

Agenda

Board of Commissioners Work Session

7:00 PM January 27, 2025

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.



This meeting will be live streamed on the
[Town of Hillsborough YouTube channel](#)

1. **Opening of the work session**
2. **Agenda changes and approval**
3. **Items for decision - consent agenda**
 - [A.](#) Miscellaneous budget amendments and transfers
 - [B.](#) Proclamation – Black History Month 2025
4. **In-depth discussion and topics**
 - [A.](#) Update on Water and Sewer System Capacity
 - [B.](#) Community Reinvestment Program Review
5. **Committee updates and reports**
6. **Adjournment**

Interpreter services or special sound equipment for compliance with the American with Disabilities Act is available on request. If you are disabled and need assistance with reasonable accommodations, call the Town Clerk's Office at 919-296-9443 a minimum of two business days in advance of the meeting.



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Jan. 27, 2025
Department: Administration
Agenda Section: Consent
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Emily Bradford, Budget Director

ITEM TO BE CONSIDERED

Subject: Miscellaneous budget amendments and transfers

Attachments:

Budget Changes Report

Summary:

To adjust budget revenues and expenditures, where needed, due to changes that have occurred since budget adoption.

Financial impacts:

As indicated by each amendment.

Staff recommendation and comments:

To approve the attached list of budget amendments and transfers.

Action requested:

Consider approving budget amendments and transfers.

FY 2024-2025

TOWN OF HILLSBOROUGH BUDGET CHANGES REPORT

DATES: 01/27/2025 TO 01/27/2025

	<u>REFERENCE</u>	<u>CHANGE NUMBER</u>	<u>DATE</u>	<u>USER</u>	<u>ORIGINAL BUDGET</u>	<u>BUDGET CHANGE</u>	<u>AMENDED BUDGET</u>
GF Revenues	10-00-3800-3800-350 MISCELLANEOUS NC Comm Foundation Grant	45793	01/27/2025	EBRADFORI	20,000.00	300.00	20,300.00
GF Contingency	10-00-9990-5300-000 CONTINGENCY To cover HPD handgun sights.	45810	01/27/2025	JFernandez	450,000.00	-8,500.00	338,096.35
	3rd party inspections for Collins Ridge	45845	01/27/2025	EBRADFORI	450,000.00	-20,000.00	318,096.35
Human Resources	10-10-4500-5300-330 SUPPLIES - DEPARTMENTAL To cover overage in recruiting and future	45787	01/27/2025	JFernandez	16,000.00	-5,000.00	11,000.00
Human Resources	10-10-4500-5300-474 RECRUITMENT To cover overage in recruiting and future	45788	01/27/2025	JFernandez	32,000.00	5,000.00	37,000.00
Comms.	10-10-4600-5300-081 TRAINING - HILLSBOROUGH UNIVERSITY To cover remaining Government 101 exp	45800	01/27/2025	JFernandez	2,000.00	184.00	2,389.00
Comms.	10-10-4600-5300-570 MISCELLANEOUS To cover remaining Government 101 exp	45799	01/27/2025	JFernandez	6,200.00	-184.00	2,141.00
Police	10-20-5100-5300-321 SUPPLIES - COMMUNITY POLICING NC Comm Foundation Grant	45794	01/27/2025	EBRADFORI	2,000.00	300.00	2,300.00
Police	10-20-5100-5300-330 SUPPLIES - DEPARTMENTAL To cover red dot handgun sights.	45790	01/27/2025	JFernandez	57,375.00	2,000.00	119,695.00
	To cover HPD handgun sights.	45809	01/27/2025	JFernandez	57,375.00	8,500.00	128,195.00
Police	10-20-5100-5700-741 CAPITAL - EQUIPMENT To cover red dot handgun sights.	45789	01/27/2025	JFernandez	65,000.00	-2,000.00	900.00
Streets	10-30-5600-5300-455 C.S./ENGINEERING 3rd party inspections for Collins Ridge	45844	01/27/2025	EBRADFORI	41,000.00	20,000.00	136,461.33
Streets	10-30-5600-5300-583 MISC-TAX, TAGS, ETC. Tax & tags for Truck #214 replacement	45797	01/27/2025	EBRADFORI	2,006.00	5.00	2,061.00
Streets	10-30-5600-5700-740 CAPITAL - VEHICLES Tax & tags for Truck #214 replacement	45798	01/27/2025	EBRADFORI	67,100.00	-5.00	69,095.00
Utilities Admin.	30-80-7220-5300-479 C.S./UTILITY LOCATES To cover 3rd party locates	45807	01/27/2025	EBRADFORI	200,000.00	60,000.00	305,898.20
WTP	30-80-8120-5300-310 GASOLINE To cover gasoline through year-end.	45796	01/27/2025	JFernandez	2,625.00	2,000.00	4,625.00
WTP	30-80-8120-5300-323 SUPPLIES - CHEMICALS To cover gasoline through year-end.	45795	01/27/2025	JFernandez	219,700.00	-2,000.00	217,700.00
Water Dist.	30-80-8140-5300-154 MAINTENANCE - GROUNDS To cover pump & motor for Mayo BPS.	45804	01/27/2025	JFernandez	27,000.00	-1,952.00	33,048.00
Water Dist.	30-80-8140-5300-330 SUPPLIES - DEPARTMENTAL To cover pump & motor for Mayo BPS.	45805	01/27/2025	JFernandez	120,000.00	-3,419.00	83,605.00
Water Dist.	30-80-8140-5300-351 RENTAL - EQUIPMENT To cover pump & motor for Mayo BPS.	45801	01/27/2025	JFernandez	2,000.00	-7,180.00	14,820.00
Water Dist.	30-80-8140-5300-444 C.S./TANK MAINT PROGRAM To cover pump & motor for Mayo BPS.	45802	01/27/2025	JFernandez	48,000.00	-697.00	47,303.00
Water Dist.	30-80-8140-5300-570 MISCELLANEOUS To cover pump & motor for Mayo BPS.	45803	01/27/2025	JFernandez	3,000.00	-1,705.00	1,295.00
Water Dist.	30-80-8140-5700-741 CAPITAL - EQUIPMENT						
	JFernandez		01/21/2025	9:47:36PM			
	f1142r03						

FY 2024-2025

TOWN OF HILLSBOROUGH BUDGET CHANGES REPORT

DATES: 01/27/2025 TO 01/27/2025

REFERENCE	CHANGE NUMBER	DATE	USER	ORIGINAL BUDGET	BUDGET CHANGE	AMENDED BUDGET
To cover pump & motor for Mayo BPS.	45806	01/27/2025	JFernandez	0.00	14,953.00	74,953.00
WSF 30-80-9990-5300-000 CONTINGENCY						
ContingencyTo cover 3rd party locates	45808	01/27/2025	EBRADFORI	400,000.00	-60,000.00	33,621.65
Restr. 72-00-5100-3301-052 RESTRICTED REV-ABC BOARD GRANT						
Revenue Allocate FY25 Q3 ABC Board payment.	45818	01/27/2025	JFernandez	27,157.85	3,500.00	37,657.85
Restr. 72-00-6610-3301-070 RESTRICTED REV-CYBERSECURITY SLCGP						
Revenue Allocate award of SLCGP Cybersecurity	45792	01/27/2025	JFernandez	0.00	98,145.00	98,145.00
Restr. 72-10-6610-5300-370 CYBERSECURITY SLCGP						
Revenue Allocate award of SLCGP Cybersecurity	45791	01/27/2025	JFernandez	0.00	98,145.00	98,145.00
Restr. 72-20-5100-5300-052 ABC BOARD EXPENDITURES						
Revenue Allocate FY25 Q3 ABC Board payment.	45819	01/27/2025	JFernandez	27,157.85	3,500.00	37,657.85
Special 79-00-3100-3100-003 SPECIAL ASSESSMENT TAXES COLLECTED						
Assessment Adj per actual	45813	01/27/2025	EBRADFORI	549,863.00	-130,916.21	418,946.79
Special 79-00-3100-3100-004 EXTRAORDINARY ITEMS						
Assessment Adj per actual	45811	01/27/2025	EBRADFORI	0.00	1,158,999.47	1,158,999.47
Special 79-00-7900-5300-047 PMTS.REGIONS BANK (SAD)						
Assessment Adj per actual	45812	01/27/2025	EBRADFORI	533,363.00	-429,221.44	104,141.56
Dist. Adj.	45843	01/27/2025	EBRADFORI	533,363.00	1,457,304.70	1,561,446.26
Special 79-71-7900-5982-001 TRANSFER TO UTIL CAP IMPROV FUND						
Assessment Allocate SAD funds	45816	01/27/2025	EBRADFORI	0.00	728,652.35	728,652.35
Dist. Reverse amendment	45841	01/27/2025	EBRADFORI	0.00	-728,652.35	0.00
Special 79-71-7900-5982-006 TRANSFER TO GEN CAP IMPROV FUND						
Assessment Allocate SAD funds	45817	01/27/2025	EBRADFORI	0.00	728,652.35	728,652.35
Dist. Reverse amendment	45842	01/27/2025	EBRADFORI	0.00	-728,652.35	0.00
					<u>2,260,056.52</u>	



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date:	Jan. 27, 2025
Department:	Governing Body
Agenda Section:	Consent
Public hearing:	No
Date of public hearing:	N/A

PRESENTER/INFORMATION CONTACT

Mayor Mark Bell

ITEM TO BE CONSIDERED

Subject: Proclamation – Black History Month 2025

Attachments:

Proclamation in Honor of Black History Month 2025

Summary:

Black History Month is an annual celebration of achievements by African Americans and a time for recognizing their central role in U.S. history. Also known as African American History Month, the event grew out of “Negro History Week,” the brainchild of noted historian Carter G. Woodson and other prominent African Americans. Since 1976, every U.S. president has officially designated the month of February as Black History Month.

