

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION, OCTOBER 01, 2001

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 1:00 PM on October 01, 2001.

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

Absent: Chairman Gary Phillips

The Vice Chair called for a motion to begin the work session. Commissioner Givens made the motion, seconded by Commissioner Atwater. The meeting was called to order 1:00 PM.

Work Session Agenda

1.) Water System

Time Permitting, Other Items for Consideration:

2.) Fleet Management

3.) Goldston Library Request

4. Commissioner Reimbursements/Expenses

INTRODUCTION OF SOIL SCIENTIST

Holly Coleman, Environmental Health Supervisor, introduced the new Chatham County Soil Scientist, Thomas Boyce, who began work on August 20, 2001.

GOLDSTON LIBRARY REQUEST

Commissioner Givens moved, seconded by Commissioner Atwater to support the Goldston Library and their efforts, in the amount of \$50,000, and direct staff to work out monetary distribution to the Goldston Library to include coordination between the architect and the Library. The motion carried four (4) to zero (0).

BUDGET UPDATE

The County Manager gave an update on the County’s FY 2002 balance stating that the adopted budget appropriated \$2.09 million in fund balance in an effort to lower the tax rate while “spending down” fund balance no lower than \$7.9 million or 16.8% of a \$47 million General Fund budget; that the updated fund

balance estimate as a percentage of \$47 million General Fund budget is 20.28 percent due to unexpected growth in revenues mentioned above and growth in fund balance at the end of 2001.

He further stated that because the unexpected revenues that give a positive outlook for the FY 2002 budget are recurring, staff was able to revise the estimated deficit for FY 2003 downward from \$4.6 million to \$3.5 million; that this estimate assumes a rough increase in the General Fund budget of 9 percent which will be refined at the retreat; and that as a result, the revised estimated FY 2003 tax increase drops from 11.0 cents to 8.5 cents.

FY 2002 (Current Year) Chart as distributed by County Manager:

	<u>Original Adopted</u>	<u>Current Estimate</u>	<u>Percent Change</u>
Property Taxes:	\$26,376,868	\$27,163,803	2.98%
State Reimbursements	\$ 1,100,000	\$ 1,400,000	27.27%

CHATHAM WATER SYSTEM

- Public Works Director, Ron Singleton and Assistant Public Works Director, Tom Lucas, presented a brief overview of only transmission lines, should the County decide to construct a transmission network capable of service extensions to the County as a whole as follows:

DISCUSSION

DISCLAIMERS – 1.) Assumptions about water supplies in other jurisdictions. 2.) Very rough project estimates that capture only the cost of transmission lines

COUNTY WATER DISCUSSION POINTS OF EMPHASIS

- One version of a County-Wide System
15 potential transmission lines only
- Review of the **PROBLEM**
Financial State of Utility Fund
Upcoming principal Projects
- Discussion of potential **SOLUTIONS**
State Revolving Loan Fund
USDA Water Districts

ONE VERSION OF THE COUNTY-WIDE SYSTEM

- | | | |
|----|-------------------------------|---------------|
| 1. | Pea Ridge Road Connector | \$4.0 million |
| 2. | Asbury Connector | \$0.3 million |
| 3. | Airport Rd-Harpers Crossroads | \$1.9 million |
| 4. | Goldston Connector | \$2.3 million |
| 5. | Bennett-Bonlee Connector | \$1.6 million |
| 6. | US 64 – Pittsboro | \$2.6 million |
| 7. | Chicken Bridge | \$2.4 million |

8.	Silk Hope	\$2.0 million
9.	NC 751 - US 64	\$1.5 million
10.	Pea Ridge – Corinth	\$1.1 million
11.	Gum Springs Extension	\$1.1 million
12.	NC 902 Extension	\$4.0 million
13.	US 64 - Bonlee	\$1.3 million
14.	Pittsboro - Siler City	\$3.3 million
15.	Siler City - Harpers Crossroads	\$1.1 million

REVIEW OF THE PROBLEM

Current Financial Picture

The current financial picture is defined by the capacity of the Utility Fund to meet the following:

- Recurring operating expenses (salary plus supplies, fuel, etc.)
- Annual capital needs (equipment purchases)
- Existing debt service obligations (ie: plant)

