

**MINUTES OF MEETING
TOWN BOARD OF COMMISSIONERS
SPECIAL CALLED MEETING (STRATEGIC PLANNING RETREAT)
MARCH 3 – 5, 2018**

The special called meeting of the Board of Commissioners of the Town of Fuquay-Varina, NC was held at Pinehurst Resort on Saturday, March 3 – Monday, March 5, 2018.

Members Present: Mayor John W. Byrne
Commissioners Present: Blake Massengill (Mayor Pro-Tem)
Charlie Adcock
William Harris
Jason Wunsch
Marilyn Gardner

Members Absent: None

Also Present: Town Manager Adam Mitchell
Assistant Town Manager Mark Matthews

Mayor Byrne called the meeting to order on Saturday, March 3, 2018 at 2:00 pm in the Centennial Board Room at The Carolina Inn at Pinehurst Resort. Mayor Byrne thanked all Town Board members for making it a priority to take from their personal time to attend the retreat. He then made remarks about the importance of the strategic planning retreat. Mayor Byrne then asked Town Manager Mitchell to begin his presentation starting with a review of the retreat agenda.

In Part 1 of the Saturday Afternoon Work Session, Town Manager Mitchell provided an overview of the Town's financial position as well as a forecast position into the FY 2023 horizon year. The following highlights were presented to the Board:

- > Trends in revenue growth for the past 5 years in the General Fund to include 17% growth from FY 16 to FY 17
- > Trends in spending for the past 5 years in the General Fund
- > Trends in General Fund Retained Earnings for the past 5 years to include positive additions to unassigned fund balance each year since FY 13
- > Revenue and expense projection for the FY 18 budget year
- > Projected impact to General Fund Retained Earnings to include explanation that the Town is projected to use \$2,484,625 in

- unassigned fund balance for approved capital projects, which is \$1,377,012 less than expected and budgeted to be used.
- > Five Year Forecast for General Fund Revenues and Expenses through FY 23 to include a possible tax rate increase of 3-cents to support the construction and operation of a fourth Fire Station; a possible tax rate increase of 2-cents to support the added cost of construction for transportation projects identified under the 2015 Transportation Bond program; \$2,000,000 in unassigned fund balance appropriated in FY 19 for approved capital projects; no unassigned fund balance appropriation in fiscal years 20, 21, 22, and 23; debt service projections for transportation bonds, fire station no. 4, Town Hall/Police Department, and recreation projects; and new personnel, equipment, and capital projects.
 - > Explanation that select projects and personnel that were adopted in the previous Five-Year Plan were removed from the financial forecast model to reflect a balanced plan to include an update to the Community Transportation Plan in FY 20, a potential local cash match to a County grant for the joint use park at South Lakes Elementary School in FY 20, rehabilitation of the downtown library building in FY 21, and partial investment in the fiber network in FY 22.
 - > Projected unassigned fund balance (\$14,943,874), rec unit fund balance (\$1,261,503), garbage vehicle capital reserve fund balance (\$307,223), and debt reserve fund balance (\$842,256) at fiscal year-end 2018.
 - > Projected impact to Debt Reserve Fund Balance and Rec Unit Fund Balance over the five-year forecast period.

Town Manager Mitchell then provided a detailed overview and update of the Town's Major Projects and Debt Service Plan. He reviewed the menu of projects previously identified and prioritized by the Town Board, to include transportation, government facilities, and business park projects. Town Manager Mitchell advised that after funding various projects with fund balance reserves, loan proceeds, and grants, that he projects the General Fund Unassigned Retained Earnings to equal \$12,657,749 and Debt Service Fund Balance to equal \$887,499. He stated that he projects General Fund Unassigned Retained Earnings to reflect approximately 37% of projected expenses in FY 22, which is greater than the 25% required by the Town's Fund Balance Policy. Town Manager Mitchell advised that he did not recommend the Town using any more reserves than what was being proposed for the projects he presented because he felt certain that there will be future projects that the Town will want the flexibility to use reserves so as to allow those initiatives to move forward. Town Manager Mitchell spent a brief amount of time discussing the timing for a fourth fire station. He advised the Board that he recommends the Town proceeding with the

procurement of property for a fourth fire station and that he plans to have further discussion with Fire Chief Mauldin with respect to the timing of construction. Town Manager Mitchell stated that it is possible that the need for the fourth fire station could be delayed by a couple of years however response time will need to be closely evaluated.