The theme for Black History Month 2025 focuses on African Americans and labor and the various and profound ways that work of all kinds intersects with the collective experience of Black people.

Financial impacts:

None

Staff recommendation and comments:

None

Action requested:

To adopt a proclamation in honor of Black History Month 2025.



PROCLAMATION

In Honor of Black History Month 2025

WHEREAS, the Hillsborough Board of Commissioners takes pride in recognizing February 2025 as Black History Month, celebrating the many notable contributions that people of African descent have made to our community, state, and country; and

WHEREAS, African Americans have played significant roles in the history of North Carolina's economic, cultural, spiritual, and political development while working tirelessly to maintain and promote their culture and history; and

WHEREAS, in 1976, Black History Month was formally adopted to honor and affirm the importance of Black history throughout our American experience, which dates thousands of years and includes some of the greatest, most advanced and innovative societies that we can all draw inspiration from; and

WHEREAS, since 1976, every American president has designated February as Black History Month; and

WHEREAS, this year's Black History Month theme of "African Americans and Labor," as denominated by the Association for the Study of African American Life and History (ASALH) focuses on the various and profound ways that work of all kinds intersects with the collective experiences of Black people; and

WHEREAS, because of their determination, hard work, and perseverance, African Americans have made valuable and lasting contributions to Hillsborough and our state, achieving exceptional success in all aspects of society, including business, education, politics, science, athletics and the arts; and

WHEREAS, African Americans living and working in Hillsborough — from the time of legalized slavery to the present day — have shown a steadfast determination to live freely and equally and to press the town and the community to make manifest an equitable Hillsborough where race is not a determining factor of outcomes; and

WHEREAS, this observance presents a special opportunity to become more knowledgeable about black heritage and to honor the many black leaders who have played a part in the progress of our community;

NOW, THEREFORE, I, Mark Bell, mayor of the Town of Hillsborough, do hereby proclaim February 2025 as Black History Month in Hillsborough.

IN WITNESS WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hillsborough to be affixed this 27th day of January in the year 2025.

Mark Bell, Mayor
Town of Hillsborough



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Jan. 27, 2025
Department: Utilities, Community Services
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Utilities Director Marie Strandwitz
Assistant Town Manager Matt Efird
Engineering Services Manager Bryant Green
Planning & Economic Development Manager Shannan Campbell

ITEM TO BE CONSIDERED

Subject: Update on Water and Sewer System Capacity

Attachments:

Draft PowerPoint Presentation

Summary:

Staff has been working on a comprehensive answer to the question of remaining water and sewer system capacity for new growth and development. The answer is complex, and it is not a static value. The attached presentation includes the various factors that define the system capacity, the current status of the system and plans for addressing near-term capacity constraints along with how they relate to planned growth.

Capacity is influenced by water supply, treatment plant capabilities, and the collection and distribution systems. Each of those primary factors also has several sub-factors driven by state/federal regulations, technology limitations, natural processes, type of project, etc.

The Comprehensive Sustainability Plan included recommendations to reduce the future water and sewer service area and focus growth to identified "Future Growth Areas" in favor of compact, denser development. To serve those Future Growth Areas, significant system upgrades must occur – primarily to the sewer collection system and pump stations although the water system is currently being studied. The adopted Fiscal Year 2025 Capital Improvement Program and proposed FY26 updates focus on the projects required to serve the Future Growth Areas between now and 2033. The town has invested since its knowledge of the collection system limitations in cleaning/lining pipes, technology upgrades, flow monitoring, alternative supply arrangements, monitoring nutrient limitations and other efforts to maximize sewer capacity in the current system while planning and pursuing funding for necessary construction projects. It has also invested in evaluating various aspects of the water system to determine limitations and a comprehensive model evaluation is underway for which water system improvements will likely be recommended.

Staff will present several options for board consideration on ways to expedite or accommodate growth that may not align with the 5- to 8-year timeline to construct additional system capacity, but the bottom line for the board and community to be aware of is that system capacity is currently limited for new development due to a variety of factors for the near term. Single-family infill and Accessory Dwelling Units can still be accommodated but major development/redevelopment opportunities cannot without capital improvements. The town has a plan and

funding strategy to address the capacity limitations in the Future Growth Areas, and if new development is to occur in those areas ahead of the current schedule it will require significant financial participation by the developer. Finally, though the presentation will focus on capacity for new growth and development, future funding plans will also need to continue to invest in maintenance of the existing system infrastructure for current customers.

Financial impacts:

N/A

Staff recommendation and comments:

N/A

Action requested:

Receive the presentation and provide feedback to staff.

Capacity and Development (DRAFT)

Community Services and Utilities Departments

Matt Efird, Assistant Town Manager

Marie Strandwitz, Utilities Director

Shannan Campbell, Planning and Economic Development Manager

Bryant Green, Engineering Services Manager

January 27, 2025



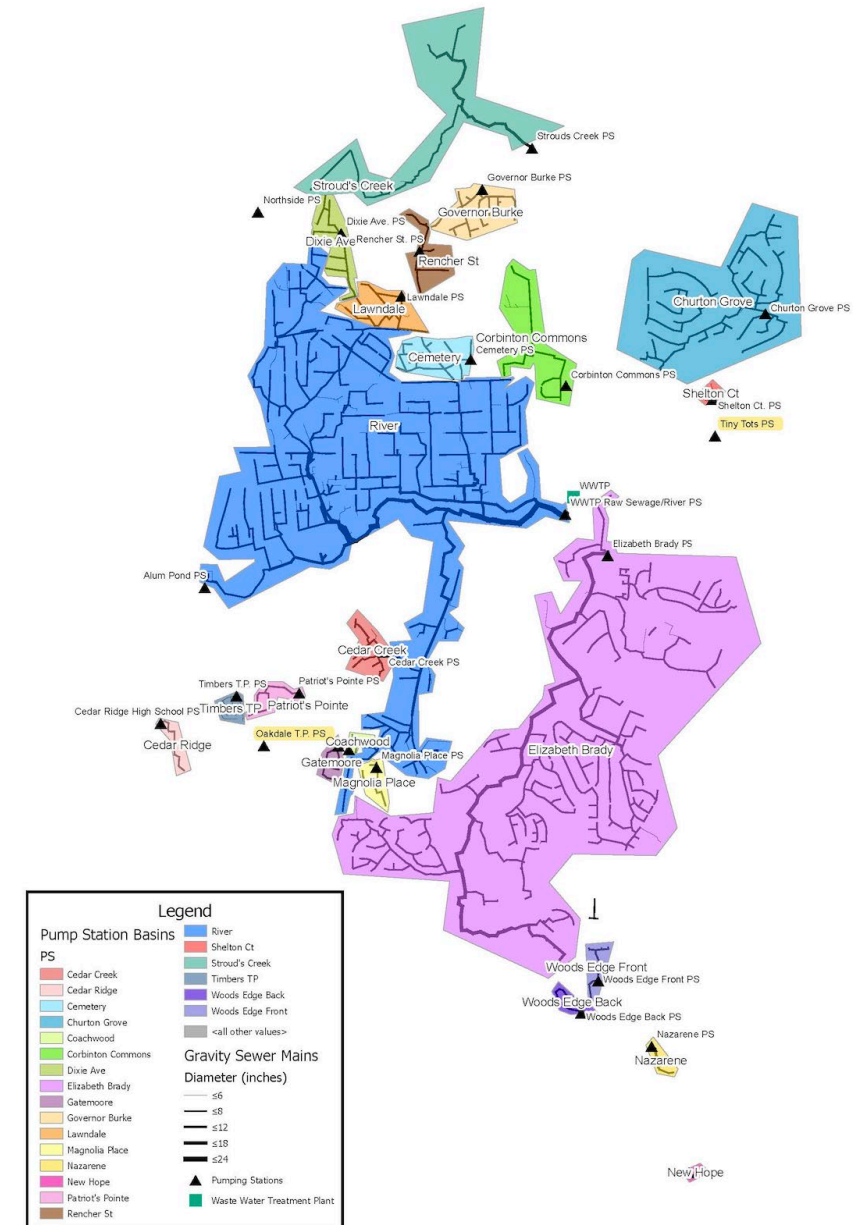
TOWN OF
HILLSBOROUGH

Introduction/Purpose

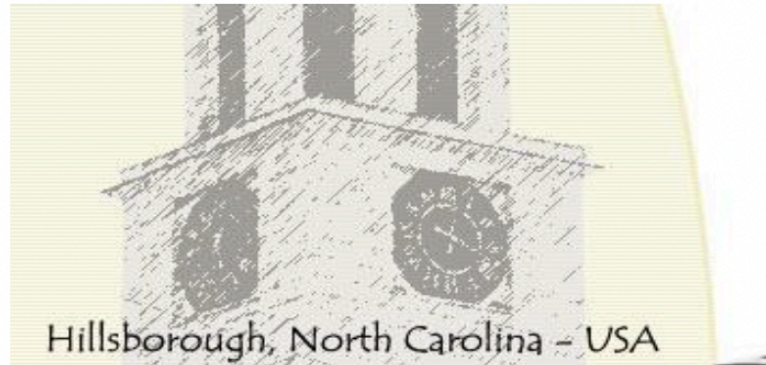
- Refresh and orient Board and Community on complexity of water/sewer capacity
- Review areas of town with capacity constraints
- Discuss Town's plans to address capacity constraints and timeline