FY 2002 REVENUES vs. EXPENDITURES

Revenues

- Recurring Operating Revenue: \$2,327,000
- Fund Balance (FB) & Capital Reserve Appropriations: \$1,265,339

Expenses

- Recurring Operating Expense: \$2,293,959
- Annual Capital Expense: \$ 82,993
- Existing Debt Service Expense: \$1,215,387
- **Total Utility Budget: \$3,592,339**

Dependency on Reserves

Dependency on Reserves

FY 2002 FB & Capital Reserve
Balance Before Appropriation: \$2,668,787

FY 2002 FB & Capital Reserves
Appropriated: \$1,265,339

FY 2002 FB & Capital Reserve
Balance After Appropriation: \$1,403,448

FY 2003 FB & Capital Reserve
Balance Before Appropriation: \$1,403,448

FY 2003 Existing Debt Service
And Capital Obligations: \$1,287,070

FY 2003 FB & Capital Reserve
Balance After Appropriation: \$ 116,378
Dependency on Reserves (cont)
FY 2004 FB & Capital Reserve
Balance Before Appropriation: \$ 116,378

FY 2004 Existing Debt Service
And Capital Obligations: \$ 617,300

FY 2004 Reserve Balance
After Appropriation (Subsidy): (\$ 500,922)

Miscellaneous Line Replacements: \$ 298,000

Raw Water Pump Station: \$ 3,085,000
(early debt service of \$320,000 per year)

Northside Water Tower: \$ 1,065,000
(early debt service of \$115,000 per year)
on Line Challenge

The Transmission Line Challenge

- Lump Sum Total Transmission Line Cost: **\$30 million**
- Number of miles of Transmission Line without quantifying the service extensions that will reach off of each main line: **185 miles**

Potential SOLUTIONS

- Private Capital Markets:
installment purchase, bond referendum, revenue bonds
- State Revolving Loan Funds (SRF)
limited funding availability
- USDA Funding

USDA Funding Possibilities

- Facilitate the Establishment of Separate Water Authorities with their own eligibility for
USDA assistance
(ie: Orange Water and Sewer Authority)

- Retain Control of System Development through the creation of multiple local water districts eligible for USDA aid

Maintaining Control with USDA Water Districts

QUESTIONS.....

Are there areas in Chatham County that would qualify for designation as a Water District?

What is the process for creating a Water District?

Based on current density, what rates would be borne by users within x district?

Areas that May Qualify

- The maximum median income for qualifying areas is \$26,453
- Townships that meet this requirement include: Hadley, Hickory Mountain, Matthews, Bear Creek, Gulf, and Cape Fear
- These townships qualify under the 1990 Census data. 2000 Census income data is not yet available will not be available for some time.

Areas That May Qualify (cont)

- Townships that do not qualify are: Albright, Baldwin, Williams, New Hope, Center, Haw River, Oakland
- Water Districts can be comprised of parts of different townships
 1. What does a water system in Chatham County look like?
 2. Is the County ready to finance in some way, grant funds or otherwise, the transmission lines and service lines necessary for the defined Chatham County system?
 3. Can water be supplied to the areas within the system at a cost considered reasonable by USDA and affordable to the consumer?

Water District Formation

After conducting these three discussions the following typically takes place to form a water district:

1. Local community leaders, such as prominent citizens, ministers, fire departments, etc. should participate in the planning process.
2. When a rough outline of the water district has been agreed upon, the local community leaders will have to petition the County to form a water district.
3. After the County agrees to form a water district, the boundaries of the district need to be firmly set.
4. To do this, the County needs to consider not only the demographic aspects of the proposed district, but also the engineering aspects of the proposed district. Geographic boundaries should be identified across the County to maximize grant availability.
5. After the boundaries of the district are established, the USDA will assist in computing the financing (grant & loan combination) that will make the project possible.
6. Any part of the project that is not funded by grants will be funded by low interest loans guaranteed by

General Obligation Bonds.

USDA Grant Assistance

- A project will never be paid for entirely by USDA grants. In many cases only 10 percent of the cost is covered by USDA grant funding.
- If other grants are not available, loans may be obtained from the USDA that will be guaranteed by general obligation bonds approved in a referendum by the district's voters. Debt service can be paid with user fees or a special district tax rate.

