

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
BUDGET WORK SESSION, JUNE 26, 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 9:00 AM on June 26, 2001.

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

The meeting was called to order by the Chairman at 9:16 AM.

Agenda

1. **Budget**
 - **Revisions as Requested**
 - **Workplace Options**
 - **Child Planning Conference**
 - **Fire Marshal**
 - **Other**
 - Board Expenses**
 - East Chatham Rescue Squad**
2. **Critique**

BUDGET

County Manager, Charlie Horne reviewed the recommended budget cuts based on the Board’s request from their June 25, 2001 meeting. He explained the budgeted versus the real revenue variance (proposed revenue amount from current year taxes) which will generate a 65.1 cent tax rate.

Assistant County Manager, Paul Spruill discussed funding for non-profits. Commissioner Outz suggested that non-profits might be a place to make cuts in funding. Chairman Phillips stated that non-profits take a quarter and make a dollar out of it. He explained that they receive funding primarily from fees for services and matching grants, stating that Chatham Trades is the County’s largest non-profit agency.

Commissioner Outz questioned the increase in the proposed budget over the previous year’s budget stating that the increase totaled approximately three and a half million dollars.

The Assistant Manager explained that there was a twenty-eight percent increase set in the budget at the proposed 75 cent tax rate and a 13 percent increase at the 65 cent rate. Chairman Phillips explained that the majority of the 13 percent increase in the budget came about through approval of budget amendments the previous year and through one-time initiatives. Commissioner Pollard pointed out the reality of the County’s

rapidly increasing number of residents, many of whom were not counted by the recent census.

A discussion ensued on ways to increase the County's fund balance which included suggestions for returning to fund balance the money used to purchase the land for the industrial park in Siler City. Finance Officer, Vicki McConnell termed it "a grey area" to attempt to use bonds for the purchase after the fact. Using the land to borrow money was also discussed, however, the Finance Officer cautioned that to do so would change the fund balance, not result in an increase of revenues.

Joe Burke, FACT Chairman, stated that their group does not agree with the proposed tax rate; that they do not understand why a 56 cent tax rate would not work if the budget of the previous year was supported by the old tax rate and that it worked. He asked why the County needs a tremendous overnight increase in the tax rate. He also asked how every penny of taxpayer money can be best spent.

Commissioner Givens stated that he would like for Mr. Burke to have the opportunity to review figures to see if anything had been overlooked.

Mr. Burke stated that he did not agree with the proposed figures; that a 59 or 56 cent tax rate would do what it needed to do; that he did not understand where the figures the staff was using came from; that his group saw 53 cents as revenue neutral from the previous budget; and that he questioned the extra 12 cents added to the budget. Commissioner Givens explained that the amount coming from the State had been reduced at the same time increased continuing costs had been added.

Martie Hipple stated that she had attended a number of the budget hearings and had not heard anything regarding the possible removal of the \$661,000 for parks in the Board budget and the Newcomers Program in the school budget. Commissioner Givens stated that he had heard that the Newcomers Program had been a tremendous success.

Chairman Phillips moved to set 65.1 cents as the tax rate and to instruct staff to continue to look at the differences between revenue projections and actual revenue created on a quarterly basis.

Commissioner Givens stated that he did not want to vote for a budget if there was a possibility that the tax rate could be lower; that he wanted to sit down with the Assistant Manager and the Finance Officer and a few representatives of the citizen's group in attendance and make sure that the figures were correct.

Mr. Burke questioned the ambiguity of the budget process stating that he had not seen concrete information on a budget starting point, and that he was concerned about taxpayers' ability to pay their bills when they receive them.

Commissioner Atwater suggested that another meeting between Commissioner Givens and members of the FACT group be held as soon as possible in order to finalize the budget.

BREAK

Chairman Phillips called for a thirty-minute break during which citizens in attendance could meet with staff to discuss the budget.

Tax Administrator, Kim Horton explained that a definite picture of property valuations was still not possible since the Board of Equalization and Review (E&R) was still in session and that Carolina Meadows alone had appealed 35 million dollars of property valuation; that a decision by the E&R Board had not been made and could be appealed to the Property Tax Commission; and that she had no way of knowing whether

that would occur.

Chairman Phillips stated that the Board needs to concentrate on two important future issues: 1) What needs to be built in Chatham County; 2) Continue to evaluate expenses and income and be realistic.

Commissioner Pollard seconded the motion and added that she was in favor of another half cent on the tax rate to add the two percent employee cost-of-living raise and another half cent to be added to begin purchases for setting aside open space. She indicated that she was not happy with a 16 percent fund balance, stating that the County needs more than that.

Commissioner Atwater stated that the budget process had been painful; that he thought that the Board had learned a lot and that they should pursue more clarity in the budget and budget process in the future. He pointed to the impacts of growth in the County and said that Chatham County had not prospered as much as some of its neighbors. He stated that he had empathy for both fixed and earned income residents who found themselves strapped by rising tax bills.

Commissioner Outz stated that he was concerned that basic needs of some of the County's citizens had not been met while the County budget contained extra items such as money for parks and recreation. He pointed to the possibility of working more with the schools on recreation.

Commissioner Givens stated that he thought that the school budget should be further scrutinized, but that he supported the increase in supplements. He stated that he felt that the cuts in County employee raises were necessary in the process.

The County Manager stated that he had sent the request to the school system , but that he had not received anything in return.

Chairman Phillips withdrew his motion stating that he was saddened that others did not support it and that the Board could go back through the process again stating that he would love to end up with a consensus. He expressed a desire to select another date on which to hold the next budget meeting.

After considerable discussion, Friday, June 29, 2001 at 9:00 AM was set as the date on which to hold the next budget meeting.

RECESS

Commissioner Outz moved, seconded by Commissioner Givens to recess the meeting until Friday, June 29, 2001 at 9:00 AM. The motion carried five (5) to zero (0), and the meeting was recessed at 12:47 PM.

Gary Phillips, Chairman

ATTEST:

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