Capacity Status

- Reported to Board on sewer capacity in Mar. and Aug. 2021, Nov. 2022
 - Projection through 2040.
 - Projects based upon water capacity spreadsheet provided by planning department – committed and potential
 - River basin is capacity constrained due to wet weather
 - Monitor Elizabeth Brady basin
 - Other smaller pumping stations projected capacity concerns.
- Currently working on water system capacity modeling
- Currently evaluating long term wastewater options



Former Way



Hillsborough Water Capacity Model

Link	Description
Summary	Water Usage Model Summary
Assumptions	Assumptions and Constants which drive the model
Population Model	Population Growth Model based on committed and potential residential development
Population Chart	Chart summarizing population growth model
Committed Res Dev	Residential developments with committed water service
Potential Res Dev	Residential developments that are not yet approved for water service
Committed Non-Res Dev	Non-residential developments with committed water service
Potential Non-Res Dev	Non-residential developments not yet approved for water service
Other Committed	Other water commitments

Water Supply

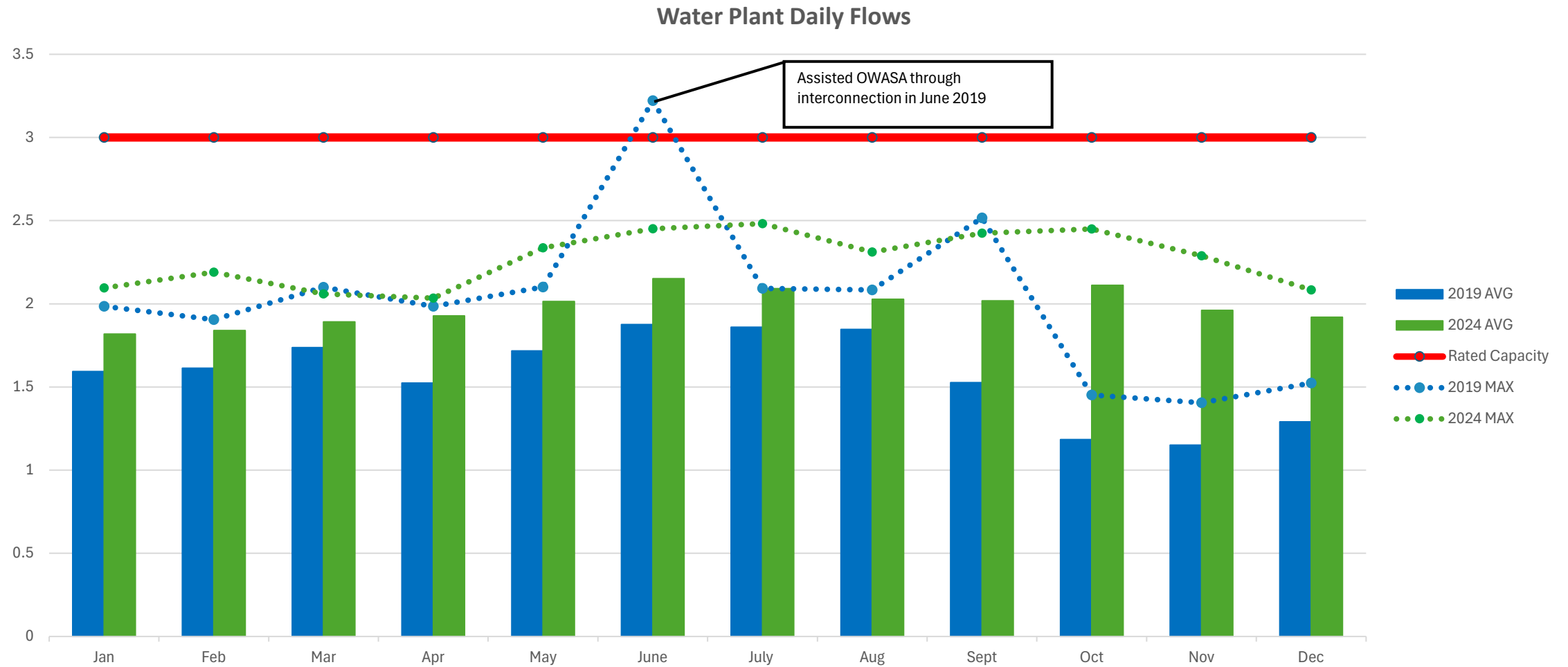
- WFER

Condition	Depth	Mean Elevation	Total Storage (gal)	Unusable Storage (gal)	Usable Storage (gal)	% Remaining Useable Storage (gal)	Current Average Daily Use (gpd)	Streamflow Augmentation (gpd)	Channel Loss Multiplier	Lake Orange Supplement (gpd)	Estimated Remaining Days of Storage	Days Remaining with 20% Evaporation
Phase 2	53	643	1,829,157,124	7,692,649	1,821,464,475	100%	1,700,000	650,000	1.2		645.91	516.73
Full												

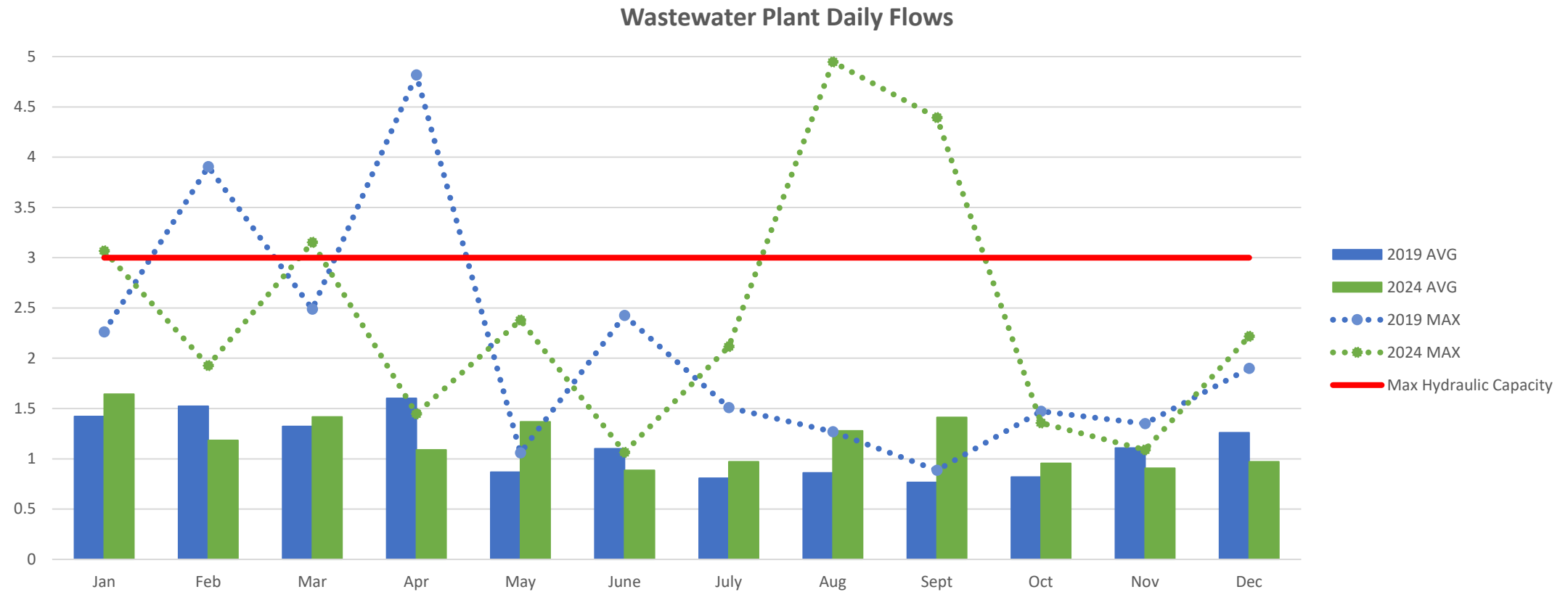
- Jordan Lake Allocation (1 MGD)



