



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

Monday, April 15, 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

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, Town Attorney Ann Anderson, Affordable Housing and Community Connections Director Sarah Viñas, Business Management Director Amy Oland, Business Management Assistant Director Matthew Brinkley, Planning Director Britany Waddell, Assistant Planning Director Judy Johnson, Transportation Manager Bergen Watterson, Planning Manager Corey Liles, Planner II Jacob Hunt, Senior Planner Tas Lagoo, Transportation Director Brian Litchfield, Community Development Program Manager Emily Holt, Police Officer Osborne, Governance Services Director/Town Clerk Sabrina Oliver, and Assistant Town Clerk Brenton Hodge.

OPENING

Mayor pro tem Amy Ryan called the meeting to order at 6 p.m. and reviewed the agenda. She said that Mayor Anderson had been delayed due to a traffic accident. All Council Members were present, with Council Member Stegman arriving at 6:04 p.m.

ANNOUNCEMENTS BY COUNCIL MEMBERS

0.01 Council Member McCullough Regarding Climate Crisis.

[\[24-0211\]](#)

Council Member McCullough commented on how the 90-degree temperature that day was a reminder that the climate crisis was real.

0.02 Council Member Berry Regarding New Fire Engines.

[\[24-0212\]](#)

Council Member Berry pointed out that the Town had a new fire engine. She was glad to see that Town fire-fighters were getting safer vehicles, she said.

0.03 Council Member McCullough Regarding Reopening of Rosemary Street.

[\[24-0213\]](#)

Council Member McCollough pointed out that Rosemary Street had recently been reopened following construction.

AGENDA ITEMS

1. FY 2024-25 Budget Development

[\[24-0196\]](#)

Town Manager Chris Blue updated the Council on the FY 2025 budget (which would be year two of staff's recommended five-year budget strategy). The proposed budget included a 1.5-cent property tax increase

for the General Fund, a 0.5-cent tax increase for the Transit Fund, a cost-of-living adjustment (COLA) for Town employees, increases in Community Partner funding, and money for the Town's Affordable Housing (AH) Development Reserve, he said.

Mr. Blue reviewed the rationale behind each of those recommendations and showed the impact that a total 2-cent tax increase would have on taxpayers at various property valuation levels. He proposed including \$100,000 in the budget to provide property tax relief for some taxpayers.

Mr. Blue said that staff had endeavored to develop a sustainable and predictable budget that considered more than one year. Having a five-year budget would lead to greater predictability, transparency and fiscal sustainability, he said. He reviewed the evolution of staff's proposed five-year plan and presented a chart that included the current recommendation in that context.

Mr. Blue pointed out that the anticipated property revaluation could have a huge positive impact if the Town did not roll back to a revenue neutral tax rate. He would return with more details regarding the budget in general on May 1, 2024, he said.

Director of Business Management Amy Oland provided an update on changes that staff had made since its previous presentation. She pointed out that the Council's request for budget information earlier in the year meant working with estimates and projections that might be updated before the Manager's final recommendations.

Ms. Oland said that staff was projecting 1.3-percent growth in sales tax revenue, which was less than the 1.8 percent that the Town had experienced in recent years but more than the 0.9 percent that they had previously projected. She said that a 1.3 percent growth in sales in FY 2025 would provide about \$200,000 more for the General Fund.

Ms. Oland stated that revenue growth from property and sales taxes would be sufficient to cover a COLA for Town employees. However, it would not be enough to cover cost-of-doing-business increases in addition to the Town's backlog of critical needs, and those would be addressed in the five-year budget strategy, she said. She pointed out that Chapel Hill Transit had been experiencing significant inflationary costs as well and had had only two small funding increases in the last 10 years.

Ms. Oland noted that the proposed budget included Community Partner increases for the Community Home Trust, The InterFaith Council, and the Orange County Partnership to End Homelessness. Town funding to its partners had increased by 110 percent over five years, she pointed out. She provided a breakdown of funding sources for Affordable Housing, which totaled \$2,843,711 in the FY 2025 budget. She outlined a budget timeline, which began with the Manager's recommended budget

presentation on May 1st and ended with a Council vote on June 5, 2024.

Council Member Miller-Foushee confirmed that Partnership to End Homelessness funding would increase by a proposed 111 percent when compared to FY 2021.

Council Member Searing requested that the Town to do at least one, new Parks and Recreation project. Ms. Oland pointed out that Parks had been prioritized with American Rescue Plan Act funding and that "A Penny for Parks" was also being considered for new projects.