The financial presentation was concluded with management advising the Town Board to see through and complete many of the numerous projects either underway or planned to be started in the near future before instructing and authorizing to proceed with newly identified investments and projects. He warned against the Town being spread too thin and the need to maintain the planned level of reserves to allow for flexibility in the event that new and important opportunities present themselves.

Following review of financial information, the Town Board recessed at 4:05 pm for 10-minute break.

After a short recess, Mayor Byrne reconvened the Strategic Planning Retreat at 4:15 pm in the Centennial Board Room. The Board then received a presentation from the Town Manager concerning matters related to quality of life for citizens and businesses. Specifically, the Town Manager presented information concerning the following topics:

- > Start Up Plan for the Arts Center
- > Wake County Prepared Food and Beverage Tax Grant – Fuquay Mineral Spring Park Amphitheater
- > Bidding and Development Plans for Fleming Loop Park
- > Review of Parks Assessment and Map
- > Park Depot Greenway Construction and Financing Plan
- > South Lakes Elementary School Park Construction and Financing Plan
- > Outdoor Fitness Equipment
- > Comprehensive System Wide Parks Facility Plan
- > Recreation Unit Fees

Town Manager Mitchell and Assistant Town Manager Mitchell further detailed a plan for the first year of operation for the Arts Center as prepared by Arts Center Director Maureen Daly. The plan includes programming of Arts Center classrooms and common space as well as productions in the theater. The Board provided feedback that they were pleased with the plan proposed by Arts Center Director Daly. They did inquire weeknight events, a season series, and morning activities for parents with non-school aged children noting the County Library moving from downtown.

The Board further advised that the Amphitheater project at the Fuquay Mineral Spring Park would be a nice amenity to add if the County were to participate in the funding and noted that the project was identified on the current Parks Facility Master Plan. They also noted that there are other park

projects that the Town has been planning for quite some time and absent grant funding, the Board does not prioritize the Amphitheater project over the other projects (namely Fleming Loop, Park Depot Greenway, and South Lakes Elementary School Park).

The Board spent considerable time discussing outdoor fitness equipment to include need, community interest, funding, and location. Commissioner Wunsch advocated for purchasing outdoor exercise equipment for the paved loop at South Park. He stated that he has heard from seniors that would like to exercise outdoors. After discussion amongst members of the Board direction was given to management not to purchase outdoor exercise equipment at this time. The Board advised that they did not feel that there was enough evidence of interest to utilize town funds to the level necessary to acquire the equipment.

Additionally, the Town Board spent significant time discussing Recreation Impact or Unit Fees and the means for which the Town was charging the fees. Town Manager Mitchell presented information on the topic and advised that the Town is charging per lot for single family and multi-family developments. The Board advised that they did not agree with this method of charging because multi-family developments were not paying nearly the amount that they should given the impact they have on the parks and recreation system. Town Manager Mitchell advised that a recent apartment complex with over 300 units only paid \$3,000 in Recreation Unit Fees due to the project being developed on three lots. The Town Board directed management to inquire with legal counsel and the UNC School of Government about the options for charging Recreation Unit Fees and come back to the Board as soon as possible with a recommendation that charges multi-family developments in a manner that is comparable with single family developments. Town Manager Mitchell advised that because Recreation Unit Fees are addressed in both the fee schedule and the Land Development Ordinance, that it would require a Town Code Amendment to address the matter but that he felt certain it could be addressed by the April timeframe. He also advised that it would have to go before the Planning Board first.

The Strategic Planning Retreat was then recessed at 6:20 pm. The Town Board and management met for dinner at 7:45 pm at the 1891 Grille located at The Holly Inn, Pinehurst Resort.

Mayor Byrne called the Strategic Planning Retreat back to order at 9:30 am on Sunday, March 4, 2018 in the Centennial Board Room at the Pinehurst Resort. He asked the Town Manager and Assistant Town Manager to resume their presentation of agenda materials.

