



TOWN OF CHAPEL HILL

Town Council

Meeting Minutes - Draft

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Mayor Pam Hemminger
Mayor pro tem Karen Stegman
Council Member Jessica Anderson
Council Member Camille Berry
Council Member Tai Huynh

Council Member Paris Miller-Foushee
Council Member Michael Parker
Council Member Amy Ryan
Council Member Adam Searing

Wednesday, March 1, 2023 5:00 PM Library Room B

Language Access Statement

For interpretation or translation services, call 919-969-5105.

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Para servicios de interpretación o traducción, llame al 919-969-5105.

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In-Person Meeting Notification

View the Meeting

- Public attendance is welcome.
- We will not live stream the event, but will provide the Post-Meeting Video <https://www.townofchapelhill.org/councilvideo/>
- The Town of Chapel Hill wants to know more about who participates in its programs and processes, including Town Council meetings.
- Participate in a voluntary demographic survey <https://www.townofchapelhill.org/demosurvey>.

Parking

- Parking is available at the Library lots. The Library is served by CL Route, D Route, and GoTriangle Routes of Chapel Hill Transit

Entry and COVID-19 Protocols

- Meeting Room B is to the right from the main entrance.
- Visitors and employees will self-screen. Do not enter if you have these symptoms: Fever, chills, cough, sore throat, shortness of breath, loss of taste or smell, headache, muscle pain

ROLL CALL

Present: 9 - Mayor Pam Hemminger, Council Member Karen Stegman, Council Member Jessica Anderson, Council Member Camille Berry, Council Member Paris Miller-Foushee, Council Member Tai Huynh, Council Member Michael Parker, Council Member Amy Ryan, and Council Member Adam Searing

OTHER ATTENDEES

Interim Town Manager Chris Blue, Deputy Town Manager Mary Jane Nirdlinger, Deputy Town Manager Loryn Clark, Town Attorney Ann Anderson, Affordable Housing and Community Connections Director Sarah Viñas, Assistant Planning Director Judy Johnson, Business Management Director Amy Oland, Assistant Business Management Director Matthew Brinkley, Economic Development and Parking Services Director Dwight Bassett, Technology Solutions Director Chris Butts, Interim Director Parks and Recreation Operations Atuya Cornwell, Senior Ombuds Anita Badrock, Community Safety Information Officer Alex Carrasquillo, Transit Director Brian Litchfield, Public Works Director Lance Norris, Fire Chief Vence Harris, Planning Director Britany Waddell, Public Housing Director Faith Brodie, Director of Building and Development Services Chelsea Laws, Emergency Management Coordinator Kelly Drayton, Assistant to the Town Manager Ross Tompkins, HRD Director Cliff Turner, Police Officer Steven Bradley, Library Director Susan Brown, Mayoral Assistant Jeanne Brown, and Communications and Public Affairs Director/Town Clerk Sabrina Oliver.

OPENING

Mayor Hemminger opened the work session at 5 p.m. All Council Members were present.

AGENDA ITEM

1. Discuss American Rescue Plan Act, FY 2022 Excess Fund Balance, FY 2024 Budget and Five-year Budget Planning. [\[23-0183\]](#)

1. [Discuss American Rescue Plan Act](#)

Acting Town Manager Chris Blue said that the staff presentation would reflect discussions that the Council had had at its recent annual retreat. Staff's goal was to receive clear direction from the Council on how to spend American Rescue Plan Act (ARPA) funds and excess fund balance (EFB), he said. He said that no formal actions were required but that staff was hoping to get a thumbs up from Council on some items.

Director of Business Management Amy Oland explained that \$1.85 million in remaining ARPA funds could be used to help address Town priorities. She reminded the Council that time was running out for spending that money, since ARPA projects needed to be under contract by December 31, 2024, and the money spent by December 31, 2026.

Ms. Oland proposed allocating \$1.25 million to Parks and Recreation (P&R) and \$500,000 for Bike, Pedestrian and Greenways projects. She

recommended that the P&R projects include replacing the Community Center playground; making accessibility improvements for all Town playgrounds; replacing the skate park; and conducting a Teen Center study.

Ms. Oland described how greenway projects had been ranked and recommended spending the ARPA money on the one at Bolin Creek because the estimated cost for that was closest to the available \$500,000. She reminded the Council that staff had presented four options in fall 2022 for spending other ARPA money on an "Everywhere to Everywhere Greenway" design.

Ms. Oland said that she would return with a budget ordinance amendment on the Council's March 22, 2023, Consent Agenda if the Council indicated approval of staff's recommendations.

