

**MINUTES**  
**CHATHAM COUNTY BOARD OF COMMISSIONERS**  
**BUDGET SESSION**  
**JUNE 01, 2011**

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The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Central Carolina Community College, Multi-Purpose Room, 764 West Street, Pittsboro, North Carolina, at 9:00 AM on June 01, 2011.

Present: Brian Bock, Chair; Walter Petty, Vice Chair; Commissioners Mike Cross, Sally Kost, and Pamela Stewart

Staff Present: Charlie Horne, County Manager; Renee Paschal, Assistant County Manager; Vicki McConnell, Finance Officer; Lisa West, Budget Analyst, and Clerk to the Board, Sandra B. Sublett

**CALL TO ORDER**

The Chair welcomed everyone in attendance and called the meeting to order at 9:05 AM.

**FY 2012 BUDGET**

Renee Paschal, Assistant County Manager, answered Board of Commissioners’ questions and explained clarifications with regard to school funding, fund balance numbers, revenue estimation, rationale for cuts in Recreation, Senior Services, and Social Services, summarized cuts, elimination of services, etc. A copy of Ms. Paschal’s PowerPoint follows:

**FY 2012 Budget**

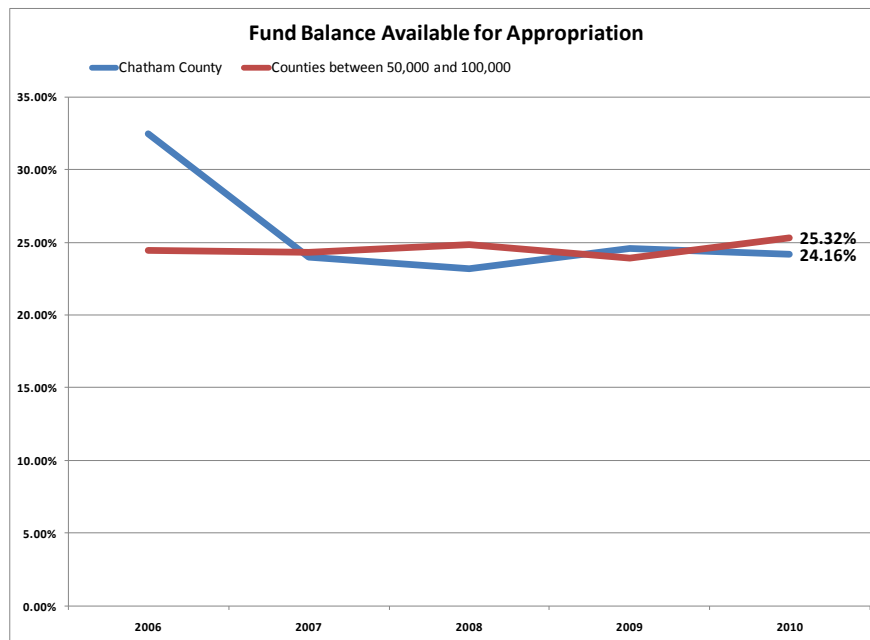
Answers to BOC Questions  
& Some Clarifications

**School Funding**

- According to the FY 2010-11 Budget & Tax Survey, Chatham ranks 4<sup>th</sup> in current expense & supplement funding/student
- In FY 2011, 30 counties reduced funding to schools; 22 counties maintained funding; 48 increased funding
- Between FY 2009 and FY 2011, current expense funding *decreased* 2% statewide; Chatham County’s funding *increased* 6%

## Why 2 Fund Balance Numbers?

- *Total fund balance* is used for the 5-year model—ensures CIP spending is sustainable
- *Legal Definition (GS 159-8a): Fund balance available for appropriation* is the Local Government Commission’s official number for fund balance and what we compare to other counties  
$$\text{Cash} + \text{investments} - (\text{liabilities} + \text{encumbrances} + \text{deferred revenue arising from cash receipts}) = \text{fund balance available for appropriation}$$