The Board then received a presentation from the Town Manager concerning matters related to Land Use. Specifically, the Town Manager presented information concerning the following topics:

- > Town owned property
- > Residential Density Development
- > ETJ Expansion
- > Zoning Strategy
- > Code Compliance Strategy
- > School Transportation Responsibility
- > Challenged Properties

The Town Board gave management direction with respect to the sale of certain town property.

Town Manager Mitchell presented information for the Board's consideration concerning zoning of property with conditions, density, and character. The Board gave management direction that future zoning of property should occur with conditions that address community character that may include variation in lot widths and lot sizes if the situation calls for it. They also instructed management to evaluate other ways to yield character through the conditional zoning process.

Significant discussion occurred surrounding legislation that requires reimbursement from the Town or NCDOT with respect to road improvements associated with the construction and/or renovation of a school. Town Manager Mitchell advised as to how staff and legal counsel have discussed addressing the matter. He further advised as to the potential financial liability associated with the legislation.

The Town Board further provided guidance with respect to code compliance. Specifically, vehicle sales and rental lots were discussed. The Board directed management to address the worse violations and then to handle others on a complaint driven basis.

Following review of land use information, the Town Board recessed at 10:55 am for 10-minute break.

After a short recess, Mayor Byrne reconvened the Strategic Planning Retreat at 11:05 am in the Centennial Board Room. The Board then received a presentation from the Town Manager concerning matters related to transportation, infrastructure, and information technology. Specifically, the Town Manager presented information concerning the following topics:

- > Sidewalk Connectivity (Lincoln Heights)
- > Transportation 5-Year Strategy
- > U.S. 401 Cross Section (Future)
- > Hilltop Needmore/Sunset Bluffs Proposal
- > Water and Sewer System Development Fees
- > Utility Capital Projects

> Water Capacity Study

Town Manager Mitchell presented a map graphic depicting past investments and future planned investments in the vicinity of Lincoln Heights Elementary School as well pedestrian projects generally throughout town. He further provided financial statistics on the investments made or planned. Specifically, he showed over \$2-million in improvements in the vicinity of Lincoln Heights Elementary School including the conversion of certain streets to one-way. He further showed an additional \$8.5-million in proposed sidewalk projects throughout town. The Town Board directed management to work to include proposed pedestrian improvement projects in the Town's Five-Year Capital Plan.

Town Manager Mitchell presented details on the System Development Fee analysis prepared on the Town's behalf by Raftelis Financial Consultants and advised of a future public hearing along with the Town budget as required by statute.

In addition, he presented information prepared by Public Utilities Director Meyers and consultant Freese and Nichols on future water capacity. He advised that multiple scenarios were evaluated to include a potential partnership with the Town of Sanford, building a Town water treatment plant, and continued purchase of water at a wholesale rate for third party providers. Town Manager Mitchell informed the Board that certain scenarios are preliminarily expected to cost upwards of \$75-million to achieve. The Town Board instructed management to continue to evaluate options for future water capacity and bring back a recommendation that is reasonable and can be managed from a debt service and funding perspective.

Significant discussion occurred around a strategy for transportation projects over a five-year period. Town Manager Mitchell reviewed transportation projects already planned or under construction. He advised however, that absent of a new transportation bond referendum or some other source of revenue (be it tax increase without referendum, grants, or a combination of both), the Town would need to slow down on its investments in transportation due to lack of funding capacity. He did advise that the Town should continue to identify transportation improvement projects and seek to design said projects, complete environmental assessments, and perhaps even secure right-of-way, if financially feasible, so that they are ready for construction when funding does become available.

