



Mayor and Council Budget Workshop
6 p.m. May 25, 2021
Holly Springs Law Enforcement Center and Zoom

MINUTES

The Holly Springs Town Council held a budget workshop meeting on Tuesday, May 25, 2021 at the Law Enforcement Center and via video conferencing. Mayor Pro Tem Berry presided, calling the meeting to order at 6:00 p.m. A quorum was established as the five Council members were present as the meeting opened.

Council Members Present in the room: Mayor Pro Tem Dan Berry, Councilmen Peter Villadsen, Aaron Wolff, and Shaun McGrath and Councilwoman Christine Kelly

Council Members Absent: Mayor Sears.

Staff Members Present in the room: Randy Harrington, Town Manager; Linda McKinney, Town Clerk (recording the minutes); Daniel Weeks, Assistant Town Manager; Scott Chase, Assistant Town Manager; Antwan Morrison, Finance Director; Corey Petersohn, Finance; Jeff Wilson, IT director; John Schifano, Town Attorney; LeeAnn Plumer, Parks and Recreation Director; LeRoy Smith, Fire Chief; Kendra Parrish, Executive Director of Utilities and Infrastructure; Erika Philips, Director of Human Resources; Irena Krstanovic, Director of Economic Development; Paul Liquorie, Police Chief; Cassie Hack, Director of Communications and Marketing; Jamie Holland, Fire; Seann Byrd, Utilities and Infrastructure.

Mayor Pro Tem Berry said the intent of tonight's meeting was to review the recommended budget, give feedback and get answers to questions. He recognized that this was the first time the Senior Leadership Team had been in the same room in 15 months, and said it was great to see everyone.

1. Overview: Randy Harrington gave an overview of the meeting agenda. He said that he made his presentation on the budget to the Council, and now it was turned over to them to make sure that the budget meets their expectations and advances their priorities. He said they would start with a few presentations, first the Arbor Creek-Middle Creek Greenway that had been promised to be brought back to Council, then there would be a presentation on the School Resource Officers (SROs) to give Council background and context on how that recommendation was arrived at, and then we can open it up for dialogue. And at the end we have a few tweaks to the language of the budget ordinance that would be recommended.

2. Review and Discussion of Recommended Budget and other Financial Considerations:

Arbor Creek – Middle Creek Greenway: Daniel Weeks, Assistant Town Manager, said that one construction bid was received on April 21, 2021. After re-advertising, two bids were received on April 29, 2021. The lowest responsive bidder was Fred Smith Company at \$4,688,500, which is 23% (\$888,500) over the engineer's estimate. This does not include the Linksland connection or any contingency. He said that value engineering efforts were conducted. They were able to reduce the cost some, but it is difficult to find nearly a million dollars. The current design and bid includes three new connections and two existing connections to Woodcreek, and does not include a connection to Sunset Ridge North. The NC

Department of Environmental Quality (NCDEQ) and United States Army Corps of Engineers (USACE) permit approvals, which are required, have a time frame of six months.

Mr. Weeks said that staff's recommendation would be to reject the bids that are over budget and not the project we want to build, adopt the existing budget recommendations, and re-advertise a few months down the road. This would allow time to complete the design package and for permits and easements to be secured. A possibility for design changes prior to the new bid process would be to eliminate the Aldenwood spur and add a Linksland spur. It would allow a longer advertising period to generate more contractor interest. It could delay construction start a month or two, which would allow time to identify potential funding partners, and for pricing to normalize.

LeeAnn Plumer, Director of Parks and Recreation, said the original bid package was unconventional, in order to meet the early bond requirement. But if we can reject the current bids and rebid the project with all the permits and easements in hand, the Town could get lower bids because companies would not be projecting so far into the future.

Randy Harrington, Town Manager, said that in the event that we move forward, if the bids come back and are high, there are sources of funding available. But this would give us a chance to be more successful with the project with the Linksland connection. Mr. Weeks said that with the current bids, the contractor is in the driver's seat and didn't give the Town much credit for deleting the Aldenwood spur. If we rebid it, there would be more competition and the Town should get better value.

