



TOWN OF CHAPEL HILL

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

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Attachments: 1. Staff Presentation, 2. Attachment 1 - Chapel Hill Strategic Goals and Objectives 2020-22, 3. Attachment 2 - FY 2022-36 Capital Program, 4. Council Questions with Staff Response, 5. Staff Presentation, 6. Emails from the Public

Date	Ver.	Action By	Action	Result
2/23/2022	1	Town Council	received and filed	Pass

Initial Budget Public Forum on the Annual Budget, Capital Program, Use of Grants and Related Items, and Potential Legislative Requests.

Staff:
Amy Oland, Director
Matt Brinkley, Assistant Director

Department:
Business Management

Overview: This initial public forum is an opportunity for the Council to receive public comment related to the development of the FY 2022-23 Town Budget.

☆ **Recommendation(s):**

That the Council receive comments from the public on the forum topics listed below; and that the Council refer comments and questions to the Town Manager to consider in the budget process.

OVERVIEW OF THE BUDGET PROCESS

Through the Town’s annual budget process, the Council makes decisions on the level and types of services provided to the public with local, state and federal funds. The budget process reflects direction from the Council, beginning with the Council’s 2020-22 Strategic Goals and Objectives (Attachment 1). Adopting a budget determines the level of resources available for Town services over the coming budget year.

Process for Participation by the Public

Additional public forums and hearings on the budget and related items will be held at 7:00 pm on:

- April 6 A public forum to:
- Receive comments on the preliminary plan for uses of 22-23 Community

Development Block Grant (CDBG) program funds

- May 18 Public Hearing on:
- the recommended budget for the service year beginning on July 1, 2022; use of public transportation grants; recommended 15-year capital program; Downtown Service District program.

The public may also make comments to the Mayor and Council by email at mayorandcouncil@townofchapelhill.org or by letter at Town Hall, 405 Martin Luther King Jr Blvd, Chapel Hill, NC 27514 at any time in the budget process.

Staff has provided notice of tonight's forum on the Town's website.

TOPICS FOR THE FEBRUARY 23 PUBLIC FORUM AND HEARING

- a. Annual Budget for 2022-23: preparing the budget for the service year beginning on July 1, 2022.
- b. 2023-37 Capital Program: capital improvement needs for 2023-37.
- c. Community Development Block Grant (CDBG) for 2022-23: use of the 2022-23 Federal Community Development Block Grant funds for eligible public service, affordable housing, and community development benefiting low-to-moderate income households in Chapel Hill (Initial Public Forum held November 10, 2021).
- d. Federal HOME Investment Partnership Program funding for 2022-23: use of the 2022-23 Federal HOME Investment Partnership Program funds for a broad range of eligible housing-related activities benefitting low-to-moderate income households in Orange County (The Orange County Board of Commissioners will hold the public hearings for the Orange County Home Consortium on April 26).
- e. Housing Capital Funds Program for 2022-23 use of the 2022-23 Federal Housing Capital Funds Grant for public housing improvements, renovations and services to public housing residents.
- f. Public Transportation Grant Program for 2022-23: use of 2022-23 Federal and State grants for transit capital projects, operating costs and transportation planning.
- g. Downtown Service District: receive comments and suggestions from downtown businesspeople, property owners and other interested residents regarding the needs of the service district.
- h. Potential Legislative Proposals: receive suggestions for legislation that might be sought in the 2022 session of the General Assembly.

A. Annual Budget for 2022-23

This forum is an opportunity for the public to comment on any aspect of the Town's budget and budget documents, including services that should be added, eliminated, or changed. The Town's

2022-23 budget and service year will begin on July 1, 2022 in accordance with State law.

Purpose

The annual budget includes funding for operating costs for police and fire protection, street maintenance, refuse collection, other public works services, parks and recreation, public transit, the public library, planning, building inspection, engineering, legal and administrative services, affordable housing, human services, and public housing.

The annual budget includes one year's funding for cash-financed (pay-as-you-go) small capital projects such as sidewalks, greenways, street paving, and debt service payments on other capital projects.

In addition to setting Town service levels and property tax rates, the Council makes decisions on whether to adjust or adopt service fees for refuse collection, recreation programs, development review, inspections, and other services as part of the budget.

