

# Holly Springs Town Council Minutes

## Regular Meeting June 3, 2008

The Holly Springs Town Council met in regular session on Tuesday, June 3, 2008, in the Council Chambers of Holly Springs Town Hall, 128 S. Main Street. Mayor Dick Sears presided, calling the meeting to order at 7:00 p.m. A quorum was established as the mayor and four council members were present as the meeting opened.

**Council Members Present:** Councilmen Vinnie DeBenedetto, Tim Sack and Hank Dickson and Mayor Sears.

**Council Members Absent:** Councilman Chet VanFossen and Councilman Parrish Womble (Councilman Womble arrived at 7:10 p.m.)

**Staff Members Present:** Carl Dean, town manager; Chuck Simmons, assistant town manager; John Schifano, town attorney; Joni Powell, town clerk (recording the minutes); Linda Harper, deputy town clerk; Gina Bobber, director of planning and zoning; Stephanie Sudano, director of engineering; Len Bradley, parks and recreation director; Daniel Weeks, project analyst; Eric Tayler, IT manager; Anthony Revels, police lieutenant; Cecil Parker, fire chief; Drew Holland, finance director; Amy Moore, director of water quality; and Mark Andrews, public information officer.

**2 and 3.** The Pledge of Allegiance was recited, and the meeting opened with an invocation by Rev. Horace Ferguson, pastor of Holly Springs United Methodist Church.

**4. Agenda Adjustment:** The June 3, 2008 meeting agenda was adopted with changes, if any, as listed below.

**Motion By:** Sack

**Second By:** DeBenedetto

**Vote:** Unanimous

**Items Added to the Agenda:** None.

**Items Removed from the Agenda:** None.

**Consent Agenda Items Moved to New Business:** There was a correction to the draft April 1, 2008 minutes.

**Other Changes:** None.

**5. Public Comment:** At this time, an opportunity was provided for members of the audience who had registered to speak to address the Council on any variety of topics not listed on the night's agenda. The following input was recorded:

Robert Padalino, 4205 Barkton Way, Fuquay-Varina – Mr. Padalino addressed the Council, reiterating that he feels more needs to be done to solve an involuntary annexation proposed by the Town of Fuquay-Varina. He said he had high hopes after initial negotiations. He said he would hope the Towns of Holly Springs and Fuquay-Varina could come to some sort of agreement regarding an annexation line so that Fuquay-Varina would stop its move to annex his and his neighbors properties.

Gerald Holleman, 5625 Easton Street – Mr. Holleman addressed the Council on the subject of a pending voluntary annexation into Holly Springs. The Adams tract on Hwy. 55 is the site of a historic home and pecan grove. He asked if the Town could try to acquire the Adams house and pecan grove portion of the property. He also urged the Town to contact Progress Energy to get more assistance with things like acquiring parkland and road widening.

Carl Phelen, 104 Birchland Drive, Fuquay-Varina – Mr. Phelen, a Fuquay-Varina planning board member, addressed the Council saying he also is involved in the involuntary annexation proposed by Fuquay-Varina. He is opposed to the annexation. Mr. Phelen said he has family and business ties in Holly Springs and said it was embarrassing to him to read newspaper accounts of the back and forth between Holly Springs and Fuquay-Varina. He urged the Holly Springs Town Council to do what it can to stop Fuquay-Varina's annexation.

**6. Public Hearing: FY 2008-09 Budget** – Mr. Dean presented the proposed budget ordinance and a proposed ordinance setting the water and sewer rates for FY 2008-09 for the Council's consideration. He said the revised budget takes into account comments received at the Council's budget work session.

He provided highlights in the following memo to Council members:

### ***FY 08-09 Budget Update***

***June 2, 2008***

*Pursuant to our discussions at the budget work sessions, the following adjustments have been made to the proposed FY 08-09 Budget:*

- All car allowances have been removed from the proposed budget. We have allocated funds in each of the respective budgets either in fuel or travel expense to cover reimbursement for mileage. I have placed any additional funds remaining from the car allowance into administration contract services account due to our inability to project how much the mileage will cost the Town during the coming year. I*

will bring this to the Council for allocation should it be needed during the year. I am also suggesting prior to my recommendation of further action that we have a three-month review process to determine how much mileage each of the effected department heads are utilizing during that time on a case-by-case basis. We will adhere to IRS guidelines for accounting purposes for mileage and will report in the fall with the results and my recommendations.

