

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
BOARD RETREAT, DECEMBER 05-06, 2001

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met at Fearrington Village, Jenny’s Board Room, located at 4000 Fearrington Village Court, Pittsboro, North Carolina, on December 05-06, 2001.

Present: Chairman 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; and Finance Officer, Vicki McConnell

Tentative Agenda
December 05, 2001

- I. Introduction**
Establish Agenda
Election of Chair and Vice Chair

- II. Current Budget Update**
Revenue Projections (Current Year) and Fiscal Year 2001-2003
Major Issues by Department
CIP Update
Reimbursement Policy
Commissioners’ Budget Priorities for FY 2001-2003 Budget
Performance Agreements Presentation and Update

Tentative Agenda
December 06, 2001

- III. Budget Priorities for Fiscal Year 2002-2003**
Proposed County Fiscal Policy
Land Use Policy: Next Steps
Commissioners’ Assignments to Boards and Commissions
Critique of Retreat

December 05, 2001 Meeting:

The meeting was called to order by the Chairman at 8:30 AM.

ORGANIZATION OF THE BOARD

Chairman:

County Attorney, Robert Gunn, presided over the organization of the Board. He opened the floor for nominations for Chairman of the Chatham County Board of Commissioners.

Commissioner Givens nominated Commissioner Phillips for Chairman of the Chatham County Board of Commissioners. Commissioner Atwater seconded the motion.

Hearing no other nominations, the presiding officer called for a vote for Commissioner Phillips for Chairman of the Chatham County Board of Commissioners. The motion carried four (4) to one (1) with Commissioner Outz dissenting.

Commissioner Phillips took the seat as the Chairman of the Chatham County Board of Commissioners.

Vice Chairman:

The floor was opened for nominations for Vice Chair of the Chatham County Board of Commissioners.

Commissioner Givens nominated Commissioner Pollard for Vice Chair of the Chatham County Board of Commissioners. Commissioner Atwater seconded the motion.

Hearing no other nominations, the Chairman called for a vote for Commissioner Pollard for Vice Chair of the Chatham County Board of Commissioners. The motion carried five (5) to zero (0).

Budget Review, Update, and Forecast:

Staff offered a presentation on updating the current FY 2002 budget that was adopted in July, 2001, comparing the updated FY 2002 budget to the FY 2001 final amended budget, projecting the status quo budget for FY 2003, studying the estimated effects on fund balance, and discussing FY 2003 major budget issues from each of the County's Functional Area Teams from the perspective of the projected FY 2003 status quo deficit of \$3.5 million.

Staff communicated the projected consequences of funding the status quo deficit with a one-time fund balance appropriation would drop fund balance as a percent of General Fund expenditures to an estimated 11 percent of a \$47.0 million budget. Staff also communicated that funding the status quo deficit with a tax increase would require an increase of 8.5 pennies on the current tax rate.

Commissioner Outz asked about the potential tax benefits of 3M as a taxpayer. The Board and staff conducted a brief discussion about the estimated tax benefits from 3M materializing in the FY 2003 budget as part of 2003 property tax growth. The County Manager pointed out that a lot of the taxable value within the 3M site is in equipment which will produce high property tax revenue, but the revenue will level off or decrease as the equipment depreciates.

Chairman Phillips asked about the sales tax consequences of the 3M site. The County Manager responded with a description of the problem the County has with other industry. The sales taxes that the company must pay often depend on where the corporate offices are located that handle the transactions.

Commissioner Givens and Chairman Phillips had a brief discussion about staff's projections that the

value of properties the Tax Office billed for in FY 2002 was \$786,819 more than what the adopted budget projected. This translates into an adopted budget that was within 1.3 percent of real tax billings after accounting for appeals that did not materialize. Both Board members indicated their satisfaction with the close estimates of the adopted budget.

Commissioner Outz led some discussion about the County's ability to foreclose on property with unpaid taxes. Staff's projections for revenue from prior year taxes are lower than the amount projected in the adopted budget due to lower than expected revenues achieved last year from this revenue source. The County Manager pointed out that the Tax Office has a number of tools to collect unpaid taxes and while the County will foreclose on property, the foreclosure is a last resort. Staff also pointed out that decreasing amounts of revenue from prior year taxes is a positive sign that the Tax Office is succeeding each year at reducing the amounts of tax that go unpaid.

Commissioner Outz asked about the State's recent adoption of an increased sales tax and how that revenue affects the County. The County Manager discussed with the Board the State's efforts to continue providing reimbursements for intangibles and inventory taxes to local governments at the same frozen amounts from previous years through FY 2003. The State's adopted sales tax would sunset after that time and local governments would have the option to implement a local one-half cent sales tax in order to replace the revenue the State will take away when it discontinues the reimbursements. The County Manager suggested the Board begin considering the implementation of the one-half cent sales tax as a possibility so that the County is ready to replace the revenue source when the State ends reimbursements.

