TOWN OF CHAPEL HILL
Town Council
Meeting Agenda

Mayor Pam Hemminger	Council Member Nancy Oates
Mayor pro tem Jessica Anderson	Council Member Michael Parker
Council Member Donna Bell	Council Member Karen Stegman
Council Member Allen Buansi	Council Member Rachel Schaevitz
Council Member Hongbin Gu	

Monday, March 4, 2019   **6:30 PM**   **Library Meeting Room B**

AGENDA ITEMS

1. Presentation: Strategic Planning Next Steps.   **[19-0197]**

PRESENTER: Rae Buckley, Director of Organizational and Strategic Initiatives

The purpose of this item is for staff to present the Council information about the Strategic Plan Assessment Report and next steps in the Strategic Planning process.

2. Council Work Session on the FY 2019-20 Budget Development.   **[19-0198]**

PRESENTER: Maurice Jones, Town Manager and Amy Oland, Business Management Director

The purpose of this work session is to provide the opportunity for Council to receive information on the status of the FY 2019-20 budget development, to discuss the establishment of a framework for future budgets and to receive and discuss draft financial policies.

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

TOWN OF CHAPEL HILL

Item Overview

Item #: 1., **File #:** [19-0197], **Version:** 1   **Meeting Date:** 3/4/2019

Presentation: Strategic Planning Next Steps.

Staff: **Department:**
Rae Buckley, Director Organizational and Strategic Initiatives   Town Manager's Office
David Finley, Strategic Plan Project Manager   Business Management/Town Manager's Office

Overview: Staff will present information about the Strategic Plan Assessment Report and next steps in the Strategic Planning process.

Recent Activity:
- In January 2019, the Town engaged Insight Performance Management Group, LLC to conduct an assessment of the strategic planning process led by Town staff. The Council participated in the assessment through a survey and interview process. The Assessment of Strategic Planning Services Executive Summary and full Report are attached to this memorandum.
- At its retreat on January 26, 2019, the Council provided feedback about the proposed Strategic Work Plan for current and future fiscal years.

Next Steps:
- Provide Council data and metrics before April 3, 2019.
- Hold a Strategic Planning Work Session on April 3, 2019 to support a conversation about adding clarity and specificity to the Council Goals.
- Use technical expertise to support the Council Work Session:
  - Dr. Monica Allen, Insight Performance Management Group, LLC
  - Dr. Rebecca Tippett, Carolina Demography Center
- Continue to align current and future budgets with the Council's Strategic Work Plans.

Attachments:

- Draft Staff Presentation
- Assessment of Strategic Planning Services Executive Summary
- Assessment of Strategic Planning Services Report
- Town Council Strategic Work Plans

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Rae Buckley, Director of Organizational and Strategic Initiatives

The purpose of this item is for staff to present the Council information about the Strategic Plan Assessment Report and next steps in the Strategic Planning process.

Strategic Plan Journey: Next Steps

Council Work Session

March 4, 2019

DRAFT

Next Steps: Council Strategic Work Plan

- Integrate Council Strategic Work Plans into the Departmental Business Plans
- Align future budgets with Council Strategic Work Plan

Strategic Plan Assessment Feedback

- Create specific, measurable goals
- Conduct environmental scanning
- Add technical assistance
- Keep building strategic goal reports (where applicable)
- Mid-level engagement with staff

Technical Assistance

- **Dr. Rebecca Tippett**
  - Carolina Demography Center/Carolina Population Center

- **Dr. Monica Allen**
  - Mecklenburg County Director of Strategic Planning and Evaluation, UNC School of Government Adjunct Professor,

Next Steps: Environmental Scan

Carolina Demography

- North Carolina/Triangle
- Population Growth and Change
- Economy and Workforce

Strategic Goal Reports

- Affordable Housing
- Connected Community
- Environmental Stewardship
- Vibrant and Inclusive
- Economic and Financial Sustainability

DRAFT

Next Steps: Defining Targets

- March 20: Email with all presentations and draft goal areas

- March 20-April 3: Council questions

- April 3: Council comes with ideas for adding specificity and measurement to goal areas

April 3, 2019 Agenda

- Strategic Plan Framework Overview
- Environmental Scan
- Council Discussion on adding specificity to Goal Areas

DRAFT

ASSESSMENT OF STRATEGIC PLANNING SERVICES
EXECUTIVE SUMMARY
FEBRUARY 5, 2019

Submitted by:

Insight Performance Management Group, LLC

Executive Summary

In November 2018, the Town of Chapel Hill management reached out to Insight Performance Management Group, LLC to request an assessment of the strategic planning services conducted by the Town of Chapel Hill management to-date. The following was proposed by the consulting firm as the body and focus of work for the engagement:

- **Phase I:** Initial Consultation and Development of Scope of Work. Included an initial phone call and design of survey questions and the corresponding messages to the Town Council.
- **Phase II:** Evaluation and Assessment of Strategic Plan Progress. Included administering a survey and holding telephone interviews with the Town Council, as well as a review of strategic planning materials provided by the Town staff.
- **Phase III:** Report Development. Includes findings and recommendations.

In Phase I, the intent was to survey and interview members of the Town Council. In December 2018, the consultant partnered with the Town of Chapel Hill staff to develop a 13-item survey to be administered to the Town Council. The intent of the survey was: to assess the Town's perceptions of strategic planning efforts, to gauge effectiveness of setting strategic goals for the Town, and to identify opportunity for improvement with strategic planning services. Additionally, an overview and timeline of the project and an email message for the Town Manager to send to Town Council was provided.

In January 2019, the "Town of Chapel Hill – Strategic Planning Consulting Services Survey" was sent to nine Councilmembers of which all nine responded to the survey. Additionally, interviews took place shortly after each Councilmember responded to the survey. The goal for the interviews was to ask additional questions of the Councilmembers based on their responses. Nine follow-up interviews were completed between January 14 and January 22. A summary of responses to the survey and interview questions are included in this report. Although to protect anonymity, responses are not broken down by individual Councilmembers and no names are attached to the responses.

In addition to the survey and interviews, the consultant reviewed several documents provided by staff. The documents focused on already performed and current strategic planning efforts. A summary of what the consultant reviewed is included in this report.

Summary of Council feedback included, but not limited to:

- Councilmembers would like clarity in the strategic goals for the Town and have specific measurable goals. Some believe the goals are too vague and could present confusion for other outside entities in terms of what the Town is focusing on e.g., developers may not have a clear understanding of the desired community the Town wants to have
- Councilmembers respect the role of staff but would like additional clarity on the roles of Councilmembers as that may help level-set the Council as many of the members have various tenures on the Council
- Most Councilmembers want to have a mid-level engagement with staff
- The top four goals that emerged (not in order of priority but by vote) are: Goal 6: Environmental Stewardship, Goal 4: Affordable Housing, Goal 2: Economic & Financial Sustainability, and Goal 1: Connected Community.

- Staff should consider how to best tell the story through data and other information so that there is clarity on the interrelationships amongst goals. More use of data and information on the front end and that the Councilmembers can go deep on is desired
- Overall, there is a positive perception of the Town staff and that Council should give staff the room needed to do staff work and strategic planning well
- Additionally, based on a review of responses by the "junior" members of Council i.e., less than 2 years, there seems to be a need for more specificity and engagement on strategic planning. Individuals that have been included in the process for awhile have had a hand in setting the existing strategic goals, whereas, the "junior" members did not as much. And, one individual mentioned they are not as familiar with the processes used in the past. Therefore, they were not able to give insight on past engagements with the Town Council
- As it relates to the review of staff documents, the strategic planning framework is a good start but could be streamlined to identify the differences between a strategic plan and annual action-oriented/tactical workplans at the department and project level. Overall what has been presented to Council looks great, however there are opportunities to improve information presented. Recommendations include, changing actions into strategies, pushing actions to the department annual workplans or strategic business plans, identifying costs to achieve goals and objectives, and aligning measures to be specific to the strategies, goals and/or objectives. An additional recommendation is to revisit the notion of "desired outcomes" which may be confusing for some reviewers.

In general, specific findings included:

- Finding 1: The strategic goal statements may be too vague and not specific or measurable
- Finding 2: The Town Council lacks some clarity on strategic planning, roles and responsibilities
- Finding 3: There does not seem to be a robust environmental scanning methodology that includes information and data from the external/internal environment. Some Councilmembers mentioned they are not clear on the current state of the environment (internal/external) and would like information they can "dive deep" into prior to setting or redefining strategic goals.
- Finding 4: There are too many goal statements
- Finding 5: There were positive perceptions of the process used to set the Affordable Housing goal, however there were opportunities or considerations identified by a few Councilmembers
- Finding 6: The strategic planning framework is sufficient although it can be refined and clarified with a defined time period for which to achieve the "goals."
- Finding 7: The department strategic business plans (Library example) are loaded with information that may make it difficult to assess what should be accomplished and by when

The recommendations were as follow:

- Recommendation 1: Educate the Council on what is strategic planning and what is the staff recommended process
- Recommendation 2: Redefine the framework for strategic planning to have clear insight for others on the framework relating to vision, mission, values, goals, objectives, actions that align to best practices

- Recommendation 3: Incorporate more data and other inputs into the strategic planning process that will help level-set the public and Council on the current state of the environment and the organization
- Recommendation 4: Create a clear timeline for work and activity on the corporate strategic planning and department strategic planning efforts. Redefine the strategic planning implementation approach so that there are two clear (yet related) timelines for corporate strategic planning and department strategic planning work
- Recommendation 5: Shift the strategic planning timeline to a June through December timeframe whereby the department strategic plans are created prior to the budget process. Then, after the budget process, right size both the corporate and department plans
- Recommendation 6: Be very clear on the long-term goals for the Town versus the short-term goals for the Town
- Recommendation 7: Continue leveraging the public facing performance dashboards to share information as those are a great transparent and accountability way to inform the public on the good work by the Town of Chapel Hill.

Details for the methodology, findings and recommendations are outline in the full staff report.

All-in-all, the Town of Council is on the right track with strategic planning. As a result of previous experiences with strategic planning, the Town Council is open and desires more refined strategic planning approaches. The Town Council has been praise worthy of the staff's efforts but the staff should consider more direct ways to take the Town Council through a formal and well defined process for developing not only the corporate strategic plan but also using information to adequately inform the departments' strategic planning work. By taking the recommendations into consideration and matching up with staff's experiences, the Town of Chapel Hill is well positioned to moving forward efficiently and effectively in its strategic planning efforts.

ASSESSMENT OF STRATEGIC PLANNING SERVICES REPORT
FEBRUARY 5, 2019

Submitted by:

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- Create a clear timeline for work and activity on the corporate strategic planning and department strategic planning efforts. Redefine the strategic planning implementation approach so that there are two clear (yet related) timelines for corporate strategic planning and department strategic planning work
- Shift the strategic planning timeline to a June through December timeframe whereby the department strategic plans are created prior to the budget process. Then, after the budget process, right size both the corporate and department plans
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Survey and Interview Findings

A 13-item survey was administered to the Town Council in early January 2019. Out of the nine potential respondents to the survey, nine individuals responded, which resulted in a 100% response rate. Subsequently, the consultant held a phone interview with each Councilmember. The call with a ninth Councilmember needs to be rescheduled and will hopefully be done by January 26, 2019.

The following summary of results are provided below, and, in some cases, the actual comments are provided to give context to the question.

However, for all individual responses to the questions, please see Appendix A. Note: To protect the individual respondents, responses are not broken down by individual Councilmembers.

1. **How long have you been a member on the Town Council?**

    Responses range from 1 year to 9 years

2. **Selecting a response from the following scale, how well do the draft goals capture the strategic goals for Chapel Hill?**

How well do the draft goals capture the strategic goals for Chapel Hill?

Category	%
Not Sure	
Not well At All	
Somewhat Well	100%
Very Well	

■ % of Town Councilmembers
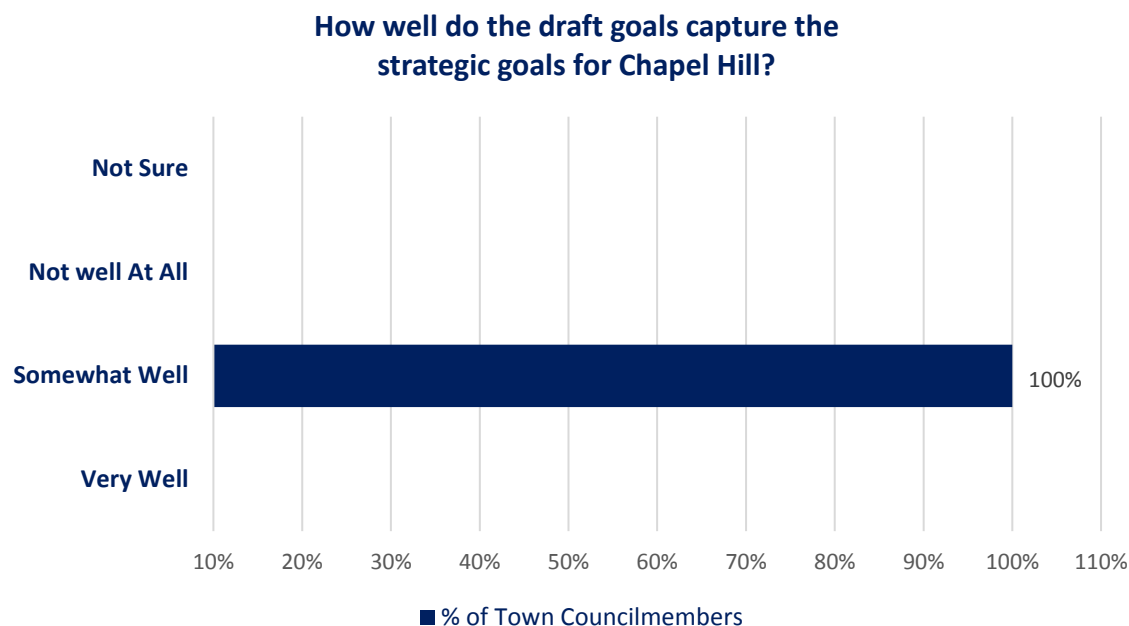
3. **What do you need from a strategic plan?** (See Appendix A for Details)

Overall, Councilmembers indicate they need a vision and a clear path forward. In addition, they need specific and actionable measurable goals. One person mentioned they need a strategic plan that can be "used in a rapidly changing environment". Another person mentioned they want "a clear definition of problems/issues to be addressed and opportunities to be pursued." Another responded mentioned that "the current goals seem more like mission goals or values" and that "it is important to see the short term, mid term and long term actions and measures that would help the town 'live' its mission."

In short, the take-a-way is that the strategic plan should give clear guidance to the Council on the direction of the community, and that the goal statements should be measurable and help the Council have a roadmap of how they will achieve its goals.

4. What has worked well with the strategic planning goal setting efforts conducted by staff? (See Appendix A for Details)

Councilmembers who responded mentioned that the staff has done well with getting the Councilmembers together and "getting ideas out on the table" and the information presented by the staff. What was more apparent, is that the Councilmembers like the visualization of data that was provided for the affordable housing exercise. They also liked the work done with the Affordable Housing strategic goal. One Councilperson did mention that they "haven't had much interaction with staff" but this could have been because they have only been on the Council for one year.

5. What could be done more effectively in the past and future with the strategic planning and goal setting efforts conducted by staff? (See Appendix A for Details)

Councilmembers stated a few areas that can be done more effectively and included, providing more clear goal statements, clearly articulating what strategic planning is and defining that specifically for the Councilmembers, defining the roles of the Councilmembers, help the Councilmembers get to specific goals and priorities and then prep the Councilmembers in advance of the meetings by giving them information to review and process.

6. A. In FY2018, the Town Council worked with staff to build a strategic goal, work plan and metrics for affordable housing. Staff communicated that the process was effective in identifying the priorities and goals of the Town Council. Please take a moment to share your thoughts on the approach. The model used to engage the Town Council is believed to be something that can be replicated and used to engage you for the other strategic plan goals. What are your thoughts on that process used for the Affordable Housing strategic goal? (See Appendix A for Details)

Responses to this question varied. In short, seven out of the nine Councilmembers indicated the process used was good, and they like the ability to track the metrics and updates through quarterly reports. Two others mentioned there were some challenges with the process as they didn't see Council's ideas incorporated into the model and that the assessment focused on what partners want rather than what the town needs/wants, and that there needs to be more details and a good baseline for how affordable housing will be measured. However, overall, the Councilmembers did seemingly appreciate the efforts and like the process.

B. Is this a process that could be replicated when identifying and setting strategic goals for the Town of Chapel Hill? Why or why not? (See Appendix A for Details)

Responses to this question were mixed and mainly focused on the process could be used especially as it relates to the visualization of data and for setting goals, whereas others believed there is not a process that can be replicated exactly. Moreover, some offered opportunities such as "recognize the benefits and limitations of the strategic goals," "focus on a few key issues," and "present comprehensive data." Based on review of the survey responses and follow—up interviews, it seems as if the Councilmembers would appreciate an environmental scan and a heavy/deep dive focus on the data. This work should be on the front end of the process and not on the back-end. One

noticeable comment was the process was used for the Affordable Housing goal and that "[the process] may not work for other goals such as "Collaborative & Innovative Organization." Two other noticeable comments were that "the process could work for the 'Economic & Financial Sustainability' and 'Vibrant and Inclusive Community' and 'climate goals & transportation/connectivity, which are very measurable.'"

C. Selecting a response from the following scale, how would you rate the process used for the Affordable Housing Goal?

How would you rate the process used for the Affordable Housing Goal?

Response	%
Not Sure	0%
Not Effective At All	0%
Somewhat Effective	44%
Very Effective	56%

■ % of Town Councilmembers
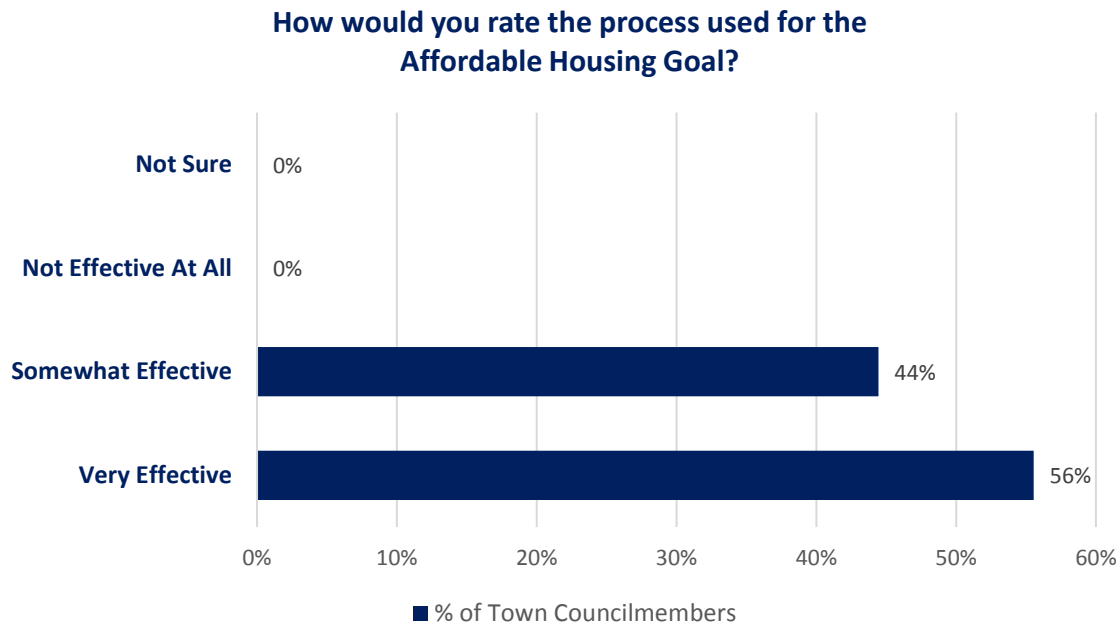
Subsequent commentary was provided by individuals who responded to this question:

Very (Combined w/Extremely) Effective

- It is responsive to the desires stated by Council. It is flexible and can adapt to new information. I think it could have been useful if changes were tracked as they were made so Council could see when action was taken on a desired change or request for information.
- Part of increasing access and availability of affordable housing is connecting people to the information. Interested and prospective residents would be well served to have easy, universal direct links to what is or might be available and how they can tap into or inquire about available affordable housing. The website and dashboard is missing such a feature, and affordable housing continues to be shared via word-of-mouth rather than broadcast out in an accessible, universal manner.
- we are all speaking the same language and referring to the same data. We can share the date easily with others. Anyone can refer to the webpage and understand where we are going –
- same reasons as mentioned above. (includes the process worked great and would love to replicate it with other areas)
- I am not sure what process was used to get there, but I am pleased with the result and the way the report is being used as a way to update and report out on progress.

