

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
NOVEMBER 21, 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 2:00 PM on November 21, 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; Sandra B. Sublett, Clerk to the Board; and Lindsay Ray, Deputy Clerk to the Board

Work Session

1. **Public Input Session**
2. **Preservation North Carolina:** Presentation by representatives from Preservation North Carolina on marketing three relocated historical houses
3. **Watershed Protection Ordinances:** Offer direction on changes to the Watershed Protection Ordinance as it relates to buffers
4. **MRF Update:** Update from Staff on Recycling Program Activity
5. **Department of Health Community Health Assessment Presentation:** Holly Coleman, Chatham County Health Director, will present a summary of the Chatham County Health Assessment to Board of Commissioners.
6. **ABC Board Appointment:** Discuss applicants and vote on appointment of one applicant to the ABC Board by the full Board.
7. **Discussion on Revaluation:** The Board of Commissioners will be considering delaying the County’s normal four-year property revaluation.
8. **Discussion of Impact Fees:** The Board of Commissioners is considering changing the time of collection of impact fees to ease the upfront financial burden of building contractors.
9. **Closed Session to discuss property acquisition and matters related to personnel**

CALL TO ORDER

The Chairman welcomed everyone in attendance and called the Work Session to order at 2:01 PM.

PUBLIC INPUT SESSION

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

PRESERVATION NORTH CAROLINA

David Hughes, Public Works Director, explained that the new judicial center is a federally funded project and came under the review of Cultural Resources and its subdivision the State Historic Preservation Office. As they reviewed the application, they determined that the three historic houses located on the judicial site needed to be saved. They undertook the project, bought the property, built foundations, and moved the houses. The three historic houses are located on Chatham Street. He stated that we need to move forward with renovations, but does not feel that the County will want to do the renovations so Preservation North Carolina, a nonprofit that specializes in this, has been brought in. Cathleen Turner is their regional director and will explain the details of the process.

Cathleen Turner, Preservation North Carolina Regional Director, reviewed Surplus Governmental Properties and presented a PowerPoint regarding protecting irreplaceable properties. The link to the PowerPoint is: www.PreservationNC.org

Commissioner Petty asked if Preservation North Carolina worked with private as well as public properties. Ms. Turner replied, yes. If there is a historic property involved, they will work with them and have also worked with other nonprofits.

Commissioner Kost asked how the value of the house is determined. Ms. Turner replied that it was an assessment through conversation and agreement stating that they would like to sell them so that as much of the funds could be recovered as possible but with the idea in mind that there is only so much of a price tag that can be put on them as there is a lot left to do. She stated that they have to be priced so that they are attractive enough where someone will want to take the risk and remodel them. The tax credits are also a valuable incentive. Further recovery of the Board's investment will be in the future in terms of what the houses will add to the tax rolls, revenues generated from hook-ups to utilities, property taxes, and jobs involved.

Mr. Hughes stated that the next step will be to execute an option with Preservation of North Carolina which will be returned to the Board in the not-too-distant future.

Commissioner Kost asked if this was Staff's recommendation to go this route as opposed to any other options.

Mr. Hughes stated that the other option is for the County to try to market and sell the houses itself and that would not be his recommendation.

Commissioner Petty stated that approximately twenty years ago, he had a property in eastern North Carolina that this same agency took, made sure it was preserved, resold, and the person that bought it completed it.

Commissioner Kost asked if someone wanted to purchase the houses and turn them into a law office or business or if it would have to remain as a private residence.

Ms. Turner replied that it was an option and is dependent on the local zoning.

Commissioner Kost asked if there is a required timeline in order to have the work completed. Ms. Turner replied yes.

WATERSHED PROTECTION ORDINANCES

Dan LaMontagne introduced Chris Hopper, the newest employee in the Environmental Quality Department and explained that he had been working with wetland streams and riparian buffers in the Piedmont in North Carolina (including Chatham County) since 1998. He stated that he very well-versed in buffers and is a certified flood-plain manager and has been trained by the Division of Water Quality (DWQ) in stream determinations and buffer applicability.

Mr. Hopper reviewed State required buffers, feature differentiation, adjacent government regulations and presented a PowerPoint which can be found at: <http://www.chathamnc.org/Index.aspx?page=440>

He stated that the Chatham County Watershed Protection Ordinance was adopted on December 6, 1993 as a requirement of the state Water Supply Watershed Rules. These rules set density limits on new development and required 30 foot buffers on all perennial waters in specific watersheds. The Water Supply Watershed Rules required 100 foot buffers on all perennial waters and engineered stormwater controls for new development that exceeded the low density requirements. The County adopted the low density option which limited the amount of impervious surface areas on non-residential projects and the number of dwelling units on residential projects by watershed. The County ordinance also required 100 foot buffers on intermittent and perennial streams in the River Corridor watersheds and 50 foot buffers on intermittent and perennial streams in all other watersheds.

The Ordinance was revised in 2008 to require the current buffers as described in the table below for all watersheds in the county. These buffers were recommended by the Environmental Review Board to:

- *Ensure* environmentally sound use of the County's water and land resources,
- *Protect* the drinking water, recreational, economic, and human health values inherent in well managed water resources,
- *Preserve* the biological integrity of riparian and aquatic ecosystems, and
- *Help maintain* forested riparian buffers throughout the County.

On November 15, 2010, the Ordinance was again revised to include specific language and requirements to meet the Jordan Lake Rules. The buffer requirements were changed to model the State's allowable uses in the buffer areas. Buffer widths were not increased with this revision because they already exceeded the requirements of the Jordan Rules.

During the February 8, 2011 retreat, the Board of Commissioners discussed changes to the ordinance to streamline requirements.