The County Manager elaborated on staff discussion with regard to funds on the expenditure side of the current year budget "falling out" as a way of building fund balance. He clarified that "fall out" of funds means that some money on the expenditure side usually goes unspent whether from lapsed salaries or other reasons. This money is one of the ways the County builds fund balance. Staff pointed out that this "fall out" of funds can not be counted on to build fund balance in FY 2002 to the degree that it has been in previous years, given the fact that the FY 2002 Budget for the County's departments, without including schools, is 7.4 percent less than the FY 2001 final Amended Budget. The tight budget on the expenditure side will not allow for much "fall out" of funds to build fund balance.

Chairman Phillips indicated the interest of the Board in wanting to know on a regular basis about the changing financial picture.

Chairman Phillips asked that the Board members have an opportunity to discuss their priorities for capital funding given his belief that staff's projection of capital spending in the FY 2003 projected status quo budget looks low.

The County Manager reiterated that the FY 2003 projections are based on economic conditions, as we understand them today, and that the projections are intended to communicate a status quo budget or a maintenance budget with no expansion items.

Commissioner Outz questioned the 4.5 percent growth projection in the property tax that staff used to generate a FY 2003 revenue number. Staff explained that the 4.5 percent is consistent with the County's annual growth in property tax value over the last 20 years after correcting for revaluation years. While the last 4 years has returned an average annual growth rate of closer to 6 percent, staff used the more historical 4.5 percent figure for budgeting purposes in an uncertain economic time.

Commissioner Pollard suggested that Galloway Ridge may add to the FY 2003 tax base depending on the speed of construction.

Departmental Major Issues Review:

After a short break, the discussion turned to a review of departmental major issues for the upcoming budget in the context of the projected \$3.5 million status quo budget deficit that staff projected for FY 2003.

Commissioner Pollard expressed concern about the cooperation between local and State agencies when planning for and responding to antiterrorism threats.

Commissioner Givens wanted to ensure that the County would have a clearinghouse where agencies come together.

The County Manager briefed the Board on the work the committee of County Departments, Volunteer Fire Departments, Municipal Police Departments, hospitals, and other sectors have been doing to amend the existing emergency response plan to include a section specific to terrorism response. He indicated they would receive the first draft of the amended plan with their agenda packets for the December 10, 2001 meeting.

Chairman Phillips pointed out that terrorism is a regional concern and that the County has a need to coordinate with surrounding jurisdictions.

Chairman Phillips indicated an interest in being more informed with regard to alerts or other information related to terrorist threats.

Commissioner Atwater asked questions related to the County's ability to zero-in on the appropriate response in an effort to be grounded without overreacting as preparations are made.

Commissioner Pollard suggested that if the rumors that nuclear reactors are being guarded in every place but North Carolina is true, that the Board needs to know from the Governor why we do not have the same protection.

Commissioner Givens reiterated his concern about security at the nuclear plant and the need to make sure the County's efforts are coordinated with other jurisdictions.

Commissioner Atwater suggested that all bases can not be covered, but that accountability is still required. He wondered exactly how the County will be prepared.

The County Manager responded that Commissioner Atwater was correct in that all bases cannot be covered; that we have got to get ahead of the curve on some issues; that efforts will be made to try and train people to recognize symptoms; and that a process must be in place to react as soon as possible.

Capital Improvements Plan Presentation:

The staff made a brief presentation on a proposed Capital Improvements Plan (CIP), and asked that the Board consider its capital priorities when giving the staff feedback on priorities for the upcoming budget.

Board Time (Floor Open for Discussion):

Tom Wagner introduced himself as a facilitator with dispute settlement. He briefly explained his approach concerning neutrality and objectivity.

Chairman Phillips suggested that the Board members each have an opportunity to raise individual items in response to the budget presentation, etc.

Commissioner Atwater raised the subject of the Industrial Park in Siler City. He inquired as to whether the Board may feel that a private developer would be better suited to the project as opposed to the project remaining in public ownership. He suggested asking a consultant to develop a business plan even if it is to remain in public ownership. The Board had a brief discussion about the next steps on this project.

Commissioner Atwater expressed an interest that future franchise agreement negotiation be held up front for public review. He inquired as to whether the Board might consider not entering into franchise agreements prior to public discussion. He is referring specifically to the Waste Industries Landfill negotiation.

Commissioner Givens suggested that negotiations may first need to take place in order to get a product to start with so that the public hearing process can later begin.

Commissioner Atwater made clear that a franchise agreement may be confused with a contract and that it is to the benefit of the contractor, not the County, to have a franchise agreement.

Chairman Phillips explained that he is leaning toward Commissioner Atwater's feeling and suggests that with some subjects, the Board may want to direct inquiry and discussion to a public committee, in this case the Waste Management Committee.