## Revenue Estimation

- Guided by judgment of professional staff
- Use trend analysis and estimates provided by experts—School of Government, NC Association of County Commissioners, NC League of Municipalities
- *Methodology has not changed* and is clearly outlined in the revenue section of the budget message
- Goal is to be slightly more conservative than actual collections
- One of the key reasons we are in good financial shape

### Rationale for Cuts in Recreation, Senior Services, and Social Services

- Recreation and Senior Services—discretionary programs; cuts proposed by director; affects relatively few people:
- COA frozen meals—24 people currently receiving meals; director believes program should be revamped
- COA congregate meal—19 people attend meals on all 5 days in Siler City

### Rationale for Cuts in Recreation, Senior Services, and Social Services

- Recreation swimming and karate—will be provided by private sector (we were middle man)
- Recreation tennis—offer 2 fewer clinics and serve 8 to 10 less
- Recreation volleyball—not started, so no impact
- Recreation parks reserve—3 new parks have been or will be opened; if we are building parks, need funding for maintenance

### Rationale for Cuts in Recreation, Senior Services, and Social Services

- DSS Director: “Nothing that was recommended reduces services”
- Social Services daycare administration—no change in subsidy or number of children served; negotiated lower price with administrator
- Social Services family facilitation—better service, able to use existing staff and draw down matching revenue
- Social Services emergency assistance—reorganization should provide better service; clients won’t have to visit 3 different places

## Summary of Cuts

Category	Savings	Notes
Line item reduction	\$259,832	These cuts primarily impact staff
Other expense reduction	\$468,510	Including expense reductions and expense eliminations that pertain to operations and are not associated with a reduction in service. Impact, if any, is to staff.
Eliminate vacant positions, reclassify or reallocate positions	\$349,356	Does not include sustainable communities or the library position that is filled
Efficiency	\$261,118	These savings are the result of improved efficiency in daily operations.
	<b>\$1,338,816</b>	<b>The bulk of the budget reduction impacts staff and operations and not residents</b>
Reduction in services	\$93,005	Impacts: 2,721 voted during first week of 2010; 24 receive frozen meals; 19 access congregate meals 5 days/week in Siler City; 34 visit Goldston Library monthly; 81 visit Wren monthly; 60 visit Community Library monthly Unable to quantify: not mailing annual report, reduction in library materials, grants to recreation nonprofits, reduction in Natural Resources Education
Elimination of services	\$181,608	See table below.
Reorganize Sustainable Communities	\$146,312	Does not include transportation. Affordable housing will still be covered, green building liaison will still be covered, and the current water/soil services will continue to be offered. In addition, the latter 2 will provide back up for each other.

## Elimination of Services

Program/Service	Total Cut	Impact
Green Building Rebate	\$20,000	38 unique applicants in FY11; Of these only 9 have completed documentation for rebate.
Fire Inspections	\$34,430	No impact. Transfers the responsibility back to the town of Siler City.
HIV Case Management	\$46,394	18-22 clients likely will be served by another provider
CAP-C	\$4,916	No impact. The 8 clients who are currently being served are already being served by another agency.
Retire Bookmobile	\$45,560	Approximately 400-500 people will be inconvenienced. All have access to branch libraries; some have access to Wake County libraries. Library also exploring e-book offering and working with volunteers to provide service to shut-ins and elderly.
Eliminate/reduce parks programs	\$5,275	8-10 people will be impacted by the reduction in the number of tennis clinics offered by the county. Swimming and karate available through other providers. Volleyball never started.
Reduce recreation grants to towns	\$16,536	Grants used primarily to improve facilities. Town rec programs will continue to operate.
Eliminate PT technical services position	\$17,322	1 part-time employee will be impacted. No service impacts.

## Other

- 5 private roads and 15 subdivision roads named in FY 2011 YTD
- Per auditor: OK for Waste Management Director to oversee Environmental Services
- Use of electronic monitoring—Sheriff will address

Ms. Paschal answered questions throughout the presentation from the Board.

**BOARD OF EDUCATION**

Deb McManus thanked the Board of Commissioners for allowing them an opportunity to share why they believe their additional budget request is important and justified.