Before recessing, Town Manager Mitchell presented several scenarios for the future cross-section of U.S. 401 between Five Points and Ten Ten Road. He advised that the Town's Community Transportation Plan calls for a 300 ft right-of-way, as does CAMPO's Southwest Area Study and NCDOT's future plans. Town Manager Mitchell explained that the Town has received some concerns from property owners and real estate brokers about the future cross section. He advised that the Town Engineer discussed options for right-

of-way reduction with officials from NCDOT and CAMPO and there is an opportunity to reduce the need for 300-feet but doing so would come with negative design considerations. Specifically, Town Manager Mitchell advised that a reduced cross section would require the installation of "jersey barriers" or concrete walls between the north bound and south bound lanes of U.S. 401. He recommended against reducing the right-of-way and cross section on the Town's Community Transportation Plan because of the negative visual aesthetic created by the installation of "jersey barriers" along a lengthy gateway into the community. The Board agreed that "jersey barriers" are not ideal and that the Community Transportation Plan, as it pertains to future right-of-way along U.S. 401, should remain as it currently exists.

The Town Board then recessed at 1:00 pm for lunch at the Members Dining Room at the Pinehurst Country Club Members Building.

After lunch, Mayor Byrne reconvened the Strategic Planning Retreat at 2:45 pm in the Centennial Board Room. The Board then received a presentation from the Town Manager concerning matters related to Economic Development and Community Identity. Specifically, the Town Manager presented information concerning the following topics:

- > Video Media Strategy
- > Business Park Next Steps
- > Downtown Development
- > Commercial Development

Town Manager Mitchell discussed the importance of communicating to citizens about what the Town is doing to improve quality of life. He stated that traditional methods (newsletters, website) are not alone good enough. He advised that many people are now getting their information via social media, which the town is utilizing, and many prefer to view information rather than read information. Town Manager Mitchell reported that Communications Director Susan Weis has been in communication with local media production companies about options for expanding the Town's video media presence. He recommended that the Town work to produce 8 to 12 (90-second) videos during the course of the year that highlight the great things the Town is doing and that are happening in the community. He showed some examples and the Town Board concurred that this is an excellent way to share information with the public and that engages the public. It was the consensus of the Board to give direction to management to work the cost of video media production into next year's operating budget.

Town Manager Mitchell then reviewed next steps for the Town's newly acquired business park land. He advised that upon closing on the property, the Town would work to seek NC Site Certification. He stated that part of the process for marketing the site will be to cruise and clear the timber. Town Manager Mitchell reported that Economic Development Director Seymour is already speaking with several companies that provide these services to gain

a better understanding of cost and what amount of revenue the timber may yield for the Town. He also reported that the Town is evaluating the requirements for site certification and would later propose an agreement with a consultant to assist with meeting those requirements. The Town Board concurred that working towards site certification and readying the site for recruitment of one or more new companies is preferred.

Town Manager Mitchell then presented information regarding Downtown Development. Specifically, he presented a downtown parking plan/map that staff is working to finalize and publish on the Town's website and in local businesses. He stated that this will be particularly useful when the Arts Center opens. He also provided an update on the progress with Armada Hoffler and the downtown mixed-use project. The Board agreed that many great projects and advancements are taking place in downtown and they would be interested in seeing a master plan for downtown sometime in the future.

Before a short recess, Town Manager Mitchell advised on commercial development opportunities. Commissioner Adcock asked that he be recused from commercial development discussion due to a potential conflict of interest. Following the Board's recusal of Commissioner Adcock, Town Manager Mitchell reported on progress being made towards a significant commercial town center development in the Town.

The Town Board then took a short recess at 4:15 pm.

After a short recess, Mayor Byrne reconvened the Strategic Planning Retreat at 4:25 pm in the Centennial Board Room. The Board then received a presentation from the Town Manager concerning matters related to Growth Opportunities/Challenges, Staffing, and Governance. Specifically, the Town Manager presented information concerning the following topics:

- > Sedimentation and Erosion Control Staffing
- > Inspections Staffing
- > Planning Staffing
- > School Resource Officer(s)
- > Teen Council
- > Strategic Planning

Town Manager Mitchell advised the Board of his recommendation to bring the permitting and oversight of sedimentation and erosion control in house and no longer seek for the County to provide the service on behalf of the Town. He advised that the Town can presently do the service without the need for additional personnel, above and beyond what is already planned, and also do it in a timelier manner. He advised that he believes that the development community will view the transition as favorable because it will allow Fuquay-Varina development services to become a "one-stop shop." Town Manager

Mitchell also advised that bringing the service in house will allow the Town to generate additional revenue. The Board concurred with management's recommendation and Town Manager Mitchell informed them that he would begin the process shortly after the Town Board retreat by bringing a Town Code amendment to them for their consideration.