Commissioner Givens reiterated his concern about killing a deal with a public hearing prior to understanding what a company has put on the table.

Chairman Phillips summed up the discussion by suggesting that with other issues similar to this, the Board should first have a discussion of an agreed upon process so that each Board member has ownership of the process.

Chairman Phillips changed the discussion to the area of the Board – Staff relationship and the somewhat new idea of having a manager form of government as opposed to the historical form of government the County operated under where individual Commissioners handled all business. He suggested that the Board keep in mind their roles as it relates to personnel, budget, and other issues. He explained his disappointment with a comment from a City of Asheville budget professional during a presentation where the budget professional suggested staff first give the Board an unimportant detail to argue about in order to direct attention away from the larger issue of adopting the budget. He compared such a representation of the Budget process to Chatham County and complemented the County on its budget process.

Commissioner Pollard supported his observation. The Chairman and she had a brief conversation about the balance between visiting department heads without first notifying the County Manager. Chairman Phillips made it clear that the Board may not necessarily be visiting with the department head in search of a decision, but simply for information and at times should have that access. Commissioner Givens voiced consent that Commissioners should have access for that purpose.

Commissioner Atwater inquired of the Manager what an acceptable practice is across the State as it relates to access to department heads. The Manager responded that a wide range exists, and that it is sometimes helpful to have a heads-up on these kinds of visits, particularly when the issue may evolve into something controversial when it at first was not.

Chairman Phillips communicated his view consistent with the County Manager's point that a visit

concerning a budgetary item could undermine a budget process particularly when Functional Area Teams begin having conversations with Commissioners on the side outside of the boundaries of the established process.

The County Manager made it clear that he takes issue with the comment from the Asheville budget professional about misleading the Board with unimportant information. He explained that he believes most local governments are up front with their Boards, and that it is his intention to share all information. He offered, as an example, the desire to share with the Board early on the projected \$3.5 million deficit the County faces for a status quo budget in FY 2003.

Chairman Phillips switched discussion to feedback from members of the Board on the way public hearings are conducted.

Commissioner Atwater inquired as to whether or not public hearings are for quietly listening to input or interacting with speakers. He understood the public hearing is a time for listening quietly and carefully examining the input of each speaker.

Commissioner Givens mentioned that he prefers a "back and forth" where he can seek clarification from speakers and Board members can ask questions. He suggested that sometimes one Board member may be better suited to ask a question than another Board member, but they all benefit from hearing the speaker's answer.

Chairman Phillips agreed that interaction is good, but pointed out his desire to conduct hearings more formally than what took place during budget hearings this past year. He said he let folks be heard that felt as though they had not been heard in a while, but he expects to do that differently in the future.

Commissioner Pollard changed the subject to the bleak revenue outlook and the increasing pressure on services from every house that gets constructed. She wondered if the Board should not discuss changing the impact fee so as not to put a burden on existing residences through more taxes.

Commissioner Atwater agreed it is time to think about adjusting the impact fee to better reflect the true cost of residential development.

Commissioner Pollard agreed with his observation and that of other Board members, that when to raise the fee and by how much, is a tough call. Commissioner Givens agreed with the implementation of fees that hit developers as opposed to fees that hit individuals. He offered examples like payments in lieu for recreation facilities or other fees. He pointed out developers need to pay their way. He went on to say that the need for an eventual bond to pay for schools also drives the need for the developer to pay their way; that he would prefer considering smaller bond issues that can be carefully justified; that he wants to be sure that if the County is going to pay for a school, that it is made sure the school is needed and that it is placed where it is needed; that there are reasons for developers to pay their way, but he is not prepared to vote for an individual to pay a \$3,500 impact fee; and that he agrees that an impact tax is needed from the General Assembly that varies the impact charges on a resident based on the value of his or her home. He pointed out the Board continues to try to get an impact tax.

Commissioner Outz talked about the possibility of a developer paying per lot to go towards school needs.

Chairman Phillips discussed the possibility of getting at Commissioner Outz's suggestion through a public facilities ordinance. He pointed out the benefits of the conditional use process where a Briar Chapel

might volunteer to pay the true impact on the County's school system as their housing starts occur. He thinks that it is worth asking the larger subdivisions to consider this. He offered a distinction between the less dense subdivisions, which the subdivision ordinance allows and the highly dense subdivisions that want to operate outside of the ordinances. He suggested the latter developments may find it in their best interest to offer payments above the required impact amounts.

Commissioner Outz switched subjects to the possibility of hiring an efficiency expert to go over the entire County and identify places where savings can occur. He also suggested prioritizing needs such as water. He suggested putting water on a bond issue with schools, as well as parks, so that the public can determine how to spend large amounts of money. He pointed out that there is "deadwood" in every department that can be cut. He went on to suggest that all department heads be made aware of the circumstances and hold their budgets tightly. He said he believes in taking care of employees but wonders if you have a good person, could they perform more than one job to save money.

