

**MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
SEPTEMBER 06, 2011**

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina met in the Agricultural Building Auditorium, 45 South Street, Pittsboro, North Carolina at 1:00 PM on September 06, 2011.

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

Staff Present: Charlie Horne, County Manager; Jep Rose, County Attorney; Renee Paschal, Assistant County Manager; Vicki McConnell, Finance Officer; Sandra B. Sublett, Clerk to the Board; and Lindsay Ray, Deputy Clerk to the Board

Work Session

1. **Public Input Session**
2. **Revaluation Update** – Presentation by Tina Stone
3. **Chatham County Draft Stormwater Ordinance Amendments (per Jordan Lake (JL) Rule 15A NCAC 02B .0265)** – Authorize Draft Stormwater Ordinance amendments to apply JL Rule requirements within the JL Watershed area. Draft ordinance due to NC Division of Water Quality (DWQ) by September 10, 2011
4. ~~**National Green Energy Council Presentation**~~ – Ralph Avallone, President
5. **Closed Session to discuss property acquisition and matters of attorney client privilege.**

CALL TO ORDER

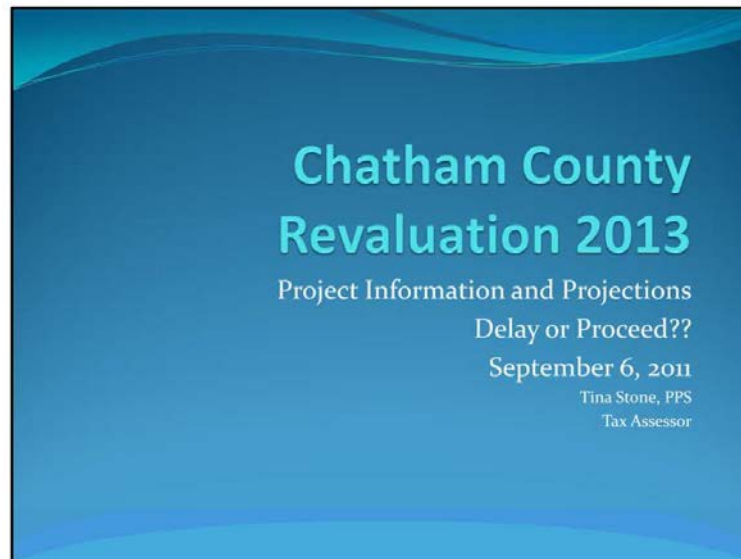
Chairman Bock welcomed everyone present and called the meeting to order at 1:20 PM. The Chairman explained that due to inclement weather, the National Green Energy Council Presentation by Ralph Avallone, will be rescheduled to another date.

PUBLIC INPUT SESSION

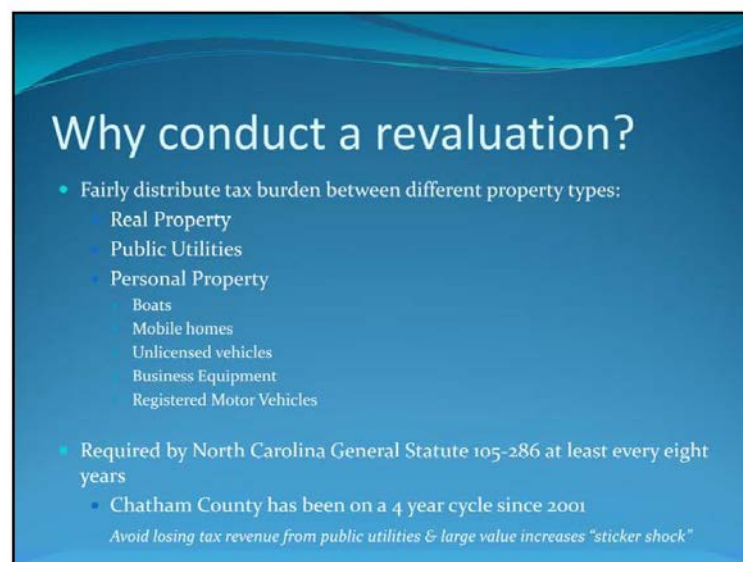
There was no one present who wished to make public comments.