Town Manager Mitchell and Assistant Town Manager Matthews then spent time discussing staffing needs and future potential staffing challenges with the Board. Among the many staffing challenges as it pertains to growth, they spent considerable time discussing the strategy surrounding staffing up in the Inspection and Planning Departments. Town Manager Mitchell explained that with the numerous subdivisions coming online, either via construction or plan review, it is possible that in the next 5-years numerous additional employees in both the Inspection and Planning Departments will need to be hired to fulfill addressing the added workload. He expanded on the conversation by explaining that the new hires may not be proposed with the FY 19 budget but rather as the need arises. The Town Board concurred and expressed understanding that growth is putting a strain on human capital and that adjustments would likely be necessary in order to provide a level of service that is comparable to communities in the marketplace.

Town Manager Mitchell discussed the matter of school resource officers. He shared information pertaining to how many school resource officers are funded by other communities and what level of funding support they receive from the Wake County Public School System. With the exception of Holly Springs, Fuquay-Varina is on par with providing a school resource officer in the Wake County Public School high school and receiving a partial reimbursement for the cost of employing the officer. The Town Board advised that at this time they are not wanting to put a school resource officer in middle schools, elementary, or private schools, however did wish to see the Wake County Sheriff's Office provide additional school resource officers or better the County School System reimburse the Town, in full, for additional school resource officers.

Next, Town Manager Mitchell presented information about the Parks, Recreation, and Cultural Resources Teen Council. He stated that the Teen Council was still active but that the membership was not as large as was the case in years past. He reported that when the Teen Council was at its strongest when one of the founding members was actively recruiting other teens to participate. He stated that the young lady that was part of the start of the Teen Council has since graduated and moved on, however a member of the Parks, Recreation, and Cultural Resources Advisory Board (Julia Longmaid) is the president of the Teen Council and still maintaining an active agenda. Specifically, Town Manager Mitchell advised that the Teen Council is involved in all special events, promoting the Parks, Recreation, and Cultural Resources Department, recruiting new members, and serving as exemplary citizens. He advised that the Council volunteers with the annual tree lighting, Celebrate Fuquay-Varina, the Easter Egg Hunt, annual clothing and food

drives, the Haunted Trail, creating holiday cards for nursing homes, the Independence Day Celebration, and Teen Day. Town Manager Mitchell reported that there are currently 15 active members of the Council. It was the consensus of the Board that the Teen Council remain active and grow its membership and that the Town continue to work with them to encourage membership growth.

Finally, Town Manager Mitchell shared examples of Community Strategic Plans and explained the purpose of a strategic plan as the Town Board identifying the 5 to 7 major initiatives and establishing goals and objectives that address those initiatives. He shared examples of Strategic Plans from the City of Durham, the Town of Garner, and the Town of Wake Forest. Town Manager Mitchell advised that he plans to work on a draft of a strategic plan for the Board to consider in the coming year. The Board concurred that a Strategic Plan will be a helpful tool to bring the vision for the Town into focus.

At the conclusion of management's presentation, Mayor Byrne recessed the Strategic Planning Retreat at 6:50 pm. The Town Board and management met for dinner at 7:30 pm at the Carolina Dining Room located at The Carolina Inn, Pinehurst Resort.

Mayor Byrne called the Strategic Planning Retreat back to order at 8:30 am on Monday, March 5, 2018 in the Centennial Board Room at the Pinehurst Resort. Mayor Byrne and the Town Commissioners recapped their priorities coming from the materials reported.

