



TOWN OF CHAPEL HILL

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

Town Council

Meeting Minutes - Final

Mayor Jessica Anderson
Mayor pro tem Amy Ryan
Council Member Camille Berry
Council Member Melissa McCullough
Council Member Paris Miller-Foushee

Council Member Theodore Nollert
Council Member Adam Searing
Council Member Elizabeth Sharp
Council Member Karen Stegman

Wednesday, March 13, 2024

6:00 PM

Library Meeting 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

Changes to meeting start time

- Meetings (business and work sessions) begin at 6 PM to potentially allow for greater community participation and meetings that end earlier.

Changes in Meeting Material content

- You'll notice streamlined reports and hyperlinks to supporting documents.
- Staff presentations will be posted after the meeting to allow more time to prepare high-quality presentations.

View the Meeting

- Public attendance is welcome, and limited to room capacity
- 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 before viewing online or in person - <https://www.townofchapelhill.org/demosurvey>

Parking and Entry

- Parking is available at the Library lots. The Library is served by CL Route, D Route, and GoTriangle Routes of Chapel Hill Transit
- Meeting Room B is to the right from the main entrance.
- Please do not bring signs.

ROLL CALL

Present: 9 - Mayor Jessica Anderson, Mayor pro tem Amy Ryan, Council Member Camille Berry, Council Member Paris Miller-Foushee, Council Member Adam Searing, Council Member Karen Stegman, Council Member Theodore Nollert, Council Member Melissa McCullough, and Council Member Elizabeth Sharp

OTHER ATTENDEES

Town Manager Chris Blue, Deputy Town Manager Mary Jane Nirdlinger, Deputy Town Manager Loryn Clark, Town Attorney Ann Anderson, Governance Services Director/Town Clerk Sabrina Oliver, Human Resources Director Cliff Turner, Technology Solutions Director Chris Butts, Director of Employee Engagement and Organizational Development Anita Badrock, Public Works Director Lance Norris, Assistant Director Nick Pittman, Interim Library Director Meeghan Rosen, Affordable Housing and Community Connections Director Sarah Viñas, Business Management Assistant Director Matt Brinkley, Executive Director for Strategic Communications Susan Brown, Emergency Management Coordinator Kelly Drayton, Mayoral Assistant Jeanne Brown, Planning Director Britany Waddell, Assistant Planning Director Judy Johnson, Transportation Planner Bergen Watterson, Planning Manager Corey Liles, Planner II Jacob Hunt, Senior Planner Katherine Shor, Principal Planner Tas Lagoo, Police Officer Josh Mecimore, Police Officer Bryan Mister, Deputy Town Clerk Amy Harvey, and Assistant Town Clerk Brenton Hodge.

OPENING

Mayor Jessica Anderson called the work session to order at 6:00 p.m. and reviewed the agenda. All Council Members were present, with Mayor pro tem Ryan participating remotely.

ANNOUNCEMENTS BY COUNCIL MEMBERS

0.01 Mayor Anderson Regarding 138 Million in Funding for North South Bus Rapid Transit System.

[\[24-0143\]](#)

Mayor Anderson announced that a proposed federal budget included \$138 million for Chapel Hill's north-south bus rapid transit system. Everyone was hoping that the US Congress would fully fund that, she said.

0.02 Mayor Anderson Regarding Senator Foushee and Multiple Grants Supporting Affordable Housing, New and Improved Bus Stops, and a Stretch of Sidewalk on Ephesus Church Road.

[\[24-0144\]](#)

Mayor Anderson said that the Town would be receiving three grants,

totaling \$4 million, thanks to the efforts of US Senator Valerie Foushee. Those funds would support affordable housing, new and improved bus stops, and a stretch of sidewalk along Ephesus Church Road, she said.

AGENDA ITEMS

1. Council Work Session on the FY 2024-25 Budget Development

[\[24-0119\]](#)

Town Manager Chris Blue began the staff's PowerPoint presentation on the FY 2025 budget, which he said should be considered a work in progress. He said that the following "hard truths" had been guiding budget development: revenue was down across major categories; the cost of doing business was up across all departments; the Town had a significant backlog of unmet needs. The Town's budget would likely include a 1.5 cent increase for the General Fund, which was consistent with year two of the Town's five-year budget strategy, he said. He said that he would likely recommend a 5 to 8 percent cost-of-living increase for Town employees and would propose that the Town retain its current level of funding to its community partners.