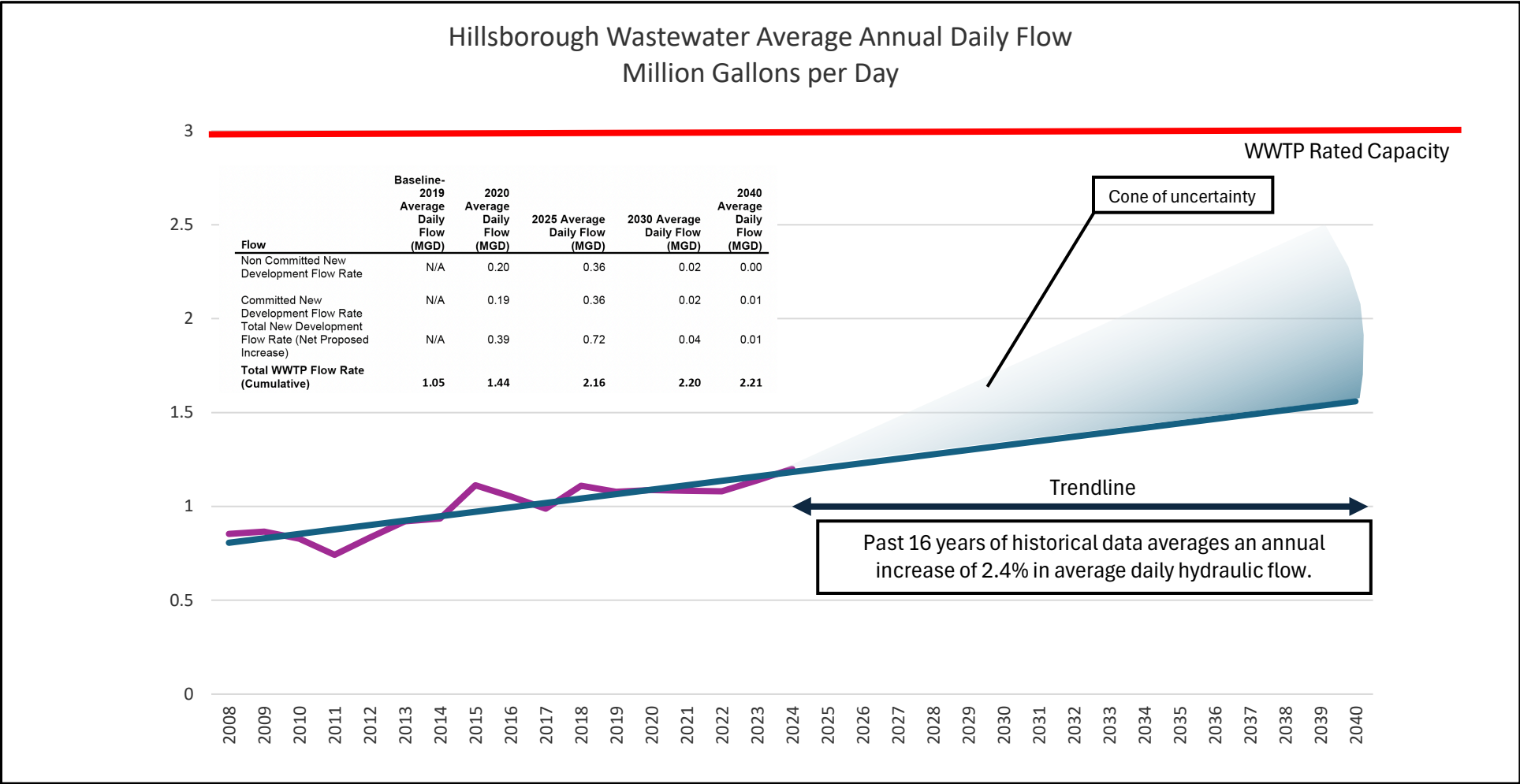
Water Plant



Wastewater Plant



Future Wastewater Flow Projection



Nutrient Limitations

- Falls Lake Rules
 - Town wastewater permit limits pounds of nitrogen and phosphorus discharged annually
 - No concentration permit limit for these but measured in mg/L and converted to pounds
- Nitrogen is of main concern
 - Found in organic waste (i.e., mostly human and food sources)
 - Limited to 10,422 lbs per year
 - Used 68% in 2024
 - Noticeable increase in 2023 and 2024

Future **Nutrient** Projections

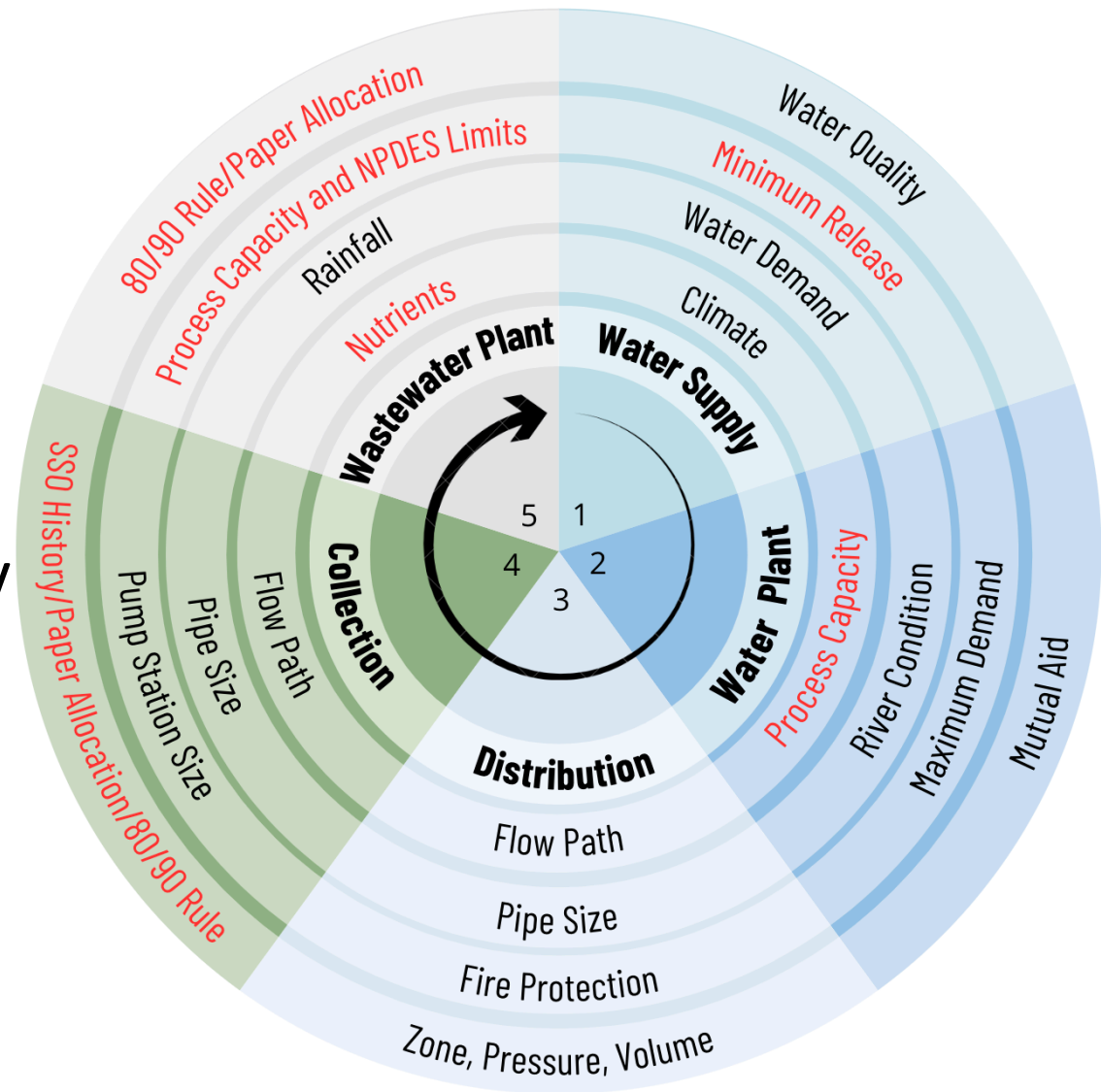
- At the current allocation, we could reach the nitrogen discharge limit in 5 – 7 years
 - **IF** the plant can keep up with the excellent nutrient removal we have been experiencing
- Would require advanced treatment plant process upgrades or alternative solutions
- Working with Upper Neuse River Basin Association on proposed revisions to Falls Lake rules
 - Deeper dive forthcoming!