The Ordinance currently requires buffers as follows:

Category	County Buffer Required-all watersheds	State Buffer Required-Jordan Watershed	State Buffer Required-Water Supply Watersheds
Perennial	100 feet each side	50 feet each side	30 feet each side
Intermittent	50 feet each side	50 feet each side	None
Ephemeral	30 feet each side	None	None
Wetlands	50 feet each side	None	None
Seeps and Springs	30 feet each side	None	None
Perennial Water Body	50 feet all sides	50 feet all sides	30 feet all sides

The Ordinance defines these surface water features as follows:

Intermittent Stream: A well defined channel that contains water for only part of the year, typically during winter and spring when the aquatic bed is below the water table. The flow may be heavily supplemented by storm water runoff. An intermittent stream often lacks the biological and hydrological characteristics commonly associated with the continuous conveyance of water. For the purposes of this ordinance, an intermittent stream will have a minimum score of “19” on the NCDWQ Stream Identification Form, Version 3.1.

Perennial Stream: A well-defined channel that contains water year round during a year of normal rainfall with the aquatic bed located below the water table for most of the year. Groundwater is the primary source of water for a perennial stream, but it also carries storm water runoff. A perennial stream exhibits the typical biological, hydrological and physical characteristics commonly associated with continuous conveyance of water. For the purposes of this ordinance, a perennial stream will have a minimum score of “30” on the NCDWQ Stream Identification Form, Version 3.1.

Ephemeral (storm water) Stream: A physically visible feature in the form of a natural channel that conveys water only in direct response to precipitation during or shortly after precipitation events. For the purposes of this Ordinance, an ephemeral (storm water) stream is a well-defined channel which scores between “3 – 18” points on the NCDWQ Stream Identification Form, to distinguish it from an intermittent or perennial stream. An ephemeral stream typically lacks the biological, hydrological, and physical characteristics commonly associated with continuous or intermittent conveyance of water.

Wetlands: “Waters” as defined by N.C.G.S. § 143-212(6) and are areas that are inundated or saturated by an accumulation of surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands do generally include swamps, marshes, bogs and similar areas. Wetlands classified as waters of the State are restricted to waters of the United States as defined by 33 CFR 328.3 and 40 CFR 230.3.

Seeps and Springs: For purposes of this Ordinance, seeps and springs are areas where groundwater intersects at or near to the ground surface either seasonally or permanently. These areas may or may not be considered jurisdictional by federal (ACoE) standards. Due to the broad variability in the size, number, location, connectivity, condition and other natural characteristics of seeps and springs, one or more of the following conditions must apply:

- a. Hydrophytic vegetation must be dominant. This is judged by the greater areal cover of plants (rooted in the putative seep or spring) with indicator status of obligate wetland (OBL) or facultative wetland (FACW) compared to the areal cover of plants (rooted in the putative seep or spring) with indicator status of upland (UPL) or facultative upland (FACU). Plants with facultative (FAC) indicator status are not considered. This definition may be summarized by the following formula: $(OBL + FACW) > (UPL + FACU)$.
- b. The seep or spring is considered a water of the State of North Carolina by the NCDWQ.
- c. The seep or spring meets the criteria of a wetland based on the 1987 U.S. Army Corps of Engineers Manual.
- d. The seep or spring has surface water present seasonally or permanently.

Perennial Water Body: A pond or lake that is part of a natural drainage way and is fed by either an intermittent or perennial stream or directly discharges into either an intermittent or perennial stream.

Mr. LaMontagne and Mr. Hopper answered questions from the Board.

Chairman Bock stated he wondered why, going back to the seeps, springs, and ephemerals, that Chatham County would have different definitions than the scientists, stakeholders, and everyone that was involved in the Jordan Lake Rules. He stated that it took years to come up with those rules with a lot of input from a lot of different people and he wondered why we wouldn't just adopt those rules.

Mr. Hopper said that those rules are the minimum that the State recommends stating that many governments choose to go above and beyond them.

Commissioner Kost asked what kind of shape the Haw and Rocky Rivers are in stating that we have water quality issues in this community and throughout the entire State of North Carolina. She stated that everything she has read about buffering streams is that you have to find a balance, but the more buffers the better as far as protecting water quality and people's water supply. She questioned why we would even consider reducing stream buffers at a time when the water quality in our rivers is sick and unhealthy.

Chairman Bock stated that he was not talking about reducing stream buffers. He was referring to seeps and springs. He stated that if those qualify as a stream, then he is not suggesting that it be changed.

Commissioner Petty stated that a lot of our water quality issues are inherited; they are not generated by Chatham County.

Chairman Bock asked if the Jordan Lake Rules were in place.

Mr. LaMontagne stated that the buffer rules are in place. The nutrient requirements for storm water have not yet come into effect.

Commissioner Kost stated that, not just from an environmental standpoint, she has heard horror stories over the last four to five years about where a seep or stream was not identified and someone built on top of it. She stated that there are issues if you build on top of a spring, and asked if they are not being identified, how is that kept from happening.

Mr. Hopper stated that the protections are based on the Clean Water Act. He stated that he would want to be careful not to overextend our jurisdiction.

Chairman Bock stated that he was not suggesting that we change anything on streams. He stated that he would like to see some changes to seeps, springs, and ephemerals.

Commissioner Petty stated that if it could be defined how long it has to stay wet before it was considered a wetland, it might clean it up. He stated that he thinks the problem lies more with the seeps than the springs.

Mr. LaMontagne stated that it is dependent on the type of soils and the timeframe that the water sits on the soils.

Commissioner Petty asked if we were doing that or just finding a wet spot and calling it a seep.

Mr. Hopper stated that he felt the error with the authors of the ordinance was in incorporating the words seeps and springs. If it is only wet for a period of time, the soils will not be right and it will not be identified. If it is, it will be called a wetland.

Chairman Bock asked if there were different scores required in order to call it a seep or spring rather than a stream or wetland.

