

MINUTES OF A PUBLIC HEARING OF THE  
MAYOR AND BOARD OF ALDERMEN  
TOWN OF CHAPEL HILL, MUNICIPAL BUILDING  
MONDAY, MAY 7, 1979  
7:30 P.M.

Mayor Wallace called the meeting to order. Present were:

Marilyn Boulton  
Gerald Cohen  
Robert Epting (late)  
Jonathan Howes  
Beverly Kawalec  
R. D. Smith  
Bill Thorpe  
Edward Vickery

Also present was Town Manager E. Shipman.

Public Hearing to Consider the Manager's Recommended Operating Budget for Fiscal Year 1979-80

Mr. Shipman first pointed out that the Human Services work session was scheduled for May 21, 1979, when it would conflict with the regular public hearing for May. He suggested it be changed to May 16, 1979, at 7:30 p.m. (Alderman Epting came in.)

Mr. Shipman presented the budget to the Mayor and Board of Aldermen with the following remarks.

During the next fiscal year the Town will double its outstanding indebtedness in order to construct new facilities such as the Police building and the Community Center and to renovate older buildings such as the Hargraves Center. Still other improvements such as the renovation of the Franklin Street Post Office as a courts facility and the Lincoln Gym and Shop buildings are being done on a cash basis. Many of these facilities will begin to serve the citizens of Chapel Hill during 1979-80, but others will not be completed until fiscal year 1980-81.

In keeping with the philosophy that, where possible, citizens should not be taxed for improvements of services before they begin to enjoy benefits from them, the 1979-80 budget has drawn upon existing resources as heavily as is practicable in order to defer the largest part of a necessary tax increase until fiscal year 1980-81.

The 1979-80 recommended budget has been balanced with a net three cent tax increase. The amount of the increase was kept low through four techniques.

1. Use of recently available federal operating assistance to reduce the tax rate necessary to subsidize the Transportation Fund;
2. Depletion of reserves in the Debt Service Fund to keep the General Fund's contribution for principal and interest from rising sharply until fiscal year 1980-81;
3. Greater use of service charges and user fees to defray program costs; and
4. Elimination of programs which are not meeting high priority needs.

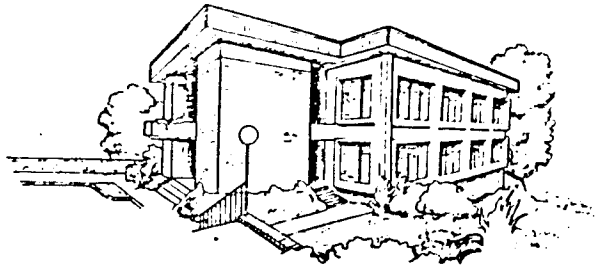
I believe the financial plan presented here to be a realistic one which will meet the needs of the community in the new year and will enhance the Town's ability to meet its obligations and service commitments in 1980.

These recommendations are tailored to be met in the new year with a General Fund property tax levy of \$1.08 per \$100 valuation. The increase consists of \$.03 for capital improvements and \$.03 for operations.

The special property tax for Transportation is recommended to be reduced from the current rate of \$.10 to \$.07 per \$100 valuation. This decrease is predicated upon the availability of Urban Mass Transit Operating Assistance funds for local governments under 50,000 population under a program administered by the North Carolina Department of Transportation. In the event the requested funds are not forthcoming, the revenue gap in the Transportation Fund will be closed by cutting

# TOWN OF CHAPEL HILL

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CHAPEL HILL, N.C., 27514  
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## NOTICE OF SPECIAL MEETING OF THE BOARD OF ALDERMEN OF THE TOWN OF CHAPEL HILL

TO: Marilyn Boulton  
Gerald Cohen  
Robert Epting  
Jonathan Howes  
Beverly Kawalec  
R. D. Smith  
Bill Thorpe  
Edward Vickery

You, and each of you, are hereby notified that the Board of Aldermen have called a Special Meeting, to be held in the Meeting Room at 7:30 P.M. on May 7, 1979, to hold a Public Hearing to consider the Manager's Recommended Budget for FY 1979-80, and the Capital Improvement Program for 1979-84.

James C. Wallace  
MAYOR

### ACCEPTANCE OF NOTICE

We, the undersigned, members of the Board of Aldermen of the Town of Chapel Hill, hereby accept notice of a Special Meeting of the Board of Aldermen, called by Honorable James C. Wallace, Mayor, to be held in the Meeting Room, on May 7, 1979, at 7:30 p.m.

