MINUTES

The Holly Springs Town Council met for their annual retreat at the The Rizzo Center in Chapel Hill. Mayor Mayefskie presided, calling the meeting to order at 1:15 p.m. A quorum was established as the Mayor and five Councilmembers were present as the meeting opened.

Council Members Present in the room: Mayor Sean Mayefskie, Mayor Pro Tem Dan Berry, and Council members Timothy Forrest, Danielle Hewetson, Chris Deshazor, and Annie Drees.

Council Members Absent: None.

Staff Members Present: Randy Harrington, Town Manager; Scott Chase, Assistant Town Manager; Daniel Weeks, Assistant Town Manager; Corey Petersohn, Administration; John Schifano, Town Attorney; Jaime Joyner, Director, Human Resources; LeeAnn Plumer, Director, Parks and Recreation; Chris Hills, 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; Tina Stroupe, 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 asked that, in order to allow Chief Smith to make a presentation to the Wake County Fire Commission's Communication Committee, the order of the agenda be switched to present the Emergency Management and Preparedness after the design charette. Lee Worsley discussed with Council what they needed to have a successful retreat. He asked Council how they would describe what a successful Holly Springs looks like in 2035.

Council consensus was to give staff direction on their priorities for the town over the short term through the next ten years.

PREPARING FOR OUR FUTURE – EMERGENCY MANAGEMENT, TING PARK, AND MIMS PARK

Ting Park & Mims Park Design Charettes

Chris Hills, Development Services, said that at the November Workshop Council directed staff to explore the possibility of a Sports and Entertainment District along N. Main Street. He shared some examples of such districts in other municipalities and pointed out 2.5 acres of opportunity sites at Ting Park. He said that Chris Geddes and Eric Krongold of Design Workshop would lead them through this exercise. He said after the Ting discussion, they would talk about the Mims Park location.

Mr. Hills shared the boundaries of Mims Park and the directive within the Downtown Area Plan to create a destination park that provides access to residents and visitors, providing a number of activities for interaction, recreation, and respite. He outlined some opportunities on the site.

Mr. Krongold shared some initial market findings and opportunities for the Ting Park area and outlined Holly Springs' "psychographics," existing retail conditions, existing hospitality conditions, and multi-family conditions. He then talked about "retail leakage," when residents go out of the town to spend money, and which items were most prone to that.

Mr. Geddes shared Ting Park's "metrics of opportunity" and the studies done in Kannapolis, NC and Augusta, GA. He outlined some integral pieces of Entertainment Districts including an Anchor Venue, housing, retail and dining, public spaces, connectivity, programming, and a scenic location. He outlined opportunities for these aspects in the Ting Park area.

Mr. Geddes then turned to Mims Park. He cited Cary's Downtown Park as a local precedent and outlined some opportunities for Mims Park.

Council participated in a "charette" where they expressed their desires for the two locations using maps and markers.

There was a short recess.

Emergency Management and Preparedness

Paul Liquorie, Chief of Police, outlined the emergency management background of key personnel in Town. He outlined known threats and hazards within or close to Holly Springs.
He said that threats and hazards are catalogued, evaluated, and prioritized in several ways. The Wake County Hazard Mitigation Plan, updated every five years, the Threat & Hazard Identification and Risk Assessment (THIRA) updated every three years, and the FEMA National Risk Index Summary are plans that help to inform training needs, plan development, resources acquisition, and funding priorities. He explained the emergency management cycle from preparedness, response, recovery, to mitigation, and back to preparedness. He explained how differing resources, local, state, and federal, have different timelines and how local resources are always called on first.

Chief Liquorie gave an overview of the Incident Command System (ICS) and explained how that worked in the event of a disaster. He explained how NCGS 166A grants the authority to municipal governments who have an emergency declaration ordinance to declare a State of Emergency and to impose prohibitions or restrictions deemed necessary for a particular state of emergency. Town Code Article VIII Section 12-651 is the town ordinance which grants this authority to the Mayor, in consultation with the Manager, and provides for oversight by the Council. He spelled out the roles of the Manager and Staff and the Mayor and Council during an emergency.

Chief Liquorie said that key takeaways are that emergency management is constantly evolving. The Town continues to strengthen emergency management capabilities and regional partnerships. Council investments and staff planning can mitigate risks and enhance community resiliency, and executing their proper roles reduces confusion and increases chances for success in responding to an emergency.

Council discussed the various ways the Town has to communicate out to residents during a disaster and requested staff have an education campaign for residents to know what their options are. They discussed offering CERT (Community Emergency Response Team) training to the public in the future. There was discussion about how Intelligent Transportation Systems can assist in an emergency and the use of data analytics and whether future fire stations needed a police touchdown space.

The meeting recessed until 8:30 am on Friday.

FRIDAY:

The meeting reconvened at 8:30 am.