Council Member Ryan said that a consultant who spoke at a recent Parks, Recreation and Greenways Commission meeting had said that the estimated cost for an inclusive playground ranged up to \$1.5 million. She asked if the amount staff was proposing would be sufficient, and Assistant Parks and Recreation Director Atuya Cornwell replied that it would be enough to replace the one at the Community Center.

Council Member Parker recommended figuring out what the Teen Center's programming would be before making decisions about facilities. Mayor pro tem Stegman mentioned that Orange County and Carrboro had been discussing a potential Teen Center that could serve Chapel Hill as well, and Mr. Cornwell replied that the Teen Center Study would look at that and other possibilities.

Council Member Searing said that a proposed \$500,000 for the Skate Park was about a third or half of what the actual cost of building a modern one would be. Mr. Cornwell replied that estimates for total replacement ranged from \$250,000 to \$500,000, and Council Member Searing confirmed with him that \$500,000 would replace the wooden structures and add amenities.

Mr. Cornwell offered to share the consultant's options and mock-ups for the Skate Park, and Council Member Searing replied that he wanted to see those. He could not agree to allocate only \$500,000 if the park would be sub-standard and would be more inclined to support the recommended plan if \$500,000 more were moved from Greenways to the Skate Park, he said.

Mayor Hemminger pointed out that the Town had designated \$1.3 million to Greenways in order to get grant money for that from the Metropolitan Planning Organization and the federal government. In response to a question from Council about possible public/private partners, Ms. Oland pointed out that the Council had expressed interest in

potentially dedicating a penny on the tax rate for Parks and Recreation, which would afford the Town almost \$971,000 that could be used as matching funds. She said that ARPA funds could be used as a match for projects, such as the Skate Park, if a partner presented itself soon. However, the bidding required for that would be a time-consuming process and time for spending ARPA money was running out, she pointed out.

Mayor Hemminger commented on the difficulty of finding private partners to share the cost of such projects. She pointed out that the Town's four biggest employers were governmental agencies, and she noted the Town's efforts to increase its corporate presence in order to have such benefits.

Council Member Miller Foushee said that the Skate Park and Cedar Falls Park improvements were both important and that the Town should complete one of them. Council member Berry proposed viewing the \$500,000 as a "starter" for the Skate Park and then building it in increments, and Mr. Cornwell replied that staff could ask the consultant to consider that.

The majority of Council Members gave a thumbs up to staff's proposed plan.

2. [FY 2022 Excess Fund Balance](#)

Ms. Oland pointed out that staff had previously recommended that the Council not allocate more than \$4 million of the \$6.68 million in 2022 Excess Fund Balance and that it not use that for projects with ongoing costs. If the Council agreed with staff's recommended funding allocations, she would put a budget ordinance amendment on the March 22, 2023, Consent Agenda, she said.

Ms. Oland presented a list of possible projects based on what departmental leaders and the Council had expressed as priorities. She pointed out that the list did not include money for the second half of the Land Use Management Ordinance (LUMO) rewrite, design and engineering of a new Multi-Service Center (MSC), purchasing a parking lot, and buying a new fire truck. Staff believed that there were better sources of funding for those projects, she said, and she outlined some of those sources.

Council Member Parker expressed concern about a recent recommendation to take money out of vehicle replacements and facilities maintenance. He also said that money for purchasing land at the Green Tract would be better spent on other projects until the Town knew if it could actually buy that property. Council Member Searing agreed that money should not be spent on anything other than immediate needs and basic services, such as fire, police and public works vehicles.

Ms. Oland pointed out that the list being presented contained things that the Council had discussed at some point, or priority projects for which the

Town had no alternative funding. The Council could certainly take things off the list and try to find the money at a later date, she said. She pointed out that the Town could use EFB for the Green Tract property but said that she would not recommend doing so because that would impact future borrowing capacity.

Mayor pro tem Stegman said that she preferred spending EFB on needs rather than wants and did not think it should be spent on the Inman property for that reason.

Mayor Hemminger recounted the previous conversation and asked Ms. Oland to continue.

Ms. Oland provided a list of projects that staff believed must move forward. She pointed out that funding for the Council Chamber upgrades and the LUMO rewrite had not been identified anywhere else. She said that the Town needed to allocate money for 140 West Parking Deck repairs as well and that the bond closing for the Police Department's public safety radios would be on March 7, 2023. The Town had been awarded a grant for a new garbage truck, and needed to provide matching funds for that, she pointed out.

In response to questions about Council Chamber upgrades, Communications and Public Affairs Director Sabrina Oliver explained that equipment needed to be brought up to current technological functioning. An annual maintenance plan would help to avoid past issues, such as smoking equipment and inadequate cameras, she said.