REVALUATION UPDATE

Tina Stone, Chatham County Tax Assessor, reviewed the Chatham County Revaluation 2013 and provided the following PowerPoint presentation:



Public Utilities & Personal Property are appraised annually



Value loss 4th & 7th year for public utilities if ratio falls below 90%

of counties on 4 year cycle- 40 counties

Primary goal is uniformity, not to increase revenue or provide tax breaks

Equalization creates a better tax climate in the community when each taxpayer is paying only his or her fair share

Personal property is assessed annually

A few reasons why values do not appreciate/depreciate uniformly

- Location
 - Neighborhood appeal/stigma
 - Changes in condition of improvements (buildings)
 - Mortgage lending practices
 - Differences in supply & demand among property types
- *** Real Estate values change over time, but not uniformly across the county. ***

How is a revaluation conducted?

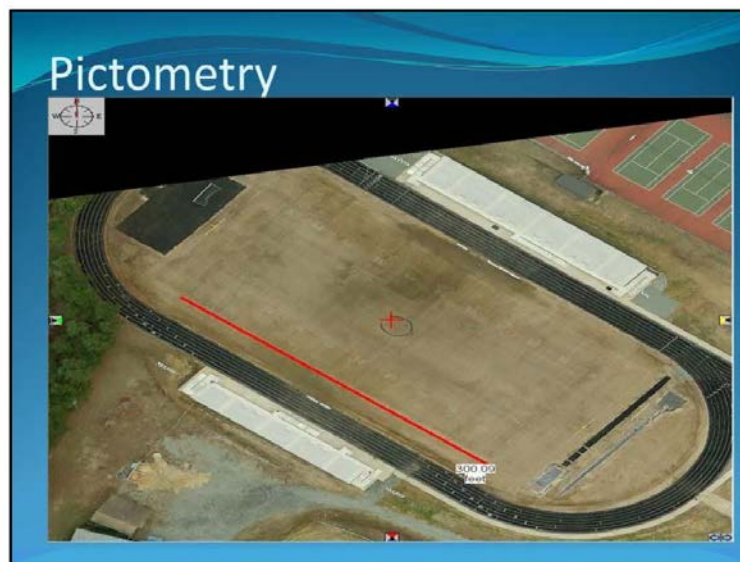
- Sales Qualification
 - Verify sales info, arms-length sales only
- Sales Analysis
- Update cost and depreciation schedules
- Review all properties in Chatham County
 - Neighborhood concept, theory of substitution

Property Review

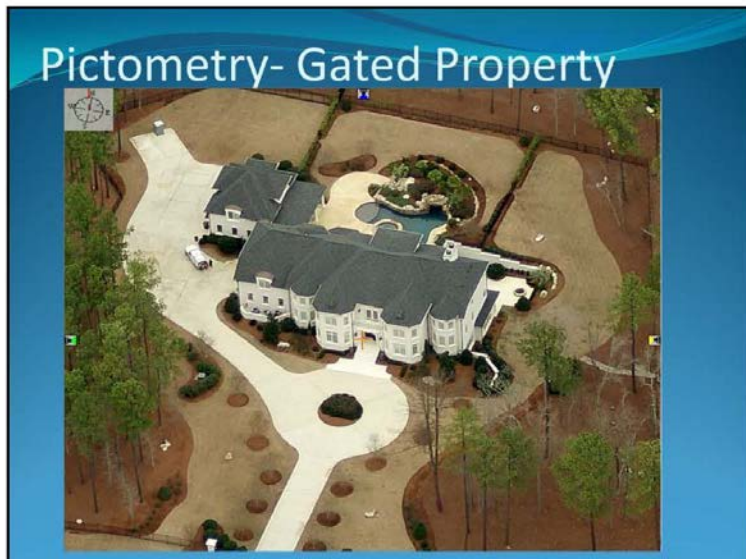
- The county is divided into approximately 570 appraisal “neighborhoods” or valuation areas.
- Value reviews are conducted on a neighborhood basis.
- Each parcel is reviewed either by an on-site visit or by utilizing Pictometry (oblique images).
- Reviewed for accuracy of data such as number of structures, quality grade, condition, etc.

