

Holly Springs Town Council Minutes

Special Meeting
March 19, 2009

MINUTES

The Holly Springs Town Council met in a special session on Thursday, March 19, 2009, in the Council Chambers of Holly Springs Town Hall, 128 S. Main Street. Mayor Dick Sears presided, calling the meeting to order at 7 p.m. A quorum was established as the mayor and five council members were present as the meeting opened. It should be noted that this Special Meeting was being held in lieu of the regular meeting scheduled for Tuesday, March 17, 2009. With several Council members away on March 17 attending a National League of Cities meeting in Washington, D.C., a quorum of the Council was not possible, and the regular meeting was cancelled. The purpose of the March 19 Special Meeting was to resume discussions on topics that required further Council attention following the board's Feb. 28 retreat.

Council Members Present: Councilmen Vinnie DeBenedetto, Chet VanFosson, Parrish Womble, Tim Sack, and Hank Dickson and Mayor Sears.

Council Members Absent: None.

Staff Members Present: Carl Dean, town manager; John Schifano, town attorney; Joni Powell, town clerk (recording the minutes); Gina Clapp, director of planning and zoning; Stephanie Sudano, director of engineering; Len Bradley, parks and recreation director; Drew Holland, finance director; and Mark Andrews, public information officer.

2. Agenda Adjustment: All Council members were present, so changes to the agenda are permitted. The March 19, 2009 meeting agenda was adopted with changes, if any, as listed below.

Motion By: Sack

Second By: Dickson

Vote: Unanimous

Items added to the Agenda as New Business: 4a. Resolution 09-06.1, amended to add a project to the Town's federal economic stimulus projects; 4b. consideration of equipment bids received for the Town's Public Education Government Access television cable channel; and 4c. consideration of an amendment to the Holly Springs Business Park pump station professional services agreement.

Items removed from the agenda: None

Other changes: None

The purpose of the meeting was to continue agenda topics from the Feb. 28, 2009 winter retreat meeting and to focus discussion on remaining Town Council retreat projects and issues as described in the summary below.

3a. Rural Area Development Policy - Ms. Sudano said that at the Council's 2009 retreat on Feb. 28, Council agreed by consensus that extension of utilities outside the town limits should be done so in accordance with established Town policies, development standards and ordinances.

Following existing Town rules, the Council gave direction in both the Rex Road and Shadow Valley requests.

The next item on the retreat meeting agenda was titled "Rural Development Policy," a topic that kind of goes hand-in-hand – but is separate from – the issue of how the Town extends utility lines. Time was not allocated for this topic at the retreat, and it was presented in its entirety at this meeting.

Ms. Sudano said at the 2007 Town Council Retreat, the idea of creating a "rural development" option was first presented and approved by the Town Council as a part of the drafting of the Comprehensive Plan. In November 2007, Vision Holly Springs: Town of Holly Springs Comprehensive Plan was adopted by the Town Council. Since the adoption, staff has presented several options to the Technical Review Committee regarding rural development policies. Staff has solicited feedback from the development community about the interest in a designated rural development area, and has recently modified the area previously considered to be consistent with the Future Land Use Plan.

Ms. Sudano said due to the current economic situation, staff expects there may be a stronger interest in development in the town's "rural" areas; therefore, staff feels it is imperative that regulations be finalized in the near future.

She said it is likely that the final form of these development regulations will be in the form of both a new policy statement and various Unified Development Ordinance amendments to reference the policy statement. Since UDO amendments are associated with this, the final policy statement and UDO amendments would be presented to the Town Council for consideration in April or May due to the required public hearing notification requirements for UDO amendments.

According to the Future Land Use Plan in Vision Holly Springs, the lands designated as Low-Density Residential should be developed in a manner so as to "promote the conservation of desirable characteristics of the land, preserve agriculture land, and protect rural areas from the

encroachment of scattered urban-type uses that may inhibit the overall development of the community." The Plan also states that development south of Oliver Creek should be more rural in nature. It is the area to the south of Oliver Creek that is specifically being identified for the "Rural Development Policy" standards.

