

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
SEPTEMBER 04, 2001

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Pittsboro Library, 158 West Street, located in Pittsboro, North Carolina, at 12:30 PM on September 04, 2001.

Present: Chairman Gary Phillips; Vice Chair Margaret Pollard; Commissioners Bob Atwater and Rick Givens; 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

Absent: Commissioner Carl Outz

Work Session Agenda

1.) **Library Board Presentation**

WORKING LUNCH BREAK

2.) **Town of Goldston Request – Presentation by Tim Cunnup**

3.) **Land Use Plan**

- * **Review Economic Development Centers & Water/Wastewater Sections of the Document**
- * **Final Review of Land Use Plan**

4.) **Reuse Project**

- * **Consideration of three projects for financing the reuse project with 3M**

LIBRARY BOARD PRESENTATION

- **Strategic Plan for Library Facilities:**

- **Selby Gration**, Library Board Chairman, introduced Mr. Phil Barton who co-authored the report on development of a strategic plan for the library facilities for the County.

Phil Barton, library consultant, reviewed the recently completed executive summary for the *Strategic Plan for Library Facilities*, identifying current and future library facility needs for Chatham County and the recommendation for addressing the needs.

GOLDSTON LIBRARY – THE FUTURE

- **Tim Cunnup**, Goldston Mayor, presented an overview of the future of the Goldston Library. He

stated that the Town of Goldston, in conjunction with the Goldston Friends of the Library, have been working for several years trying to determine a reasonable way to increase space needed for the Goldston Library; that because they are a small town, they have a very limited means when it comes to building a new library, which was estimated at a cost of \$450,000 two years ago; that justification for increased space is as follows: 1) They are cramped for space. Their facility has an area of 1500 square feet and within that space, the town also holds the town board meetings during which, at times, they do not have a place to sit. 2) Their current facility is not ADA compliant. 3) Their volume is such that many times people have to wait in line to look at books. 4) Their library is the only one in the County without programming space. 5) The computers, which have a great deal of use, are located between book racks causing major congestion when they are in use and patrons are looking at books. He stated that they had to ask whether it was more feasible to build a new library, estimated at a greater cost than \$450,000 or identify existing available structure; that the facility which they have identified for purchase on main street is available for \$90,000 including total renovation \$150,000, architectural fees \$18,000, and furnishings \$25,000 for a total of \$283,000; that they are expecting a gift in the amount of \$20,000 from the Town of Goldston, one from the Friends of the Library in the amount of \$10,000, and are planning to cover the balance of \$163,000 through fund raisers, grants, gifts, and donations; that they would like for the County to agree to do the maintenance; and that they hope that the County can financially support the purchase in the amount of \$50,000.

3M REUSE PROJECT

County Manager, Charlie Horne, informed the Board that a detailed discussion on water issues was planned for the October meeting and that a preliminary report on the cost of the trunk lines contained in the water Capital Improvements Plan (CIP) would be presented by Fred Hobbs of Hobbs, Upchurch and Associates.

Fred Hobbs explained that the only funding that had been identified was the Community Development Block Grant, the \$600,000 originally allocated for water which could also be used for sewer; that through the State Revolving Loan Program, \$1.5 million is available in low-interest loans with a term not to exceed 20 years, available with a September 28 request deadline; that the Board would have to adopt a resolution authorizing Gary Phillips as chairman to apply for the funding; and that it is a loan, but that the repayment rate would be advantageous to the County. He recommended that the loan be taken only to serve the 3M project, and that 3M make the payment.

He reported that he had met with the Bill Coleman, Clean Water Trust Fund Executive Director, and that they have applied for \$2.6 million; that in discussion, it was communicated that monies totaling in the one half to one million dollar range had a favorable status; that in the budget freeze earlier in the year, their money was a victim; that a letter was sent stating that the previous request was denied but held over for future consideration; that they believe they will have \$30 million in the budget and will be advising Chatham in October; that it was recommended that the elected officials, representatives, and senators make contact, prior to the group's October board meeting; that if the Clean Water Funds of one to one and a half million were received in addition to the million and a half loan added to the funds already in hand, the project would be a reality; and that the only action needed by the Board would be passage of the resolution authorizing the filing of the application.