James C. Wallace  
MAYOR

Beverly Kawalec  
Edward Vickery  
Robert Epting  
Gerald Cohen  
R. D. Smith  
Bill Thorpe  
Jonathan Howes  
Marilyn Boulton



back on proposed service improvements and by shifting funds from the Capital Improvement Fund to the Transportation Fund. A consequence of this latter action would be to defer some Capital projects until 1980-81.

An analysis of the highlights of each section of the budget follows:

#### GENERAL FUND

The recommended budget contains revenues and expenditures in the amount of \$7,267,690, an 8% increase over the adopted budget for 1978-79. These recommendations would continue to provide for the replacement of equipment and capital expenditures at about the same levels as in past years. The number of positions funded by the General Fund would increase by only one-half position over the 1978-79 level. An ambitious energy conservation program is envisioned which would reduce energy consumption by 7% over the current year and help keep non-personal expenditures under control.

General Revenue Sharing funds totaling \$348,480 are budgeted as revenues. If the General Revenue Sharing Act is not renewed beyond September 1980, in future years this non tax revenue would need to be replaced from local sources. It also is recommended that some fees and charges for recreation activities and building permits be increased at this time.

Some programs which no longer appear to be an effective means of addressing Town priorities, such as the Children and Youth Services program in the Human Services Department, have been eliminated. Similarly, no funds have been included for the 10 Human Service agencies that have requested funding.

#### General Government

Major projects in this category include the pilot implementation of a performance planning and appraisal system which would replace the present more subjective evaluation system with one that is based on the achievement of specific job-related results. This system establishes a mechanism for converting to a performance-based pay plan in 1980-81. The budget also includes funds for an upgraded computer system to meet the Town's expanding data processing needs.

#### Community Development

None of the human service organizations which requested support from the Town have been recommended for funding because they do not appear to be meeting the priorities identified in the Human Needs Assessment completed during the current fiscal year. Since provision of social and health services is a function of county, rather than municipal government, it is recommended that these agencies be encouraged to seek funds from Orange County. To begin meeting the first and second priority needs identified in the Human Needs Assessment, Housing and Teens, the Department of Human Services would focus its attention on identifying sites for the 72 units of Public Housing allocated to the Town by the Department of Housing and Urban Development, by planning and implementing efforts to increase the supply of low and moderate income houses, and by working with the Town's Parks and Recreation Department and Library to focus programs on the needs of Teenagers.

In the new year the Planning Department will complete Phase I of the Comprehensive Planning process with the adoption of the new zoning Ordinance and the Transportation Thoroughfare Plan.

The Inspections Department will continue housing code enforcement efforts and review new construction activity. It is recommended that Building Inspection permit fees be raised in all categories except repair to more accurately reflect the impact of inflation on the provision of this service.

In the Public Works budget, additional resources are devoted to vehicle and building maintenance. The Department will continue its involvement in the implementation of the capital improvement program.

#### Public Safety

Funds are recommended to provide a 10% grade adjustment for Public Safety Officers to keep the class competitive in the job market and to recognize the differences between the Police, Firefighter, and Public Safety Officer classifications. It is also believed that this measure may help reduce employee turnover. It is recommended that funds totaling \$14,580 be provided for needed organizational changes in both the Police and Fire Departments. Further, an over-hire procedure would be implemented to provide trained Public Safety Officers available to move into authorized positions as vacancies occur. This procedure should improve morale since

work loads would remain relatively constant.

#### Recreation and Leisure

It is recommended that additional resources be added to the Library (1.5 positions) to assist the department in continuing to meet the heavy service demand. Expansion of the Recreation program is recommended in order to operate new CIP facilities and Parks and to allow increased participation by residents. This increase would be partially offset by higher revenues generated by both greater numbers of participants and some rate increase.

Recreation and Library support has been requested from Orange County in the amounts of \$88,535 and \$75,380 respectively. In the event this level of funding is not provided, a contingency plan shall be recommended.

