

**MINUTES**  
**CHATHAM COUNTY BOARD OF COMMISSIONERS**  
**BUDGET WORK SESSION, JUNE 19, 2001**

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The Board of Commissioners ("the Board") of the County of Chatham, North Carolina, met in the Henry H. Dunlap, Jr. Building Classroom, located in Pittsboro, North Carolina, at 9:00 AM on June 19, 2001.

Present: Chair Gary Phillips; Vice Chair Margaret Pollard, Commissioners Bob Atwater, Rick Givens, and Carl Outz; County Manager, Charlie Horne; County Attorney, Robert L. Gunn; Assistant County Manager, Paul Spruill; Finance Officer, Vicki McConnell; and Clerk to the Board, Sandra B. Lee

The meeting was called to order by the Chairman at 9:12 AM.

**Agenda**

**1. Budget Work Continuation**

**PROPERTY TAXES**

Kim Horton, Tax Administrator, reviewed the tax revaluation and property tax calculations.

The County Manager explained that having expenditures and revenues rub together (comparing them to walls), that the higher percentage of revenue that is vacuumed up for expenditures, decreases the ability of the fund balance to grow over time.

The Finance Officer stated that she feels more comfortable leaving the fund balance at the current proposed rate of \$580,477.

Chairman Phillips asked that a more liberal estimate be given to the expectations of the tax base.

Commissioner Outz stated that the Board had approved a lot of housing sites.

Chairman Phillips explained, however, that actual construction is down from two years ago when 400-600 houses per year were being built.

The County Manager concurred that housing starts on a graph are very gradual and that the sales tax estimates were revised based on the Boards' request reflecting third quarter revenues, as opposed to second quarter revenues, which increased the sales tax estimates by \$100,000.

**Fund Balance: Budgeted Revenues**

The Finance Officer cautioned the Board with regard to the fund balance if revenue received is less than what is projected.

**BREAK**

The Chairman called for a five-minute break.

**CHATHAM EDUCATION FOUNDATION**

**Phillip Cates**, Executive Director of the Chatham Education Foundation, stated that his comments were being made as a private citizen with a little more than average interest in education; that he does not work for the Chatham County Schools; that he believes that the highest quality of public schools are Chatham County's best hope for a stronger tax base and the improvement of the quality of life for everyone; that his first concern he brings in the form of a question, "When and in what forum have you publicly dealt with the elected Board of Education's budget request?"; that he has not seen the Commissioners deal with the Board of Education's budget proposals, the explanations of needs and/or supportive data; that second, as he understands it, the only school budget proposal being considered is the County Manager's which has been stripped of the \$1,000,000 capital reserve fund, leaving a budget for the public schools with a 2.3% increase over the previous year; that this will not cover the projected increase in health insurance and fuel costs, let alone other required expenses; that he urges the Commissioner to give the public schools a chance to rework their proposals first; that if the schools are funded at a 2/3% increase level for FY 2001-2002, their ranking will fall from tenth to between eighteenth and twenty-second in one year's time; that third, he asks the Board to consider the voices that they have heard over the past year concerning public education and without discounting the ones they have heard over the past three weeks; that those who have been in the leadership of the tax reform movement are not all adamant that the public schools are the problem causing higher tax rates; that fourth, he has heard an immense amount of talk that the schools can do more with less just like everyone else; and that he does not agree with those who make comparisons with 25-50 years ago.

He asked the Board not to look backwards; that in 1964, a teacher's supplement didn't exist, but forward looking citizens in 1967 and in 2000 saw fit to look at current realities and make Chatham County Schools competitive; that the allocation to the Chatham Education Foundation to fund a demonstration project to help with at-risk students at three Chatham County Schools has been remarkable; that there have been up to two years improvement being experienced by some students; and that the past never placed its hope in public education, but the Board can do so.

**Chatham County Schools Finance Officer:**

Tammy Stromko, Chatham County Schools Finance Officer, made a plea to the Board of Commissioners to leave the school's budget, containing the million dollars the Commissioners were questioning, without cutting it. She stated that the Chatham County School Board proposed to take the million dollars the County Commissioners wanted set aside and put it into their regular operating budget so that they could operate this year as they need to; that it was for their continuation budget and not for any expansion; that if the Commissioners took that million dollars out of the continuation budget, the schools would have to cut twenty-seven positions that had been funded in previous years; that a portion of that shortfall could be made up through fund balance; and that she was pleased with the supplements passed by the Board last year, but indicated that last year's continuation budget cost the schools about \$850,000 more than what the Board of Commissioners funded.

In answering questions from the Commissioners, Ms. Stromko said that the State would fund a 2.86 percent increase in teacher's salaries this year; that other personnel would receive \$625; and that the State also would fund the State's portion of the increase in insurance benefits for school personnel. She stated that enrollment in the schools is 7,144 students projected for the upcoming year, and termed the Commissioners' projected budget "not enough".

The County Manager stated that the proposed increase for schools is figured at 6%.

The County Manager explained that the request has not gone to the schools because the Board had removed the school budget from the cuts.

### **DARE PROGRAM AND RESCUE SQUADS**

The Board discussed the possibilities of cuts in both the DARE Program and Rescue Squads.

#### **Fire Districts:**

The Board reviewed the revenue requests from each of the County's twelve fire districts.

Chairman Phillips stated that he would like to ask the fire departments to take a closer look at their budgets and consider absorbing a one-penny reduction in the rate that they requested the County Commissioners to establish.

#### **Rescue Squads:**

An overview of the County's rescue squads was presented, at the Board's request, by Tony Tucker, Emergency Operations Director.

Commissioner Pollard asked if the County could contract rescue services with the Pittsboro Fire Department.

#### **Water:**

County Manager explained that the Board will have the opportunity to address carrying water to Moncure in the Capital Plan.

After considerable discussion, the Board decided, by consensus, to fund the East Chatham Rescue Squad, but not release the funds until the Board is satisfied that things are being done the way they should be; that releasing the funds would require Board approval; and that the Board is interested in the integrity of the operation.

Chairman Phillips stated that he would like consideration given to the following:

- One million for school capital and place in school operating budget
- Lower fund balance to 16.8%
- Delay Bell's Landing/scale down
- Delay or forget building new courthouse/fix up Ag Building
- Reimburse finance debt on all loan purchases
- Eliminate or lower the capital reserve/schools
- Lower vehicle reserve
- Assume some reimbursements from State
- Lower utility fund transfer
- Not release employees
- Lower vehicle reserves
- Add \$61,000,000 to the tax base

Chairman Phillips asked the staff to find avenue of finance for industrial park; intended to be; Initially reduce community park budget by \$200,000 and expect that money to come out of the foundation; and research avenues that will lower tax rate and keep from firing County employees.

Commissioner Outz asked about a one percent cut across the Board from the General Fund.

### **BUDGET WORK SESSIONS**

By consensus, the Board agreed to hold the next budget work sessions as follows:

June 25, 2001	9:00 AM - 12:00 PM
June 26, 2001	9:00 AM - 12:00 PM
June 27, 2001	9:00 AM – Until (If needed)

### **ADJOURNMENT**

Commissioner Outz moved, that there being no further business to come before the Board, the meeting be adjourned. Commissioner Givens seconded the motion, and the meeting was recessed at 2:55 PM.

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Gary Phillips, Chairman

ATTEST:

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Sandra B. Lee, Clerk to the Board  
Chatham County Board of Commissioners