Next Steps

On May 4, the Council will receive the Manager's Recommended Budget. The Council will receive public comment at its May 18 public hearing. The Council will consider adopting a budget on June 8.

B. 2023-37 Capital Program

The purpose of this forum is to receive suggestions and comments from the public regarding capital projects proposed for the next 15 years.

2023-37 Capital Program

A summary of the current capital program and long-range projections as adopted by the Council with the FY 2022 budget for 2022-36 is attached as background information (Attachment 2). The 15-year CIP is a comprehensive list of capital projects, based on needs identified by Town departments for planning purposes only. Capital projects are brought to Town Council for consideration when funding sources have been identified.

Purpose

A capital improvements program is a plan for major projects and purchases including:

- Buying land for parks, open space, or other Town services;
- Sidewalks;
- Streetscape;
- Bikeways;
- Greenways;
- Park improvements;
- Construction, renovation, expansion, and capital maintenance of Town buildings; and
- Road, bridge, and related improvements.

The Town's capital programs have typically included a list of capital projects with cost estimates, a potential schedule, and priorities for 15 years, and existing or potential future funding methods for each project.

Identified funding sources may include current general revenues, money previously reserved for capital projects, grants, gifts, and bond issues.

Many projects in the first year of the capital program normally are funded as part of the annual budget. Projects in the second through fifteenth years are normally not funded in the budget for the next year, although some may be financed through bond issues, installment purchase contracts and other sources. Funding for most projects in the second through fifteenth years will be considered in future annual processes.

Planning Process

Each year, the Town Council, residents, boards and commissions, and staff consider the Town's capital project needs and possible funding sources for needed projects. This process results in decisions by the Town Council regarding capital improvements that the Town may undertake as funding becomes available and is appropriated.

2022-23 Funding

We have not yet estimated how much funding may be allocated in the upcoming proposed annual budget for capital projects. In the current 2021-22 budget year, \$600,000 was allocated to fund pay-go capital projects.

Next Steps

We will submit a preliminary recommendation for the capital program to the Council as a part of the budget process. The capital program will be presented as part of the Manager's Recommended Budget on May 4 and a public hearing on the recommended budget will be held on May 18.

C. Community Development Block Grant Program for 2022-23

The initial public forum for the Community Development Block Grant Program was held [November 10, 2021 <https://chapelhill.legistar.com/MeetingDetail.aspx?ID=802592&GUID=0C22E8A2-E048-4E53-B9BA-985186167918&Options=info|&Search=>](https://chapelhill.legistar.com/MeetingDetail.aspx?ID=802592&GUID=0C22E8A2-E048-4E53-B9BA-985186167918&Options=info|&Search=>).

Next Steps:

- The deadline for submitting applications was January 14, 2022.
- The CDBG Application Review Committee will review applications and draft funding recommendations in February 2022.
- On April 6, 2022, the Town Council will hold a second public forum to receive comments on the preliminary plan for uses of 2022-23 CDBG program funds.
- On May 4, 2022, the Council will receive the recommended 2022-23 CDBG Program Plan.
- The 2022-23 Annual Action Plan will be submitted to Housing and Urban Development (HUD) on or before May 17, 2022.

D. Federal HOME Investment Partnership Program for 2022-23

Federal HOME Program funding is allocated to the Orange County HOME Consortium (Chapel Hill, Carrboro, Hillsborough, and Orange County). Orange County serves as the lead entity for administering the HOME Program. The Orange County Board of Commissioners will hold the public hearings for the Orange County Home Consortium on April 26, 2022.

Next Steps:

- HOME funding is awarded through a joint application process. The deadline for completing applications is February 25, 2022.
- The HOME Program Review Committee, consisting of one elected official from each partner organization, will review applications in March 2022 and the Orange County Board of

County Commissioners will receive public comment on the preliminary plan in April 2022.

- On May 3, 2022, the Orange County Board of Commissioners will receive the recommended 2022-2023 HOME Program Plan.
- On May 4, 2022, the Council will receive the recommended 2022-2023 HOME Program Plan.
- The 2022-23 Annual Action Plan will be submitted to U.S. Housing and Urban Development on or before May 17, 2022.

