



Items of a routine nature will be placed on the Consent Agenda to be voted on in a block. Any item may be removed from the Consent Agenda by request of the Mayor or any Council Member.

#### *Approval of the Consent Agenda*

A motion was made by Mayor pro tem Parker, seconded by Council Member Huynh, that R-1 be adopted as amended, which approved the Consent Agenda. The motion carried by a unanimous vote.

1. Approve all Consent Agenda Items. [\[21-0046\]](#)  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
2. Approve the Miscellaneous Budget Ordinance Amendment to Adjust Various Fund Budgets for FY 2020-21. [\[21-0047\]](#)  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
3. Submit Public Comments to the North Carolina Utilities Commission Concerning Duke Energy's 2020 Integrated Resource Plan. [\[21-0048\]](#)  
Mayor Hemminger said that the Town would be sending comments to the Utilities Commission regarding Duke Energy's proposed plan and was working toward having other towns do so as well.  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
4. Continue the Public Hearing for a Conditional Zoning Application for Columbia Street Annex, 1150 S. Columbia Street, from Residential-2 (R-2) to Mixed Use-Village-Conditional Zoning District (MU-V-CZD) and Continue the Public Hearing for the Closure of an Unmaintained Portion of the Monroe Street Right-of-Way to February 24, 2021. [\[21-0049\]](#)  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
5. Amend the 2020-21 Council Calendar. [\[21-0050\]](#)  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.
- 5.1 Authorize the Use of Eminent Domain to Acquire Property on North Street. (added 1/25/21) [\[21-0065\]](#)  
This resolution(s) and/or ordinance(s) was adopted and/or enacted.

#### **INFORMATION**

6. Receive Upcoming Public Hearing Items and Petition Status [\[21-0051\]](#)

List.

This item was received as presented.

#### **DISCUSSION**

7. Update on Town Efforts to Respond to the COVID-19 Crisis. (no attachment) [\[21-0052\]](#)

Mayor Hemminger asked the public to be patient regarding the COVID-19 vaccination schedule. Orange County's registration system had been overwhelmed and it would take time to vaccinate everyone, she said. She explained that President Biden would provide three-week updates on the amount of vaccine states would receive and that Chapel Hill was ready to administer those doses as soon as they arrived.

Emergency Manager Kelly Drayton gave a PowerPoint update on the Town's COVID-19 response and the vaccine distribution process. She explained how emergency funding had been used and said that the Town could seek reimbursement for eligible expenses through new federal legislation. She discussed President Biden's request to Congress for \$30 billion to help Americans who were behind on rent.

Ms. Drayton noted that Governor Cooper had extended the modified stay-at-home order through February 28, 2021. She said that 99.8 percent of North Carolina's federal allotment of first dose vaccines had been administered and that appointments for second doses were currently being scheduled. The federal government had agreed to a 16 percent increase in first dose vaccine shipments in the coming weeks, she said.

Ms. Drayton discussed efforts to reach under-served communities. She said that the COVID-19 call center would be adding staff and services, such as language interpretation, and that the Orange County Health Department would hold virtual meetings and information sessions in an effort to facilitate vaccine distribution in under-served communities.

Ms. Drayton said that the federal government would not penalize states for failing to meet vaccine allocation deadlines and would reward them for operating efficiently. North Carolina would begin providing doses to county health departments based on population size, she said, and she mentioned the ways in which the Town was partnering in the distribution effort. She reminded the public to continue following the 3Ws: wear a mask, wash hands, wait a safe distance apart, even after receiving a vaccine.

Mayor pro tem Parker pointed out that people could also try getting vaccinated through UNC Health at: [yourshot.org](http://yourshot.org). Council Member Gu confirmed with Ms. Drayton that those waiting for a second shot would

hear from Orange County a few days before it was due. Council Members asked about additional guidance regarding a new, more virulent COVID strain, and Ms. Drayton offered to find out if there had been any change in the recommendations.

Council Member Gu asked why some high-risk populations had been moved down on the priority list, and Ms. Drayton explained that the state had been prioritizing those who would be reentering society and interacting in the community. Council Member Gu asked for additional information regarding vaccines, and Ms. Drayton said that such statistics were being posted on Fridays on Orange County Health Department's website.