Director of Business Management Amy Oland pointed out that Town revenues from property taxes, sales taxes, and development fees were all down. Staff was projecting less than 1 percent growth in property taxes for FY 2025 and a 4 percent increase in sales tax, she said. She said that revenue from development was projected to be down 22 percent -- which would lead to significant decreases in planning fees, inspection permits, and property tax growth as well. The prior year's tax increase had allowed the Town to begin rebuilding annual funding allocations in many priority areas, but large backlogs would take time and additional resources to fully address, she said.

Chief Information Officer Chris Butts described the effects of historic inflation on Town departments, which had been absorbing cost increases for years by cutting their budgets. For FY 2025, the Town could expect a 3 to 5 percent increase for most goods and services, with some increases being even higher, he said. He predicted that Technology, for example, could expect an annual cost increase of 5 to 7 percent, and he provided a breakdown of where those increases were expected.

Director of Employee Engagement and Organizational Development Anita Badrock pointed out that about 75 percent of the Town's budget consisted of employee compensation. She shared highlights from a recent employee survey and discussed regional competition for public sector jobs. A robust cost of living increase was one of the best ways to recruit and retain great staff, she pointed out.

Public Works Director Lance Norris said that a recent survey had found that residents were concerned about the condition of Town streets. He said that a \$10 million fleet backlog had affected staff's ability to do their

jobs. Trash collection trucks were often out-of-service or delayed, he said, and he spoke about the problem of aging police vehicles as well.

Manager Blue provided information on a long list of the Town's maintenance, street and fleet needs. He said that the current backlog for facilities maintenance and repairs was \$10.1 million, and the backlog for streets was \$17.3 million, he said. He spoke about the cost of deferring maintenance and pointed out that the backlog for solid waste, police, parks/recreation and other vehicles totaled \$9.8 million. He also discussed the impact of such backlogs on Town services and employee morale.

Planning Director Britany Waddell gave an update on how staff had been integrating the Council's vision for a Complete Community (CC) into the Town's FY 2025 budget. She said that FY 2024 funding had enabled four new Planning staff positions, and she described several projects that the Planning Department had been working on.

Ms. Oland said that year two of the Town's five-year budget strategy had been modified based on most urgent needs and the proposed actual value of a penny in FY 2025. The strategy currently proposed additional funding for core operations, such as facilities, streets, and fleet replacement, she said. She discussed the impact of a potential .5 cent tax increase for Transit and explained how a 2025 property revaluation could impact the Town's budget. She showed a proposed schedule for budget discussions, which would end with the Council approving a budget on June 5, 2024.

Manager Blue asked for feedback from Council on a 1.4 cent property tax increase for the General Fund, a .5 cent tax increase for the Transit Fund; a competitive cost of living increase for employees; and community partner funding being maintained at current levels.

The Council and Ms. Oland discussed the probable reasons for below average property values and how revaluation could impact the Town's FY 2026 budget. She explained that the Town would be required to publish a "revenue neutral" rate (which would bring in the same amount of revenue currently being generated), but it was not required to adopt that rate. Staff would talk with the Council next year about the opportunity to adjust the rate while still being able to address Town needs, she said. She pointed out that the Town had not adopted the revenue neutral rate of 49.4 in FY 2022 and had instead rolled the tax rate back from 54.4 to 51.4 cents.

When asked about the possible reasons behind the decrease in sales tax revenue, Ms. Oland said that people across the state were probably holding onto their money due to inflation. Several Council Members expressed support for an employee cost-of-living increase, and some commented on how the Council had been increasing staff's burden. Mayor

pro tem Ryan and Council Stegman asked for more information, such as what recent increases had been and how Town employee compensation compared with surrounding jurisdictions. Mayor Anderson asked for more information on the long-term plan, stating that she wanted an annual cost-of-living increase for staff to be a standard part of the Town's budget strategy.

Council Member Stegman expressed concern about maintaining the current level of community partner funding without looking at each partner individually, and Mayor Anderson asked for more information on that as well. Council Member Sharp asked for more about the Town's ability to increase community partner funding in future years if it stayed level in the current budget cycle. Council Member Nollert pointed out that he and other new Council Members did not yet know who all of the community partners were or how much funding the Town was currently giving them.