The priorities were as follows:

- > The Board's #1 priority continues to be advancement and acceleration in transportation and mobility improvements
- > The Board's #2 priority is to further vet long-term water capacity opportunities and develop an implementation plan
- > The Board's #3 priority is to further explore and identify revenue options to allow for further implementation and expansion of services to include, but not limited to, Recreation Fees
- > The Board's #4 priority is to continue to evaluate development standards that take into consideration how to achieve community character and avoiding similar appearance
- > The Board's #5 priority is to continue efforts towards the expansion of water and wastewater infrastructure into the Town's Preferred Growth Areas

Additional priorities are as follows:

- > Sustaining growth momentum
- > Closely evaluating future investments and expenses so as to not put financial stability at risk

- > Complete the Town Hall and Police Department renovation and relocation project
- > Complete the Arts Center and implement a successful first year calendar of events
- > Look for unique and untapped opportunities for Arts Center programming such as book signings, author talks, and book clubs
- > Continue to invest in pedestrian mobility projects to include greenways and greenway system expansion
- > Assist with the recruitment of filling retail space
- > Assist existing businesses to remain relevant
- > Continue to seek input from seniors and active adults and understand their needs
- > Further accelerate access to broadband for citizens and businesses
- > Continue to seek partnerships and further develop partnerships with existing allies like Wake County, Wake County Municipalities, Wake County Public School System, NCDOT, CAMPO, Wake County Homebuilders, Triangle Community Coalition, NC Legislature, NCLM, and NC Metro Mayors Coalition
- > Continue to seek and apply for grant opportunities
- > Evaluate opportunities to further develop and highlight the partnership with the Grower's Market
- > Consider environmental protection measures with both public and private projects
- > Evaluate opportunities for permanent restrooms at Town Parks
- > Continue to evaluate staffing resources and opportunities to grow human capital
- > Continued planning for future Town facility needs
- > Further work with DFI to develop plans and opportunities for mixed use projects in both the Fuquay and Varina downtown districts
- > Work to attract more commercial/retail development to better balance the blend of residential and commercial
- > Continue investing in technology to reduce costs in other areas to include the fiber network and automatic metering infrastructure
- > Further plan for the creation of a downtown arts district
- > Focus on economic development voids
- > Continue to invest in quality of life amenities
- > Evaluate opportunities to work with Wake County Public Schools on joint facility opportunities in various locations of the community
- > Complete the development of the Fleming Loop Park
- > Evaluate the possibility for inclusion of downtown parking study recommendations in the FY 19 and FY 20 operating budget
- > Pursue site certification of the Town's Business Park
- > Continue to focus on opportunities for recruiting advanced manufacturing and potential work/live developments for both the Town's Business Park and other locations in town
- > Continued involvement in the County's transportation and transit strategy

- > Advocate for school facility renovations, enhancements and new construction
- > Continue to develop relationships with the NCDOT and enhancements to the State road network within the Town
- > See through the adoption of an expanded ETJ by the Wake County Board of Commissioners
- > Communicate with the development community and enhance the footprint of the Town limits in Preferred Growth Areas and the Town's Urban Service Area
- > Work to develop a downtown master plan that among many goals establishes a vision for eliminating vacant and dirt lots
- > Work to develop a 3-year Town Strategic Plan

Mayor Byrne thanked all Town Board members for their input, feedback, and engagement during the Strategic Planning Retreat. He then recognized Town Manager Mitchell and Assistant Town Manager Matthews for their presentation of materials and evident preparation in advance of the retreat.

It was the consensus of all Board members that the 2018 Strategic Planning Retreat was informative and encouraging. Board members referenced the need to reflect on accomplishments and take a "breather" by completing projects that have been started or in the pipeline before obligating the Town to new projects that may involve significant outlay of funds. Specifically, the Board expressed appreciation for the detailed financial presentation that set the tone for discussion and establishment of priorities. Each Board member referenced one or two goals and objectives that were of the most significance to them from the summary of priorities.

With their being no further information to present by management and no further comments or remarks by members of the Town Board and followed by a motion by Mayor Pro-Tem Massengill, a second to his motion by Commissioner Wunsch, and a unanimous vote in the affirmative; Mayor Byrne adjourned the 2018 Strategic Planning Retreat at 9:02 am.

Adopted this the 2nd day of July 2018 in Fuquay-Varina, North Carolina.

FUQUAY-VARINA, NORTH CAROLINA

John W. Byrne, Mayor

ATTEST:

(TOWN SEAL)

Rose H. Rich, Town Clerk

