



May 3, 2016

MINUTES

The Holly Springs Town Council met in regular session on Tuesday, May 3, 2016 in the Council Chambers of Holly Springs Town Hall, 128 S. Main Street. Mayor Sears presided, calling the meeting to order at 7 p.m. A quorum was established as the mayor and four council members were present as the meeting opened.

Council Members Present: Mayor Sears, Councilmen James Cobb, Tom O'Brien and Hank Dickson (arrived 8:10 p.m.) and Councilwomen Linda Hunt-Williams and Cheri Lee.

Council Members Absent: None.

Staff Members Present: Charles Simmons, town manager; Daniel Weeks, assistant town manager; John Schifano, town attorney; Joni Powell, town clerk, (recording the minutes); Linda Harper, deputy town clerk; Mary Hogan, finance director; Patty Dressen, senior accountant; Jeff Wilson, information technology director; Len Bradley, parks and recreation director; Adam Huffman, assistant parks and recreation director; Gina Clapp, planning and zoning director; John Herring, police chief; Aaron Levitt, senior engineer; Seann Byrd, water quality director; Tamara Ward, communications specialist; and Mark Andrews, public information officer.

2 and 3. The Pledge of Allegiance was recited, and the meeting opened with an invocation by Rev. Tom Newman of Sunrise Methodist Church.

4. Agenda Adjustment: The May 3, 2016 meeting agenda was adopted with changes, if any, as listed below.

Changes: None.

Motion by: Cobb

Second by: Lee

Vote: Unanimous

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 comments were recorded:

Melissa Dallaire, 904 Stinson Ave., and Brandon Cline, 101 Lacombe Ct., Chelsea Woods

Subdivision – Ms. Dallaire and Mr. Cline addressed the Council to say that they and many of their neighbors are against the No Parking zone recently established on Stinson Avenue. They said their subdivision covenants prohibit parking on the street within Chelsea Woods, and most of the lots in the subdivision are small with small driveways. A few years ago, the homeowners association directed residents to use one side of Stinson Avenue for overflow parking. The No Parking zone established there has caused residents of the subdivision to have to park their cars in their yards. They asked to be added to the May 17 Council agenda.

Martin Abruscato, 105 Arbor Creek Court – As a business owner in town, he is personally against HB2.

Steve Ostroft, Devil's Ridge Golf at 1507 Linksland Drive – Mr. Ostroft addressed the Council to ask the Town for a partnership where the Town would split the cost of a sidewalk's being installed along the street at the Devil's Ridge driving range.

David Griffith, 1515 Oakridge Duncan Road – Mr. Griffith addressed the Council to report that he attends Penn State and recently applied for and was awarded a full scholarship from the U.S. Marine Corps. Mr. Griffith expressed his gratitude to the community for its support of the memorial he provided

as an Eagle Scout candidate in Veterans Park. The memorial is dedicated to all veterans and civilians who died in the nation's fight against terrorism, and especially David's brother, the late Sam Griffith. Sam, an officer in the Marines himself, was killed in Afghanistan.

6a. National Day of Prayer – Ms. Powell said that Thursday, May 5, 2016 is the National Day of Prayer. The proclamation enclosed in your packet is a mayoral proclamation declaring May 5 as the National Day of Prayer locally. The NDP is sanctioned by Public Law 100-307 and dates back to the 1775 Continental Congress.

The Town of Holly Springs organization will pause briefly Thursday morning when employees and members of the public of all faiths will join in prayer together. The public is invited, as are members of the Town Council.

The 10- to 15-minute program will start at 10 a.m. and include a short inspirational music video and a moment of prayer at in the Council Chambers.

Action: None.

6b. Kids Appreciation Day – Mayor Sears said the Kiwanis Club of Holly Springs is planning an event to show the children of this community how much they are loved and appreciated. A "Kids Appreciation Day" celebration is set for 2 to 4:30 p.m. Saturday, May 7 at Sugg Farm at Bass Lake Park.

Mayor Pro Tem Cobb read the mayoral proclamation designating May 7, 2016 as "Kids Appreciation Day" in Holly Springs.

The Terrific Kids program as well as Kids Appreciation Day are projects of the Kiwanis Club of Holly Springs, he said.

KA Day is one of the most anticipated annual family-focused, fun-filled events for Holly Springs' kids, their families, and our schools. It enables our families and our business community to join with our schools to celebrate the end of the school year.

It is presented by the Town of Holly Springs Parks and Recreation and the Kiwanis Club of Holly Springs—a civic club that is dedicated to serving the children of Holly Springs. Kiwanians are part of a worldwide civic organization that make "Young Children: Priority One." Each year attendees enjoy a community festival and the Kiwanians highlight students and teachers chosen by their schools as "Terrific Kids" and "Terrific Teachers."

Action: None.