Furthermore, the Comprehensive Plan states that in the Low-Density Residential designation that "Development in this area may or may not be required to connect to Town utilities. For developments that have an average lot size of one acre may only be required to connect to Town water and may be allowed to utilize a septic system."

Note: The lands associated with this policy are not currently located within the Town's Planning Jurisdiction (Town Limits or ETJ); therefore, any development in this area would require voluntary annexation into the Town's corporate limits.

The proposed Rural Development Policy would allow for single-family residential developments that meet the following criteria:

- Project is located in the identified area;
- Lots have an average lot size of 1 acre or greater;

These developments would be permitted to develop with the following exceptions to the Town's standard development criteria:

- Project will be permitted to connect to Town water without connecting to Town sewer (project may connect to Town sewer as well, however it would not be required; **note that, as usual, all public utility extensions to serve project are by the developer at the developer's expense;**
- Sewer may be supplied by septic systems and shall be permitted by Wake County;
- Preliminary designs for sewer layouts shall be developed and sewer easements dedicated in case sewer is needed in the future;
- Because of the average lot frontage, streets are not required to have curb and gutter, however provision of a public sidewalk or greenway is required; **note that this may increase right of way widths for streets depending on how they are designed.**

Action: The Council approved a motion to direct staff to finalize the UDO and Engineering Design and Construction Standards amendments, to develop a Large Lot/Rural Development Policy and Town Code Amendments regarding Rural Development Options and to bring the documents before the Planning Board and Town Council for official action.

Motion By: Sack

Second By: DeBenedetto

Vote: Unanimous

3b. Western Wake Water Reclamation Facility Partnership Project – Ms. Sudano updated the Council on the status of the Western Wake Regional Reclamation Facility, including specifics about the Town's participation.

She provided the Council with the latest schedule of permitting and design activities for the regional project and reminded member that the Town's participation in the project is limited to sharing in the cost of the effluent pump station and force main that will pump treated effluent to the Cape Fear River from both the Western Wake Regional Reclamation Facility and the Utley Creek (or Holly Springs) Wastewater Treatment Plant facility.

Following are upcoming highlights of the project:

- The project Environmental Impact Statement (EIS) is going out for public hearing this month;
- The project Preliminary Engineering Report (PER) is too;
- There will be two open house and one Public Hearing meeting on the project during the next month at Apex Town Hall;
- After the EIS is approved, a Record of Decision (ROD) will be issued by the State for this document;
- Construction of the regional partners' effluent pump station and force main to the Cape Fear River AND Holly Springs' effluent pump station and force main to the regional partners' effluent pump station can begin;
- After the ROD is issued by the State, both the other regional partners and Holly Springs can apply for NPDES discharge permits (two of them) to the Cape Fear River;

Ongoing at the same time as these critical steps are two important issues on which the Council was previously briefed:

- Continued investigation of Harris Lake as an alternative for discharge of treated effluent from both the regional plant and the Holly Springs' plant; I have include a recent partner summary of the status of this regional partnership effort for your information;
- As you are aware there may be additional Utley Creek modeling that will need to be done in order to support our efforts to keep the Utley plant discharge at its current location; these efforts are being discussed at present in concert with the partnership efforts; expect to see more information on this in the near future;
- The Town Manager is still waiting to hear from the Cary Town Manager to work out the SRF funding share discrepancy that recently came to light; there has been no further information on this matter.

Action: No action.

3c. Holly Springs Fire Station No. 3 – Mr. Dean said over the last several months the Town has been working with Progress Energy to assist in locating a permanent site for Fire Station No. 3. Staff, he said, has identified two (2) sites it feels are both viable and would meet the Town's ISO fire rating requirements.

Mr. Dean said staff is hoping for a long-term lease agreement with Progress Energy on one of these sites, which would substantially

reuce the cost of the project.

Also, the new federal stimulus package includes \$500,000,000 in Homeland Security funding for fire department funding. With this site's being located between two (2) high-level potential homeland security targets, staff feels the Town should have a very high probability that it would qualify for funding.