2. I am recommending that the Town Clerk's position be at a grade 86, which is the beginning grade for all department heads. I feel Joni functions as a department head and her grade should be adjusted to show this. Also, the Council should schedule a time in the near future to complete evaluations on Joni and John and to receive feedback from the Council as to job performance.
3. Increase in the overall general fund budget was \$28,500. General fund debt increased \$35,000 due to non-bank qualified financing interest rate, which changed from 3.79% to 4.34%. This was approved by the Council at the budget work session as part of the Harnett County Water Agreement. There was a slight increase in general government due to placing the funds listed in number 1 into my administration contract services account. (Chart 1). In the Utility Fund, financing for Bass Lake Outfall and Business Park Pump Station was lowered to reflect actual bids, which were below project budgets, and the elimination of the car allowance in engineering. Added \$500 to waste water administration salaries due to end of probationary period for supervisor. (Chart 2).

Also, Councilmember DeBenedetto had a couple of questions I wanted to address with this memorandum.

- A. As it relates to utilizing fund balance for appropriations, we have previously explained why we have utilized this method for budgeting, and how the Town has benefited from this budget tool over the past several years. We utilize fund balance to cover capital and one-time costs. Should you wish to remove or reduce fund balance, all you need to do is reduce capital projects without impacting the operating budget. We have not had to use Fund Balance in the past based on this type of conservative budgeting for revenues. We can only budget property taxes based on what the County estimates for the coming year and collection percentages. We also budget Sales Tax Distributions based on prior years' collection, which is a conservative approach as well. Based on the previous six (6) years budgets, you can see we have always collected more than we budgeted for both of these accounts (Chart 3).

You have three options should you wish to eliminate fund balance appropriations.

- i. The first would be to increase the tax rate by 0.025 cents to 0.44 per hundred to cover the proposed budget, and eliminate the fund balance.
- ii. The second would be to eliminate individual capital expenditures, thereby effectively eliminating fund balance.
- iii. The third would be to project more revenue, which increases the potential to have shortfalls in revenues and require the use of fund balance.

I still think the method we use is the best and most cost effective manner to provide you a conservative budget and appropriate use of funds, which is in the best interest of our citizens.

- B. Kimley-Horn has not billed the Town recently as it relates to Green Oaks Parkway Project and we have notified Wakefield that any additional costs will be assessed to them for this work. We also have not been notified of any penalties to date and when we do, we will let you know. We are still finalizing the agreement and once completed we will bring this to the Council for consideration.

-- End Memo text

Mr. Dean noted in his comments that car allowances had been eliminated from the budget, but he explained that funding is provided for mileage reimbursements. He said he would look at vehicle usage for about three months and then make recommendations for car allowances, depending on usage. He noted that the budget benefited from bids that came in less than anticipated for construction of the Bass Lake Outfall and Holly Springs Business Park pump station.

He said the budget was based on an assumed 95% collection rate applied to a \$2.52 billion tax base with a revenue-neutral tax rate of .415. He noted that Holly Springs is one of only three towns in Wake County that established revenue-neutral tax rates.

He noted that there would be a reduction in the solid waste collection rate of \$1.10 per month, which includes service with larger recycling containers. He said the town's garbage rates will be the second lowest rates in Wake County.

Mr. Dean noted that the town's utility rates would increase by \$1 per month for water and \$1 for sewer. The rate increases, he said, are by design to pay for infrastructure improvements.

He also noted that the budget funds 16 new positions, with an emphasis on public safety; a 4% cost of living increase for all positions; 3% of total salaries to fund the annual performance evaluation merit program; and a 6.5% increase in health benefits costs.

Mr. Weeks then addressed the Council, providing highlights of budget accomplishments in FY 2007-08 and projects slated for FY 2008-09. That explanation completed, Mayor Sears opened the public hearing. The following comments were recorded:

Gerald Holleman, 5625 Easton Street – Mr. Holleman addressed the Council, with comments on the proposed budget. He said he didn't see any money in the budget for fund balance. He asked the Council to reduce the town's debt.

Van Crandall, 4813 Salem Ridge Road – Mr. Crandall addressed the Council saying that the budget is business as usual. If approved, the Town will be forced to raise taxes next year. He said current build-out plans are not sustainable. He added that if the I-540 toll road is built (by the State), it will be financial red herring.

There being no further comments, the public hearing was closed.

Councilman DeBenedetto said he has an ongoing concern about the Town's level of debt and the fact that salary and wages accounts for 55% of the budget. He asked if employee resources were being managed efficiently. He said he does not feel comfortable with the town's taking funds from fund balance.

Councilman DeBenedetto then said he would like to see the town add a purchasing department in next year's budget.

Councilman Womble asked if progress could be made on the Hunt Community Center this year.

Mr. Dean explained that \$200,000 is included in the budget for planning, design and bid documents related to renovation of the Hunt Center. Further, he said, a spring bond referendum is planned that would include funding for the actual project. He added that there is money in the budget for retaining bond counsel and holding a bond referendum special election.

The bond referendum, Mr. Dean explained, would be for acquiring land for open space and parkland, construction of a community center, renovation of the hunt center and transportation projects. He added that if a tax increase would be needed to fund the bonds, this would be explained to voters before the referendum.

