

SUMMARY

**PART I: SUMMARY OF THE SECOND QUARTER REPORT
FOR 2006-07
(period ending December 31, 2006)**

The Town of Chapel Hill brings responsive and well-managed local government service to about 51,000 residents. The vision for our community is shaped by policies set by the Mayor and Town Council, and delivered by more than 600 employees who work to ensure that citizens live in a safe and sustainable community that is served by an open, effective and accountable government.

The Town provides services in areas that include fire and police protection, finance, planning, public works, inspections, engineering, transportation, library, parks and recreation, and housing. The following report summarizes the Town's activities and initiatives for the first quarter of the 2006-07 fiscal year.

Fiscal Conditions

The Town is committed to enhancing its ability to provide services and manage its development through financial stability and fiscal planning.

Chapel Hill Receives Highest Bond Ratings

Two national bond rating agencies assigned the highest possible bond ratings to the Town's \$4.9 million in General Obligation Bonds. The bond ratings are key indicators of the Town's financial strength.

The public improvement bonds, which were sold on October 17, will finance improvements for library expansion, greenways, streets, pedestrian and bicycle amenities, and open space.

As a part of the process for the sale of the bonds, the Town was evaluated by bond rating agencies, Moody's Investor Service and Standard and Poors. While the Town has consistently received from Moody's the highest possible rating, a triple AAA, it had been rated one step lower, AA+, by Standard and Poors. This rating from Standard and Poors was upgraded to AAA. The combined ratings will allow the Town to borrow funds at the best possible interest rates, saving tax payers money for years to come.

University Relations

The Town endeavors to provide an environment where the Town of Chapel Hill, UNC, and the UNC Health Care System can collaborate to maximize mutual benefits.

UNC-Chapel Hill: Semi-Annual Report on Development Plan

The Council heard from University representatives on Nov. 6 on the status of UNC-Chapel Hill development projects under construction and planned for the future. Since January 2006, the University has completed 15 major capital improvement projects valued at about \$114 million. Another 36 projects valued at about \$753 million are under construction and 55 projects valued at about \$698 million are in design.

UNC-Chapel Hill Development Plan Modification No. 3

The Council authorized a modification of a development plan for UNC-Chapel Hill, which would add about 1.2 million square feet of floor area to the main campus. The Council granted the approval on December 4 with various stipulations to improve pedestrian safety.

These stipulations include requiring the University to provide police traffic control (traffic police officer to manually control the signal and to assist pedestrians crossing) at the intersection of Fordham Boulevard and Manning Drive before and after special events at Smith Center. Also added is a stipulation that the intersections at Fordham Boulevard-Manning Drive and Old Mason Farm Road be upgraded with bicycle-activated loops, pedestrian "count down" heads with crosswalks including "stop ahead when flashing" beacons on Fordham Boulevard.

These improvements also were recommended by the Fordham Boulevard Safety Work Group, which prepared a report offering proposals to alleviate dangers for pedestrians. Fordham Boulevard has two lanes in each direction and carries between 50,000 and 60,000 vehicles per day. There are no sidewalks along Fordham Boulevard, and there is a sidewalk on only one side of Manning Drive west of Fordham Boulevard.

Regional Cooperation

The Town engages in effective regional cooperation that promotes sustainable growth patterns, recognizing that economic development, land use, transportation, environmental, natural area linkages, and other planning issues transcend the boundaries of Chapel Hill.

Rogers Road Small Area Plan

Chapel Hill organized a public meeting on December 7 to discuss planning for the Rogers Road area. The discussion was initiated to begin the process of drafting the Rogers Road Small Area Plan, which is expected to involve intensive community participation. The plan would provide a vision and guidelines for future development of the area, including the Greene Tract, which is jointly owned by Chapel Hill, Carrboro and Orange County. In 2002 the Chapel Hill Town Council adopted a concept plan for the Greene Tract which stipulated that about 18 acres of the 170 acres in the Greene Tract would be set aside for affordable housing and about 86 acres would be set aside for open space.

Southeast Chapel Hill-Southwest Durham Collector Plan

The Council finalized its recommendations on December 4 to the Durham-Chapel Hill-Carrboro Transportation Advisory Committee on a draft plan to assess the need for additional roadway connections for improved connectivity between existing and anticipated development. The Council addressed concerns about the design of the collector system and the timing of development of collector streets. Among its recommendations were to locate funds to upgrade George King Road as a collector road which connects Ephesus Church Road to NC 54 east of the Chapel Hill limits.