This item was received as presented.

8. Public Hearing Continued: Conditional Zoning for 1200 & 1204 Martin Luther King Jr. Blvd. from Residential-4 (R-4) and Neighborhood Commercial (NC) to Office/Institutional-2-Conditional Zoning District (OI-2-CZD) and Neighborhood Commercial Conditional Zoning District (NC-CZD) (Project #19-065).

[\[21-0053\]](#)

Planner Michael Sudol gave a PowerPoint presentation on a Conditional Zoning application for a 13.9-acre site at 1200 Martin Luther King Jr. Boulevard (MLK). He said that the applicant had held three meetings since December 2020 with Tarheel Mobile Home Park residents, who currently lived on the site. He summarized revised conditions and reviewed how the applicant had completed steps in the application process and had appeared before the Council several times.

Mr. Sudol explained that the site was currently zoned Residential-4/Neighborhood Commercial and that the applicant was requesting that it be rezoned to Office Institutional-2 in order to accommodate a self-storage facility, mobile home park (MHP), and gas station. The applicant had originally requested a Special Use Permit (SUP) process but was asking to convert that to Conditional Zoning (CZ), he said.

Mr. Sudol showed a view of existing conditions, which included a substantial amount of Resource Conservation District (RCD) land at the northern end of the site. He outlined a proposal to allow 73 dwelling units to remain on the property for 15 years. He pointed out that the NC Department of Transportation (NC-DOT) and Town did not support a proposed right in/right out access from MLK and that the developer had agreed to change it to right out only when a rapid transit (BRT) stop was constructed there.

Mr. Sudol said that the applicant had created an on-site relocation plan for

approximately 16 of the mobile homes and was proposing an additional 10. The applicant was committing to keeping current residents on-site for 15 years and would offer them an option to convert to annual leases within 30 days of entitlement, he said.

Mr. Sudol reported that three Town advisory boards had recommended approval, with conditions, and two others had recommended denial. Staff would bring three revisions forward at the next Council meeting regarding a condition that would allow existing mobile homes to remain on-site, a requirement to add a playground, and a change in the language regarding notification of vacancies, he said. He recommended that the Council close the public hearing, receive public comments for 24 hours, and consider the item at its February 24, 2021 meeting.

Dan Jewell, a consultant with Coulter Jewell Thames, described steps that the applicant, Stackhouse Properties, had taken since December. These included removing trees, installing lighting, filling potholes, repairing driveways and ordering stop signs, he said. He explained that a playground would be installed once the applicant had the necessary permits to do so. A draft set of declarations and covenants would be recorded along with the CZ documents, he said.

Bill Brian, an attorney with Morningstar Law Group, described three meetings that the applicant had held with Tarheel Mobile Home Park residents in January 2021. During those meetings, he had explained that the MHP would be closed and everyone would have to move if the rezoning did not pass. He had encouraged residents to contact the Council and express support for the proposal but had made it clear that they were not required to do so, he said.

Mayor pro tem Parker confirmed with Mr. Jewell that anyone moving into the Tarheel MHP would have the same 15-year protection as those who currently lived there. Council Member Stegman pointed out that the Council should see the proposed covenants, and she verified with Mr. Brian that they would mirror the language in the conditions. The covenants would create rights that run with the property title, and tenants would have a direct right of enforcement in court, Mr. Brian said. Council Member Buansi clarified that the 15-year period would expire in 2036 and that an incorrect version of that would be revised.

Council Member Gu asked how staff had worked with the applicant to address the Community Design Commission's and Planning Commission's recommendations to deny.

Mr. Jewell replied that those concerns had been based on their view that a different type of development should be at the location. He noted that the applicant had accommodated the other boards' concerns about

connectivity and access issues.

Council Member Gu asked Mr. Jewell what community benefits the applicant thought justified contradicting the direction the Town had planned for the MLK corridor. Mr. Jewell replied that 65 at-risk households would not be displaced, but Council Member Gu said that would be maintaining the status quo, not adding a benefit.

Mr. Brian commented that it was not economically viable to continue the property as it was. The site would be redeveloped for a transit-oriented, multi-family project or used for something else that would create economic viability, he said. He stated that the applicant had devised a project with commercial elements that would create the necessary economic viability to preserve the community. The Town's goals were inconsistent and the Council would need to decide which way it wanted to go, Mr. Brian said.