Council Member Nollert asked about the possibility of getting more specific information about Town employees' pay and classification over several budgets and in comparison, with other jurisdictions. Ms. Oland replied that staff could attempt to do that but that the Town's high number of unique positions would make it difficult. Council Member Nollert said that having such information would help the Council with balancing needs and advocating for employees.

Council Members expressed support for the proposed COLA and the Community Partner funding. In general, they supported a tax increase, but they stressed the importance of addressing the effect of that on low-income taxpayers. The Council asked for more information on how far \$100,000 for property tax relief would go to meet those taxpayers' needs, and Council Member Berry confirmed with the Manager that renters were not included in that proposed compensation.

Acting Mayor Ryan pointed out that Orange County would be raising taxes as well and said that she shared other Council Members' concerns. She asked staff to return with a chart that showed what a tax increase that also included the County would equate to over a five-year period. She thought it would be disproportionate on renters, she said.

Acting Mayor Ryan said it would be helpful to hear more specifics on the strategy for funding each item. Council Member Sharp asked staff to bring back more details on the process and potential repercussions of rolling back to a revenue neutral tax rate.

In response to a question from Council Member Searing, Transit Director Brian Litchfield pointed out that the University of North Carolina at Chapel Hill and the Town of Carrboro both contributed to the Town's fare free bus system, which was different from how some other towns financed their systems though charging fares. He pointed out that being fare free supported the Council's goal of providing equity and access for all.

Council Member Nollert cautioned against paving streets at the expense of making infrastructure changes related to climate action and affordability. The proposed amount for streets seemed like a "mind-boggling" sum for something that to him was as a very low priority, he said. Council

Member Sharp proposed that the General Fund pay for basic needs, such as maintaining a couple of lanes for roads. She would not want to see any of that money go toward widening streets or adding car infrastructure, she said. Acting Mayor Ryan commented, however, that the Town's street paving schedule was not good enough. She wanted to balance such bread-and-butter responsibilities with more ambitious projects, she said.

Acting Mayor Ryan proposed that materials for policy discussions include more specific information and charts that make trade-offs clearer. She also proposed that having an independent audit of the East Rosemary Parking Deck process, stating that that could be a good model for lessons learned.

In response to a question from the Council, Ms. Oland explained that 3 cents for AH (which would consist of local funding, a federal grant, partner initiatives, and property tax relief) would amount to \$2,854,711 in FY 2025.

Several Council Members proposed waiting until Agenda Item 2 to comment further on staff's AH proposal.

This item was received as presented.

2. Follow-up Discussion on Future Bond Referendum

[\[24-0197\]](#)

Acting Mayor Ryan pointed out that the Town had completed most of the projects from a \$40.3 million November 2015 bond referendum and that the current item would be a discussion about a new bond package.

Mr. Blue emphasized that the Council would need to agree on projects very quickly if it wanted to put a bond referendum on the November 2024 ballot. He pointed that a November 2025 referendum would allow more time for discussion and agreement.

Ms. Oland gave a PowerPoint presentation that outlined the benefits of borrowing with bonds. She explained the differences between General Obligation Bonds (which require a referendum) and Limited Obligation Bonds (which do not require a referendum). She said that changes in potential uses had led to \$11.1 million in 2015 bonds not being issued. Those had been for Parks and Recreation (\$2.7 million), Stormwater (\$3.2 million) and Solid Waste (\$5.2 million), she said.

Ms. Oland said that the Town still had until November 2025 to issue the remaining 2015 bonds. She recommended not using those intended for Parks and Recreation and Solid Waste, since those projects were not ready. She proposed issuing \$2.5 million in Stormwater bonds for the Bolinwood Bridge project.

Council Member Searing asked why the Bolinwood Bridge was critical, and Mr. Blue offered to return with more information about long overdue

repairs. Council Member Berry expressed concern about continuing to haul the Town's waste to another community and Council Members McCullough and Sharp commented on best practices for eliminating waste.

Ms. Oland explained that a solid waste facility needed to be created in partnership with other entities and that Orange County was still reviewing a draft plan. She also pointed out that the current cost of building a solid waste facility would be much higher than the Town had estimated in 2015.

Ms. Oland said that the lease payment for a Police station had been estimated at \$1.5 million annually, but probably was higher. She said that those payments could be made from the Town's Debt Fund, which might affect debt capacity in outer years. Council Member Berry confirmed with Ms. Oland, though, that the cost would still be significantly less than if the Town had to construct a new building.