Mr. Hopper replied, to his knowledge, there are no qualifiers for seeps or springs in the County ordinances.

Chairman Bock reiterated that the only things that we are buffering by our ordinance are streams and wetlands that already meet a State/federal definition of a stream or wetland. Mr. Hopper replied that was correct.

Mr. Hopper replied that they are protected anyway. They are redundant to call them out especially as seeps or springs.

Chairman Bock asked if they could propose changes to come back before the Board to review that removes the redundancy.

By consensus, the Board agreed.

Commissioner Kost stated that she didn't understand what the redundancy is hurting. Chairman Bock stated that it causes confusion.

Commissioner Cross suggested that the Board wait until the models are developed and revisit the issue.

Chairman Bock stated that he felt it could be years away. He stated that we could be in front of the State if we wanted to define ephemerals at all.

Mr. LaMontagne stated that they could come up with some examples of some streams and go out and score them.

Commissioner Kost invited them to her property stating that she has several ephemerals with channels that are approximately ten feet deep and within a quarter of a mile, they flow into Jordan Lake and take the silt with it.

Chairman Bock stated that he did not think there was disagreement between them with regard to intermittent and perennial streams. There is some concern, on his part, regarding the redundancy of seeps and springs and ephemerals stating that he feels they are buffering something that may not need to be buffered which is causing confusion and expense with no result.

Commissioner Kost stated that she was not on the Board when this was done; however, she did attend the meetings. She recalled some discussion about ground water with springs and the connection that if it is a potential source of contaminating ground water if they do not protect the springs.

Mr. Hopper stated it is where the land surface intercepts the water table and that is why it is a permanent feature. It will exhibit other characteristics to reduce soils. He stated that he would call these areas wetlands.

Commissioner Kost asked if the Chairman was suggesting that the ordinance be cleaned up and not changing any of the protections.

Chairman Bock suggested cleaning up the ordinance as it relates to seeps and springs.

Commissioner Cross stated that on his farm, he has a seep that is feeding a pond. It has a seep area that stays wet most of the time with an ephemeral to the Cape Fear River.

Mr. Hopper stated that they had spoken with the State and have identified a property where they think they will have all three features present and it is their intention to pursue it further.

Mr. LaMontagne stated that it is clear that the Board would like to keep 100' buffers on perennial streams, 50' on intermittent streams, and clearing up the distinction between the seeps and springs as they relate to wetlands and intermittent streams stating that they would not want a wet spot on the ground to be buffered by 30 feet if it is not a significant seep or spring. He stated that they would look at ephemerals to see what score the State looks like they may be going for and find examples of them in pictures or videos.

Chairman Bock stated that he thought that was a good plan.

Mr. LaMontagne stated that they would come up with recommendations based on what is now happening with the State.

Commissioner Kost stated that some of the jurisdictions take into consideration slope because it does have an impact. If there is a large slope, it can affect the width of the buffer and she would like that to be looked at as well.

Mr. LaMontagne stated that generally with the steep slopes on the banks of the streams reduce the buffer width because there is not as much land. It also gets very confusing for the development community of how the big the buffer is especially when they see them at the pre-application meetings asking what they have to protect. They would be told that they have to do a survey and determine the slope before the buffers can be defined. They are trying to keep it consistent across the County so that people can know what to expect.

Commissioner Petty asked if the goal would be to establish a definition that keeps the decision from being subjective.

Mr. LaMontagne stated that is why they like the individual Water Quality Score Sheets stating that they are very good and one has to be trained and certified to use them so that it is consistent across the State.

MRF UPDATE

Dan LaMontagne explained that after the end of the landfill search, we were left with the need to reduce the amount of waste generated and to increase the amount of recycling in the county. We have been talking about a number of options including pay-as-you-throw and have also discussed switching to commingled recycling (all recyclables in the same container). One thing that has made this difficult is the distance to "material recycling facilities" (MRFs) where the recyclables are mechanically separated. The nearest MRFs are in Greensboro, Raleigh, and Fayetteville. We began discussing the feasibility of a MRF in Chatham County.

Mr. LaMontagne stated that he has had discussions with the State about this and found that they are in the process of studying the flow of recyclable materials to the existing MRFs. At the same time, Ralph Avallone with Green Energy Council approached the County with a potential private investor who may have an interest in opening such a facility here.

He said that he has had discussions with the investor and has shared some data with him stating that at this time, we in the very preliminary stages of discussion.

Commissioner Cross asked if this operation is the same as the one in Catawba County. Mr. LaMontagne stated they had the landfill as the hub for their facility and did not have a MRF.

Commissioner Petty asked with a MRF facility if there would be a higher participation of recyclables. Mr. LaMontagne replied yes. He stated that studies throughout the United States show that if citizens can throw everything in one can and dump it in one box, it is very quick.

Commissioner Petty asked if the company Mr. LaMontagne is talking about would own the MRF. Mr. LaMontagne explained that it is still in the preliminary stages. There is a potential for a private and also a public-private partnership.

Commissioner Petty asked how their level of interest would be gauged at this point. Mr. LaMontagne stated that it was introductory. He is gathering information and the beginning stages.

Commissioner Petty asked other than the plastics recycling facility or pelletizing plant, what other industries might be drawn into the County. Mr. LaMontagne stated that people who would take steel, aluminum, etc.