Mr. Hobbs presented copies of letters to be sent to Jim Payne, Secretary of the Department of Commerce and to George Sherrill, Commerce Finance, and a resolution to submit the Industrial Development Fund (IDF) Grant Application. He stated that Chatham County had been awarded \$600,000 for use on the waterline, but had then asked for funds for the wastewater reuse; that the Department of Commerce had agreed that the County could use the \$600,000 for wastewater and offered \$500,000 from the Industrial Development Fund to use for the water; that due to the budget shortfall and eligibility factors on 3M's use of

a subcontractor for maintenance jobs, the IDF funds were cut to \$375,000 with the proviso that there may be additional monies available; that the letters are a request for and additional \$125,000 to bring the total back up to \$500,000; that they had indicated that they were hopeful the funds would be available; and that all of the efforts should be completed by the end of the calendar year.

Chairman Phillips indicated that he hoped to review the budget for the projects since he was not clear with regard to the County's contribution or the plan used to repay the monies.

Commissioners Givens and Pollard indicated that they also were interested in the specific numbers for the two projects.

Mr. Hobbs explained, that in his judgment, the project was not achievable without outside money coming in; that the reasons for continuing with the resolutions and the letters was, from their accounting standpoint, to get the necessary paperwork to restrict and retain the money for the County; that what he was trying to do was keep the County's options open for all of the grant funds and not give up any options for that money, depending on what was awarded; that the Department of Commerce was asking for paperwork that validates that the money was Chatham County's money; that the action protects the County's interest in both funding sources and gives the County additional latitude to seek other funds sources; and that the demonstrated action of wishing to borrow money strengthened the application for the CDBG monies.

The Board agreed to receive more information during their September 17, 2001 Board meeting.

Commissioner Atwater moved, seconded by Commissioner Givens, to approve **Resolution #2001-31 Authorizing the Making of Loans and Grants to Aid Eligible Units of Government in Financing the Cost of Construction of Wastewater Treatment Works, Wastewater Collection Systems and Water Supply Systems**, attached hereto and by reference made a part hereof. The motion carried four (4) to zero (0).

Commissioner Givens moved, seconded by Commissioner Atwater, to approve **Resolution #2001-32 to Submit Industrial Development Fund Grant Application**, and to authorize the Chairman to sign the documents, attached hereto and by reference made a part hereof. The motion carried four (4) to zero (0).

The letter to James T. Fain, III, Secretary of Commerce, explaining County action and the request for an additional \$125,000 in assistance and George Sherrill, Commerce Finance seeking additional grant funds to supplement the wastewater reuse project, are attached hereto and by reference made a part hereof.

Commissioner Givens moved, seconded by Commissioner Atwater, to authorize the Chairman to sign the letters. The motion carried four (4) to zero (0).

Fred Hobbs suggested that the Board formalize their request to the elected officials in some form of Board resolution requesting that the elected officials make contact on behalf of Chatham County with regard to the Clean Water Management Trust Fund.

WATER ISSUES

Ron Singleton, Chatham County Public Works Director, reported on current conditions and information necessary for upcoming decisions for future expansion, updating the Board on the current financial picture, the capacity of the Utility Fund to meet the recurring operating expenses, salaries, supplies, fuel required for day-to-day operation, annual capital needs, equipment purchases, and existing debt service obligations (the largest component which are payments on the water plant). He stated that FY 2002 Revenues

and Expenditures included recurring operating \$2,327,000, Fund Balance and Capital Reserve appropriation (\$1,265,339 for revenues and recurring operating expenses of \$2,293,959), capital expenses (this year are \$82,993) and debt service, the majority of which is the water plant (\$1,215,387).