PREPARING FOR OUR FUTURE - THE FINANCIAL PICTURE

Budget Projections and Aging Facilities

Corey Petersohn, Budget, Innovation, and Strategy, said this item was to provide an outlook on the upcoming fiscal year, 10-year projection for the Town's operating budget, and preliminary budget considerations, including the implementation of the asset management plan. He outlined the major components of the budget and discussed how they are interrelated. Simplified, the budget consists of the operating budget, capital projects, and capital reserves. He said that within the Operating Budget, are the Enterprise Funds, which account for activities that provide goods or services to customers for a fee and should be self-supporting. i.e. the Utility Fund and the Stormwater Fund; and the General Fund which accounts for expenditures and financial resources for services to the public like Public Safety, Parks and Rec, Public Works, Infrastructure and Development, and General Government. Revenue for the general fund comes primarily from a*d valorem* taxes and sales taxes with small percentages from other sources. He shared revenue trends, with ad valorem taxes growing at about 5-6% and other sources remaining flat, showing small increases, or, in the case of sales tax, being unpredictable. Growth of most revenues is tied to growth. He said that Economic Development drives an increase in *ad valorum* taxes in addition to the natural growth, of about $1.5 to $2 million. He said this predicts about $3.6 to $4.3 million in potential budget growth.

Ten-Year Outlook

Mr. Petersohn said that revenue trends were likely to continue over the next ten years. He said that modeling assumptions for the 10-year outlook included focusing on General Fund operating budget and the natural growth of revenues being offset by natural growth of expenses. The model focuses on the impact of economic development and potential major changes to service delivery and new facilities. The economic development revenue is forecasted using projected valuations in Economic Development Agreements (EDAs). He showed an estimated investment total of $4.6 billion from the combined Phases 1 & 2 of both FujiFilm and Amgen. He showed a total property valuation projection over the next ten years from both natural growth and economic development impact, and which fiscal years these projects would hit the budget.

Mr. Petersohn said that potential significant expenses over the next ten years include increased facility maintenance, the addition of staff (6 facility maintenance technicians, 24 positions for Fire Station 4 and 24 for Fire Station 5) Eagles Landing operations (net of revenue) and utilities for the new facilities of Operations Campus, Eagles Landing, and Fire Stations 3, 4, and 5. He said that the Economic Development Revenue, net of anticipated expenses, shows a 10-year shortfall of $5.7 million, at an average of about $570,000 per year. This will have to be covered by natural growth, so this is a view of the impact of economic development.

Mr. Petersohn said key takeaways were that revenue forecasts for FY26 and beyond are largely dependent on property tax. There is a need for investments in maintaining Town assets. Economic Development will provide significant revenue, but falls short of fully funding anticipated new facilities, service expansions, and new Council priorities. Economic development related revenue growth provides an opportunity to fund major service growth needs and new facility operations and increased property tax rate stability.

Council and staff broke into small groups to discuss the outlook, if anything was missing that they wanted included in budget considerations, and other guidance Council had as these projections are refined over the coming fiscal years for future budget planning. Council discussed potential investments for Mims and downtown, increased cost share from Wake County, the impact of the closing of the landfill in 2040, the importance of economic development, changes in legislation, and utility expansion. They discussed moving services to full cost recovery to mitigate the gap.

FY26 Budget Outlook

Mr. Petersohn reiterated the anticipated revenue increases for FY26, including increases in *ad valorem* and slight increases in other areas, stating that approximately $3.6 to $4 million would be available in the budget for Council priorities. Expected needs include about $2 to $3 million for facilities and assets (with some immediate needs that may not be able to wait for FY26) $2 to $3 million plus for personnel investments to service growth, safety, and business support and implement phase 2 of the pay and class review; and $1.5 to $2 million for Council priorities and other considerations including cash funding smaller capital projects, growth related service demands and advancing council priorities.

Aging Facilities – Implementation of the Asset Management Plan

Paige Scott, Public Works, said she wanted to share long-term impacts of funding on facility assets and request guidance based on funding proposals for facility maintenance. She said the current budget allows about $300,000 for facility maintenance, which includes corrective maintenance. The majority of assets are approaching the end of their lifecycle. She said that funding needs, based on asset analyses, would provide funding based on modeling recommendations that reach replacement criteria. Highs and lows create volatility in execution and create inconsistent funding challenges. Asset management would mitigate these problems.

Ms. Scott offered a proposed funding strategy that would increase funding initially by $2 million, followed by $1 million annually until the best practices of 2% to 5% of insured value is reached. She asked Council if they supported an approach of working to increase asset maintenance funding in the upcoming FY26 budget and future budgets with the goal of getting closer to best practice levels of asset maintenance funding.

Ms. Scott asked Council to discuss their support for an approach to increasing asset maintenance funding in the upcoming FY26 budget. AD asked about past practices and Ms. Scott said it was reactionary in the past, based on breakage and funding accessibility. Randy Harrington said each year some funding was set aside for maintenance, but it was not sufficient. For the past 20 to 30 years the emphasis has been on building new, but we are reaching the stage where these assets are aging out and needing more maintenance or replacement. Council said they needed to know where the money was coming from before they offered their support. Council member Forrest said he wanted to know what the dollars would be spent on. He asked for a prioritized list. He asked if there was cost sharing with the state or federal government that we could leverage.

FY26 Budget Outlook (cont.)

Ms. Scott said that the current budget for facility asset failures is $100,000, and to date, failures have accounted for approximately $193,000. As a result, corrective maintenance has been deferred. Without additional funds, the remaining FY25 maintenance budget can only be used for asset failures. She said immediate facility maintenance needs include $500,000 for Hunt Center HVAC replacement and $500,000 for other needs.

Mr. Petersohn said the turf on the four Ting soccer fields has reached end of life. The replacement estimate is $1.2 to $1.4 million. A summer 2025 replacement timing is preferred to minimize program disruptions, similar to the Womble Fields replacement timing. This would require Council approval and funding appropriation by March. He said that Council funded engineering analysis and design for Ting parking lot repairs, and the preliminary repair estimate is $1-2 million. The final estimate will largely depend on the engineering assessment. It is anticipated that major repairs would likely be late FY26 / early FY27, potentially phased over multiple fiscal years. Once the engineering analysis is complete, it will be brought back to Council.