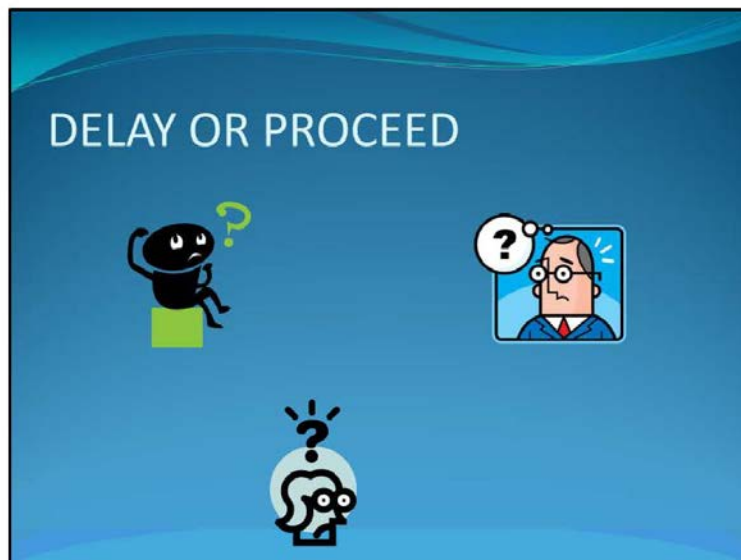
PICTOMETRY

- Visual Intelligence System/Oblique Images
- Measuring tool/capability to measure from office.
- Reduce number of field visits to the property
 - Pools, outbuildings, etc
- Allow multiple views of property from different angles.
 - Gated property



Commissioner Kost asked how you deal with leaves on the trees regarding Pictometry. Ms. Stone explained that the images were flown when there were no leaves on the trees. Also, she stated that there were different views.





Recap on revaluations

- Assessed property value should reflect 100% market value
- Sales are used from Chatham County only
- Every property is reviewed for accuracy of information
- Time and labor intensive process
- Primary goal is equity



SALES RATIO STUDY IS USED TO MEASURE THE LEVEL OF APPRAISAL

Commissioner Kost asked if the sales had been looked at by the neighborhoods or areas of the County. Ms. Stone replied that they do.

Chairman Bock stated that assuming that the projections are right, when we go from 2012 to 2013, if they are projecting that property values will decrease by 6%. Ms. Stone stated that was correct; that the sales were based on the current sales through August; that they still have a year and a half of sales to review and analyze; and that those sales will be given more weight because they are closer to the revaluation date which will show if the market is not rebounding and if the projection may be even higher based on sales.

Chairman Bock stated that two of the downsides of doing it less frequently was the public utilities if we drop below 90% and the large increase citizens would see in the revaluation over an eight-year period as opposed to four-years. He stated that it doesn't look like we are in danger of the 90% and probably not in danger of a huge increase.

Ms. Stone explained that what we have now is the number of appeals that they are receiving. We now have more appeals because people are wanting their values brought down to what the market is as our values are based on what they were in January, 2009 which were based on sales from 2005 to 2008 giving more weight to 2007-2008 because they were closer to the revaluation date. She stated that there are 43 counties that have sales ratios above 100% so it is not just Chatham County.

Chairman Bock asked what the downside would be to waiting and not doing the revaluation every four years. Ms. Stone explained that if you wait, we have more appeals. We can't change values based on economics during a non-revaluation year.

Chairman Bock asked if they appeal if we could not change the value. Ms. Stone replied not because of economics. You can only change values if something has occurred to the property during a non-revaluation year.

Chairman Bock asked if most people who appeal understand that. Ms. Stone stated that they do not. They explain through a detailed brochure, but it is hard for the public to understand the concept.

Commissioner Kost explained that the other reason is for equity within the County. That is why, she stated, that she asked if anything was done with the neighborhoods; theoretically if a neighborhood showed a sales assessment ratio of 90% and another at 120%, it is an equalizer just like the revaluation does.

Ms. Stone stated this is for property that is selling. There is property that is not selling. This will also help equalize those properties.

Why is our sales ratio going up

Subject property : Sale date 7/24/2008 Sale Price: \$136,000

Comparable sales within same neighborhood

Sale Date	Sale Price
10/2/2007	\$141,000
10/30/2007	\$196,000
6/5/2008	\$135,000
1/29/2008	\$131,000

- 2011 tax value of subject property- \$131,250
- 2011 Appeal /Basis for appeal/ Requesting value of 78,750
 - Comparable sales used for appeal within same neighborhood

Sale Date	Sale Price
12/29/2009	\$90,000
1/7/2010	\$72,300
6/30/2010	\$52,500
12/17/2010	\$49,900
5/20/2011	\$37,000

2009 range for sales 1/1/2005-12/31/2008

2013 range for sales 1/1/2009-12/31/2012

Chairman Bock stated that one would appeal so they wouldn't have to pay as much tax; if we revalue everyone down, the next thing that will come to the Board is that they need to raise property taxes to keep it property neutral so in fact, they are not paying less tax; they just have a lower property value. Ms. Stone stated that was correct.

Chairman Bock asked which was better for the citizen, to lower the value and raise the tax rate or wait the extra four years and hope that you cycle back through. Ms. Stone replied that would be the options available.