Chairman Phillips expressed sensitivity to Commissioner Outz's concern and explained that he hopes there is someone out there that can give us all the answers. He listed the things staff has done to improve the economic situation (ie: increasingly self-sufficient enterprise funds, delaying capital projects, etc.)

Commissioner Pollard suggested that it may be time to bring up "pay as you throw" again in order to investigate the savings potential. She went on to note the level of stress on the departments she knows the most about.

Commissioner Givens and Commissioner Outz pointed out that everybody has to make cuts in the face of raising taxes.

Commissioner Outz and Commissioner Pollard discussed various ways to relieve service burdens on the Health Department i.e. fee increases for those receiving care from the clinic and other services.

Commissioner Atwater pointed out that the County government may have fat in departments that he does not know about and if it is there the Commissioners need to find it and cut it out, but he believes staff has done a good job at keeping a very lean County government.

Commissioner Givens pointed out that much of the funding increase in the past few years has gone to schools, not to the County departments.

Commissioner Outz asked about the overlaps that may be occurring between all the Child service agencies like Safe Start, Smart Start, Child Care Networks, and Partnership for Children. He pointed out that the County has so many more programs than it had a few years ago.

Commissioner Givens suggested the numbers of people making over \$1.0 million per year drive our economic ranking up so high as to make it difficult to benefit from grant help.

Chairman Phillips suggested that everyone should keep in mind that the County has one of the lowest jobless rates and one of the lowest rates of poverty among the counties in the State.

Commissioner Atwater recognized the opportunity to prepare for what is coming and provide a better quality of life than what our neighbors have.

Chairman Phillips switched the conversation to agenda rules and agenda review. He stated that as far as he is concerned, any Commissioner that wants an item on the agenda should have it on the agenda, and any

appointed Board that wants an item on the agenda should make sure the request gets to the agenda review committee.

Chairman Phillips moved to "CIP" discussion and the need to identify what should be moved forward and/or moved back. He suggested again that the industrial property purchase be financed in order to have access to that money.

Commissioner Pollard switched the conversation to discussing levels of service as it relates to potential expansion items against potential expansion requests. She offered additional personnel for inspectors, 4-H assistant, and Ag Tech as examples of items that need to be viewed carefully before adding such items on top of the existing budget problem.

Commissioner Atwater moved to a discussion of the fiscal policy that the Board is considering and stated that it may be wise to limit organizations to making requests to the Board during budget season.

Chairman Phillips mentioned that he goes back and forth on it because he wants to discourage it, but he also recognizes the Board has funded many things that should have been funded outside of the budget cycle.

Commissioner Outz offered support for the idea of keeping requests within the budget cycle.

Commissioner Givens suggested the Board determine a certain amount of money they might tap to fund items that come up during the year and limit funding out of the budget cycle to that amount.

The County Manager suggested developing some criteria that staff could use to determine whether or not a request should be allowed to proceed to the Board for review outside of the budget cycle.

Commissioner Outz requested a quarterly report related to available cash so that they can be informed before making decisions outside of the budget cycle.

Staff pointed out that it has provided fiscal updates in July after the budget was adopted, in September after the State adopted its budget, and during the day's preparation for the FY 2003 budget and asked for feedback on what other information might be helpful.

Chairman Phillips suggested that they review each request with a comment about its effect on fund balance. He stated that he would also like to continue taking a snapshot that looks at what staff has projected versus what reality is and the bottom line that results.

Commissioner Atwater inquired as to the signatures on agenda items and what they represent. The County Manager reported that the County Attorney will approve things to form and if the Board has questions to feel free to call him.

Commissioner Outz inquired as to whether the County could discuss with the State the possibility of running water down the road by the S.T. Wooten site for residents since NCDOT caused the contamination.

Commissioner Givens suggested holding to the status quo budget as much as possible and suggested a bond issue for big spending items. He wants the people to know that spending is approved by the people and not just spending bureaucrats. He suggested deciding where we are on facilities and putting infrastructure on the industrial property and submitting to a bond for making some of the other capital spending decisions.

Commissioner Outz asked whether the industrial property would have access to Highway #421.

Chairman Phillips mentioned that NCDOT would work with the County on the Highway #421 access as long as the County was certain something large would locate on the property.

Commissioner Atwater asked when the County might make a decision on a private developer developing the industrial park.

Chairman Phillips suggested that the County wait to get information from a marketing study of the property in order to make that decision.

Commissioner Atwater pointed out that a private developer might have capital to develop the property that the County would not.

The County Manager projected that the County would have more information by February after some scheduled meetings with Siler City.