She reviewed the Board of Education's additional request for funding. The items listed are not in priority order. The proposed list of 2011-2012 budget priorities, which includes a \$500,216 funding request for reinstatement to fund student growth, is listed below:

1 Psychologist	\$ 58,999
Reduced all Full-time Teacher Assitants by 5 days	\$ 113,415
Stipends for K-8 Technology Lead Teachers	\$ 23,385
Reduce NCWISE Data Managers in all Schools Grades K-8 from 12 to 11 months	\$ 43,455
Reduce all School Based Clerical by 5 days	\$ 20,660
Certified Personnel - SAGE	\$ 110,096
Reduced Instruct. Program Facilitators from 11 months to 10 months	\$ 42,237
Reduce Psychologists from 11 months to 10 months	\$ 25,936
Supplies & Materials - Maintenance Central Services	\$ 62,033
	\$ 500,216

Ms. McManus stated that the priorities will help to sustain the quality of the educational services children receive in these particular areas. Additionally, the maintenance resources will help to insure proper maintenance of all facilities, thus reducing long-term wear and tear on the buildings. David Moody addressed maintenance costs and supplies.

She asked that the Board of Commissioners flex a little once more and treat this request, rather than being a piece of the budget, as a one-time, fund balance appropriation, non-recurring that would require no additional taxes and have no impact on the debt model. She stated that they are using 2.6 million dollars of their fund balance and could not return to that "well" next year.

A discussion ensued, and Ms. McManus addressed questions from the Board.

A discussion ensued regarding technology, teachers' salaries, and supplies being purchased for students.

Commissioner Kost thanked the Board of Education for their honesty and integrity.

Chairman Bock stated that he supports contingencies for the SAGE personnel positions. He stated that he didn't feel he could support reinstating the reduced teachers' assistants days. He also stated that he could support a contingency that says if the state cuts more than they think, there would be some kind of contingency fund to not get rid of the teachers' assistants so that the Board of Education could plan.

Commissioner Kost asked if these would all be current expense appropriations and if the charter schools would have to be matched. Susan Little replied yes. Commissioner Kost stated that whatever the numbers are, you have to increase them by "X" amount in order to get their prorated share so that the numbers all go up a little. Chairman Bock asked if we would be doing this for all the public schools. Ms. Little replied yes.

Commissioner Cross moved, seconded by Commissioner Petty, to reinstate funding in the amount of \$110,096 for two teaching positions at SAGE Academy to be treated as a special, one-time appropriation, and to provide contingency funds, if needed, for teachers'

assistant positions that are eliminated because of state budget cuts beyond what the Board of Education anticipated in its budget request.

Commissioner Kost asked about making decisions during the budget process or returning to make them all at the end.

Chairman Bock stated that a motion was in order, it was seconded, and it can be voted on.

Commissioner Kost stated that she was voting against the motion; that she does support increasing the funding for education; that she supports funding the entire \$500,000; and that she will be going through the budget trying to find the money in order to do that.

Commissioner Cross stated that he would go ahead and support the motion as he does not feel that they are going to follow the protocol of previous boards. He stated that to wait three more weeks to have this information for planning purposes would be detrimental to the schools.

Chairman Bock clarified the funding at \$110,096 for SAGE personnel.

The County Manager clarified that the funds for the teachers' assistants are assuming that they are needed. By consensus, the Board agreed.

Commissioner Kost stated that the SAGE teachers would be a recurring expenses and asked why we are making a fund balance appropriation for a recurring expense.

Chairman Bock stated that it would be a one-time expense and it would be discussed again next year, if applicable.

Ms. Paschal stated that we are not appropriating the full amount of fund balance for capital so there is some room to increase operating expenses and still ear-mark fund balance for capital. She stated that she thinks the expense can be covered in that way.

Chairman Bock called the question. The motion carried four (4) to one (1) with Commissioner Kost opposing.

### **BREAK**

Chairman Bock called for a short break.