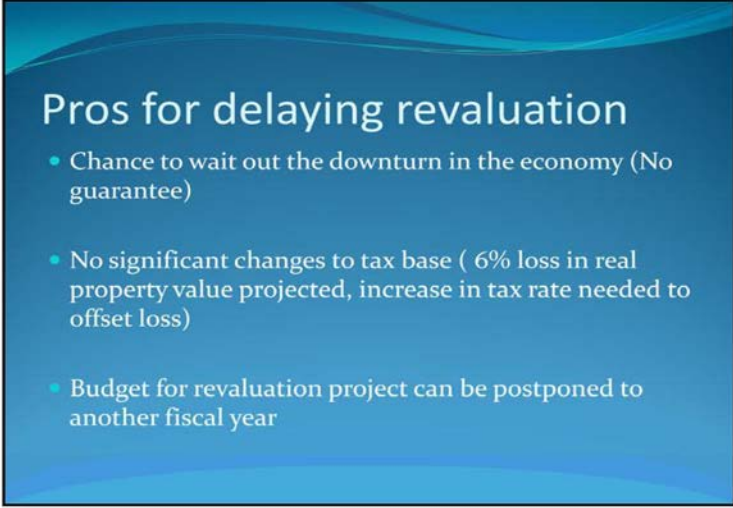
Ms. Paschal explained that it was hard to project because you have to look at a percent of the tax base for that.

Commissioner Stewart stated that in later years, if the property values start going up and we have increased the tax by 3-6% they would then get "hit".



Sales Information

- 2009 Revaluation neighborhood sale price range
1/5/2005-12/31/2008
\$105,000-\$243,000
- 2013 Revaluation neighborhood sale price range
1/1/2009-8/26/2011
\$35,000-\$145,000



Pros for delaying revaluation

- Chance to wait out the downturn in the economy (No guarantee)
- No significant changes to tax base (6% loss in real property value projected, increase in tax rate needed to offset loss)
- Budget for revaluation project can be postponed to another fiscal year

Cons for delaying revaluation

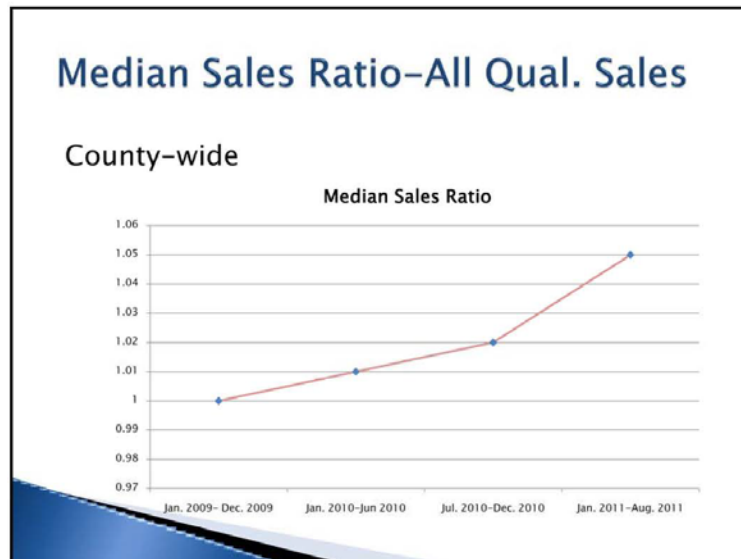
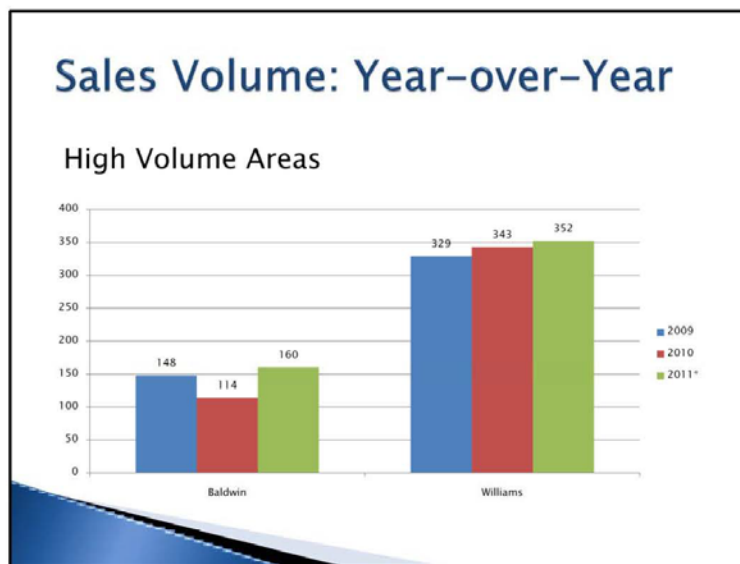
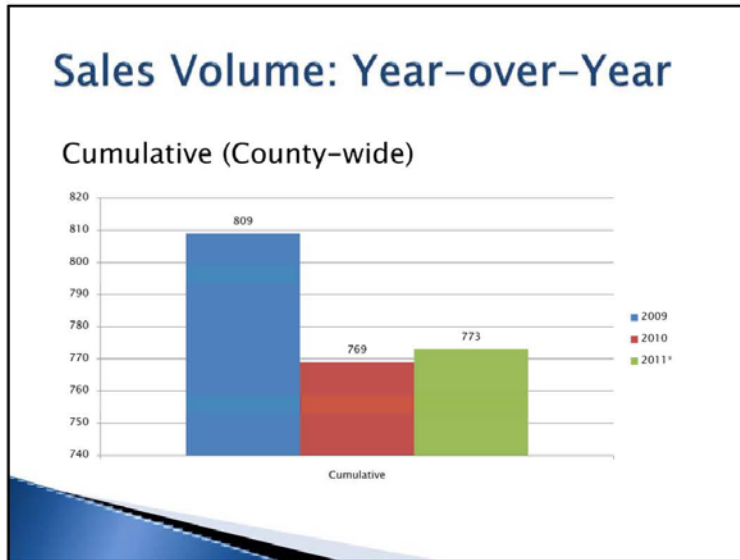
- High volume of appeals due to economy
- Currently operating on outdated values
 - “Priced below tax value” common on real estate listings
- No guarantee economy will rebound before delay
- Consistency: 2001, 2005, 2009, 2013