Capacity Tracking – External Regulation

- How the state monitors capacity
 - Weekly water withdraw report (supply)
 - WTP MORs
 - WWTP DMRs (80/90 rule)
 - Water and sewer extension permits
 - Sewer flow allocations
 - Pumping station capacity tracking
 - Water extension engineering report
 - Water storage, connections, maximum day demands

Capacity Considerations

- It can no longer be a static number
- Multiple physical and regulatory considerations
- Other non-utilities related considerations



CAPACITY

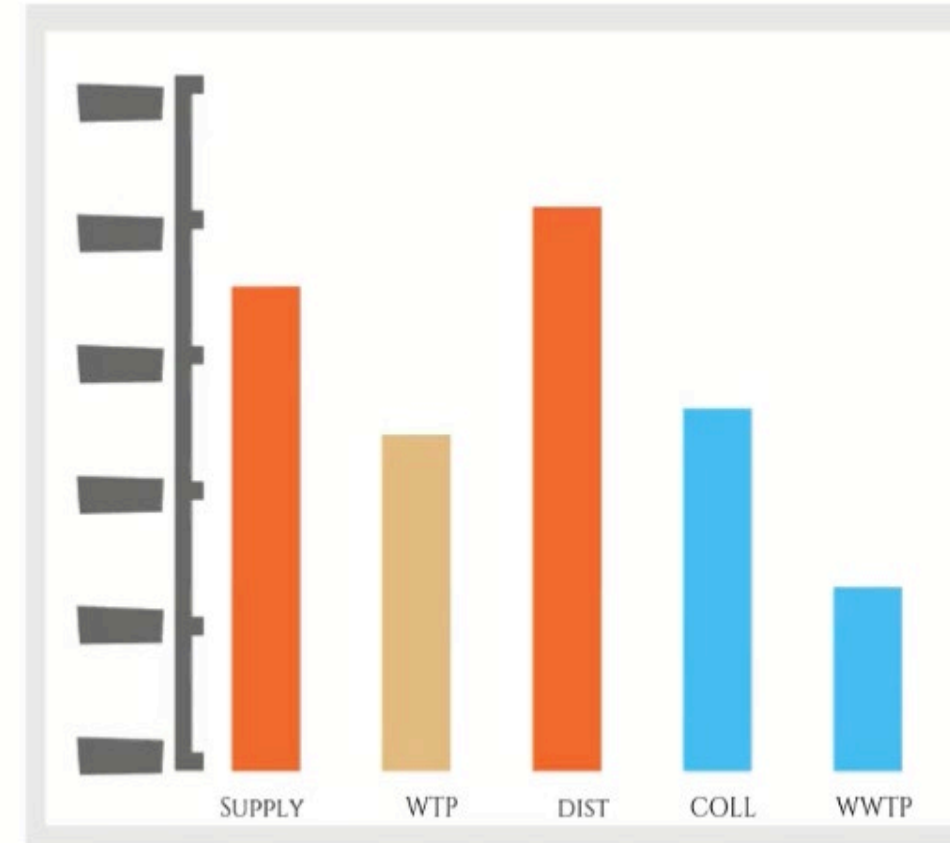
Other Project Recommendation Considerations

- Planning and Financial Considerations
 - Current and Future Land Uses (Town, ETJ, County)
 - Comprehensive Sustainability Plan
 - Transportation Planning
 - Utilities Capital Improvement Planning
 - Financial Benchmarks
 - Water and Sewer Area Planning Boundary Agreement
 - Already Committed Projects and Status
 - Town Resources
 - Political Will

Capacity Takeaway

Utilities Staff Concerns in Priority Order

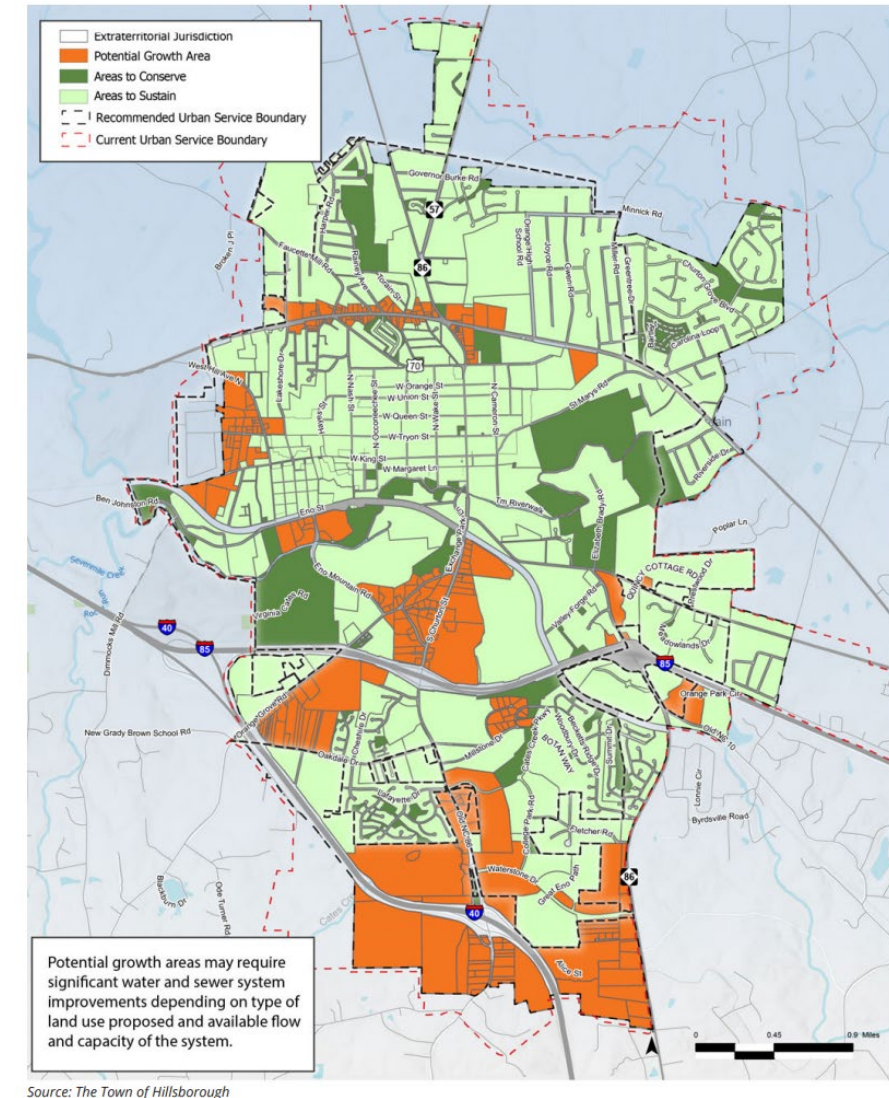
1. Collection system
2. Distribution system
3. Nutrient wastewater limits
4. Water treatment process limits
5. Water storage/fire protection
6. Water supply



Connection to Land Use Plans

- The CSP recommendations:
 - Reduction of the Urban Service Boundary to prevent/reduce sprawl and encourage consolidated infrastructure
 - Future growth areas along the 70 corridor, South Churton Street commercial areas, and at the I-40 interchange
 - Future alignment of the FLUM with Fig. 4.4 (Potential Growth Areas)
 - Adjusting the UDO during the re-write to include more flexibility through zoning for lot size, density, and housing types

Figure 4.4. Potential Growth Areas



Connection to Land Use Plans









- There are 1,532 units approved that have not yet been built that we've committed capacity
- Differences in development approvals vs capacity allocations
- Continued development approvals without building capacity and improving the current systems may overwhelm the system capacity

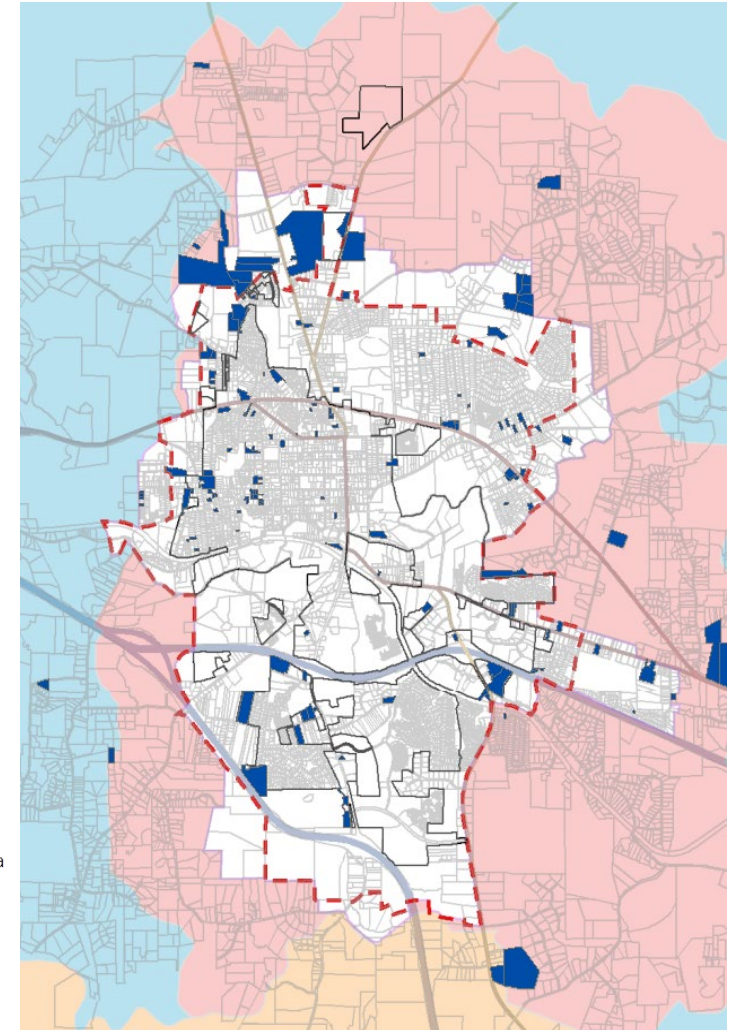
Residential Units Approved but Not Yet Built		
Project Name	Type of Units Approved	# of Units Approved
Collins Ridge Pod D	Apartments	326
Collins Ridge Phase 2	Townhomes	51
Collins Ridge Phase 2	Single-family	79
East Village at Meadowlands	Townhomes (Habitat)	75
Persimmon Phase 1	Townhomes (Rental)	30
Persimmon Phase 1	Apartments	316
Waterstone South	Apartments	450
Waterstone South	Townhomes	205
Total		1,532