Ms. Oland said that three projects needed immediate funding: the East Rosemary Parking Deck (\$12.0 million), a ladder truck (\$2.5 million), and the Police Station upfit (\$2.0 million). Those projects would come before the Council for approval on May 15th, she said.

Ms. Oland pointed out that \$10 million of the \$12 million needed to finish the East Rosemary Parking Deck had already been accounted for. She recommended combining the remaining \$2 million with a ladder truck (\$2.5 million) and the Police Station upfit (\$2 million) and issuing a total of \$6.5 million in Limited Obligation Bonds for those three projects. That \$6.5 million would be subtracted from the \$50.5 million referendum amount, leaving \$44 million for the referendum, she said.

Ms. Oland said that a \$44 million referendum in FY 2024 (or FY 2025) would be for bond categories that include Public Safety Facilities (\$15 million), Streets and Sidewalks (\$10 million), Parks and Recreation Facilities (\$6.5 million), Public Facilities (\$2.5 million), Open Space and Greenways (\$2.0 million), and Affordable Housing (\$10 million). She presented tentative schedules for both 2024 or 2025 and discussed a list of considerations regarding timing.

Mr. Blue presented a potential timeline for a November 2024 referendum that would begin with staff presenting a plan on May 1, 2024. He mentioned several factors for the Council to consider when deciding whether to hold the referendum in 2024 or 2025.

Council Members Berry and Miller-Foushee said that \$10 million was not enough for the AH Plan and Council Member Berry said that she would be pushing for \$35 million more.

Council Member Nollert said that he did not view fire equipment as being among the Town's most urgent needs but was open to being persuaded.

Mayor Anderson arrived at 8:02 pm.

The Council discussed the pros and cons of a 2024 referendum versus doing it in 2025. They agreed that it should not be split between the two years.

In response to questions about potential consequences of waiting until 2025, AH and Community Connections Director Sarah Viñas said that a delay would mean fewer AH units. Waiting could affect complex Low Income Housing Tax Credit projects, she said, but Mayor Anderson confirmed that there was enough capacity to advance money from the Debt Fund, if needed, and reimburse that with 2025 bond money.

The Council confirmed with Ms. Oland that staff would need categories and amounts in order to move forward with a 2024 bond order. There would also need to be some specificity and detail in order to do a public education campaign, she pointed out.

Mayor Anderson asked about figuring out the AH portion for 2024 and leaving the rest for a 2025 bond order, but Ms. Oland pointed out that both years would need to be figured out anyway in order to do that. In addition, the community response probably would be better with just one referendum, Ms. Oland said.

Mayor Anderson said that 2024 felt a little rushed and that she had not heard a good argument against borrowing from the Debt Fund and reimbursing from a 2025 bond. Mayor pro tem Ryan agreed, but Council Member Sharp asked what would happen if the 2025 referendum did not pass. Ms. Oland replied that she had not seen that happen in Chapel Hill but that the Town could do a Limited Obligation Bond if that was a concern.

Council Members Stegman and Berry raised concerns about not being able to address an unexpected need or opportunity for two years, but Ms. Oland pointed out that the Town could have money in hand within two months through a more-expensive financing vehicle.

Mr. Blue said that staff would return with more specific information. Mayor Anderson asked him to include information on all possible revenue streams, such as federal Inflation Reduction Act funding. She also requested information on how much more staff and Council time would need to be built in for a larger discussion about a 2024 referendum.

Council Members Stegman, Berry and Miller-Foushee said that they supported a 2024 referendum. Mayor Anderson, Mayor pro tem Ryan and Council Members Searing and Sharp said they favored 2025. Council

Members Nollert and McCullough were undecided, but he said that he was leaning toward 2025.

This item was received as presented.

REQUEST FOR CLOSED SESSION TO DISCUSS ECONOMIC DEVELOPMENT, PROPERTY ACQUISITION, PERSONNEL, AND/OR LITIGATION MATTERS

A motion was made by Council Member Berry, seconded by Council Member Nollert, that the Council entered into closed session as authorized by General Statute Section 143-318.11(a)(5) to instruct the staff or agent concerning the negotiation of the price and terms of a contract concerning the acquisition of real property, and North Carolina General Statute 143-318.11(a)(3) to preserve the attorney-client privilege related to a judicial action. The motion carried by a unanimous vote.

ADJOURNMENT

The council recessed the meeting at 9:08 p.m. and adjourned the meeting at the conclusion of the closed session.