Somewhat Effective

- I like the KPI approach, but it needs to be more comprehensive to show various aspects of the affordable housing issue. I would like to see the trend data, location-enabled data, and the housing issue in connection with other issues like storm water, traffic, public transit, etc.
- We did get everyone in one room talking about affordable housing. Staff seemed to define affordable housing differently from council. When council asked questions, we got some version of "We'll get back to you," but we're still waiting. Council made suggestions, but they weren't subsequently incorporated into the plan.
- I think we are part of the way there, but I'm not willing to say very effective, nor am I willing to stay not at all effective. Probably something in between the two.

7. **As it relates to the existing goal statements, what would you say are the top four goals you want the Town leadership to help you focus on for the next three-years? [Note: There are currently seven goal statements and while all goals are important, the Town leadership will need to focus on at least the top four goals in their efforts to set the three-year strategic plan for the Town of Chapel Hill.]**

# of Town Councilmembers That Selected the Goal as One of Their Top 4
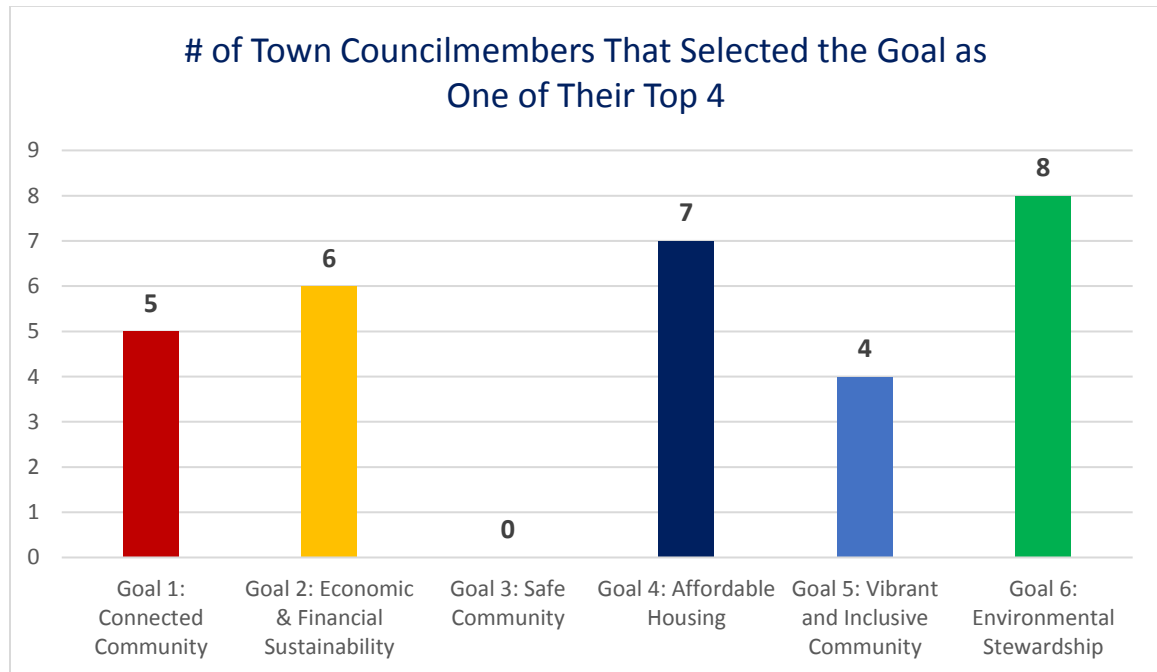
8. **Are there any of the existing draft goal statements that should be refined? If so, which ones and why?**

General Comments:

- All need tweaking
- One of our goals needs to include a statement on community engagement… i.e., applying innovative approaches to increase range of input, achieve better outcomes for the community as a whole
- Yes! Most of them. They are too vague
- Respect for others is an expressed aspiration of the Town that runs through the culture of the Town's operations and staff but should be included in the goal of being a "Collaborative & Innovative Organization."
- I think that all the goals are appealing politically, but they are "squishier" than I would like them to be.
- I think that we need a coherent theme to connect different goals. The theme should reflect the identity and priorities of Chapel Hill
- I don't know that any of them are exactly what we need, but perhaps they need to be as broad and amorphous as they are in order to encompass large bodies of work.

Goal 1: Connected Community

- Well written, doesn't need much editing
- Building "connected communities"
- Traffic monitoring & improvement, bike/pedestrian connectivity, especially in the low income communities

Goal 2: Economic & Financial Sustainability

- Needs to be refined
- I think "financial" and "economic" sustainability are different. Our financial sustainability has to do with balancing the budget, maintaining our credit rating, paying off our debt/not taking on too much debt, and maybe even rebalancing our tax base to have a better residential to commercial ratio. I see these as important goals, certainly, but not requiring the attention of a strategic plan because I trust the Manager and Budget Director to keep us on that path. However "economic sustainability" has to do with building jobs (and the infrastructure necessary to recruit businesses to our town), learning what entrepreneurs want in a business location and providing that, investing in start ups, investing in innovation/technology, etc. I think those are goals that are more complex and worth our focus. I would like to see this goal refined to reflect that.

Goal 3: Safe Community

- Add the word "equitable" to this goal

Goal 4: Affordable Housing

- Keep at it

Goal 5: Vibrant and Inclusive Community

- A vibrant town and community by improving public spaces and events, bring people of different social, economic, and culture backgrounds together
- Have stronger language than "a place for everyone" that really takes on equity, lgbtq, immigration, income inequality – what does it really mean to be inclusive
- Vibrant and Inclusive Community   To enrich the lives of those who live, work, and visit Chapel Hill by building community and creating a place for everyone.   This is lovely but super fluffy. What does it mean to "enrich" someone's life? What is "building community"? It's buzzword salad. Let's get specific. What do we really want to do? Build connections? Provide opportunities for togetherness?
- Goal 5: Too broad; break it up and fold it into Goals 1, 2, 3 & 4.

Goal 6: Environmental Stewardship

- Needs to be drastically rewritten to be more specific measurable
- Environmental climate action plan
- Environment and climate response wrt storm water, green spaces and tree protections, protecting the eco- and economic – vulnerability areas/low communities in the new climate environment
- To strategically manage the Town's infrastructure and natural environment by promoting resiliency and sustainability. We should strike the word "promoting" because it means almost nothing. If I even just talk about sustainability, I am promoting it. I had ideas for how to rewrite this in another answer.

Goal 7: Collaborative & Innovative Organization

- I am not crazy about this goal, would be better if we could turn it outward
- Too vague; what does it mean?
- Goal 7 only talks about town being collaborative internally. It should also talk about our collaboration with other organizations.

9. **What are your thoughts on the levels of engagement Town of Chapel Hill staff have had with the Town Council as it relates to strategic planning? Is there anything praise worthy? Are there areas of opportunity for improvement?** (Note: For this question, I have combined question 10 below with the responses here so that the Town staff can see responses to this question by level of engagement.)

10. **Selecting a response from the following scale, what level of engagement would you desire to have with the staff when setting the goals for the Town Council?**

What level of engagement would you desire to have with the staff when setting the goals for the Town Council?

■ Low Engagement ■ Mid-Level Engagement ■ High Engagement
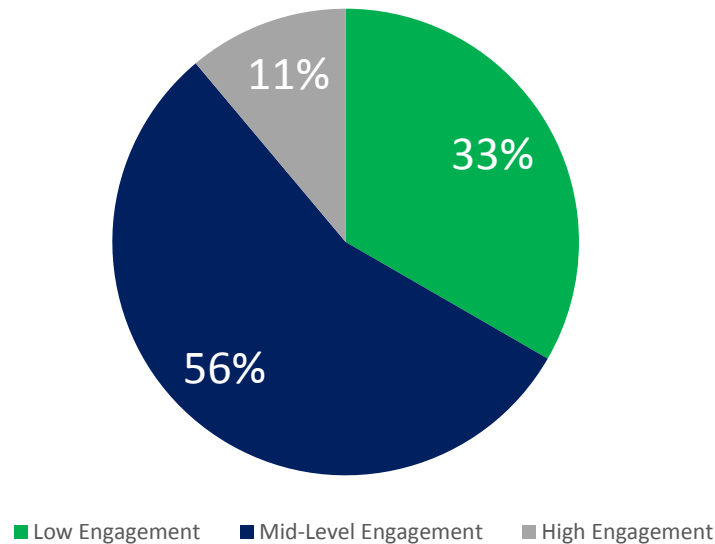
High Engagement: The Town Council sets the mission, vision, goals, and objectives (sub-goals) and staff bring back actions, reporting metrics and budget alignment (3 respondents):

- I think the Town staff tries very hard and is quite responsive. For me the major problems are that the Council simply does not spend sufficient time on this work and that we do not have enough in-depth conversations among ourselves. Even work sessions are not conducive to the real discussions that are necessary for an effective process and good outcomes.
- Culture up to this point seems to be staff will come up with plan. I'm hoping that will change under new town manager. Strategy needs to be defined. Goals are different from strategy. For example, in FLUM exercise, staff seemed to have underlying assumption that all land needs to be developed to produce maximum revenue. But that conflicts with council's goal that people who work here be able to live here. Many jobs in service industry and with our main employers, UNC & UNC Health Care and soon Wegmans, don't pay much.
- Some of our younger members of staff understand metrics and goal setting with visuals very well. They are responsive to Council requests and are very respective when they may not agree with the direction Council is trying to go. Our staff works very hard to carry out the Council vision, but sometimes the Council is not as clear as it should be! We need to make sure that we are looking at big picture views first and not working in isolated boxes. Sometimes zooming out and working back in is a much better long term result. Our Planning Department seems to focus too narrowly. We need to

look at all development proposals from a wholelistic view and not just parcel by parcel. The Council goal is to increase Economic Development, create local jobs and grow businesses that are already here. We need better ways to work with staff and businesses to make that work instead of always putting hurdles in the way. Taking 12 months to get a permit is not going to promote businesses wanting to be in our community. We really need a Climate Action Plan and to get back on track with being an Environmental Leader in our state. We have not devoted the resources to this important issue and our residents are demanding action - this includes stormwater, tree canopy, renewable energies and more.

Mid-Level Engagement: The Town Council sets the mission, vision and goals, and staff bring back the objectives (sub-goals), actions, reporting metrics and budget alignment (5 respondents):

- I think the staff has tried very hard to engage with us, but I'm just not sure we have the expertise in strategic planning that we need in staff who really are not trained in this area specifically. Our previous manager I think just tried to use his usual suspects for every project, so we didn't really get experts to guide the process, with staff working under that person.
- I appreciate that the staff has worked so hard to create a model process in the affordable housing goal that is worth replicating in other goals. I appreciated that the staff came back to Council for feedback along the way on how to shape and mold the dashboard tool.
- I have only had the one retreat so far, so not much to compare.
- I think it is the Council's job to provide clear vision and high-level priorities for the staff and then get out of their way. It is the manager's role to work with each dept. to ensure that there is alignment between the Council's goals and the workplan level activities. I think the housing and community dept has done a very good job of listening to Council's interests and turning that into a clear workplan and timeline with measurable outcomes. I would like to see that happen across departments and I would like the Manager to push back on Council when we change our minds or ask for something that is outside of the priorities we have set.

Low Engagement: The Town Council sets the mission and vision only and staff bring back the goals, objectives, actions, reporting metrics and budget alignment (1 respondent):

- The town staff are very responsive to the Council requests, but I feel the staff can help the Council to better understand the big pictures of the town by having more information opportunities to review/discuss, the overall health/performances of town's operation, a town-wide traffic studies, status of housing situations, businesses and employment, public facilities and infrastructure, storm water and environment issues etc.

11. **If there is a different level of engagement you think the Town Council should have with staff? If so, please specify below.**

    (Selected **High Engagement**):

    - I would like to see council and staff working as partners to come up with strategy and plan to implement. Council members don't have planning expertise, but we know what our constituents are telling us. Staff could be helpful in letting us know what's feasible, tradeoffs and unintended consequences.
    - It is working better under the new manager!

(Selected **Low Engagement**):

- I would like to have a monthly data sessions for the council to better understand the status of the town. It can be organized in a similar way as the Economic development monthly meeting, participation is encouraged but not required. Or we can have a council data and performance committee to follow up with the town staff on the strategic planning and performance monitoring

12. What additional commentary do you have on why you selected the level of engagement you did?
(See Appendix A for Details)

Overall, responses suggested that the Council needs to entrust the work to the staff and that Council should remain at a higher-level or (stay in its lane) allow staff to do the work hired to do.

13. What additional information can you provide that would assist the consultant and the Town leadership in enhancing strategic planning efforts with the Town Council? (See Appendix A for Details)

Overall, responses were good. Some respondents are thankful that the staff did this survey and are happy they were given a chance to respond. Another respondent mentioned that the organization needs to think long term to be successful. Additionally, another respondent recognized the challenges of strategic planning given the turnover on Council. And, finally, one individual recommended to hire outside assistance.

Review of Staff Documents and Findings

A review of staff documents was also conducted as part of the consultant assessment of strategic planning services. Staff provided the following documents for review:

1. Draft Strategic Plan Framework Council Work Session – 1.10.2018

2. Draft Strategic Plan – Source Data 052418

3. FY19 Business Plan – Library – Final

4. FY18Q3 Affordable Housing Qua (1)

Overall, the information included in the documents was well put together. However, there are areas that can be improved upon and that will give the Town Council (maybe the public) and staff clarity on what will be accomplished over a defined time period, which was not readily apparent when reviewing the strategic plan framework and the draft strategic plan.

Document 1: Draft Strategic Plan Framework Council Work Session

- Positive findings include:
  - Defined timeline of work from October 2017 through May 2018. Having this gives individuals clarity on work to be performed. One recommendation is to have staff to develop a similar for a "go forward" timeline
  - The sources of content were good and clear in terms of what inputs were included in the strategic planning work
  - The strategic planning in local government slide is good with detailed information for vision, mission, values, goals, objectives and actions. These do align to what is seen in the best practices' arena
  - The approach to reporting is good and dashboards allow for persons to consume the information in an efficient and timely manner.
- Opportunities include:
  - Be sure to include more inputs into the strategic planning process that include data and analytics, external environmental information that informs the work the organization does, etc. This is key as part of the "go-forward" for staff
  - The implementation approach, while important, is lacking the details that should give someone a specific idea as to how the strategic plan is implemented. There is a connection between the strategic plan and the departmental business plan, but you may want to show the timeline for implementation for: 1. Strategic plan and 2. Departmental business plans (separate implementation timeline but that shows the connection between the "corporate" strategy and the department strategy
  - The process for business planning and alignment to budget can be shifted to a model for June through December (strategic planning timeline with the business plan infrastructure developed) and then use that information to inform the resources needed (to be discussed during the budget process) to execute the business plans. Doing so will link budget specifically to the business plans. As a side note, the business planning approach may need to be less detail rather than more

detail. The detail (i.e., the execution of the business plan) can come after the budget decisions have been made.

Document 2: Draft Strategic Plan Source Data

- Positive findings include:
  - o The document as laid out is well. (Please see the specific recommendations for repackaging the goals, objectives, outcomes, etc.)

Document 3: Public Library Business Plan (Example structure)

- Positive findings include:
  - o The cover page, the mission, values and service pledge
  - o The amount of detail in the business plan
  - o The budget summary information, personnel data and demographics are good. This information is akin to the environmental scanning information that was used to inform the plan development
- Opportunities include:
  - o In the document layout, be very clear on what the long-term goals are for the department and then what the one-year priorities and/or actions are for the department
  - o The level of information in the plan is very detailed and that may be too much for public consumption so that the Town of Chapel Hill will need to determine what is the most pressing information to share. Some organizations have created a detailed document and others have created a public "slimmed down" version of the strategic plan
  - o Reorganize the information to show the linkage between the goals and costs/measures. Maybe consider repackaging information from long-term goals, short-term goals (1-year), objectives, actions, costs, measures, etc.
  - o The project details may be too much for the public consumption. If needed for the department information, that is okay, but if this is the same amount of detail shared with the public, it may be too much

Document 4: Affordable Housing Quarterly Report

- Positive findings include:
  - o The report layout is good from a standpoint of community indicators and specifically
- Opportunities include:
  - o A synthesis of the data and information to help others determine what is the "story" on the information and data presented
  - o There is a lot of detail in the report, which is good, but staff may want to streamline the quarterly report and focus only on the highlights i.e., through an executive summary of information. Doing so will call to the top the most important information or finding for the reader. The more detailed information can remain in the core section of the report for persons that want to consume additional information at their leisure

Document 5: Dashboards: (Goals and Objectives + Affordable Housing Quarterly Report)

- Positive findings include:
    - The dashboards are nice to share the data and information with the consumers of the information
- Opportunities include:
    - The dashboards should be maintained to show current fiscal year information

Recommendations

The following are offered as recommendations for the Town of Chapel Staff to consider:

Finding 1: The strategic goal statements may be too vague and not specific or measurable

Recommendation 1: Based on the consultants' review of the existing goal statements as well as feedback provided by the Town Council, there is opportunity for the existing goal statements to be clarified to read more like measurable goal statements. Two options are offered for staff consideration.

Option 1: Maintain the existing goal statements but provide clarity in meaning i.e., see some of the suggestions provided by the Town Council. The existing goal statements will remain as the top layer, broad and somewhat aspirational and could be considered Goal Areas of which everything else will fall under to include objectives (sub-level goals that are specific and measurable), strategies, actions (could go into a workplan), and measures. (Consultant supported recommendation)

Option 2: Re-write the existing goal statements to be specific and measurable. Should only keep as a top layer if the statements are clear. The layers to follow will be strategies, actions (could go into a workplan), and measures.

Finding 2: The Town Council lacks some clarity on strategic planning, roles and responsibilities

Recommendation 1: Based on responses to some survey questions as well as interview questions, there seems to be a lack of clarity on the role of Council. Therefore, it is recommended that staff have specific roles for Council vs. staff. One suggestion is to use the survey responses (and get consensus) on the type of engagement Council wants to have with staff. Although there were only five Councilmembers that wanted mid-level engagement, it is strongly suggested that staff gain some consensus on what all Councilmembers would want for engagement. Doing so will help set the tone for the existing Council and future Council's. One Councilmember suggested that the Town Manager should be very direct with the Council and state, for example, "The Council's role is x and the staff's role is y, you set the vision, mission and goals and let staff figure out the how."

Recommendation 2: Staff should determine the role of the "public" in the strategic planning process. One recommendation is to include the community voice via surveys (lower level of community engagement) and focus groups (higher level of community engagement) to obtain such data. The information will be gathered during an environmental scanning exercise to be performed prior to revising or redefining the Town's strategic goals. The information may also inform the Council on what its strategic goals and priorities should be for the next three to five years. Additionally, there is a recommendation that the data – once received by the public – is segmented by demographic group to allow for greater understanding of individual and group needs. Once the data is analyzed in such format, it should be shared with the Council to enhance understanding of the various community need.

Recommendation 3: A specific definition (perhaps new initiatives or problems you are trying to solve) of strategic planning should be created and shared with the Council. One approach is to leverage the basic strategic planning model (goals, objectives, strategies, measures). The annual execution of the high-level strategic plan can be brought down into annual actions and projects on workplans (Town Manager and Departments). Another approach is to strategically tie the budget to strategic planning and coin the

term "strategic business planning" (goals, objectives, strategies, costs (for a defined time period and what it will take to achieve the goals), and measures). Like the statement above, the information can be included on annual workplans. The latter is more robust and can be more complex but is doable.

Finding 3: There does not seem to be a robust environmental scanning methodology that includes information and data from the external/internal environment. Some Councilmembers mentioned they are not clear on the current state of the environment (internal/external) and would like information they can "dive deep" into prior to setting or redefining strategic goals.