The Assistant County Manager, Paul Spruill, explained that the Public Works Department is meeting the expenses of the water fund by appropriating one-time revenues from reserves that have accumulated over time to meet the obligation of the debt service and the capital expenses.

The Public Works Director explained that financing on the water plant is for a term of ten years, with 2004 being the last full payment followed by a half payment in 2005.

It was explained that dependency on reserves for the Fiscal Year 2002 balance before appropriation is \$2,668,787; that Capital Reserve appropriation equals \$1,265,339; that Fund Balance and Capital Reserve balance after appropriation equal \$1,403,448; that ending- balance assumes the entire amount of one-time reserves if it is appropriated at the adoption of the Utility Budget; and that the remaining Fund Balance plus reserves would be \$1.4 million.

The Assistant Manager explained the financial picture of future years as follows: In 2003 the balance begins before appropriation at \$1.4 million, with existing debt service and annual obligations of \$1.287 million with a balance of \$116,378—practically out of fund balance; that without additional appropriation, the fund would make it to 2004 but with very little left in fund balance plus capital reserve; that existing debt service and capital obligations include \$617,000 for 2004 which would be a negative balance; that debt service would drop from \$1 million down to \$617,000 because the water plant is being paid down to the last partial payments; that the bad news is that nearly all capital reserves has to be used to pay off the water plant, but the good news is that it is paid off and leaves the fund with a minimal amount of debt service. Spruill discussed the history of the fund balance and how it has grown and how the capital reserve fund has been depleted.

Vicki McConnell, Finance Officer, stated that the County has not been subsidizing the water fund as it used to, with perhaps half a million dollars a year to build up that big reserve. She explained that the revenues from the water plant were covering operation with a small profit, but were not covering the debt.

The Public Works Director discussed capital needs of water line expansion in the future into the areas of Moncure and Southwest Chatham from the Jordan Lake Water Plant. He stated that the envisioned project would cost approximately \$1.35 million with a total debt service of \$430,000 and another \$2.5 million to get a larger diameter line in the Southwest area, miscellaneous line replacement in the Haywood area costing \$298,000. He stated that the raw water pump station would cost \$3.85 million with \$320,000 debt service; and that the north side water tower would cost \$1.065 million with \$115,000 debt service per year.

He pointed out a twelve-mile section of eight inch line would be necessary to bring water to the Southwest Chatham area requesting it, which would become a \$2 million project without the connection to side roads.

The County Manager discussed the ultimate system configuration and planning for future extensions for residential use.

The Public Works Director asked for vision on how these extensions will be made. He pointed to the need to quantify the needs of each one of the systems or areas.

Commissioner Givens asked about the possibility of a water bond to provide the water at one time instead of piecemeal.

Chairman Phillips questioned the willingness of County taxpayers to provide such large amounts of dollars for relatively few waterline connections.

Commissioner Pollard asked about doing a pro forma budget that gives a sense of the payback.

The Board agreed that it was a hard decision to make to provide water for a few customers at the expense of the entire County.

It was asked that a resolution be prepared for Board endorsement of the project to be adopted at a later date.

LAND CONSERVATION AND DEVELOPMENT PLAN

The County Manager introduced the discussion on the Economic Centers portion of the Land Use Development Plan.

Keith Megginson, Planning Director, reviewed the Economic Development Centers and Water/Wastewater Sections of the Land Conservation and Development Plan.

Economic Development Centers:

Mr. Megginson stated that the Chatham economy is increasingly tied to the larger regional economy and increasingly depends on activity that occurs outside the County's boundaries. He examined the three major trends which will define the Chatham County economy as the next century approaches:

- v An increasing proportion of the County's economic well-being is tied to the larger regional economy and activity that occurs outside of the County's borders.
- v Manufacturing remains an important component of the economy – more so than in the rest of the region and the nation as a whole – but manufacturing is a smaller proportion of the economy than it once was and is concentrated in sectors that have been stagnant or declining on a national level.
- v Farming remains more important in Chatham County than in the rest of the region, but its impact on the economy is declining.

