picnic shelters in lieu of custom designed ones, and reducing the square footage of the all-wheels park. Items that have been added as bid alternates include picnic shelters by the turf field and pond, outdoor volleyball court and lighting, pump track and beginner bowl in the all-wheels park and roof top solar photovoltaics. These changes bring the estimate down to $100,800,000, a gap of $8,350,000.

Ms. Plummer offered three sets of strategies to close this gap. First, continuing value engineering with the designers and CMAR. Second would be the use of other funding sources including reallocating bond funds from greenway projects, alternate funding for pedestrian improvements, and anticipated bond premium and investment interest. Finally additional program reductions or eliminations could be considered, either reducing program areas as a whole, or adding program areas as bid alternates or to be funded in the future. Corey Petersohn, Office of Budget, Strategy, and Innovation, discussed alternate sources of funding for road improvements, like the signal and crosswalks coming out of street reserves. He said the $3.5 million for greenway seed projects could be gained back from bond premiums. The first issuance is January of 2025, and we will likely get a substantial premium. But the second issuance is further out and harder to anticipate. The estimate of $6 – 8 million is conservative. But this is more than the funding gap.

Ms. Plummer said that without closing that gap, program areas would need to be reduced or removed. She outlined potential program reductions, how much savings they would provide, and what impact they would have on service.

Mr. Petersohn offered three funding strategy options: Option 1 – size project to current budget; Option 2 – mix of value engineering and additional funding; and Option 3 – Anticipate a large bond premium and maintain all current bond projects as planned. He said staff recommendation is Option 2.

Mayor Mayefskie asked about selling naming privileges to raise the funds. Mr. Harrington said that was an avenue we wanted to explore. Ms. Plummer said sponsorships are usually to support operating costs. There is not interest in the $1 million amount needed for construction. But staff is looking at sponsorships to offset operating costs. Mayor Mayefskie asked how we got this far off in the estimates. Ms. Plummer said there has been a large increase in construction costs. Our early estimates, compared to our CMAR team's estimates, were very low. There might be savings later, but the CMAR is looking at what it is likely to cost. The off-site improvements have added to the costs also. Mr. Harrington said from a scope standpoint, the facility has been the same. The only area with increase in scope is the transportation piece. That has been the biggest cost increase. NCDOT is pushing us to do more expensive things than we are trying to do. Council member Deshazor asked about pursuing LAPP grants and Chris Hills, Development Services Director, said that it would not be a competitive project. Mr. Harrington said we will pursue any opportunities. We explored LAPP and were told it would not be a competitive project.

Council member Forrest asked if staff could show all the bond projects and where the savings are, not just Eagles Landing. Mr. Petersohn said the other five projects are much smaller, so the risk is also less. The greenway project is the next largest, and thus why that was included in the strategy. Also, as we get further out there is potential funding from fees-in-lieu. Ms. Plummer said we are waiting for Council to approve these projects as part of the budget. Council member Forrest said the low-hanging fruit is sucking up resources that could go to Eagles Landing. He asked why not hold off on them until the big project is done. If you could delay when decisions have to be made, would that allow Council to make better decisions. He asked when the decision on cost savings had to be made. Ms. Plummer said it does not have to be made tonight – this is just for awareness. The goal is to have guaranteed maximum price ("GMP") before the end of 2025. We need to be able to make design decisions so that we stay in budget. The challenge is to be able to deliver the project and stay in budget. Council member Forrest said he would like to hold off on all bond money until they make the funding decision. He would only support Option 3 at this time.

Council member Deshazor said his concern is that we sold all the projects when we sold the bond. We are less than a year out and we're short. If we do nothing, the biggest concern people were having is that the bond was so large. He likes that staff is trying to find ways to do this. He wants to see it all because we promised that. Mr. Petersohn said that is what Option 2 is. There is less risk with the smaller projects. If there is not an endorsement of closing the gap, making reductions is the only option.

Council member Drees said she is not hearing the point of view of people who are not going to use the park because it's not convenient to them. The smaller ticket items are things that they might use. She asked if we are defunding greenways, are they on that side of town, or are those ones other people would use. Mr. Petersohn said the greenway funding is for design, not construction, and we would just be delaying it and they are furthest out on the timeline, and they can more frequently get grants.

Council member Forrest said that the people on the west side paid for the parks on the east side, so the entire town expects the park to be built. He said we need to hold everything in reserve to make sure we have what we need to make it happen.

Mr. Harrington said he anticipates bringing this back to Council at the October workshop with more details.

Council directed staff to follow Option 2.

Ms. Plummer said that next steps are to continue staff refinement and analysis, report back to Council in the fall, with construction bidding and financing in January of 2025. Staff will continue to inform the public of progress on various projects.

5. Town Clerk and Town Attorney Quarterly Updates

a. Clerk

Linda McKinney, Town Clerk, gave Council an update on her office's activities over the past quarter. She served on the assessment panel for Morrisville when they hired their new clerk, has transitioned the Parks and Recreation Advisory Committee to using CivicClerk so that all agendas may now be found in the same place on the website. She is working with IT to create a robust cemetery mapping database with different layers for different users. There has been an increase in solicitors, both those requesting permits and those soliciting without permits and causing resident complaints. This is standard for this time of year as is the increase in block party permit requests.

b. Attorney

John Schifano, Town Attorney, said he would give his updates in closed session as they were litigation matters.

Council member Deshazor said, before we go into closed session he wanted to talk about the parking situation with the Balloon festival. He wanted to know if there was a way to ensure that 3rd parties work with the police department to fix traffic issues. Council member Hewetson said they had traffic people in place. Mr. Harrington said one thing that was unique about this event is that we have an agreement with an adjacent neighborhood on the second access but we only have an agreement for July 5th and Holly Fest, not third-party events, and that made it a little tight. Council member Forrest asked when was the last time we assessed traffic control for an event. Ms. Plummer said there was a traffic plan as a requirement for that event to come in. Police and Fire were there for safety. The problem was the third party did not execute their plan well. They did not understand how to get people in and out quickly. Council member Hewetson asked if we would be able to provide people with a parking plan as part of the agreement. Ms. Plummer said that is one strategy. This was one of the largest non-Town events that we have allowed. It was exciting, but there are a lot of lessons learned and we are looking at making changes so that doesn't happen with 3rd parties in the future. Mr. Harrington said staff will share after-action finings with Council.

6. Closed Session: The Council entered into closed session, pursuant to N.C.G.S. 143-318.11(a)(3) to discuss *Woodcreek v. Holly Springs,* a potential litigation matter.

Motion by: Forrest
Second by: Deshazor
Vote: Unanimous

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

7. Adjournment:

Motion to adjourn was made by Council member Deshazor seconded by Council member Forrest and passed with a unanimous vote. The June 11, 2024 workshop meeting of the Holly Springs Town Council was adjourned at 9:15 pm.

Respectfully Submitted on Tuesday, July 16, 2024.

Linda C. McKinney

Linda McKinney
Town Clerk