7a. FY 2016-17 Budget – Chuck Simmons presented his recommended FY 2016-17 Town budget for the Council's review. The manager's budget message below provides the Council with the major highlights of the budget proposal.

Both the General Fund and Utility Funds are balanced based on projected revenues for the coming year and a tax rate that is the same as last year at \$0.4325 per \$100 valuation.

Mr. Simmons' budget message is as follows:

Fiscal Year 2016-2017 Budget Message

Holly Springs continues to be a great place to live as the Town maintains positive growth that enhances the Town's ability to improve services provided to citizens and to invest in the Town's future through transportation projects, water and sewer infrastructure, public safety and parks and recreation facilities.

To ensure that the Town's growth is managed in a sensible, strategic and sustainable way, the management team and staff constantly evaluate development to ensure that there exists a healthy balance of necessary and innovative growth, accompanied by adequate protection of quality of life and Town character. As Holly Springs continues to develop, a clear vision is maintained with this balance in mind.

This vision should include managed growth that enriches the quality of life objectives of the Town; economic development that is consistent with our community values, in an effort to create quality local employment opportunities and an additional tax base; identification of and efforts to secure various partnerships when public interests are served; investment in the Town's future through careful planning, funding and scheduling of capital projects; beneficial partnerships to provide opportunities and funding for improvements; and innovation in developing the Town's identity and promoting the highest standards

for our citizens.

We have identified budgetary priorities in the upcoming fiscal year, in an effort to achieve both the goals of the organization and the service needs of community residents. While our finances have remained consistent over the last year, we still feel it prudent to budget conservatively. We have carefully scrutinized the number of new positions requested; identified areas that we feel can generate an additional revenue stream; and have restricted spending for the remainder of the year as we do every year. This budget has been developed to meet all the various needs of both our organization and our community, but one which I feel will provide us flexibility in the future.

The proposed budget is designed to keep the Town on a course to meet these objectives during the next year. Highlights of FY 2016-2017 budget are as follows:

Revenues – General Fund

- A. Ad Valorem Taxes: Figures are based on a 99% collection rate with an approximate tax base of **\$4,151,095,000** (as provided by the Wake County Tax Department), lowering the new tax rate to **\$0.4325** per \$100 valuation. It should be noted that the proposed tax rate has been determined to be revenue neutral, as defined by the North Carolina General Statutes and the Wake County Tax Assessor's office.
- B. State Revenues: The state-shared revenues are estimated based primarily on previous years' collections. As you may recall, during the 2015 session of the General Assembly changes were ultimately made to the sales tax distribution formula which impacted the amount received by the Town. The legislature this year is now in short session and it does not appear that more changes to the sales tax allocation formula will be made. Nevertheless, the staff will continue to monitor the state's progress on the revenue impact for the Town.
- C. Solid Waste Fees: There is a recommended 2% increase in monthly garbage collection fees and recycling fees. This fee increase reflects an annual fee adjustment charged by Waste Industries. There is no recommended change in yard waste fees. The monthly fee will now be \$9.69 (presently \$9.50) for garbage collection, \$4.34 for recycling (currently \$4.25) and \$2.00 for yard waste removal.
- D. Fund Balance: We have not appropriated any funds from Fund Balance, for the purpose of balancing the Town operating budget.
- E. Other Source Financing: Additional financing is being proposed within the General Fund, for the replacement of an aging fire engine.

Revenues – Utility Fund

- A. Water & Sewer Rates: There is a suggested increase to the water and sewer monthly access fees totaling \$2 in the proposed FY 2016-2017 budget. There is no proposed change in the actual utility user rates. This proposed fee increase is needed to reduce the Town's reliance on water/sewer fund reserves to ultimately balance the utility fund.
- B. Fund Balance: We have not appropriated any funds from Fund Balance.
- C. Other Source Financing: No additional financing is being proposed within the Utility Fund.

Revenues – Stormwater Fund

- A. Stormwater Rates: There is no increase in proposed monthly stormwater fees in the FY 2016-2017 budget.

Revenues – Fiber Optic Telecommunications Fund

- A. The Fiber Optic Telecommunications Fund (FOTF) was established in the previous fiscal year,

following the Town's successful completion of its internet fiber optic network, for the primary purpose of connecting its municipal facilities with high speed broadband service at affordable prices. Since the existing fiber network far exceeds the Town's current broadband needs, opportunities exist for leasing excess strands of fiber which will generate revenues that can be reinvested in the fiber infrastructure and the maintenance that accompanies it.