Council Member Ryan confirmed that the applicant was no longer asking for the additional seven units that would have encroached on the Jordan Buffer or the RCD. She affirmed with Mr. Jewell that a fence between the storage building and residential area would not be an industrial one. She argued against having a crown sign on the commercial building. She asked that a stipulation be changed to give the Community Design Commission authority to approve rather than "provide a recommendation regarding" elevations.

Nancy Oates, a Chapel Hill resident and affordable housing advocate, thanked Stackhouse Properties for its commitment to maintaining diversity. It was unrealistic to expect an applicant to hold onto a money-losing investment when it could turn it into something more profitable, she said. She pointed out that many Tarheel Mobile Home Park residents were among the Town's essential workforce and that having to move would impose significant expense and leave some of them homeless.

Tarheel Mobile Home Park residents Basilia Barreto, Belinda Hooker, Raphael Gonzalez, Trinidad Cervantes, Melissa Ginsberg and Olivia Velazquez Manchera asked the Council to approve the agreement and allow them to remain in the park for 15 more years. They talked about the park's proximity to their work locations and schools and explained how disruptive moving would be. Mr. Barreto raised concerns about what would happen to his 69 year-old mother at the end of 15 years, however.

Natahaly Grijalva, a Tarheel Mobile Home Park resident, said that Stackhouse had not done the amount of tree and lighting work it had promised. She said that the applicant had told people to only express support for the project to the Council. She believed that other residents

were agreeing with the project because they were afraid of being kicked out of the park if they did not, she said.

Heather Brutz, Chapel Hill-Carrboro NAACP Housing Committee co-chair, read a statement urging the Council to approve the rezoning. If the project were denied, the owners would likely sell the property and displace the families, the statement said. She read that members of the Housing Committee had talked with residents, who had expressed a desire to remain in their homes and said they feared being forced out if the rezoning were not approved. Ms. Brutz recommended that the Council work toward obtaining legally binding agreements to protect residents, and she proposed a three-prong approach for addressing the Town's MHP issue.

Delores Bailey, executive director of EmPOWERment, Inc., said that she had been involved with Tarheel Mobile Home Park residents for more than two years. She recommended that the Council approve the rezoning and help residents prepare for the future by sending them to affordable housing home-buyer classes. It would be unacceptable to deny the project and allow that community to become collateral damage, she said.

The Council discussed the need to keep the Tarheel Mobile Home Park intact and to work as quickly as possible to develop a Town strategy to protect other vulnerable neighborhoods. They agreed that the Town should monitor the project to ensure that the applicant's commitments regarding health and safety standards were carried out. Council Members noted the importance of supporting residents with seeking legal action if covenants were broken.

Council Member Buansi said that the Town should follow up on reports that the applicant had intimidated residents with threats of eviction if they did not support the rezoning and Council Members Huynh, Stegman, Ryan and Parker agreed. Mayor pro tem Parker said he felt distressed by how the developer had used residents' futures as a tool to get approved. Council Member Ryan said that such intimidation constituted a failure by the applicant to live up to its commitment to the family that had sold them the property at a good rate in return for taking care of the residents.

Council Member Gu expressed objections to using vulnerable residents to exert pressure on the Council to approve a project that would be good for them and would not benefit the Town. She said that the applicant's goal was to maximize profit by building a large storage facility and gas station that required a right in/right out access that would not be safe for residents. It was unfortunate that the conversation had been about residents being evicted rather than the safety issue, she said.

Council Member Huynh said that the plan was not the best use of the

property but the Council was considering it because of the 70 families who live there. Mayor pro tem Parker commented on how it was one of those times when the Council needed to make an exception to a grand strategy. Council Member Stegman said that the Town's strategies and priorities were in conflict and the Council was making an exception to a long-term strategy in order to prioritize a community that was under threat.

Mayor pro tem Parker expressed concern about a proposal by the applicant to look at rents against a market survey every four years and to operate within a 15 percent corridor. He proposed a two-year look-back and reducing the 15 percent to a more reasonable number. Council Member Ryan agreed that a provision should be added that would keep rents reasonable over the 15-year period.