Water/Wastewater:

The Planning Director further discussed an overview of the water/wastewater section stating that water and sewer infrastructure and services are essential to the growth and development of Chatham County. He stated that as the population and economy of the County grow, it is essential that each new home, business, industry, and public facility have available adequate, reliable, economical, and sustainable methods of water supply and wastewater disposal; that accordingly, the capacity, quality and long-term management of water and wastewater infrastructure within the County are considered key components of the County's strategy to protect public health and safety, environmental quality, and economic vitality. He stated that in order to promote water supply and wastewater infrastructure that is consistent with the County's land use, economic development and environmental objectives, the Chatham County Land Use Plan supports:

- v Providing public water and/or wastewater utility services to designated high density growth areas and other areas that can be practically and efficiently served by public utilities

- v Restricting or prohibiting the extension of public water and/or wastewater service areas designated for low density growth, except where such utility extensions will enhance rural character and provide for open space and water resource protection by allowing clustered development
- v Establishing a cooperative, comprehensive water and wastewater infrastructure and services planning framework for all public and private water and wastewater service providers within the County
- v Establishing a comprehensive management framework to assure environmental and economic sustainability of water supply and wastewater treatment and disposal technologies used in the County
- v Promoting more efficient use of water resources by reducing water use and increasing reuse of reclaimed water

After considerable discussion, Commissioner Pollard moved, seconded by Commissioner Givens, to endorse the two sections of the Land Conservation and Development Plan for Economic Development and Water/Wastewater with changes as follows:

- 1) In *“Create Economic Development Centers for New Business and Industry and Encourage Sustainable Business Enterprises”*:
 - v **A portion of the existing text is omitted so that the text reads, “A broad range of economic activities should be permitted.”**
- 2) In *“Encourage appropriate cross-roads commercial centers to serve rural areas”*:
 - v **A portion of the existing text is omitted so that the text reads, “Prohibiting certain commercial uses that are deemed inappropriate for a rural setting.”**
- 3) The heading that has the words *“and agricultural”* omitted and the next sentence reworded and the next sentence omitted:
 - v **The omitted sentence is “Basic zoning remains a simple and clear technique for distinguishing between different types of activity in different areas.” The heading and first sentence reads as follows after revision, “Discourage commercial and industrial development in other setting, Chatham County should encourage commercial and industrial activities in existing locations and in the three types of centers described in this section.**
- 4) In *“Reserve capacity is available at Chatham County’s 3.0 mgd Water Treatment Plant at Jordan Lake. This plant supplies water to the County’s North system.*
 - v **Omit: The amount of water that can be pumped to the County’s water plant is presently constrained due to pump capacity limitations at the Cary water intake.**
 - v **Add: Recent raw water pumping upgrades by Cary/Apex has led to the ability of Chatham County to pump up to its full WTP capacity of 3.0 MGD at least for the short term future. In order to assure future raw water capacity, the County entered into a long-term agreement with Cary/Apex that will allow Chatham County to construct its own raw water pump station at the existing Cary/Apex intake site. This contract allows for up to 10 MGD capacity initially with provisions for future expansion. The existing WTP was designed for cost efficient expansion to 6.0 MGD. Additional expansions could probably be accommodated on the existing site.**
 - v **Change as shown: Chatham County currently holds a 6.0 mgd allocation of Jordan Lake water supply, and has applied for an additional ~~74.5 mgd~~ MGD allocation. The allocation request was based on average daily water demand projections through the year ~~2015~~ 2030, assuming that the County will eventually provide water service to 75% of the County’s residents and that per capita water demands will increase as additional industrial development occurs. The County’s request is pending before the North Carolina Environmental Management Commission.**

The motion carried four (4) to zero (0).

ADJOURNMENT

Commissioner Givens moved, seconded by Commissioner Pollard, that there being no further business to come before the Board, the meeting be adjourned. The motion carried four (4) to zero (0), and the meeting was adjourned at 3:56 PM.

Gary Phillips, Chairman

ATTEST:

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