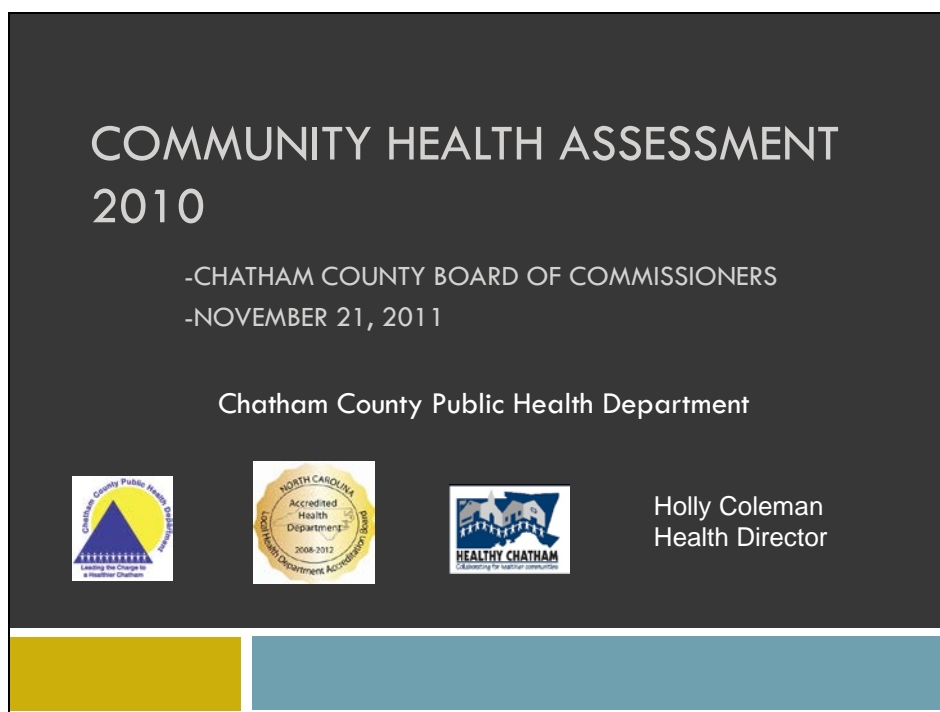
Commissioner Petty asked if a rail site would be more attractive. Mr. LaMontagne stated potentially yes; however, he has seen it both ways. It all depends on the business. And it definitely opens up the options to have rail.

Commissioner Cross stated that if everyone would like to see a rail operation, they should visit the Catawba County facility which includes solid waste disposal in addition to recycling stating that they have a booming public-private partnership with numerous plants that have come in around them that use the recycling materials.

Mr. LaMontagne stated that they would continue to pursue this and provide any information he can to this business and see what comes of it.

DEPARTMENT OF COMMUNITY HEALTH ASSESSMENT PRESENTATION

Holly Coleman, Chatham County Health Director, presented a summary of the Chatham County Health Assessment, Youth Health Behavior Survey, and a Health Disparities Report in a PowerPoint as follows:



Introduction to CHA/reports

- Three CHA Reports
 - ▣ Community Health Assessment
 - ▣ Youth Health Behavior Survey (YHBS)
 - ▣ Health Disparities Report

Community Health Assessment

Process and Highlighted Results

- Surveys, Interviews, Focus Groups
- CHA Steering Team set priorities

Important Issues to Chatham County Residents



Straight from Chatham County Residents

“Chatham County is in an ideal...situation. We have the advantages of being close to urban areas, educational institutions of higher learning, shopping and commercial activities...And we can still retain some aspects of a more open, rural atmosphere...”

“I think the people in Chatham are very caring people... A place where everybody knows everybody else.”

“Chatham County is one of the most diverse places I’ve ever lived.”

Straight from Chatham County Residents

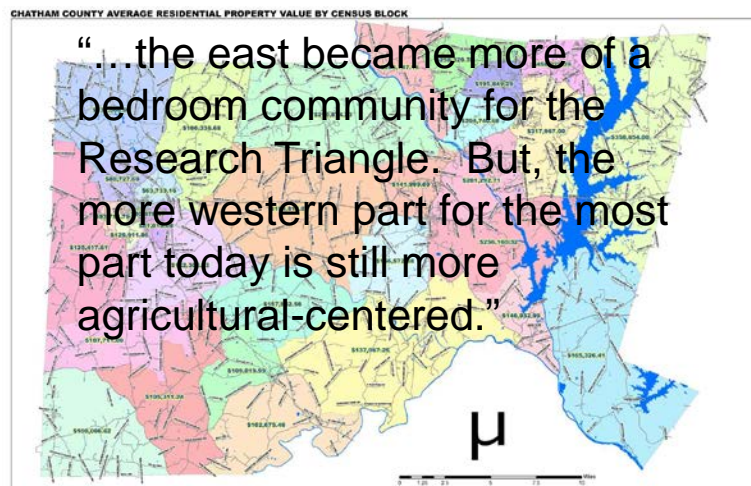
“There’s a real disconnect between eastern Chatham and western Chatham...”

“Teens don’t have anything else to do. They don’t have any program that keeps them busy and keeps them active and so forth.”

“...Definitely the Latino population has more than quadrupled in the past few years.”