Commissioner Reimbursement Policy:

Staff presented some bullets that may be included in a draft Reimbursement Policy for the County Commissioners. (ie: offering a flat allowance for in-County reimbursements)

Chairman Phillips inquired as to whether County work would be treated separately.

The County Manager explained the idea behind the flat allowance suggestion would be for the Commissioners to take an agreed upon monthly allowance for in-County business expenses and continue to document out-of-County expenses as they always have. The County Manager noted that the flat allowance would be inequitable among those that travel more within the County than others, but out-of-County travel would be documented separately.

The Board and the Manager reviewed the remainder of the policy together and agreed to the concept. They will review personal histories of in-County travel expenses in order to help determine a flat rate. The County Manager will check into meal rates in surrounding areas given that they appear to be low.

Chairman Phillips inquired as to the special meeting definition. He described his understanding that it is any meeting where all are called together and it is advertised as a special meeting. He asked for other opinions on a special meeting.

The Board had a broad discussion as to whether a community meeting may be considered a responsibility that "comes with the territory" of being a Commissioner.

The County Manager suggested that the Board may want to decide ahead of time as to what constitutes a special meeting and what is not and discuss it together.

Chairman Phillips suggested that as Chair, he might submit to review of the Board as to what special meetings the Chair should attend before he attends them to ask what is and what is not a special meeting. The County Manager suggested another way to get at the problem would be to schedule flat compensation for the Chair greater than an individual Board member. The Chairman suggested finding out from surrounding Counties the difference in compensation for the Chair and the individual board members if the Board chooses to solve the problem by scheduling greater compensation for the Chair.

Discussion of Budget Priorities:

Commissioner Pollard mentioned the possibility of making the sliding fee schedule at the Health Department more aggressive in order to maximize revenue collections.

Commissioners Outz and Givens discussed the possibility of approaching industry about subsidizing health clinic costs for employees that do not have health insurance.

Commissioner Pollard suggested a presentation from the Health Director so that the Board might have a better understanding of what fees are being generated.

Chairman Phillips suggested that the presence of Piedmont Health in Siler City will improve the health condition of many in the Hispanic community. The County Manager suggested that the Piedmont Health partnership may help to redirect Health Department staff into areas that previously have not been covered.

Commissioner Pollard wondered if it may be possible to set fees for restaurant inspections.

Chairman Phillips mentioned that his biggest building priority is to get Social Services more space. He noted the lack of private space for people to talk to their clients in privacy.

The County Manager mentioned the same sort of compaction is taking place at the Mental Health Pittsboro Campus, stating that they must try and find space for additional clients.

Commissioner Outz asked the Board about their capital priorities.

Commissioner Pollard responded that her priorities were Social Services, Register of Deeds, and then dealing with mental health separately.

Chairman Phillips suggested the possibility of expanding Social Services according to plan, allow Mental Health to move in, tear down the Camp Street Building, move the Ag Building out west with an auditorium, and use the existing Ag Building to offer extra space to County Government. He believes this would allow the Board to delay construction of a big Judicial Center. He wants to support the Judicial System through the addition of bailiffs, but believes they should wait until the budget is stable enough to consider a large judicial facility.

Chairman Phillips proposed an Erosion Control Officer for Chatham County to be subsidized with State money with the difference made up with fines and fees. From his point of view, environmental concerns are too great to leave the task to an understaffed State.

The County Manager pointed out the state subsidy is available only for one year.

Commissioner Atwater suggested as a Budget priority that the Board continue to respectably fund the schools.

Chairman Phillips and Commissioner Givens repeated comments they had heard from various places about the benefits the teacher's supplement has generated for the school system.

Commissioner Atwater recognized that anti-terrorism strategies and responses to bio-terrorism are of

the highest priority, but stated that he would like the County to carefully understand the degree to which the County should respond as it identifies resources in the upcoming budget.

Commissioner Givens agreed and reemphasized how seriously we should all take the threat.

The County Manager offered thoughts on the fact that a terrorist strike in a rural community may, in a terrorist's mind, let everyone know they are all susceptible.

Pay-for-Performance:

A small group of staff updated the Commissioners on the recent progress made regarding the implementation of the "pay-for-performance" system last January. The group of staff included Renee Dickson, Director of Organizational Development; Carolyn Chandre, Director of Human Resources; Lisa Morgan, Environmental Health Specialist for Food and Lodging Inspections; Daisy Womble, Social Work Supervisor III; Linda Williams, Maintenance Technician; and Mike Williams, School Resource Officer.