Council discussed where the Aldenwood spur was and what the different costs would be for the two spurs. The risk of legal action if bids were rejected was brought up. John Schifano, Town Attorney said it is written into the bid that the Town can reject bids, so there is no legal risk.

Mayor Pro Tem Berry asked what action staff was looking for.

Mr. Harrington said it would be helpful to get Council's guidance tonight and then at the second business meeting in June would the bid rejection would come forward for formal action.

Mayor Pro Tem Berry asked if there was consensus to reject the bids on June 15th and it was unanimous. He then asked if there was support for the Aldenwood connection being removed and the Linksland connection added, and there was consensus.

Police Department Reorganization: Randy Harrington, Town Manager, said that any time a new department director comes on, the expectation is for them to do an assessment of their entire department - structure, budget, etc. And this is one of the things I asked of Chief Liquorie. His recommendations as he went through the budget focus on recruitment and retention; training; investigations; traffic safety; and equipment. Those are the focus areas the Chief came forward with. It is important to note that the Chief and the Manager objectively review the organization and see where opportunities may be, from an objective standpoint. And that even involves review of some of the strongest programs that we have. The Town's School Resource Officer program has been a source of pride in the community over the years, and this budget recommendation maintains SRO coverage at all schools. The recommendation is to reassign one of the two School Resource Officers at Holly Springs High School, and reallocate that position to Investigations based on three factors. The first is related to data on referral activity of Holly Springs High School SROs, second, geographic coverage of SROs in that area

of the Town and that particular campus, and third, a wholistic assessment of the other needs of the department, particularly the need to enhance the Investigations section. He said he wanted to be upfront and honest that political discussions around policing, not only in our country, but as well as school resource programs locally, were not a factor in this recommendation.

He introduced Chief Liquorie to explain the proposed change. Data points include 23% increase in Investigations over the last five years. Traffic infractions increased 53% and collisions increased by 22%. Chief Liquorie said that the purpose of the SRO program was to meet three critical goals, although they do more than these three things: to provide, promote, and advocate for school safety; to support students, teachers, staff, and parents with a community-oriented law enforcement resource at the campus; and to promote positive law enforcement/youth interaction. He said that since the 2016-2017 school year, referrals at Holly Springs High School have been trending down. Referrals are formal actions, not necessarily involving the Court system. He showed the distribution of full-time and part-time SROs across town, showing the greatest concentration along Avent Ferry Road. With the location of Holly Springs High School next to Holly Grove Middle and Holly Grove Elementary schools, there are currently three full time and one part time SRO within a .09 square mile area. These officers are flexible to assist at any of the three schools, not just the one they are assigned to. The recommended SRO coverage would reduce the number of SROs at the high school from 2 to 1, giving us 2 full time and one part-time SRO within that .09 square mile area. This would bring Holly Springs High School in line with the majority of Wake County Public High Schools, 78% of which have one SRO. Only 7 high schools, out of 32, have two SROs.

Council discussed whether changing the number of SRO positions at the high school would adversely affect student safety, whether the number of SROs should be per school or a set ratio of officer to students, and other ways in which the Police Department reaches out to and interacts with youth. The downward trend in referrals was discussed in light of COVID along with the possibility that incidents could increase as students return to in-person learning. The length of time it would take an officer to arrive at the high school from the Law Enforcement Center was discussed. Public sentiment toward the SRO program, and the possibility of keeping the two SRO positions at the high school and still getting the new Investigations position, were discussed. Mayor Pro Tem Berry said that Mayor Sears asked him to say "If it ain't broke, don't fix it."

Discussion turned to where the funds would come from in the budget to allow for the Investigations position. The funds for replacing the Town fleet were mentioned as a possible source. Council asked the Town Manager if there were vehicles that could last another year to pay for the additional position, or if there was another part of the budget that the Manager thought could be trimmed to fund this position. The possibility of getting federal grants for the body-worn camera program and shifting those funds was raised, and Mr. Harrington said that, while the Town should pursue grants, in this instance there is not time. The contract has been signed. He would suggest that Council delegate to staff to look at the list of vehicles and come up with the dollar amount to offset this position. He said there was enough room on the cash-funded side to perhaps remove 2 or 3 vehicles from the list and offset this cost.