The Council discussed the need to quickly put more resources behind developing a long-term affordable housing strategy that would prioritize the Town's most vulnerable residents. Mayor Hemminger noted that the Town was doing everything in its power to ensure that Tarheel Mobile Home Park residents would be taken care of, and the Council asked staff to include protections that would be as strong and legally-binding as possible.

Council Members requested that agreements regarding improvements be put in place and that the Town regularly inspect the park to make sure that those were maintained. Mayor Hemminger asked staff to work toward finalizing all agreements and answering questions that Council Members had raised.

A motion was made by Council Member Huynh, seconded by Mayor pro tem Parker, to close the public hearing and receive comment for an additional 24-hours. The motion carried by the following vote:

**Aye:** 6 - Mayor Hemminger, Mayor pro tem Parker, Council Member Buansi, Council Member Stegman, Council Member Huynh, and Council Member Ryan

**Nay:** 1 - Council Member Gu

9. Public Forum and Consider Amending the 2020-2021 [\[21-0054\]](#)  
Community Development Block Grant Program Plan.

Community Development Programs Manager Megan Culp gave a PowerPoint presentation on a proposed amendment to the Town's Community Development Block Grant (CDBG) Program Plan for 2021. She gave an overview of the program and explained that Chapel Hill had been receiving annual CDBG funding from the US Department of Housing and Urban Development (HUD) and was eligible for additional awards during the current pandemic.

Ms. Culp explained that a qualifying project must benefit low- to moderate-income households and could be used to meet an urgent need. She described the Town's standing as an entitlement community and gave examples of how Chapel Hill had used CDBG funds in the past.

Ms. Culp said that HUD was currently allowing more flexibility due to COVID-19. She reviewed new guidelines that allowed a higher public service limit on funds as well as virtual meetings and changes in public notice requirements. Staff had sought input regarding the Plan via social media, news outlets and other means, she said.

Affordable Housing Manager Nate Broman-Fulks presented the amended Plan, which would support several programs that address COVID-19 needs. He said that the proposed \$1 million program was larger than normal due to additional CDBG allocations from HUD. It would allocate \$290,000 of new CDBG-CV (COVID) funds for programs related to pandemic response efforts and reallocate about \$235,000 from the existing Plan to COVID-related needs, he said.

Mr. Broman-Fulks explained that the Plan included four programs that had been funded through other sources, primarily through federal CARES ACT money. These were: Refugee Community Partnership's Neighborhood Support Circles; scholarships and childcare subsidies for low-income students to attend remote learning centers; funding for a Food Bank coordinator and supplies for that operation; and community outreach and education, primarily for an El Centro Hispano program that provided community health workers for COVID-19 education and vaccination efforts.

Mr. Broman-Fulks said that the Plan also included approximately \$12,000 for COVID-19 outreach and education on vaccination efforts in under-served communities. In addition, it proposed an increase in emergency housing assistance and a reallocation of the Summer Youth Employment Program award to neighborhood revitalization efforts, he said.

Mr. Broman-Fulks shared staff's rationale for the proposed changes and said that the next step, if the Council approved the amended Plan, would be to revise it and send it to HUD. Federal funds would be immediately available, he said, and he recommended that the Council open the public hearing, receive comments, close the hearing, adopt Resolution 5 approving the CDBG Program Plan, and enact budget ordinances O-5 and O-6.

Council Member Stegman confirmed with staff that Refugee Community Partnership (RCP) would be capable of expanding its program, and could continue through the summer, if more funds were available.

Madison Hayes, representing RCP, described how Neighborhood Support

Circles had begun through word of mouth and expanded to 40 families with a current waiting list. She pointed out that language access, which was a primary barrier to education in refugee and migrant communities, had become a greater issue during COVID-19. RCP was in discussions with the Chapel Hill-Carrboro City School System about implementing more structural solutions, she said.

Eliazar Posada, representing El Centro Hispano, thanked Council Member Buansi and staff for working with El Centro on a proposal to expand its work with immigrant and Latinx communities in Chapel Hill. He thanked the entire Council for considering the proposal and for its support throughout the COVID-19 crisis.