NCDOR Opinion

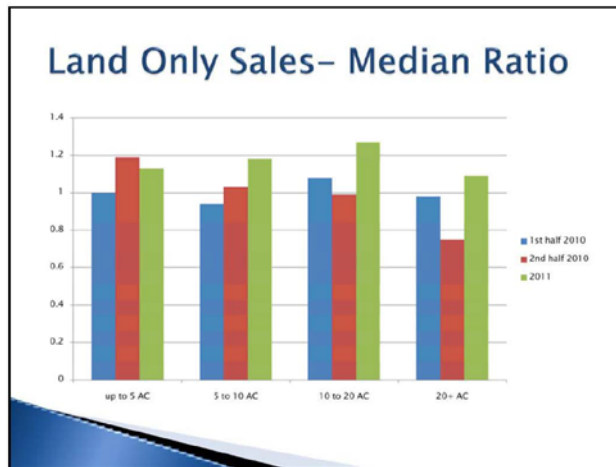
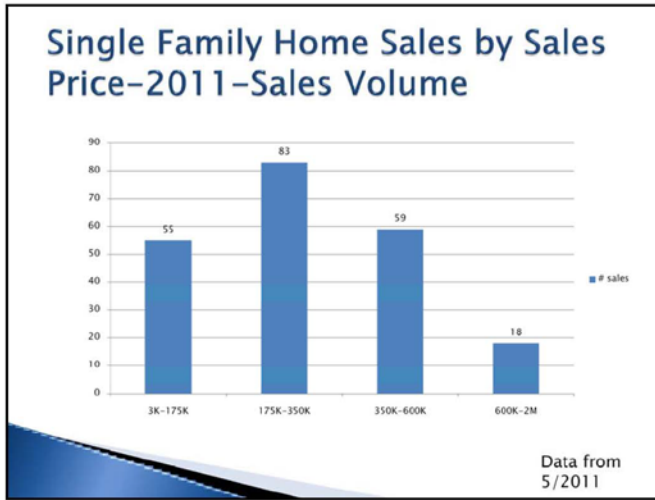
- **PROCEED WITH REVALUATION**
 - Realign tax values
 - Values will be at current market value
 - Appeals would continue to increase (tax value higher than market)
 - No change allowed for general economics during non-revaluation years
 - Sales Ratio is for property that is selling
 - Properties that are not selling will benefit from reappraisal

Chatham County Sales Statistics

William Putney explained the Chatham County Sales Statistics as follows:



Ratios vary by township, but almost all areas are currently over market for 2011



Land sales are projected to be at or above 2010 levels in terms of volume (transactions)
 Unlike improvements, land values affect all real property.

Questions, Comments or Concerns

- ▶ Decision? Time frame?
- ▶ Proceed- continue sales analysis, update schedule of value, value reviews, notices mailed by January 1, 2013.
- ▶ Delay- continue sales analysis, information to public, resolution to delay for NCDOR
 - How long of a delay?