Councilman Womble asked that there be no delays in getting the Hunt Center renovations started and that budgeted facets of the project be scheduled quickly.

Councilman DeBenedetto asked about the Adams property. Mr. Dean said there are negotiations going on with the developer and results of those negotiations will be reported upon at the next meeting.

**Action #1:** The Council approved a motion to adopt Ordinance 08-07 enacting the FY 2008-09 operating budget, effective July 1, 2008.

**Motion:** Sack

**Second:** Dickson

**Vote:** Unanimous

*A copy of Ordinance 08-07 is incorporated into these minutes as addendum pages.*

**Action #2:** The Council approved a motion to adopt Ordinance 08-08 setting the water and sewer rates for the fiscal year beginning July 1, 2008.

**Motion:** Sack

**Second:** Womble

**Vote:** Unanimous

*A copy of Ordinance 08-08 is incorporated into these minutes as addendum pages.*

**7. Consent Agenda:** The Council approved all items on the Consent Agenda following a motion by Councilman Sack, a second by Councilman Dickson and a unanimous vote. The following actions were affected:

7a. Minutes - The Council approved minutes (as corrected) of the Council's regular meeting held on April 1, 2008.

7b. Resolution 08-29 – The Council adopted Resolution 08-29 directing the town clerk to investigate the sufficiency of annexation petition A08-05, Adams, Coley, Lorenzen and Vaughan properties, and setting a public hearing for Tuesday, June 17, 2008. *A copy of Resolution 08-29 is incorporated into these minutes as an addendum page.*

7c. Budget Amendment, \$18,000 – The Council adopted an amendment to the FY 2007-08 budget in the amount of \$18,000 for credit card billing fees. *A copy of the budget amendment is incorporated into these minutes as an addendum page.*

7d. Budget Amendments, \$10,050 - The Council adopted amendments to the FY 2007-08 budget in the amount of \$10,050 to allocate a federal grant for furniture and fixtures at the Cultural Center. *Copies of the budget amendments are incorporated into these minutes as addendum pages.*

7e. Budget Amendment, \$5,615 – The Council adopted an amendment to the FY 2007-08 budget in the amount of \$5,615 to receive insurance proceeds to cover costs associated with the repair of police vehicles. *A copy of the budget amendment is incorporated into these minutes as an addendum page.*

7f. Budget Amendment, \$58,000 – The Council adopted an amendment to the FY 2007-08 budget in the amount of \$58,000 to recover costs associated with water tower maintenance. *A copy of the budget amendment is incorporated into these minutes as an addendum page.*

7g. Budget Amendment, \$5,000 – The Council adopted an amendment to the FY 2007-08 budget in the amount of \$5,000 to recover costs of materials in the wastewater treatment plant lab. *A copy of the budget amendment is incorporated into these minutes as an addendum page.*

7h. Sale of 127 N. Main Street Property – The Council approved final action for the sale of property located at 127 North Main Street.

7i. Green Oaks Parkway – The Council awarded the contract for head-cut repair along Green Oaks Parkway to Shamrock Environmental Corporation in the contract amount of \$45,553; plus project contingency of \$5,000; plus an additional \$7,500 for additional work, per the director of engineering prior to the Council meeting. *A copy of the Shamrock Environmental Corporation contract is incorporated into these minutes as addendum pages.*

7j. Specialty Street Name and Traffic Control Signs & Posts Policy Statement P-011.2 – The Council adopted Policy Statement P-011.2, an amended version of the Town's specialty street name and traffic control signs and posts policy statement. *A copy of P-11.2, Specialty Street Name and Traffic Control Signs and Posts Policy Statement, is incorporated into these minutes as addendum pages.*

**8a. Harnett County Water Capacity Purchase Contract** – Mr. Schifano explained that for the past several months, staff has been working with Harnett County regarding the terms of sale of an additional eight million gallons of water per day (8 mgd) capacity in the Harnett County Water Treatment plant in Lillington to bring the Town's full capacity (upon completion of the plant expansion in 18 months) to 10 mgd. The subject contract, he said, is in final form (minor revisions notwithstanding) and requires town council approval. The general terms are as follows:

- 1) 8 mgd capacity would be purchased for \$14,000,000 (14 million dollars) plus administrative and technical expenses totaling an additional \$869,000;
- 2) payments would be provided to Harnett as payments become due to the contractor;
- 3) the Town would receive the full allocation of 8 mgd at the initial phase of the expansion; however, additional improvements to the pumping facilities would be needed in order for the Town to receive amounts in excess of 4.5 mgd; and
- 4) the Town would own "capacity" in the plant, meaning a right to receive the water at the county's bulk rate as established by its budget and sold to its customers; however, the Town would not acquire a real property interest in the plant.

**Action:** The Council approved a motion to enter a contract with Harnett County in the amount of \$14,869,000 to purchase an additional 8 million gallons per day capacity in Harnett County's new water treatment plant.