Meagan Clawar and Rosy Moo, representing RCP, described how Neighborhood Support Circles had helped to provide stability for children while their parents carried on as essential workers during the pandemic. They said that non-English-speaking children had fallen behind academically, but that RCP providers had been helping with remote learning and by intervening with schools.

Mayor Hemminger thanked Town staff and community partners for the great work they had been doing to help the community survive the pandemic. She said that the Council did not know whether or not there would be in-person school in the fourth quarter. Certain children were falling behind and the Town was doing all it could to help, she said.

A motion was made by Council Member Stegman, seconded by Council Member Huynh, that R-5 be adopted. The motion carried unanimously.

A motion was made by Mayor pro tem Parker, seconded by Council Member Buansi, that O-5 and O-6 be enacted. The motion carried by a unanimous vote.

**10. Receive and Provide Guidance on the Draft Climate Action and Response Plan. [\[21-0055\]](#)**

Mayor Hemminger mentioned a briefing that she and other mayors had received regarding President Biden's executive order to combat climate change. The order included establishing climate change as a national security priority, creating new green jobs, focusing on environmental justice, moving toward zero net emissions by 2050, and restoring scientific integrity, she said.

Planning Manager for Sustainability John Richardson gave a PowerPoint presentation on the Town's draft Climate Action Plan and asked the Council to provide feedback. He said that the process thus far had included carbon inventories, a climate action summit, a video, a climate action opinion survey, carbon-reduction modeling, and the draft Plan for Council and community review.

Mr. Richardson said that staff had been sharing the draft Plan since November 2020. They had also launched an additional survey and met with Town boards and commissions. Staff had reached out to faith-based organizations, non-profits, community partners, the University of North Carolina at Chapel Hill (UNC-CH), and others and had revised the plan based on that feedback, he said.

Mr. Richardson noted that the Plan would be a living document with a proposed five-year update cycle that would allow the Council to make targeted changes along the way. He stressed the importance of aligning with UNC-CH, which would be a key partner moving forward. He showed a list of the Plan's proposed actions and explained areas where the Town would partner with others.

Mr. Richardson explained that racial equity would be made clearer and would be central to all of the Plan's actions. There should also be a greater emphasis on the role that the natural environment plays in climate action and further clarification of near-term priorities, he said. He said that the Plan would include an explanation of how the community could be involved.

Mr. Richardson asked the Council to provide specific feedback on whether the Plan should include a glossary of terms and a standalone executive summary on what the next steps would be to make changes and return to the Council on March 24, 2021, to consider a final version of Climate Action and Response Plan, he said.

Mayor pro tem Parker asked how the information being presented would translate into the budgetary process, and Town Manager Maurice Jones replied that staff had been working with consultants to identify costs associated with some of the recommendations. Discussions with Council regarding how to prioritize and make the biggest impact possible would take place over the next few months, he said.

In response to a question from Council Member Huynh, Mr. Richardson said that the Town's website would be repaired allowing users to access the graphs and survey data without logging in from the project page.

Kia Nilsen, the Planning Commission's youth liaison, said that the Plan did not convey the sense of urgency required for a stated top priority. He said that the Town's land-use decisions in recent years had not reflected a climate-conscious process and Council Members had voted in a manner that was inconsistent with their stated climate goals.

Mr. Nilsen said that the Town's youth wanted a denser, transit-oriented Town where everything was accessible through walking, biking or bus. He said that the current Council had the power to set a new precedent and a moral responsibility to act boldly to protect the future of the community.

Alicea Davis, representing the Chapel Hill Youth Council, said that more than 350 young people in recent days had agreed with the position that Mr. Nilsen was expressing that "change" starts in one place and then grows, she pointed out.

Charlotte Welsby, a Chapel Hill East student, said that she was one of 500 youth who had signed a petition to the Council. She agreed with Mr. Nilsen's comments about the need for denser, mixed-use development that would lead to fewer vehicles on the road, she said.

The following members of the Chapel Hill-Carrboro Sunrise Movement hub spoke about the Plan: Nick Trombetta, Kristen Cowan, William Zang, Jenna Neilsen, Owen Ryerson, Maple Osterbrink, Margot Francini, Mackenna Wood, Brook Bauman, Margaret Foster and Casa Drury. Many of these speakers recommended that the Plan be less dependent on Duke Energy's statements and actions and that the Town set a more ambitious path with higher standards.

