

Amy Harvey

From: Jeanette Coffin
Sent: Wednesday, April 24, 2019 12:30 PM
To: WillR
Cc: Amy Oland; Ben Hitchings; Allen Buansi; Donna Bell; Hongbin Gu; Jeanne Brown; Jess Anderson; Karen Stegman; Lindsey Bineau; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Town Council; Amy Harvey; Carolyn Worsley; Catherine Lazorko; Flo Miller; Laura Selmer; Mary Jane Nirdlinger; Maurice Jones; Rae Buckley; Ralph Karpinos; Ross Tompkins; Sabrina Oliver
Subject: RE: Draft Financial Policies - Some quick observations....

Thank you for your correspondence with the Town of Chapel Hill. The Mayor and Town Council are interested in what you have to say. By way of this email, I am forwarding your message to the Mayor and each of the Council Members, as well as to the appropriate staff person who may be able to assist in providing additional information or otherwise addressing your concerns.

If your email is related to a development application or a particular issue being addressed by the Council, your comments will be made part of the record. If applicable, we encourage you to attend any public meetings related to the items addressed in your email.

Again, thank you for your message.

Sincerely,

Jeanette Coffin



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From: WillR [mailto:campaign@willraymond.org]
Sent: Wednesday, April 24, 2019 12:27 PM
To: Town Council <mayorandcouncil@townofchapelhill.org>
Cc: Zen City <processing@zencity.io>
Subject: Re: Draft Financial Policies - Some quick observations....

Mayor and Council,

I realize after receiving a question on my comments that point #1 is rather detailed for a set of high level goals. Still, I believe that you can distill several principles and guidelines by objectively reviewing the impact of land-use and development decisions on our Town's fiscal health.

As a stepping off point, I suggest a quick re-read of Mitch Renkow's 2012 "THE COST OF COMMUNITY SERVICES IN CHAPEL HILL" (<https://www.townofchapelhill.org/home/showdocument?id=18393>).

To quote the study, "findings for Chapel Hill are different than the typical results of COCS studies in that that for both land uses there is a much greater balance between revenues and expenditures. I find that the residential sector contributes between 92¢ and 98¢ to the Town's coffers for each dollar's worth of services that it receives; and that commercial land uses generate \$1.07 and \$1.19 in revenues for each dollar of publicly provided services that they receive."

Council might, then, decide that a substantially commercial project should reasonably generate \$1.05+ in revenue as per one tax dollar spent.

Similarly, Council might set a lower range for the cost of new residential - say no less than a 93+ cent return on the expected one tax dollar spent - for projects that get the benefit of conditional zoning/form-based zoning/development agreements.

I'm sure a new reanalysis based on finer gradations of types of commercial and residential will show an even more lopsided balance between tax revenues generated and tax revenues consumed.

For instance, established residential neighborhoods like Coker Hills surely consume way less tax dollars per capita than the initial few years of tax burden created by all the new luxury student housing that is displacing the current affordable housing stock.

Similarly, I expect that certain categories of commercial business - like grocery stores - produce more revenue per square foot than the boutique shopping you find a University Square.

Maybe time for an update?

Again, to keep the process honest, we should do an objective survey of the delta between the promises made for projects like East54, West140, etc. and the actual measurable returns the community received.

On this last point, previous staff efforts have not done a good job at making these type of objective analyses. In fact, when I asked the Town to do the research I found that a pro-development thumb was firmly placed on the scale, that promises were down-played or white-washed out, that there was a discernable bias towards ignoring the negatives and promoting the positives of development.

If these studies are to be useful they must be honest.

No rose-colored glasses. Lets look at the good and the bad and make a balanced assessment.

Given that, I strongly suggest that Council has an independent organization do both the fiscal impact studies and reviews of promises made (like East54's 30% affordable) and promises kept (much less affordable for a small payment). I know it will be eye-opening.

Looking forward to your discussions,

Will

On 4/23/19 9:29 PM, WillR wrote:

Mayor and Council,

It's heartening to see the Council take up the challenge of formulating financial principles and goals as suggested by the Citizen's Budget Task Force 15 years ago.

In reviewing the current draft I noticed a few issues that you might want to consider discussing more in depth:

1. Under objectives: "Directs attention to the total financial picture of the Town rather than single issue areas".

Looking at the Town's fiscal condition as a whole instead of by its parts is way past due. Congratulations!

Along those lines, though, should be a consideration of the fiscal impact of land-use planning/development which the current draft omits mentioning at all.

For instance, when the Town incentivizes developments like Wegmans/Glenn Lennox/Carroway Village the cost of providing services without the attendant taxes should show up as a fiscal impact. How many of these type impacts is the Town willing to or able to carry?

Further, in my experience, the Town ALWAYS makes a very optimistic projection of developments benefits while ALWAYS under-estimating the attendant costs associated with those developments. We're talking something as simple as under-estimating the cost of repairing roads impacted by concentrated development to over-estimating sales or property tax revenues.

Instead of setting absolute goals maybe create a high/low range that the community can live within?

With that in mind, I would like to renew my request of July 2016 (included) for an accurate measurement of the fiscal impacts of developments like East54, West140, Greenbridge with an update to include large projects built subsequently like the Berkshire.

A review should help the Town to decide what is an appropriate balance of commercial and residential? What is a reasonable expectation - net loss or gain - for the community's "investing" in various types of projects? What kind of framework is appropriate for gauging the fiscal impacts - positive or negative - of development? What is a sustainable outcome? 5% less revenues and 5% more costs?

2. Tax supported debt.

"Debt" is a slippery beast. What kind of debt - COPS, bonds, etc. ? While they all require residents to shoulder the lion's share of payments, there are distinctions.

Is there a hierarchy of preferred debt instruments and choices? For instance, Council started using "creative" (to be charitable) debt instruments - like mortgaging Town property or leaning heavily on COPS or entertaining TIFs, etc. when the projects they wanted to use the monies for were less than popular. Use of these types of debt often went under the public's radar - much to the detriment of both our Town's financial condition and to the Council's commitment to transparency. Does that matter? Are public bonds more laudable because they require the public's direct informed consent?

3. Cash management and investment policies and strategies.

While the Town doesn't invest in a lot of commercial paper, I do like that there is a goal to diversify risk.

I do suggest, though, that a discussion of diversification incorporates what is loosely termed "Chapel Hill values". For instance, given appropriate due fiscal diligence between two investment strategies, does the Council prefer investing in carbon-neutral investments as per expressed goals like reducing its carbon footprint or does the Town seek the highest payback?

4. OPEB

Wow, this continues to be a real can of worms. The Town appears to be in better shape in terms of forward liabilities than it was 10 years ago, more to do with a shift in the workforce than anything else. That said, I would hope the Council formulates a policy goal that these costs are fairly balanced upon our Town's employees shoulders and that broad shifts of the burden onto the workforce be avoided as best as possible.

Again, I'm glad to see the Council take up this chore with a renewed focus on the future fiscal health of our community. I look forward to your discussion.

Will

Will Raymond
Chapel Hill