#### Sundry

A 5% cost-of-living adjustment is proposed. Combined with merit raises and reclassification increments, this 5% adjustment will result in an average pay increase of 8.2% for Town employees. The Town will also be providing federally-mandated increases in health coverage and state-mandated increases in retirement benefits to employees in 1979-80 fiscal year. The addition of these fringe benefits and the increased cost of existing benefits will raise the Town's total fringe benefit package far above the 1978-79 projected rate of 17.7% of salary costs. Recommendations shall be made to the Board during the work session on various alternatives for keeping the cost of the fringe benefit package within the 18-20% range. Despite these increased costs, the Town is in compliance with the 7% wage and fringe benefit guidelines because some salary and fringe benefit increases, such as reclassification increments and health insurance costs, are excludable for purposes of the 7% calculation.

#### OTHER FUNDS

##### Parking Fund

The parking fund reflects the opening of a third lot during the new year and implementation of the other CBD parking study recommendations as previously approved by the Board.

##### TRANSIT FUND

The recommended work program further implements adopted service standards by providing improved headways on the D and F routes and paratransit feeder services to areas which have demonstrated low patronage. A higher level of service has been requested by the University and the current level of service has been requested by the Town of Carrboro. In order to fund these service levels, the University's net contribution to the Transportation Fund would be \$361,845; Carrboro would contribute \$39,367.

The recommended budget is based on receiving \$446,360 from Section 18 Transit Operating Assistance Grant funds. If Transit Operating Assistance is not awarded during fiscal year 1979-80, General Fund monies would need to be diverted from the Courts facility to fund Transportation operations.

##### CAPITAL IMPROVEMENT FUND

Major construction activities programmed for the 1979-80 fiscal year in the Capital Improvements Program include CBD parking facility expansion, the Hargraves and Community Center projects, and the Police/Courts facility. Other projects include street and sidewalk improvements, the West Franklin Streetscape project, the Umstead and Lincoln Center improvements, and the Fire Station North. Land is also proposed to be acquired for Library expansion and for Park/Ride lots.

These projects will be funded by prior appropriations and future bond proceeds as well as 1979-80 budgetary appropriations. The 1979-80 budget provides \$2,750,000 from the 1976 bond proceeds, \$200,855 in General Revenue Sharing funds, \$1,002,200 in other State and Federal grants, and \$466,450 in other local funds. The Town has been able to provide this level of cash funding for capital projects by reducing the Revenue Sharing Fund's contribution to the Transportation Fund and by keeping the General Fund's contribution to the Debt Service Fund artificially low. If the Transit Operating Assistance Grant reflected in the Transportation Fund's budget is not awarded during 1978-80, approximately \$200,000 cash funding will have to be diverted

from the Courts facility. The renovation of the Post Office for the Courts facility would then have to be phased over fiscal years 1979-80 and 1980-81.

#### Debt Service

The Town will sell the balance of bonds authorized in the 1976 referendum this Fall. The General Fund interest and principal payments due on this and earlier bond issues will total approximately \$520,765 for fiscal year 1979-80. In order to free up as much cash as possible for this year's capital improvement program, it is recommended that the entire fund balance of the Debt Service Fund be appropriated. Use of this \$120,080 reserve and of \$8,400 in interest income will reduce the General Fund's contribution to the Debt Service Fund to \$392,285. During fiscal year 1980-81, the General Fund's contribution to the Debt Service Fund will rise to approximately \$680,060 if a principal payment becomes due on the bonds sold this Fall. This \$287,775 increase in the General Fund transfer may necessitate at least a \$.06 tax increase in fiscal year 1980-81.

The recommended budget does not include assumptions about the areas under consideration for annexation since no tax rate increase would be required. If annexation is approved, an amended budget recommendation would be provided showing incremental adjustments for the annexation since revenues and expenditures are about in balance.

The 1979-80 recommended budget seeks to accomplish as much as is possible now without jeopardizing the Town's ability to provide mandated services in future years. It is important to approach the 1980's with caution given the uncertain availability of non-tax revenues such as General Revenue Sharing and Section 18 Transit Operating Assistance and given the debt service impact of the Town's recent bond program. Yet the Town's financial base remains strong and the Chapel Hill community willing to pay for the services it mandates. The combined tax rate of \$1.15 provides the minimum tax increase necessary to continue the high level of service that citizens of Chapel Hill currently enjoy.

My staff and I look forward to reviewing these recommendations with you in the coming weeks, to providing you additional information as necessary, and to implementing the Board's final budget decision in the new year.

