



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 Michael Parker
Council Member Jessica Anderson
Council Member Allen Buansi

Council Member Hongbin Gu
Council Member Tai Huynh
Council Member Amy Ryan
Council Member Karen Stegman

Wednesday, March 31, 2021 **6:30 PM** **Virtual Meeting**

Virtual Meeting Notification

Town Council members will attend and participate in this meeting remotely, through internet access, and will not physically attend. The Town will not provide a physical location for viewing the meeting.

The public is invited to attend the Zoom webinar directly online or by phone.

Register for this webinar:

<https://us02web.zoom.us/join/91012020000> After registering, you will receive a confirmation email containing information about joining the webinar in listen-only mode. Phone: 301-715-8592, Meeting ID: 817 4467 3529

View Council meetings live at <https://chapelhill.legistar.com/Calendar.aspx> – and on Chapel Hill Gov-TV (townofchapelhill.org/GovTV).

Roll Call

Present: 6 - Mayor Pam Hemminger, Mayor pro tem Michael Parker, Council Member Jessica Anderson, Council Member Hongbin Gu, Council Member Karen Stegman, and Council Member Amy Ryan

Absent: 2 - Council Member Allen Buansi, and Council Member Tai Huynh

Other Attendees

Town Manager Maurice Jones, Deputy Town Manager Florentine Miller, Town Attorney Ann Anderson, Assistant Planning Director Judy Johnson, Business Management Director Amy Oland, Assistant Business Management Director Matt Brinkley, Planning Director Colleen Willger, Executive Director for Technology and CIO Scott Clark, Communications and Public Affairs Director/Town Clerk Sabrina Oliver, and Deputy Town Clerk Amy Harvey.

OPENING

Mayor Hemminger opened the virtual work session at 6:30 p.m. She said that

the Council would take public comments at the meeting, if time allowed. She pointed out that members of the public were always welcome to call or email Council members and to participate in regular Council meetings. She said that several upcoming public information sessions were listed on the Town's website.

The Council congratulated the East Chapel High Women's Lacrosse Team on recently winning the state championship. They noted that the Men's Lacrosse Team had made it to the championships as well.

Mayor Hemminger said that Council Members Buansi and Huynh would be absent for personal reasons.

AGENDA ITEMS

1. Greene Tract Update.

[\[21-0272\]](#)

Mayor Hemminger explained that the three Greene Tract (GT) owners (Orange County, Chapel Hill and Carrboro) were bringing forth a memo of understanding (MOU) and asking for feedback from each of their boards. That MOU included information based on a recent environmental assessment (EA) that identified the GT's most environmentally sensitive areas, she said.

Mayor Hemminger pointed out that the three jurisdictions wished to be owners, not developers, of the GT parcels. She said that the GT was in the Town's extraterritorial jurisdiction and would go through Chapel Hill's regulatory process even though the Town was one of the three landowners. She reminded Council Members that the Chapel Hill-Carrboro City Schools System had been promised space for a school on the GT site.

Mayor Hemminger said that there would be community-wide discussions regarding the EA and the road network. Staffs from all three jurisdictions had been trying to determine the best way to do that during COVID-19, she said. She pointed out that the three jurisdictions would need to work together on a section where they had joint jurisdiction.

Assistant Planning Director Judy Johnson explained that the approximate 164-acre property was comprised of two tracts: a northern 60-acre headwaters reserve that Orange County owned exclusively and the remaining 104 acres, which were jointly owned by all three jurisdictions. She displayed a map and showed where the joint portion of the GT was mostly in Chapel Hill's jurisdiction with the exception of one portion in Carrboro.

Ms. Johnson reviewed the site's history since 1984, when the three jurisdictions had purchased it for a future landfill. They had adopted a resolution in 2002 to put affordable housing and open space there and a 2012 neighborhood-generated plan that was guided by the Historic Rogers Road Task Force's "Mapping Our Community's Future" plan.

Ms. Johnson said that all three jurisdictions had then adopted resolutions in 2019 agreeing to using 22 acres for a joint preserve, 16 acres for a school site/recreation facility, and 66 acres for housing and other mixed uses. They had adopted a path forward, hired a consultant, and launched the EA in 2020, she said.