Mr. Petersohn said that the FY26 revenue forecast shows $3.6 - $4.3 million available for addressing immediate concerns. Preliminary expenses appear to be $5 to $8 million, with immediate facility needs accounting for $1 million of that, and the Ting Park four-field turf replacement accounting for $1.2 to $1.4 million. The potential funding gap is $2 to $4 million, plus. Staff recommended utilizing General Fund fund balance in the current budget year for immediate maintenance needs and preferred timing for the Ting fields turf replacement. This approach addresses urgent maintenance priorities, resumes corrective/preventive maintenance practices, enables projects to meet preferred timelines, and reduces the potential operating funding gap in FY26. He said that Council policy outlines a targeted fund balance of 20-25% of General Fund expenditures with amounts above 20% available for one-time uses. As of June, 2024 there was 39% in fund balance, dropping it to 25% would free up $8 million. In November, Council appropriated about $1.2 million in targeted projects but did not fund:

- $150,000 for Downtown enhancements;
- $100,000 for Holiday / Town Celebration Decorations; or
- $50,000 for Gateway Signage.

That leaves $6.8 million in remaining fund balance above the policy level of 25%. The recommendation is to use $2.2 to $2.4 million in Fund Balance in FY25 for immediate maintenance needs and potentially use $2.5 to $5 million in FY26 pending the Manager's Recommended Budget.

Consensus was to allocate fund balance for the Hunt Center HVAC, and Ting Fields Turf Replacement. The remainder of the fund balance discussion was put in the parking lot, until after Council has seen the remaining presentations.

There was a short recess.

Debt Affordability Outlook and Utility Rate Update

Tina Stroupe, Finance, said this item was to provide information on the updated 2025 General Debt Affordability Model and Utility Debt Affordability Model and provide information in Key Financial Metrics. She introduced Doug and Andrew Carter. Mr. Andrew Carter said that Holly Springs moved to the highest capital and debt affordability level in 2021. He said that today's session will outline debt capacities for the Community Investment Fund (CIF) and sensitivities and debt capacity and rate increases for the water and sewer fund. He outlined debt issued to date since the implementation of CIF and financial planning and projected new government debt for 2025 of $18,0000,000 in GO bonds for Transportation and $50,000,000 for Parks and Recreation, followed by an additional $50 million for Parks and Recreation in 2026. He said the current new debt capacity with 12.66 cents dedicated to debt service would pay all current debt services, the remaining Parks bonds, and leave an additional capacity of $46 million for a new issuance of approximately $23 million in 2028 and again in 2030. The foresight shown by Council to add .75 cents to debt service in the 2024 budget created additional capacity of $14 million more than it would have been. This provides for significant new capacity reflecting sound financial planning and a AAA action plan. Properly balancing operating resources and capital resources is a must in rapid growth.

Mr. Doug Carter outlined the factors used in modeling debt affordability and stressed that they are using conservative numbers. He said that based on historical growth trends and anticipated levels of investment from FujiFilm and Amgen, debt capacity might rise from $46 million to in excess of $100 million over the next four to eight years, but they recommend sticking to the conservative financial model.

Ms. Stroupe outlined projected Utility Rate increases over a five-year time frame using the NewGen Rate Model. Factors that could influence rates are the timing of projects, bid costs, interest rate adjustments, and increased usage by economic development partners and others. A 15% adjustment in water and sewer fees to fund capital investments would increase access fees from $32.80 to $37.70, and the volume rate from $86.50 to $98.70. Other effects on utility rates, are (positive effects) strong financial performance by the Town, grants awarded, and adjustments to the timing of debt issuances. Risks include additional increase in project or bid costs, and rescheduling of bid date and delay of projects. Hurricane Helene will have impacts to costs and timing.

Ms. Stroupe gave an overview of Fund balance and its uses. She showed the five-year performance of Holly Springs' fund balance and reviewed the balances in the capital reserve funds, both Parks and Recreation and Streets. She showed Council the amount of outstanding debt in dollar amount and expressed as a percentage of the Town's governmental noncapital expenditures. In FY24 it was at 17%, and the Town Policy is less than 15%. This is partially due to a calculation method used during the audit and may not actually be over 15%. Debt to Assessed Valuation is at 1.4% for FY24, and Town Policy is less than 2.5%. She said that Holly Springs bond rating is currently under review for upcoming debt issuance, but was Moody's Aa1 and S&P AAA. She said the town has strong financial foundations, and strategic and proactive financial management.

Council member Drees asked about the bond market's impact. Mr. Doug Carter said that the high credit rating gets you access to the best rates. Holly Springs is well known and rated so highly that he is not worried. Mr. Andrew Carter said that is part of the reason they use such conservative numbers.

PREPARING FOR OUR FUTURE – DOWNTOWN, HOUSING, AND PUBLIC INVESTMENTS

Downtown Area Plan Implementation

Sean Ryan, Development Services, said that this was to discuss the path forward for the Downtown Area Plan and receive direction on action steps. He recapped the implementation strategy for Public Spaces and character and Businesses and Partnerships and gave Council an update on implementation to date. He said that the strategy for character enhancements was to sustain momentum between big investments, build a sense of place, and activate opportunity spaces.