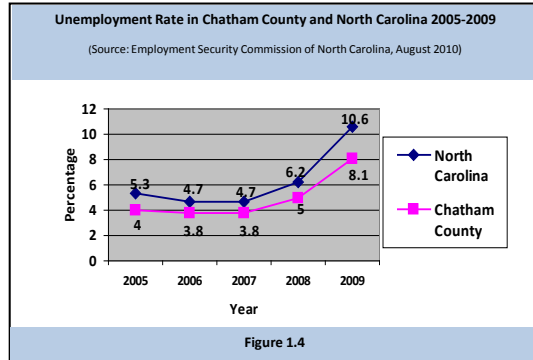
Highlights from CHA Report

Home Values



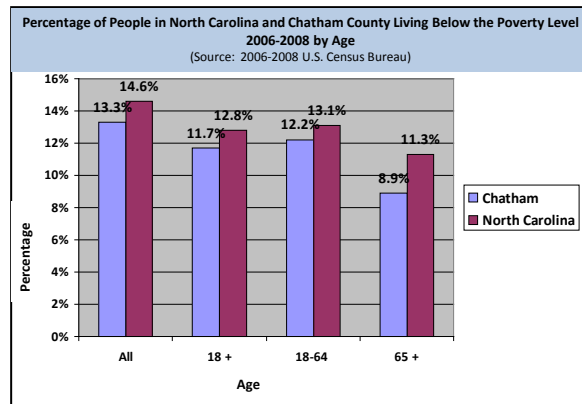
Highlights from CHA Report

Unemployment



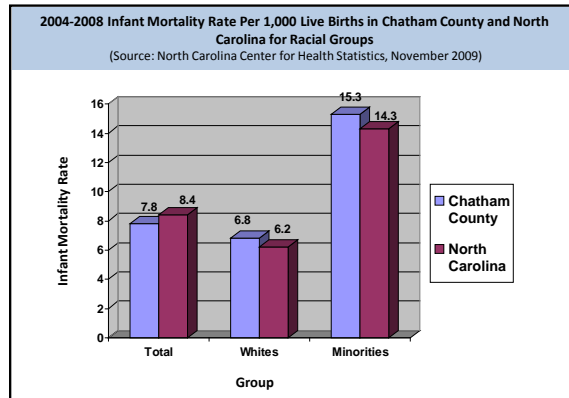
Highlights from CHA Report

People Living in Poverty



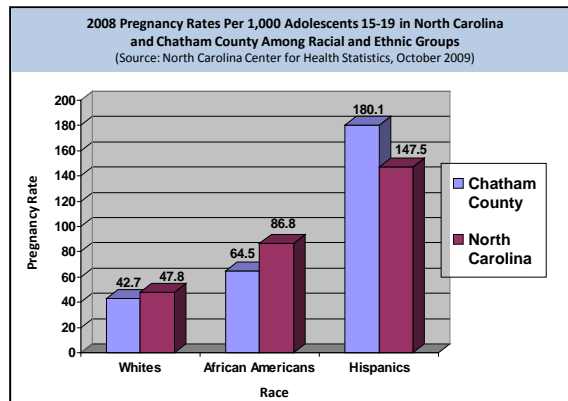
Highlights from CHA Report

Infant Mortality



Highlights from CHA Report

Teen Pregnancy Rate



Chatham Health Highlights

Top 10 Leading Causes of Death in Chatham County 2004-2008

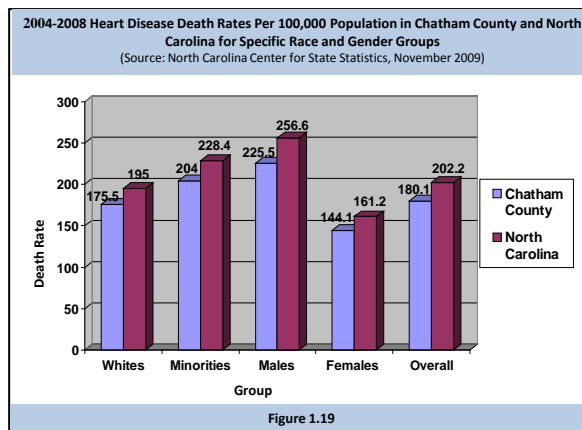
(Source: State Center for Health Statistics)

Chatham County Leading Causes of Death	
1.	Heart Disease
2.	Cancer
3.	Cerebrovascular Disease (Stroke)
4.	Chronic Lower Respiratory Diseases
5.	Unintentional Motor Vehicle Injuries
6.	Diabetes Mellitus
7.	All Other Unintentional Injuries
8.	Alzheimer's Disease
9.	Pneumonia and Influenza
10.	Suicide

2009-#1 tie-Cancer and Heart Diseases, #5-Diabetes, #6 Alzheimer's Disease

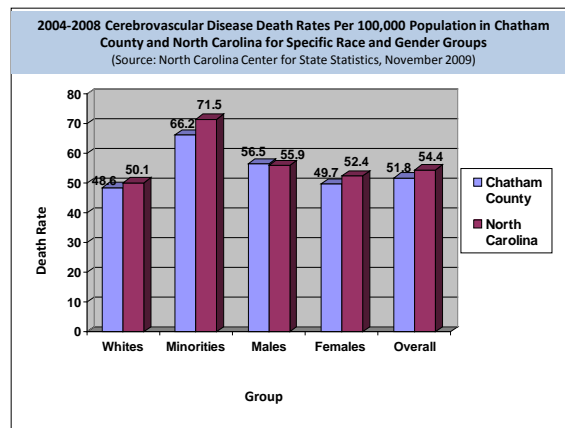
Highlights from CHA Report

Heart Disease



Highlights from CHA Report

Cerebrovascular Disease



Emerging Issues

- Economic Development
- Technology
- Widening Income Gap

Health Priorities

2010 Quality of Life Issues

1. Obesity
2. Physical Inactivity
3. Affordable Housing
4. Hunger
5. Lack of Safe Areas to Walk/Bike
6. Lack of Adequate/Affordable Health Insurance
7. Diabetes
8. Transportation
9. Jobs/Adequate Employment
10. Inadequate Systems (Water/Sewer)

2006 Quality of Life Issues

1. Alcohol and Other Drug Use
2. Lack of Affordable Health Insurance
3. Obesity
4. Water Quality
5. Unsafe Sex/Unintended Pregnancy
6. Family Violence
7. Affordable Health Care
8. Recreation
9. Diabetes

Health Disparities Report

State Center for Health Statistics, NC BRFSS
Community Health Assessment Data: via focus groups, interviews, and survey.

Resources and research from public health agencies.

It is a stand alone report

Why: It is a priority of public health.