Mr. Putney explained the specifics of the sales volume in the different townships, median sales ratio, single family home sales by sales by volume, single family home sales by sales by median ratio, and land only sales (median ratio).

Commissioner Kost asked the range and if there were any that fell into the 90% range. Mr. Putney said, yes. Commissioner Kost stated that to do a revaluation then would equalize that because when we did the last revaluation, citizens saw a tax increase on one side of the County where they saw a decrease on the other. She stated that could happen again but would probably be the reverse of the last time.

Mr. Putney replied, yes. There are certain areas that almost are resistant to a downturn in economy. Some areas are truly their own market which is the whole point of the neighborhood concept. There are 570 different small markets and they have to be looked at individually. During a revaluation, you hope to bring them all in-line back to 100% market.

Ms. Stone explained that they need a decision as soon as possible stating that because we do an in-house revaluation, staff has to design their work flow to work on revaluation and their daily operations. Also, they get into the "meat" of the project now. She stated that their goal is to have the notices out in November or December prior to January 1, 2013 so they can have the appeal process. She stated that if they proceed with revaluation, they will continue with the sales analysis that are scheduled values that will be returned to the Board for approval and start on value reviews. If the Board does decide to delay, they will still continue with their sales analysis and information to the public, a resolution for the DOR, and decide on the delay.

Commissioner Petty asked what the process looked like last year. Ms. Stone replied last year we had 355 appeals that went to the E&R Board.

Commissioner Stewart asked where there would be the most changes in the values within the County. Ms. Stone stated that it would probably be the eastern part of the County.

Commissioner Stewart asked which part of the County are they out-of-line the most. Mr. Putney replied that the biggest drop would probably be in the eastern and north eastern areas.

Commissioner Stewart stated that most of the rural area would not see a significant change, but if the Board increases the percentage, then they will take a lot of the hit. Chairman Bock replied this was true because the tax rate had gone up but their value will not have changed that much.

Commissioner Kost stated that the purpose of the revaluation is to equalize the values within the community. She stated that you base your tax rate based on the effective tax rate. That is how the tax rate is calculated. If this is presented correctly to the citizens, it is not a tax increase even though the rate may go up by three cents.

Chairman Bock stated that you can talk about revenue neutral, but if someone's tax bill is higher, they see it as a tax increase. He stated that there is another option, if the values decrease, you raise the taxes to make it neutral. You don't have to do that, we could find a way to increase revenue by taking over development or we could cut more spending. You don't have to raise taxes, you just have to make up that money somewhere.

The County Manager stated that on one hand, if the Board delays revaluation, the pressure will come from a lot of folks who have the idea that the value is overpriced now with the economy. The pressure will be on to reduce from the citizens who think their values are too high, to come back down. The dilemma is you have to increase to maintain your services or your revenue options have to change or you have to cut. If you delay, you have the same sort of thing, how much it will be and what kind of shock is it.

Commissioner Stewart stated that the people who can afford it the least are the ones who will suffer the worst which is what she is concerned about.

Chairman Bock stated that they address it by not raising the tax rate.

Ms. Stone stated that they do receive a number of appeals from the western part of the County. Mr. Putney stated that when you are talking about fifteen different districts, it is hard to fit it all on the screen. Pittsboro, 2009 (January through August) are at 108%; Albright totals 96%; Haw River totals 1.18%; Matthews totals 1%; New Hope totals 1.05%. He stated that this was within an eight month period. Most emphasis will be put on good sales transactions for the year 2012.

Chairman Bock stated that he was inclined to delay, but he could see a strong argument not to delay. If we don't delay, he will not be receptive to raising the tax by any amount.

The County Manager stated from staff perspective, they need to know as quickly as possible in order to start adjusting wherever we need to adjust over time.

Commissioner Stewart stated that she thinks we definitely need to do the revaluation as a lot of people are over 100% which is not fair.

Commissioner Kost moved, seconded by Commissioner Cross, to continue the revaluation with the current cycle with notices to be sent by January 1, 2013. The motion carried five (5) to zero (0).

Commissioner Stewart asked how, if the revaluation is done every four years, when we get the tax notice, it is higher every year. Ms. Stone replied that the value should stay the same unless some type of improvement is made to the property.

Commissioner Stewart asked if the tax rate had changed. Ms. Stone replied that it had not changed this year.

Commissioner Kost stated that the General Fund tax rate with some of the fire districts increased.

Chairman Bock asked if last year, the general rate went up. Commissioner Kost replied yes, 1.97 cents. With the revaluation, the tax rate went down.

