



TOWN OF CHAPEL HILL

Town Council

Meeting Minutes - Draft

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

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

Friday, April 26, 2024 8:30 AM Library Room B

Language Access Statement

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

ဘာသာပြန်ဆိုခြင်းနှင့် စကားပြန်ခြင်းအတွက်၊ (၉၁၉) ၉၆၉-၅၁၀၅ ကို ဖုန်းခေါ်ပါ။

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

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919-969-5105.

In-Person Meeting Notification

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 Loryn Clark, Business Management Director Amy Oland, Business Management Assistant Director Matthew Brinkley, Chief of Staff Jeanne Brown, Police Officer Danny Lloyd, Deputy Town Clerk Amy Harvey, Assistant Town Clerk Brenton Hodge, and Governance Services Director/Town Clerk Sabrina Oliver.

OPENING

Mayor Jessica Anderson opened the Special Council Meeting at 8:30 a.m. She said that the discussion would pertain to whether or not to bring a bond referendum before Chapel Hill voters in year 2024, or 2025, and what capital spending areas and amounts the bond should contain. The item would then come to a Regular Business Meeting for a formal Council vote, she said, and she described various ways through which members of the public could provide input. Council Members Nollert and Berry arrived at 8:35 and 8:38 a.m. respectively.

ANNOUNCEMENTS BY COUNCIL MEMBERS

AGENDA ITEM(S)

1. Bond Referendum - Further Consideration & Discussion [\[24-0243\]](#)

Town Manager Chris Blue and Director of Business Management Amy Oland gave a joint PowerPoint presentation on a potential bond referendum.

Mr. Blue said that the Town would have \$50.5 million in debt capacity over the next five years without having to raise taxes and could put a bond referendum on either the 2024 or 2025 ballot. However, the Council would need to give clear direction on which projects to include in the referendum soon if it wanted to hold it in 2024, he said. He spoke about the difficulty of prioritizing projects and the need for community support in order to succeed with a bond.

Ms. Oland explained that the Town's Debt Fund was a dedicated source of revenue (currently 8.8 cents of the tax rate) for making debt service payments and building the capacity to take on future debt. Using that money for other needs would undermine the Town's long-term financial planning efforts, she said. She explained that the Town could have \$27 million in addition to the \$50.5 million in available debt capacity if the Council decided to raise taxes, but she recommended not using that additional capacity at the present time.

Mr. Blue said that there was an immediate need for \$6.5 million to fund the following three projects: finish constructing the East Rosemary Parking Deck (\$2.5 million); purchase a Fire Department ladder truck (\$2.3 million); upfit the new Police Station (\$1.7 million). None of those projects had an alternative source of funding, he pointed out. He explained that a preliminary financing resolution would come before the Council on May 15, 2024. Issuing that debt would reduce the Town's available debt capacity to \$44 million, he pointed out.

Mr. Blue said that increasing the affordable housing (AH) amount on the bond from \$10 million to \$15 million would mean decreasing funding for other projects. If that was what the Council wanted to do, then he would recommend reducing Streets and Sidewalks and Public Facilities funding by \$2.5 million each, he said. He then showed a projects list with an alternative funding scenario.

Ms. Oland said that the \$44 million in bond funding, if approved, would be issued over five years. She proposed three issuances of \$10-15 million each -- one in early 2025, and the other two in 2027 and 2029/2030. If the Council chose to pursue a 2024 bond referendum, there would be a public education campaign in the summer and public referendum in November 2024, she said. She noted that the first bond issuance would be in early 2025 and listed critical deadlines that would need to be met before June 2024.

Mr. Blue said that staff was recommending that the Council pursue a 2024 referendum, but he pointed out that it could also be delayed until 2025. However, staff would not be able to do two issuances in back-to-back years, he said.

Ms. Oland and the Council discussed the potential impacts of an expected property revaluation by Orange County and the difficulty of accurately forecasting in the face of that. She said that the Town had approximately \$77.5 million of total available borrowing capacity, which allowed some flexibility. In addition to holding a bond referendum, the Town could borrow with a limited obligation bond or installment financing, and there was a healthy fund balance in case of emergencies, she said.