Recommendation 1: Leverage best practices for environmental scanning, synthesize the information gathered and share at a high-level (synthesis format) and/or deep-level with the Council. Note, this exercise should occur prior to setting or refining strategic goals and is important for the Council to understand the current state in the community. The Council wants more time to dive into the information before deciding the direction of the Town. Given the appreciation many of the Councilmembers have for the work staff performs, in addition to "informing" Council on the front end of strategic planning work, it is recommended to continue leveraging dashboards, quarterly reports, etc. to keep the information in front of the Councilmembers. This way, when it is time to determine the strategic goals/priorities for the Council, the information will be readily available for them.

Finding 4: There are too many goal statements

Recommendation 1: After consultant review and feedback from Councilmembers, there is opportunity to shrink the number of goals to no more than five (consultant recommendation). Some Councilmembers mentioned they are confused with the "collaborative and cohesiveness" goal statement. The consultant recommends that this one is removed and is absorbed into the other goal statements as perhaps a sub-level goal. Doing so keeps the collaborative and cohesive nature of work aligned with the specific strategic goals. Additionally, the Safe Community goal statement could be eliminated as it was not: 1. Selected as a top priority by Council 2. If the community is already safe, what is the problem you are trying to solve. Therefore, maybe it rolls off until it needs to be revisited later perhaps in a future planning cycle.

Finding 5: There were positive perceptions of the process used to set the Affordable Housing goal, however there were opportunities or considerations identified by a few Councilmembers

Recommendation 1: Consider the process used for the affordable housing goal, but specifically take into consideration the Town Council's perceptions on the process used as it may not work for all goals. One Councilmember mentioned that while the process used for the Affordable Housing goal was good, there was not really any thought or consideration into how everything will be paid for in the end. They mentioned it seemed as if everyone decided what the Town was going to do but didn't have the funding solidified yet (e.g., bond referendum). Moreover, they mentioned "how do we know we have the right # of housing units to achieve. Did we get information from the public and do we know what the demand is?" Another Councilmember mentioned that focusing on affordable housing is important but that there is an interrelationship amongst all goals (the staff and Council should take a holistic view of all goals and see the relationship amongst the goals), and so staff should identify the theme that the Council should focus on over the next several years.

Finding 6: The strategic planning framework is sufficient although it can be refined and clarified with a defined time period for which to achieve the "goals."

Recommendation 1: After review of the documents provided, the current strategic planning framework includes goals, objectives and actions. The consultant recommends that the actions (tend to be tactical and can be somewhat confusing in strategic planning language) become specific strategies (tend to specify the how something will be achieved but at a broader level) to be used to achieve the objectives, and the actions become the tactical work that is performed (in detail) via annual workplans. This way, the specific details to achieve objectives are kept at a high-level (i.e., strategies) in the larger Town strategic plan but managed at a lower-level (i.e., actions in workplans) in the departments' strategic business plans. Given the 100 proposed actions currently identify in the Town strategic plan, this may be too much to share with the Council, while the strategies can be one to one (if preferred) and based on current assessment i.e., no more than 21 strategies. The goal should be that the Town strategic plan contains your highest level of focus while the details are outlined in annual workplans, etc. With regards to the measures, if possible, staff should tie the outcome measures to each strategy or specific objective. Doing so will help the Councilmembers know exactly what the focus is and how it will be measured. Giving clarity in this area is key.

Recommendation 2: When reviewing the draft strategic plan, the desired outcomes seem to be strategies to support the strategic objective. A few things to consider are 1. Clarify the outcome statements (if staff want to continue with this structure) and make them actionable and measurable, or 2. Eliminate the desired outcomes and determine what strategies should be put in place along with pushing the "desired outcomes" down to the annual action plan level. The Town staff can still report out on the "desired outcomes" but in a different format.

All in all, the strategic objectives need to also be measurable and specific. Some are clearer than others like "develop a public transit model…" but others are not clear like "foster local and regional transit options." What does this really mean and how can you impact or influence "it." More importantly, when specifying any goal/objective/strategic objective statement, given the legal implications on ensuring there is alignment with what the Town says it wants with what the developers respond to, it becomes even more important to be clear in any statement aligned to the strategic plan(s).

Finding 7: The department strategic business plans (Library example) are loaded with information that may make it difficult to assess what should be accomplished and by when

Recommendation 1: Streamline the department strategic business plans to highlight the top most important layer of information the reader needs i.e., goals, objectives, strategies, annual actions, measures and costs. The specific details should be moved to an annual workplan (not the department strategic business plan) that will breakdown the strategic business plans into one year increments of work via the annual workplans. For example, if the Library had a 3-year strategic business plan with the top most layer of information, the annual workplans would then have the details. Consultant: We may need to discuss in person.

Appendix A: Individual Responses

Questions 3, 4, 5, 6, 12, and 13. Other details are included in the body of the report. Note, none of the raw responses were edited for grammar or modified for clarity.

3. What do you need from a strategic plan?

Open-Ended Response

- Set the vision and goals and articulate the steps - and metrics - to achieving them.
- I need the goals not to be so vague that they can encompass everything. For example: "To enrich the lives of those who live, work, and visit Chapel Hill by building community and creating a place for everyone." Any developer with any project can point to "a place for everyone" as proof that they are meeting our strategic goals. I need the goals to have clear deliverables that help us achieve the goals. For example, "To strategically manage the Town's infrastructure and natural environment by promoting resiliency and sustainability." is both vague & virtually impossible to measure. I would much prefer to see it written in a way with more accountability like "aggressively pursue climate action plan goals in order to improve our x by x% by 2022"
- a path forward. a blue print for what we want to achieve and how we are going to get there - and how long it might take us to get there
- Specifics, so we can see whether we are following the plan and moving in the direction we intend to
- I need a strategic plan to offer clear guidance and direction in a rapidly changing environment as it pertains to the natural, physical environment, technological environment and business environment.   I would also like for a strategic plan to express, to the greatest extent possible, the roles and expectations of the Mayor & Council, the staff and the public.   I need a strategic plan to provide a framework for effectively engaging and including underrepresented communities (in regards to race, gender, age, sexual orientation, disability, class) as the Town pursues each of its goals, actions and steps. A framework for assessing the impacts on such communities should also be a part of this framework.
- A fact-based assessment of the situation leading to a clear definition of problems/issues to be addressed and opportunities to be pursued leading to clear goals, measurable objectives and specific actions to achieve the goals/objectives
- A coherent vision of who we are, our values, strengths and weakness. What are the challenges we are facing as a town? What are the resources to help us achieve out goals? And how to set priorities? What are the major changes in the foreseeable future in technology, climate, and demographics ? How are they going to affect our town and how to prepare and position ourselves for these future changes?
- The goals listed above seem more like mission goals or values. A strategic plan would be a list of short term, mid term, and long term actions and measures that would help the town "live" it's mission. The mission is what we want. The strategic plan is how what we want looks and is operationalized.
- I need something that communicates where we want to go and then gives a roadmap of how we plan to get there. Something that includes the how, when and who of our plan, a way to have

accountability and a way to know if we are reaching our goals (and if not, what needs to be modified or changed in order to get back on track).

4. What has worked well with the strategic planning and goal setting efforts conducted by staff?

Open-Ended Response

- I don't have a sense of what has been done by staff. It hasn't been visible to me over the last year. As new Council members, we were presented a draft plan at last year's retreat but we did not have much input into it.
- affordable housing chart/report is the best we have so far. clear goals, clear measurable deliverables, easy to decipher
- Affordable Housing strategic plan, the Connected Communities Plan are good examples of progress that people can understand and refer to. It sets goals and expectations
- Getting all council members to participate
- Getting ideas and goals out on the table has worked well. Council colleagues and I have had no issue expressing our desires and putting them out there as it pertains to strategic planning and goal setting. Staff does a good job of collecting this information and showing this back to us. Staff has also done a good job of following up on some of the strategic goals we've created around affordable housing and transportation via dashboards that track progress on these goals.
- Iterative process. Council concerns responded to.
- Large community involvement and input
- Information gathering and action plans
- The aspirational, communications-oriented language

5. What could be done more effectively in the past and future with the strategic planning and goal setting efforts conducted by staff?

Open-Ended Response

- We need to spend more time on it and dig deeper.
- build in measures and better accountability
- We need a better agreed upon list of priorities and values - the ones we have are vague. The visuals are great and when on the website we can point the public to those places and let them see where we are and where we are going.
- Give us things to think about and respond to ahead of our group discussion, so we come into the meeting prepared with ideas and questions. For instance, recently we were asked to stick game pieces on maps. The resulting maps didn't reflect our best thinking as it was more spur-of-the-moment and favored those with a vision of aggressive development.
- More clearly articulating what a strategic plan is and ensuring everyone is operating with the same understanding can be done more effectively.   More clearly illustrating where each piece of Council feedback on strategic planning and goals go or are funneled to could be done.   We could better articulate what the roles of the different actors are in this process (e.g., staff, Council, consultant) and how it compares, to say, the budgeting process, could be done.
- A more data-driven, fact based approach rather than relying on Council members' perceptions.
- The council should take the public responses as valuable INPUT, a form of raw data, and to formulate its coherent theme and vision. The town staff could help the council to understand how different components of the town system work, present balanced information to show the pros and cons of each initiatives, connections/tradeoffs between different goals, and a cost-effectiveness analysis of different approaches to achieve them.
- Let council create plan and staff operationalize.
- There need to be more tangible goals where we can measure progress; stated outcomes that we are aiming for. We need to get out of the aspirational and down to the planning and implementation level, where we say who, how, how much, and when. We need the staff to embrace accountability for outcomes.

6a. In FY2018, the Town Council worked with staff to build a strategic goal, work plan and metrics for affordable housing. Staff communicated that the process was effective in identifying the priorities and goals of the Town Council. Please take a moment to share your thoughts on the approach. The model used to engage the Town Council is believed to be something that can be replicated and used to engage you for the other strategic plan goals. What are your thoughts on that process used for the Affordable Housing strategic goal?

Open-Ended Response

- Again, I came in when this was already in place but I do like it and is effective in tracking strategies, priorities and progress.
- yes, I think it is working great and would love to replicate it with other areas
- It was very good. We brought the concept back from our Boulder, Co trip. The visuals and 1 page (I know it is more) is very helpful. Staff listened to Council input and added the information Council requested while not making it too busy. We get quarterly updates in the same format and that is very helpful. There are visible metrics that we can see if we are meeting our goals - that is very informative to reality!
- I don't see evidence that staff paid attention to council's ideas. Affordable housing was not defined. Staff came up with seemingly arbitrary numbers of units with no thought to how to pay for them or who would live there or whether that area would be convenient to grocery stores, buses, workplace.
- The process used for the Affordable Housing strategic goal was good. Over the course of time, staff has come back to Council with a prototype dashboard feature for tracking progress and with quarterly reports illustrating how it is used. I feel like staff has done a good job of being responsive to points and questions that Council has raised based off of these reports generated and the different iterations of the dashboard tool. I think the process can be used for other strategic goals, but not all of our other strategic goals.   It appears to be somewhat more difficult to use the same process for goals such as: "Collaborative & Innovative Organization." Whereas, the process could be used for goals such as "Economic & Financial Sustainability" and "Vibrant and Inclusive Community."
- There was clear consensus on the need for affordable housing in CH and the need for the Council/Town to address it. The metrics of what is to be achieved were good. However, there was not, in my opinion, a good assessment of the needs by income level nor a good road map for melding the efforts of the Town and our non-profit partners. It relies too much on reacting to what partners want to do rather than what the Town wants/needs to be done.
- "What gets measured gets done, and what gets done gets improved". I am all for using KPI's to set our goals and tracking our performances. I also believe the data need to be comprehensive capturing different aspects of an issue and showing data with location information as well as a trajectory. Here is an example of a comprehensive response on Kansas City downtown issue. https://dashboards.mysidewalk.com/state-of-the-downtown-kcmo/dashboardpage-1536332968941-9209508365-532225
- I think the staff was responsive to the desires of council to create a visual tool to share information about affordable housing strategic plan. I think there still needs to be a parallel document with additional detail that the summarized tool can be connected to / refer to.

- I thought it was a bit challenging to get to a place that felt measurable and effective, but I think we got part of the way there. I still think the AH strategic plan lacks some necessary components, but even getting the dashboard with a baseline of where we started and where we currently are is a start. Getting baseline information took a very long time, and it's hard to figure out the rest without having our arms wrapped around the scope.

6b. Is this a process that could be replicated when identifying and setting strategic goals for the Town of Chapel Hill? Why or why not?

Open-Ended Response

- I see this as the workplan level. We need to update and be clear on high level goals and priorities (Council level) and then each dept should have a plan similar to the Housing Dept plan.
- yes. especially for climate goals & transportation/connectivity which are very measurable
- Yes for most of what we do. It helps us decide if we are making effective use of our resources or if the goals are not realistic given our staffing and funding.
- No. Council members spout platitudes that sound good; staff come up with goals they think they can achieve. No one is looking at who is living in town, who needs to live in town, what challenges they face, how can we help overcome those challenges, are we making policy to match what we say our goals are. No way to measure our progress.
- Again, the process could be replicated for identifying and setting strategic goals in some instances and not in others. For goals, where metrics may be hard to capture or assess progress, this process may not be as appropriate for these kind of goals.
- It can, but I believe that we need more data-driven situation analyses up front.
- As I said above, I would like to see the continuation of this effort but would like to see us focus on a few key issues and present comprehensive data to understand the social, economic and environmental aspects of performances.
- I think it can be replicated. I think it is important to identify the benefits and limitations of whatever is created.
- I haven't seen one yet that I'd want to replicate exactly.

12. What additional commentary do you have on why you selected the level of engagement you did?

Open-Ended Response

- I would like to see the Council "stay in its lane" more than I think it currently does. We need to respect the role of the Manager and not micromanage or go beyond providing policy direction.
- I think staff has the expertise necessary for setting objectives that help us achieve our goals. Higher engagement on the part of the Council feels like too many cooks in the kitchen.
- This newer Council has not really wrestled with setting the priorities and goals. We adopted the old ones but now are in a place to have good discussions on what we would like to see. Want to give this Council a chance to set priorities and sub-goals to see what they would like to do.
- The vast majority of staff do not live in town, so they don't have skin in the game when it comes to creating a livable town.
- Unlike Council, town staff is entrusted with the day-to-day operations. Council sets a vision and broad goals. Staff is better equipped to handle the steps of getting Council toward its stated goals because of the day-to-day nature of their work. As staff does this work, I think it is appropriate and needed to keep Council periodically update and to solicit feedback on its work.
- I believe the Council should be setting the mission and vision and have the staff who have professional knowledge to bring back the goals, objectives, and action plans with frequent feedback from the council to see if the development is on track.
- I think staff is in the best position to bring back sub-goals, but council should have ultimate approval/ability to tweak or ask for something different if necessary. Staff will probably know best what they see on the ground, so they should generate most of that work.

13. What additional information can you provide that would assist the consultant and the Town leadership in enhancing strategic planning efforts with the Town Council?

Open-Ended Response

- Be bold!
- this survey is great - let's do more! I like having the opportunity to sit with information, consider it, and reply to it in my own time (with a deadline of course), and for my colleagues to also reflect and weigh in. Most meetings could/should be an email. Any time staff/consultants can use a mechanism like this to get feedback from Council, I would strongly support.
- We need to be thinking long term. There are things that need to be set into place now for the future to be successful. We have opportunities but we also have choices that affect what our community will be and look like in the future. The pressure of growth has forced us to be a reactive government instead of a vision setting government. We have limited land space and what do we want the priorities to be on those spaces as we grow and redevelop - we have to make choices that set us on a path towards economic sustainability, environmental sustainability and affordable sustainability.
- It would be interesting to find out why staff live where they live. Housing staff conducted a focus group with town employees on where they would like to live and what type of housing. But I don't see that the information has been applied to any ideas for housing proposals.
- I think strategic planning has been particularly challenging given the huge turnover on Council in the past three years or so. Given the lack of institutional memory, there is a need for more in depth research and analysis and subsequent discussion by the Council.
- I have background in developing medical outcome studies, survey design and advanced data analysis and modeling. Will be glad to help in any way I can
- We really need an expert to guide the entire process, not town staff. The staff knows their area, but they should not be expected to facilitate and guide strategic planning.

TOWN OF CHAPEL HILL
FY19-20
STRATEGIC WORK PLANS

Strategic Work Plans include projects listed in Departmental Business Plans, petitions received and future projects.

REVIEWED BY CHAPEL HILL TOWN COUNCIL, JANUARY 26, 2019

CONNECTED COMMUNITY WORK PLAN			Status
1.1	Town-wide Traffic Analysis	Synthesis and analysis of traffic data to build comprehensive and holistic decision making models and an action plan for reducing traffic congestion. Includes Traffic Signal Study, DOT Data analysis, and TIA analysis.	🟢
1.2	Transit Financial Sustainability	Continue to identify short and long range transit needs. Includes updating capital funding plan, finalizing short range transit plan and finalizing a Memorandum of Understanding with funding partners.	🟢
1.3	Regional Transportation Planning	Represent Town Council interests in regional transit initiatives such as the Orange Durham Light Rail Transit project and plans for NC 54 and 15-501.	🟢
1.4	Downtown Parking	Incorporate needs of business community and future economic goals of downtown in parking infrastructure investments. Includes smart city parking, ambassadors, and Wallace deck repairs.	🟢
1.5	Multi-modal Infrastructure (See also major capital projects below)	Investment in bike, greenways, and sidewalk projects to increase multi-modal transportation. Continue sidewalk plan including Homestead Road. Also includes policy considerations of topics like scooters and electric vehicles.	🟢
1.6	a) Estes Drive Bike/Ped	Design and construct bicycle and pedestrian facilities along Estes Drive from MLK Blvd. to Caswell Road.	🟢
1.7	b) Elliot Road Extension	Elliott Road from the east side of Fordham Blvd. to Ephesus Church Road. The new intersection of Elliott Road and Ephesus Church Road will include a roundabout.	🟢
1.8	c) North-South BRT Funding and Construction	Continue to design, fund and build the North-South Bus Rapid Transit infrastructure.	🟢
1.9	d) Franklin Street Road Diet	Repurpose the right-of-way on Franklin Street to accommodate more parking and multi-modal use.	🟡

Sources

- 2018 Council Retreat
- Special Planning Initiatives
- Departmental Business Plans
- Petition List
- FY19 Adopted Budget
- Community Survey

Status Key

- 🟢 : Current Project in a Departmental Business Plan
- 🟠 : Petition Received by Staff
- 🟡 : Future Project; not currently in Departmental Business Plan

ECONOMIC & FINANCIAL SUSTAINABILITY WORK PLAN			Status
2.1	Downtown Market Drivers	Continued research and investment in projects that drive traffic and engagement in downtown. This includes performance and recreation space, landmarks, and family-friendly facilities. This also includes coordinating with UNC and others who are also investing in downtown.	🟢
2.2	Downtown Infrastructure Investment	Construct improvements to Post Office and Varsity Alleyways, coordinate a plan for improving North Alley and work with community to improve streetscape on Graham and North Roberson Street.	🟢
2.3	Downtown Cleanliness and Beautification	Work with Downtown Partnership to explore options for increasing downtown cleanliness and beautification.	🟢
2.4	Downtown Parking	Analyze the relationship of parking to the needs of business community and future economic goals of downtown. Consider how to increase parking inventory.	🟢
2.5	UNC Town Gown Economic Development Partnerships	Managing partnerships and leveraging investments that focus on economic development for the community. This includes entrepreneurship, research and development opportunities, and parking.	🟢
2.6	Recruitment and Marketing	Promote Chapel Hill to attract companies and to attract post-doc type residents for employees.	🟢
2.7	Budget Analysis	Continue to provide analysis of Town revenues and expenditures for Council consideration. Includes cost/benefit analysis of commercial development.	🟢
2.8	Facility Maintenance Plan	Address deferred maintenance projects using FY19 building maintenance funding. Provide Council comprehensive list of maintenance needs.	🟢
2.9	Community Technology Solutions	Operationalize Spotlight City projects to gather and process information and improve internet access for residents and businesses.	🟢

