

**MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
LEGISLATIVE DELEGATION MEETING
JANUARY 28, 2010**

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Henry H. Dunlap Building Classroom, 80 South Street, located in Pittsboro, North Carolina, at 8:30 AM on January 28, 2010.

Present: Chair, Sally Kost; Vice Chair, George Lucier;
Commissioners Mike Cross, Carl Thompson,
and Tom Vanderbeck

Senator Bob Atwater and Speaker Joe Hackney

Staff Members Present: Charlie Horne, County Manager; Vicki
McConnell, Finance Officer; Sandra B. Sublett,
Clerk to the Board; and Elizabeth Plata, Deputy
Clerk to the Board

INVOCATION

Commissioner Thompson delivered the invocation prior to the breakfast meeting.

Agenda

Welcome and Introductions

Chair Sally Kost

**General Assembly
Challenges/Overview**

**Senator Bob Atwater
Speaker Joe Hackneys**

Key School Issues

School Staff

Key County Issues

**Board of Commissioners
County Staff**

CALL TO ORDER

The Chair called the Legislative Delegation Meeting to order at 8:53 PM. She welcomed Senator Atwater and Speaker Hackney to the meeting and expressed appreciation to them for everything they do for Chatham County. She stated that the Board is also committed to working with the Chatham County Board of Education.

Commissioner Comments:

Commissioner Lucier thanked Senator Atwater and Speaker Hackney for their help with Chatham County issues, especially as it relates to Chatham County Schools. He introduced Mr. Charles Lutterloh from the Farm Bureau and asked that he be allowed to share a resolution endorsed by the Farm Bureau requesting promotion of the graduated Impact Fee that reflects that citizens buying/building more expensive houses should be paying more of the Impact Fee than those citizens buying a double-wide mobile home.

Speaker Hackney stated that their attorneys had informed them all along that an Impact Tax can be graduated, but that an Impact Fee cannot be under State constitutional provisions; that they have tried to change it to a tax which also runs into a fair amount of opposition; that

they have not been able to get it passed; that he is in favor of graduated fees, as he thinks it is fairer, but that they do not believe they have the legal authority to take a fee and graduate it.

Commissioner Lucier stated that they are exploring the possibility of basing the Impact Fee on the number of bedrooms.

Speaker Hackney said that they would check it again, and would invite the Board to talk with the tax experts at the School of Government about it as well.

Charles Lutterloh asked about the possibility of getting it changed from a fee to a tax. He stated that there were a lot of young folks and low-income folks in the County, especially in rural areas, on which it causes a real burden; and that they are asking for relief for them.

Speaker Hackney stated that they have met with the largest opposition from the homebuilders and realtors; that they have fought all new impact fees, impact taxes, and transfer taxes; that they have discussed the impact tax being fairer than the impact fee but they think it will just spread; and that he would suggest a state-wide Farm Bureau "push" would make a tremendous difference.

Mr. Lutterloh stated that they will try to get help from the state Farm Bureau in this effort.

Senator Atwater echoed Speaker Hackney's comments that it is what folks would be doing outside the legislative chambers that would make the biggest difference.

Commissioner Thompson stated that given the hard economic times, attitudes may change regarding this matter. He strongly encouraged Mr. Lutterloh to not give up the fight.

Chair Kost stated that Commissioner Cross has been fighting this issue harder and longer than anyone on the Board.

Commissioner Cross stated that of the six counties that have the 1% Land Transfer Tax (three of those done by board resolutions), it has done nothing but help the builders and realtors in their communities; that he doesn't see why they don't see it; and the Chatham County Board of Commissioners would dispose of the Impact Fee and add the 1% Land Transfer Tax.

Speaker Hackney stated that they think their budget is wearing extremely well under the circumstances of the recession. He reviewed the difference between the budget that they put together without any revenue increases and the one that had the revenue increases. They are still in the first seven months of a two-year budget. All indications are that the budget reasonably on-track for the times. The variations are something as follows: Medicaid, retirement fund obligation, State Health Plan, enrollment increases in the universities, community colleges, and public schools with the exception of the community colleges due to their exceptional growth, the Governor has been holding back revenues in anticipation of seeing how the year goes. He stated that they think a lot of people have been making money in the stock market because stocks went down and are somewhat now up. Income tax revenues are heavily impacted by the banking recession in Charlotte. They think they are on track to do a budget adjustment in May and June which will be a smaller adjustment than last year. He does not see the local revenues being utilized by the State on the horizon. They expect to come out of the recession and start back up with the economy which will help everyone as all of the economists have said we have hit rock bottom and have headed back up, that it's just a matter of how fast.