### **BUDGET CONTINUATION**

Ms. Paschal stated that she wanted to clarify with the Board what they did with the schools. She stated that they were going to add \$110,096 back for the SAGE teachers to be taken from Fund Balance because they can appropriate additional Fund Balance based on capital expenditures. The contingency amount for the teachers' assistants depends on what happens with the state budget. If the adopted state budget reduces the number of teacher assistants more than what is reflected in the school system budget, the school system can request additional funds from the County. First and foremost, it will be taken from the County's contingency. If our contingency is not enough, staff will come back to the Board for a Fund Balance appropriation. In any event, it is clear that next year when we are looking at the funding, the funding for SAGE teachers and contingency appropriation will be backed off as a one-time expense.

By consensus, the Board agreed.

### **BUDGET ADOPTION**

Commissioner Stewart moved to approve the budget as amended. She stated that she thinks staff has done a great job. She stated that she had reviewed the budget for months and months. She shared it and passed it around to groups of people. She stated that staff

answered all of her questions in her one-on-one sessions and she doesn't see anything that she would change at this point.

Commissioner Kost asked if the motion was to approve the budget and not continue with the work sessions. Commissioner Stewart stated that was correct.

Commissioner Petty seconded the motion.

Commissioner Kost stated that she had so many questions. She stated that she had quite a few cuts that she would like to make in the budget, stating that she felt she could go through the budget and decrease the tax rate. She stated that she took off her "County Commissioner's hat" and wore her "budget hat" and stated that she felt they had been way too conservative on the revenue estimates and she thinks there is a little too much contingency in the budget. We have budgeted 100% salaries, and she thinks the food budget should be cut for the County, and she was going to suggest that they decrease their mileage reimbursement and was going to make other cuts. This is a policy document. If we don't go through this during our work sessions and just accept the County Manager's recommendation, she does not think that they have done their jobs as County Commissioners.

Commissioner Stewart stated that she had gone through the budget. She stated that she circulated it and had discussions with people to get feedback. She stated that there had been great concerns from some citizens that we are cutting way too much. They think that the County is being put in jeopardy. She stated that she feels good about what staff has done and she couldn't see anything to slash further. She asked Commissioner Kost if she had a total to cut.

Commissioner Kost stated that she had a technical software glitch last night and was unable to go to the object detail to find out how much we do spend for food for the Board of Health, Board of Commissioners, etc. She stated that she thought their mileage reimbursement and that of the County Manager should be cut. There are some places where they need to take a hard look. She stated that she had questions about the Arts Incubator where we are spending \$68,000 after we just built the new community college in Siler City. She stated that she had never experienced, after a one-hour budget work session, a motion where a board would move to adopt the County Manager's recommended budget. She stated that she was absolutely appalled.

Commissioner Petty stated that the thing they have to keep in mind is that the recommendations came from department heads who know their departments best. He stated that is what he likes best about the process.

Commissioner Kost asked the Council on Aging Director if she would have cut her frozen foods program for homebound seniors if she had not been asked to cut her budget by 5%. Ms. Dennison replied no.

Commissioner Kost stated that the arbitrary 5% was set and departments were told to identify cuts stating that she would guarantee that a lot of departments do not support these cuts. She stated that she would like to hear from all of the department heads.

Commissioner Petty asked Commissioner Kost if she was saying that the 5% was not necessary. Commissioner Kost replied that was exactly what she was saying stating that she thinks that the Board is overreacting and that she doesn't think that the County is in any great financial, dire straits. She said that she thinks that they were taking what they thought, when they ran for office and applying it to what they think is the reality and the reality is that we are not in this huge financial crisis that they all seem to think that we are in. We know that we are in a down economy, but you make decisions when you are in a down economy that are advantageous to the County. She stated that she doesn't see where we need to be making the type of cuts that are in this budget. That was the direction that this Board gave in February, and she thinks it is wrong.

Commissioner Petty asked if Ms. Paschal could address the fact that the 27% keeps coming up where everyone says we are flushed with cash and how it will diminish over time with our responsibilities.

Ms. Paschal stated that she addressed the Fund Balance issue earlier when she showed the slide and showed that our Fund Balance is slightly lower than the average for counties our size. The Fund Balance model in the budget document shows that the total Fund Balance number that we project will drop to 23% in the next year based on capital spending.

Commissioner Petty stated that given that information, why do we not need to respond in our budget with a 5% reduction. Chairman Bock stated that was probably an unfair question for Ms. Paschal.