Sources

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SAFE COMMUNITY WORK PLAN			Status
3.1	Municipal Service Center Design	Continue to design a building for multiple Town departments that are currently housed in outdated facilities. Includes Community Safety, Fire administration and Parks and Recreation administration.	🟢
3.2	Fire Department Facilities Plan	Continue to evaluation facilities to prioritize infrastructure improvements and replacing or renovating existing facilities.	🟢
3.3	Permitting and Inspections Process Improvements	Increase training and certification of Inspectors. Streamline and simplify the permitting process to improve the experience for customers and industry stakeholders.	🟢
3.4	Data-driven safety initiatives	Using data and historical evidence related to injury crashes to inform and improve traffic enforcement.	🟢
3.5	Emergency Management Program	Coordinate emergency responses internally and externally. Conduct risk reduction analysis. Examine options that would keep businesses open during weather events.	🟢
3.6	Road to Zero Plan	Develop a Pedestrian Safety Action Plan.	🟢

Sources

- 2018 Council Retreat
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AFFORDABLE HOUSING WORK PLAN			Status
4.1	Bond project prioritization and funding	Develop and implement an allocation strategy for use of Bond funds. Return to Council with proposed timeline, application process, and allocation strategy.	🟢
4.2	Performance Measurement and Reporting System	Continue to generate affordable housing quarterly and annual reports report on progress of meeting annual and 5-year goals and update the Affordable Housing Dashboard tool. Continue to refine performance management targets.	🟢
4.3	Increase Partnerships	Identify new partners to create a variety of housing options; continue to strengthen partnerships with affordable housing providers, Carrboro, Hillsborough, and Orange County through the Orange County Local Government Affordable Housing Collaborative.	🟢
4.4	Development of affordable housing on Town-owned properties	Continue to implement plans for 2200 Homestead Road; complete evaluation of 3 Town-owned properties that could be suitable for affordable housing development. Consider new WASAMBA boundary to increase density on Town owned land.	🟢
4.5	Manage Funding Resources	Continue to manage the Affordable Housing Fund, Affordable Housing Development Reserve, and the Community Development Block Grant Program; Public Housing Capital Fund.	🟢
4.6	Public Housing Master Plan	Refine and implement the Master Plan for development and redevelopment of public housing communities.	🟢
4.7	RAD Conversion	Provide Council information about RAD conversion for Trinity Court and Craig Gomains public housing communities. Include communication and engagement strategies.	🟢
4.8	Mobile Home Strategy	Engage partners to develop a proactive mobile home displacement strategy.	🟢
4.9	Payment-in-lieu Calculation	Clarify expectations for affordable housing rental and homeowner payment-in-lieu formulas.	🟢
4.10	Affordable housing preservation	Develop a strategy to preserve Naturally Occurring Affordable Housing (NOAH); Implementation of Manufactured Home Communities Strategy; support acquisition and rehabilitation of properties for affordable housing preservation.	🟢
4.11	Remove barriers to affordable housing	Implement pilot Employee Housing Incentive Program; implement Rental and Utility Assistance program; participate in the LUMO Rewrite process.	🟢

Sources

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VIBRANT & INCLUSIVE COMMUNITY WORK PLAN			Status
5.1	Downtown Work Plan	Planning, infrastructure, and safety projects like the alleyway and streetscape projects, removing regulatory barriers for businesses, property task forces, seasonal cleaning, public bathroom facilities, and Tanyard Branch Trail.	🟢
5.2	Festivals and Events	Build shared understanding of cost and scope for Town events and facilitate event activity from external partners. Maintain safe environment and create a flexible approval structure that incentivizes events.	🟢
5.3	Community Connections	Increase and leverage partnerships in the Town to build integrated solutions to community issues. Includes People's Academy, Building Integrated Communities, student and youth initiatives, immigrant and refugee populations, and faith community initiatives. Build an intentional public engagement strategy.	🟢
5.4	Youth Facilities and Initiatives	Review and change programs and facilities currently provided to teens by the Town.	
5.5	Community History and Enrichment	Includes Community History Initiative, Centennial Celebration and Explore More at Pritchard Park. Includes adding community meeting spaces.	🟢
5.6	Community Arts and Culture	Focus on public art in the built community, non-traditional venues for experiencing art, and building external partnerships. Collaborate with University to provide gathering spaces.	🟢
5.7	Urban Design Focus	Increase focus on design and placemaking by inserting considerations of urban design in the beginning stages of the Town's development review process and other capital investment projects.	🟢
5.8	Charting our Future	Refine the Future Land Use Map (FLUM) and conduct a rewrite of the Land Use Management Ordinance (LUMO).	🟢
5.9	Rogers Road Community First Plan	Multi-jurisdictional effort to identify desired development and provide additional public facilities and services, including sewer service to help shape growth in the Rogers Road area.	🟢
5.10	Station Area Planning	Multi-jurisdictional effort to plan for appropriate development in the future station areas along the proposed Orange Durham Light Rail project.	🟢
5.11	Blue Hill Code Refinements	Includes refining the massing standards and conducting a parking study. Also includes an affordable housing plan for the south side of Elliot Road.	🟢
5.12	Eastowne Master Planning	Partner with UNC Healthcare to develop a Master Plan for the Eastowne office park.	🟢

Sources

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ENVIRONMENTAL STEWARDSHIP WORK PLAN			Status
6.1	Coal Ash Remediation	Continue to gather data, study and evaluate options for coal ash remediation and future use of the property at 828 Martin Luther King Jr. Blvd.	🟢
6.2	Triangle Regional Resilience Assessment	Multi-jurisdictional effort to help the community better manage and mitigate the impacts of natural forces such as climate change and natural and human-induced hazards.	🟢
6.3	Elliot Road Flood Storage	The top priority project in the Lower Booker Creek Subwatershed Study.	🟢
6.4	Eastwood Lake Subwatershed Study	Develop a subwatershed study for Eastwood Lake, the next study in the Booker Creek Watershed Planning projects.	🟢
6.5	Education	Outreach and education about how to decrease carbon footprint.	🟢
6.6	Solar Infrastructure	Reduce barriers and focus on programming and funding to increase solar infrastructure.	🟢
6.7	Tree Protection	Consider how to provide greater protection to trees and prevent clear-cutting of lots. Explore how to engage community in education and solutions.	🟠
6.8	Climate Action Plan	Develop a comprehensive roadmap that outlines the specific activities that the Town will take to reduce greenhouse gas emissions. Coordinate and connect existing groups currently working on this effort.	🟡
6.9	Stormwater Capital Projects	Develop a funding plan to address needed stormwater infrastructure.	

Sources

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COLLABORATIVE & INNOVATIVE ORGANIZATION WORK PLAN			Status
7.1	Employee Communication	Respond to the Employee Engagement survey findings that employees are not satisfied with communication levels.	🟢
7.2	Wellness	Continue to build a wellness program that leads to better health outcomes for employees. Evaluate effectiveness and value.	🟢
7.3	Equity and Inclusion Program	Continue to build on equity and inclusion efforts. Conduct an Equity and Inclusion Assessment to understand the organization's status and develop an action plan to address the findings of the assessment. Incorporate the use of a racial equity toolkit to evaluate Town programs and services.	🟢
7.4	Performance Management	Continue to build out a strategic plan with the Town Council and provide robust data and reporting to support Council decision-making.	🟢
7.5	Cyber Security	Includes expanded data encryption, password standards, and disaster recovery.	🟢
7.6	Facilitation Training	Create a cohort of trained facilitators that would increase the effectiveness of internal and external meetings.	🟢
7.7	Capital Project Management Training	Increase capacity to execute capital projects by developing current and future project managers to carry out capital projects.	🟢
7.8	Program Effectiveness	Evaluate program efficiency and effectiveness. Includes benchmarking and process improvements.	🟢
7.9	Compensation Study	Conduct a compensation study to evaluate Town's compensation program.	🟡
7.10	Innovation and Learning	Provide opportunities for learning together as a team and organization about new ideas and perspectives on local government issues.	🟢

Sources

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TOWN OF CHAPEL HILL

Item Overview

Item #: 2., **File #:** [19-0198], **Version:** 1   **Meeting Date:** 3/4/2019

Council Work Session on the FY 2019-20 Budget Development.

Staff: **Department:**
Maurice Jones, Town Manager   Town Manager's Office
Amy Oland, Director   Business Management

Overview: The purpose of this council work session is to provide the opportunity for Council to receive information on the status of the FY 2019-20 budget development, to discuss the establishment of a framework for future budgets and to receive and discuss draft financial policies.

Key Issues:

Budget Foundation
- The Town's budget is an extension of the Town's mission and the Council's strategic goals.
- The foundation of the budget is to support Council's strategic priorities, support our most valuable resources, protect fund balance to promote resiliency and to make smart investments in maintenance.

General Fund Revenues
- The total General Fund revenues for FY 2019-20 as of March 4, 2019 is $67,804,476.

Property Taxes
- Property tax is a local government's main source of revenue. Property taxes made up 48% of the Town's total revenue sources for FY 2018-19. We have looked at 18 other municipalities (11 other NC AAA rated municipalities and 7 neighboring municipalities for comparison purposes). When looking at this chart, the Town is on the low side as a total percentage of revenues. What this means is that the Town relies less on property taxes and more on other sources of revenues.
- Two factors affect the tax growth that the Town experiences. The first is the total assessed valuation growth. When looking at our comparison entities, the Town has experienced average assessed valuation growth. The second is the property tax rate growth. The Town decreased the tax rate in FY 2010 after the revaluation from 58.1 cents to 49.4 cents and we are currently at 52.8 cents. When looking at our comparison entities, the Town is lagging behind in property tax rate increases.
- When the assessed valuation growth is combined with the tax rate growth, we get the growth in the property tax levy (revenues). What this means is that the Town has experienced less growth than our comparison entities and requires the Town to rely more heavily on other revenue sources.

Sales Taxes
- Over the last ten years, sales taxes have increased on average 5.3% per year.
- Sales tax receipts are one of the best indicators we have of local economic conditions.

State Shared Revenues

Item #: 2., **File #:** [19-0198], **Version:** 1   **Meeting Date:** 3/4/2019

- State shared revenues are collected by the State of North Carolina and are submitted to counties and municipalities.
- Revenue rates are set by the State. The Town does not have any control over the amounts that we receive.
- Utility sales tax - sales and use tax collected on electric, water and sewer usage. This is the largest revenue source in this category.
- Video programming tax - sales and use tax calculated on the gross receipts derived from cable service and direct-to-home satellite services.
- Supplemental PEG - public, environmental, governmental local access channels revenues.
- Powell Bill - street aid monies allocated to municipalities based on total street miles.
- State fire protection - revenues to local fire districts for coverage of state-owned property within the Town's jurisdiction.
- Beer and wine tax - additional tax charged on beer and wine sales within the Town's jurisdiction.
- Solid waste disposal tax - tax on the disposal of garbage from construction and demolition debris.

Charges for Services
- Departments evaluate the fees that they charge for services annually as they begin budget preparations for the year. During their evaluation, they compare the fees they charge with neighboring jurisdictions to make sure that our fees are in line with the services that we provide.
- Charges to Other Funds - the indirect cost allocation (rate of 13.55%) for the recovery of internal services (finance, human resources, technology, management) for charged to transit, parking & stormwater.
- Department fees:
  - Library - fines
  - Parks - rentals, admissions, swim lessons, programs and camps
  - Planning - plans review, zoning compliance
  - Police - school resource officers
  - Public Works - commercial trash collection, compactor fees, street cuts, right-of-way, traffic signals
  - Fire - fire districts

Licenses and Permits
- Departments evaluate the fees that they charge for services annually as they begin budget preparations for the year. During their evaluation, they compare the fees they charge with neighboring jurisdictions to make sure that our fees are in line with the services that we provide.
- Department fees:
  - Inspections - permits and reinspection permits. Experiencing strong growth over the last couple of years based on the development activity in the Town.
  - Planning - special use permits
  - Privilege (ABC) licenses - paid by every business in the Town engaged in the business of selling at retail beer and wine.
  - Vehicle licenses - licensing tax on motor vehicles in the Town ($15 for General Fund and $15 for Transit)
  - Fire - fire permits and fire inspection fees
  - Public Works - engineering permits, work zone traffic permits, traffic impact studies
  - Police - band permits, false alarm, towing

General Fund Expenditures

Item #: 2., **File #:** [19-0198], **Version:** 1   **Meeting Date:** 3/4/2019

- The total General Fund expenditures for FY 2019-20 as of March 4, 2019 is $66,676,363.

Framework for the FY 2019-20 Budget

As we look at developing a balanced budget, these are some of the baseline topic areas that need evaluation:
1. Maintain current level of core services
2. Employee Compensation:
    a. Market adjustment
    b. Living wage adjustments
    c. Medical insurance increase
    d. Retirement system increase
3. 5-Year Plan:
    a. Building Maintenance
    b. Pay Go Capital
    c. Vehicle Replacement
    d. Streets Paving

Draft Financial Policy Guidelines

Staff have drafted financial policy guidelines and goals that will influence and guide the financial management practices of the Town. Financial policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. The following policies have been drafted for review and discussion:
1. Debt Policies
2. Fund Balance Reserve Policies
3. Cash Management and Investment Policies
4. Other Post- Employment Benefit (OPEB) Pre-Funding Policies

Where is this item in its process?

Council Retreat Jan 25-26 → Budget Work Session March 4th → Manager's Recommended Budget May 1st → Budget Public Hearing - May 8th and Budget Work Sessions → Proposed Date for Council Adoption of the FY2019-20 Annual Budget June 12th
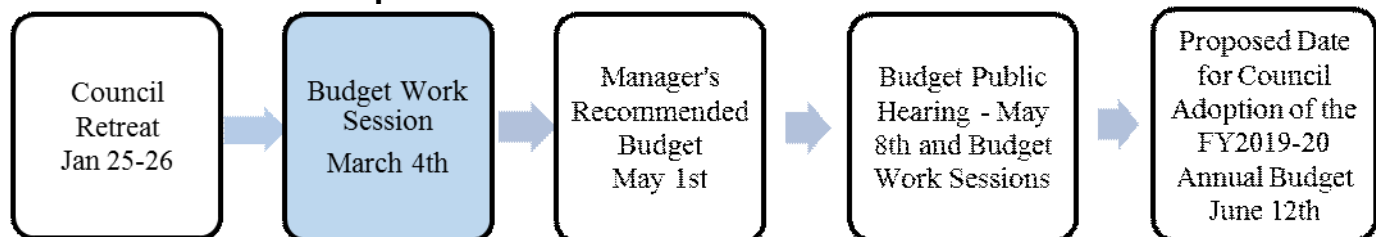
Council Goals:

☒		Create a Place for Everyone	☒		Develop Good Places, New Spaces
☒		Support Community Prosperity	☒		Nurture Our Community
☒		Facilitate Getting Around	☒		Grow Town and Gown Collaboration

Attachments:

- Draft Staff Presentation
- Draft Financial Policy Guidelines
- Council Retreat Budget Questions 2019-20 #1-17

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Maurice Jones, Town Manager and Amy Oland, Business Management Director

The purpose of this work session is to provide the opportunity for Council to receive information on the status of the FY 2019-20 budget development, to discuss the establishment of a framework for future budgets and to receive and discuss draft financial policies.

March 4th Budget Work Session

- **FY 2019-20 Budget Development**

- **Framework for Future Budgets**

- **Draft Financial Policies**

Town Mission and Council's Goals

Our Mission. *Learning, serving, and working together to build a community where people thrive.*

Council's Strategic Goals

I. Connected Community

II. Economic & Financial Sustainability

III. Safe Community

IV. Affordable Housing

V. Vibrant & Inclusive Community

VI. Environmental Stewardship

VII. Collaborative & Innovative Organization

DRAFT

Budget Foundations

Responsible, Resilient, Smart and Strategic

- Supporting Council's strategic priorities
- Supporting our most valuable resources
- Protecting fund balance to promote resiliency
- Smart investments in maintenance

DRAFT

General Fund Revenues FY2019-20

57

Other Taxes – 2.0%
$1,386,000

Grants/Other – 1.8%
$944,799

Licenses & Permits – 4.1%
$2,744,915

Fund Balance – 4.4%
$3,000,000

Charges for Service – 7.1%
$4,781,837

Property Tax - 47.4%
$32,113,800

State Shared - 11.5%
$7,791,256

Sales Tax – 21.7%
$14,741,869
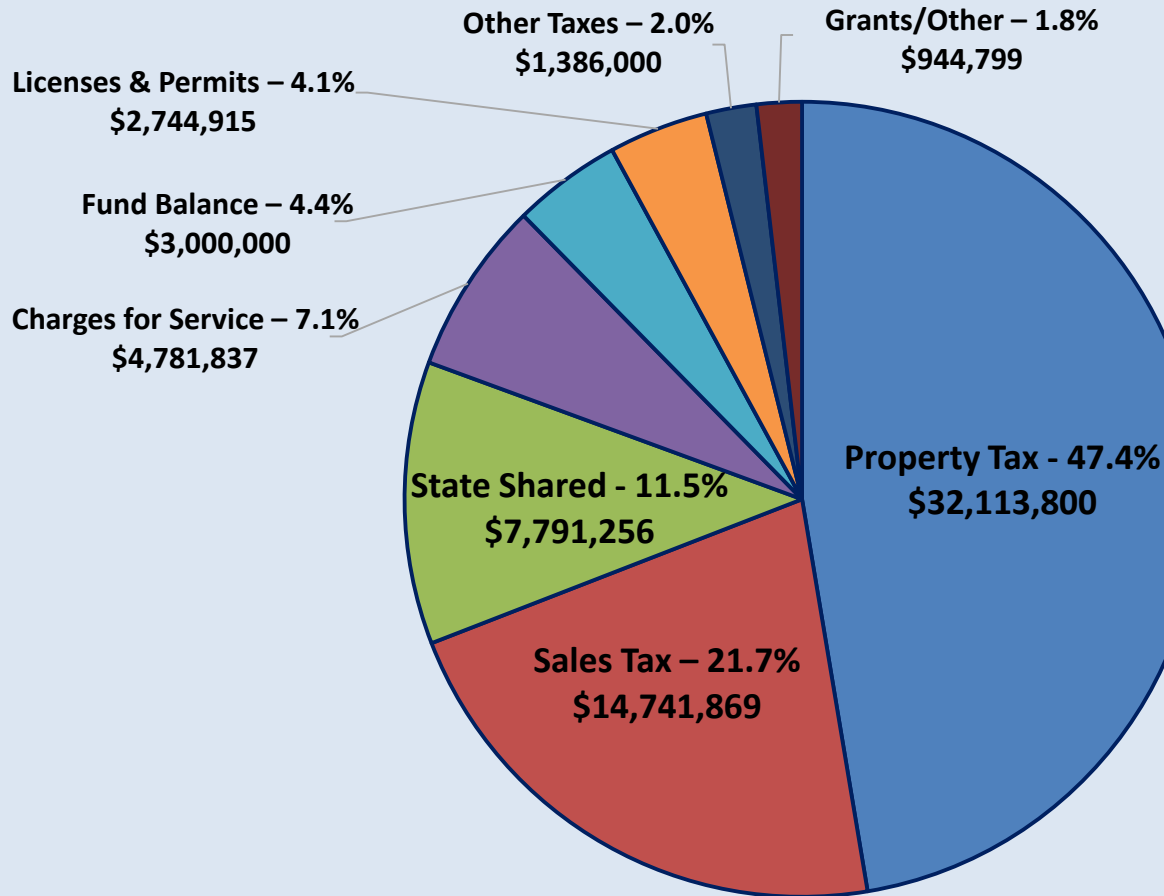
DRAFT

As of March 4, 2019

General Fund – Revenue Summary

Source	Adopted FY2018-19	Current Est. FY2019-20	Difference
Property Taxes	$ 31,771,000	$ 32,113,800	1.1%
Sales Taxes	13,853,827	14,741,869	6.4%
Other Taxes	1,357,500	1,386,000	2.1%
State Shared Revenues	7,820,590	7,791,256	-0.4%
Charges for Service	4,820,808	4,781,837	-0.8%
Licenses & Permits	2,461,890	2,744,915	11.5%
Grants	680,899	679,399	-0.2%
Other Revenues	493,600	565,400	14.5%
Approp. Fund Balance	3,096,886	3,000,000	-3.1%
Total	$ 66,357,000	$ 67,804,476	2.2%

Property Tax Rate & Valuation Growth

Property Tax and Property Valuation Growth Rate 2009-2019

- APEX: 18.07% / 41.24%
- ASHEVILLE: 20.70% / 28.50%
- CARRBORO: -9.19% / 31.10%
- CARY: 5.71% / 26.49%
- CHAPEL HILL: -10.04% / 28.51%
- DURHAM: 6.67% / 25.24%
- GREENSBORO: -0.40% / 18.52%
- HOLLY SPRINGS: 4.05% / 45.89%
- RALEIGH: 14.76% / 20.27%
- WAKE FOREST: 1.92% / 35.00%
- WILMINGTON: 33.28% / 8.50%

Legend:
- Property Tax Rate Growth
- Property Valuation Growth

Property Tax Levy (Revenue) Increase [61]

Tax Levy (Revenue) Increase FY 2009-2019

	%
Greensboro	18%
Carrboro	20%
Chapel Hill	21%
Asheville	30%
Durham	30%
Cary	31%
Raleigh	32%
Wake Forest	36%
Wilmington	39%
Holly Springs	48%
Apex	52%

Sales Tax History

10 year Average 5.3%

Fiscal Year	Growth
FY11	2.0%
FY12	9.2%
FY13	2.9%
FY14	5.0%
FY15	8.5%
FY16	5.2%
FY17	5.2%
FY18	5.2%
FY19	5.2% est.
FY20	5.0% est.