Mr. Ryan gave examples of reimagining streetscape and civic spaces with lighting, art and murals, pavement decoration, and infrastructure. He said that character enhancement grants could encourage downtown businesses to invest in beautifying storefronts to enhance the downtown experience. He said that small investments recommended by staff could include town hall lights, a mural, pavement art, a pilot grant program or a main street redesign study. Future investments could be public art, street tree lighting, bike lanes, sidewalk connections, and utility investments. He gave staff recommendations for small fund projects (see slide) and future ear considerations.

Mr. Ryan asked Council for feedback on which large projects are priorities and how we should move them forward. These could include Mims Park, Public Parking, Public Market or a Festival Street. He gave estimates for each of these, and said to do all four would cost about $66 million. He said that staff recommends, based on feasibility/space analysis, design, funding, property acquisition, speed to delivery and impact, was to start with the Festival Street, then Mims

Park Planning, Parking Garages, and a Public Market. He discussed the elements of a festival street including lighting, seating, and event space.

Mr. Ryan said that the Festival Street would cost around $5 million and could be funded with about $500,000 from fund balance for the design phase, and about $4.5 million for construction from Transportation Projects.

Council member Deshazor said that last year Council prioritized parking and asked if that was taken into consideration. Mr. Ryan said that the parking garages would be a significant investment of about $20 million each; we still need information to know how large they need to be. With developers wanting to come into downtown, we can partner with them so that the Town is not carrying the whole cost. Randy Harrington, Town Manager, said we have a chance to work with developers to get them to build the entire deck, with some future reimbursements to the developer so a garage can be built with no money out of pocket. Council member Drees asked about bike lanes being moved to a higher priority with the social district coming. Mr. Ryan said it could be moved up, but we were focusing on those things which have the greatest impact on the community, and infrastructure things do not generate the same level of excitement in the public.

Council broke into small group discussion over the small investments and the Festival Street design.

Council members reported that their discussions included whether the pavement art was worthwhile, the importance of lighting and downtown being a priority. There was discussion about working with the Arts Council, if it gets off the ground, or local businesses or high schools on public art and murals. There was agreement that the Festival Street should move forward, and Economic Development could use that to find a development partner to build the parking garage.

Mr. Worsley said he was hearing general support for the package, with a split on the specific item of pavement art. He is also hearing support for the festival street, but with keeping the parking structures in mind. Also, the realization that spending money in downtown is very important and making sure that these investments bear fruit.

There was a recess for lunch.

Social District Program Recommendation

Irena Krstanovic, Economic Development, said the purpose of this item was to outline the proposed social district implementation plan, including boundaries and operational elements and receive direction from Council for implementation at the February 18th Council meeting. She said that she thinks this would be a "quick win" for the downtown plan.

Ms. Krstanovic outlined the components of a social district and its benefits to the town. She said they recommend limiting it to wine and beer – not hard spirits. Businesses could opt-in or not – no business is required to participate.

Tyler Garner, Economic Development, said there are categories for businesses that sell alcoholic beverages, those that do not but would permit them to be brought in, and those who do not want drinks in their establishment. He said that staff proposes the hours to be from 12:00 noon 10:00 pm, Monday through Sunday and shared the hours neighboring municipalities have for their social districts. He showed the proposed social district boundary running from Oak Avenue to Center Street and from Main Steet to Avent Ferry, plus the area around the Cultural Center. Council member Drees asked about town facilities. Ms. Krstanovic said they are called out to help residents locate themselves on the map of the district, but Town Hall would have a sticker opting out. Council member Hewetson asked about the beer and wine sold at the Cultural Center. LeeAnn Plumer, Director of Parks and Recreation, said that, if it was the pleasure of Council, that they would participate as a "drinks sold her" location. Council member Deshazor asked about the new developments going in along Earp. Ms. Krstanovic said those businesses were included and could choose to opt-in.

Chief Liquorie, Chief of Police, said that for public safety considerations having a small boundary area is easier to manage, as is limiting the area to business frontage along Main Street. Standardized hours provide clarity for enforcement. Best practices learned from other successful social districts mean that public safety focus would be on clear guidelines, enforcement and monitoring. Council discussed whether the hours should be moved to 11:00 rather than noon, and the majority agreed.

Ms. Krstanovic showed the logo and branding for the cup stickers. She said the cost is estimated at between $14,000 to $16,000 and could be funded from existing General Fund operating budget contingency. The costs break down to $5,000 - $6,000 for signage, $6,000 for additional trash receptacles, $1,000 - $2,000 for business decals, and $2,000 for marketing materials.

Ms. Krstanovic said that next steps include Council approval of an ordinance amendment and a Management and Maintenance plan at their February 18th meeting, and staff soliciting vendors, creating branded stickers, marketing and signage, and ABC registration over the next one to three months, with a goal of having the social district go into effect on May 2, 2025, the date of the International Food Festival.

There was a short recess.

Capital Investments

Council went into closed session pursuant to N.C.G.S. 143-318.11(a)(5) to discuss real estate acquisition for a future fire station, pursuant to N.C.G.S. 143-318.11(a)(4) to discuss an economic development projects, and pursuant to N.C.G.S. 143-318.11(a)(3) to consult with the Town Attorney, with a motion by Council member Deshazor, a second by Council member Forrest, and a unanimous vote.

Motion to leave closed session was made by Council member Deshazor with a second by Council member Hewetson and a unanimous vote.