Expenditures – General Fund

- A. All capital items have been appropriated, and a list has been provided of each department's requests for your review in the Capital Outlay section of this proposed budget.
- B. Eighteen (18) new positions are proposed in the General Fund: Two (2) Public Works Technicians, a Building Code Permit Technician, a Fire Training Coordinator, an Engineering Plan Reviewer and Development Inspector, one IT Technician, three (3) sworn police officers and two (2) tele-communicators, a Facilities Maintenance Specialist, four (4) Parks and Recreation staff members serving various functions and one Zoning Compliance Officer. Four (4) of these new positions represent an upgrade from part time to full time status. A number of these new positions are funded to varying degrees by user fees. More detailed information as it relates to additional positions' pay grades/salaries/benefits can be found in the Salaries & Positions List section of this proposed budget.
- C. This budget includes contributions to nonprofit organizations of \$15,000 to be designated as the Council so desires, a \$10,000 Platinum membership renewal to the Holly Springs Chamber of Commerce and \$20,000 to the Chamber of Commerce for community/governmental programs, totaling \$45,000.
- D. All debt service requirements have been appropriated in this budget to meet our debt obligations. The statement of debt is included for your review.

Expenses – Utility Fund

- A. All capital items have been appropriated and a list of each department's request is provided for your review.
- B. No new staff positions are requested in the Utilities Fund.
- C. All debt service requirements have been obligated in the FY 2016-2017 budget. A statement of debt is included for your review. Over the last nine (9) years, we have been placing funds in reserve to cover the cost of the Harnett County Water Plant Capacity debt, and for that reason we are using \$424,381 for the debt payment next year. This represents a further reduction of 47% in the amount of reserves designated for this purpose in the previous fiscal year. This was planned when we considered expanding the water capacity, to allow the Town to grow into these debt service costs in the future.

Expenses – Stormwater Fund

- A. No significant changes are noted in the Stormwater Fund. Primary expenses within this fund are for salaries and contract services.

Expenses – Fiber Optic Telecommunications Fund

- A. Expenses associated with the creation of this fund are primarily for the purpose of capital infrastructure expenses and anticipated maintenance/repair costs for the FY 2016-2017 budget.

Other Highlights

The salary requirement for next year includes a market adjustment for full time employees of 2.0%. Funding is provided in each department for merit/performance pay in the amount of 3% of salaries. The salary budget also includes a 5% 401(k) contribution and longevity benefits, as well as a State-mandated Retirement benefit of 7.25% for non-law enforcement personnel and 8% for sworn law

enforcement officers.

Employee health insurance has been budgeted with no increase in the rates for next year. This is largely due to lower than usual claims and employee education efforts that are initiated by our Human Resources Department.

With the current economic environment, our goal is to create a budget that will maintain and improve services to citizens while still controlling the costs for these services. I feel the Town of Holly Springs has a solid and conservative budget for next year.

As part of the budget process, it remains very important to have new development absorb additional expenses for infrastructure rather than passing costs on in large measure to existing citizens. As previously mentioned, we have used a portion of water capacity fees in order to maintain the current debt obligations and operations within the utility fund, but with an aging utility infrastructure and rising repair costs that reliance must be reduced. The remaining water and all sewer capacity and acreage fees continue to be removed from the operating budget to go directly into reserve accounts.

The Stormwater Enterprise Fund significantly reduces the Town's reliance on development fees to cover these operating expenses, by removing much of the costs associated with administering this federally unfunded mandate. It is important that the Town gradually reduce its dependence on impact fees and charges for operating expenses, and we will continue to attempt to reduce these charges in future budgets to eliminate potential financial problems within the operating budget.

I have included within your budget the departmental worksheets we used in developing this budget proposal. I hope this will provide you with a better overview of the process and issues discussed during the budget-balancing procedure.

As we proceed into the next several years, we will continue to evaluate projects and personnel needs as they relate to the provision of services. We have several substantial projects which will potentially impact all major funds during this fiscal year; therefore, it will be important to prioritize programming needs with future budgets. We will continue to work with Council, staff, and citizens to establish our goals and objectives as the Town grows to provide the level of services expected.

Town staff has been instrumental in the development of this document, and I feel they have done a good job of controlling costs while providing service levels expected by the Town Council and our citizens. This budget is my best estimate of what we should expect next year, and I feel it represents a fair assessment of our anticipated revenues and expenditures.

This budget reflects my recommendations based on department meetings, an evaluation of existing service needs, and input from Town residents and the Town Council. I would like to say a special thanks to our department heads for their time and effort in the preparation of this document. Without their help, this budget could not have been developed to address both present and future service needs.

The FY 2016-2017 Budget represents a level of funding that will allow the Town to maintain and improve current service levels, while making organizational changes to provide the best possible programs for our citizens. It is important to note that with any budget external forces can affect these projections and it is for that reason that the figures proposed in the FY 2016-2017 Budget are a very conservative forecast of our revenues and expenditures for the next year.

Action: The Council approved a motion to set a special meeting of the Town Council for 5 p.m. May 17, 2016 at Holly Springs Town Hall for the purpose of discussing potential adjustments to the proposed FY 2016-17 budget.