How will the District Operate?

- The BOC of the district will be the same as the sitting members of the County Board of Commissioners.
- The district would contract with the County to provide a certain amount of water, and also to provide O&M for the system.
- A capital capacity fee can be paid by the district to the County for any money spent by the County in bringing the water to the district. Needed

Engineering Studies Needed

- The USDA suggests that the 1998 Water Feasibility Study be updated for the entire County through contract with a consulting engineer.
- The consulting engineer will then conduct a feasibility study for each proposed district.

Rules of Thumb

The USDA uses certain benchmarks for determining whether or not a project is feasible:

- Average monthly rates per unit of \$26-\$30 should be sufficient to keep the district financially solvent.
- The density of units per mile should generally not fall under 12-14 units.

Tips from USDA

- Keep projects in \$3 to \$5 Million Range per district
- Look into the future, when Towns might annex land in a water district, and set up co-operative agreements with the Towns about the valuation and purchase of annexed infrastructure.
- Incentives should be used for early signups; however, the amount of incentives proposed should not exceed one year's debt service.
- There is a 1% loan program available to people who make up to 60% of the median income for hooking on to the water system.

CABLE

Commissioner Givens expressed concern with regard to cable complaints he has received.

The County Manager stated that he had received some telephone calls as well; that he had called Brad Phillips, Director of the local Time Warner, but has received no response; that Time Warner's customer service maintenance trouble shooting is dismal; that because the County's ability to get at that is so limited, staff has been talking with TJCOG to continue the consortium of cable franchisees and set up a hot line to track the complaints; that when there is sufficient accumulated documentation, the problem can be addressed much quicker and easier; that the Board will be receiving more information regarding this matter.

COMPREHENSIVE FLEET MANAGEMENT PLAN

Paul Spruill, Assistant County Manager, reviewed the FY 2001 Fleet Management Report as follows:

COMPREHENSIVE FLEET MANAGEMENT PLAN

Review of FY 2001 Fleet Management Report
Snapshot of Current Characteristics of the Fleet
Financial Review of the Vehicle Reserve Fund
Discussion of the Motor Pool Initiative
Discussion of the New Fleet Management Division

Review of the FY 2001 Fleet Report

Vehicle Replacement Policy and Analysis

Provides a systematic approach to decisions to replace vehicles. Vehicles are often driven past their useful life.

Provides a regular inventory of the total number of vehicles assigned to departments or assigned to the Motor Pool. Prevents the accumulation of unreliable vehicles.

Recommended replacing Emergency Response vehicles at 100,000 miles regardless of condition assuring vehicle reliability. A sample of 41 units demonstrated major repair needs at 97,972 miles.

All other vehicle replacement decisions would be solely based on evaluation of the vehicle by mechanics and / or fleet management staff.

Vehicles to be replaced would rotate to use in the County's Motor Pool if fleet staff determine the vehicle has at least one year of useful life.

The Report found persistent low utilization problems with County vehicles intended for general use. The Motor Pool concept will encourage use of these vehicles and reduce mileage reimbursements.

Assigned Vehicles

The Report recommended a policy for assigning vehicles to individual employees who use a vehicles on a daily basis as the primary instrument of their work.

All other vehicles should be operated from the centralized Motor Pool with the exception of certain special use vehicles assigned to depts. who have a special need. (ie: distance to Pool)

Snapshot of the Fleet

- 158 vehicles excluding heavy equipment, motor cycles, boats, etc.
- 79 Sheriff
- 15 Health Administration, Family Outreach, Family Resource Center
- 11 Code Enforce
- 10 Utility Fund
- 10 Environmental. Health
- 5 Animal Control
- 58 Vehicles with more than 100,000 miles
- 52 of the 100 vehicles with less than 100,000 miles belong to the Sheriff's Dept.
- 16 Blazers (4-wheel drive) shared between Code Enforcement, Environmental Health, Tax Office
- Blazers (or similar) among emergency depts.
- 31 Pick-Ups among non-emergency departments
- 28 sedans shared among all departments
- 48 patrol vehicles specific to the Sheriff's Department