Ms. Dickson and Ms. Chandre offered a presentation on the recent history of the new "pay-for-performance" system and the training that has taken place in order to prepare employees to work effectively within the new system. The presentation then outlined the process that supervisors and employees would use to review performance achievements. The presentation included a comparison of the old system to the new system including the difference between the former 5.5 percent increase with which an employee was likely rewarded each year and the new "pay-for-performance" range of 0 percent to 8 percent which is determined by the employee's choice as to what standards he or she wants to meet for the specific compensation level. The presentation pointed out that the difference between the cost of the old system and the cost of the new system is \$130,000 across all County departments. The presentation then asked the question, "What are we getting for our extra investment of \$130,000?"

The presentation contained examples of training being provided in-house, specifics for a bookmobile being written by the bookmobile operator as opposed to a consultant, and new efforts to increase debt collection among the management division of the Health Department. A Child Protective Services employee is providing Spanish classes outside of her traditional job responsibilities. A Jailer is learning to speak Spanish. A Social Services employee responsible for the collection of Child Support is working after hours to accommodate her clientele which come in after work to catch up on Child support payments.

Linda Williams, Maintenance Technician, mentioned the opportunity to control how she wanted to perform. She offered an example of participating in an OSHA training class to assist with an improved safety program.

Daisy Womble, Supervisor in the Child Protective Services Unit, discussed the benefits of helping employees understand their role within the organization as a result of writing agreements to match departmental goals. She also discussed the change in perspectives among employees who are trying to think of ways to provide better services to mutual clients or clients that departments share.

Lisa Morgan, Environmental Health Specialist for Food and Lodging Inspections, discussed her cross-training among various tasks. She offered a paradigm that illustrated "her Ideas equal her Goals which equal her Performance which equal Service to community. She pointed out employee-control over specifying the resources needed to achieve and employee-control over the end result. She suggested the new system makes you approach problem solving differently. She pointed out the "team approach" to certain goals that develops when employees attempt to help each other achieve the division's goals and their own goals. She offered the example of educating the community on general maintenance of residential wells as an example of

outreach that helps the resident and the County in the long run. Finally, she mentioned the division's main goal to improve their image with the public. They do more things in Environmental Health than just require permits. She pointed out that two division employees are streamlining the permit process. She pointed out that the agreement documents the many services to the community the employee provides as justification for raises in pay.

Mike Williams, School Resource Officer at Jordan Matthews High School, discussed his point of view that the new system puts the employee in the driver's seat. The employee is in control of his or her career. They decide how hard to work and what raise they desire. He went on to point out the distinction between performing everyday duties and performing goals that mean more than what one does every day. He discussed the fact that the old system did not hold him accountable for performing at a high or low level.

RECESS

December 05, 2001 Recess:

Commissioner Pollard moved, seconded by Commissioner Outz, to recess the work session on December 05, 2001. The motion carried five (5) to zero (0), and the meeting was recessed at 5:00 PM.

RECONVENE

December 6, 2001 Meeting:

The meeting was reconvened by the Chairman at 8:30 AM.

Continued Discussion of Budget Prioritization:

Commissioner Pollard reiterated the need to review a sliding scale policy for the health clinic. She asked if there is one and if so, is it accurately set.

Commissioner Givens reiterated his interest in sticking as close to the status quo budget as possible. He stated that he wants to let programs wait that can wait; that he wants to fund only the priorities that have to be done; that he wanted the County Manager to avoid presenting a large increase that needed to be cut back; that he had rather see a "bare-bones" proposed budget where funds need to be added; that he knows that Social Services space needs are a high priority, but that he would like to solve their space concerns at the same time other space concerns with the County are addressed. He and Commissioner Pollard agreed that everything other than Social Services, Register of Deeds, and Clerk of Court space needs should be a bond issue.

Chairman Phillips suggested that the Board of Commissioners meet with the Board of Education and to discuss bonds in detail.

Commissioner Outz suggested that the County needs bonds, but putting them on for voter approval this year may be bad timing.

Commissioner Pollard pointed out the public may turn down issues, but that they need to start thinking about it.

Chairman Phillips stated he isn't sure that the public will turn down a carefully structured bond proposal.

Commissioner Givens suggested a school bond may take a smaller bite towards a new facility so that the situation can be reevaluated along the way.

The County Manager pointed out that a water bond could have an effect on future growth patterns depending on where the pipe is placed.

Commissioner Givens suggested that the County partner with Siler City on a trunk line to relieve their growing water problem.

Commissioner Outz pointed out in some of the County's more rural areas water may not drive growth to the extent thought as in Goldston and Bennett. He suggested prioritizing the rural needs as opposed to running water all over the County.

Commissioner Givens and Chairman Phillips suggested extending a trunk line to Siler City to improve the capacity of Siler City and the County to provide water in the western area.

Commissioner Atwater pointed out that the General Statutes require the schools to show their demand for space capacity rather than project it. He also suggested the Board needs to better understand the Certificates of Participation options for financing. He stated that he would also like to know more about the water authority concept.

