



TOWN OF CHAPEL HILL

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

Town Council

Meeting Minutes - Final

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 15, 2023

6:30 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

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:** 7 - Mayor pro tem Karen Stegman, Council Member Jessica Anderson, Council Member Camille Berry, Council Member Paris Miller-Foushee, Council Member Tai Huynh, Council Member Michael Parker, and Council Member Amy Ryan
- Excused:** 2 - Mayor Pam Hemminger, and Council Member Adam Searing

OTHER ATTENDEES

Interim Town Manager Chris Blue, Deputy Town Manager Loryn Clark, Town Attorney Ann Anderson, Assistant to the Town Manager Ross Tompkins, Affordable Housing and Community Connections Director Sarah Viñas, Business Management Director Amy Oland, Assistant Business Management Director Matt Brinkley, Assistant Planning Director Judy Johnson, Economic Development and Parking Services Director Dwight Bassett, Public Works Director Lance Norris, Planning Director Britany Waddell, Transit Director Brian Litchfield, Public Housing Director Faith Brodie, Interim Parks and Recreation Director Atuya Cornwell, Technology Solutions Director Chris Butts, Senior Planner Tas Lagoo, Housing Operations Manager Lisa Edwards, Urban Designer Brian Peterson, Transit Assistant Director Nick Pittman, Emergency Management Coordinator Kelly Drayton, Fire Management Analyst Ryan Campbell, Mayoral Assistant Jeanne Brown, Police Officer Steven Bradley, and Communications and Public Affairs Director/Town Clerk Sabrina Oliver.

OPENING

Mayor pro tem Stegman opened the work session at 6:31 p.m. and reviewed the agenda. She said that Mayor Hemminger was attending a family funeral and that Council Member Searing would be absent as well.

ANNOUNCEMENTS BY COUNCIL MEMBERS

0.01 Mayor Pro-tem Stegman Regarding Creek Week.

[\[23-0225\]](#)

Mayor pro tem Stegman said that several events had been scheduled for Creek Week (March 17-26), including a clean-up along the Roberson Bike Path in Carrboro on March 18th from 1:00-4:00 p.m. More information on Bike Week activities was on the Town's website, she said.

0.02 Mayor Pro-tem Stegman Regarding Next Week's Council Meeting.

[\[23-0226\]](#)

Mayor pro tem Stegman said that the Council's next regular business meeting would be held at Town Hall on March 22 at 7:00 p.m.

0.03 Mayor Pro-tem Stegman Regarding Upcoming Joint Hearing with Orange County.

[\[23-0227\]](#)

Mayor pro tem Stegman pointed out that the Council would participate in a joint hearing with Orange County on April 20th at 7:00 p.m.

AGENDA ITEMS

1. Discuss FY 2024 Budget and Five-Year Budget Planning.[\[23-0221\]](#)

Interim Town Manager Chris Blue said that Enterprise Fund managers would present their budget challenges and staff would present possible funding scenarios to meet short- and long-term Town needs. He would then ask the Council for feedback on the level of a proposed tax increase, he said.

Transit Director Brian Litchfield presented an update on his department's financial challenges. He pointed out that inflation was affecting costs for everything and that revenues were not keeping up with expenses. Demands for service continued to grow and Transit Partners (Chapel Hill, Carrboro and the University of North Carolina at Chapel Hill) would need to discuss ways to fund those in the future, he said.

Mr. Litchfield discussed staffing recruitment and retention challenges. He noted increased costs associated with building a North-South Bus Rapid Transit system (N-S BRT) and purchasing zero emission buses and infrastructure. He said that Transit's \$31.4 million budget included \$18.9 million from the Transit Partners, \$2.5 million from the federal government, \$3.2 million from the state, \$4 million from the Orange County Transit Plan, and \$2.7 million from other sources such as grants. Seventy percent of revenue went to personnel, and only about 6 percent remained for utilities, liability insurance, technology, and so forth, he said.

Mr. Litchfield told the Council that Transit's five-year expenses would include people, services, facilities, vehicles, the NS-BRT project, and sustainability initiatives. He planned to utilize existing funding sources as well as federal grants for the upcoming year, but the Transit Partners would need to address future challenges, he said.

Director of Economic Development and Parking Services Dwight Bassett said that Parking was a self-generating fund based on fees. His goal had been to increase the Downtown parking demand, occupancy and revenue, he said. He pointed out that occupancy had reached or surpassed pre-pandemic levels and that revenue had been increasing.