- Two of the overarching goals for **Healthy People 2020: An Opportunity to Address Societal Determinants of Health in the United States** are to:
 1. **Achieve health equity, eliminate disparities and improve the health of all groups.**
 2. **Create social and physical environments that promote good health for all.**

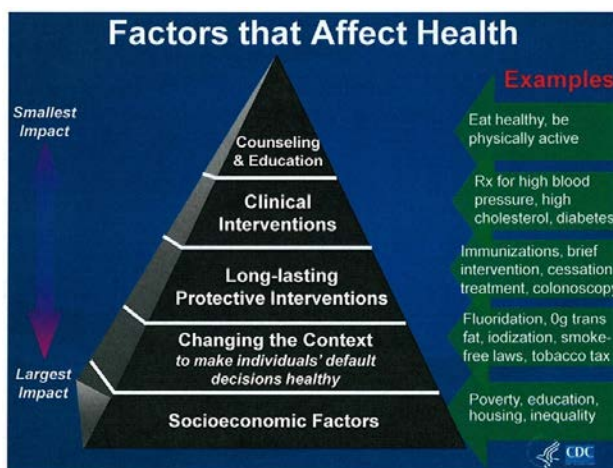
The Data

- State Center for Health Statistics, NC BRFSS
- Community Health Assessment Data: via focus groups, interviews, and survey.
- Resources and research from public health agencies.
- It is a stand alone report.

Why: Health disparities cost all of us.

- Racial health disparities cost the United States \$229 billion between 2003-2006. While the cost and loss of quality of life affects certain groups most, it damages all of us.

Factors that Affect Health Figure



“At the bottom of the pyramid is the social structure (e.g., education, poverty, housing, jobs, inequality). These are the things that have the biggest impact on health.”
Dr. Frieden,
Director, CDC

Chatham County Health Disparities

- **Infant Mortality:** Minorities women are having fewer births than white women but their babies are dying almost **2.5 times** more than babies born to white women.
- **Diabetes:** Minorities are **3 times** more likely to die of diabetes as compared to whites

YHBS Report

Process and Highlighted Results

- Modeled after CDC's YRBSS tool
- 2,539 6th-12th graders surveyed
- All CCS's are represented
- Voluntary participation-presents a sketch

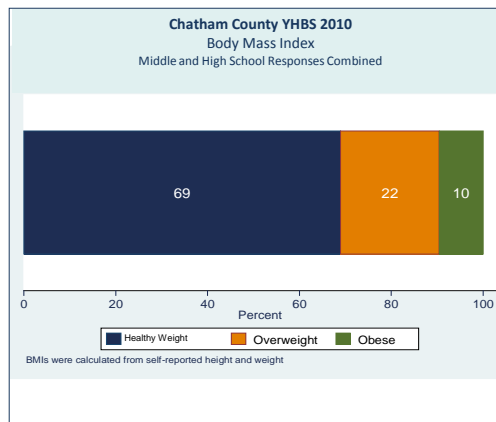
YHBS Process

- Main areas measured: obesity, injury/violence, drug use, sexual behaviors.
- Surveyed 6th-12th grade students with online tool
- 2539 students participated
- 77% of middle school (MS) students participated, 47% of high school (HS) students

Highlights from YHBS

Obesity

- 1/3 students active at recommended level
- More soda (34.9% 1+ past week) and less vegetable consumption (8.8%, 3+ per day) than NC & US average



Highlights from YHBS

Injury and Violence

- As compared to NC and US,
 - ▣ Average in terms of bicycle helmet use (73.1% MS, 85.4% HS never/rarely)
 - ▣ Less students indicated riding with an intoxicated driver (15% MS, 20.3% HS)
 - ▣ Less high school students report seriously considering (10.2%) and attempting suicide (4.3%)

Highlights from YHBS

Drug Use

- As compared to NC/US,
 - ▣ Less alcohol use (28.7% HS in past month)
 - ▣ Similar tobacco use (19.1% HS in past month)
 - ▣ Less marijuana use (16.2% HS in past month)
 - ▣ Far less prescription drug use than NC HS students

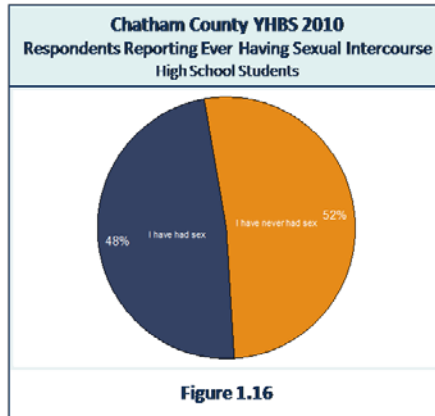
Table 1.19 - Percentage of students who report ever abusing prescription drugs

Chatham Co. Middle School 2010	North Carolina Middle School 2009	Chatham Co. High School 2010	North Carolina High School 2009
4.5%	6.5%	11%	20.5%

Highlights from YHBS

Sexual Risk and Protective Behaviors

- Lower adolescent pregnancy rate than $\frac{3}{4}$ NC counties (48 per 1000)
- Over half have first sex after age 14
- 73.9% used a condom at last sex
- 11.7% used no method of protection



Next Steps

- Community Action Plans
 - Obesity
 - Physical Activity/Safe Places to Ride and Walk
 - Affordable/Accessible Healthcare
 - Diabetes
- State of the County's Health Report

Where to Find the Report

- www.chathamnc.org/publichealth
- <http://www.chathamnc.org/Index.aspx?page=783>
- Local libraries
- Health Department locations

BREAK

The Chairman called for a short break.

ABC BOARD APPOINTMENT

A discussion ensued regarding the three applicants that have applied to serve on the Chatham County ABC Board.

Commissioner Cross nominated Joseph McEvoy.

Commissioner Kost nominated Larry Brooks.