Financial Review of Vehicle Reserve

<u>Current Balance of</u>	<u>\$1,152,911</u>
Upcoming Expenditures:	
<i>FY 02 Vehicles Replaced:</i>	(\$ 158,682)
<i>FY 02 Fuel Efficient Purchase:</i>	(\$ 130,000)
<i>FY 02 Motor Pool Initiation:</i>	(\$ 100,000)
<i><u>FY 02 Future Contribution:</u></i>	<u>(\$ 1,209,800)</u>
Theoretical Deficit At End of FY 02	(\$ 445,571)
<u>FY 03 General Fund Revenue</u>	<u>\$ 597,796</u>
Theoretical Balance at Start of FY 03	\$ 152,225
<u>FY 03 Future Contribution</u>	<u>(\$ 461,020)</u>
Theoretical Deficit At End of FY 03	(\$ 308,795)
<u>FY 04 General Fund Revenue</u>	<u>\$ 597,796</u>
Theoretical Balance at Start of FY 04	\$ 289,001
<u>FY 04 Future Contribution</u>	<u>(\$ 387,957)</u>
Theoretical Deficit At End of FY 04	(\$ 98,956)

·	<u>FY 05 General Fund Revenue</u>	<u>\$506,954</u>
·	Theoretical Balance at Start of FY 05	\$498,840
·	<u>FY 05 Future Contribution</u>	<u>(\$407,998)</u>
·	Theoretical Deficit At End of FY 05	\$0.00

Financial Review (final)

·	FY 2006 Contribution	\$244,863
·	FY 2007 Contribution	\$358,193
·	FY 2008 Contribution	\$340,487
·	FY 2009 Contribution	\$360,631
·	FY 2010 Contribution	\$193,340

Contributions tend to drop as the number of replacements in a given year evens out.

Motor Pool Recommendation

Purpose of the Motor Pool:

Improve Access to Shared Vehicles in order to minimize the miles County employees must drive personal vehicles.

Resources for the Motor Pool:

Convenient Administration and Record
 Keeping for checking vehicles in and out
 Secure parking facility centrally located for easy employee access.

Motor Pool Proposed Layout

· Attached is a sketch of a parking lot on the Tragesser Property to provide the following:

Sufficient Space for the Motor Pool
 Sufficient Space to store surplus vehicles
 Adequate Space for citizen overflow parking
 Consistency with the Judicial Facility Plan
 Consistency with Town of Pittsboro ordinances

New Fleet Management Division

· The Recommended FY 2001-2002 Budget provided for the creation of a new comprehensive fleet management division centralized in Dept. of Public Works.

· This organizational change intends to make the Public Works Director responsible for comprehensive fleet decisions with assistance and input from a staff of two mechanics and the Assistant Public Works Director.

New Fleet Management Division

Responsibilities of the Division include:

**Regular Maintenance on all County vehicles with priority given to Emergency Response Vehicles

**Oversight of annual budget request for the Vehicle Reserve based on the need to replace current and future vehicles

**Day to day administration of the Motor Pool including the maintenance of the Motor Pool fleet, checking out vehicles to employees to drive, and monitoring the number of vehicles in the Motor Pool such that supply equals demand

**Annual process for disposal of surplus vehicles

Motor Pool Facility Parking:

- Commissioner Givens moved, seconded by Commissioner Outz, to approve \$100,000 to create parking spaces for the motor pool facility on the Trageser property. The motion carried four (4) to zero (0).

Fuel-Efficient Vehicles:

Commissioner Givens moved, seconded by Commissioner Outz, to approve the expenditure of up to \$130,000 to purchase ten fuel-efficient vehicles for fleet management. The motion carried four (4) to zero (0).

MAINTENANCE

- Commissioner Pollard asked about the upkeep of the courthouse.

Commissioner Outz expressed concern with regard to the poor appearance around the Henry Dunlap Building parking lot.

COUNCIL ON AGING

This item was deferred until a later date.

ADJOURNMENT

Commissioner Givens moved, seconded by Commissioner Outz, 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 3:44 PM.

Gary Phillips, Chairman

ATTEST:

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