E. Housing Capital Fund Grant Program for 2022-23

The purpose of this forum is to receive public comments on the use of the federal 2022-23 Housing Capital Fund grant.

Purpose

The Town may use the annual Housing Capital Fund grant for comprehensive renovation and improvements to public housing neighborhoods.

Federal rules give priority to work needed to meet statutory requirements such as:

- Testing for and removing or otherwise controlling lead-based paint;
- Testing for and removing or otherwise controlling asbestos; and
- Renovations to meet the needs of disabled residents.

Estimated Grant for 2022-23

The 2021-22 grant amount was \$935,260. HUD has not yet notified the Town of the 2022-23 Grant award. The proposed uses will be based on the amount received last year. If the amount awarded is different from the anticipated amount, we will adjust the Public Housing renovations program accordingly.

PRELIMINARY 2022-23 CAPITAL FUND PROGRAM

Proposed Sources of Funds

<u>Capital Fund Program</u>	\$ 935,260
TOTAL	\$935,260

Proposed Uses of Funds

Appliance Replacement Schedule	\$390,000
Professional Services	200,000
Asphalt Assessment & Repair	168,723
Administrative Costs	89,000
Cabinet Renovations (Church/Caldwell)	67,016
<u>Training & Development</u>	<u>20,521</u>
TOTAL	\$935,260

Many of the proposed repairs and renovations for the 2021-2022 Capital Grant Fund were stalled by the impact of COVID on supplies, distribution, increasing cost and staffing deficiencies. We have

revisited many of the proposals received and updated where costs increased as well as included the cost of temporary staffing. We are hopeful that we can achieve more items from the Public Housing Master Plan and regain consistency with our Annual Appliance Replacement schedule.

1. Administrative Costs

(\$89,000)

Administrative costs are those indirect costs associated with the performance of a sponsored activity (such as a grant or a contract or other similar agreement with an external funding source). This activity includes the administrative cost for coordinating, tracking, and implementing the Capital Fund activities.

2. Appliance Upgrade / Replacement

(\$390,000)

Consistent with the Public Housing Master Plan, we have assessed the age and condition of all major appliances in the 296 units we maintain. Our goal is to replace as many Refrigerators, Ranges, and Water heaters that we can with each grant disbursement until all units have energy star efficient appliances.

3. Asphalt Assessment & Repair

(\$168,723)

To realize economies of scale, Public Housing partnered with the Public Works Department to order a Pavement Condition Survey for the Asphalt Assets in our Town. Public Housing's portion of the town-wide Survey was much less expensive than if we had commissioned the work as a separate unit.

4. Cabinet Renovations (Church / Caldwell)

(\$67,016)

This community was built in 1986 and contains 20 apartments. Many of our Seniors and differently abled live in this community. The cabinets need to be updated for ease of use by our Seniors.

5. Professional Services

(\$200,000)

Continued professional contracts to assist our efforts to review and select architects and engineers to address the flooding issues of South Estes, the bridge at the administrative offices, and the bay space at the maintenance space in the Town Operations Center.

6. Training and Development

(\$20,521)

Since November 2019, Public Housing has added three key personnel to its staff and experienced the retirement of an employee with excess of 30 years of experience. Training provided by our professional Organizations and HUD are essential to our continued growth and success as a department.

Next Steps

Comments received will be taken into consideration in preparing a recommended plan for the 2022-23 Capital Fund grant.

F. Public Transportation Grant Program for 2022-23

The forum tonight is an opportunity for the public to comment on transit services and projects in

2022-23 including the use of Federal and State grants for transit operations, capital projects and transportation planning.

Purpose

Transportation services, projects and planning activities are intended to provide alternatives to the use of single-occupant vehicles, reduce traffic congestion, reduce air pollution, and assist people with disabilities affecting their mobility.

Estimated Funding

For 2022-2023, Federal funding for transit service operations through the 5307 Urbanized Area Funds is estimated to be \$2 million while State funding is estimated to be around \$3 million. Because of the changes at the Federal level, it is difficult to predict when this funding will be received.