Chairman Bock called for a vote for Joseph McEvoy. Commissioners Bock, Cross, Stewart, and Petty voted in favor of the motion to appoint Mr. McEvoy.

Chairman Bock called for a vote for Larry Brooks. Commissioner Kost voted in favor of the motion to appoint Mr. Brooks.

Joseph McEvoy was appointed to the Chatham County ABC Board.

REVALUATION

Chairman Bock stated that continuing with revaluation on schedule had already been voted on; however, as he thought about it, he had some concerns and he wants to bring it back up for discussion. He stated that they talked about what would happen if they did do revaluation and the property values were revalued at 6% lower than current values and what it would mean with regard to a tax increase. At the time, he stated that it would be hard for him to support a revenue neutral tax increase. Since then, he has learned the implications of not having the tax increase that goes along with the revaluation. He stated that he is pretty sure that he cannot support the tax increase, and he needs to know what the ramifications of that would be.

Renee Paschal, Assistant County Manager, explained that the projected loss is now between 8-10% instead of the 6% previously discussed.

Tina Stone, Tax Assessor, stated that the last time that they spoke about revaluation the sales ratio was showing that the trend was increasing and could possibly be up to 8-10% by the time it was implemented in January 2013. She stated that she ran the sales ratio today showing that we are holding at 106; however, the coefficient of dispersion, which is how even the values are across the County, is holding around 30. The normal level would be between 9 and 13. It could change with another year of sales that would be used for the revaluation.

Ms. Paschal stated that she calculated both the tax rates needed to generate an equivalent levy and the "revenue neutral" rate as defined by state statute for 8% and 10% losses. The revenue neutral rate will be higher because it allows the growth of the tax base in preceding years to be factored in. Even though property values have been declining, there has been some growth in the property tax base with new homes being built, etc. She noted that the calculations are projections and requires several assumptions about values.

At present the tax rate is 62.19. For an 8% loss in the tax base, an equivalent levy rate would be 66.95; revenue neutral rate 67.96. For a 10% loss, the equivalent levy rate would be 68.34; revenue neutral 69.37. She stated that she also calculated if the tax rate was not adjusted to revenue neutral or equivalent levy what would need to be cut out of the budget to retain the current tax rate. For an 8% loss, it would be \$3.9 million; for a 10% loss, it would be close to \$5 million.

Commissioner Kost asked if during the last revaluation, the rate was reduced. Ms. Pascal stated that it was reduced to revenue neutral. Commissioner Kost stated that the old Board didn't cut taxes, they cut the tax rate stating that she sees that as a huge distinction.

Chairman Bock stated that he was not concerned about what the last Board did. He is concerned about what they are going to have to do or not have to do.

Commissioner Kost stated that her concern is with the way it is perceived. It wasn't perceived that the taxes were cut the last time. In fact, she stated, they were increased because the revenue neutral rate was done, taxes were increased, and the rate went down.

Chairman Bock stated that he understands; however, he is hearing from property owners that they are paying too much in taxes as their property isn't worth what they say it is. If the value is lowered, they would expect lower property tax bills. In reality, he stated that he does not see that happening except for a few people. He stated that if he really thought they would be paying less in taxes, that would be one thing. He does not see that happening. He stated that if he didn't support the increase in property tax rates to 68 or; he also said he doesn't know where they would find another \$5 million in cuts in addition to being able to cover increases in the next few years to pay for on-going school buildings and normal operations. He stated that he doesn't think he can support a revaluation at this time because he cannot get around raising the rate and he doesn't think he could direct the Board to cut another \$4-5 million out of the budget that quickly.

Commissioner Kost stated that we are going to be faced with is a tremendous number of appeals. The last revaluation we had a large number of appeals from the Cary area that is located in Chatham County. If we do not adjust the values on the schedule as planned, she thinks that the number of appeals will sky rocket. The people are very angry that their values are too high. They are looking at their values more than they are looking at their rates.

Chairman Bock disagreed stating that they are frustrated that their values are too high because they are paying taxes on an inflated value. Commissioner Kost stated that was not how it worked the last revaluation.

Chairman Bock stated that he is talking about this revaluation. If their expectation is their houses are worth less than what they have been told, they need to lower the value of the house to a real market value so that they pay less tax. If we lower the property value through revaluation, then raise the tax rate from 62 cents to 69 cents, they will not pay less in taxes.

Commissioner Kost stated that when they were upset during the last revaluation, was not when they received their tax bills. It was when they received their value notice. That is when 400 people showed up. Once the tax rate was set, they were fine. It was the value. She stated that she feels it is a tremendous mistake not to go forward with the revaluation.

Chairman Bock asked Commissioner Kost if she would agree with it if she knew that we were not going to change the tax rate to a revenue neutral rate.

Commissioner Kost stated that she cannot respond to that because she wouldn't support that either because she doesn't think Chairman Bock is looking at it as an equation.

Chairman Bock stated that he was looking at it as dollars spent by someone who owns a house.

Commissioner Cross stated that we are going to have to have the revenue. He suggested that the Board get it over with. He stated that he has been on Boards that raised taxes at least twice. One time was a 4-cents increase and there was "heat" for it, but you have to explain to citizens that the County has to operate. We have cut down to a lean operating budget. We are going to need additional money for the high school and probably need additional money for operations for the judicial center.

Chairman Bock asked if he was talking about raising taxes from 62 cents to 69 cents plus another few cents. Commissioner Cross stated that is was going to have to be done. It is just a matter of time.

Commissioner Kost stated that if the average goes up 10% for everyone, then the tax bill is not going to change. It is going to be the same. The purpose of a revaluation is to adjust the fluctuations throughout the County. For some people taxes will go up, for others they will go down if a revenue neutral tax rate is adopted.

Chairman Bock stated that if they raise the rate to 69 cents to revenue neutral everyone would pay the same amount that they were before. Now their values are less and taxes are raised another 2 cents to pay for other things.