Grant Application for Bolin Creek Watershed Restoration Project

The Town of Chapel Hill partnered with the Town of Carrboro in October on a grant application to the Clean Water Management Trust Fund for the Bolin Creek Watershed Restoration Project. The maximum grant that may be awarded is \$50,000. If awarded, the funds would be used to identify areas of stream erosion, sources of pollution, areas for stream restoration, and other potential projects.

Economy and Employment

The Town works to increase employment opportunities for residents and satisfy local demand for commercial and retail services.

Development Agreement with Ram Development Co.

The Council authorized on December 4 the drafting of a development agreement with Ram Development Co. for Town-owned parking Lot 5. The development project was initiated by the Council to invigorate downtown and energize the streets with people and activity. The Town's Comprehensive Plan establishes the goal to enhance downtown's role as the center of the community with a pedestrian orientation and a human scale. The plan further suggests developing underutilized parcels of land to enhance the vitality of downtown. This has ranked as the Council's No. 1 goal for years.

The Council received considerable public feedback on November 20 and December 4 on the development proposal that would combine condominium housing, retail businesses, and public and private parking. The \$75 million proposed development is sited for Parking Lot 5 facing West Franklin and West Rosemary streets.

Rising costs in the construction industry caused the Town negotiating committee to reevaluate an earlier proposal from Ram Development Co. The new iteration aims to shield taxpayers from significant financial risk. The Town has not wavered on the principles and goals for the program. The project must provide for at least 15 percent affordable housing, include a public plaza and gathering space, and reflect green and sustainable building principles. Also required are high-quality design and materials, underground public parking and public art.

Housing

The Town aims to increase the availability of well-designed, affordable, safe and sanitary housing for all citizens of Chapel Hill.

Resident Opportunities and Self-Sufficiency (ROSS) Grant

The Town received a \$248,240 grant in October from the U.S. Department of Housing and Urban Development. The grant will be used to set up a three-year program run by the Chapel Hill Training Outreach Project Inc. for job training, life skills training, technology training, financial counseling and other programs to help public housing residents become self-sufficient.

Land Use and Development

The Town promotes orderly development and redevelopment to achieve appropriate and compatible use of land.

Castalia at Meadowmont

The Council approved a special use permit application on October 10 for a three-story building including office floor area and residential units. The 4.2 acre site is located on the south side of the intersection of West Barbee Chapel Road and Old Barn Lane in Meadowmont. The applicant agreed to provide a payment-in-lieu of affordable housing in the amount of \$150,000.

Concept Plan Review

Numerous concept plans for residential developments were presented in fall 2006 to the Council for input, including Residences at Grove Park at 425 Hillsborough Street between Martin Luther King Jr. Boulevard and Hillsborough Street; the MLKB Project (Northampton Terrace) at 604 Martin Luther King Jr. Boulevard; and the Oldham Subdivision on the east side of U.S. Highway 15-501 across from Cole Drive. A concept plan is a preliminary step toward preparation of a formal development plan and application.

Environment

The Town strives to identify, protect and preserve open spaces and critical natural areas and enhance the community's air quality and water resources.

Solar and Green Homes Tour

The Town's Million Solar Roofs Committee and SURGE organized a Solar and Green Homes Tour on October 7. The tour showcased six locations featuring solar energy options, green building techniques and sustainable design. The tours are intended to give residents an opportunity to explore a number of diverse applications for solar and green building alternatives that reduce energy consumption and promote healthy design strategies. These applications include solar energy options, passive solar design, water efficiency techniques, green materials, alternative energy options and indoor environmental quality practices.

NC Big Sweep

More than 200 volunteers participating in the 19th annual NC Big Sweep in Orange County on November 4 picked up more than 5,600 pounds of bottles, cans, tires, fast food containers and wrappers, cigarette butts, and construction debris from 15.8 miles along Chapel Hill greenways, streams, and roads. Students from Chapel Hill High School formed the largest portion of volunteers with UNC groups and scouts also participating in large numbers. Residents of three Chapel Hill Public Housing communities gathered gloves and bags to pick up litter that had accumulated around apartments and in the woods and creek near their homes.