Senator Atwater stated that studies have shown that they are in trouble with the retirement system in terms of providing adequate cost of inflationary adjustments to the retirement system; that they need more than 100% so-called funding. He stated that it is an honor and pleasure to work Speaker Hackney. He stated that it is big news and recognition for our School Board to have nominated the Board of Commissioners for their role in educational support in Chatham County.

Chatham County School Board:

Mr. Logan, Superintendent of Chatham County Schools, gave an overview of the impact of Chatham County Schools' 2010-2011 budget as follows:

	2010-2011	2009-2010	
Fiscal YR 2009-2010 Budget in Local Current Expense	23,992,605.00		
No Salary Increase	0.00		
Social Security Adjustment	4,228.00		
Retirement Increase from 8.75 to 10.51%	195,817.00		
9% Hospitalization Increase	129,363.00		
3% Utility Increase w/o Pollard MS	85,417.00		
Increase for Charter Schools	137,135.00		
Risk Portfolio	-46,288.00		
Total Continuation	25,019,844.00		
Available Revenues 2010-2011	23,954,221.00		
Budget Deficit in Local Current Expense	1,065,623.00	2,407,870.00	
2010-2011 Proposed Discretionary Funding Cut from State Funds \$303.60 X 7690	2,334,691.40	1,181,345.00	
Projected Funds Needed for Charter School ruling retroactive back to July 1, 2006	925,509.33		
Proposed Reduction of Federal Stabilization Funds for 2010-2011 of \$5.50 per student	42,295.00		
Safe and Drug Free Schools (PRC 048)	27,673.00		
Total Projected Deficit for 2010-2011	4,395,791.73	3,589,215.00	806,576.73
American Recovery and Reinvestment Act Funds			
Education Stabilization PRC 140	1,865,631.00	1,907,926.00	
Title I PRC 141	800,033.00	510,699.00	
IDEA VIB PRC 144	812,001.00	760,406.00	
IDEA Preschool PRC 145	31,396.00	30,463.00	
Education Technology PRC 146	16,464.00	10,763.00	
McKinney Vento PRC 148	16,214.00	11,175.00	
Child Nutrition PRC 149	0.00	23,890.76	
	3,541,739.00	3,255,322.76	

1/26/2010

Mr. Logan reviewed the following education issues:

Allow Chatham Board of Education to Determine the Boundaries of Election Districts:

Mr. Logan stated that because the election districts of the Chatham County Board of Education are established by the General Assembly, they are requesting that the establishing of the number of districts and the boundaries of the district be a local decision and not a State

decision. Further, because of a mapping error, an incumbent Board of Education member cannot run for re-election.

K-12 Education Funding:

The County school system has received indication that the state may ask for a discretionary reduction of \$150 per child, a total of \$1.2 million for Chatham County. This, coupled with the court's decision on charter school funding, potentially means our school system would have \$2 million less on which to operate next year. The County requests that K-12 education be given funding priority and that the legislature overturn the court's decision on charter school funding.

Tort Liability Insurance for Public School Buses:

The proposals to transfer the cost of insuring school buses from the state to the local school districts should be rejected.

State Capital Expense Funding:

Chatham County's model for repayment of school debt relies on certain revenues for capital that comes from the State. This includes proceeds from the lottery and the Public School Building Capital Fund (PSBCF) revenue (from corporate income tax). Chatham County is estimated to receive about \$900,000 in the current fiscal year from the lottery proceeds. The County, received approximately \$285,000 in FY 2007-08 from the PSBCF, the last year PSBCF money was received. Combined, lottery proceeds and PSBCF money is equivalent to just under 1.5 cents on the general fund property tax rate.

Mr. Logan thanked the Legislators and stated anything they could do to keep the existing funding in place from the State to help the locals with the capital projects would be very much appreciated.

LEGISLATIVE ISSUES

The Chair explained the barriers that prevent Chatham County from buying goods and services locally, the struggle in getting sales tax on goods delivered into Chatham County, reviewed the challenges of the Chatham County Capital Improvements Projects Plan and long-range planning, and a brief overview of the budget.

The Board and Legislators spoke about community college fees and tuitions.

Local Issues:

The Chair reviewed the following local issues:

1. Cary/Chatham Joint Plan Approval:

Require both Chatham County and Town of Cary approval of any changes to the joint land use plan and design standards, once adopted by both the County and the town. The Town of Cary has agreed to also seek/support this legislation.

2. Allow Local Governments to Override Restrictive Covenants Effecting Renewable Energy and Conservation:

Carrboro asked for legislative authority to protect homeowners' rights to add renewable energy and energy and water conservation measures to their homes through approval of the restrictive covenants as part of the subdivision process. The legislation (Senate Bill 475) was enacted October 1, 2009. Based on a recommendation from the Green Building Task Force, the County asks for the same legislative authority or, if a local bill cannot be introduced this session, a statewide commission to study this issue be appointed.