Mayor Pro Tem Berry said he would like to memorialize the decision in the form of a motion.

Action: Motion to direct Town Manager and staff to find offsets within the vehicle replacement program, and utilize the \$20,000 Council holdbacks to fund the additional Investigations position.

Moved by: McGrath

Second by: Villadsen

Vote:

Aye: Berry, Villadsen, McGrath, Kelly

Nay: Wolff

The motion carried.

Mayor Pro Tem Berry asked if there were other points of discussion around the budget.

Council member Kelly asked about nonprofit fees for rentals of Town facilities. She asked if there was another way to articulate that and better communicate to the public. LeeAnn Plumer, Director of Parks and Recreation said that they would look at better ways to communicate that. She said that staff is aware of the discounted fees and lets anyone in that position know about them. Corey Petersohn, Finance, said it would be an easy graphical change to move it in the fee schedule.

Council discussed the Town's contribution to the Chamber of Commerce and whether they have made a report on how they spend those funds. Mr. Harrington said that the Town has not received a request from the Chamber yet, but it usually comes in June. He said the budgeted amount remains the same as last year. There followed a discussion of what the partnership between the Town and the Chamber had meant over the years, and the services they have provided in the past. Council members expressed frustration with the lack of communication from the Chamber to Council and expressed the desire to make sure their priorities align with the Town's priorities. Consensus was to maintain the amount in the budget, with disbursement of the funds being subject to Council's request for the Chamber to provide additional funding request information and an update on the vision, priorities, and direction of the Chamber.

Council member McGrath asked if staff was being optimistic on the sales tax projections. Mr. Harrington said that staff was using a conservative number. Currently the amount received for this fiscal year is going to be more than the budgeted amount. Antwan Morrison, Finance Director, said that staff uses the NC League of Municipalities' prediction, trends, and other models, finds the "sweet spot" between those, and then reduces it by 5% to provide a cushion. He said it was a conservative prediction.

Council member McGrath said there are different audiences for the budget, including the general public. The way it is put down on paper, it looks like there are dramatic increases in salary for certain town staff. He appreciates the explanation that was given, that the apparent increases in one fund are offset in another fund, that it is a reflection of cost allocation. But it is difficult for the public to look at this and understand. He would ask for more detail next year so that the public can easily digest the changes and see the true trend line as money shifts between different funds and accounting methods change from year to year. Mr. Harrington said that this budget year, more than the previous years, staff did some reorganization that was articulated last year but not reflected in the budget. Because of this, staff used cost allocation that shows when one department aids another, and that affects how the numbers get reported. No one is getting a big increase above the merit increases.

Mayor Pro Tem Berry wanted to acknowledge that staff answered questions about the Muses – Ting greenway that was brought up at the public hearing. Staff is in the process of prioritizing greenway projects and will come back to Council to share those priorities. Staff recommendation is to hold off on any potential enhancements to that connection until that process is completed and they can evaluate that enhancement. There are some wet crossings and some grade in this area. Council consensus was to wait until the prioritizing and evaluation of Town greenways was completed. There was also concern that more sidewalks might be needed because of pedestrians walking on the shoulders of roads. Mr. Harrington said it is a good connection. Staff is going through the process to prioritize some of those connections, and will bring the results back to Council so they could make an informed decision.

MPT Berry asked if there were any other questions about the budget.

Council member McGrath said this wasn't a budget question, but since the majority of Council decided to move forward with Housing Study, and he assumes the RFP will come to Council before it goes out, he wanted to restate his desire that we get something that is unique to Holly Springs, realistic, and executable. Mr. Harrington said that his understanding from that time was for staff to do the RFP and bring the potential contract back to Council. Staff would come back and do a presentation on it regarding the unique qualifications, what they will bring to the study. Scott Chase, Assistant Town Manager, said he expects that it would come to Council at mid-year. It is important to see what is happening in Holly Springs, as the housing market is changing daily.