Town of Chapel Hill | 405 Martin Luther King Jr. Blvd. | www.townofchapelhill.org

Sales Tax History

10 year Average 5.3%

Fiscal Year	Value	% Change
FY11	~$9,000,000	2.0%
FY12	~$9,800,000	9.2%
FY13	~$10,000,000	2.9%
FY14	~$10,500,000	5.0%
FY15	~$11,400,000	8.5%
FY16	~$12,000,000	5.2%
FY17	~$12,600,000	5.2%
FY18	~$13,300,000	5.2%
FY19	~$14,000,000	5.2% est.
FY20	~$14,700,000	5.0% est.

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Town of Chapel Hill | 405 Martin Luther King Jr. Blvd. | www.townofchapelhill.org

State Shared Revenues

Beer & Wine Tax – 3.3%
$260,000

Solid Waste Disposal Tax – 0.04%
$38,000

State Fire Protection – 14.2%
$1,106,256

Powell Bill – 18.4%
$1,431,500

Supplemental PEG – 1.0%
$80,500

Video Programming Tax – 8.3%
$650,000

Utility Franchise Tax – 54.2%
$4,225,000

Revenue rates not set by Town

DRAFT

Charges for Services

Fire Districts – 5.7%
$272,664

Charges to Other Funds – 33.8%
$1,614,773

Public Works Fees – 18.6%
$890,200

Police Fees – 8.4%
$400,000

Planning Fees – 6.3%
$303,000

Parks Fees – 24.6%
$1,177,200

Library Fees – 2.6%
$124,000

DRAFT

Licenses & Permits

PW Permits – 7.0%
$190,915

Police Permits – 3.8%
$103,000

Fire Permits – 4.7%
$130,000

Vehicle Licenses – 16.4%
$450,000

Privilege Licenses – 0.2%
$5,000

Planning Permits – 8.9%
$243,000

Inspections Permits – 59.1%
$1,623,000

General Fund – Fund Balance +/-

Planned fund balance use for American Legion ($3.6m), OPEB Trust ($2.7m) & AHDR Fund ($1.6m)

Legend: ■ Fund Balance Appropriation* ■ +/- to Fund Balance

Y-axis: Non-Current Revenues — $6,000,000 / $4,000,000 / $2,000,000 / $0 / -$2,000,000 / -$4,000,000 / -$6,000,000 / -$8,000,000 / -$10,000,000

X-axis: FY13 FY14 FY15 FY16 FY17 FY18 FY19 (est.) FY20 (est.)
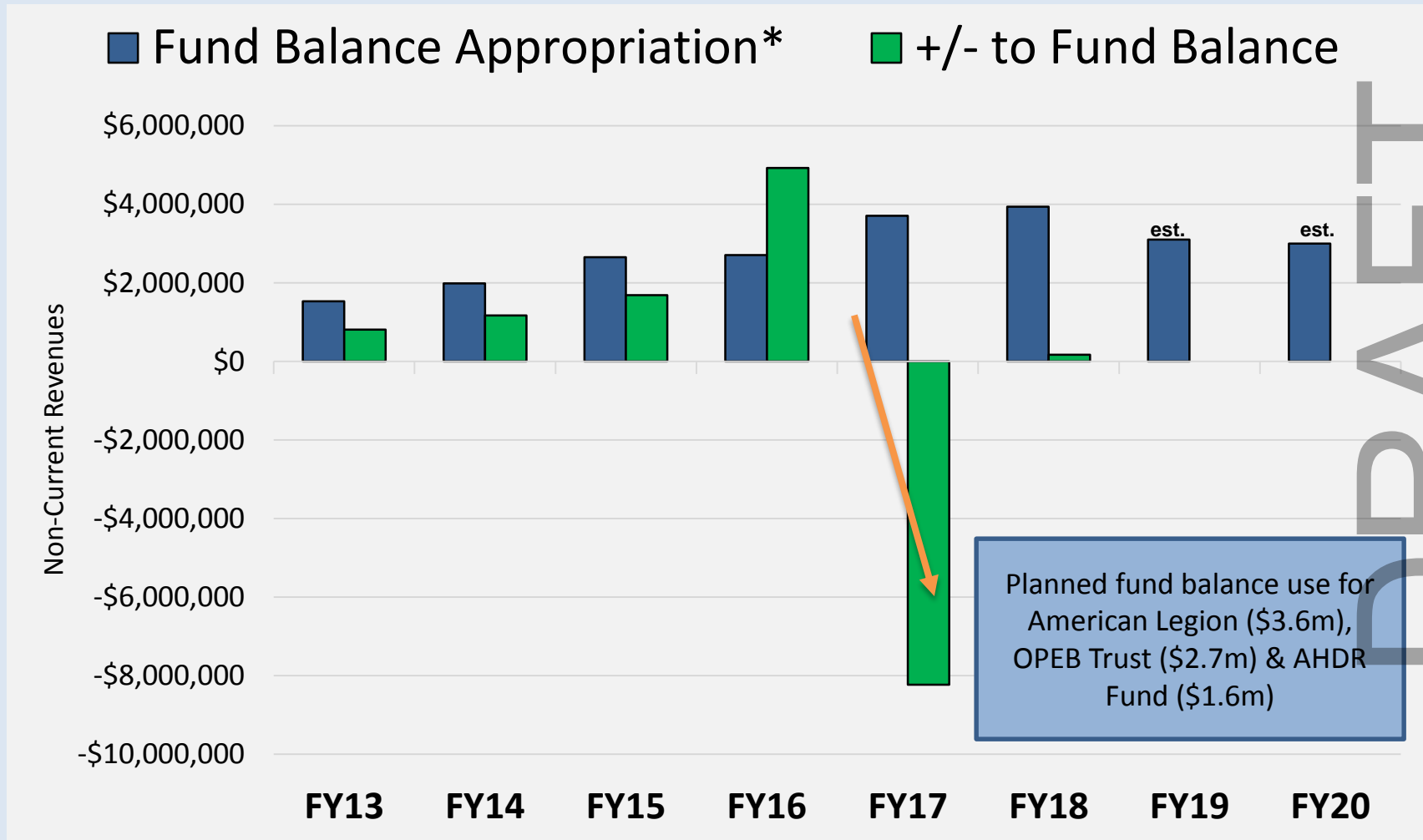
* Includes fund balance appropriation and budgeted lapsed salaries

General Fund Expenditures FY2019-20

68.

$66,676,363

Library 6%

Parks & Recreation 10%

Fire 14%

General Government 23%

Police 23%

Environment & Development 24%
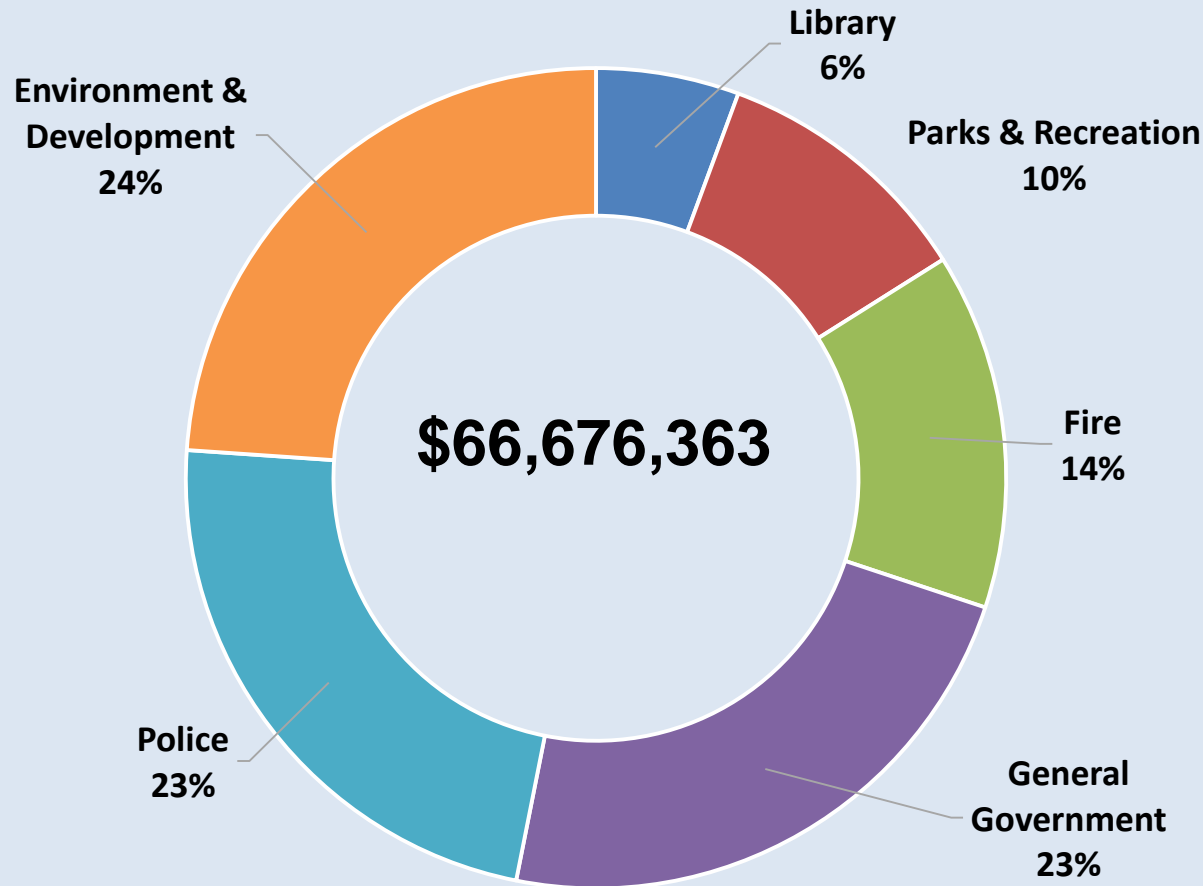
As of March 4, 2019

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Baseline Budget

Items for Discussion:

Pay raise	**each 1% = $ 335,135**
Health insurance	**each 1% = $ 50,000**
OPEB pre-funding	**$ 630,000**
Building maintenance	**$ 472,214**
Pay-go capital	**$ 237,500**
Vehicle replacement	**$ 380,592**
Non-profit capital campaigns	**$ 125,000**
Urban Design	**$ 100,000**

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Framework for the [70] FY2020 Budget

- Maintaining Core Services

- Employee Compensation

- Building Maintenance

- Pay Go Capital

- Vehicle Replacement

- Streets Paving

DRAFT

Maintaining Core Services

- **No significant changes to department budgets**
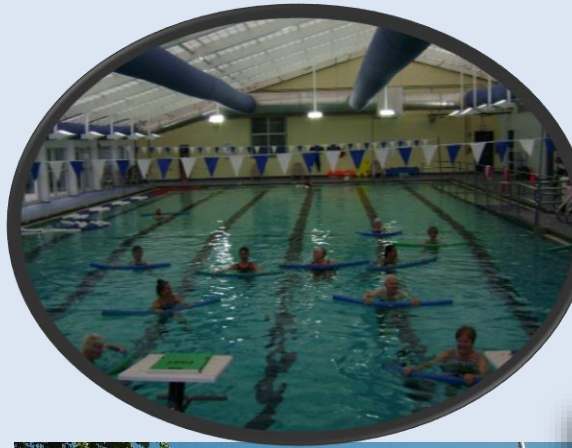
Employee Compensation

- Market Adjustment

- Living Wage Adjustments

- Medical Insurance Increase

- Retirement System Increase 1.2% ($371K)

Building Maintenance [73]

Facilities Condition Assessment Funding Needs

Pay Go Capital[74]

5-year History

	FY15	FY16	FY17	FY18	FY19
	$779,000	$778,000	$778,000	$476,500	$237,500

DRAFT

Vehicle Replacement[75]

5-year History

Fiscal Year	Amount
FY15	$1,394,964
FY16	$1,407,550
FY17	$1,087,761
FY18	$673,724
FY19	$380,592

Street Paving [76]

Chart data points:
- 2004: 93.4
- 2007: 90.6
- 2009: 88.7
- 2011: 88.6
- 2012: 84.9
- 2014: 80.1
- 2016: 76.9
- 2018: 73.5

Resident satisfaction with street maintenance decreased by **17 percent**

Projection shows that the average rating **will be "Poor" in the next 4 years** based on current funding

Very Good	100-91
Good	90-81
Fair	80-66
Poor	65-51
Very Poor	50-0

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Debt Fund (Capital Financing)

- Additional revenues are needed to fund planned major capital projects including:
  - Municipal Services Center
  - Streets & Sidewalks
  - Wallace Deck
  - Affordable Housing projects
- Consideration of a tax increase of 1.0 cent for affordable housing
- Consideration of a 0.6 cents in FY20 to cover projects for next 5 years

5-Year Plan

- 5-Year Plan to accomplish:
  - Restoration of pay-go capital and vehicle replacement programs
  - Expansion of building maintenance and street paving programs
  - Connections between strategic work plans to budget program expansions

DRAFT

Draft Finance Policies

Fiscal Policy Guidelines:

- **Debt Policy**

- **Fund Balance Reserves Policy**

- **Cash Management and Investment Policy**

- **OPEB Pre-Funding Policy**

DRAFT

Next Steps[80]

- **March 20** – Public Forum

- **May 1** – Manager's Recommended Budget

- **May 8 –** Public Hearing

- **May 15 –** Budget Work Session

- **June 5 –** Budget Work Session

- **June 12 –** Proposed Budget Adoption

DRAFT

DRAFT

Financial Policy Guidelines

For:

Town of Chapel Hill, North Carolina

Adopted: _____

FISCAL POLICY GUIDELINES

OBJECTIVES

This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practice. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

- Contributes significantly to the Town's ability to insulate itself from fiscal crisis;

- Enhances short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible;

- Promotes long-term financial stability by establishing clear and consistent guidelines;

- Direct s attention to the total financial picture of the Town rather than single issue areas;

- Promotes the view of linking long-run financial planning with day to day operations;

- Provides the Council, citizens and management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

To these ends, the following fiscal policy statements are presented.

DEBT POLICIES

General

1. The Town will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues except where approved justification is provided.

2. The Town will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year pay-as-you-go appropriations.

3. When the Town finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project. Target debt rations will be annually calculated and included in the review of financial trends.

4. Where feasible, the Town will explore the usage of special assessment, revenue, or other self-supporting bonds instead of general obligation bonds.

5. Where feasible, the Town will limit the amount of debt issued each calendar year to remain Bank Qualified eligible per Internal Revenue Service (IRS) guidelines (currently $10,000,000).

Tax Supported Debt

6. Net Debt as a percentage of total assessed value of taxable property should not exceed 1.5%. Net Debt is defined as any and all debt that is tax supported.

7. The ratio of debt service expenditures as a percent of total governmental fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 65% of better.

FUND BALANCE RESERVE POLICIES

1. Unassigned Fund Balances will mean funds that remain available for appropriation by the Council after all commitments for future expenditures, required reserves defined by State statutes, and previous designations have been calculated. The Town will define these remaining amounts as "available fund balances."

2. The Town will strive to maintain a targeted Unassigned Fund Balance, as defined by the Governmental Accounting Standards Board, at the close of each fiscal year equal to 22% of General Fund Expenditures. Unassigned Fund Balance in excess of 22% of General Fund Expenditures may be appropriated from time to time for pay-as-you-go capital and other one-time uses.

3. In the event that funds are available over and beyond the targeted amount, those funds may be transferred to the Capital Reserve Fund at the Council discretion.

4. The Town Council may, from time-to-time, utilize fund balances that will reduce Unassigned Fund Balance below the 22% target for the purposes of a declared fiscal emergency or other such purpose as to protect or enhance the long-term fiscal security of the Town. In such circumstances, the Council will adopt a plan to restore the Unassigned Fund Balance to the target level within 24 months. If restoration cannot be accomplished within such time period without severe hardship to the Town, then the Council will establish a different but appropriate time period.

CASH MANAGEMENT AND INVESTMENT POLICIES

1. It is the intent of the Town that public funds will be invested to the extent possible to reduce the need for property tax revenues. Funds will be invested with the chief objectives of safety of principal, liquidity, and yield, in that order. All deposits and investments of Town funds will be in accordance with N.C.G.S. 159.

2. The Town will use a Central Depository to maximize the availability and mobility of cash for all funds that can be legally and practically combined.

3. Cash Flows will be forecasted and investments will be made to mature when funds are projected to be needed to meet cash flow requirements.

4. Liquidity: No less than 20% of funds available for investment will be maintained in liquid investments at any point in time.

5. Maturity: All investments will mature in no more than 36 months from their purchase date.

6. Custody: All investments will be purchased "payment versus delivery" and if certificated will be held by the Finance Officer in the name of the Town. All non-certificated investment will be held in book-entry form in the name of the Town with the Town's third party Custodian (Safekeeping Agent).

7. Authorized Investments: The Town may deposit Town funds into: Any Council approved Official Depository, if such funds are secured in accordance with N.C.G.S. 159-31. The Town may invest Town funds in: the North Carolina Capital Management Trust, U.S. Treasuries, U.S. Agency Securities specifically authorized in G.S. 159 and rated no lower than "AAA", and Commercial Paper meeting the requirements of N.C.G.S. 159 plus having a national bond rating.

8. Diversification: No more than 5% of the Town's investment funds may be invested in a specific company's commercial paper and no more than 20% of the Town's investment funds may be invested in commercial paper. No more than 25% of the Town's investments may be invested in any one U.S. Agency's Securities.

9. Allocation: Investment income will be allocated to each participating fund or account based on a fair and equitable formula determined by the Finance Director.

OTHER POST-EMPLOYMENT BENEFIT PRE-FUNDING POLICIES

1. By ordinance of the Town Council, the Town administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits for all retirees of the Town who were hired before July 1, 2010, participate in the North Carolina Local Government Employees' Retirement System, and have at least five years of creditable service with the Town.

2. Retirees who qualify for coverage receive the same benefits as active employees, wherein the Town pays all or a portion of the costs of coverage for the benefits based on years of service.

3. Actuarial Valuation: The total other post-employment benefit (OPEB) liability is determined by an actuary on an annual basis. The actuary bases this calculation on several actuarial assumptions: inflation rate, salary increases, investment rate of return and healthcare cost trend rates.

4. Pay-Go Contributions: The Town is required to pay annually the projected pay-as-you-go financing requirements for the retiree healthcare benefits.

5. Pre-Funding Contributions: The Town may contribute an additional amount to prefund benefits contributed to the trust annually as determined by the Council.

6. Benefits of Pre-Funding: Multiple outside entities use the actuary information that resides in the Comprehensive Annual Financial Report to assess the creditworthiness and financial soundness of the Town. The amount of pay-go and pre-funding contributions helps reduce the total OPEB liability.

7. The Town will contribute annually to the OPEB trust to help fund the Annually Required Contribution and work towards reducing the overall OPEB liability. In the event that funds are available over the General Fund 22% targeted fund balance amount, the Council may choose to contribute a portion of this amount to the OPEB trust.

Council Budget Questions and Requests for Information
2019-20 Council Retreat (01.26.2019)
Question Index

Business Management

1. Should ½ of the Town's revenue come from property taxes? Is that a good percentage?
2. Can we have a more in-depth conversation about the political and financial consequences of a rating downgrade?
3. How much would it cost to bring firefighter's retirement compensation up to parity with police officers?
4. Is it possible to think about a "discretionary" verses "fixed" (e.g., fire, police) part of our budget?
5. What has been the trend in filled (not budgeted) FTEs over the past 3-4 years?
6. What is impact of new retail on incremental sales taxes?
7. Trajectory for different categories of expenditures. Provide more details on the 3.4% average annual expenditures. What is the driving force for the increase?