Mr. Bassett said that the Parking budget was \$6.1 million and that \$1 million of that went to staffing, \$3.8 million went to debt service, and \$1.4 million was for operations, maintenance, and technology. Future needs would include addressing deferred maintenance, repairing and replacing parking meters, and improving technology at Town lots and decks, he said.

Public Housing (PH) Director Faith Brodie pointed out that she had recently presented information to Council about increased costs associated with salaries, additional positions, and building preservation. She said that 60 percent of PH's budget went to salaries, 20 percent went to operating and

programming expenses, and 15 percent went to internal services costs. Having to adjust expenses in order to absorb the cost of salary increases had resulted in a flat budget this year, she said.

Ms. Brodie said that some PH tenants had not returned to their pre-pandemic rate of rent payments. She explained that the Town's U.S. Housing and Urban Development Department (HUD) score would be improved once Trinity Court was developed, and those empty units were removed from the Town's portfolio. Grant funding, operating funds, and collected rent would allow the PH Department to operate well until 2025, she said.

Public Works (PW) Director Lance Norris said that PW staff was currently working to receive a good report from the National Pollution Discharge Elimination System (NPDES), which evaluates the Town's Stormwater program every five years. That was the greatest current challenge and staff had been keeping on schedule with that, he said. He discussed general PW responsibilities and pointed out that residents' stormwater fees had been last increased in FY 2020. He said that \$2.7 million of a \$5.9 million bond for the Booker Creek Watershed project had been issued and that \$3.2 million remained.

Business Management Director Amy Oland asked the Council to decide between two tax increase scenarios: 4 cents, and 7.5 cents. Increasing taxes would provide some level of funding for each of the priority areas that the Council had identified, she said. She explained that a 4-cent increase would allow the Town to begin catching up. She discussed current backlogs in priority areas and explained how those could be reduced with each of the two tax scenarios. A 7.5 cent increase would eliminate the Town's entire \$35.4 million backlog and let it begin to get ahead, she said.

Ms. Oland pointed out that the five-year funding goal for affordable housing (AH) was to increase the AH Development Reserve to a full penny, which would enable 10 to 20 AH units per year. That would address about 15 percent of the AH need and additional funding could be obtained through another bond, a revolving loan fund, or some other type of funding, she said.

In response to a request for clarification from Council Member Anderson, Ms. Oland said that any claim that taxpayers were having to pay for the East Rosemary Deck's overruns was incorrect. That would be funded by the Town's Debt Fund and there would be no direct tax increase due to that project, she said.

Council Member Parker confirmed with Ms. Brodie that PH's annual revenue would be about \$1.8 million, if all rents could be collected. She noted that PH also received an annual capital grant (about \$1.3 million last

year) and federal operating funds (\$937,000 last year). PH did not currently receive state funding but had begun to apply for grants, she said.

Mayor pro tem Stegman confirmed with Ms. Brodie that PH had a list of contractors that it used on a regular basis but had been having difficulty finding any to refurbish units when they were empty. Council Member Parker suggested that staff explore joint contracting with other towns, such as Durham, to get more leverage in the marketplace, and Ms. Brodie agreed to look into that.

In response to a question from Mayor pro tem Stegman about what had led to the Town's current financial situation, Manager Blue replied that Town department heads had been encouraged to "toe the line" and had tried to do so without pushing back. As prices went up, those managers had squeezed their budgets, but the backlogs had eventually caught up, he said. He emphasized that there were no bad actors, only a series of years where the Town did not talk about the hard truths.

The Council spoke in favor of the 4 cent "catching up" scenario. They recommended publicizing the real dollar impact of each scenario on different tax levels and "over communicating" why there was a need to raise taxes at the current time. They agreed that choosing the 7.5 cent scenario would be a mistake, but some said that the Town should signal that there would be gradual increases in coming years.

This item was received as presented.

2. UNC Health Care Development Update.

[\[23-0222\]](#)

Senior Planner Tas Lagoos pointed out that the Council had seen a concept plan for UNC Health Care's Eastowne project in Jan 2023 and said that the current presentation would be a less formal update. Staff planned to begin the public hearing process in April and was hoping for Council action on the Conditional Zoning request in May 2023, he said.

Simon George, UNC Health vice president for Real Estate, pointed out that UNC Health had told the Council in November 2022 that it would submit a Conditional Zoning (CZ) application for a 1.6 to 1.8 million square-foot healthcare campus that would include retail. He said that the original plan had been to construct one building every three to five years and reach build-out in approximately 25 years. However, UNC Health had concluded that it needed to build its second medical office building (MOB2) immediately, he said.