Mr. McKerrow, representing the Council on Aging, presented a petition expressing concern about notification that the Town Manager was recommending for agencies providing health and social services in Chapel Hill be discontinued. They believed this unfair without an orderly process being established between the municipalities, funding groups and the county commissioners for a period of transition. Agencies would need an opportunity to adjust their budgets, which could not be done in 6 to 8 weeks. Without local matching funds for federal dollars, essential services to more than 7,000 older persons in Orange County would be curtailed. He asked that the Board give the Council on Aging an opportunity to be heard in greater detail at the work session on the Human Services budget scheduled for May 16.

Ms. Holtis agreed with Mr. McKerrow that it was difficult to change budgets. She requested to be allowed to appear before the Board, as a representative of Meals-on-Wheels, at their work session for Human Services funding.

Ms. Iris Schwintzer presented a petition from town employees requesting a ten per cent cost-of-living adjustment. She explained that last year although the cost-of-living had risen nine per cent, employees had been given a five per cent adjustment. The first quarter of this year the cost-of-living had risen thirteen per cent. Mr. Shipman's proposal was not enough, in her opinion, to enable employees to meet rising costs. Ms. Schwintzer did not believe the merit increases should be included in the cost-of-living as Mr. Shipman had proposed. Forty per cent of the employees who had been working for five years or longer with the town were no longer eligible for merit increases, nor was any provision made for longevity pay. Most of the employees could not afford to live in Chapel Hill. She cited examples where a larger than 7% increase had been given to employees of other groups and had complied with the President's guidelines for wages. A recent Labor Department survey estimated a family of four living in Durham would need \$11,172 to maintain a lower level standard of living. Ms. Schwintzer stated that 50% of the employees of the Town of Chapel Hill earn less than this. Fewer than 10% earn the \$18,000 necessary for a middle level standard of living.

Ms. Carlson spoke in support of the 10% cost-of-living adjustment. She stated that wages for the Town were consistently lower than either Raleigh or Durham, although the per capita income for the town is one of the highest in the nation. The cost of living in Chapel Hill is also higher than in Durham or Raleigh. She supported this by adding that HUD allows 12% more for lower income families seeking housing in

Chapel Hill than in other counties in the state. This request would add \$180,000 to the budget. She did not think the citizens would mind, or in the alternative, the budget could be cut in other places.

Ms. Sedlak requested that the Rape Crises Center be allowed to submit its request at the work session for Human Services. She stated the survival of the organization was at issue. Without funding, citizens would be deprived of services not duplicated elsewhere.

Ms. Hargraves stated the county would revalue property in the spring of 1979. She did not think the tax rate should be increased with the revaluation raising taxes.

Mr. Lavoe of the Chapel Hill-Carrboro Pacers Track Club requested to be heard at the Human Services work session. They needed equipment and supplies. Chapel Hill was not meeting the need for this sport. The club had no paid staff. Alderman Boulton pointed out that the Recreation Department had not provided a track program because they did not have facilities before. They now have facilities at Phillips. She suggested Mr. Lavoe present his request to the Recreation Commission.

Mr. James Lewis, an employee of the Public Works Department, supported the request for a 10% cost-of-living adjustment. He believed the employees did a good job. He said without a higher cost-of-living raise, many would look elsewhere for employment.

Mr. Frankstone stated the Human Service agencies were not setting up town programs. The town would be helping volunteers and spending money directly on those who needed help.

Alderman Kawalec asked for detailed requests from these agencies before the work session. Mr. Shipman indicated he had copies of the applications which he would distribute.

Mr. McKerrow stated the agencies had not received notice from the Town Manager until a week before that he would not recommend funding. Alderman Cohen argued that the Board had indicated last year that they expected agencies to approach the county for their funding. He asked if the Council on Aging had requested full funding from the county. Mr. McKerrow responded that the Commissioners had notified all agencies they would not consider applications for more than 7% over last year's funding level. Alderman Vickery disagreed with Alderman Cohen. He said the Board had done a needs assessment last year and made recommendations based on that assessment. Alderman Cohen stated the town adopted its budget before the county, and never forced the commissioners to consider the social service agencies' requests. Alderman Kawalec said much of money came from the state and federal governments with strings attached. She believed the agencies should learn more about the funding process and how to influence the decisions on spending. She said the mental health board had a great deal of power in these decisions.

Ms. Jackson did not understand the difference between the services provided by the agencies and those provided by the town. She asked for a copy of the needs assessment. Mr. Shipman explained that the county had received a mandate from the state to provide services. The exception was in community development and the two highest priorities of the needs assessment of housing and teenagers, which were considered urban problems.