Should the Town qualify for funding, Mr. Dean said, the Town would need to be in a position to build within 120 days.

Mr. Dean asked the Council to keep in mind that the Town had projected construction of a new station in 2011; therefore, the Town still is on schedule to construct the station.

Action: No action.

3d. Affordable Housing – Mr. Dean said that over the past six months he had been working with the developers at Wood Creek to locate an affordable housing project on approximately seven (7) acres at the end of Heritage Meadows Lane. The property would be separated from the main development by the I-540 right of way. The developers have offered the Town this property, and it is Mr. Dean's idea to utilize Habitat for Humanity to construct affordable housing on this property.

He said utilities are very close to the property, and it would help address a need in the community. He added that staff would envision a partnership between SAS, Habitat and the Town, which he believes would be a positive partnership for Holly Springs.

Mr. Dean said he thinks this would be beneficial for the community, and he would like the Council's concurrence to move forward with this project.

There was much discussion.

Consensus: The Council consensus was that staff should pursue this option as an opportunity to provide workforce housing on this property.

3e. Hunt Center Renovation Plan – During the retreat, representatives from Kling Stubbins laid out for Council members two design scenarios for the W.E. Hunt Community Center.

The project costs originally were estimated at \$3.3 million for renovation and \$4.3 million for total reconstruction. With that information last fall, Council opted for the slightly more expensive \$4.3 million cost of a complete replacement of the facility as the smartest investment of money.

More precise estimates were provided later by architectural drawings. Kling Stubbins estimates costs at approximately \$6.5 million for the one-story design version and approximately \$7.5 million for a two-story version featuring an indoor elevated walking track and extra upstairs square footage.

It appeared that the over-riding sentiment of Council members during the retreat afternoon was, "Both are nice plans, but how are we going to pay for either of them?" Another question was, "What can we get for the \$3 million to \$4 million we originally expected the project to cost?" A major point in the conversations also was the large number of variances and waivers that might be needed for the project.

During the retreat meeting, the Council also discussed whether to fund the project with a bond referendum or installment financing. After discussion about how bonds might be difficult to sell as other governmental units are learning in a down economy with reluctant investors and about how interest rates at banks would likely reach historic lows, Council members agreed installment financing offers the better option for the Town.

A large expense, designers said, will be the amount of site work that will be needed. An alternative to expensive site work, the option of purchasing level, neighboring property, was proposed by Councilman Womble.

Councilman VanFossen said he could identify some cost-saving measures in the design of the plan.

The consensus of the Council at the retreat was for management to gather information about financing options and for the Council to discuss the project further on March 19.

Mr. Dean addressed details about potential financing of the project.

He gave a brief description of the long history of the project thus far, noting that Council had considered a number of options and had decided that the best investment of money for the Town was to replace the old building with a new one built behind the existing one on the site owned by the town.

Mr. Dean highlighted the design that has been produced for the site, showing the two-story new building with offices, classrooms and program rooms, a fitness area, locker rooms, aerobics and a game room on the first floor and an elevated one-twelfth mile walking track on the second floor.

Mr. Dean reminded the Council that it had directed at the Feb. 28 meeting that staff pursue the two-story design and to report to the Council on financing options on March 19. The cost is estimated at \$7.5 million.

Mr. Dean reported that two banks provided him and the finance officer with some ideas of the financing costs. As an example, RBC said a loan – based on today's rates – would carry an estimated interest rate of 5% for 20 years and 4.2% for a 15-year loan.

Mr. Dean said that financing a \$4 million renovation project – as was originally projected for the cost to replace the building – would have had no impact on the budget because it would remain the same as previous debt comes off the books and is replaced with the new. But because final design figures are now available and extensive site work is added to the equation, the new debt load of \$7.5 million means the Town would have an additional loan burden of approximately \$209,000 the first year in 2010-11; subsequent years would have no impact to the budget because more existing debt would come off and would be replaced.

"We can cover the debt beginning in Year 2," Mr. Dean explained.