Budget Ordinance Language:

Corey Petersohn, Finance, said there were some recommended changes to the budget ordinance. In Section 6. Salaries and Salary Grades, Section A would allow salary adjustments from 0% - 6% based on performance. Position classifications are to be continuously reviewed and adjustments instituted by the Town Manager to make the plan fair for all classes of employees. Section B would make an adjustment to the salary grades in the amount of 1.7%. The change is in Section C which would authorize the Town Manager or designee to reclassify a current employee position's salary grade for any position with a defined salary grade range, as listed in the Town Manager's Recommended Fiscal Year 2021-22 Budget, if the incumbent has satisfied the Department's requirements to include any required training, professional certification, or other positional requirements. This is to codify a policy that was implemented when career ladder positions were first created, and makes it clear for those departments that are going to this style of promotion schedule.

MPT Berry asked if funding for this was in the budget and it didn't need to come back before Council, when would they see the result of these changes. Would it show up in the next year's budget? Mr. Harrington said the total allocations wouldn't change, but the division of the allocation among different individuals might shift.

Mr. Petersohn said that proposed changes to Section 8, Contract Authority, would authorize the Town Manager to execute contractual documents under the following conditions:

A. Town Manager may execute contracts for (1) purchases of apparatus, supplies, and materials, or equipment which are within budgeted departmental appropriations; (2) leases of personal property for a period of one year or less and within budgeted departmental

appropriations; and (3) services which are within budgeted departmental appropriations. Any of the above may be in the formal bidding range for contracts.

B. Town Manager may execute grant agreements to or from public and non-profit organizations which are within budgeted appropriations unless a grantor organization requires execution by the Town Council;

C. Town Manager may execute contracts as the lessor or lessee of real property, which are of one-year duration or less if funds therefore are within budgeted appropriations;

There were questions about what would trigger bringing a contract to Council. Mr. Harrington said that his approval authority for contracts would be only for items that Council had approved in the budget. The money would have to be appropriated by Council. The spirit is not to have multiple contracts from a single vendor under the threshold, but for the total amount to be under the threshold. John Schifano said that there are four people who have to sign all contracts, Manager, Finance Director, Attorney, and Clerk, so that is also a check and balance.

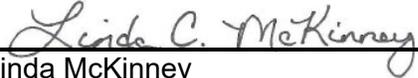
MPT Berry asked if there was any open discussion.

Council member Kelly said House Bill 496 is still moving forward and asked if there were other bills that we are watching. The tree ordinance bill language has changed a lot. Council member Wolff said it has been recommended that we take a wait-and-see position before passing any resolutions. MPT Berry said both the Metro Mayors Association and the NC League of Municipalities are watching this and seeing what the best way to oppose it is. Council member Kelly asked if there were any other bills on the watch list. Mr. Harrington said the tree ordinance is the main one. There are a number of police reform bills with some momentum, and one on fire fighter cancer presumption and our concern is that it not be an unfunded mandate. There is a compromise bill that everyone seems to be happy with that will be funded by the state. We will provide weekly updates, as anything comes.

Council member McGrath asked if there was an update from Treasury on the ARP funding. Mr. Harrington said the guidance is not as clear as he would hope, and the League is helping in interpretation. Still he thinks our number is \$11 million. It appears that stormwater will be an eligible expense. We still have some work to do on the staff side. John Schifano said the National League of Cities said roads were not eligible, but if you were doing a road project that necessitated stormwater or water and sewer repairs, that would be eligible. Expenses necessary for public housing and to increase racial justice issues, were hinted at as being eligible.

3. Adjournment: There being no further business for the evening, Motion to adjourn was made by Council member Kelly second by Council member McGrath and passed with a unanimous vote. The May 25, 2021 meeting of the Holly Springs Town Council was adjourned at 8:02 pm.

Respectfully Submitted on Tuesday, June 22, 2021.



Linda McKinney
Town Clerk