

**DRAFT SUMMARY MINUTES OF A BUDGET WORK SESSION
OF THE CHAPEL HILL TOWN COUNCIL
MONDAY, JUNE 2, 2014, AT 6:00 PM**

Council Members Present: Mayor Mark Kleinschmidt, Mayor pro tem Sally Greene, Council Member George Cianciolo, Council Member Matt Czajkowski, Council Member Ed Harrison, Council Member Maria T Palmer, Council Member Lee Storrow, and Council Member Jim Ward.

Council Member(s) Absent: Council Member Donna Bell.

Staff members present: Town Manager Roger Stancil, Deputy Town Manager Florentine Miller, Town Attorney Ralph Karpinos, Mayoral Aide Mark McCurry, Assistant to the Town Manager Jason Damweber, Business Management Director Ken Pennoyer, Assistant Business Management Director Amy Oland, Budget Manager Matt Brinkley, Manager Intern David Finley, Budget Analyst Brandon Howell, Fire Marshal Dace Bergen, Police Officer Rick Fahrer, and Communications and Public Affairs Director and Town Clerk Sabrina Oliver.

AGENDA ITEMS

1. Approve Agenda (no attachment)

Mayor Mark Kleinschmidt called the meeting to order at 6:02 p.m., and the Council proceeded to review and approve the agenda for the work session.

MAYOR PRO TEM SALLY GREENE MOVED, SECONDED BY COUNCIL MEMBER LEE STORROW, TO APPROVE THE AGENDA. THE MOTION WAS ADOPTED UNANIMOUSLY (8-0).

2. Update from Preservation North Carolina on Disposal of Old Library Property (no attachment)

Regional Director for Preservation North Carolina (PNC), Cathleen Turner, presented an update regarding the status of the former library property at 523 Franklin Street. She explained that four offers had been received for the site. Only one of the offers, Buyer A, would not require rezoning, while the remaining buyers anticipated the need for rezoning, a process Ms. Turner estimated could take between twelve and eighteen months. She reviewed the existing preservation easement, noting that it protects the exterior of the building and specific interior elements, including the stone fireplace. Ms. Turner also explained that PNC maintains the ability to purchase the property and then convey it to the appropriate preservation-focused buyer.

Council members asked questions regarding public access, long-term maintenance expectations, interior preservation requirements, and the tax implications associated with the various proposals. Questions were also raised about how PNC could structure a competitive process to ensure the Town received the highest value while also maintaining preservation standards. Several members expressed concerns about transparency and emphasized the need to keep the community informed. There was shared interest in hearing all four bidders present their

proposals directly to Council to provide a clearer understanding of their intended uses and financial offers. Ms. Turner confirmed that the current agreement with PNC would need to be extended beyond its mid July expiration if the Council wished to pursue additional presentations or modifications to the process.

Council concluded that staff should coordinate with PNC to schedule bidder presentations and to negotiate an extension to the current agreement. Members also requested that staff prepare a public communication strategy that explains the timeline, rezoning requirements, buyer intentions, preservation easement terms, and related tax considerations so that residents remain informed as the process moves forward.

3. Council Discussion on the Recommended Budget (no attachment)

Town Manager Roger Stancil presented an overview of the recommended budget, highlighting key issues related to infrastructure, affordable housing, and long term fiscal priorities. Council members raised concerns about worsening road conditions and questioned whether a modest tax increase would be appropriate to ensure adequate maintenance. Mr. Stancil noted that the proposed budget already included an additional \$580,000 for street repairs.

Council members also discussed the possibility of dedicating a one cent property tax—referred to as a “penny for affordable housing”—to support the Town’s housing goals. Some members suggested that allocating half a cent during the current fiscal cycle would provide a more dependable source of revenue for affordable housing initiatives. The discussion then turned toward long term borrowing, with staff confirming that the earliest opportunity for a bond referendum would be in 2017. Several members emphasized the need to restore the debt service fund to pre recession levels, arguing that failing to do so limited the Town’s ability to address deferred infrastructure needs.

Council and staff discussed additional issues including stormwater maintenance, greenway expansion, transit support, and the need to follow through on previously adopted initiatives such as the bicycle plan. Some members advocated for exploring public–private partnerships, particularly for facilities such as fire stations, to help reduce long term capital costs. Others suggested forming a citizen advisory group in future years to provide additional public involvement in the budgeting process.

Council directed staff to prepare additional analysis on tax adjustment scenarios, clarify potential allocations for affordable housing, develop a prioritized capital improvement plan focusing on roads and stormwater, and outline an approach for a 2017 bond referendum.

MAYOR PRO TEM SALLY GREENE MOVED, SECONDED BY COUNCIL MEMBER JIM WARD, TO CONTINUE THE WORK SESSION TO WEDNESDAY, JUNE 4, 2014 AT 6 P.M. THE MOTION WAS ADOPTED UNANIMOUSLY (8-0).

The meeting adjourned at 8:20 p.m.