Housing

8. What is the timeline for Trinity Court?
9. Impacts on Housing Dept. Re: HUD $ & RAD conversion & shift to Section 8?
10. Who are we targeting for affordable housing?
11. Can and how would affordable housing bond factor into the Housing Fund?
12. What is the status of the stormwater projects that we are using FY18 GO Bonds for ($2 Million +)? What are the projects, not yet begun, that the other $3 million in GO bonds would pay for?

Parking

13. Is there a way to monitor how much parking revenue is coming through the parking app? Is it a successful project?

Transit

14. How much dedicated transit sales tax comes to Chapel Hill Transit? Last 3 years please.
15. I'd like to better understand how transit fits into our budget picture? For example – significant gap (capital and operating) for funding BRT. How does the County's new transit funding plan relate to our needs for BRT? Do we need to advocate for more $ in/from the transit tax to support our bus/BRT system? (1/2 cent sales tax – how much do we actually receive that does NOT go to DOLRT?)

Human Resources

16. Employee info request: #/percent employees in Chapel Hill, #/percent in Orange County. Ideas of where employees are coming from. Average commute distance.
17. What do people go to the wellness clinic for? Would allowing employee's time to visit PCP increase preventive care maintenance? (This could be important with people seeking services like mental health care.)

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #1

QUESTION: Should 1/2 of the Town's revenue come from property taxes?

RESPONDENT: Amy Oland, Business Management Director
                 Matt Brinkley, Budget Manager

RESPONSE: Property tax is a local government's main source of revenue. Property taxes make up 48% of the Town's total revenue sources. We have looked at 18 other municipalities (11 other NC AAA rated municipalities and 7 neighboring municipalities for comparison purposes (see attachment). When looking at the chart, the Town is on the low side as a total percentage of revenues. What this means is that the Town relies less on property taxes and more on other revenue sources than most of these municipalities.

FY19 Property Tax Percent of General Fund Revenue
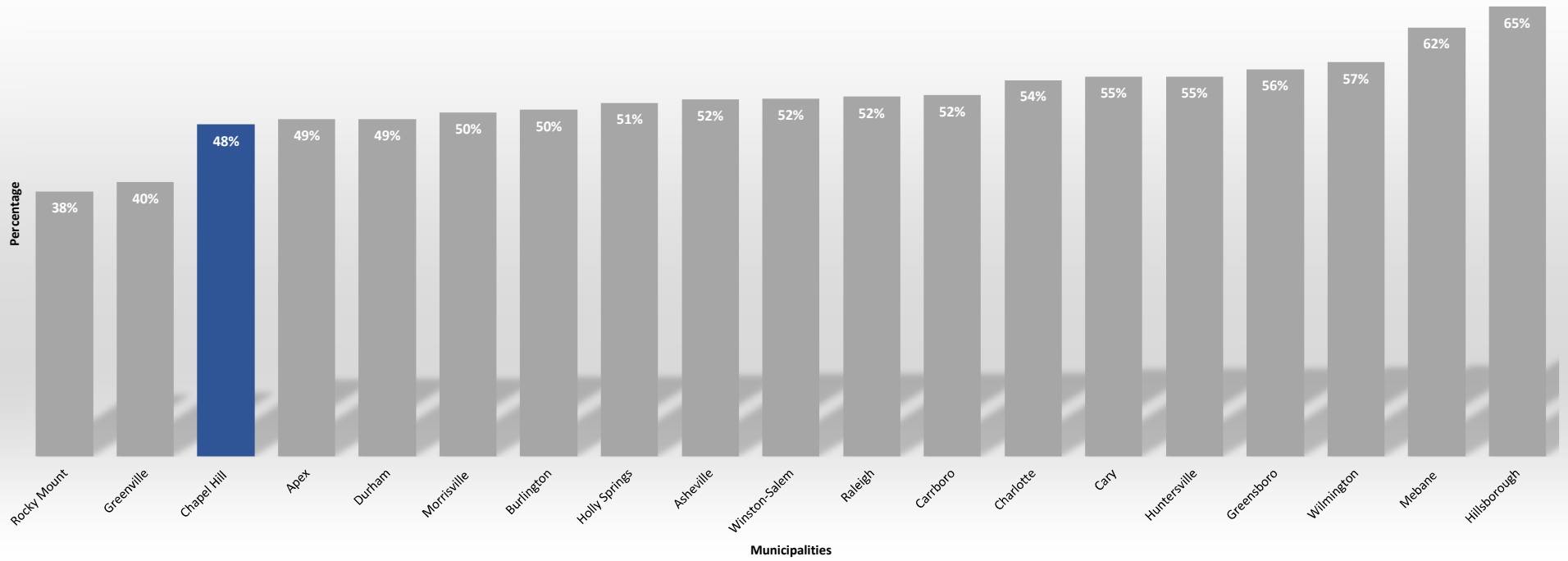
Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #2

QUESTION: Can we have a more in-depth conversation about the political and financial consequences of a rating downgrade?

RESPONDENT: Maurice Jones, Town Manager
                          Amy Oland, Business Management Director

RESPONSE: In addition to the financial costs associated with a ratings downgrade (see attached information from Davenport & Company), the Town's reputation for managing our finances would take a significant hit. A Triple A bond rating indicates a locality has managed taxpayers money wisely and according to best practices. A downgrade may leave folks with the impression that we are no longer committed to that philosophy.

DAVENPORT & COMPANY

To	Amy Oland
From	Davenport Public Finance
Date	January 23, 2019
Subject	Town Council Questions Regarding Davenport's Town Council Retreat Presentation

In response to the questions that were asked by Council Member Nancy Oates, we offer the following explanations / perspective.

1. Please explain the following acronyms: LGC, POS, NOS, BABs Subsidy, LOBs, IFC and IPC.

   a. **LGC – Local Government Commission.** A department of the State Treasurer's Office that oversees all fiscal management and debt management activities of local governments in North Carolina.

   b. **POS – Preliminary Official Statement.** A document developed by a bond issuer (the Town) that is used to market bond issuances to potential investors.

   c. **NOS – Notice of Sale.** A document developed by a bond issuer (the Town) in a competitive offering of bonds. The document details the bond sale process and bidding guidelines.

   d. **BABs Subsidy – Build America Bonds Federal Subsidy.** A revenue that flows from the IRS to a bond issuer (the Town) related to the reimbursement of certain interest expenses associated with certain bond programs authorized under the American Recovery and Reinvestment Act (ARRA). The Town's Series 2010B General Obligation Bonds were issued as Build America Bonds and are funded in part by a BABs Subsidy as described above.

   e. **LOBs, IFC, and IPC – Limited Obligation Bonds, Installment Financing Contract, Installment Purchase Contract.** Debt issuance vehicles that are authorized under State Statute § 160A-20 that are secured / collateralized by a security interest in one or more assets that are purchased and/or improved by the funds from the financing. These debt instruments do not constitute a general obligation pledge of the bond issuer's (the Town's) taxing authority, but rather debt service payments on these obligations are subject to annual appropriation by Town Council.

DAVENPORT & COMPANY

Town Council Questions Regarding Davenport's Town
Council Retreat Presentation

January 23, 2019

2. What would be the practical consequences of a lowered credit rating?

   a. The practical consequences of a lowered credit rating on the Town's bonds depends upon the magnitude of the rating reduction. For example, a bond rating reduction from Aaa/AAA to Aa1/AA+ could have a nominal impact on the Town's borrowing rates (i.e. 5 - 10 basis points or 0.05% - 0.10%)

   b. For perspective, the chart below illustrates the impact of a 5 or 10 basis point increase in the Town's borrowing rate on a hypothetical $10 million borrowing amortized over 20-years with a level principal structure (typical North Carolina tax-backed debt amortization).

Year	$10 Million Borrowing - 4.00%			$10 Million Borrowing - 4.05%			$10 Million Borrowing - 4.10%		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total	$ 10,000,000	$ 4,200,000	$ 14,200,000	$ 10,000,000	$ 4,252,500	$ 14,252,500	$ 10,000,000	$ 4,305,000	$ 14,305,000
1	500,000	400,000	900,000	500,000	405,000	905,000	500,000	410,000	910,000
2	500,000	380,000	880,000	500,000	384,750	884,750	500,000	389,500	889,500
3	500,000	360,000	860,000	500,000	364,500	864,500	500,000	369,000	869,000
4	500,000	340,000	840,000	500,000	344,250	844,250	500,000	348,500	848,500
5	500,000	320,000	820,000	500,000	324,000	824,000	500,000	328,000	828,000
6	500,000	300,000	800,000	500,000	303,750	803,750	500,000	307,500	807,500
7	500,000	280,000	780,000	500,000	283,500	783,500	500,000	287,000	787,000
8	500,000	260,000	760,000	500,000	263,250	763,250	500,000	266,500	766,500
9	500,000	240,000	740,000	500,000	243,000	743,000	500,000	246,000	746,000
10	500,000	220,000	720,000	500,000	222,750	722,750	500,000	225,500	725,500
11	500,000	200,000	700,000	500,000	202,500	702,500	500,000	205,000	705,000
12	500,000	180,000	680,000	500,000	182,250	682,250	500,000	184,500	684,500
13	500,000	160,000	660,000	500,000	162,000	662,000	500,000	164,000	664,000
14	500,000	140,000	640,000	500,000	141,750	641,750	500,000	143,500	643,500
15	500,000	120,000	620,000	500,000	121,500	621,500	500,000	123,000	623,000
16	500,000	100,000	600,000	500,000	101,250	601,250	500,000	102,500	602,500
17	500,000	80,000	580,000	500,000	81,000	581,000	500,000	82,000	582,000
18	500,000	60,000	560,000	500,000	60,750	560,750	500,000	61,500	561,500
19	500,000	40,000	540,000	500,000	40,500	540,500	500,000	41,000	541,000
20	500,000	20,000	520,000	500,000	20,250	520,250	500,000	20,500	520,500
Debt Service Difference vs. 4.00% Interest Rate					$	52,500		$	105,000

DAVENPORT & COMPANY

Town Council Questions Regarding Davenport's Town
Council Retreat Presentation

January 23, 2019

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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Budget Questions and Requests for Information
2019-20 Council Retreat
Question #3

QUESTION: How much would it cost to bring firefighters' retirement compensation up to parity with police officers?

RESONDENT: Amy Oland, Business Management Director
Matt Brinkley, Budget Manager

RESPONSE: Beginning January 1, 1987, every sworn law enforcement officer employed by a local government who retires with 30 or more years of credible service or have attained 55 years of age and completed 5 or more years of credible service is entitled to a "special separation allowance" to be paid from the organization until the age of 62. This is mandated by the State of North Carolina to local governments pursuant to N.C. General Statute 143.166.42.

Currently, the Town of Chapel Hill has 28 police officer retirees receiving this benefit totaling $353,837 for FY2019. If we were to assume the same proportion of firefighters would receive the benefit, based on the count of FTE's, a rough estimate of the cost would be around $225K for the Fire Department. That amount would be at full build out of the system which would take 7-10 years. The initial amount would be based on the number of firefighters that would retire in the upcoming fiscal year. According to our research, only Gastonia and Kannapolis offer a separation allowance similar to that of Police.

In addition to the special separation allowance, the Town also pays a slightly higher rate of retirement on current sworn police officers. This is also designated by N.C. general statute and is part of our membership in the local government retirement system. N.C. jurisdictions with sworn officers pay 0.75% more than general employees for retirement. This is due to the eligibility of retirement differences that sworn officers receive versus general employees. Unreduced service retirement benefits are as follows:

Law Enforcement: General Employee (includes firefighters):

-30 years credible service   -30 years of credible service
-55 years old & 5 years   -65 years old & 5 years
                                              -60 years old & 25 years

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #4

QUESTION: Is it possible to think about a "discretionary" versus "fixed" part of our budget?

RESONDENT: Amy Oland, Business Management Director
                Matt Brinkley, Budget Manager

RESPONSE: "It may come as a surprise, but under general state law, there is only one mandated service for municipalities—enforcement of the State Building Code. Although municipalities are authorized to provide a broad array of services, they are not required by state law to do anything but perform building code inspections. And even then, municipal personnel do not have to actually conduct the inspections; this function can be, and often is, contracted out to counties." See G.S. 160A-411 & GS 160A-412." UNC SOG Coates' Cannon Blog entry by Kara Malonzi on April 7, 2011.

The term "core services" or "fixed costs" varies from municipality to municipality depending on the values of the organization. With that said, most medium to large organizations in North Carolina provide police & fire protection, streets maintenance, solid waste, street lighting, planning/zoning, and code enforcement. Additionally, there are internal service functions necessary to support these service areas such as, human resources, finance, technology solutions, Town clerk, legal, and the manager's office.

In addition to the widely accepted "core services", the Town of Chapel Hill has placed great emphasis on affordable housing, transit, library services and parks and recreation. These are all areas of a community that values a high quality of life. In addition to these services, 8.2 cents of the Town's tax rate supports our debt service.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Questions #5

QUESTION: What has been the trend in filled (not budgeted) FTEs over the past 3-4 years?

RESONDENT: Amy Oland, Business Management Director
David Finley, Strategic Planning Project Manager

RESPONSE: The Town has tracked filled positions and vacant positions (i.e. budgeted but not filled) on a quarterly basis since the first quarter of FY16. The average vacancy rate from FY16 Q1 through FY19 Q2 is 9.78%, with 90.22% of positions filled on average. Below are charts and tables that illustrate vacancy trends over time. In general, the Town experiences minimal variation in its vacancy rate on a quarterly basis.

Table 1. Town Vacancy Rate by Fiscal Year (FY16 – FY19 Q2)

Fiscal Year	Vacancy Rate
FY16	9.06%
FY17	9.77%
FY18	9.74%
FY19 (thru Q2)	11.33%

Chart 1. Town Vacancy Rate over Time (FY16 – FY19 Q2)
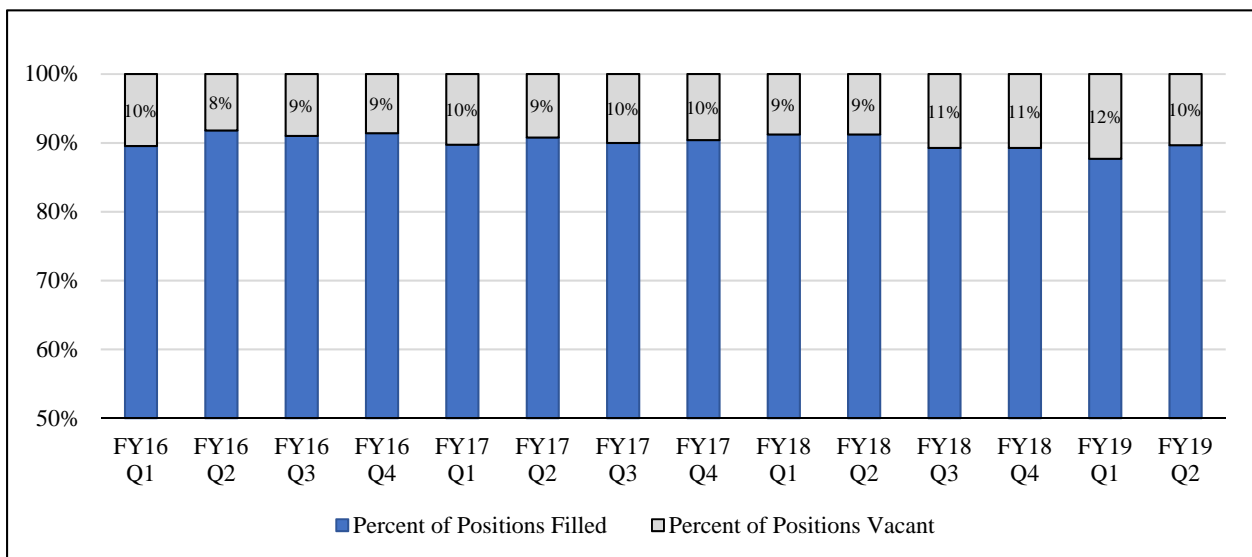
Chart 2. Average Vacancy Rate by Department (FY16 – FY19 Q2)
This chart is ranked by average vacancy rate. Smaller departments, such as Technology Solutions, experience a higher vacancy rate for each unfilled position compared to larger departments.

Department	Average Vacancy Rate
Technology Solutions	21%
Police	19%
Housing & Community	19%
Parking Services	18%
Planning	17%
Communications & Public Affairs	17%
Inspections	15%
Manager's Office	12%
Human Resource Development	12%
Transit	11%
Public Works	8%
Parks & Recreation	6%
Business Management	5%
Library	4%
Fire Department	4%
Attorney	0%
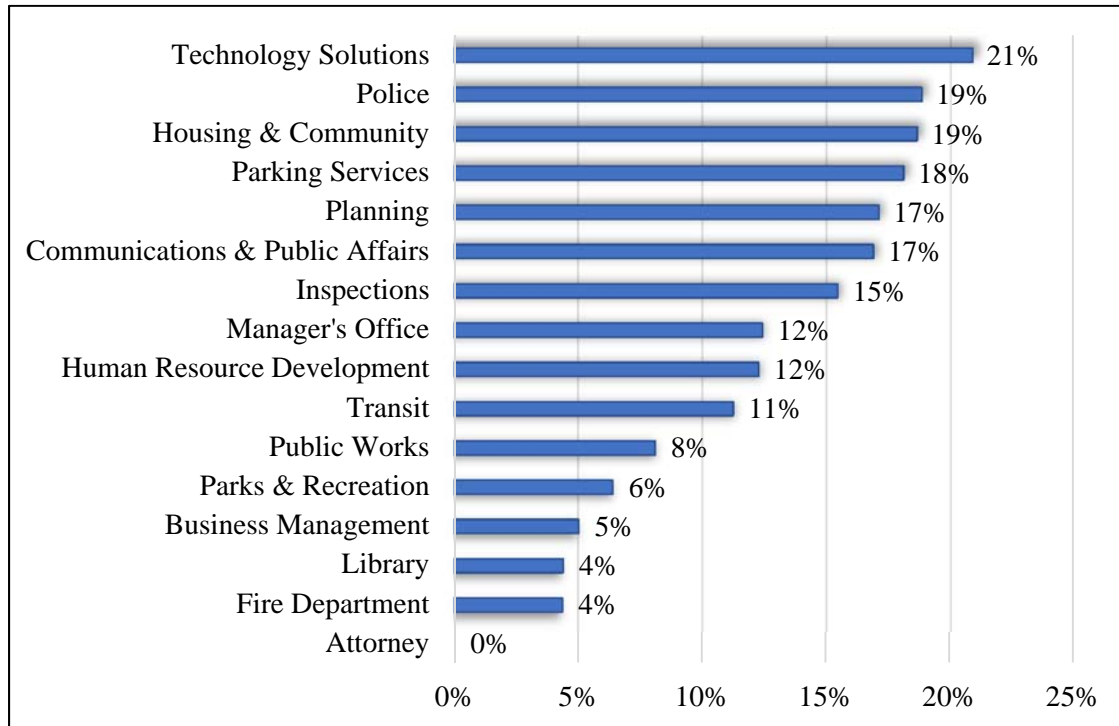
Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #6

QUESTION: What is the impact of new retail on sales tax?

RESPONDENT: Amy Oland, Business Management Director
Matt Brinkley, Budget Manager

RESPONSE: Because of the complexity of the distribution formulas for sales taxes in NC it is impossible to calculate total sales taxes applicable to the point of sale municipal jurisdiction accurately starting from an estimated retail sales number. The following is an explanation of how to make a rough estimate of the sale taxes received by the **Town** based on a retail sales number.

- Currently there are three pieces of the sales tax that are distributed to Towns: Article 39 One Cent Tax - Allocated on a point-of-origin basis, Article 40 One-half Cent Tax Allocated among counties on a per-capita basis, and Article 42 One-half Cent Tax Allocated on a point-of-origin basis.

- The two point-of -origin portions (Article 39 and Article 42) are 1.5% combined. The tax levy on $1,000 of sales would be $15. That 15% would be distributed to the County and further distributed to the Town on a per-capita basis. Currently our per-capita distribution is 25.29%. So of the $15 distributed to the County the Town would receive $3.79 per $1,000 of sales.