Connection to Land Use Plans

- Availability Inquiries
- Anticipated growth areas/parcels
 - Owls Woods
 - Paliouras Tract
 - Waterstone Parcels
 - UNC Hospital Expansion
 - Daniel Boone Redevelopment (60 ac)
 - Orange County/Hillsborough EDD
 - Moren parcel (Persimmon)
 - Oakdale Dr. area

Legend

-  Hillsborough City Limits
-  New_Urban_Service_Boundry
-  Hillsborough Long-Term Service Area
-  Orange County Long-Term Interest Area
-  Orange County Primary Service Area
-  Hillsborough Primary Service Area
-  OWASA Long-Term Interest Area
-  OWASA Primary Service Area



CIP Projects and Timelines

- Overview of adopted CIP projects that relate to development
 - Cates Creek Outfall
 - Elizabeth Brady PS and Force Main Upgrade
 - River PS Replacement
 - Eno River Interceptor Upgrade – East
 - Eno River Interceptor Upgrade - West
 - Exchange Club Interceptors
 - US 70 Business Waterline Replacement
 - Hasell Water Tank Replacement

CIP Projects (DRAFT)

- Add CIP map



CIP Projects and Timelines

<https://hillsboroughnc.maps.arcgis.com/apps/instant/basic/index.html?appid=8b5b55d40c774a25acf220bec941c591>

CIP Project	FY START	DURATION (by FY)	Fiscal Years										
			26	27	28	29	30	31	32	33	34	35	36
Cates Creek Outfall	27	5											
Elizabeth Brady PS	27	5											
River PS	26	3											
Eno Interceptor - East	26	5											
Eno Interceptor - West	29	5											
Exchange Club Interceptors	26	5											
US 70 Business Waterline Replacement	28	4											
Hasell Water Tank Replacement	26	5											



What Have We Done to Date?

- Cleaned and televised the Eno River Outfall East going to River pumping station to ensure full available capacity
- Evaluated alternative system equalization and piping modifications to relieve flow on the Eno River Outfall East
- Submitted funding applications for CIP projects
- Upgraded pump impeller size at Elizabeth Brady pumping station and adjusted motor speed to push more flow to treatment plant
- Replaced air release valves on sewer force mains to ensure pump operation and efficiency
- Began analysis of potential wastewater plant solutions for hydraulic and nutrient limitations
- Installed sewer flow monitors in the project area
- Serviced the three pumps/motors at River pumping station to ensure maximum production
- Budgeted a study on receiving water from Durham more routinely
- Participating in Falls Lake Rule revision proposals through Upper Neuse River Basin Association
- Joined Neuse River Compliance Association to keep abreast of and protect existing nutrient allocations
- Performed fire flow, redundancy and water main looping analysis
- Received funding for and are working to bid the Lawndale sewer project which will rehabilitate the leakiest sewer basin contributing to the River sewer basin



Concepts to Expedite and Accommodate

- Potential re-evaluation of SDF strategy?
 - Hybrid or forward-looking CIP-based vs. past-looking completed improvements
- Approve capacity allocation earlier in development process (planning)
- Better align Water and Sewer Extension Contract and land use entitlement deadlines (planning)
- Utilize Jordan Lake allocation (water supply)
- Letter to Industry, hold meters (control/planning)
- Advocate for revised Falls Lake rules that would:
 - Eliminate Phase 2 more stringent discharge limits
 - Provide more nutrient allocation based on permitted flow

Communicating About New Projects

- There is limited capacity for development projects that will use a large amount of water/sewer in both basins, at this time
- Utilities will evaluate potential available capacity for projects at the pre-development meeting, but capacity is not guaranteed until a Water and Sewer Extension Contract is executed (construction drawings)
- There are options for developer cost sharing and/or modifying scheduled water/sewer improvements with developers through conditional zoning and development agreements

In Summary

- Capacity is significantly limited due to variety of factors when considering new development
 - Are accommodating single-family infill and redevelopment (including ADUs)
- Major capacity and nutrient constraints trying to address in next 3-5 years
- Capacity is not just one number that is static
- Town has built a plan and funding strategy to address limited capacity in most areas in anticipation of future growth
 - Funding = Grants, developer contributions/SDFs, retained earnings, rate structure
- Must continue to invest in water/sewer infrastructure through the CIP budget
 - Still should prioritize on "taking care of what we have" by rehabilitating our aging core system



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Jan. 27, 2025
Department: Administrative Services
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Administrative Services Director Jen Della Valle

ITEM TO BE CONSIDERED

Subject: Community Reinvestment Program Review

Attachments:

1. List of Board Feedback
2. Updated Draft Community Reinvestment Policy
3. Updated Program Application
4. Funding Information from December Meeting

Summary:

At the town board's December work session, the board discussed the Community Reinvestment Program. The feedback that the board shared with staff is reflected in the first attachment, with a note on whether a modification has been made or if it still needs to be researched/evaluated.

Staff recommends a phased approach to the continued evaluation of the nonprofit program as detailed below:

Phase 1 (Spring 2025)

- First round of updates to policy and application. Many of the modifications the town board proposed were able to be incorporated in this phase.
- Funding amount (TBD).

Phase 2 (Fall 2025) - There are some weightier topics that will need additional time to research, and staff propose that the following items be scheduled for review as part of phase 2, with an update to the board in the fall.

- Funding process for nonprofits – the board expressed interest in having a conversation at the January work session around which organizations would go through the budget request process, those that may be eligible for longer-term service contract and which would go through the annual application route. Staff recommends having all nonprofit organizations go through the application process as part of this FY26 budget process and after we get through this funding cycle, we evaluate and identify the conditions that would be needed for an organization to fall under a particular funding process. We do not feel we are ready to have that conversation until we have some of the controls refined, such as financial and reporting requirements.
- Audit/financial requirements – determine the audit/financial requirements for nonprofits that receive town funding. The board has discussed establishing tiers based on organization's budget size.
- Reporting requirements – determine what the reporting requirements will look like for nonprofit organizations that receive funding from the town.
- 501 nonprofit designation specification.

Phase 3 (Winter 2025)

- Reevaluate program based on FY26 process
- Establish rubric/guiding questions/framework

One of the questions that was brought to the board in December was regarding funding for chambers. The town currently has two chamber memberships, the Hillsborough/Orange County Chamber of Commerce (\$6,000) and the Chamber for a Greater Chapel Hill-Carrboro (\$1,400). Staff followed up with the other Orange County municipalities to understand how they are funding those organizations.

- Chapel Hill – membership agreement with chamber that is customized to focus on specific events and benefits that are relevant to Chapel Hill, but not a service contract.
- Carrboro – annual membership fee and not a formal contract or agreement.
- Orange County – annual dues to Hillsborough/Orange County Chamber of Commerce and the Chamber for a Greater Chapel Hill-Carrboro. Annual membership fee for Research Triangle Regional Partnership, a multi-county economic development marketing agency.

Staff still needs to do some additional research and can provide an update later in the budget process but wanted to share some initial findings.

Decision Points

- Provide feedback on the modifications that were made to the application and policy as part of Phase 1. The updated drafts reflect feedback the town board provided at the Dec. 9 board meeting. It is possible that there was feedback that was missed, so the board should not hesitate to add, clarify or modify anything on the feedback list.
- Provide feedback on Phase 2 and 3 items and timeline.
- Share any initial thoughts on chamber membership.

Financial impacts:

The financial impacts will depend on the allocation chosen by the town board.

Staff recommendation and comments:

Review updated materials and provide feedback/direction to staff on the Community Reinvestment Program.

Action requested:

Review updated materials and provide feedback/direction to staff. Approve policy.