Transportation Investment Update

Michael Leonas, Utilities and Infrastructure, said this item was to give Council a status update of the current Transportation Project Portfolio and consider future investments. He said he would ask Council to confirm whether completing the Holly Springs Rd. corridor was a priority and to provide preliminary identification of future investments to support the Comprehensive Transportation Plan (CTP). He updated Council on current sidewalk investments, including Avent Ferry Road from Rex Hospital to The Block, and Main Street from Trellis Point Drive to Arbor Creek Drive, both of which are scheduled to start construction in 2025.

Next he outlined the current transportation bond projects including Main Street Right Turn Lane, Holly Springs Road Widening (central and east) and the NC 55 right turn lane. He explained the updated cost estimates from 2023 to date, with an increase of around $7 million. He said the US Department of Transportation showed an increase of 62% in highway construction costs from 2019 to the first quarter of 2024. Volatility in current market conditions and actual costs from benchmark projects are a factor as well as the NCDOT Hold in 2020. The revised estimates are based on 100% design and include scope changes of 8-foot sidewalks and updates to utilities costs and material requirements. Right of Way costs increased partially due to the Wake County revaluation which increased property values up to 53%, and also the need for "full takes" in some instances. The contingency increased but remained proportional to overall costs at 12% of the project budget. This is good when you are facing normal uncertainty, but we are not facing normal uncertainty. The impact of Hurricane Helene on the availability of labor and construction material, and market volatility and the unknown impact of anticipated tariffs on steel, asphalt cement and binders and Portland cement are contributing factors to this increase, and it is difficult to assess how much this impact will be.

Corey Petersohn outlined a funding strategy with potential options to mitigate the $7 million gap by using former bridge project funding, street reserves, fund balance, two years of the vehicle tax fee, and pursuing additional LAPP grant funding. He said they would continue to pursue additional funding, as the $2 million is no longer 80% of the project.

Council said they wanted to pursue this, but to have a Plan B if the LAPP funding was not received.

Mr. Petersohn said next they wanted to talk about future transportation projects. He said that projected debt affordability leverages $46 million in debt by 2030. Staff estimates that Fire Station 4 costs will leave about $33 million for transportation. Using cash now will push back the ability to leverage future debt. He reminded Council that when the vehicle registration fee was raised from $10 to $15 per year, the additional revenue was dedicated to road improvement purposes only, and the General Fund fund balance was restricted to one-time uses.

Chris Hills, Development Services, said that at the end of this discussion, Council would be asked for feedback on 1. Is Holly Springs Rd still the priority; 2 if yes, what other high priority projects should staff seek to advance or 3. if no, what should the priority be? He reviewed the project scope, to widen to a 4-lane median divided road from Main Street to NC 55. He said the current preliminary estimate is $30 million and recommended funding sources for design and Right of Way / Construction.

He then outlined projects on the CTP, breaking 115 projects into near term, mid-term, and long-term projects. He showed where known improvements are being constructed. He showed the location of "hot spot" projects, both roadway and intersection projects, and corridor level projects which include roadway and bike/pedestrian/downtown projects.

Mr. Hills listed three or four projects for each of the three types: Bike/Ped/Downtown; Intersections; and Roadway, for Council's consideration. He said that staff's recommendation, based on previous Council guidance to prioritize the Holly Springs Road corridor, was to leverage existing debt affordability for Fire Station 4 and Holly Springs Road – West; to identify top priority areas for additional analysis/consideration of projected remaining debt capacity; and to identify future vehicle fee and/or fund balance opportunities to advance design of priority projects to create "shovel ready" projects for future LAPP grant consideration.

Mr. Hills said that Sunset Lake Road Widening – South would widen about 950 feet of Sunset Lake Road to a 4-lane median divided road to address a gap in the corridor, with a preliminary project estimate of $2.2. million.

Mr. Hills said the South Main Street Road "diet" would transform South Main Street to a Downtown Section by reducing the number of lanes from 3 to 2 and providing additional on-street parking. Preliminarily this would be from Mims to Town Hall Commons, or Earp to Town Hall Commons. The budget has not been determined. Another project would be the intersection of New Hill Road and Grant Hill Place. The scope includes restricting the intersection to right-in, right-out, left-out to improve safety, and widening about 950 feet of New Hill Road. This was identified as a Hot Spot in the CTP. The preliminary project estimate is about $4.4 million.

Mr. Hills said that the Holly Springs New Hill Road widening project would widen 1000 feet of New Hill Holleman Road to a 4-lane with median cross-section completing the broader corridor from Green Oaks Parkway through Addison Pond's frontage on one side. Preliminary project estimate is for $2.3 million. Old Holly Springs Apex Road widening would address a gap by widening 250 feet to match the 4-lane cross section on one side and the preliminary estimate for this is $600,000.

Mr. Hills said the Avent Ferry Festival Street project would improve the streetscape of Avent Ferry Road in the Downtown area to create a livelier and more activated space for pedestrians and bicyclists. Improvements would also allow the street to be closed down for cultural events and festivals. A preliminary estimate for this project is $4.5 million.

