

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget**

**Council Question:**

To the extent possible, can you please provide us with a list of progress, outcomes, initiatives we anticipate in key areas in the coming year. For this, please include information about projects being funded using bond funds.

**Staff Response:**

*It is helpful to hear the types of information Council finds most useful for decision-making. We will incorporate this feedback into our annual business planning process so that we can present a comprehensive and forward-looking view of the key work areas and investments for the coming year. Aligning this with the business plan process will ensure that the information is consistent, strategic, and easy for Council to use.*

**Council Question:**

What is the status of the Tropical Storm Chantal work and reimbursements?

**Staff Response:**

*The Town of Chapel Hill continues to make steady progress on FEMA Public Assistance reimbursements related to Tropical Storm Chantal. As of mid-May 2026, multiple projects have been fully obligated and paid, while others remain in various stages of review and development within FEMA's Grants Portal.*

*Several projects are already completed, obligated, and reimbursed, including Fordham Footbridge, Homestead Park soccer fields, traffic signal repairs, and a vehicle replacement, with payments issued through the State earlier this year. Additional projects, such as debris removal and several public works and parks damages, are currently in final FEMA or Environmental/Historic Preservation review stages, with the Town responding to FEMA follow-up questions as needed.*

*More complex infrastructure and public housing projects are still under development due to cost estimation, insurance coordination, and damage scope issues. In particular, several sites involving engineering assessments (including Kimley-Horn projects) require refined or preliminary estimates before FEMA can finalize award amounts. Public Housing projects are also undergoing enhanced damage assessments to ensure the Town maximizes eligible reimbursement.*

*Overall, while total estimated eligible costs have fluctuated as scopes are refined, FEMA obligations to date total approximately \$93,000, with additional reimbursements anticipated as projects advance through final review, obligation, and closeout. The Town and its consultants are actively working with FEMA and the State to move remaining projects forward as efficiently as possible.*

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget (Cont'd)**

#### **Council Question:**

Can you please provide additional details and the rationale behind why we are adding the three new proposed positions?

#### **Staff Response:**

##### **Fleet Technician**

*Public Works' Fleet Management Division maintains slightly more than four hundred vehicles and pieces of equipment for every department except Transit. Staffing was reduced from six to five mechanics about twenty-one years ago, even as the fleet continued to grow in size and complexity. This long-standing structural workload gap has been further intensified by an aging fleet whose average age has more than doubled and now requires far more extensive maintenance. Adding a Fleet Technician will help reduce downtime, improve safety and regulatory compliance, strengthen preventive maintenance, and support more reliable operations across all public-facing departments. Even with this addition, the number of technicians will remain below industry standards for staffing based on the size and complexity of the fleet.*

##### **Library Experiences Associate**

*Community history work is driven by deep engagement and relationship-building with community members – this is both time intensive and necessary work to document and share histories that have not yet been told.*

*A Library Associate position to be allocated to Community History would go a long way toward making this division and its programming more sustainable and impactful. Since 2018, the program has relied on competitive grants to fund projects and temporary/borrowed library staff to execute exhibits and programs. These grants and staff have produced meaningful and popular work, from the Re/Collecting Chapel Hill podcast to various digital exhibits and short documentary films, as well as some of the most popular adult programming offered at the library - confirming the interest in and demand for community-driven explorations of our history. Another permanent staff member is necessary to sustain the division, respond to growing community interest, and advance Council goals around community history and social justice.*

*Given the optics surrounding Orange County's potential removal of funding for CHPL, it is important to note that this position add request was made prior to the County having given any indication that they would reduce or remove funding in the next FY. Additionally, County contributions are not used to cover full time personnel or any associated costs with these positions.*

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget (Cont'd)**

#### ***Staff Response: (Cont'd)***

#### **Destination Coordinator**

##### Strategy

*At its core, our Economic Development strategy is to increase Town revenues through property, sales, and occupancy taxes.*