Arbor Day Celebrated

The Town held a tree-planting ceremony on November 17 at Oakwood Park to celebrate Arbor Day. At the ceremony, the Town received its Tree City USA Award for the 2005 from the North Carolina Division of Forest Resources. Chapel Hill Town Council Member Jim Ward read the Arbor Day Proclamation. Second grade students from Glenwood Elementary School helped plant a Shumard oak tree. It was the seventh year that Chapel Hill has received national recognition as a Tree City USA by the National Arbor Day Foundation.

Stormwater Division Issues Survey

The Stormwater Management Division surveyed residents in fall 2006 as part of its efforts to improve community services and design educational programs. The results of the survey were being compiled in December.

Transportation

The Town values the development of a balanced, multi-modal transportation system that will enhance mobility for all citizens, reduce automobile dependence, and preserve/enhance the character of Chapel Hill.

Chapel Hill designated Best Workplace for Commuters

The Town was designated in December as one of the Best Workplaces for CommutersSM District by the U.S. Environmental Protection Agency (EPA) and U.S. Department of Transportation (DOT). A voluntary partnership program designed to cut traffic congestion and traffic-related air pollution, the program recognizes employers that provide environmentally friendly commuter benefits to employees. Chapel Hill was identified as a community committed to reducing pollution, commuting costs, traffic congestion, and employee stress caused by single-occupant vehicle commuting.

Award of Contract for Bus Purchase

The Council in October authorized a contract award for the purchase of 16 buses in the amount of \$5.8 million to the Gillig Corp. The Council also authorized the award of additional buses over a five-year period from this same contract. The Town currently owns 86 buses that range in age from four to 19 years old. The national standard fleet age is seven years. The purchase will include 13 low floor buses and three hybrid low floor buses. Low floor buses do not have steps in the entry but rather have a passenger compartment that is lower than that of traditional models. This stepless entry makes passenger boarding more convenient and efficient.

Pedestrian Safety Improvements at Sage Road and Old Sterling Drive

The Council authorized pedestrian improvements including a crosswalk and refuge island on Sage Road at Old Sterling Drive and another crosswalk on Old Sterling Drive at Sage Road. The University agreed to fund the \$25,000 project as part of the conditions for a special use permit modification authorizing a park and ride lot at Chapel Hill Bible Church.

Recommendations from Fordham Boulevard Safety Work Group

Improving pedestrian and bicycle access, circulation and safety on Fordham Boulevard between Manning Drive and Old Mason Farm Road was the focus of a November report prepared by Charlie Zeeger of the UNC Highway Safety Research Center and Dr. Joe Hummer of the NC State University Transportation Engineering Department. The report recommended new lighting, police control before and after Smith Center events, push-button countdown pedestrian signals and marked crosswalks, stop ahead when flashing beacons, sidewalks on both sides of Fordham, and a pedestrian and bicycle overpass or underpass across Fordham. The Council referred the report to Town staff to develop a proposed action plan to implement the recommendations.

Pedestrian Improvements

The Town installed a new traffic signal at Meadowmont Lane and Sprunt Street/Cedar Club Circle. The project included countdown pedestrian heads, crosswalks and bicycle activated loops. The project was funded largely by the Cedars of Chapel Hill Retirement Community, which provided \$50,000 toward the \$65,000 project.

Chapel Hill Bible Church Park and Ride

The Council approved an application on Dec. 4 for a special use permit modification for the Chapel Hill Bible Church Park-Ride Terminal at the northwest corner of Sage and Erwin roads. UNC-Chapel Hill intends to lease existing spaces at the church parking lot to University employees beginning in January 2007. As part of its approval, the Council required the University to provide safety improvements for pedestrians crossing Sage Road.

Community Facilities and Services

The Town provides community facilities and services that meet the physical, social, and cultural needs of Chapel Hill's population.

Halloween 2006

Halloween on Franklin Street drew a crowd of about 70,000 people. The streets were cleared of people at 2:25 a.m. and opened to traffic around 3:50 a.m. after being cleaned by Town crews. Twenty-seven people were arrested or cited in the closed area. Orange County Emergency Medical Services responded to 40 calls, and 18 people were transported to UNC Hospitals. Most of the calls were related to intoxication.

Several features were added to further enhance public safety and traffic flow during celebrations on Halloween, including: 40 additional officers to staff a larger event area on the west end of Franklin Street, motorcycle officers to patrol the perimeter of the event, mounted officers to enhance police visibility inside the closed area, and portable lights for those areas that are not normally illuminated at night.