Mr. Hills said the Capeside Avenue realignment would realign Capeside to function as a fourth leg of the Avent Ferry Rd. Cass Holt Rd. intersection. This was identified as a Hot Spot in the CTP and a preliminary estimate is for $4 million. The Cass Holt Rd. Corridor project would widen about 2600 feet of both sides of Cass Holt Rd. to a 4-lane with median cross section from Avent Ferry Road to the northern border of the Cass Holt Crossing Project improvements. This will help address improvements that will not be made by Wake County Public School System and has a preliminary project estimate of $12 million. He said that Sunset Lake Road widening – North would widen about 1150 feet of both sides of Sunset Lake Road to a 4-lane with median cross section from the Southern end of Peterson Station development to the northern end of road improvements done in conjunction with NC 540, and would have a preliminary project estimate of $5.3 million.

Council asked about the current capacity of Holly Springs Rd. West. Mr. Hills said that it is at 75% capacity. Council discussed what they were being asked to prioritize this over – all expenses or just transportation. Consensus was to keep Holly Springs Rd. west as a top transportation priority.

For additional projects, two Council members said the Festival Street. MPT Berry said the price of Holly Springs Road West will go up so he doesn't think there will be any money left. He would start with the Festival Street before Holly Springs Rd. West. Mr. Hills said that given that CAMPO likes to fund construction when they have funded design, and this project closes a gap, it is likely to score very highly. Mr. Worsley asked Council to have conversations about prioritizing projects, without considering the funding at this point, so that as opportunities arise, staff knows what to pursue.

Council said their priorities after Holly Springs Rd. West were the Festival Street, Cass Holt Road, Sunset Lake Road widening, and a downtown parking deck.

There was a short recess.

Ting Park & Mims Park Design Charette Results

Chris Geddes said they had worked with the input received yesterday to craft some plans for Council to consider. Council leaned toward Concept B, with an emphasis on athletic-focused uses, restaurants, and less density.

Mr. Geddes presented two plans for Mims Park. Both plans included moving Balentine Street to the other side of the Cultural Center, a library expansion, having an amphitheater, and potential townhome development on part of the land. Council member Deshazor said he does not want any townhouses. Council member Drees said ideally there would be no townhouses, but making the tradeoff could be a smart choice to make this happen sooner. But she would like to see the numbers. Mayor Mayefskie liked the townhomes between the park and the cemetery to help block noise. Council member Hewetson liked the parking and hotel in Concept B. Council discussed moving the stormwater pond and the parking and plans for that parcel.

Mr. Hills said that Mr. Geddes was going to go back and create some plans to leverage what we own and control to move towards what we envision. He said staff will have more to bring back to Council in the spring to discuss specific items.

Mayor Mayefskie said that since we are ahead of schedule, we could move some parking lot items to today. Consensus was to discuss the sesquicentennial and UDO updates.

Sesquicentennial Planning

Cassie Hack, Communications and Marketing, said that the Town will celebrate its 150th anniversary soon and she was seeking Council's guidance on the scope of the celebration. She said the timeline would be starting at the July 5th celebration in 2026 through the springs of 2027. The Town applied for its charter in 1976, and it was granted in January of 1877. The U.S. celebrates its 250th anniversary on July 4, 2026. She suggested that the cost be divided across two fiscal years and gave three levels of celebration with approximate costs.

Council discussed having "anchor" events interspersed with smaller things throughout the year. Consensus was to "go big" and to budget $200,000, split across two fiscal years.

UDO Updates

Sean Ryan, Development Services said he was here to give Council an update on Spring 2025 staff-initiated UDO text amendments, to receive direction on the proposed updates, and discuss potential future UDO amendments related to character and design. He said the proposed amendments involve the reorganization of setback encroachment allowances currently in Chapters 2 (Districts) and 8 (Design). And clarifications and cleanups to allowances in front, side, side corner, and rear yards / setbacks. He said there were parkland dedication or fee-in-lieu policy changes stemming from conversations council held previously with Parks and Recreation, including updates to Chapter 4 (Open Space) and the Development Procedures Manual (DPM). Other technical corrections and clarifications include clarifying the intent that additional standards also apply to Conditional Zoning Districts and clarifying definitions.

Mr. Ryan said that possible fall 2025 amendment topics would be public street requirements for apartment/multi-family projects and other design/character driven goals. He asked for Council's feedback on anything else they would like to see in the fall 2025 amendment package. Council member Drees asked if the issues with public art have been addressed. Mr. Ryan said we could dive into the mural allowance more. If that is something Council would like to tackle in the next round staff could dig into that. The majority of Council said they would like staff to look at murals.

Mr. Worsley gave a recap of the day's work and checked in on Council's hopes for the retreat.

The meeting was recessed until 9:00 am Saturday.

SATURDAY:

<u>PREPARING FOR OUR FUTURE – EMPLOYEES, & MOBILITY</u>

General Employee Pay Study

Sabrina McDonald, Human Resources, said this item was to discuss the general employee pay study, and she outlined what had been done internally to gather information on recruitment and retention. She said she was here to share information on human resource market trends and offer recommendations from the general employee compensation study update, and request Council feedback on their pay philosophy, given the consultant's recommended methodology for salary range adjustments and future classification modifications. She said the initial study was done in 2021 of all positions, with adjustments implemented in July of 2022. A subsequent study focused on sworn public safety personnel with adjustments implemented in July 2024. Phase 2 of that study update is underway for general, non-sworn employees, and recommendations will be included in the proposed FY26 budget. She said the Town currently has 567 active employees, 425 full-time and 142 part-time. Annual vacancy rates fell from FY22 to FY24, but are rising again with the year-to-date vacancy rate of 12.1% exceeding that of FY22's 10.2%. She said the annual turnover rate varied from 17.1% in FY22 to 16.9% in FY24, with a year-to-date rate of 8.1%. The average range in the US over the same time period is 13.5%. She said that the average cost of replacing an existing employee with an hourly rate of $26.44, is $23,448.08.

