

**DRAFT SUMMARY MINUTES OF A WORK SESSION
OF THE CHAPEL HILL TOWN COUNCIL
MONDAY, JANUARY 5, 2015, 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 Jeff Deluca, Transit Director Brian Litchfield, Business Management Director Ken Pennoyer, Assistant to the Town Manager Jason Damweber, Long Range and Transportation Planning Manager David Bonk, Administrative Analyst Rick Shreve, Police Officer Rick Fahrer, and Communications and Public Affairs Director and Town Clerk Sabrina Oliver.

1. Approve Agenda (no attachment)

Mayor Mark Kleinschmidt opened the meeting by outlining the proposed timeline for the session.

COUNCIL MEMBER JIM WARD MOVED, SECONDED BY COUNCIL MEMBER LEE STORROW, TO APPROVE THE AGENDA AS AMENDED. THE MOTION WAS ADOPTED UNANIMOUSLY (8-0).

2. Presentation: Financial/Economic Update (no attachment)

Town Manager Roger Stancil and Business Management Director Kenneth Pennoyer provided an overview of key financial trends and challenges. Mr. Stancil and Mr. Pennoyer discussed scheduling for the upcoming budget season, including upcoming conversations on transit, asset management, council goals, employee compensation, and the Capital Improvements Program (CIP). They reviewed the timeline leading to the November 2015 bond referendum.

Mr. Pennoyer noted that the Town's financial indicators showed general stability, with total net position decreasing less than one percent and fund balance remaining stable over the past six years, and revenues exceeding expectations by approximately 4.8%, while expenditure grew less than anticipated. He explained that receivables recorded at the end of the fiscal year had since been collected, improving the overall fund balance. Council discussed the long standing policy goal for unassigned fund balance, with suggestions ranging from 22% to 23%.

Mr. Pennoyer highlighted several structural concerns, including transit funding models that are no longer sustainable, parking fund imbalances exacerbated by lower-than-expected revenues at 140 West, and growing workforce vacancies affecting service delivery. Council members discussed workforce competitiveness, internal hiring practices, and market pressures making recruitment more difficult. Mr. Pennoyer referred to the forthcoming Employee Compensation

Task Force report (January 26) as a mechanism to help guide future compensation system changes.

Mr. Pennoyer outlined the CIP review process and existing debt levels, including milestones extending from February through March and discussions regarding 140 West debt assumptions and referendum planning.

3. Presentation: Transit Strategic and Financial Sustainability Plan

Transit Director Brian Litchfield and Nelson/Nygaard Consulting Associates Bethany Whitaker and Tim Payne presented an overview of the Strategic and Financial Sustainability Plan. They described Chapel Hill Transit (CHT) as the second largest system in North Carolina, serving Chapel Hill, Carrboro, and UNC with nearly seven million annual rides, operating 31 fixed routes, and EZ Rider demand-response service using a 118 vehicle fleet.

Mr. Litchfield highlighted major challenges, including significant ridership growth, insufficient staffing increases, and aging capital assets—particularly that 42 fixed route buses and all 19 demand response vehicles were past their useful life. He noted funding reductions at both the state and federal level have intensified these issues.

Council members discussed system design concerns, including balancing campus oriented routes with residential and town wide needs. Some members noted a perceived mismatch between service coverage and resident needs, while others emphasized that routes do serve residents but may need efficiency improvements. Mayor Kleinschmidt encouraged the team to continue exploring opportunities and challenges in a way that responds effectively to public concerns.

Council discussed parking and park and ride usage, particularly at 140 West, where revenues remain below projections. Council members and staff reviewed strategies such as marketing, pricing adjustments, and opportunities to rent private spaces, park and ride cost burdens, regional transit partnerships, and the importance of long term planning and capital replacement.

Council Member Greene left the meeting at 7:44 p.m.

4. Update from Retreat Planning Committee

The Retreat Planning Committee provided an overview of preparations for the upcoming Council retreat. The group outlined plans for a Friday evening session followed by a full-day session on Saturday. Staff support would include developing structured questions designed to facilitate discussion on major policy priorities, shared learning, and constructive approaches to navigating differing viewpoints. The committee emphasized focusing on major strategic issues rather than revisiting previous goal lists. Council members expressed unanimous support for the proposed format and direction.

The meeting adjourned at 8:37 p.m.