Morgan Creek Trail Conceptual Plan

The Council heard a presentation in October on the Report of the Morgan Creek Trail Conceptual Plan Committee. The trail is proposed to be a 10-foot wide asphalt or concrete trail that would begin at Culbreth Road and end at Smith Level Road. The trail would allow pedestrian and bicycle traffic to continue from the current terminus of the Fan Branch Trail at Culbreth Road west to the Carrboro Town line near Frank Porter Graham School.

SAFER Grant Award

The Town received notice in November of the awarding of a \$1.24 million federal grant award, which, when combined with supporting funds, will fund 12 firefighter positions. The grant helps meet an initiative by the Council to improve fire response and safety in the community. Last year the Council approved a long-range plan for hiring new firefighters. Since then, the department has held a fire academy and hired six new firefighters. Another fire academy will be scheduled in spring 2007. The Staffing for Adequate Fire and Emergency Response (SAFER) grant was awarded in a competitive grant application process from the Department of Homeland Security to the Chapel Hill Fire Department.

Homestead Park Aquatic Center

Resolute Building Co. was selected as the contractor for the construction of the Homestead Park Aquatics Center. The \$5.5 million project will include a 26,845 square-foot building with two pools, one a lap-team pool of 25 yards by 25 meters and the other a warmer, family-teaching pool of 25 yards by 10 yards. The project also will include bleachers, locker rooms, a reception area and public art. Funding for the project comes from Town Park bonds of more than \$1 million, Orange County Park and Recreation bonds of more than \$4 million, and proposed borrowing of \$750,000. Plans for the Aquatics Center come from years of community conversation over the need for additional public swimming facilities as outlined in a 2002 Parks and Recreation Master Plan.

New Groundskeeper for Downtown

Public Works employee Don Hayes began work on October 10 as the groundskeeper for the downtown business district. Hayes works to pick up litter, pressure wash sidewalks, clean light poles and water flower beds along Franklin and Rosemary streets.

Public Art Contextual Plan

The Council considered on November 6 a draft public art plan that proposes new policy to encourage public art in private development. The plan proposes a requirement for contributions to public art from developers of certain types of projects. The draft plan proposes that two percent of the budget of any private development be used for public art. If the plan is adopted as proposed, and if the North Carolina Legislature provides the necessary enabling legislation, developers would have three options for compliance: to commission or purchase on-site public

art; to provide a permanent space for a cultural facility; or to make an in-lieu payment to the Public Art Fund.

New Downtown Police Unit

A new police unit that targets the downtown district – Franklin and Rosemary streets from Robertson Lane to the Carrboro town limits – began work in November 2006. The unit features foot and bicycle patrols. Officers also work with businesses and residents on crime-prevention strategies. Some of the officers have been certified by the Law Enforcement Bicycle Association.

Sykes Street Police Substation Opens

The newest police substation at 501 Sykes St. opened on November 16. The newly acquired substation is one of three that the Police Department has opened in the past two years. Community Services Officer Lori Patino is assigned to the location along with the department's senior services coordinator, Art Englehardt.

Governance

The Town makes every effort to maximize citizen participation so that Town government is representative of and responsive to the population; and to serve and govern the population in an honest, efficient, and equitable manner.

Status of Odor Elimination at OWASA Treatment Facility

As part of approval given in 2004 for expansion of the wastewater treatment facility on Old Mason Farm Road, the Council requested that Orange Water and Sewer Authority (OWASA) provide quarterly updates to the Council on the status of eliminating off-side odors from the plant. OWASA continues to report to the Council on the status of its odor monitoring and evaluation process. Construction improvements intended to eliminate off-site odor are expected to be completed during the summer of 2007.

Master Technology Plan Development

With improved technology being a highly ranked community objective, the Council directed the Town Manager to begin the process of developing a long range technology plan. In October, the Council heard a report that detailed a staff committee's work to catalog the Town's technology resources and identify and prioritize technology needs. The report outlines the Town's existing resources, improvements, and any improvements under consideration. Continuing review will involve examining the Town's existing infrastructure to determine whether it is sufficient to support additional services. Other areas of examination will include e-government initiatives; the process of delivering government services through electronic resources; the capital improvement program including fiber optic cable for the upgrade of the traffic signal system; and wireless initiatives. As part of the process of developing a master technology plan, the Council contracted with RHJ Associates Inc. to evaluate technology needs and resources.