

**DRAFT SUMMARY MINUTES OF A BUDGET WORK SESSION
OF THE CHAPEL HILL TOWN COUNCIL
WEDNESDAY, JUNE 1, 2016, AT 7:00 PM**

Council Members Present: Mayor Pam Hemminger, Council Member George Cianciolo, Council Member Ed Harrison, Council Member Nancy E. Oates, Council Member Maria T. Palmer, and Council Member Michael Parker.

Council Member(s) Absent: Mayor pro tem Donna Bell, Council Member Jessica Anderson, and Council Member Sally Greene.

Staff members present: Town Manager Roger L. Stancil, Deputy Town Manager Florentine Miller, Town Attorney Ralph Karpinos, Business Management Director Ken Pennoyer, Budget Manager Matt Brinkley, Budget Analyst Alex Terry, Transit Administrative Analyst Rick Shreve, Housing and Community Executive Director Loryn Clark, Human Service Coordinator Jackie Thompson, Transit Director Brian Litchfield, Manager's Intern Miles Spann, Police Officer Rick Fahrer, Assistant Fire Marshal Rob Pruitt, and Communications and Public Affairs Director and Town Clerk Sabrina Oliver.

AGENDA ITEMS

Mayor Pam Hemminger opened the meeting at 7:00 p.m. She also announced the upcoming “We Can End Violence” Day.

1. Discussion: 2016-17 Recommended Budget - Transit.

Transit Director Brian Litchfield and Business Management Director Kenneth Pennoyer presented an overview of the recommended FY2016–17 Transit Budget, supported by background materials from the Public Transit Committee. Mr. Litchfield outlined that Chapel Hill Transit remains the second largest system in the state, providing nearly 7 million annual rides and maintaining a fleet of 118 vehicles. He presented an overview regarding system routes, funding partners, capital requirements, and financial sustainability planning.

Mr. Pennoyer discussed major expenditures, including personnel, health insurance cost increases, and the use of debt financing for bus replacements. He noted that depreciation is not a funded component in the operational budget and explained the impacts of declining federal replacement grants and fluctuating state funds. Mr. Pennoyer also highlighted the FY2016–17 budget maintains all current services and includes one time savings due to unexpected increases in state funding and lower fuel prices.

Staff highlighted long-range priorities such as capital planning, fleet replacement, maintaining customer satisfaction, and advancing the North–South Corridor Study. Mr. Litchfield provided ridership updates and noted recent declines due to competing transit improvements by regional partners, low fuel prices, and increased campus parking availability. Council members asked about depreciation accounting, partner funding responsibility, and long term obligations, including Other Post-Employment Benefits (OPEB) liabilities.

Council discussed funding strategies, the need for future capital sustainability, and potential negotiations with regional partners to address capital reserves and shared responsibilities. Mayor Hemminger thanked staff and reminded Council of an upcoming joint meeting with Orange County.

2. Discussion: Human Service Agency Funding.

Housing and Community Executive Director Loryn Clark and Human Services Advisory Board representatives presented an overview of the Human Services funding program and the annual application and review timeline. Ms. Clark explained that the long standing allocation of \$337,000 remained insufficient relative to growing needs, and the Board requested an increase of approximately \$65,000.

Human Services Advisory Board Chair Debra Fenken described the annual application cycle, review procedures, and evaluation criteria. She clarified administrative costs, operational funding considerations, and how agencies' performance measures and community impacts are assessed. Council members asked about late applications, agency eligibility, and the potential impacts of reduced or withdrawn Town funding.

Ms. Clark and Council discussed funding requests for the Rogers Road after school program and Kidzu, with Council expressing support for further review and potential inclusion. Ms. Clark also noted that results from a recent needs assessment would be provided later in the year.

Business Management Director Kenneth Pennoyer provided an overview of recommended performance agreements for several agencies. Council members discussed funding for arts, cultural programming, and economic development connections, with suggestions for developing a cultural arts plan and exploring potential incubators or collaborative initiatives.

Ms. Clark and the Human Services Advisory Board provided Council with the Human Services Funding Recommendations document, outlining agency requests and recommended funding levels for FY2016–17.

The meeting adjourned at 9:13 p.m.