TOWN OF
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Board Feedback

Community Reinvestment Program

Modification	Timestamp	Elected Official	Status
Add language in application that requests information about funding leverage.	14:07	Ferguson and Bell	Included in Sec. 1 of Application
Add language clarifying that funds shouldn't primarily go toward funding positions.	18:23	Hughes	Clarified language in "General Funding Assistance" section of Policy.
Add language that any overhead should be toward town interest or in alignment with strategic interests.	21:00	Ferguson and Darab	Added language in "General Funding Assistance" section of Policy.
Revise language on needing general consensus vote. Awkward wording. Specify needing vote.	22:00	Ferguson	Revised language in "General Funding Assistance" section of Policy.
Funding Amount - revise language based on direction. % of GF.	27:00	General consensus	Revised language in "Funding Amount" section of Policy.
Carve out exemption for Fairview so that they're treated as a budget request rather than going through standard nonprofit application process.	41:55 through 48:00	Ferguson	Recommend evaluating as part of Phase 2.
To be eligible, organization should be based in or serve Hillsborough and be in alignment with strategic plan.	53.00	Bell	Revised language in "Eligibility" section of Policy.
User-friendly process	1:00:30	Bell	Reviewed for user-friendliness, created checklist and will add virtual kickoff meeting into the process.
State timeframe on opening and closing.	1:01:00	Bell	Propose opening application on January 1 every year. Will work through those logistics.

Ask for organization's goals.	1:15:10	Darab	Application asks for goals (SMART) in Section 3 of the Application.
Tell us what you're going to use the money for and tell us how you've used the money.	1:15:30	Ferguson	
Ask for performance indicator in the application	1:18:04	Darab, Ferguson Hughes	Included in Section 4 of the Application.
Reporting based on the submitted and approved proposal.	1:18:51		
How many Hillsborough municipal residents served. Or service area.	1:21:46	Hughes and Bell	Included in Section 1 of the Application.
Ask organizations how they are counting.	1:23:54	Darab, Hughes and Ferguson	Included in Section 1 of the Application.
Expected number of residents served.	1:26:00	English	
Revise language in policy: Eligible requests will be presented to the Board of Commissioners for funding consideration during their annual budget process.	1:26:30	Bell	Language included in “Review and Funding Process” in Policy.
Revise language in policy: Successful funding awards will start of our fiscal year.	1:27:00	Darab	Revised language in “Review and Funding Process” in Policy.
Nomenclature - Community Reinvestment. Is that confusing with reinvestment funds that a bank has?	1:27:30	Ferguson and Hughes	Another option: “Community Impact Funds”
Budget hearings - opportunity to come before the board. This is your window if you want to present. 3 minutes.	1:30:00	Darab and Ferguson	Included language in “Review and Funding Process” in the Policy.
Not about pleading case but being present if there are town board questions. Clarification rather than presentation. Ferguson thought it should be stated in the policy that they'll be notified the date it will be discussed.	1:35:00	Hughes, Ferguson and Bell	
Notify awardees if they did not receive funding. Your request was not funded. Could have phone conversation with town manager or mayor if need more information.	1:37:00	Hughes and Ferguson	Notification is already included in the policy. The notification that goes to nonprofit will state that the request was not funded. If there are any follow up questions on why request was not funded, staff can direct to

			town manager or mayor for a follow up conversation.
Nonperformance - include language that funds subject to claw back clause. Also, could impact future funding.	1:46:00	Darab	Included in "Distribution of Funds" section of Policy.
Reporting requirements - not onerous.	1:48:00	Darab	Propose to revisit as part of Phase 2.
Eligibility - needs to tie back to comprehensive sustainability plan or strategic plan. Next year, consider creating rubric or some sort of guiding document to help guide decision making.	2:07:10	Darab	Included in "Eligibility" section of Policy. Rubric/guiding document proposed as part of Phase 3.
Application question - Would you be willing to accept partial funding if full funding is not available? Or as Hughes suggested, what's the minimum amount needed for program to be viable?	2:14:10	Bell	Included in "Financial Information" section.

Follow Up	Timestamp	Person	Status
Determine recommendation for % of General Fund expenditures and establish the details of what's included/excluded in the calculation.	32:00	Staff	Reserve percent of GF operating expenses (minus interfund transfers and capital), based on previous year's financial forecast. Exact percentage TBD.
Next discussion to figure out which nonprofits fall under application process, long-standing contract or budget process.	48:01	Bell	Propose revisiting during Phase 2.
Discussed having some sort of general reporting for those organizations that are funded outside of application process.	45:00	Darab and Bell	Propose revisiting during Phase 2.
Question on how much is spent on maintaining the Fairview building.	50:01	English	Information will be provided during budget.
501 designation research. Had concern regarding political advocacy. Reference sheet on the differentiations between the designations.	51:36	Ferguson and Bell	Propose removing reference to 501 designation for now and revisiting during Phase 2.
Evaluate joint county nonprofit application process. Process may differ	55:45	Darab	Propose revisiting during Phase 2.

between jurisdictions in some areas. Is it just human services?			
Audit requirements - audit every so many years or contracting with audit professional to do reconciliations.	1:06:00	Hughes	Propose revisiting during Phase 2.
Tiers based on organization finances and ability to absorb audit requirement.	1:12:45	Hughes	
Define what's an eligible request - based in Hillsborough, serving Hillsborough residents or Water and Sewer customer, without having staff have to make too much of a discretionary call.	1:28:20ish	Hornik	Revised language in "Review and Funding Process" of Policy.
If they don't meet all eligibility, can bring that to the board and they can see if it falls within the boundaries.		Hughes	Revised language to remove reference to eligible requests so the board receives all submissions.
Document that's part of budget document that gets adopted.	1:41:27	Bradford and Darab	Budget staff can create document that reflects funding awards.
Check in with Chapel Hill, Carrboro and Orange County on chamber membership. Also follow up with School of Government on sample contracts and what one would look like.	1:59:00	Bell	Reached out to Chapel Hill, Carrboro and Orange County and received information (included in 1/27 abstract).
After we've implemented these changes, see what comes in and then evaluate funding priorities.	2:05:44	Hughes	Will plan to discuss as part of FY27 Budget Process.

Community Re-~~h~~investment Program Funding Policy

Purpose

The purpose of this policy is to promote partnerships between the Town of Hillsborough and non-profit organizations for the benefit of Hillsborough residents, to equitably and efficiently allocate resources to strengthen organizations, and to provide sound and clear methods for decisions.

Policy

- Policy Statement

The Town of Hillsborough has no statutory requirement to fund non-profit ~~agencies~~ organizations or other similar community organizations. Hillsborough, however, may elect to provide ~~grants-funding~~ to non-profit organizations to carry out specific programs ~~or~~ services that serve a public purpose and are vital to the well-being of the town and its residents. When reviewing each application, the Board of Commissioners will carefully consider the circumstances surrounding the request and determine the urgency of needs and its value to Hillsborough. Requests for funding for direct staffing costs and/or requests for services that duplicate services that are already available to the public through other means will be given lower funding priority. Requests for funding from programs or services receiving monies from other town funding sources (e.g., Tourism Board, Tourism Development Authority, etc.) will also be given a lower funding priority, unless strong justification and unique circumstances apply.

- General Funding Assistance

The Community Re-~~h~~investment Program is intended to provide time-limited funding for qualified agencies that provide services the town is legally permitted to fund. A funding award in one-year is not a guarantee of future funding. Agencies should refrain from requesting ~~support funding for that primarily supports~~ permanent personnel or other on-going expenses, ~~and any overhead expenses should be in alignment with the town's~~ strategic interests. Eligibility does not guarantee funding. The funding amount may differ from the amount requested. Priority will be given to applications that most closely align with the Board of Commissioner's priorities in a given funding cycle. ~~Notwithstanding concerning board priorities, the Board reserves the right to authorize funding to qualified agencies through a vote general of consensus.~~

- Funding Amount

As part of budget planning, staff will ~~calculate and propose~~ reserve a portion of the General Fund's operating budget ~~XX (basis of allocation) be set aside~~ for Community Re-~~h~~investments. The Board of Commissioners will finalize funding amounts ~~upon through the~~ adoption of the budget ordinance prior to the start of the fiscal year.

- Eligibility

Organizations eligible to apply for funding are those ~~with a 501 designation~~ that have a majority of Hillsborough residents in their service population and/or conduct a significant amount of their activities and programs within the town limits of Hillsborough. Services or

programs for which town funding is being requested must further the town's strategic priorities and interests through alignment with the town's strategic plan and/or comprehensive sustainability plan.

- Application Process

Requests for funding will only be accepted during the town's annual budget preparation process. Applications will be available in January of each fiscal year and available on the Town of Hillsborough website.

The applications will collect information related to the following:

- ~~○ Submit an IRS tax-exempt letter or other documentation confirming 501 non-profit status.~~
- Submit a list of all board members (name, term, and office).
- ~~○ Submit audited, reviewed, or completed financial statements prepared for the most current fiscal year.~~
 - ~~■ In all cases where the town provides \$20,000 or more annually, a financial audit conducted by an independent certified public accountant will be required annually with a copy of the audit report, management letter (if any), and a copy of the agency's final budget for the audit period.~~
 - ~~■ If an audit has not been done, then the town board may choose to provide up to a maximum of two-years of funding eligibility to provide time for the organization to secure an accounting firm to conduct an audit to comply with this requirement. If this option is taken, the organization is required to submit a timeline detailing the steps of engaging an accountant to complete the audit.~~
 - ~~■ In other cases, where the town provides less than \$20,000 annually, an audit is recommended but not required by the town. Any agency meeting this criterion may provide the town with a review prepared by a certified public accountant or a copy of the IRS Form 990 Annual Information Return for the period(s) in which funds are received under a grant from the town.~~
 - ~~● If the town provides less than \$10,000, an agency must provide two years of financials.~~
- Submit a program or service description and copy of their proposed program budget.
- Submit a list of other sources of revenue that have been requested to support the project.
- Identify the number of Hillsborough residents that are expected to receive direct services from the program during the fiscal year as a result of town funding.
- Renewal requests shall indicate the actual number of Hillsborough ~~municipal~~ residents who reside in the corporate limits and are serviced during the funded period.
- Proposals that request funding for programs that replicate services already available in the town must clearly demonstrate that they will address an unmet

service demand, or that they will deliver comparable services at a significantly lower unit cost than the currently available services.