Ms. Johnson pointed out that COVID-19 had halted many aspects of the project. However, work on the EA had continued, she said. She described environmental features of the property, which included about 40 acres of regulated wetland stream buffers. She said that about half of the site would be preserved in some way. She said that the three jurisdictions had agreed that the 164 acres should be assessed and that lot lines could be moved to preserve the most sensitive 60 acres.

Ms. Johnson said that staff had been working on a community engagement process. That could include a webinar but public engagement ultimately needed to be done in person, she said. She explained that planners were continuing to determine an internal and external road network that would not intrude into wetlands, and she described the rationale behind two different possibilities.

Town Attorney Ann Anderson characterized the MOU as a fairly straightforward Interlocal agreement in which the parties agreed to begin a final discussion about ultimate uses for the 104 jointly-owned acres. The ultimate goal was to reach a final decision about uses within 18 months, she said. She pointed out that the Council would be voting the following week on whether to sign the MOU approving the current phase of the Interlocal agreement.

Council Members stressed the importance of setting realistic goals and conveying those to the community. They asked that information on soil limitations be provided early in the process. They emphasized that plans for the road network should take school traffic into account. They stressed the importance of providing realistic options rather than asking the community open ended questions about what it might want.

Council Member Anderson confirmed with Mayor Hemminger that the Mayors, Managers & Chair group had not yet discussed housing types. She stressed that having 70-90 percent market rate housing would not be in line with the "Mapping Our Community" document.

Several Council Members said they hoped the plans would include space for the Town's manufactured and mobile home residents. They recommended that it include recreation space beyond what would come with the school. They recommended that transit be part of the Town's affordability goals by connecting people and providing them with transportation to work.

The Council recommended having a detailed work plan that clearly laid out tasks, responsibilities, time-frames, and deadlines. They stressed the importance of having transparency at every stage of the process, such as advertising topics ahead of time, so the public would be able to provide input and the Council would be prepared. The Council noted the importance of having a good estimate of cost so that all three jurisdictions could budget ahead for it.

Mayor Hemminger said that she would bring the Council's interests back to the Mayors, Managers & Chair group. She pointed out that such a huge project would need to be done in phases, and she agreed that funds should be dedicated ahead of time. She reminded Council Members that the Town was still paying \$20,000 per year for the 20-year Rogers Road Sewer Project.

Mayor Hemminger emphasized the importance of community engagement. Although webinars could help, she wanted to also be able to have in-person meetings at the Rogers Road Community Center, she said.

Council Member Anderson left the meeting at 7:23 p.m.

This item was received as presented.

2. FY 2021 Budget Update and Preliminary FY 2022 Budget Discussion. [\[21-0273\]](#)

Director of Business Management Amy Oland gave a financial update on the third quarter of FY 2021 and a preliminary discussion of the FY 2022 budget. She said that property tax collections through the end of March 2021 had been strong and were in line with the previous three years. She described fluctuations in sales taxes, which ended with \$1 million more than had been budgeted. The Town's growth rate for the first six months was also very strong, currently at 7.79 percent, she said.

Ms. Oland reported that occupancy taxes (hotels, motels, Airbnb) had been down by \$569,000 (65.5 percent) for the first eight months of 2020. Department fees had been down as well, she said, explaining that a \$1.5 million decrease had been due to reductions in commercial garbage collection, police, and parks and recreation.

Ms. Oland said that the Town could use Fund Balance or decrease its expenditures to make up for the reduced revenues. However, with \$1 million in sales tax revenue, steady property tax collection, a hiring freeze that had saved \$1.5 million, and \$1.2 million in operating cuts, the Town had spent only 67.5 percent of its budget, versus a typical 72 percent, she said.

Ms. Oland said that it was possible to break even, but that the Town was

facing erratic revenue patterns related to sales taxes, deferred maintenance, operating costs trending higher each year, and the continuing financial impacts of COVID-19. She pointed out that addressing deferred needs and implementing recovery efforts would require additional funding.

Town Manager Maurice Jones presented preliminary information on the FY 2021-22 budget and how it would relate to Council priorities. He listed what he understood to be the Council's investment priorities: a climate action plan, affordable housing, human services, diversity/equity/inclusion, infrastructure/maintenance, parks and recreation facilities, and investing in Town employees. He noted that the Council was also interested in being able to respond to ideas that the Re-imagining Community Safety Taskforce would generate.