Commissioner Cross stated that the budget motion was quite a surprise. He stated that he thinks staff did a great job on the budget. However, he stated that he felt it was important for the Board to go through the educational process where they find out how they each feel about each subject and get an update from the departments. There is more to preparing a budget than just the funding to him. He stated that he would prefer to follow the schedule.

Chairman Bock stated that he had spent a lot of time looking at the budget and he assumes everyone there has as well. He stated that they could easily move things around, but the bottom line is that they gave specific direction to the Manager's Office with some targets. He stated that they came back with that direction and the budget as a whole works. He stated that if they started picking it apart and moving things around, it would have a ripple effect. He stated that he thinks overall, it is a great budget. It focuses where they asked staff to focus and reduces what they asked staff to reduce; therefore, he would be in favor of the motion.

Commissioner Stewart stated that is why she thought they held the budget meetings in the beginning was to talk a lot about the different things and where they wanted to see this go. She stated that for them to get in there and scrutinize everything that every department has done, they would be going back to square one.

Chairman Bock stated that was what they did during the retreat.

Commissioner Stewart asked if someone had a real problem with the 5%, did they not come back to staff stating that it was a hardship and stating that they couldn't come up with the full 5% cut.

Ms. Paschal stated that she felt it was fair to say that no department would have cut without the direction to cut, but she felt that the departments did a great job in coming up with efficiencies. She stated that they did have a lot of discussions with the department heads about the impact that the cut would have on their departments and they chose not to make some cuts based on the impact.

Commissioner Stewart stated that was why she sent Ms. Paschal the questions regarding the impact and the rationale to make certain she had a clear understanding. At this point, she stated, to go through the budget line-by-line, would in the long run not make a significant difference in what they come up with at the end of the day.

Commissioner Kost stated that the budget is a policy document. She stated that professionals are hired to prepare the budget, but they, as the Board of Commissioners, are there to establish the policies. Chairman Bock agreed.

Chairman Bock called the question. The motion carried three (3) to two (2) with Commissioners Kost and Cross opposing.



**Nonprofits:**

Chairman Bock stated that there is a \$10,000 allocation in the budget that the Commissioners can allocate to nonprofits outside of the budget.

Commissioner Kost moved to allocate the \$10,000 to Chatham Together! Chairman Bock seconded the motion.

Commissioner Cross asked if the entire amount would go to Chatham Together! stating that he would like to see some of it go to the Rape Crisis Center.

Chairman Bock stated that the motion was that the entire \$10,000 amount would go to Chatham Together!

Commissioner Cross stated that every year for the last three years, the Commissioners have participated in fund raisers for the Rape Crisis Center, and they are short at this time. He said that he would like to see 20% of the \$10,000 go to the Rape Crisis

Commissioner Kost asked if we could amend the budget to decrease contingency; allocate the \$9,700 to Chatham Together!, allocate \$2,000 to Rape Crisis, and adjust the contingency appropriation by \$1,700.

Ms. Paschal stated that it can be done, but it sets up an issue for next year. She asked if the Board wanted to add the contingency to the base year, stating that if they did not add it to the base, then they will be faced with having to make a reduction.

Chairman Bock asked if she was talking about adding it to the base of the \$400,000 for nonprofits. Ms. Paschal replied yes.

Commissioner Kost withdrew her original motion.

Commissioner Kost moved to appropriate \$9,700 to Chatham Together! from the amount Commissioners have to allocate directly to nonprofits, to appropriate \$300.00 of this amount to Family Violence & Rape Crisis and to appropriate an additional \$1,700 to Family Violence & Rape Crisis from contingency, a total of \$2,000 additional to Rape Crisis.

Ms. Paschal stated that they requested two programs: The Crisis Line and Resource Development and that the Resource Development is where the major cut was made and this would be the program funded by the additional amount. By consensus, the Board agreed that this was correct.

Commissioner Petty seconded the motion. The motion carried five (5) to zero (0).

**ADJOURNMENT**

The Chair adjourned the meeting at 11:20 AM.

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Brian Bock, Chair

ATTEST:

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