Sunrise Movement members argued that the Town was too reliant on outside entities such as Duke Energy's and UNC-CH's climate plans and state water quality standards. Some said that climate change needed to be addressed more rapidly than was outlined in the Paris Climate Agreement. The Town's Plan should move away from encouraging individuals to do the right thing and more toward incentivizing and mandating collective action from all, including businesses, they said.

Sunrise Movement members emphasized the need to make racial justice and climate equity clear pillars of the Plan. They asked that this include specific and measurable ways that the Town intended to combat the effects on marginalized communities. They asked for more specifics on how the Town would address the intersecting issues of climate and equity and said that issue should be central to all aspects of the plan.

Sunrise Movement members recommended that the Plan be updated every three years, or less, rather than five years. They proposed that it include more tangible goals regarding immediate community action such as implementing climate change curricula in local schools and supporting neighborhood composting programs. They suggested that it include financial incentives for behavioral change and more specifics on increasing affordable housing.

Mayor Hemminger proposed that Sunrise Movement members provide their comments regarding Duke Energy's proposed plan to the Utilities Commission as well. That Commission would be accepting comments up to the middle of February and the Council would welcome support, she said. She noted that Duke Energy had proposed six different plans, none of which relied heavily on renewable energy but some of which did move away from coal.

Guthrie Richardson, youth liaison to the Parks, Recreation and Greenways Commission, stressed the importance of having walkable communities where people could live/work and use light rail. He recommended a massive increase in dense, mixed-income and affordable housing so that 40,000 people would no longer need to commute into Town for work each day.

Julian Taylor, a Chapel Hill resident, said that young people wanted to know that they would still be able to live in Chapel Hill in future years and were demanding a sustainable approach that does not promote vehicle use.

Ella Carter, a UNC student, said that single-family housing needed to be addressed as well because that would not be sustainable either in the long term.

Eliza Gilliom, a freshman at Chapel Hill East, expressed concern about the lack of affordable housing in Town. The cost of housing and rentals had been pushing lower-income families out of Town, she said.

Tom Henkle, a Chapel Hill resident, advised the Council to focus the Plan on buildings and resiliency. He said that 70 percent of greenhouse gases came from energy use in buildings, and that the Town should increase its tree canopy and improve its stormwater management. He recommended that the Town replace its current energy rules with American Institute of Architects (AIA) 2030 energy-use standards and consult with Mike Nicholas, an architect who designs buildings in accordance with the AIA 2030 program.

Mayor Hemminger noted that several speakers had commented on "urban sprawl" and the needs for Town boundaries. She pointed out that the Town did have a 30-year-old Urban Services Boundary and she recommended that be noted in the Plan.

Council Members praised staff for their good work and said they agreed with the need for more emphasis on the connections among housing, transportation, natural space, stormwater infrastructure, transit, and racial equity issues. Council Member Ryan suggested that the Plan provide more education about ecological services' roles in resiliency and discussed linking the Plan to the Town's Future Land Use Map.

The Mayor and Council spoke in favor of including a glossary of understandable terms that would be accessible to all. Council Member Buansi recommended that the introductory statement be from the Town Council. Mayor pro tem Parker proposed that the Plan start with an introductory piece that would include hyperlinks to other information within the text.

Mayor Hemminger said that the Plan should portray a sense of urgency. It should include more about green infrastructure and look at various Town departments through an environmental action lens, she said. She stressed the importance of publicizing actual steps that the Town had already taken such as converting its fleet to electric vehicles. Duke Energy needed to be pushed to do better, she said.

Mayor Hemminger noted that the NC legislature would not allow the Town to do some of the things it wanted to do. However, Chapel Hill had joined other cities in finding alternatives, she said, and she predicted that constituents in North Carolina would rise up and demand change.

This item was received as presented.

11. FY 2020 Financial Results and Trends and FY 2021 Q2 Financial Update.

[\[21-0056\]](#)

Auditor Brandi Fesperman, representing Martin Starnes and Associates, described the auditing procedure under COVID-19 and said that Town staff had provided everything necessary for the remote evaluation. She issued an "unmodified opinion", which was the highest opinion possible, she said. Ms. Fesperman said that the Management Discussion and Analysis section of the report, which provided a good summary, was on the Town's website.