- We grow our property tax base by expanding our residential and commercial properties and recruiting people and businesses. This is primarily the work of our Economic Development Director,*
- We grow our sales tax base by supporting existing businesses (retail, restaurants, etc.) and attracting new ones. This is primarily the work of our Business Vitality Manager.*
- We can grow our occupancy tax base through attracting events, conferences, etc. that fill our hotels – and also increase sales tax revenues. This would be the primary work of the Destination Coordinator.*

##### New Position

*The Destination Coordinator will be laser-focused on that third bullet point by growing a destination-based local economy. We have a strong foundation for this because of our natural assets, UNC Chapel Hill, and our long-term investments in the arts, recreation, and overall quality of life.*

*The Destination Coordinator will listen to stakeholders, take action, and coordinate with partners on success. This will include:*

- Asking hoteliers what they need from the Town and finding ways to better support their industry.*
- Helping local businesses, in downtown and ALL of our business districts, to leverage events to drive foot traffic and sales.*
- Recruiting small and mid-sized events that other partners overlook but that bring economic and community benefits, including mid-size professional conferences, concerts, and festivals.*
- Coordinating with UNC to attract and execute major sports and entertainment events to their facilities.*

##### Examples of Events

*Here are some examples of the types of events that we will pursue with partners*

- Concerts and live music events (Live Nation presents Artist XYZ, etc.)*
- Festivals and experiential events (Ram Jam Music & Food Series, BBQ Festival, etc.)*
- Small- to Mid-size professional conferences (ITGA, Creative Placemaking, etc.)*
- Family entertainment properties (Disney on Ice, Drone Shows, etc.)*
- Exhibition and neutral-site live sporting events (PLL, FIFA, etc.)*
- Specialty sports properties (Savannah Bananas, SuperCross/MotorCross, etc.)*
- Youth and amateur championships (NCSHA championships, USTA, etc.)*
- Corporate and community activations (Corporate Retreats, Green Egg Grill Cookoff, Tar Heel 10 Miler, etc.)*

##### Return on Investment

*Small and mid-sized market events can serve as economic anchors. They help revitalize neighborhoods and boost property values by making local business districts more desirable and increasing foot traffic.*

*A destination coordinator would deliver a strong return on investment by improving the visitor experience, increasing occupancy rates, and helping operations run more efficiently, all of which drive new revenue for the Town.*

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget (Cont'd)**

#### ***Staff Response: (Cont'd)***

##### Town Benefits vs. UNC Benefits

*We see this role as someone who can also advocate for the Town's interests in this sector. UNC is going to be doing more work in this area and having a dedicated person who tracks how UNC is expanding into the sector will help us protect our own interests.*

*The recent Savanna Bananas example shows why this matters. UNC played a major role in bringing the Bananas to Chapel Hill, but their priorities focused on boosting on-campus activity—like the pre-game event at Kenan Stadium—along with ticket sales, concessions, and RAM Club revenue.*

*Those goals don't necessarily support our local businesses, increase community engagement, strengthen business districts like Downtown, or encourage visitors to spend more money within the Town's limits. This role would help ensure those interests are represented.*

##### Metrics, Mission, and Goals

*Destination Coordinator will offer:*

- *Destination marketing support*
- *Tourism and economic impact analysis*
- *Industry research and community benchmarking*
- *Hotel partner coordination*
- *Community stakeholder alignment*
- *Tourism promotion*
- *Coordinate access to municipal and county destination resources*

*Metrics we will track include key performance indicators from three areas:*

- *Revenue*
- *Attendance and Foot Traffic*
- *Business and Community Engagement*

#### **Council Question:**

Can you provide detail about the amount of money in the FY 2026-27 budget for affordable housing and for public housing and differentiate between what is funded with federal dollars vs local dollars?