Chairman Phillips suggested it is critical to do a land plan for the property the County now owns in downtown Pittsboro stating that the plan should demonstrate the County's capacity to locate additional parking, renovate the Trageser house, and make room for Register of Deeds and Clerk of Court. The Board reviewed some general numbers for the cost of such renovations.

Chairman Phillips turned the discussion to a new Ag Center and the possibility of involving Agri-Business groups in deciding what such a facility should look like.

Chairman Phillips brought up another budgetary issue related to dropping the judicial facility to the bottom of the priority list. He did suggest, however, that the County renovate the Ag Auditorium to help relieve the courtroom space needs.

Commissioner Pollard suggested the County might communicate to the judicial personnel that the judicial facility is falling to the bottom of the priority list and ask them what can be done to renovate the auditorium to better relieve their needs.

The County Manager pointed out that the meeting may be scheduled next week given the fact that "The Herald-Sun" picked up the lower prioritization given to the Judicial Facility.

Commissioner Outz cleared up what Kurt Lent's estimates included as it related to moving the Manager and Finance and making room for Register Of Deeds and Clerk of Court.

Chairman Phillips and Commissioner Atwater had some discussion about returning the other Trageser homes to a respectable historical standard.

Chairman Phillips went on to point out that a large portion of the property could be used for developing downtown open space.

Commissioner Givens suggested that the Board delay any park expenditures other than what we have already committed ourselves to. Chairman Phillips agreed and suggested the plan should go forward, but it needs to go forward with the support of a bond. He signaled a particular interest, however, in continuing the development of the four community parks.

Commissioner Givens and Commissioner Pollard pointed out that the Bells Landing project was very much about access to the water as opposed to the Recreational development.

Commissioner Atwater wanted to challenge the assumption that the large recreational facility may be necessary in order to access the water.

Chairman Phillips reminded the Board that they agreed to do nothing with Bells Landing without the Board's review and approval and without community input.

Commissioner Outz turned the conversation to the cost of the new "pay-for-performance" system versus the old system. The County Manager confirmed the difference in cost is about \$135,000 more. He explained the idea behind the system is that everyone has the opportunity to set their level of compensation according to their performance as opposed to competing against each other for compensation, which undermines teamwork within the organization.

Chairman Phillips pointed out the economic return of decreasing turnover far outweighs the \$135,000 expense for 350 plus employees. He went on to point out that many individuals will revise down from agreements that shoot for the highest compensation due to the high standards necessary to achieve the highest level.

Commissioner Atwater communicated concern that employees need to be coached to understand they may be biting off more than they can chew and was curious what interaction may take place to provide that coaching.

The County Manager described the expectation that supervisors and employees interact four times per year to assess how well the employee is performing against his or her agreement designed at the beginning of the year. He went on to discuss the ongoing value of communication and teamwork across division and departmental lines.

Chairman Phillips, Commissioner Givens, and Commissioner Pollard all agreed that the performance agreement document represents a level of objectivity and a benchmark for progress within the department when the time comes to determine compensation structure.

Commissioner Atwater pointed out that the County Manager and staff have done a good job at helping employees within the organization realize their potential.

Commissioner Pollard wondered what a status quo budget may be missing given that the County is constantly responding to growth. She questioned the results if the human services agencies are asked to maintain a status quo budget while serving a growing population.

Commissioner Givens suggested again the possibility of a higher impact fee on a subdivision larger than a certain number of units.

Commissioner Atwater made clear that he sees both sides, but that he understands the big picture is that residential impact is weighing on the County's increasing cost of service.

Chairman Phillips pointed out some levels of service questions that Commissioner Pollard brought up on which the Board can compromise versus those (i.e. schools) which can not be compromised.

Chairman Phillips requested information related to the differences between Chatham County Mobile Home Park Ordinance and the Chatham County Subdivision Ordinance as it relates to recording of lots, impact fees, and size of lots.

Commissioner Pollard stated that she worries that the lack of the higher impact fee continues to force taxpayers to subsidize services.

The County Manager suggested an impact tax authority from the Legislature would help solve the problem.

Chairman Phillips discussed an idea where the County funds affordable housing by providing a low interest loan for those who qualify to help with closing costs where the payments on the low interest loan replenish the fund over time.

Chairman Phillips also discussed the idea of a public facilities ordinance that would better quantify the impact of large developments on County services.

Commissioner Givens pointed out an increased impact fee would have a big effect on those that are struggling to own a manufactured home.

A discussion turned to CIP items over the short term.

Chairman Phillips stated that he is encouraged enough with the Kurt Lent plan to use the Trageser house to relieve immediate space needs. He further stated that he would like to continue pursuing the Social Services expansion, moving mental health over, and moving nonprofits. He also stated that he would like this work plan to include assessment of the two other houses on the property.