Motion by: Lee

Second by: O'Brien

Vote: Unanimous

8. Consent Agenda: The Council approved a motion to approve all items on the Consent Agenda. The motion carried following a motion by Councilman Cobb, a second by Councilman Lee and a unanimous vote. The following actions were affected:

8a. Minutes – The Council approved the minutes of the Council's regular meeting April 19, 2016.

8b. Resolution 16-11 – The Council adopted Resolution 16-11 declaring a dump truck surplus to the needs of the town. *A copy of Resolution 16-11 is attached to these minutes.*

8c. Auditor Contract - The Council approved to enter a contract with Petway, Mills and Person for the 2015-16 audit in the amount of \$35,680, which includes financial statement preparation services.

9a. Road Race Policy – Chief Herring said a rough draft of the road race policy was presented at the last Council meeting and the Council suggested changes to the draft. Council also requested that a final draft that included these changes, be presented at a regular meeting. Most notably are changes that clarified language and that make a clear distinction between running events that are held at Sugg Farm versus road races/walks held on public streets. Also at the request of Council, changes have been made to the policy to allow for the sale of alcohol at these events, under certain circumstances.

Action: The Council approved a motion to adopt a road race policy and road race application.

Motion by: O'Brien

Second by: Cobb

Vote: Unanimous

10a. Annual Community Agency Assistance Grants – Councilwoman Williams said the fiscal year began in July 2015 for civic groups to submit applications for funding from this year's grant program. Application packets were distributed in November to all groups who had requested them in 2015.

The Council received eight applications requesting \$17,000 in funding. There is \$15,000 available in that line item.

A Council committee made up of Councilwomen Linda Hunt Williams and Cheri Lee and Councilman Hank Dickson reviewed the applications, requested supporting information from some and deliberated over the applications.

Councilman Dickson prepared an evaluation matrix, and each committee member assigned rankings of the applications based on review criteria in the Council's grant program policy. Committee recommendations total between \$9,000 and \$10,500, so there is room in the budget for adjustments by the Council as a group. Any funds left over in the budget at the end of June would be absorbed into the General Fund and committed to fund balance at the close of the fiscal year (i.e. cannot be rolled over to next year.) Beginning July 1, the line item will be replenished with 5,000 new dollars.

Action: The Council approved a motion award FY 2015-16 community agency grants in amounts totaling \$10,000 as follows:

Agency	Amount Requested	Amount Awarded
Holly Springs Food Cupboard	\$2,500	\$2,500
Interact	\$2,500	\$ 500
Holly Springs Civitan Club	\$ 500	\$ 500
MLK Celebration Committee	\$ 500	\$ 500
HS Arts Council	\$2,500	\$2,500
HS Community Band	\$2,000	\$2,000
Triangle Chapter Red Cross	\$5,000	\$ 0
HSHS PTA	\$1,500	\$1,500

Motion by: Lee

Second by: Cobb

Vote: The motion carried following a 3-1 vote. Councilwoman Lee and Councilmen Cobb and O'Brien voted for the motion. Councilwoman Williams voted nay, citing her support of the Red Cross, which did not receive support of other committee members.

10b. Discharge Upgrade Project – Mr. Byrd said that after securing environmental approvals for upgrades (a "FONSI" or "Finding of No Significant Impact") to keep the Utley Creek outfall at its current location, the Town of Holly Springs signed a contract with the engineering firm Davis, Martin, and Powell in May 2015 to design all applicable upgrades needed to discharge under our 6 million gallons per day permit. Once the Town's Water Quality department received a permit modification in November 2015, an application was sent to request Authority to Construct (ATC) from the NC Division of Water

Resources. Our ATC request was granted Feb. 26, and the project was advertised for bid in March. Bid opening was held on April 14, and we received 5 bids as follows:

Dellinger, Inc.	\$1,898,062
Eberhart Construction	\$2,077,700
RTD Construction	\$2,028,000
State utility contractors Inc.	\$1,917,000
TA Loving	\$2,123,000

Mr. Byrd said Dellinger Inc. was the lowest responsible bidder, and staff's recommendation is to award the bid for construction to Dellinger.

Action: The Council approved a motion to award the Phase 1 Upgrades to Utley Creek Water Reclamation Facility to Dellinger Inc. for \$1,898,062 and to approve the project budget, which includes a 10% contingency for Contract Services for a total project budget amount of \$2,087,062.

Motion by: Cobb

Second by: Williams

Vote: Unanimous

11. Other Business: None that resulted in Council action.

12. Manager's Report: None that resulted in Council action.

13. Closed Session: None.

14. Adjournment: There being no further business for the evening, the May 3, 2016 meeting of the Holly Springs Town Council was adjourned.

Respectfully Submitted on Tuesday, May 17, 2016.



se minutes follow and are a part of the official