The Council agreed that the proposed expenditures generally reflected their philosophy and was about 90 percent of the way there. Several commented on how the Fiscal Impact Study was a want, not a need, and that money should be spent on Vehicle Replacement, Facilities Maintenance, or Community Safety instead. Council Member Huynh proposed that the Fiscal Impact Study and the Inman Property acquisition become second tier priorities.

Ms. Oland explained that \$250,000 for the Inman Property was what had reduced Facilities Maintenance from \$500,000 to \$250,000. And the \$100,000 for the Green Tract had been pulled from Vehicle Replacement, she said.

Mayor Hemminger said that the Council wanted a list of have-to-do projects to return for discussion rather than being on the Consent Agenda. Mr. Blue said that the Council's feedback had been helpful, and that staff would return with a prioritization. He emphasized that staff would not put anything before the Council that abandoned the important needs of facilities and vehicles.

3. [FY 2024 Budget and Five-year Budget Planning](#)

Ms. Oland pointed out that property tax revenue could be increased by increasing either the tax base or the tax rate. Taxes made up about 50 percent of the Town's General Fund revenues, she said. She presented two five-year budget scenarios: a "catching up" plan that would require a 4-cent increase on the tax rate and would address many Town priorities; or a 7.5 cent increase scenario that would address all of the Town's backlog.

Ms. Oland recommended that the Council decide which level of tax rate increase it would be comfortable with. Staff would then return each year with updated funding plans for Council consideration, she said. She presented a table that showed what the annual tax increase would be for various properties if the Council moved forward with a 7.5 cent increase.

Mr. Blue introduced three of the Town's department heads to describe the budgetary challenges that they were facing.

Chapel Hill Public Library (CHPL) Director Susan Brown explained that about 80 percent of her annual budget went to employees and an additional large portion went to building and technology maintenance. Approximately 5 percent remained for supplies, staff training, and programs, she said. She discussed budget constraints, inflation and supply chain issues. She said that the CHPL spent only 6 percent of its operating budget on books while the average amount spent by communities statewide was 10 percent.

Council Member Miller-Foushee confirmed with Ms. Brown that the CHPL also received support from Friends of the Library and the Library Foundation. It received some grant funding as well, but ongoing costs and the limits of staff capacity had affected that, said Ms. Brown.

Communications and Public Affairs (CaPA) Director Sabrina Oliver pointed out that her budget was representative of other small-Town departments - such as Human Resources, Business Management and Technology Solutions -- all of which had very small margins to work with. She said that CaPA's budget was divided among people, benefits and contracted services, and that approximately \$14,000 remained each year for discretionary spending, such as training, supplies, and any unforeseen issues. CaPA currently needed to use about \$10,000 of that \$14,000 to catch up on training and business travel, which would leave only \$4,000 for the other items and expenses, she said.

Chapel Hill Police Department (CHPD) Chief Celisa Lehew said that 89 percent of the CHPD budget was spent on personnel and 9 percent went toward non-discretionary expenses, such as water, electricity, maintenance, fuel and fleet use charges. Cell phones alone cost \$250,000 annually and the cost of essential expenses, such as software and body cameras, had recently doubled, she pointed out. She said that the CHPD

did not have enough vehicles to go around.

Council Member Parker confirmed with Chief Lehew that PD vehicle acquisition came out of the Public Works budget. Council Member Miller Foushee and Chief Lehew discussed the implications of a prosed state bill that would allow civilian crash investigators. Mayor Hemminger discussed the difficulties of cost increases coming at a time when additional money from lapsed salaries was no longer available.

Council Member Miller Foushee said that she wanted to see a more comprehensive presentation on Reimagining Safety and Policing and that she hoped the Council would be committed to making budgetary allocations for that.

Mayor pro tem Stegman pointed out that the CHPD had added at least one position to its crisis unit, and she confirmed with Chief Lehew that online reporting had reduced some needs. She did not feel that the CHPD had been left short-handed, she said, and Chief Lehew agreed that it had realigned what officers respond to.

Mr. Blue commented that the staff presentations had shown that there was not much the Town could stop doing.

Ms. Oland said that staff's goal in presenting two budget scenarios was to understand the Council's priorities and funding recommendations. In response to a question from Council about sustainable ways to manage the budget that did not rely on future tax revenue, she noted the difficulty associated with North Carolina not having the revenue generators that other states had. Chapel Hill's sales tax had been booming, but the Town was limited by not having a commercial side, she said.

Council Members emphasized the importance of addressing immediate needs first -- such as having functioning fire trucks, police cars, and public works vehicles. Then they could look at options for addressing the structural deficit, which was the result of having a tax base that did not increase by as much as Town expenses, they said. Providing the level of services that Chapel Hill residents had come to expect meant that taxes would need to increase in accordance with inflation, Council Member Parker said.