Ms. McDonald outlined impacts to pay rates including labor market changes, high inflation rates, and the competitiveness of the Triangle area labor market. She said that prior to 2020 staff received a cost-of-living adjustment (COLA) that matched inflation, which was typically about 2%. Merit raises were from 0 to 3% with total annual salary adjustments ranging from 0 to 5%. In 2020 COLA was removed and a new merit only system was implemented with a range of 0 to 6%, budgeted at an average of 5%. The pre-COVID vision was for comprehensive market evaluation every three to four years, but significant market movements and recruitment retention pressure over the past few years has led to a shorter timeframe between reviews.

Ms. McDonald introduced Malayna Halverson-Maes of McGrath Human Resources. Ms. Halverson-Maes said that an investment in the employees is an investment in the community, because you cannot do the work you want to do in the future without them. She said that 2023-2024 was a year of quiet crisis in the public sector, with the top, nonretirement reasons for separation being compensation, private sector options, lack of growth opportunity, poaching from other government entities, and remote work/flexible options. She said that 2024-2025 appears to be a "fragile future" with some growth in local government jobs, and positive strides with recruitment and a "boutique" look at hard to fill positions. Retention problems come when new hires get further ahead in the ranges than existing employees. Other issues are employee perception of their value to the organization based on salary separation from new hires and between subordinates and supervisors, and employee demand for compensation at Market Rate. She said the top five priorities for most government entities are compensation, health & wellbeing, hybrid/flex work arrangements, work/life balance, and individualization of benefits. She said that nationwide employer response to hard to fill positions has been adjusting minimum qualifications and boosting training, internships, part-time or job sharing, utilizing retirees, poaching, and retention programs. She outlined some of the hard to fill positions.

Ms. Halverson-Maes said that the market is stabilizing but salary adjustments are still high. Other trends are focused compensation analysis, in-range adjustments for existing staff, and retention incentives. Performance is a lesser factor. She said that last time Council expressed a philosophy of average to the market (50th percentile) with a target rate slightly above average market, and a recommendation for updates at three-year intervals. She listed the comparable organizations which were used in the market analysis. She showed how the Town was meeting (or failing to meet) the 50th percentile goal across the average market minimum, average market midpoint, and average market maximum, and said that the target rate is deviating from the average market by between 9% and 11% overall, with the maximum falling short due to comparators continuing with 55% - 60% ranges. She recommended reviewing the Town's approach to annual salary adjustments, because the ranges are not keeping up. She said that Senior Leadership Team and management positions are compressing.

Ms. Halverson-Maes said that active markets require market studies every 3 years, while slower markets can get by with every 5 years. However, when not using COLA best practice is to perform studies every other year. She recommended reintroducing COLA into the Town's process, because it captures major changes before they affect retention and recruitment. She said the ranges need to move with COLA and employees need to move with COLA to keep their place in the range. This allows Merit to be merit only. The HR department would study the comparable municipalities' COLA annually to get an indication of how much to move the ranges each year. She gave examples using Public Works Technician I, with and without COLA.

Ms. Halverson-Maes said she would be asking Council whether they thought "slightly above average" was working. She recommended SLT pay ranges be redeveloped standalone to allow additional management level and specialty positions additional room. She offered three options for Council to consider.

1. Maintain the status quo, utilizing merit as merit and COLA, with market updates every three years;
2. Continue with merit only, but with market updates every other year and considering a stronger compensation philosophy for placement in the market; or
3. Incorporate COLA with Merit annually, market updates every 3 – 5 years, maintain current compensation philosophy and assess for further adjustment with HR metrics.

She asked Council their thoughts and perspectives.

Council discussed what was being done to keep "high value" employees who are thinking of leaving. They discussed where the vacancies are, cross-training, outsourcing, and other options. They discussed the costs of overtime as opposed to filling positions and paying straight time, and the risk of using part-time or seasonal employees for so many hours that they need to be paid benefits.

Council discussed what it would take to fix the problem. Mr. Worsley asked Council to focus on the three options for their priorities, so that staff could get some direction. The majority of Council wanted to investigate option 3, incorporating COLA with Merit, with an update every 3-5 years, maintaining the current compensation philosophy and assess for further adjustment and HR Metrics.

Randy Harrington, Town Manager, said that last year Council gave him a little flexibility to go up 15%, which was helpful in attracting qualified employees. Unfortunately, the policy states that internal candidates can only get 5% and that has kept some employees from accepting a promotion. He asked council for the flexibility to offer internal candidates that same offer that external candidates get. Council said yes, and asked him to bring the policy back to them to change. Council member Forrest asked for the standard across other municipalities. Mr. Harrington said that other municipalities have an internal policy of 10%. Ms. Halverson-Maes said 10% was pretty standard, but sometimes you need more flexibility.

There was a short recess.

Micro-Transit

Chris Hills, Development Services, said they were going to provide an overview of potential service models for microtransit including the type of service proposed and potential operating costs, and were requesting direction on the options, and pursuing available grant funding for offsetting the cost of operating microtransit. He said that the main ways to manage traffic were through land use, improved transportation options, and new transportation options. Microtransit could be small-scale, with flexible routes, on-demand, a broad service area, and a higher return on investment than some other options. He shared success stories from Wake Forest and Wilson and explained why now was an opportune time to invest in microtransit because there is an opportunity to get in-perpetuity support funds from Wake County Transit.