CHATHAM COUNTY DRAFT STORMWATER ORDINANCE AMENDMENTS

Dan LaMontagne, Environmental Quality Director, explained that The *Jordan Lake Nutrient Management Strategy* is a set of individual rules (ie: new development, existing development, trading, agriculture, etc.) implemented by the NC General Assembly to reduce impacts caused by excess nutrients, specifically nitrogen and phosphorus, into Jordan Lake to reduce algal growth and other nutrient-related water quality problems. The requirements of the strategy are similar to those already in place in the Neuse and Tar-Pamlico River Basins. The rules require major sources of nutrients to reduce the nutrient load that makes its way to Jordan Lake to meet specific model-established percent reduction goals needed to restore water quality standards and full uses of the lake.

On December 1, 2008, Chatham County adopted a local Stormwater Ordinance and Program that applies throughout the County. It was amended on September 21, 2009. The purpose or intent of this ordinance is to protect the health, safety and welfare of the citizens, specifically by requiring water quality treatment and water quantity control (flood and runoff damage prevention) for new development in all watersheds of Chatham County.

The Jordan Lake Nutrient Management Strategy and Rules (JL Rules) require the county to comply with the minimum stormwater requirements for new development and existing development within the Jordan Lake Watershed pursuant to Session Laws 2009-216 and 2009-484 (modification to Rule .0265).

Our current ordinance and program does not meet these minimum JL Rules for nutrient loading rates from new development.

The JL Rules set the following nitrogen and phosphorus loading rate targets for new development:

Sub-watershed	Loading Rate Targets lbs/ac/yr	
	N	P
Upper New Hope	2.2	0.82
Lower New Hope	4.4	0.78
Haw	3.8	1.43

Section 400 (5) has been added to meet these requirements and is based on language from the Model Ordinance provided by DWQ.

Chatham County must submit a draft Stormwater Ordinance (and Program) to DWQ by September 10, 2011 for review and comment, and must adopt and implement by August 2012.

At the April 4, 2011 meeting, the Board of Commissioner's directed staff to review and amend *where practical* the current ordinance for streamlining and technical modifications for all other watersheds and amend to include JL Rule requirements to apply only to the JL Watershed area of Chatham County.

The draft ordinance includes minimum standards required to meet the JL Rules within the Jordan Lake Watershed. The draft ordinance is being presented to comply with the state deadline. It does not lower any of the county's requirements currently in place. In addition to these minimum standards, the draft Ordinance addresses technical corrections, adds a process for appealing the decision of the Stormwater Administrator, and clarifies the process for variances from the ordinance.

Commissioner Kost stated that in April, the majority of the Board wanted to make some changes to the sizes of stormwater detention ponds, etc. She asked if it was incorporated into this.

Mr. LaMontagne stated that it was not explaining that there are some additional requirements that are in our ordinance that are currently more stringent than the Jordan Lake Rules. Those are things that they intend to address when they do get back. There is no problem with this going to EMC now as they want to see that it meets the minimum. He stated that he talked with DWQ and what they plan to get from EMC is approval from EMC to let the director of DWQ review these plans administratively to ensure that they don't go below the minimum Jordan Lake Rules.

Commissioner Kost moved, seconded by Commissioner Stewart, to authorize the Environmental Quality Director to submit the draft Stormwater Ordinance, meeting the minimum requirements of the Jordan Lakes Rules, to the NC Division of Water Quality (DWQ) for their review and approval. Upon their approval, the Ordinance will be amended following County procedures. The motion carried five (5) to zero (0).

UPDATE ON TAX COLLECTION

Frances Wilson, Tax Administrator, gave a brief report on the collections and foreclosure process as follows:

Annual Bills

Mailed in early August. Information on the bill regarding payment options, total of current year and delinquent taxes if they exist, and if the lender has requested the tax bill. Orange

flyer provided this year and a number of taxpayers have contacted us to indicate they do plan to make incremental payments which we strongly encourage.

Statutory due date: Sept-1

Past Due – Jan 6. Enforcements may begin.

Motor Vehicle bills

Bills are mailed three months following the purchase or renewal of registration. Due date is the 1st day of the following month and past due on the 1st day of the month following the due date.

Once bills become past due enforcements may be used. Those are garnishment of wages, rents, bank accounts and other compensation due to the taxpayer. Debt setoff – filing a claim against income tax refunds. Seize and sell personal property. Foreclosure is also an option that we also exercise to collect delinquent taxes against real estate.