Later this summer, when the Town is set to begin actual financing, the rates may be higher or lower, Mr. Dean pointed out. He also said the Town could look also at a 25-year interest rate as long as there is no pre-payment penalty.

Mr. Holland addressed the Council to further clarify the impact a loan for the project would have on the Town's budget, beginning in Fiscal Year 2010-11 when the first annual payment would come due.

He said the Town would have in Year 1, a debt service payment on a number of loans of about \$601,000; in the same year, the Town will have been relieved of about \$391,000 in debt service, leaving a net result impact to the budget of \$209,000 that would have to be identified. In Year 2, Mr. Holland said, additional debt comes off, and the Town would actually be in the plus column. "So, really there is only one year that we would have to make up that difference," he said, adding that a 25-year loan program would provide even more cash flow.

Councilman Sack asked how doable was identifying an additional \$209,000 in the budget.

Mr. Holland said that the total budget will be about \$21 million, so percentage-wise \$209,000 would not be a huge amount.

Councilman DeBenedetto asked how this project would impact the Town's reserve funds; he said he wanted to wait until the FY 2009-10 budget proposal was completed so that he could see a laundry list of projects and how they would be funded; he asked what the rush was to begin the project and why was staff telling the Council about how much financing would cost.

Mr. Holland addressed Councilman DeBenedetto's questions, explaining that staff was doing as was directed by the Town Council by unanimous vote on Feb. 28 and that was to explore financing options for the project and to report to the Council on March 19. He also noted that the upcoming budget would have no impact from the project because the first debt payment would not be until the FY 2010-11 budget.

Councilman VanFossen explained that now would be the cheaper time to build and save money because of the favorable bidding climate.

Councilman Sack pointed out that the Community Center was discussed at length at the Council's Feb. 28 retreat and that was when the Council considered all projects in the Capital Improvements Plan and prioritized the top five General Fund and Utility Fund projects and instructed staff to come back on March 19 with what the Town can afford. He stressed that the decision to pursue the community center was not rushed.

Councilman Dickson agreed. He said the Council is finally talking financing options only after eight years of discussions and focus groups. He pointed out that he felt the Town was actually late in the process.

Councilman DeBenedetto maintained that he would want to see the project in relationship with the FY 2009-2010 budget and how reserves would be affected.

Mr. Holland repeated that this project would not impact the 2009-2010 budget because the first operating budget that would contain a debt payment for the project would be the one presented in May 2010 for the FY 2010-2011 fiscal year. He also stressed that reserves are not affected by this project.

Mr. Dean summarized for the Council a number of points. He said, firstly, no debt is paid from reserves. Debt is the first obligation included in the budget from general revenues and all other spending is secondary.

He also reported that financial institutions are saying that bids are coming in for projects are at 10- to 15-percent lower than estimates because of the sagging economy. If that is the case, the Town may be able to save between \$750,000 and \$1 million on the project and may not even have to worry about the Year 1 debt payment.

Lastly, Mr. Dean reminded the Council that staff and the Council have spent considerable time prioritizing capital improvement projects and that direction was given on Feb. 28 to pursue this project as a top priority for citizens.

Action: The Council approved a motion to move forward with the community center project and to have the architects and engineers prepare construction documents for formal bidding.

Motion By: VanFossen

Councilman Womble asked since the Town was not going to do a bond issue, how would the Town know that citizens want the Town to do this project.

Mr. Dean explained that staff had discussed the possibilities of doing a formal special election, informational meetings and an informal non-binding referendum. If the Council directs to move forward with the project, the Town would need to do whatever it can over the course of the project to make sure people knew about it.

Councilman Sack said he thinks a new community center is a No. 1 priority for the community, based on his contacts with citizens. He said he constantly hears about the condition of the current facility and is questioned when it will be improved. He said he also is concerned about the employees who have to work in what he described as deplorable conditions.

He said everyone would probably prefer to do the larger, grander downtown community center plan with a bond referendum that originally had been proposed in better economic times; however, with the economy as it is, this project at this price would serve the Town with a first-class facility for the time being and for a number of years in the future.