Mayor Anderson reminded the Council that the actual available bond amount would be \$44 million, due to the financing resolution that Manager Blue had just discussed. She proposed that the Council vote on how to allocate that \$44 million, category by category.

The Council agreed on \$15 million for Public Safety and \$2 million for Open Space and Greenways. They decided to roll Public Safety into the Public Facilities category. There were various opinions, however, on whether or not to allocate \$10 million for Streets and Sidewalks.

Council Members Berry and Miller Foushee proposed increasing the amounts for all categories and said that \$15 million was not a sufficient amount for AH. Council Member Sharp spoke against raising the bond amount at the current time when the Town's overall revenue picture could change after the revaluation. Mayor pro tem Ryan pointed out that raising the bond ceiling would mean raising taxes during a revaluation year in which County taxes were being raised as well.

Mayor Anderson commented on the particular burden that raising taxes would create on commercial businesses and other renters. The Council confirmed with Ms. Oland that the Town could not guarantee that there would be no tax increase if the bond amount were higher than \$50.5 million.

The Council and Manager discussed possible alternative funding streams for projects. The majority of Council members said that they supported reducing the amount for Streets and Sidewalks from \$10 million to \$7.5 million and moving Public Safety into the Public Facilities category, which would save \$2.5 million.

Council Members Miller-Foushee, Berry and Stegman argued for more than \$20 million for affordable housing (AH) and said that they were comfortable with raising the total bond amount in order to achieve that. They proposed alternative ways to increase the AH amount as well, such as further reducing the Parks and Recreation and/or Streets and Sidewalks allocations.

Mr. Blue said that raising the total bond amount would mean having to raise taxes to support it. That was something that staff would not recommend, even though it was within the Council's purview to do so, he said.

Mayor Anderson and Mr. Blue discussed how the Town would not use the entire bond in the first year. The Council could decide in two years to add a penny to the tax rate for some items, Mayor Anderson said, but Council Member Miller-Foushee stressed the urgency of the AH crisis.

Council Member Nollert proposed allocating \$18.5 million to AH and said that he would also agree to looking at reducing the amounts in other categories in order to reach \$20 million. Council Member McCullough said that she would agree to \$18 million as long as the total bond amount did not increase. Council Member Searing said that he could agree with reducing Streets and Sidewalks if the Manager and the majority of Council members supported that.

Council Members Berry and Miller-Foushee continued to argue for \$20

million for AH, and Council Member Stegman confirmed with Ms. Oland that the Town could do a larger bond and not use that money unless certain hypotheticals came to pass. However, Ms. Oland said that she would not feel comfortable with an increase in the referendum amount if the Council was committed to not raising taxes.

Mayor pro tem Ryan pointed out that the majority of Council members seemed comfortable with the \$44 million and said that she was glad the Manager had raised the recommended AH amount from \$10 million to \$15 million. She would agree to move \$1.5 million from Parks and Recreation to AH, which would raise AH to \$16.5 million, even though Parks and Recreation was an important part of the Town's Complete Community strategy, she said.

Some Council Members remained committed to \$20 million for AH, however, and Council Member Stegman proposed the following: \$20 million for AH, \$1 million for Open Space and Greenways, \$15 million for Public Safety/Public Facilities, \$5 million for Streets and Sidewalks, and \$3 million for Parks and Recreation.

After more discussion, the Council agreed (5-4) to allocate \$20 million for AH, and Manager Blue said that staff would return with a new recommendation regarding the other categories.

This item was received as presented.

1.1 Approve Change of CCS Meeting Agenda

[\[24-0244\]](#)

The Council unanimously agreed to change its May 3, 2024, agenda to a discussion of the bond.

This matter was agreed by consensus.

ADJOURNMENT

The meeting was adjourned at 11:02 a.m.