Mayor Hemminger agreed that the Town's residential and commercial development had been out of balance for a long time. Because commercial property costs less to serve, and typically pays more in property taxes, the Council had been working toward bringing in more of that, she said. She said that seeing an estimate of potential revenue from commercial development that was already online would be helpful.

Mayor Hemminger said that she liked the five-year plan but that not everything could be solved in five years. She wanted to continue with

commercial development opportunities to help balance the tax base and the Town should applaud how high its sales tax numbers had gone, she said. She pointed out that Chapel Hill spent more on services than it got back in revenues. However, raising taxes in big jumps would push people and businesses out of the community, she said.

The Council asked about a proposed \$500,000 Council Initiatives Fund, and Ms. Oland explained that that would be a source of funding available for unexpected projects. Council Member Parker said that he liked the idea of having some money set aside, in principle, but that organizations typically look for ways to spend money that's a line item.

Council Member Ryan said that it did not seem correct to frame things that the Town aspired to do as Town "needs". Affordable Housing, for example, was not just a municipal problem and not a need in the same way that Town fleet and staffing was, she said.

Council Members Miller-Foushee and Berry argued that Affordable Housing absolutely was a Town need, and Council Member Berry said that the Town should not rely on non-profits to address that. Council Member Parker pointed out that the Council would ultimately decide what was a need, and Council Member Anderson said that Affordable Housing was a complex topic because different levels of government addressed it.

With regard to a "Penny for Parks" proposal from staff, Ms. Oland said that parks had sometimes been forgotten, although they had been supported through bond referendums. The proposed \$1 million from a Penny for Parks would be a huge infusion, she said, and she mentioned the many different ways in which it could be used. She and Mayor Hemminger explained that there would be no other sources of money for Parks, Recreation and Greenways in the near future.

Mayor pro tem Stegman commented on how the State of North Carolina did not fund projects in the way that other states did and how federal funding ebbed and flowed depending on the Administration. It was not feasible for local governments to cover everything, and Council Members had various ideas about what government's role should be, she said. She said that whatever got the most Council votes would prevail and the public could vote Council Members out in the next election if they don't like their decisions.

Ms. Oland presented two budget scenarios (including their respective tax rate increases): a "Catching Up" scenario (4-cent increase), and an "Addressing the Full Gap" Scenario (a 7.5-cent increase). Each scenario contained five priority areas and staff had created interactive elements that allowed Council Members to see how changes impacted the tax rate, she said. She said that the goal was to provide staff with direction on what level of a tax increase the Council would support.

The Council confirmed with Ms. Oland that staff thought the 4-cent scenario was achievable. The 7.5-cent scenario (7-cents, if the Council Initiatives category were removed) would address the Town's full backlog in five years, she said. With any scenario, the Council would vote on a budget each year despite having a five-year strategy, she said.

Council Member Berry expressed strong support for increasing \$200,000 allotted for fire station design and asked if \$971,000 would be sufficient. Ms. Oland described a complicated four-year plan that could allow design in the first year. Council Member Berry expressed concern about safety issues affecting Fire and Police personnel and said she would like to know how much increasing the amount for Fire Capital and Facilities would affect the tax rate.

Council Member Searing left at 7:36 p.m. to attend another meeting.

Council Members said that they wanted to better understand what needed to be funded through debt versus what could be funded through the annual budgeting process. Council Member Parker confirmed with Ms. Oland that staff was not necessarily recommending a 7.5 cent increase but was showing that as one way to address the gap over five years. The 4-cent scenario was a more attainable and manageable way to try and address the significant number of needs, Ms. Oland said. Council Member Parker said that he would need to see other components of the Town's total tax bill before he would be able to comment on what level of taxes, he was comfortable with.

In response to a question about staffing increases, Ms. Oland explained that \$1 million of \$1.1 million had been built into the Catching Up scenario for the following: recruitment and retention; a reasonable cost of living adjustment; a next phase of the class and compensation study; training, tuition reimbursement and other employee benefits. The additional \$100,000 would be for a new position, said Ms. Oland.

Council Member Anderson and Ms. Oland discussed how having so many future unknowns meant that any 7-year spreadsheet included many assumptions. Ms. Oland suggested that the Council choose what it was comfortable with for FY 2022 and then plan for future years. She pointed out that the numbers being presented were only two scenarios. The tax rate increase could be anywhere from 4 to 7.5 cents, or more, or less, she said.

Council Member Ryan confirmed with Ms. Oland that 4 cents were on the floor if the Council wanted to seriously address the Town's issues and that it attempted to include achievable amounts.

Mayor Hemminger pointed out that there would be many more Council budget work sessions. She thanked department heads for being present and said that she appreciated all of their hard work.

This item was received as presented.

ADJOURNMENT

The work session ended at 7:59 p.m.