Council asked and Mr. Bradley responded that approximately 10,000 visits a month are recorded at the center, indicating that there is very large percentage of the Town's population who would benefit from the project.

Councilman Womble said he would like the Town to consider setting aside enough money to purchase the adjoining piece of property.

Second By: Dickson

Mr. Dean asked if the motion included any stipulations about purchasing additional property. The Council came to a consensus that Mr. Patrick Lee, the town's real estate specialist, could look into the possibilities, but that it would be a separate issue from that of this project.

Councilman DeBenedetto asked for clarification that the motion was simply to direct that documents be prepared for bidding and that costs would be presented later.

Mr. Dean outlined the process for the Council. He said the first step is to bid the project for construction; after bids are received and the Town knows the actual cost, then the Town will approach financial institutions for bids on financing the project. All the financing information will be brought to the Council for public hearing and action.

After that, Mr. Holland, said, the financing and the project will have to be taken to the Local Government Commission for review, adding another 30 to 60 days to the process.

Council members asked how long would it be before bidding is conducted. Mr. Joe Wynn of Kline Stubbins estimated that construction

Council members asked how long would it be before bidding is conducted. Ms. Sudano explained that construction documents and preliminary permitting could be completed by early summer and that bidding could be in by late summer.

Council DeBenedetto asked about the project's going to bond referendum. He said he understood the \$27,000 cost of a special election but he asked if the bond referendum were held in November during the municipal election, would there be no cost.

Ms. J. Powell explained that there would be a slight reduction in the cost down to \$23,000 because the Town pays for the municipal election, too, but is able to share the cost with other municipalities.

Councilman Womble wanted assurance that the Town would pursue purchase of adjoining property he said he had hoped for the past several years that the Town would buy it.

Council members assured him that there was consensus that the Town would explore those possibilities, but that it should be a separate project and not tied to construction of this building.

Vote: Unanimous

Note: *There was a Council consensus to direct Mr. Lee to find out how much it would cost the Town to purchase property adjoining the community center site.*

4a. Economic Stimulus Project – Mr. Dean asked the Council to adopt Resolution 09-06.1, an amended version of Resolution 09-06, to add a project to the Town's list of economic stimulus projects.

Action: The Council approved a motion to adopt Resolution 09.06.01 an amendment to Resolution 09-06, adding a project to the Town's list of economic stimulus projects.

Motion By: Dickson

Second By: Womble

Vote: Unanimous

A copy of Resolution 09-06.01 is incorporated into these minutes as an addendum page.

4b. PEG Channel Bids - Ms. Powell said the town has received bids of equipment bids for PEG channel.

Action: The Council approved a motion to approve to enter a contract with The Whitlock to purchase equipment for the PEG channel.

Motion By: Sack

Second By: Womble

Vote: Unanimous

4c. Holly Springs Business Park Pump Station – Ms. Sudano said this request is for the Council to consider an amendment to the professional services agreement for the Holly Springs Business Park pump station.

Action: The Council approved a motion to amend a professional service agreement for the Holly Springs Business Park Pump Station project.

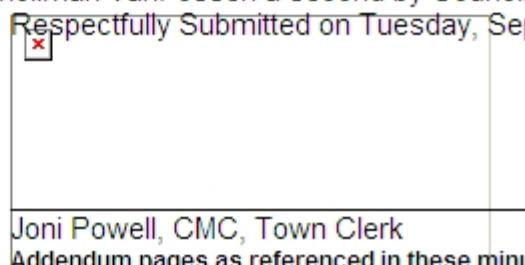
Motion By: Sack

Second By: Dickson

Vote: Unanimous

A copy of the amended professional services agreement is incorporated into these minutes as addendum pages.

5. Adjournment: There being no further business for the evening, the March 19, 2009, meeting of the Holly Springs Town Council was adjourned following a motion by Councilman VanFosson a second by Councilman Dickson and a unanimous vote.



Joni Powell, CMC, Town Clerk
Addendum pages as referenced in these minutes follow and are a part of the official record.