Director of Business Management Amy Oland gave an update on FY 2020 financial results and trends. She discussed four major sections of the Town's Comprehensive Annual Financial Report as well as year-end results, trends and next steps. In addition to the unmodified opinion from Martin Starnes, staff expected to receive the "Certificate for Achievement for Excellence in Financial Reporting" award from the Government Finance Office's Association and would continue to maintain its AAA bond rating, she said.

Ms. Oland reported that overall balance in the Town's General Fund had increased by \$1.08 million to a total of \$27.3 million, with an available fund balance of \$15.1 million (23.7 percent). Despite COVID-19, the Town had had strong revenues in the first three quarters and practices such as a Townwide hiring freeze had saved money, she said.

Ms. Oland pointed out that the Town's Debt Management Fund balance had increased as well, by \$2.1 million to \$9.6 million. However, there was a planned issuance of about \$58 million in new debt and the service payments on that would be \$4.5 million annually, she pointed out. She said that current calculations did not include the cost of the new Rosemary Street Deck, which was planned to come from the Parking Fund.

Ms. Oland said that the Transit Fund had added more than \$2.75 million,

with a total fund balance of \$35.7 million and was in a much better financial position than it had been in the past. She said that the Parking Fund had been hit hard by COVID-19; however, it had finished the year with a loss of \$500,000. She explained the pandemic-related causes of that decline and said that staff would be looking at short-term strategies to help the Parking Fund recover.

Ms. Oland said that the Housing Fund had finished the year with a negative \$21,000, even though it typically broke even. However, with \$474,000 in unrestricted assets due to capital contributions, grants and increased tenant income, its strong fund balance was 138.1 percent of its annual operating budget, she pointed out. She said that the Stormwater Fund was strong as well, with a fund balance that was 106.4 percent of its operating budget.

Ms. Oland gave an update on revenues from July 1, 2020 to December 31, 2020. She said that 82.1 percent of property taxes had been collected through that quarter, and the total was higher than it had been in the previous five years. She said that the Town had projected a 5 percent decline in sales taxes but revenue had actually increased by 4.13 percent. It was difficult to be certain why revenue had increased, but it might have been the result of federal stimulus funds going to individuals during June and July 2020, she said.

Ms. Oland said that occupancy (hotel/motel/Airbnb) taxes had been significantly impacted by COVID-19, with revenues decreasing to about 65 percent of normal. Although those taxes made up a small percentage of the Town's overall budget, they did indicate how the tourism industry was coping, she said. She said that departmental fees had also been impacted by COVID-19, particularly in the Parks and Recreation Department due to facility closures and cancelled programs.

Ms. Oland said that the Town had spent 43 percent of its budget, compared to the normal 50 percent. She pointed out that the hiring freeze had saved about \$1 million through the first six months of the year and said that operating costs had been reduced by about \$1.2 million due to cuts in maintenance and other expenses.

Ms. Oland said that Enterprise Fund revenues were on target and the Town expected to receive a second allocation of federal CARES funding. Staff had been monitoring Parking Fund expenses where possible to help offset revenue shortfalls there, she said. She explained that staff was also evaluating short-term strategies to help the parking Fund sustain COVID-19 impacts and would discuss those with the Council at a work session in March.

Ms. Oland pointed out that the Town had received about \$164,000 in

CARES funding for its Housing Authority and said that rents had been in line with the previous year. Stormwater had collected \$1.2 million in fees through November and December, so staff anticipates large revenues in that fund, she said.

Ms. Oland said that she would present a second quarter update at the Council's upcoming budget retreat and would return for the Council's first public budget forum on February 24, 2021. The Council would address budget-related topics at its March and April work sessions and was scheduled to issue bonds in April and June, she said.

Mayor Hemminger commented on how hard and well staff had worked to keep the Town functioning during the pandemic. She noted that Chapel Hill was in a good financial position compared to many other communities. A couple of Town funds were struggling, but it was a very positive financial report overall, she said.

This item was received as presented.

### **ADJOURNMENT**

The meeting was adjourned at 11:25 p.m.