Mr. Hills said that micro transit would serve Holly Springs because the populations served by microtransit are those in lower population density areas, those who choose alternate transportation, and persons with disabilities. He said this would reduce trips, and could even help with the downtown parking situation. He said that a customer would request a trip, the request would be sent to a server, a driver would be assigned and then the trip would be delivered.

Chris Garcia outlined potential service models for micro-transit. Corner-to-corner means the ride would pick you up at the nearest corner, not from your door. All options will be three vehicles, and the cost would be equivalent. Option 1 would be Town Limits Only, on-demand, corner-to-corner with no restrictions. Annual ridership is estimated to be 33,000 and the estimated cost $513,000. Option 2 would be Town Limits + ETJ, on-demand, corner-to-corner, no restrictions. Annual ridership is estimated to be 36,000 and estimated cost $514,000. Option 3 would be Town Limits + ETJ with on-demand, corner-to-corner with Zone restrictions. Annual ridership is estimated to be 41,000 and estimated cost is $514,000. This model would utilize 3 zones, overlapping near Main Street, and passengers wanting to go from one zone to another would change rides in this overlapping zone. Option 3 improves efficiency because the drivers are staying in one area. He said if Council wanted to consider an option with the ETJ, they would need to consider if or how to charge ETJ riders. He said that potential service model options and add-ons include adding 10 hours of Saturday service (+$105,000), add an additional vehicle to improve service (+$175,000), extending weekday hours to 10 pm (+$105,000), or reducing weekday service by 2 hours (-$135,000). Council member Deshazor asked if you could add Saturday hours, but reduce weekday hours to balance costs. Mr. Garcia said you could.

Mr. Hills outlined potential funding options using a combination of a CAMPO grant (50% match) $5 of the vehicle registration fee (by raising the fee from $25 to $30) and general funds. There is also the potential to explore user fees or sponsorships. He said that Wake Forest's service is fare-free. We could offset the cost by charging a fare. Many places start fare-free and implement user fees over time.

Mr. Hills asked what Council's level of interest was for further exploration or implementation of microtransit, whether staff should continue to pursue a CAMPO grant for this purpose, and whether staff should continue refining a service option and funding concepts.

Council discussed the opportunity relative to the new social district. They discussed whether to charge a fare from the beginning, phase a fare in later, or go fare-free. They discussed the traffic and parking congestion that could be relieved and who the targeted ridership would be, as well as which sources of funding they wanted to consider.

Council wanted to continue exploring the idea of microtransit, continue to pursue the grant from CAMPO, and find funding that includes a fare and does not include raising the vehicle fee. Mr. Harrington asked what information staff could expect to have by early April, for budgeting purposes. Mr. Garcia said they should have some idea by then and Mr. Harrington told Council it would be included on the April workshop.

PARKING LOT ITEMS / OPEN DISCUSSION

Parks & Recreation Project Updates

LeeAnn Plumer, Parks and Recreation, said she was here to present Council with an update on Parks and Recreation capital projects. She said the Cultural Center Theater Seat Replacement contract had been approved and installation was planned for July 2025. Staff is finalizing the scope of work for the Womble Park Dugout Replacement project and targeting the summer of 2025 for installation.

Ms. Plumer said that Council approved the Guaranteed Maximum Price (GMP) for Phase 1 of Eagles Landing Park in January and work is expected to begin in April. This phase includes earth work, utilities, and rough grading. Phase 2 GMP will come to Council in April or May and includes vertical structures, park amenities, the recreation center building, etc. The park is expected to be completed in the summer of 2027 with the recreation center completed at the end of 2027.

Ms. Plumer said that the current greenway mileage is 12.5 miles, but by the end of 2025 it will be approximately 17 miles. The Middle Creek Greenway will be opening in mid-March. The Ting Park to Oak Hall Connector is at 30% design with anticipated construction at the end of 2025. Utley Creek Greenway Phase 2 is at 85% design, with easement acquisition and LAPP funding. She said the Sugg Farm Community Garden and Nature Play Area parking lot is complete and the garden is in final design/procurement. The Nature Play area is in development review and anticipated completion of this project is the end of summer 2025. The Hunt Center Lobby Renovation is 95% complete and the RecPass App Model is up and running and provides a lot more data about what areas are being used. This provides improved safety and increased data information. The Bass Lake Spillway Expansion will seek Council contract approval in February, with work to begin in late spring 2025 and completed in late summer. This creates a parking issue, which staff is working on. Council member Drees asked if the spillway expansion will get us over the 100-year flood issue. Ms. Plummer said yes, this will get us where we need to be according to FEMA.

Mr. Harrington said there were two items not funded from fund balance: holiday lighting ($100k) and $150K for smaller areas for the downtown area plan. Council has the option of approving using fund balance to go ahead and get them by the holiday. Or they can hold it for the upcoming budget. Or they can hold it for a few months and see where expenses are in a few months, but that could delay implementation. The $100,000 will start the process, but will be focused on the downtown area holiday decorations. Consensus of Council was to go ahead and make that happen.

Adjournment: There being no further business, Council member Forrest made a motion to adjourn at 11:38 am on Saturday, February 8, 2025. It was seconded by Council member Deshazor and passed with a unanimous vote.

Respectfully submitted on Tuesday, March 18, 2025.

Linda C. McKinney

Linda C. McKinney
Town Clerk