



TOWN OF CHAPEL HILL

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

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Attachments:	1. Draft Staff Presentation, 2. FY 2023-37 Capital Program, 3. Applicant Presentation, 4. Staff Presentation				

Date	Ver.	Action By	Action	Result
2/15/2023	1	Town Council	received and filed	

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 2023-24 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.

Key Issues:

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. Adopting a budget determines the level of resources available for Town services over the coming fiscal 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 19

A public forum to:

- Receive comments on the preliminary plan for uses of 23-24 Community

Development Block Grant (CDBG) program funds

May 24

Public Hearing on:

- The recommended budget for the service year beginning on July 1, 2023; use of public transportation grants; recommended 15-year capital program; Downtown Service District program.

The public may also share comments with 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 15 PUBLIC FORUM AND HEARING

- a. Annual Budget for 2023-24: preparing the budget for the service year beginning on July 1, 2023.
- b. 2024-38 Capital Program: capital improvement needs for 2024-38.
- c. Community Development Block Grant (CDBG) for 2023-24: use of the 2023-24 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 16, 2022).
- d. Federal HOME Investment Partnership Program funding for 2023-24: use of the 2023-24 Federal HOME Investment Partnership Program funds for a broad range of eligible housing-related activities benefiting 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 in April).
- e. Housing Capital Funds Program for 2023-24 use of the 2023-24 Federal Housing Capital Funds Grant for public housing improvements, renovations, and services to public housing residents.
- f. Public Transportation Grant Program for 2023-24: use of 2023-24 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 2023 session of the General Assembly.

A. Annual Budget for 2023-24

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

2023-24 budget and service year will begin on July 1, 2023 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 inspections, 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 10, the Council will receive the Manager's Recommended Budget. The Council will receive public comment at its May 24 public hearing. The Council will consider adopting a budget on June 14.

B. 2024-38 Capital Program

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

2024-38 Capital Program

A summary of the current capital program and long-range projections as adopted by the Council with the FY 2023 budget for 2023-37 is attached as background information. 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.

2023-24 Funding

We have not yet estimated how much funding may be allocated in the upcoming proposed annual budget for capital projects. In the current 2022-23 budget year, \$634,500 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 10 and a public hearing on the recommended budget will be held on May 24.

C. Community Development Block Grant Program for 2023-24

The initial public forum for the Community Development Block Grant Program was held November 16, 2022.

Next Steps:

- The deadline for submitting applications was January 13, 2023.
- The CDBG Application Review Committee will review applications and draft funding recommendations in February 2023.
- On April 19, 2023, the Town Council will hold a second public forum to receive comments on the preliminary plan for uses of 2023-24 CDBG program funds.
- On May 10, 2023, the Council will receive the recommended 2023-24 CDBG Program Plan.
- The 2023-24 Annual Action Plan will be submitted to Housing and Urban Development (HUD) on or before May 17, 2023.

D. Federal HOME Investment Partnership Program for 2023-24

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 in April 2023.

Next Steps:

- HOME funding is awarded through a joint application process. The deadline for completing applications is February 21, 2023.
- The HOME Program Review Committee, consisting of one elected official from each partner organization, will review applications in March 2023 and the Orange County Board of

County Commissioners will receive public comment on the preliminary plan in April 2023. Council Member Stegman serves as the Council's representative to this Committee.

- In May 2023, the Orange County Board of Commissioners will consider a recommended 2023-2024 HOME Program Plan.
- On May 10, 2023, the Council will consider a recommended 2023-2024 HOME Program Plan.
- The 2023-24 Annual Action Plan will be submitted to U.S. Department of Housing and Urban Development on or before May 17, 2023.

E. Housing Capital Fund Grant Program for 2023-24

The purpose of this forum is to receive public comments on the use of the federal 2023-24 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 2023-24

The 2022-23 grant amount was \$1,167,218. HUD has not yet notified the Town of the 2023-24 Grant award. The proposed plan is 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 2023-24 CAPITAL FUND PROGRAM

Proposed Sources of Funds

Capital Fund Program	\$ 1,167,218
TOTAL	\$1,167,218

Proposed Uses of Funds

Appliance Replacement Schedule	\$ 500,000
Professional Services	50,000
Building Improvement	372,000
Administrative Costs	116,721
Vehicle Replacement	80,000
Training & Development	48,497
TOTAL	\$ 1,167,218

1. Appliance Upgrade / Replacement (\$500,000)

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, furnaces, and water heaters that we can with each grant allocation until all units have energy star efficient appliances.

2. Building Improvements (\$372,000)

Section 504 of the Rehabilitation Act prohibits federal agencies, programs and activities receiving federal financial assistance, from discriminating against individuals with disabilities. We have seen a marked increase in requests for reasonable accommodations to include ramps, taller commode seats, and no step-in showers.

3. Administrative Costs (\$116,721)

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.

4. Vehicle Replacement (\$80,000)

We have had to surplus two vehicle this past year due to age and repairs exceeding the value of the vehicle.

5. Professional Services (\$50,000)

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, the impending contract for the Trinity Court Redevelopment, training and professional development, and better use of the space in the administrative offices and the bay space at the maintenance space in the Town Operations Center.

6. Training and Development (\$48,497)

50% of our staff have been employed at Chapel Hill Public Housing for less than a year. Training provided by our professional associations, HUD, and community partners is essential to our continued growth and success as a department. We would like to continue to support the Summer Career Academy by hiring one Maintenance intern each summer.

Next Steps

Comments received will be taken into consideration in preparing a recommended plan for the 2023-24 Capital Fund grant.

F. Public Transportation Grant Program for 2023-24

The forum tonight is an opportunity for the public to comment on transit services and projects in 2023-24 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 2023-2024, Federal funding for transit service operations through the 5307 Urbanized Area Funds is estimated to be \$2.8 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 will receive 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. In addition, Transit has secured \$360,732 for downtown bus stop improvements and \$2 million (CMAQ) and \$668,000 (VW Settlement) funds for the replacement of five diesel buses with electric alternatives. Unless additional funding is secured, transit will need to provide around \$2.7 million in match for the buses.

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. While Transit has made considerable progress in replacing buses (49 since 2017), using grant funds and partner contributions, we need to replace 19 buses and 12 demand response vehicles in FY2023-24 in order to help maintain a reliable and efficient transit fleet.

2023-24 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 2023. The public will have an opportunity to comment on the transit budget and grants again at the Public Hearing on May 24, 2023.

G. Downtown Service District

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

- the needs of the service district;
- the use of Downtown Service District taxes in 2023-24; 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 2023-24

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 2023-24 will be about \$408,000, an increase of \$11,000 over 2022-23.

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. Fiscal Year 2024 will be year three of this agreement.

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 2023 session of the North Carolina General Assembly, which began on January 25, 2023. In this year's "long session" there is an opportunity to consider legislative requests for Local Bills. 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 2023 deadlines for Local Bills to be submitted to bill drafting is March 1 for the House and February 23 for the Senate.

The Town Council met with the Town's Legislative Delegation on January 24, 2023, to discuss legislative issues of interest to the Town.



Attachments:

- Staff Presentation
- FY 2023-37 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.