Bill Derks, a vice president with McAdams Company, showed the concept plan and described the site's constraints, such as existing roadways and Resource Conservation District (RCD) areas. He described recent changes and pointed out that a green area in the center of the plan would remain.

All the stream crossings, but one, had been eliminated in the northern 20 acres, he said.

Andy King, a partner with Gestalt Architecture and Design, said that Phase 2 of the development would be on the right side of the RCD with only one stream crossing to connect the two campuses. He said that UNC Health hoped that parking needs would lessen over the next 25 years and that building on the northern 20 acres would not be necessary; however, a parking structure would have to be part of the plan in case that did not happen, he said.

Mr. King presented visuals showing that MOB2 would be approximately the same height as MOB1. He indicated a tree-lined buffer along Highway 15-501 and said that the skyline would not be impacted by the proposed development. He showed greenway connections through and around the site. UNC Health had been working with Town staff to determine how the project could fit in with the Town's Complete Community Framework, he said.

David Parker, vice president with DCI, discussed a "traffic sensitivity study" that had led to mitigating the originally 1.7 million down to 1.1 million square feet, and Mr. George pointed out that UNC Health had been talking about 2.8 million square feet not too long ago.

Mr. George said that remaining outstanding points of negotiation included the following: AH, which UNC Health was committed to and had been exploring with Town staff; a pedestrian crossing at Highway 15-501; and a payment ("tax in lieu") for public services. UNC had been evaluating what it would mean for them to pay a proportional property tax, but all additions -- such as AH, property taxes, and a pedestrian crossing -- came at a cost, he pointed out. He said that his team had heard different things from different Council Members and wanted to know what the Council's general priorities were.

Mr. George said that UNC Health would hold a public information session on March 20th and would then go before the Planning Commission. Their goal was to open the public hearing on April 26th and look for a Council vote on May 24, 2023, he said.

Council Members commented on how the project had come a long way from the original proposal for 2.8 million square feet. They said that it was going in the right direction, but they still hoped to avoid building a parking deck in the northern 20 acres. Council Members Parker and Huynh recommended that any agreement stipulate that building on the northern 20 acres would be the last one that UNC Health would ever construct there. Council Member Huynh requested that a conservation easement be put in place if UNC Health did not need to build in that area.

The Council asked about the possibility of increasing the size of other parking decks rather than building an additional one on the northern 20 acres, but the applicant team replied that doing so would mean that all Eastowne's decks would be 10-stories tall. They showed a rendering of what a 10-story deck would look like and said that 8 stories were the tallest they had found in the Triangle area. They did not want patients to have to drive around and around up to a tenth level, they said.

The Council and applicant discussed their mutual hope that the Town would become less car-dependent over the next 25 years and that the additional parking deck would not be needed. However, UNC Health needed approval of the complete plan in order to entitle the additional 1.1 million square feet, Mr. George said.

The Council ascertained that all the parking decks would be clad with materials that match the buildings.

Council Members Berry, Miller-Foushee and Huynh said that AH was their top priority. Others agreed that AH was a town priority but said that they wanted to know the relative value of each benefit in order to understand the tradeoffs.

The Council emphasized the need to make sure that there was adequate capacity for a nearby Gateway development, and Mr. Parker pointed out that UNC Health would be required to submit a full-blown TIA before developing MOB3 and MOB4. UNC Health might need to mitigate based on actual conditions at that time, he said.

Council Member Anderson mentioned the need to maintain adequate buffers after NC-DOT widened Highway 15-501. She and Mr. George discussed the cost of building a pedestrian bridge or tunnel across Highway 15-501, and Mr. George said that the Council should weigh that among its priorities. Council Member Anderson recommended that a plan for that crossing be in place before such a large project is entitled.

The Council confirmed with Ms. Johnson that staff intended that the project would be entitled in May 2023 with some flexible conditions regarding things like parking numbers that would change over time based on demand. Ms. Johnson pointed out that the applicant had done a TIA for MOB2. She said that staff had included specific mitigation measures to address that. Council Member Parker confirmed that the applicant and staff had been working on a stipulation to lessen the need for parking by investing in more housing or buses.

Town Attorney Ann Anderson reminded the Council that a CZ was not an iterative process and that the project would not typically return to the Council unless it needed to be modified. Because of the 25-year

build-out, the Eastowne project would be less specific than those that the Council was accustomed to seeing, she said. Despite the difficulty of working with the build-out time, staff's hope was that the CZ would be done well enough that it would not need to be modified, she said.

This item was received as presented.

ADJOURNMENT

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