Chairman Phillips summarized continued commitment to renovations on the Siler City Campus of Central Carolina Community College, DSS expansion, and the renovation of the Trageser House for the Manager's Office and Finance Office.

Commissioner Pollard asked about the removal of the Communications Center from the Sheriff's Department to County supervision as an issue unrelated to CIP.

The County Manager explained the idea is to move the communications unit from the Sheriff's Department to the County's authority in order that the 911 Committee can make decisions about a unified approach to communications. Given the transition of the director to a School Resource Officer, the unit will have new leadership and, as a result, it will be a good time for the transition. The Board unanimously agreed that this organizational change should be made beginning January, 2002.

Commissioner Atwater asked that the revised CIP reflect what projects are subject to Bonds.

Review of Proposed Chatham County Budgetary Policy:

The County Manager described the basic framework for a budgetary policy that would drive the design of proposed budgets.

Chairman Phillips stated his agreement with the document except for item four, which reflected a goal of maintaining fund balance at twenty percent of the General Fund budget from the previous year. He stated that twenty percent is too high for a goal.

The Board had general discussion about changing the goal or changing the language. Commissioner Atwater suggested the Board review more information prior to making such an important decision. Chairman Phillips commended the staff on the level of information supplied during the budget process.

Land Use Next Steps:

Chairman Phillips suggested two hours with Keith Megginson, Planning Director, and the Planning Board members as early as possible in order to help determine the next steps for land use.

Commissioner Pollard suggested having the Public Works Director as well given the implications water has on land use.

Commissioner Givens suggested getting together in Pittsboro and Siler City to have a similar discussion.

Chairman Phillips pointed out that this brings up an interesting point about scheduling future joint meetings for the coming year including how many the Board would like to have and with whom the Board would like to meet.

The County Manager described a few next step possibilities including a decision about where water is going and whether or not water and sewer will continue to be developed and extended from the existing municipalities.

Chairman Phillips pointed out that the next steps for land use may also include ordinances and commissions that spin-off of the adopted Land Use Plan as the Appearance Commission and other task groups.

Chairman Phillips summarized the conversation and stated that the Board could begin next steps at a work session soon. He stated that he would like to see what has already been accomplished that the plan references, like the Agricultural Commission.

Commissioner Outz suggested that Paul Joyce and Larry Mabe be at the next work session with Hal House to discuss current status of wastewater solutions at the schools.

Boards and Committees:

Chairman Phillips requested an updated list of all members of various boards and committees. He stated that he would like to identify vacancies and offer an opportunity to people to apply.

Chairman Phillips also stated he would like to give up the Triangle J Council of Governments Board of Delegates and JOCCA. Commissioner Givens asked Commissioner Atwater if he might be interested in the Triangle J appointment. Commissioner Atwater said he would consider it.

Commissioner Atwater suggested that as the most recent past Chair, Commissioner Givens might come back with a fair level of compensation for the Chairman, given the fact that the Chair's duties are

greater.

Critique of Retreat Process:

Commissioner Givens suggested that the Board did not need a facilitator at future retreats, given the nature of the Board to respect each other's opinions.

Chairman Phillips responded that he agrees with the Board's ability to treat each other with respect and "facilitate ourselves" to some degree, but that he would like to reserve the right to call a facilitator as he did this time in order that Charlie may more easily participate in discussion as opposed to facilitating the meeting.

Commissioner Atwater stated that he is a different kind of "meat and potatoes" man.

The Board appreciated the more manageable degree of the agenda. Commissioner Pollard suggested that less work on the first day might have been helpful. She felt like the Board was really pushed on the first day. She suggested that two full days might be a better pace rather than working so hard on the first day.

Chairman Phillips missed having the opportunity to have dinner together.

Commissioner Atwater suggested that they have a dinner jointly with our legislators at a later time. The Manager said he would schedule the dinner.

Commissioner Outz suggested meeting with the two new representatives with the new Congressional District.

Commissioner Pollard pointed out that in all of the time they have spent planning for the next year, they have not taken the opportunity to anticipate the changes in Mental Health. The Manager suggested that they might look at the issue as a separate work session item.

Chairman Phillips liked mixing presentations and trading direct information about the budget for the more personal "pay-for-performance" presentation.

The County Manager offered his perspective that everyone contributed stating that it was very civil as opposed to other boards for which he has facilitated in other jurisdictions that are less respectful.

Commissioner Atwater asked when the Board would see the preliminary budget. He stated that he wanted to be sure that they have an opportunity to review the budget in case they have concerns.

Chairman Phillips brought up one short item of business related to a request from Orange County Board of County Commissioners and Durham County Board of County Commissioners to co-sponsor a regional session on anti-terrorism preparation.

December 07, 2001 Adjournment:

Commissioner Pollard moved, seconded by Commissioner Atwater, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at 12:30 PM.

Gary Phillips, Chairman

ATTEST:

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