3. Change Siler City's Tier Designation:

Chatham County, the Economic Development Corporation, and the Town of Siler City seek legislation to permit a portion of Siler City to be designated as an Agrarian Growth Zone. As authorized in GS 143B-437.10, the purpose of the State Agrarian Growth Zones is to provide economic incentives to stimulate new investment and job creation in economically distressed areas. Under current law the area to be designated as a State Agrarian Growth Zone must meet the following criteria:

- It is comprised of one or more contiguous census tracts, census block groups, or both, in the most recent federal decennial census.
- All of the area is located in whole within a county that has no municipality with a population in excess of 10,000 based on current population estimate from NC State Demographer's Office.
- Every census tract and census block group that comprises the area has more than twenty percent (20%) of its population below the poverty level according to the most recent federal decennial census.

Chatham County is seeking legislation that would allow the poverty rate in two contiguous tracts to be averaged. If at least 20 percent of the population of the combined tracts, according to the most recent decennial census, is below the poverty level, the two tracts could be designated as an Agrarian Growth Zone. In order to limit the potential budgetary impact of this provision, its application could be limited to eligible communities that have lost at least 1,000 jobs within its jurisdiction during the current economic recession.

4. Additional Seats on the Central Carolina Community College (CCCC) Board of Trustees Appointed by Chatham County:

A minimum of two additional seats on the Central Carolina Community College (CCCC) Board of Trustees be appointed by Chatham County is requested, bringing the total number of seats appointed by Chatham County to a minimum of four.

The current appointments to the CCCC Board of Trustees are as follows:

- Lee County – 8 (*includes 4 appointments by Lee County Board of Education and 4 appointments by the Lee County Commissioners*)
- Harnett County Board of Commissioners – 2
- Chatham County Board of Commissioners – 2
- Governor – 4
- Student Government Representative – 1

The makeup of the community college Board of Trustees is established in Article 2 of Chapter 115D of the North Carolina General Statutes (§115D-12).

5. Civil Rights Ordinance:

We are seeking enabling legislation to enact a Civil Rights Ordinance in Chatham County if the Board of Commissioners approves such an ordinance. A civil rights ordinance would help to protect residents and visitors to the county against discrimination in the areas of housing and public accommodations and would allow for enforcement by the Chatham County Human Relations Commission of state and federal laws and regulations pertaining to these areas. This enabling legislation would make it possible to achieve substantial equivalency compliance with the Fair Housing Act, making Chatham County eligible to apply for Housing and Urban Development (HUD) reimbursements. A civil rights ordinance is required to achieve substantial equivalency. HUD reimburses seven local North Carolina governments – all of which have demonstrated substantial equivalency – for cases investigated, for training and administrative costs, and for testing for discrimination. The enabling legislation would include the same protected classes as provided under federal and state legislation.

6. Transfer of Development Rights:

The County requests authority to implement Transfer of Development Rights. The recently released strategic plan for Farmland Presentation, a collaborative effort that involved the county, Cooperative Extension, the Triangle Land Conservancy, the Economic Development Corporation, the Agriculture Advisory Board, the agriculture community, and others includes in its recommendations transfer of development rights as a tool for farmland preservation. Senate Bill 547 was introduced in March 2009 and referred to the State and Local Government Committee.

7. Allow Design/Build as a Construction Method for Local Public Projects:

Design-Build combines preconstruction, construction, construction engineering, inspection requirements and testing requirements for a project into one contract. An April 2007 study on the impacts of design-build, which evaluated 300 projects in 32 states, concluded that design build project delivery reduced the overall duration of their projects by 14 percent, reduced the total cost of the projects by three percent, and maintained the same level of quality as compared to design-bid-build project delivery.

8. Revenue Options:

The Board seeks legislation to allow Chatham County to enact by resolution of the Board of Commissioners any or all revenue options from among those that have been authorized for any other county including local option sales taxes, prepared food taxes, occupancy tax, and real estate transfer taxes; and to preserve the existing revenue base. If Chatham County receives the authorization to levy a one percent transfer tax, the Board of Commissioners would eliminate the impact fee.

TRIANGLE J MASS TRANSIT RAIL

Commissioner Cross stated that Triangle J has met three times during the last three days regarding the mass transit rail. The discussion with Durham was that they didn't want to get beat out by the Triad as we were by Mecklenburg. He thinks that they have come to the conclusion that instead of trying to compete with the Triad, they will ask the Triad to plan with them so that they can complete it from Richmond to Charlotte.

ADJOURNMENT

The Chair expressed appreciation to the Legislators and adjourned the meeting at 10:09 AM.

Sally Kost, Chair

ATTEST:

Sandra B. Sublett, CMC, CCC, Clerk to the Board
Chatham County Board of Commissioners