- Review and Funding Process

Applications that are received after the deadline or do not provide the required information as set forth herein ~~may~~ will be deemed ineligible for funding. ~~Eligibility for funding will be reviewed by the Budget Office. Eligible r~~Requests will be presented to the Board of Commissioners for funding consideration during their annual budget process.

~~Organizations will be notified of the date the Board of Commissioners will discuss requests to provide an opportunity to be present during those discussions.~~

Subsequent to board approval of the annual budget, ~~agencies organizations~~ will be notified of the outcome of their request. ~~Successful Board-approved~~ funding awards will be effective for one year, ~~aligning with the town's fiscal year of July 1 through June 30, starting July 1,~~ unless an exception is made by the ~~B~~board of ~~C~~ommissioners.

- Distribution of Funds

An agency must enter into a contract with the town prior to receiving funding approved by the board. The contract will describe among other items, the ~~program(s) or service(s)~~ to be provided, the funding distribution schedule, and other terms and conditions. If or where performance measures, milestones, service levels, and/or other relevant metrics help monitor the efficiency and effectiveness of funded programs, then they may also be included in the contract.

Funds distributed by the town may only be spent as indicated in the Community Re=
~~i~~investment application for which the funds were awarded, or as otherwise approved by the board. The town reserves the right to recapture funds not utilized according to this policy ~~and nonperformance may impact future funding.~~



APPLICATION

FY26 Community Reinvestment Funds

Administrative Services Department
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-732-1270
www.hillsboroughnc.gov

Funding Request Checklist

Before applying, please review the checklist below and place an "X" next to each item to confirm that all requested information has been provided.

- ☐ Review Community Reinvestment Program Funding Policy
- ☐ Complete Community Reinvestment Funds Application
- ☐ Attach Program or Service Description
- ☐ Attach Copy of Proposed Program Budget
- ☐ Attach List of Other Sources of Revenues Requested to Support the Program

ORGANIZATION INFORMATION	
Organization Name:	
Address:	
Website:	
Point of Contact Name:	
Point of Contact Phone:	
Point of Contact Email:	
Board of Directors: <i>Please List</i>	

FINANCIAL INFORMATION	
Current Fiscal Year Budget:	
Next Fiscal Year Anticipated Budget:	
Current Year Allocation from Town of Hillsborough:	
Next Fiscal Year Requested Allocation from Town of Hillsborough:	
What is the minimum funding needed from town for request to be viable?	

SECTION 1	
Would town funding leverage funds from other sources? If yes, please provide more information.	
How many Hillsborough residents (within corporate limits) are expected to receive direct services from the program during the fiscal year because of town funding.	
If town funding was received last fiscal year, approximately how many Hillsborough residents were served? <i>Please indicate whether number provided represents unique or repeat residents.</i>	
How do the programs or services that funds are being requested for align with the town's strategic plan or comprehensive sustainability plan?	

SECTION 2			
How will the town's funding be used to assist the organization?	Category	\$	Notes
	Current Personnel		
	Current Operations		
	Current Programming		
	Personnel Expansion		
	Operations Expansion		
	Programming Expansion		
	Other		
	Grand Total		

SECTION 3			
Please list goals, programs and services for which these funds will be used:		Item	\$
Items should be specific, measurable and verifiable by the Town of Hillsborough and are subject to the completion of a signed memorandum of understanding before disbursement of funds.	1.		
	2.		
	3.		
	4.		
	5.		
	6.		
	7.		
		Grand Total	

SECTION 4

Please list the performance metrics that measure whether this program or service is successful at achieving intended outcomes?

SIGNATURE

I hereby agree to conform to all applicable laws and regulations of the Town of Hillsborough, County of Orange, and State of North Carolina (as may be applicable to my request) and certify that the above information is true and accurate to the best of my knowledge.

Note: Funding distributions will be made at the convenience of town staff's ability to execute purchase orders, make check requests, gather memoranda of understanding signatures, etc. Funding distributions should be expected no earlier than late August.

Signature: _____ Date: _____



TOWN OF
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Funding Information

December Board Meeting

Town of Hillsborough Funding					
Agency	FY21	FY22	FY23	FY24	FY25
Chamber – Chapel Hill	\$1,350	\$1,350	\$1,350	\$1,375	\$1,400
Chamber – Hillsborough	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Exchange Club Park	\$7,500	\$7,500	\$7,633	\$7,189	\$7,599
Fairview Community Watch	\$0	\$10,000	\$35,000	\$40,000	\$55,000
Fairview Live	\$1,500	\$0	\$1,500	\$0	\$1,500
Hillsborough Arts Council	\$13,200	\$14,520	\$16,000	\$18,000	\$21,000
Hillsborough Merchant's Assoc.	\$0	\$0	\$0	\$0	\$15,000
Orange Congregations in Ministry	\$0	\$0	\$0	\$0	\$10,000
Orange County Food Council	\$3,631	\$3,657	\$0	\$0	\$0
Veteran's Memorial	\$0	\$7,500	\$7,500	\$0	\$7,500
TOTAL	\$33,181	\$50,527	\$74,983	\$72,564	\$124,999
Per Capita Allocation	\$3.32	\$5.19	\$7.60	\$7.26	\$12.50
% of Budget GF Expenditures	0.32%	0.38%	0.54%	0.44%	0.62%
Tax Rate Equivalent	\$0.30	\$0.36	\$0.47	\$0.45	\$0.78

Tourism Board Funding					
Agency	FY21	FY22	FY23	FY24	FY25
Hillsborough Arts Council – Last Fridays, Solstice Lantern Walk, & Bi-annual Handmade Parade	\$18,518	\$18,158	\$23,518	\$28,500	\$43,500
Orange County Historical Museum Services – Visitor Services	\$26,100	\$26,100	\$46,100	\$56,100	\$57,600
Burwell School – Visitor Services	\$26,139	\$26,139	\$40,574	\$85,000	\$70,000
Kings Highway Biodock Sign	\$0	\$4,500	\$3,500	\$0	\$0
Art on the Hill (Uproar Festival of Public Art)	\$0	\$0	\$7,500	\$0	\$0
Hillsborough Arts Council – Solstice Walk	\$0	\$0	\$7,000	\$10,000	\$0

Chamber Holiday Parade	\$0	\$0	\$0	\$10,000	\$10,000
Historic Eagle Lodge	\$0	\$0	\$0	\$3,500	\$0
Historical Foundation	\$0	\$0	\$0	\$1,000	\$0
Orange County Arts Alliance – Paint it Orange	\$0	\$0	\$0	\$1,000	\$0
Kings Highway Kayak Rental Pilot Program	\$0	\$0	\$0	\$0	\$9,000
A250/Rev. War Interpretive Signs (2)	\$0	\$0	\$0	\$0	\$6,000
Parking Study Cost-Share	\$0	\$0	\$0	\$0	\$2,500
Chamber Holiday Tree Lighting/Shop Small Saturday	\$0	\$0	\$0	\$0	\$4,600
TOTAL	\$70,757	\$74,897	\$128,192	\$195,100	\$203,200

Tourism Development Board Funding					
Agency	FY21	FY22	FY23	FY24	FY25
Cultural/Performing Arts Center Idea Development	\$40,000	\$40,000	\$30,000	\$0	\$25,000
Mobile Stage Project Idea	\$40,000	\$0	\$0	\$0	\$0
Chamber- Sundays in Hillsborough Concert Series	\$10,000	\$0	\$0	\$0	\$0
Colonial Inn- King St. Sidewalk Cost Share	\$20,000	\$0	\$0	\$0	\$0
News of Orange Mural Project	\$0	\$6,975	\$0	\$0	\$0
Wooden Nickel Mural Project	\$0	\$0	\$0	\$8,000	\$0
FlushFest World Music Festival	\$0	\$0	\$0	\$10,000	\$0
River Park Concert	\$0	\$0	\$0	\$9,000	\$0
Sleepy Fest Music Festival	\$0	\$0	\$0	\$1,500	\$0
General Requests	\$0	\$0	\$12,000	\$10,000	\$15,000
New Holiday Décor	\$0	\$0	\$0	\$0	\$12,000
Visitor Kiosk Signs (2)	\$0	\$0	\$0	\$0	\$10,000
Parking Study Cost-Share	\$0	\$0	\$0	\$0	\$2,500
TOTAL	\$110,000	\$46,975	\$42,000	\$38,500	\$64,500