#### ***Staff Response:***

##### Public housing

*The overall Public Housing Fund budget is \$3,016,363. The primary revenue sources for the fund are federal HUD Contributions totaling \$1,465,000 and rental revenue totaling \$1,445,100.*

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget (Cont'd)**

#### **Staff Response: (Cont'd)**

##### Affordable Housing

*In the General Fund, there are three different areas which support affordable housing and which total \$2,938,394.*

- 1. The Housing & Community Development department budget is \$1,051,323.*
- 2. There is also a transfer of \$722,003 to the multi-year Affordable Housing Fund (previously called the penny for housing or Affordable Housing Development Reserve).*
- 3. Performance agreements with other agencies. \$513,145 is allocated for Community Home Trust, \$273,766 for Interfaith Council, and \$378,157 for Orange County Partnership to End Homelessness, for a total of \$1,165,068 going towards affordable housing-focused agencies.*

*In addition to these annually budgeted funds, there are federal dollars allocated by HUD for housing capital grants that average about \$1.1 million and CD grants that average about \$415K.*

*The Town also supports affordable housing through partnerships with our community partners with affordable housing bonds and annually with some of our human services agreements.*

#### **Council Question:**

Can utility savings be captured and reinvested into more energy and water efficiency investments?

#### **Staff Response:**

*Regarding the concept of capturing and reinvesting the savings from energy and water efficiency measures in Town facilities, staff previously explored this approach and found it to be challenging. Due to variables like behavior change within buildings, extreme weather, commodity pricing volatility, and utility rate increases, we've found that it is often very difficult to predict true utility savings year-to-year. Additionally, savings achieved at one facility can sometimes be offset by increases in utility costs or unanticipated costs from maintenance issues (e.g., water leaks). From an accounting standpoint, we've also learned that it is not best practice to "overbudget" for projected savings that may or may not be realized. For these reasons, the Council's approach to creating an annual climate action budget has proven to be the best way to provide reliably predictable resources for the staff's work.*

*Additionally, we have had success saving energy and reducing utility costs using a state-approved financing tool called energy performance contracting. Starting in 2015, we worked with an energy services company called Piedmont Service Group and a 3<sup>rd</sup> party owner's agent (Advanced Energy) to develop a 15-year contract that guarantees energy savings associated with upgrades to Town facilities. Piedmont Service Group implemented the contract by installing a variety of energy-efficiency upgrades to our three largest energy consuming facilities: the Community Center, the Aquatic Center, and Town Hall. These "energy conservation measures" (or ECMs) have resulted in annual savings of more than \$80k across the three facilities. Because the savings also exceed the annual contractual savings guarantee, the return on investment is currently projected to pay off earlier than year 15. While the Town continues to replace fixtures and equipment with higher efficiency alternatives as part of routine maintenance, the energy performance contract has proven to be an effective tool that we could consider using again in the future.*



# 05-20-2026 Town Council Meeting

## Responses to Council Questions

### **ITEM #8: Open the Public Hearing on the FY 2026-27 Recommended Budget (Cont'd)**

**Council Question:**

How many people did the MCJC and County assist with Town funds?

**Staff Response:**

*Town funding for the County's Longtime Homeowners Assistance (LHA) Program supported property tax assistance for 148 Chapel Hill households. Town funding is used to support administration of the Jackson Center Property Tax Relief Program, provided property tax assistance to 31 Chapel Hill households (15 of which also received LHA assistance). Together, Town funding supported 179 households.*

**Council Question:**

Is the MCJC's program designed to only serve Northside and Pine Knolls residents?

**Staff Response:**

*This year, MCJC's property tax assistance work reached the following neighborhoods (some are not in CH). This list reflects an extension from their standard geographic area (Northside, Pine Knolls and Tin Top).*

- *\*Northside*
- *\*Pine Knolls*
- *\*Tin Top*
- *Councilville*
- *Hatch Rd*
- *Neville Rd*
- *Rangewood*
- *Davie rd/Alabama Ave*
- *Lincoln Park/Strayhorn Dr*
- *Rogers Rd/Eubanks*