- Article 40 is allocated on a per-capita basis. Proceeds from this 1/2 cent tax are collected in a pool from all counties and distributed based on the population of the County relative to the population of the state. Orange County is about 1.4% of the total population of the state and therefore would receive that percentage from the pool. That amount is then multiplied by the County per-capita distribution percentage (25.29%) to get to the Town's distribution. That would make the Town's percentage distribution from the total pool 0.35%. That is, the Town will be receiving that percentage from all of the funds contributed to the Article 40 Pool, including the amount originating from the town. Using our $1,000 example, the Town would receive 0.35% of the $5 per $1,000 tax levied or 2 cents.

- To recap, the Town receives about $3.81 for every $1,000 of Chapel Hill sales subject to sales tax. Of course this is a theoretical number because we are not allowed to know the actual sales tax payments made, so we are starting off with a guess. Also, due to the distribution method of Article 40, calculating the amount attributable to local collections is of limited value. Also this does not take into consideration the

new hold-harmless payment which is calculated by subtracting 25% of Article 39 from 50% of Article 40 and adding it to the original hold harmless which is 50% of the Article 40 distribution. I'm not sure how to tease out the local amount from that mess. But it is safe to say that $3.81 per thousand is a minimum number.

Budget Questions and Requests for Information
2019-20 Council Retreat
Question #7

QUESTION: Trajectory for different categories of expenditures. Provide more details on the 3.4% average annual expenditures. What is the driving force for the increase?

RESONDENT: Amy Oland, Business Management Director
Matt Brinkley, Budget Manager

RESPONSE: Roughly 75 percent of the Town's General Fund budget in any given year is devoted to personnel expenses. Local governments are service oriented operations, therefore the bulk of the budget is dedicated to personnel costs. Chapel Hill finds itself in a very competitive and growing region, therefore keeping up in areas such as pay & benefits can be a costly endeavor. The main driver for the roughly 3.4% average growth over the last 6 years has been personnel related. About 40% of the increase over this period of time is a result of attempting to keep pace with pay. The Town has provided around a 2-3% increase each year during this period. Roughly 10% of the overall increase comes from health insurance increases. The remaining half of the personnel increases comes from increases to personnel in several areas as well as OPEB contributions.

While personnel increases are certainly the driver for the Town's overall increase, there have also been some operating increases that have been absorbed. Over the last 6 years, the Town has placed a greater emphasis on Affordable Housing and committed an annual amount equivalent to roughly a penny on the tax rate. The Town has also absorbed costs related to the expanded Library over this period of time, changes to the transportation of our Solid Waste, increases to fuel costs, fiber network expenses, and implementation of the 2020 plan. This period of time was also a period in which the Town was coming out of the recession. One decision that was made to balance the budget during those difficult times was to cut the annual street paving budget and use bond funds. This was done for two years and those funds were replenished in FY15.

All of these increases in personnel and operating budgets are offset annually with savings, mainly due to turnover. The Town's practice for realizing these savings is the budgeting of fund balance. This ideally, allows us to "break even" at year end.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #8

QUESTION: What is the timeline for Trinity Court?

RESPONDENTS: Faith M. Thompson, Public Housing Director

RESPONSE: Responses to the Request for Qualifications for a development partner for the redevelopment of Trinity Court and Craig Gomains public housing communities were due on Friday, February 8, 2019. Staff, with the assistance of the DRA Consultants, will evaluate the submissions and develop a recommendation for a partner, to share with the Council in the spring.

Based on the approvals needed to redevelop the sites, our preliminary thinking is that redevelopment of Trinity Court could begin in 2021, and Craig Gomains in 2023. These dates are subject to change based on the selection of a development partner and the Town's development review process.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #9

QUESTION: What is the impact on the Housing Department in regards to the HUD, RAD Conversion & shift to Section 8?

RESPONDENTS: Faith M. Thompson, Public Housing Director

RESPONSE: The Rental Assistance Demonstration (RAD) Program allows Housing Agencies to improve public housing properties by removing them from the public housing program rules and having access to public and private debt and equity that can be used to redevelop properties.

By removing the property from the public housing program rules, the operating subsidy for the Town would be reduced by the amount previously associated with that property. In addition, the rental subsidy from the US Department of Housing and Urban Development (HUD) shifts units from the Public Housing program to either the Project Based Rental Assistance (PBRA) or Project Based Voucher (PBV) programs. More information about the distinction between the two options can be found here. We are evaluating both options with our consultant team from David Paul Rosen and Associates, and will forward a recommendation to the Council this spring.

Once redevelopment is complete, the properties would be privately managed and maintained. The Town Housing staff would continue to manage and maintain the remaining units in the Town's public housing portfolio.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #10

QUESTION: Who are we targeting for affordable housing?

RESPONDENTS: Loryn B. Clark, Executive Director for Housing and Community
Sarah O. Viñas, Assistant Director, Housing and Community

RESPONSE: The Town's affordable housing initiatives serve people in a range of incomes. The majority of our efforts provide assistance to households earning less than 80% of the Area Median income based on household size as defined by the U.S. Department of Housing and Urban Development. The Council has approved guidelines that give priority to projects that serve households earning less than 60% of the Area Median Income for the local Affordable Housing Development Reserve. The Affordable Housing Bond Referendum approved in November prioritizes funds for rental development serving households earning up to 60% of the Area Median Income.

FY 2018 Income Limit Area	Median Family Income [Explanation]	FY 2018 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Durham-Chapel Hill, NC HUD Metro FMR Area	$80,600	Very Low (50%) Income Limits ($) [Explanation]	28,250	32,250	36,300	**40,300**	43,550	46,750	50,000	53,200
		Extremely Low Income Limits ($)* [Explanation]	16,950	19,400	21,800	**25,100**	29,420	33,740	38,060	42,380
		Low (80%) Income Limits ($) [Explanation]	45,150	51,600	58,050	**64,500**	69,700	74,850	80,000	85,150

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #11

QUESTION: Can and how would the affordable housing bond factor into the Public Housing Fund?

RESPONDENT: Loryn B. Clark, Executive Director for Housing and Community

RESPONSE: Affordable Housing Bond funds could be used to support capital costs associated with the development or redevelopment of the Town's public housing sites. We anticipate that the Affordable Housing Bond funds, and possibly other Town funds, could be a source used for development-related expenses for the Trinity Court and Craig Gomains redevelopments.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #12

QUESTION:

a. What is the status of the stormwater projects that we are using FY18 GO Bonds for? ($2 Million +)

b. What are the projects, not yet begun, that the other $3 Million in GO bonds would pay for?

RESPONDENT: Lance Norris, Public Works Director

RESPONSE:

a. The 2018 Stormwater GO bond issuance is funding the Elliott Road Flood Storage and Green Spaces Project.

Design plans for this project are at the 90% level, and property acquisition is in progress. The required Federal Floodplain Permit application is under review. Construction is expected to commence in late spring. The current cost estimate for the Elliott Road Flood Storage and Green Spaces project is $2.9 million.

b. The Council has approved the following top priority projects identified in the Lower Booker Creek Subwatershed Study and recommended by staff and the consultant:

- Elliott Road Flood Storage (top priority, currently funded)
- Lake Ellen Flood Storage
- Red Bud Flood Storage
- Booker Creek Rd Upstream Culvert Replacement/ Stream Improvements
- Honeysuckle Rd Culvert Replacement
- Piney Mountain Rd Flood Storage

In order to issue the remaining $3.2 million in GO Bonds, a stormwater fee increase would be needed to pay the debt service.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #13

QUESTION: Is there a way to monitor how much parking revenue is coming through the parking app? Is it a successful project?

RESPONDENT: Chief Chris Blue, Police Chief and Executive Director of Community Safety
Meg McGurk, Community Safety Planner

RESPONSE: The Town is able to monitor the revenue generated through the ParkMobile app. From January 1 to June 30, 2018, the total amount of paid parking through the ParkMobile app was $32,171.15 with 11,862 transactions. From July 1 to December 31, 2018, the total amount of paid parking through the ParkMobile app was $105,887.30 with 38,343 transactions. This represents a 223% increase in transactions since the beginning of 2018.

Parking operations staff and the Downtown Parking Ambassadors report that they have received positive feedback about the app from visitors to downtown. We will continue to monitor usage and will report our findings.

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #14

QUESTION: How much dedicated transit sales tax comes to Chapel Hill transit? Last 3 years please?

RESPONDENT: Brian Litchfield, Transit Director

RESPONSE: The half-cent sales and use tax for transit is collected by Orange County and distributed to GoTriangle, Chapel Hill Transit and Orange County Transit consistent with the adopted Orange County Transit Plan (https://gotriangle.org/sites/default/files/publications/orange-county-transit-plan_170424_app.pdf).

Chapel Hill Transit has used funds from the Orange County Transit Plan (OCTP) since 2013 to implement new services, purchase replacement buses and cover the cost of the North South Bus Rapid Transit (NSBRT) project. We have purchased eight (8) fixed route replacement buses with funds from the OCTP. The adopted FY2018-19 Budget for Transit includes around $2.1M in OCTP funds for transit services (a summary of the services funded by the plan is included below), which now exceeds the annual funds we receive from the State and Federal Transit Administration. The following shows a summary of budgeted funds from the OCTP.

Account		Budgeted Orange Transit Plan Funding	2016-17	2017-18	2018-19
64000	44402	Transit Services	1,984,345	1,739,000	2,094,000
		Bus Replacements		2,290,000	1,500,105
		NS BRT Project		1,500,000	467,033
		Total Revenues:	**1,984,345**	**5,529,000**	**4,061,138**

Additionally, the following capital projects have been identified for funding with Orange County Transit Plan funds for FY19:
- Manning Drive at UNC Hospitals stop redesign - $300,000 (on-hold until surgical tower completed)
- ADA Bus Stop Upgrades - $140,000 (will support existing efforts to bring stops into ADA compliance)

Summary of Services Added by Orange County Transit Plan Funds:

Route	Improvement	Year Implemented
A	Improved service on Hillsborough Street during peak (AM)	2014
CM	Extend Evening Trips Year Round*	2013
CW	Extend Evening Trips Year Round*	2013
CW	Improve peak hour capacity issues	2017
D	Extend Evening Trips Year Round*	2013
D	Extend 7:17am trip to begin in Carrboro	2014
F	Add Trips 7:38pm (Old Fayetteville) 8:45pm (Colony Woods)*	2013
HS	Additional trips to route with routing improvement*	2016
J	Extend Evening Trips Year Round*	2013
J	Improve peak hour capacity issues (AM and PM)	2014
NS	Improve mid-day service (10am - 2pm)	2014
NS	Extend Evening Service to Southern Village*	2017
CM	Additional Saturday Service*	2013
CW	Additional Saturday Service*	2013
JN	Add Trip 9:10am (Estes Park)*	2013
Sat V	Added Saturday Service*	2017
SAT	Extend service to 6:00pm on all routes (D, FG)*	2014
CW	Peak PM hour expansion	2018
D	Peak PM hour expansion	2018
SAT	All Routes 8:00am to 7:00pm*	2018
ICES	Increased Cost of Existing Services	2013-2018

	*Includes fixed route and demand response service (EZ Rider)	
2013-2018	Hours of new service implemented with Orange County Transit Plan	10,585

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #15

QUESTION: I'd like to better understand how transit fits into our budget picture? For example - significant gap (capital and operating) for funding BRT. How does the County's new transit funding plan relate to our needs for BRT? Do we need to advocate for more $ in/from the transit tax to support out bus/BRT system? (1/2 cent sales tax - how much do we act that does NOT go to DOLRT?)

RESPONDENT: Brian Litchfield, Transit Director

RESPONSE:

North South Bus Rapid Transit (NSBRT) Project

The current cost estimates for the North-South Bus Rapid Transit (NSBRT) project are $123.2M - $134.7M (YOE). The cost estimates will be better refined and updated as the project moves through Environmental and 30% Design over the next 12-15 months (FTA Project Development) and we will also determine if there is a reasonable plan for scaling the project.

The current financial plan assumes 80% ($98.5M - $100M) of project funding to come through federal sources (e.g. FTA Small Starts) and 20% ($24.6M - $34.1M) from non-federal sources. The non-federal share of the project ranges from $12.3M - $17M. The current Orange County Transit Plan (https://gotriangle.org/sites/default/files/publications/orange-county-transit-plan_170424_app.pdf) allocates $6.1M to the project, leaving a gap of $6.3M - $10.9M. The plan does not allocate funding for the operation of the North South BRT service. There does not appear to be additional capacity within the Orange County Transit Plan over the next several years.

Orange County Transit Plan (OCTP) Funding Overview

The Orange County Transit Plan (OCTP) is funded by four (4) dedicated revenue streams:
- Half-cent Sales and Use Tax
- Five-Percent Vehicle Rental Tax
- Three-Dollar increase to GoTriangle Regional Vehicle Registration Fee
- Seven-Dollar County Vehicle Registration Fee

All four sources have statutory requirements related to how funds can be obligated and/or used. Additionally, funding in the OCTP is predicated on the cost-sharing agreement between Durham County and Orange County for the Durham-Orange Light Rail Transit (D-O LRT) project that dictates the following:

- Project capital costs:
  - Durham: $738.4 million (YOE)
  - Orange: $149.5 million (YOE)
- Operating expenses (through June 30, 2036)

Cost Category	2012 Plan	2017 Plan		
	Orange Share of Tax District Spending	Orange Share of Tax District Spending (Plan extends to 2045)		
	2013 - 2035	2017 - 2035 only	2036 - 2045 only	2017 - 2045
Bus Service Operations	$82.7 M	$77.2 M	$62.9 M	$140.1 M
Bus Purchases	$1.8 M	$11.5 M	$4.5 M	$16.0 M
Bus Facilities	$0.7 M	$5.6 M	$2.5 M	$8.1 M
Administrative Expenses	Not programmed	$0.7 M	$0.5 M	$1.2 M
Hillsborough Train Station	$0.9 M	$0.7 M	$0.0 M	$0.7 M
North-South BRT Project	$6.1 M	$6.1 M	$0.0 M	$6.1 M
North-South BRT Operations & Maintenance	Not programmed	Not programmed	Not programmed	Not programmed
D-O LRT Project Capital Cost	$104.6 M	$149.5 M	$0.0 M	$149.5 M
D-O LRT Operations & Maintenance (Orange Share) [1]	$29.6 M	$30.9 M	$54.7 M	$85.7 M
Total Funds for Projects and Services	**$225.5 M**	**$282.2 M**	**$125.1 M**	**$407.3 M**
Minimum Cash Balance	**$4.1 M**	**$3.8 M**	**$14.4 M**	**$3.8 M**
Unallocated Reserves in Final Year of Period	**$45 M**	**$16.7 M**	**$14.7 M**	**$14.7 M**

- o Durham: 80 percent
- o Orange: 20 percent
- Operating expenses (after June 30, 2036) and State of Good Repair costs
  - o Durham: 81 percent
  - o Orange: 19 percent

The chart on the following page provides a summary of how the funds in the currently adopted OCTP are distributed between projects consistent with cost-sharing agreement between the County's and the requirements on the funding sources. The currently adopted OCTP shows around 57 percent of the fund plans being programed for capital and operating associated by the D-O LRT project. Funds are also allocated to bus service improvements (34%), bus and bus facilities (5%), NSBRT (1.4%) and other projects.

Advocating for Additional OCTP Funds for NSBRT

Staff continues to look for opportunities to use OCTP funds for the NSBRT project. Once the obligations for the D-O LRT project and other projects funded in the plan are met, there is little to no capacity within the plan. At a minimum the OCTP is required to be updated every four years – with the next update coming in 2021 – which may provide an opportunity for further discussions.

It may also be helpful to note that the Council, prior to the adoption of the current OCTP, formally requested that Orange County fully fund the local match for the NSBRT project. I have attached a PDF version of the letter from Mayor Hemminger to the County for your information.

Summary of OCTP Funding from the adopted 2017 Plan:

[1] The planned date of opening for light rail service has shifted from 2026 in the 2012 Plan to 2028 in this 2017 Plan.

[2] The minimum cash balance from the 2012 plan is reported in 2011 dollars.

April 24, 2017

Dear Chairman Dorosin and Board of County Commissioners:

The purpose of this letter is to express the support and continued commitment of the majority of the Chapel Hill Town Council to the creation of an affordable and effective local and regionally integrated transit system for Chapel Hill, Orange County and the Greater Triangle region, including the Durham Orange Light Rail Project.

The Durham-Orange Light Rail Project (DOLRT) and accompanying Orange County Transit Plan represent a significant financial commitment and we wish to express our gratitude for the hard work that the Board of Commissioners and County staff have done to negotiate a more equitable cost sharing agreement with Durham County. And while we acknowledge the significant financial commitment the DO-LRT represents, we also understand the critical importance of a robust transportation infrastructure and transit options for Chapel Hill's and Orange County's participation in the future economic growth and expansion of the Triangle and adjoining counties.

Since the early 1970s, the Town of Chapel Hill and our Transit Partners have consistently worked to prioritize and encourage the use of alternative modes of transportation through transit and land use policy decisions.

Foundational to our future plans has been the ability of Chapel Hill Transit to serve as the backbone of local service and as a connector to regional transit providers. With this in mind, we wish to advocate for increased financial resources for the Chapel Hill Transit system which are necessary to meet future growth demand, to connect riders to station areas and to make essential "last mile" connections.

In that spirit, we request the following clarifications in the Orange County Plan:

- Include the Town of Chapel Hill, as the operator of Chapel Hill Transit, as a signatory to the interlocal Implementation Agreement for the Orange County Transit Plan and continue including Town of Chapel Hill staff on the working group for the Transit Plan.

- Recognize that the $6.1M allocated for the North/South Bus Rapid Transit (NS BRT) plan is a minimum amount to be allocated to the project and that funding levels could be increased as additional funding becomes available or during future updates of the plan. Funding at this level could significantly delay the project and/or decrease its ability to serve a critical transportation corridor in Chapel Hill/Orange County.
  - o Consider fully funding the local match for the NS BRT ($37.7M). This level of funding provides 30% of the estimated capital investment and increases the project's competitiveness in the federal evaluation process.

- Commit to Bus Service for DOLRT stations. The current draft plan identifies the need for additional service to connect with light rail stations as DOLRT comes online in 2028-29. Chapel Hill Transit will begin planning for service in the development of a short-range transit plan, beginning in August of 2017 in

coordination with our funding partners, customers, the general public, GoTriangle, Orange County through OPT and other regional partners. We believe adequate bus service to stations is critical in developing a comprehensive and seamless transit system and that "rail dividend hours", in Orange County, will not adequately support this critical need.

To facilitate any additional discussions, we ask that you support our request for the two managers to work together to identify ways to meet our mutual interests.

We appreciate your consideration of these requests and look forward to working more closely with you to create a dependable, affordable, time-competitive and accessible transportation network that will meet the needs of those who live, work, play, learn and heal throughout our County and the Triangle region.

Sincerely,

Mayor Pam Hemminger and the Chapel Hill Town Council

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #16

QUESTION: Employee Info Request - #/percent employees in Chapel Hill, #/percent in Orange County. Ideas of where employees are coming from. Average commute distance.

RESPONDENT: Cliff Turner, Human Resources Director
Chase Barnard, GIS and Analytics Manager

RESPONSE: We have provided a breakdown of all full-time and part-time employee residences and a history of how those numbers have changed for periods where this information was captured. Please also see attachment "Chapel Hill Employees – Where we Live Map Feb 2019" that depicts a graphic representation of employee residences and commute time.