Council Members Nollert and Berry said they agreed with the proposed .5 cent increase for Transit, and Council Member Berry said that the federal government might be less inclined to invest in the Town's bus rapid transit system if the Town was not funding necessities. Council Member Searing asked for more information on the cost of fire stations and on Public Works' needs.

The Council confirmed with Ms. Oland that the Town was still spending bond money that had been issued in the past for streets and sidewalks. It also had until November 2025 to issue funds from a 2015 referendum that had not yet been issued, she said. Council Member McCullough commented on how Inflation Reduction Act funding from the federal government might help with some expenses, such as greenways.

Several Council Members requested that future presentations include more details in the form of charts or spreadsheets. Mayor Anderson proposed that staff state what the most critical needs were for the coming year and then outline how the Town would meet the others over time. She had been expecting 1.5 cent tax increase and supported a .5 cent increase for Transit but wanted more information, she said. She said that the Council strongly supported a cost-of-living raise for staff but wanted to see regional comparisons and a long-term perspective. She was not sure where the Council stood with regard to community partner funding, but Council Members did want to take care of critical needs and honor existing agreements, she said.

This item was received as presented.

2. Rewriting Our Rules - A LUMO Update

[\[24-0120\]](#)

Principal Planner Tas Lagoo gave a PowerPoint presentation on the Town's Land Use Management Ordinance (LUMO) rewriting process. He spoke

about scheduling changes that would impact Council meetings in April and May and said that staff would soon launch a communications campaign about its LUMO work.

Mr. Lagoo discussed the impact of economic constraints on land use. He pointed out that 38 percent of the Town's land was owned by the University of North Carolina (UNC), the Town of Chapel Hill, and other tax-exempt entities. As a result, the Town's remaining taxable land was under pressure to generate enough property tax revenue to support Town needs, he pointed out. He said that approximately 67 percent of property tax revenue came from single family homes, townhomes and condos. Any multi-family housing that consisted of more than four units was considered a commercial use, he explained.

Mr. Lagoo said that the Town needed more diverse development in order to have a robust and stable tax base. Chapel Hill had prioritized low density development over the years, but it had an opportunity with the current LUMO rewrite to develop a set of land use rules that would allow more higher density uses, he said.

Mayor Anderson noted the importance of working with UNC to finding ways for its properties to meet shared needs. She asked if engaging with the University in that way could be part of the LUMO rewriting process.

Mr. Lagoo spoke about the good relationship that the University and Town had and said that UNC would definitely be included in discussions. He pointed out, though, that much of UNC's property was owned by its Endowment and was used in ways that served those interests. In response to a question from Council Member McCullough, he said that he thought the Endowment was tax free as well but would find out for sure.

Mayor Anderson pointed out that the Council had talked in the past about separating retail and office from multi-family development. One goal of Complete Community (CC) was to have a diverse housing stock with places where people could shop and where start-ups could survive, she said. She spoke about not letting economics be the only thing driving those decisions.

Mr. Lagoo said that the LUMO rewrite was providing an opportunity for the Town to ease regulatory and procedural burdens in order to get more diverse housing. He described a process in which some commercial development would not need to come before the Council for a Special Use Permit (SUP). The Council confirmed with him that 20,000 square feet triggered the need for an SUP in Chapel Hill, whereas the trigger in Asheville, for example, was 100,000 square feet.

The Council and Mr. Lagoo discussed the economic impact of not having a strong commercial base, and Council Members talked about how there were no big box retailers located within Chapel Hill, but they clarified that

they were not advocating for having one. Some pointed out that the Eastgate shopping center had become very successful due to the density surrounding it.

Council Member Nollert said that having three tax districts made it difficult for the Town to recruit mid-size retail and commercial businesses. He pointed out that UNC had an incentive, and the desire, to spin off more small companies. The Town should provide incentives, such as finding ways to make it easy for small companies to set up fast, he said.

The Mayor and Mr. Lagoo discussed incentivizing commercial development. He said that land use planning meant identifying areas for commercial development and then getting out of the way. Mayor Anderson proposed going a step further and requiring a commercial component.