**Motion By:** Sack

**Second By:** Dickson

**Vote:** Unanimous.

*A copy of the Harnett County water capacity purchase contract is incorporated into these minutes as addendum pages.*

**8b. Fuquay-Varina Annexation Agreement** – Mr. Dean said that progress had been made as of last week on a modified annexation agreement between Holly Springs and Fuquay-Varina. Mr. Dean said he had met with the town manager of Fuquay-Varina a number of times in the last several days, and it appeared that it would be possible to devise a mutually-beneficial and mutually-agreeable annexation boundary line between the two communities.

Reports are, however, that the Fuquay-Varina Board of Commissioners nixed the idea of an adjusted line and a proposal for the Town of Fuquay-Varina to purchase water from Holly Springs.

The latest position of the Town of Fuquay-Varina, Mr. Dean reported, is that the existing line remain in place and if the Town of Holly Springs does not agree, then the Town of Fuquay-Varina will proceed with its involuntary annexation of more than 1,000 acres of property on its side of the line.

Mr. Dean said he would recommend that the Holly Springs Town Council hold firm and if that is what Fuquay-Varina wants to do, then so be it. The existing annexation agreement will expire next year, and Mr. Dean said he would be inclined to advise the Council to allow the line to disappear.

He added that Fuquay-Varina would likely proceed with its involuntary annexation, but all of the property included in that annexation lies on the Fuquay-Varina side of the existing line. He noted that Fuquay-Varina officials may very well continue to say that they are annexing the property because Holly Springs will not agree to continue the existing line, but the existing line needs slight modifications in order to make sense, given the town's infrastructure extension capabilities.

Mr. Dean said he had hoped that Fuquay-Varina officials would have agreed to the modification he and Mr. Andy Hedrick (Fuquay-Varina Town Manager) had devised.

In discussion, Council directed that the town managers continue negotiations, leaving the water sales issue as a separate issue, if necessary.

Mr. Dean said once final adjustments are made, the proposed annexation boundary line would be presented to both Town Councils. Following, a public hearing would need to be held in both communities before the new agreement is executed.

He said it is anticipated that the final version of the line would be presented on Tuesday evening, June 17. It also is anticipated that if Fuquay-Varina and Holly Springs officials renew their annexation agreement, then the forced annexation initiated by Fuquay-Varina in the James Slaughter Road area would be dropped.

**Action:** The Council approved a motion to set a public hearing for June 17, 2008 to accept public input on a proposed modified annexation agreement between Fuquay-Varina and Holly Springs.

**Motion By:** Sack

**Second By:** Womble

**Vote:** Unanimous.

**9. Other Business:** Councilman Sack reported that the pavement on Thomas Mill Road had been in bad condition. He said he called Public Works, and it was fixed that same day. He complimented the department for good work.

Councilman DeBenedetto reported on a recent Triangle J Council of Governments meeting and noted that one issue all municipalities are facing is an aging population that is growing. Then, Councilman DeBenedetto claimed that the town's Web site information about the Holly Springs Cemetery had not been updated since 2002. It was explained to Councilman DeBenedetto that the Web site to which he referred was a privately-run site by a genealogy enthusiast and not the town organization. Town records, the town clerk explained, are up to date and accurate, with deeds provided for each cemetery lot that is sold.

**10. Manager's Report:** None.

**11. Closed Session:** The Council approved a motion to enter into Closed Session, pursuant to G.S. 143-318.11(a)(3) to discuss authorizing settlement amounts for land acquisition.

**Motion By:** Dickson  
**Second By:** Womble  
**Vote:** Unanimous

**General Account of Closed Session – June 3, 2008**

In Closed Session, the Town Council heard a report from the Town Attorney on properties that are being acquired for infrastructure improvement easements. He asked the Council for authorization to purchase from a property owner about five acres that would be rendered useless to the property owner following construction of the four-lane section of Green Oaks Parkway. The Council provided that direction.

**Action:** The Council approved a motion on the Town Attorney's advice to amend the condemnation action to authorize up to \$150,000 to purchase the property – not just the right of way needed for the roadway -- from the landowner.

**Motion By:** Sack  
**Second By:** Womble  
**Vote:** Unanimous.

**Action:** The Council approved a motion to return to Open Session.

**Motion By:** Sack  
**Second By:** Dickson  
**Vote:** Unanimous.

-- End General Account

**12. Adjournment:** There being no further business for the evening, the June 3, 2008, meeting of the Holly Springs Town Council was adjourned following a motion by Councilman Dickson, a second by Councilman Sack and a unanimous vote.

Respectfully Submitted on Tuesday, Aug. 5, 2008.

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Joni Powell, CMC, Town Clerk

Addendum pages as referenced in these minutes follow and are a part of the official record.