In addition, we received approximately \$8.4 million in American Rescue Plan Act (ARPA) funding through a Federal Transit Administration grant, which can be used to offset lost State revenue, revenue losses due to COVID and COVID-related expenses and was adopted into the FY2021-22 budget. We also received around \$5.3 million in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds, that will be included in a future grant to be adopted by Council.

The federal supplemental funding is provided at 100-percent federal share, with no local match required and is available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. The Transit Partners and staff will work with the Manager and Council to further identify appropriate uses for these funds through the Town's budget process. Some identified needs include, but are not limited to, buses, radio system replacement, generator replacement, transit facility roof replacement, fire system replacement, real-time bus system replacement, bus stop improvements, and bus yard and facility repairs and security upgrades.

Chapel Hill Transit also secured a \$595,000 federal grant to study transit-oriented development around proposed bus rapid transit stations. This work is being undertaken in coordination with the Town's land use planning efforts.

Sharing of Local Costs

The University and the Towns of Carrboro and Chapel Hill have agreed to share the local operating and capital cost for transit services. The cost-sharing formulas are set forth in separate contracts with the University and Carrboro. The partners have also adopted a capital plan that requires annual investments to maintain the transit fleet. Capital investments have been delayed over the past two (2) years in order to keep Partner contributions stable during the early phases of the pandemic. As a result, 19 fixed route buses need to be replaced in FY2022-23 and an additional six (6) are due to be replaced in FY2023-24. Additional details on the Transit Fund will be provided at the March Work Session.

2022-23 Services

Chapel Hill Transit provides:

- Fixed route and express bus service throughout Chapel Hill, Carrboro and the University of North Carolina at Chapel Hill;
- E-Z Rider service for customers with mobility challenges.

Next Steps

Staff will present the budget to the Public Transit Committee no later than April 2022. The public will have an opportunity to comment on the transit budget and grants again at the Public Hearing on May 18, 2022.

G. Downtown Service District

The purpose of this forum is to receive comments and suggestions from downtown businesspeople, property owners, and other interested residents regarding:

- the needs of the service district;
- the use of Downtown Service District taxes in 2022-23; and
- the scope of projects and programs in the service plan for the Downtown District.

Purpose

In 1989, the Council established a Downtown Service District in response to requests from several downtown businesses and property owners. State law allows the Council to establish this service district and to apply a supplemental property tax to promote the economic vitality of downtown, enhance Town services in the downtown district and other related activities. Most of the property in the downtown is in the zoning districts Town Center 1, 2 or Town Center 3.

Estimated Funding in 2022-23

The Downtown Service District is funded by a dedicated property tax of 6.4 cents on the properties within the District. Using the rate of property tax growth from the last several years (1.5%), we have estimated that the Downtown Service District collections in 2022-23 will be about \$397,000, an increase of \$6,000 over 2021-22.

Downtown District Services

Currently, downtown district funds are allocated to the Chapel Hill Downtown Partnership, a grounds maintenance employee for the downtown, maintenance costs for public areas of 140 West, and other Downtown economic development projects.

Legislation was enacted that imposed new requirements for municipal service districts to procure contractual services. To comply with these requirements, in 2021 the Town held a competitive process for selection of a vendor to provide services in the Downtown. The Downtown Partnership was selected and the Town entered into a 1-year contract with the ability to renew 4 additional times for the Partnership to provide services.

The Council normally adopts the downtown district tax rate in June with the overall budget.

H. Potential Legislative Proposals

Tonight's forum is also an opportunity to identify potential local legislative requests for the 2022 session of the North Carolina General Assembly. The General Assembly is expected to convene in the coming months for this year's short session. In "short sessions" there is usually limited opportunity to consider potential legislative requests. Any proposal offered by the public this evening can be considered by Council at a later meeting as Council develops further requests for local legislation.

The Town Council is expected to meet with the Town's Legislative Delegation in April to discuss legislative issues of interest to the Town.



Attachments:

- Staff Presentation
- Attachment 1 - FY 2020-22 Strategic Goals and Objectives
- Attachment 2 - FY 2022-36 Capital Project Listing

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

PRESENTER: Matt Brinkley, Assistant Director Business Management

RECOMMENDATION: That the Council receive comments from the public on the forum; and that the Council refer comments and questions to the Town Manager for consideration in the budget process.