Alderman Cohen stated with both the town and county funding these agencies, money was spent for two sets of administrators. Alderman Vickery disagreed. He stated these were flow through funds with the agencies administering the funds.

Mr. Foushee, an employee of the Public Works Department for over 8 years, requested a greater cost-of-living raise for employees than that proposed by the Manager. He stated that many employees worked a second job to maintain their standard of living.

Alderman Howes asked what the status of the Section 18 grant funds was. Mr. Bradshaw had indicated the state did not favor subsidizing transit systems. It appeared they would fund as many capital projects as possible. Mr. Shipman stated that efforts were being made to change this decision. Alderman Cohen explained that in 1978, Congress had authorized operating funds for smaller cities. He suggested the Board of Aldermen go on record again urging funding for operating assistance.

Ms. Sedlak pointed out that in some cases, such as that of the Rape Crises group, it difficult to determine the residency of those being helped. They could not document the percentage of town residents. Alderman Kawalec stated the federal government had mandated the mental health departments to support rape crisis. The mental health department had a budget of millions of dollars. The group should be applying to the Orange-Person-Chatham Mental Health Board.

Capital Improvements--Public Hearing

Mr. Hooper presented an overview of the capital improvements program. The first year was reflected in the operating budget. The total five year project was in excess of \$20,000,000. The town's share would be \$13,000,000. The first major element of the plan was land acquisition in the amount of \$600,000 in the fourth year. The second element was transportation in the amount of \$5,840,000. This would be comprised of three categories, general street and drainage improvements, downtown parking facilities, and public transportation projects. Under the Leisure Activities, \$2,326,000, was scheduled the Plant Road Community Center, renovations at the Hargraves Center, improvements to Umstead Park, renovations to Lincoln Gym, acquisition of land for the library, expansion of library facilities, development of playing courts and fields, and development of a greenway trail along Bolin Creek. The next major category was public safety in the amount of \$2,613,000. This would be for construction of the new police building, renovation of the post office, construction of the fire station north, and acquisition of land for fire station south. The last category, General Municipal category, would provide additional office space and improved meeting space, to cost \$1,420,000. The Sewer utility section had been deleted since this function was now the responsibility of the Orange Water and Sewer Authority.

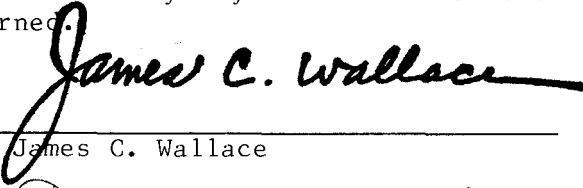
Mr. Hooper pointed out the five year program would require passage of a fall bond referendum and a second referendum in the fall of 1981 of approximately \$4.5 million.

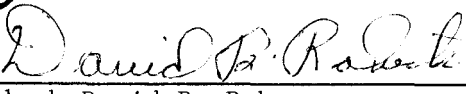
Alderman Smith asked if consideration had been given to paved or gravel sidewalks to Umstead Park. Mr. Hooper responded that the staff had investigated this matter and thought the most appropriate way to provide access was by the south side of the creek in the greenway, as part of the public works program next year. Alderman Smith was concerned that a child would be hurt before next year. Alderman Cohen thought the best place would be along the sewer easement. Alderman Howes thought Umstead Drive should be aligned with Hillsborough Road to prevent accidents. He was aware of the expense of such a project.

Alderman Howes had been approached by representatives for the Boy Scouts who operated the glass recycling center. They felt pressed for time for relocating. He asked if they could be given more time. Mr. Harris explained that he had advised the group when they built the site and again a few months ago that they would have to relocate. There had been no efforts along that line, therefore, he had urged them along. Representatives asked if the town would help with design fees for the new location. He believed a better facility could be built.

Alderman Smith asked for the time schedule on the animal shelter. Mr. Shipman responded that the Animal Protection Society had begun operating the facility the week before. The site on Plant Road had been closed. Currently they were only taking animals from the town, but would begin taking from the county in two weeks. Mayor Wallace suggested a dedication ceremony.

Alderman Cohen stated that the local delegation had made a request to the General Assembly for \$464,000 to renovate the post office. The town would know how much they would receive by May 20. As there were no further comments, the public hearing was adjourned.

  
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Mayor James C. Wallace

  
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Town Clerk David B. Roberts