As required by law, at the first meeting in February of the Board of Commissioners, the tax Collector must present a report of the unpaid tax liens for the current FY and the board then directs the collector to advertise those tax liens. This action is the first step in a foreclosure action which. Once directed by the BOC to advertise the unpaid tax liens a notice of the advertisement is sent to the current owners – this is our final notice which contains the total of all unpaid taxes and is also used as notification that we intend to file a claim against the income tax refund. It also spells out the options available to us to collect the past due property taxes.

All taxpayers are notified of the enforcement actions that we take. As stated taxpayers are notified of delinquent taxes both on the annual tax bills they receive and the final notice prior to tax lien advertisement. When we initiate a foreclosure action we mail the taxpayer a pre-foreclosure letter giving the taxpayer the final date to pay before the account is sent to the attorney. The letter also spells out that the attorney fees and costs could exceed \$800 per parcel. Even at this point we are willing to work with the taxpayer to pay off the balance. If they agree to do so and fail to honor the agreement, then we send the parcel information to the attorney.

In February, 2008 we contracted with an attorney to conduct our foreclosures. Since that time we have notified more than 1000 taxpayers of our intentions to foreclosure their property. We have assigned more than 700 parcels to the attorney which has resulted in the collection of over \$1.95 million. Currently the attorney has 256 cases he is working on for us. Some of the cases have been open since 2008. The attorney and I will be meeting on Friday to determine a schedule for selling the properties that we assigned to him in 2008 and 2009. Some of the cases are complex, especially when dealing with heir properties. These properties require more research which may require searching court records in other counties, especially if the taxpayer was not a resident of Chatham County.

Once the attorney has completed the title work and has filed the lawsuit with the Clerk of Court, the documents are served to the taxpayer by a deputy. This can be time consuming for the Sheriff's department. Once served by the Sheriff, many times the taxpayers will then pay the taxes in full or in partial payments. All taxpayers have until the day of the sale to pay all taxes due including the current year taxes in order to stop the sale of the property.

Selection of properties

In 2008 we set up criteria for the selection of the properties. We selected by parcel numbers rather than amount due or taxpayer. Of the first 100 parcels we looked at the value of the property, the location to determine if it has access, if the property can be built upon or would an adjoining owner want to purchase, are there any known problems with the title to the property, are there any superior liens and does the property have contaminated soil. Its important that we have this information before assigning the parcels to the attorney because the attorney fees and costs could exceed the value of the property and if there were no bidders the county could end up with the properties. When that occurs the county must then pay the attorney fees and costs, all property taxes and then the property becomes tax exempt.

Bankruptcies

When taxpayers file for bankruptcy protection we are barred from using forced means to collect the taxes. Currently there are more than 260 active bankruptcy cases. Within the last month we have had four chapter 11 cases – businesses who have filed for reorganization.

All in all I feel that our office performs well based on the results at the end of each fiscal year. Primarily our performance is measured by our percentage of collection which is high (98.06% RP, PP, PU & 92.14% RMV=97.73%), especially so with the economic conditions that exist. How we collect past due taxes may not be a pleasant experience for some, but we are willing to work with taxpayers if they will contact us before we initiate an enforcement action.

Ms. Wilson answered questions from the Board. The Chairman thanked Ms. Wilson for her report.

BREAK

The Chairman called for a short break.

CLOSED SESSION

Commissioner Cross moved, seconded by Commissioner Petty, to go out of the Work Session and convene in Closed Session for the purpose of discussing property acquisition and matters within the attorney-client privilege. The motion carried five (5) to zero (0).

WORK SESSION

Commissioner Kost moved, seconded by Commissioner Cross, to come out of Closed Session and reconvene in the Work Session. The motion carried five (5) to zero (0).

MOTION TO TERMINATE THE RIGHT OF PROGRESSIVE CONSTRUCTION COMPANY TO PERFORM UNDER COURTHOUSE RESTORATION CONTRACT

Commissioner Petty moved, seconded by Commissioner Stewart, that Chatham County terminate the right of Progressive Construction Co., Inc. to perform under the contract entered into between the County and Progressive on or about November 2, 2009 for the exterior restoration of the Historic Chatham County Courthouse, which prior work by Progressive or its subcontractors caused a fire resulting in extensive damage to the Courthouse on or about March 25, 2010. The County is not terminating the contract, which shall remain in full force and effect, but only Progressive's right to perform work under the contract because of the extensive damage previously caused by Progressive's negligent performance. The motion carried five (5) to zero (0).

ADJOURNMENT

Commissioner Kost moved, seconded by Commissioner Cross, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at 4:03 PM.

Brian Bock, Chairman

ATTEST:

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