Mr. Lagoo spoke about improving "carrots", such as not requiring developers who include a commercial component to go through a Conditional Zoning (CZ) process. He said that the Town's current building standards lacked nuance and described how new LUMO standards would fit better with CC. He showed slides of the types of buildings that such a code had enabled in Raleigh and described resources, such as a Typology Resource Guide, that staff intended to use in Chapel Hill.

Mayor pro tem Ryan said that public realm elements -- such as greenspace, tree canopy, set-backs, connectivity, shaded sidewalks, and human scale buildings -- were missing from staff's presentation. She said that the typology standards being presented came across as very generic, and she stressed the importance of having developers help build the public realm. Mr. Lagoo explained how different standards in the new LUMO would come together and lead to such holistic placemaking.

Council Member Miller-Foushee said that the Typology Resource Guide did an excellent job of showing public spaces. Council Member Sharp asked for more information about how that guide would function, and Mr. Lagoo replied that it would be one resource that staff would look at when figuring out LUMO regulations. It was as a set of best practices for developers but was not intended to become a regulatory document, he said.

Council Member Sharp asked about a backup plan if a developer did not follow the Guide and did only what the LUMO allowed. Mr. Lago replied that all communities ran that risk when projects did not come before their councils for review. Staff and Council would address any concerns over the next few months of planning, he said.

Mr. Lagoo asked Council Members about their biggest design concerns and if any particular building types merited closer attention. Mayor Anderson

emphasized the Council's desire for human scale, placemaking, walkability and connectivity, and Mayor pro tem Ryan expressed concern about the Guide's inclusion of a "Texas Donut" style building.

Mr. Lagoo spoke about the importance of balancing community and ancillary benefits against each other. The Town had been relying on regulations, incentives and negotiations to obtain such benefits and the goal was to move toward strategic planning rather than deciding on one project at a time, he pointed out. He stressed the importance of using incentives strategically, spoke about risks associated with negotiating through the CZ process, and explained how the new LUMO would address such issues.

Mayor Anderson and Mr. Lagoo talked about the Town's lengthy CZ process and the level of detail that it required compared with other communities. She asked if there was a way in which staff could handle 95 percent of the application process, and Mr. Lagoo replied that there was a precedent for that with the Town's Light Industrial CZ District.

Council Member Searing pointed out that UNC Hospitals was required by law to provide community benefits. Many communities had been looking at requiring non-profit healthcare entities to do more, such as build more housing, he said. Council Member Miller-Foushee mentioned a book (In the Shadow of the Ivory Tower) that outlined how public universities could engage in that way.

Council Member Sharp stated that staff was describing ways to rewrite the LUMO that would streamline the process and make CZ more efficient while still allowing the Council to maintain a negotiating position. Ms. Waddell confirmed that staff was proposing ways to reframe how the Town uses CZ but that the Council would still need to be involved with some projects.

Mayor Anderson said that efficiency would come from the Council being disciplined and not relitigating staff's work. Council Member Stegman expressed wariness, though, of a process that would only work if a given Council practiced restraint and observed boundaries. She pointed out that Durham and Raleigh were getting better outcomes with less regulation.

Town Attorney Ann Anderson explained that the Town's CZ authority kicked in when a developer needed a rezoning in order to do a project. When the underlying LUMO has been brought up to date, the number of re-zonings should be far fewer, she said.

Mayor pro tem Ryan said she hoped the Town would incentivize environmental benefits as well, and she cautioned against taking away important protections. She wanted to continue negotiating for inclusionary zoning, she said, and she spoke in favor of giving expedited

review in return for climate protections. The Council would need to think about whether other community benefits, such as greenway connections, should be incentivized or negotiated, she said.

Council Member McCullough and Mr. Lagoo discussed the potential for tailoring some of the re-zonings and allowable uses in a Natural Areas Map, and perhaps including some incentives.

Mayor Anderson asked if the new LUMO would specifically address the CC vision, and Mr. Lagoo replied that it could make higher density the default and include requirements for connectivity between developments. With more context-based design standards, the Town could require patterns of development that look more like what it wants, he said.

This item was received as presented.

ADJOURNMENT

This meeting was adjourned at 8:57 p.m.