Chapel Hill Employees' Place of Residence	Jun-13	Apr-16	Aug-17	Mar-18	Feb-19
Chapel Hill	56	71	79	71	65
Carrborro	40	41	37	35	35
Orange County (not CH/Carr)	153	122	119	118	111
Durham County (not CH/Carr)	137	156	148	142	139
Alamance County	111	136	147	147	145
Chatham County	65	74	80	82	79
Wake County	59	46	44	50	51
Other Counties	61	60	57	63	70
Total	**682**	**706**	**711**	**708**	**695**

Chapel Hill Employees: Where We Live

PLACE OF RESIDENCE

- Other Counties 10%
- Chapel Hill 9%
- Carrboro 5%
- Wake County 7%
- Orange County (not CH/Carr) 16%
- Chatham County 12%
- Durham County (not CH/Carr) 20%
- Alamance County 21%
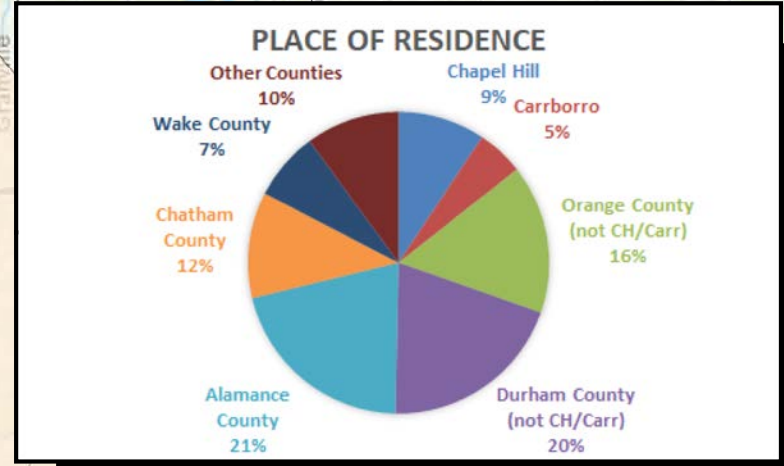
Commute Time (To Town Hall)
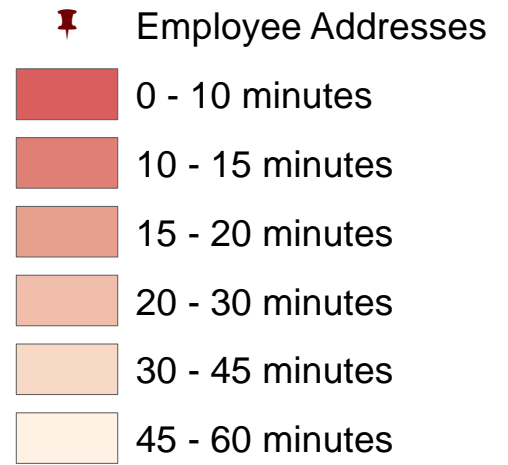
- Employee Addresses
- 0 - 10 minutes
- 10 - 15 minutes
- 15 - 20 minutes
- 20 - 30 minutes
- 30 - 45 minutes
- 45 - 60 minutes

February 2019

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, ©OpenStreetMap contributors, and the GIS User Community

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #17

QUESTION: What do people go to the wellness clinic for? Would allowing employees' time to visit PCP increase preventive care maintenance? (This could be important with people seeking services like mental health care.)

RESPONDENT: Cliff Turner, Human Resources Director
Ellen Tucker, Hill Chesson & Woody

RESPONSE: We have provided a breakdown of employee health clinic utilization data (see attachment "Chapel Hill Wellness @ Work utilization report).

The Town has a generous sick leave that addresses the Town's interest to ensure that employees who need to seek health care services, have the leave time available to remain in pay status (see attachment "Sick Leave Policy.")
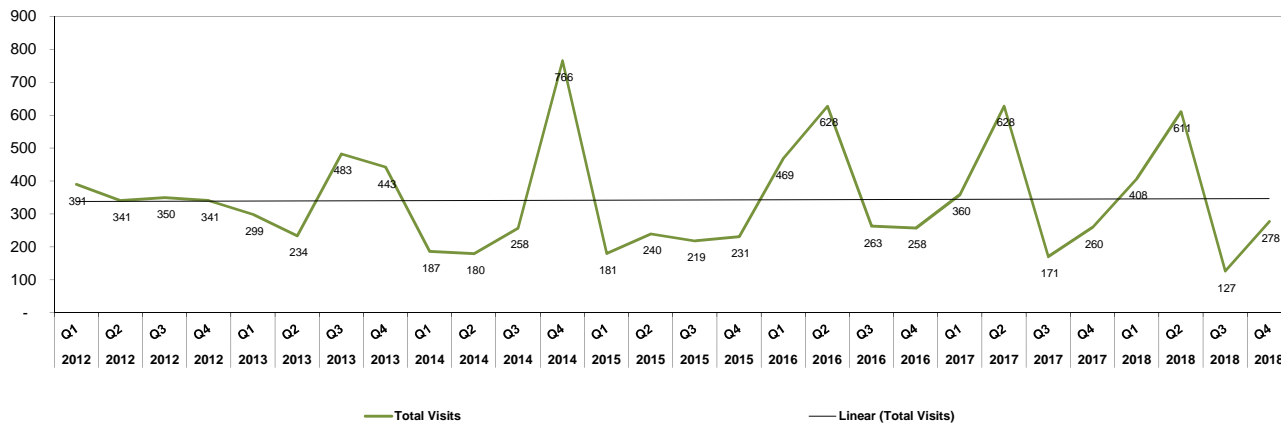
UNC SCHOOL OF MEDICINE — DEPARTMENT OF FAMILY MEDICINE

Employee Health Clinic Utilization

	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	YTD18	PYTD	% Change
Total Nurse/Nurse Practitioner Visits	49	50	39	259	244	252	66	52	27	23	21	41	25	1,099	1,153	-5%
Scheduled	21	20	25	246	232	248	48	32	14	16	13	29	14	937	925	1%
Fire	-	-	-	-	83	-	-	-	-	-	-	-	-	83	103	-19%
Library	-	-	-	-	30	-	-	-	-	-	159	15	4	208	45	362%
Public Works	7	3	6	96	22	-	1	2	2	6	-	6	4	148	117	26%
Transit	3	8	9	37	-	106	8	10	4	1	8	16	15	222	230	-3%
Walk-In	28	30	14	13	12	4	18	20	13	7	8	12	11	162	228	-29%
Flu Shot	2	13	5	-	-	-	-	-	-	-	159	15	4	196	90	118%
Nurse/NP Unique Patients	43	51	39	230	228	234	50	43	19	19	163	47	23	676	682	-1%
Total Tobacco Cessation Visits	6	12	9	21	22	14	13	8	10	7	10	3	-	129	176	-27%
TC Unique Patients	4	7	6	8	11	8	7	5	6	4	6	3	-	21	26	-19%
Total Nutrition Visits	-	1	3	3	6	7	5	2	2	7	3	1	-	40	65	-38%
Nutrition Unique Patients	-	1	3	3	6	7	5	2	2	4	3	1	-	32	23	39%
Total Visits	57	75	53	280	266	266	79	60	37	30	190	59	29	1,424	1,419	0%

Scheduled and Walk-In Visits by Type

	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	YTD18	PYTD	% Change
Annual HRA	-	-	-	236	204	234	18	-	-	-	-	-	-	692	723	-4%
Medical Case Management	7	9	9	3	20	9	10	10	8	4	4	9	7	102	12	750%
Minor Illness	28	28	19	17	12	3	12	23	9	5	9	23	9	169	245	-31%
Ongoing Medical Care	5	3	1	-	1	-	-	-	2	1	1	-	2	11	53	-79%
Weight Management	6	8	7	3	6	6	25	18	8	10	5	9	6	111	53	109%
Wellness	3	2	3	-	1	-	1	1	-	3	2	-	1	14	67	-79%
Total Scheduled + Walk-In Visits	49	50	39	259	244	252	66	52	27	23	21	41	25	1,099	1,153	-5%

Program Participation

Healthy Living Goals (last 12 months)

Goal Type	Number	% of Total
Weight Loss	145	81%
Lowering Blood Pressure	3	2%
Lowering Cholesterol	11	6%
Diabetes Management	8	4%
Tobacco Free Maintenance	11	6%
TOTAL	178	

Goal Outcome	Number	% of Total
Achieved	10	6%
Pending	157	88%
Did Not Achieve	11	6%
TOTAL	178	

2018 Events

Event	Location	Date	Content	Speaker	Attendees
Lunch & Learn	Hargraves	12/4/18	Adventure Recreation	Keith Dodson	10
Lunch & Learn	Hargraves	11/28/18	Understanding Diet Myths & Trends	Lana Nasrallah	10
Lunch & Learn	Public Works	10/24/18	Preparing for Retirement	Julia Held	15
Fitness Meeting	Library	10/23/18	Shoulder & Neck Massage	Virginia Sprague	14
Brown Bag Lunch	Hargraves	10/17/18	Eat Right Today	Lana Nasrallah	12
Fitness Meeting		9/26/18	6-Week Walking Group	Lauren Ryan, Katy Thomas	
Fitness Meeting	Library	7/18/18	Shoulder & Neck Massage	Virginia Sprague	14
Lunch & Learn	Public Works	6/13/18	Stress Management 101	Doug Brigham	20
Lunch & Learn	Library	5/15/18	Get Outside & Take A Hike	Erin Jobe et al.	16
Fitness Meeting		4/30/18	Orange to Orange Walking Challenge	Orange County HR	83
Brown Bag Lunch	Library	4/19/18	Living Healthy	Iris Hutchinson, Liska Lac	12
Fitness Meeting	Library	4/11/18	Neck & Shoulder Massage	Virginia Sprague	14
Lunch & Learn	Aquatic Ctr	4/10/18	Allergies	Edward Iglesia, MD	15
Spring/Summer CSA		4/10/18			
Lunch & Learn	Transit	3/14/18	Osteoarthritis	Lauren Porras	20
Lunch & Learn	Library	2/20/18	Grow Your Own	Ryan Chamberlain et al.	28
Lunch & Learn	Hargraves	1/24/18	Vegetarian Diets	Allegra Burton	22
TOTAL					305

Employee Health Clinic Utilization: Total Visits by Quarter

(Total Visits by quarter, Q1 2012 – Q4 2018: 391, 341, 350, 341, 299, 234, 483, 443, 187, 180, 258, 766, 181, 240, 219, 231, 469, 628, 263, 258, 628, 360, 171, 260, 408, 611, 127, 278)

Legend: Total Visits — Linear (Total Visits)

		I. POLICY	Approved By:
Town of Chapel Hill, NC **Sick Leave Personnel Policy**	**Policy Number:** PP 2-6 **Effective Date:** July 1, 2017	II. PURPOSE III. PROCEDURE IV. FORMS/INSTRUCTIONS V. ADDITIONAL CONTACTS VI. DEFINITIONS VII. RESPONSIBILITIES VIII. APPENDICES IX. FAQ X. SCOPE XI. RELATED INFORMATION XII. POLICY HISTORY	**Roger L. Stancil, Town Manager**

Sick Leave Policy

I. POLICY

Sick Leave with pay shall be granted to a regular employee for use when sick or for illness in the employee's immediate family (including an employee's domestic partner and the children of the domestic partner) which requires the employee's care.

Town of Chapel Hill Code of Ordinances

14-74 through

14-77

II. PURPOSE

Safe and healthy employees are valued by the Town. This policy creates paid leave for employees to maintain their own well-being as well as those around them. The policy also addresses sick leave abuse in an effort to support the Town value of Responsibility, which acknowledge that an employee's duties impact he jobs of many other employees.

RESPECT

Safety: We strive to maintain our own mental and physical well-being and the well-being of those around us. We are dedicated to a work environment that minimizes risk of injury or accident. We are also dedicated to an environment that provides for honest and courteous discussion of workplace issues without fear of repercussion.

RESPECT

Responsibility: We acknowledge that our duties impact the jobs of many other employees. We take ownership over our roles within the organization as a way to demonstrate our consideration for the time and efforts of our fellow employees as well as pride in our own work.

The Director of Human Resource Development is authorized to issue procedures consistent with this policy.

	Town of Chapel Hill, NC Sick Leave Procedures	Policy Number: PP 2-6 Effective Date: July 1, 2017	I. POLICY II. PURPOSE III. PROCEDURE IV. FORMS/INSTRUCTIONS V. ADDITIONAL CONTACTS VI. DEFINITIONS VII. RESPONSIBILITIES VIII. APPENDICES IX. FAQ X. SCOPE XI. RELATED INFORMATION XII. POLICY HISTORY	Approved By: Cliff Turner, Director Human Resource Development

III. Sick Leave Procedures

These procedures are issued by the Director of Human Resource Development to implement the Sick Leave Policy, PP 2-6, issued by the Chapel Hill Town Manager. These procedures may be periodically updated.

A. Sick Leave Accrual:

1. Transfer of Sick Leave: New Employees: A new employee eligible for earning sick leave with the Town of Chapel Hill may transfer any earned, unused sick leave from another local government unit in North Carolina or from a North Carolina State Agency if the transfer occurs within 12 months of employment with that unit or agency.   The employee is responsible for obtaining and providing documentation of such leave from the unit of government and providing it to the Town's Human Resource Development Department. (*Policy Guidance: Transfer of Sick Leave 10/29/2015*)

2. Transfer of Sick Leave: Reinstated Employee: An employee who is reinstated or rehired to an eligible position within 12 months of leaving Town employ may transfer sick leave under the same provisions as a new employee as outlined in paragraph A.1. above.

3. <u>Accrual Rates:</u>   Each regular employee with a work schedule of twenty (20) or more hours per week, or one thousand twenty (1020) hours per year shall accrue sick leave at the rate of twelve (12) work week equivalent days per year.

Average Weekly Work Hours	Annual Accrual Days	Weekly Accrual Amount (hours)	Biweekly Accrual Amount (hours)
20	12	0.95	1.90
37.5	12	1.73	3.46
38.5	12	1.78	3.56
40	12	1.85	3.70
42	12	1.94	3.88
56	12	2.58	5.16

4. <u>Sick Leave Maximum Accrual:</u> Sick leave shall be cumulative with no maximum accrual.

B. <u>Sick Leave Use:</u>   Sick leave must be accrued before it is used.

1. <u>Employee:</u> Accrued sick leave may be used if an employee must be absent from work due to any of the following conditions: sickness, bodily injury, quarantine, required physical or dental examinations or treatment, or exposure to a contagious disease when continued work might jeopardize the health of others.

2. <u>Use of Sick Leave for Qualifying Family Members—non-FMLA Definition:</u>   Sick leave may also be used to care for members of an employee's immediate family as defined by this policy.

3. <u>While receiving disability payments from the Town:</u> When an employee only receives disability paid for by the Town for up to one half base pay, sick leave hours up to one half of the employee's average workweek may be used.

4. <u>While receiving disability payments from supplemental disability policy paid for by the employee:</u> When an employee is only receiving disability payments from a supplemental policy paid for by the employee, sick leave may be used as usual**. In the event an employee receives both Town and supplemental disability, please consult with HRD before using any leave.**

5. <u>Sick Leave Approval:</u>   Use of accrued sick leave must be approved by the employee's immediate supervisor, or in their absence, someone within the employee's chain of command.

6. <u>Notification</u>: Departments may establish an operational deadline by which employees must notify their immediate supervisor and other designees of their intention to take sick leave. In the absence of such a Department deadline, employees must provide 24 hour advance notice of the need to take sick leave when the need is foreseeable.   When a 24 hour notice is not possible, the employee must provide notice as soon as is practical.

C. <u>Excessive Absenteeism:</u>   In the event that an employee is absent from work for a period of time which exceeds approved paid leave or an unpaid leave granted by the Town, such absenteeism shall be grounds for disciplinary action up to and including termination.   Other patterns of unapproved absenteeism may also be considered grounds for disciplinary action up to and including termination.

D. <u>Sick Leave Abuse:</u> Claiming or taking sick leave under false pretense to obtain time off with pay shall be considered sick leave abuse. Employees found to be abusing sick leave shall be subject to disciplinary action up to and including termination.

Examples of sick leave abuse may include, but are not limited to:

1. Calling in sick on a day that was previously denied as a vacation day

2. Establishing a pattern of taking sick leave around a weekend, scheduled days off, or around holidays

3. A pattern of taking sick leave as soon as it is accrued

4. Traveling outside the employee's immediate home area while on sick leave, unless it is to obtain medical treatment from a medical professional.

E. <u>Medical Examination and Physician Certification:</u>

1. <u>May be requested at any time:</u> To ensure that sick leave privileges are used only for authorized purposes, employees may be asked to obtain Medical Certification.

2. <u>Absences of Three or More Days:</u> Employees who are absent for three or more consecutive days may be required to provide medical certification of the illness to their supervisor upon returning to work.

F. <u>Effects of Termination upon Sick Leave:</u> All sick leave accrued by an employee shall terminate without compensation when the employee retires, resigns, is laid off, or terminated by the Town.

1. <u>Rehire within 12 months</u>: An employee who left Town employ in good standing and is then rehired or reinstated by the Town within 12 months into a position eligible for earning sick leave, shall have any remaining unused sick leave that is still on Town's roster reinstated. Sick leave that was transferred to a new employer can be transferred back to the Town according to the provisions of paragraph A.1 and A.2 above. (*Policy Guidance: Transfer of Sick Leave 10/29/2015)*

IV. FORMS/INSTRUCTIONS

A. Qualifying employees who wish to <u>transfer unused sick leave</u> according to the provisions of this policy should obtain verification from their former employer's Human Resources department on letterhead, signed by an authorized representative, with contact information included. This information should be given to the Town's Human Resource Development Department.

V. ADDITIONAL CONTACTS

Human Resource Development 919-968-2700 or HR@townofchapelhill.org
Ombuds office   919-265-0806 or Ombuds@townofchapelhill.org

VI. DEFINITIONS

A. **Average Workday**: for purposes of this policy, is derived from average scheduled weekly hours or average actually weekly hours divided by 5.

B. **Domestic Partner:** Two individuals who have reached the age of majority and live together in a long-term relationship of indefinite duration, which an exclusive mutual commitment in which the partners share the necessities of life and are financially interdependent.   Also, domestic partners are not married to anyone else, do not have another domestic partner, and are not related by blood more closely than would bar their marriage in this state.

C. **Immediate Family Member—non-FMLA definition**: Immediate family members include parents; step-parents; parents-in-law; grandparents; children;   grandchildren; step-children; domestic partners; the children of domestic partners; siblings (when employee is the sole care provider); and spouses.

D. **Pay Period:** Regular 7 or 14 day period in which work is performed and for which pay is received. Saturday through Friday for most weekly employees and Tuesday through Monday of the second week for most bi-weekly employees.

E. **Unexcused Absence:** An absence that fails to comply with this policy or established departmental practices.

VII.   RESPONSIBILITIES

All Employees are expected to:
a) Be aware of the Town's Sick Leave policy and procedure
b) Use sick leave only for its intended purpose
c) Provide notice as requested by the department
d) Provide documentation upon request
e) Ask questions about anything they do not understand
f) Request sick leave according to their department's procedures

a) Follow the Sick Leave policy
b) Request documentation and maintain in employee file as needed
c) Request HRD assistance in investigating patterns of sick leave use which might indicate possible abuse of sick leave

All Human Resource Development staff members are expected to:
a) Provide Guidance for employees and managers on sick leave policy and procedures
b) Help departments investigate patterns of sick leave use which might indicate abuse.

All Department Heads are expected to:
a) Assure that employees know their department's procedures for requesting sick leave

VIII.   APPENDICES   None

IX.   FREQUENTLY ASKED QUESTIONS   None

X.   SCOPE   This policy applies to all regular full and part time employees

XI. RELATED INFORMATION

Town of Chapel Hill Code of Ordinances   Chapter 14, Sections 14-74 through 14-80

Coordination with Additional Policies: Depending on the circumstances of the employee's situation, the provisions of this policy may interact with other policies in the Medical Leave

Cluster of policies as well as health insurance and disability benefits offered by the Town (see list below). Employees should consult with their Human Resource Development Representative for more information.

Medical Leave Cluster of Polices:

- Family and Medical Leave Act PP 2-8
- Sick Leave   PP 2-6
- Workers Compensation PP 2-10
- Leave Donation PP 2-1
- Non-FMLA Medical L:eave PP 2-13
- Reinstatement and Rehire of Former Employees PP 3-4

Benefit Policies

- Health Insurance PP 6-1

XII: POLICY HISTORY

Adopted December 1, 2012
Revised and updated July 1, 2017 to include Transfer of Sick Leave Provisions and provide a non-FMLA definition of immediate family.

This policy replaces and supersedes any previous Town policies, departmental policies, handbooks, or unwritten policies or practices covering the same subject. Departmental policies in compliance with this policy are referenced in Section XI **Related Information.** In the event of any disparity between this policy and the Town's Code of Ordinances and/or applicable local, state, or federal laws, the Town's Ordinance and/or applicable laws shall prevail.