Mr. Jones pointed out that the Council had discussed establishing a Priorities Reserve Fund to address issues that might come up that had not been considered during the budget process. He asked for more guidance from Council Members regarding their goals for the FY 2021-22 Budget, which he planned to formally present on May 5, 2021.

Council Member Stegman mentioned a series of recent "terrible, if not deadly," traffic interactions, and Mr. Jones replied that those interactions had primarily occurred at crosswalks. Staff had been discussing adding another crosswalk on Martin Luther King Jr. Boulevard, educating the public, and possibly increasing enforcement, he said.

Council Member Stegman asked about making the COVID-related outdoor dining on Franklin Street permanent, and Mr. Jones said that staff intended to keep that in place for a while. He planned to discuss improving the appearance with the Council and the NC Department of Transportation, he said.

Mayor Hemminger pointed out that some American Rescue Plan funds would be used to help Downtown businesses, which could include making outdoor dining permanent and more attractive. That entire plan should be on the Council's priorities list as well, she said.

Mr. Jones said that property revaluation would be a big driver of FY 2021-2022 budget discussions, since values had increased. He explained that a "revenue neutral" tax rate would generate the same amount of revenue that the Town had received the prior year, if the Town lowered the tax rate. The Town was not required to adopt a revenue neutral rate and doing so would make it difficult to take on any of the new initiatives, he said.

Mr. Jones reviewed the Town's property tax history over 10 years and

pointed out that the current tax rate was lower than it had been 12 years ago and remained in the middle of the Town's peer group. Chapel Hill's conservative approach had allowed the Town to absorb many changes to investments without significantly raising the tax rate, he said. However, the point had come where some deferred needs must be addressed, he pointed out.

Mr. Jones said that he anticipated receiving approximately \$10.4 million from the American Rescue Plan, half of which should be available within 30 days with the remainder released in a year. Those funds were intended to address the negative economic impacts of COVID-19, he said, and he mentioned possible uses. He reviewed the upcoming budget process schedule, from April 14 to June 9, 2021, and pointed out that the information was available at www.townofchapelhill.org/budget.

Mayor pro tem Parker confirmed with Mr. Jones that anticipated federal funding for Chapel Hill Transit would be separate from American Rescue funds. Mayor Hemminger verified that the Town would have until December 2024 to spend the \$10.4 million in American Rescue Plan funding.

Council Members discussed the need to prioritize the items on their priorities list. They verified with Mr. Jones that there had been internal discussions about putting some affordable housing funds toward a mobile home park strategy. They commented on the need to help Town businesses regardless of where they were located. A Council member wondered if some funds could be applied to greenways, which had played such an import role during COVID-19.

The Council discussed a probable surge of un-sheltered people during the warmer months and the need for funds to address that during the ongoing pandemic. They pointed out that there still was food insecurity as well. They said that the cultural arts community was another group that had been hit hard by COVID-19.

Mayor Hemminger said that the Council would be seeking public input on how American Rescue funds should be used.

Mr. Jones asked where Council Members stood regarding the revenue neutral tax rate. He pointed out that their decision on that would have a significant impact on the Town budget.

The Mayor and Council discussed how the revaluation would affect businesses as well as homeowners. They said that they needed more details from Orange County regarding potential impacts.

Mr. Jones replied that he would get more information from Orange County

and then map out some scenarios for the Council to consider at its April 14, 2021 meeting. He said they anticipate having the County tax assessor at that meeting as well.

Mayor Hemminger confirmed with Ms. Oland that one cent on the assessed valuation would generate \$940,000 in revenue. She and Mayor pro tem Parker discussed the meaning of a "revenue neutral" tax rate. They agreed that Mr. Jones was asking Council Members if they wanted to consider decreasing the tax rate (to revenue neutral), or leaving it as it was, which would increase people's property taxes due to the revaluation.

Mr. Jones pointed out that any additional revenue would be used to invest in things that the Council and community had said they wanted. The Council should not expect that many of the investments it had been discussing would happen with a revenue neutral tax rate, he said.

Mayor Hemminger thanked staff for holding the line on expenses and reaching the end of FY 2020 without having to fill a huge hole. Council Member Gu confirmed with Mr. Jones that raising employee salaries would depend on revenues as well.

This item was received as presented.

ADJOURNMENT

The meeting was adjourned at 8:45 p.m.