Commissioner Kost stated that adding the 2 cents is a discussion for another time. With the various townships at different levels, taxes will go up in some townships, such as Bear Creek and Pittsboro. Townships that say higher increases last time will be adjusted down.

Chairman Bock stated that if revaluation was done on an eight-year cycle, the county would still get the same, overall leveling out. It would just be on an eight-year cycle instead of a four-year cycle.

Commissioner Kost stated that having worked in jurisdictions with an eight-year cycle and then switched, the four-year cycle is much more equitable.

Commissioner Cross stated that there is usually a lot more "sticker shock" on an eight-year revaluation.

Chairman Bock stated that normally there would be a straight-line increase over eight years in people's property values. That is not the case this time. He stated that he could not support a revenue neutral tax increase because he feels the expectation is when someone's property value is lowered, they expect to pay less taxes.

Commissioner Kost stated that having attended a meeting with 400 property owners appealing their values during the last revaluation and based on her experience and talking with many people, it was the value with which they were most concerned.

Chairman Bock asked why they would care about the value if they didn't care about the tax rate.

Ms. Stone stated that this year they had 638 Board of Equalization and Review (E&R) appeals. About 90% of those were based on requested value changes, based on what is happening now in the current sales in the market. Unfortunately, they could not change them because of that.

Chairman Bock asked why they wanted their values adjusted.

Ms. Stone stated that the reason is that they want to pay their fair share. Chairman Bock stated that they want to pay taxes based on that value and they feel they are paying too much in taxes.

Ms. Stone said that they explained it is a two-step process. The Commissioners set the tax rate which determines their tax bill.

Commissioner Petty stated that he didn't think Chatham County is the only one dealing with issue now. We should look at what some other people are doing. Having talked to another county who is dealing with the same thing, they opted not to revalue for the same reasons they are discussing today.

Commissioner Cross stated that Frances Wilson and he attended a tax meeting with the North Carolina Association about three weeks ago. There are a few counties in the State that have opted to delay revaluation. The vast majority were proceeding with it.

Commissioner Petty asked the cost of the revaluation.

Ms. Paschal stated that go-away costs were \$130,000; total costs for the 2013 revaluation are estimated at \$617,000, most of which is County staff. County staff performs other things in addition to revaluation including property appraisals. That cost would not go away. The majority of the cost that would go away is contracting for commercial appraisals. Based on what has been spent so far, \$130,000 would not be spent if the county did not move forward with revaluation.

Commissioner Kost stated that we may have to look at adding staff to handle appeals.

Ms. Stone stated that it would increase the number of appeals. She reviewed surrounding counties and their revaluation dates.

Commissioner Petty asked, of the number of counties that do not have to move forward with revaluation, how many were doing so. Ms. Stone replied that there were eight counties.

A discussion ensued regarding tax adjustments in the different townships within the County.

Chairman Bock asked when a vote had to be taken on this issue.

Ms. Stone stated that they were ready to get into the meat of the work. The majority of the work will start as soon as they get the listing forms out in December. They will begin in January finalizing the value reviews of 42,000 parcels within the County. They have stopped working on the part that is contracted out until the Board makes a decision. The sooner the decision is made the better.

Commissioner Petty stated that the Board rushed into a decision last time. He never was quite comfortable with it. Since then, with what he knows about it and the conversations he has had with other people in other counties, he is second-guessing himself. He wants to make sure he has a good, clear understanding of the full ramifications before they make a decision. He stated that he felt they should try to survey again what this means.

Commissioner Petty asked if keeping the valuations as they are, the worst thing that would be a percentage of increase to cover additional expenses i.e. schools, jails, judicial center.

Commissioner Kost stated that was two different discussions. The discussion here is the purpose of a revaluation. The purpose of a revaluation is when different areas of the County increase or decrease in values more, at a different rate, and revaluation adjusts it so that tax values are fair. People, when they are paying on a value that is over-inflated, no matter what the rate is, they are going to say they are paying too much in taxes because they know their value is too high. That is the main reason, she stated, that she feels very strongly about this, that it is the right thing to do, a four-year cycle has been established, and we should continue with it.

Chairman Bock asked the magic of a four-year cycle if the purpose is to even it out.

Commissioner Kost stated that the four-year cycle is what this Board had adopted to be the cycle. She stated that there is some magic with the utilities.

Chairman Bock stated that the four-year cycle used to be an issue for public utilities, but it is not now, because values are declining.

Commissioner Stewart asked if people were going to think that their valuations were fair after they go through a revaluation.

Commissioner Kost stated that she could not answer that.

Commissioner Stewart stated that was the point stating that Commissioner Kost stated that people are feeling like their valuation is unfair. When they get them this time, she would be willing to bet that people will still not think their valuations are fair especially when you are the one whose valuation does not go down but 2%.

Commissioner Kost stated that speaking from the experience of the last revaluation, a lot of people (especially in the Cary subdivision because it is unique) know what comparisons and the market values are, but if the values are left as-is, she guarantees they will be more upset than if they were adjusted down.

Commissioner Stewart reviewed different scenarios of property tax adjustments. A discussion ensued regarding cost adjustments.

Ms. Stone referred to a handout stating that if a revaluation is delayed, the trend to appeal is increasing.

Commissioner Petty asked what would cause the least amount of grief. Chairman Bock stated that the least amount of grief would be caused by proceeding with the revaluation. However, he stated that he did not think that was the right thing to do.

Commissioner Cross moved, seconded by Commissioner Kost, to proceed with the revaluation as scheduled. Further discussion ensued.

Chairman Bock called the question. The motion failed three (3) to two (2) with Commissioners Bock, Stewart, and Petty opposing.

Chairman Bock explained that the Board voted to not go forward as planned. He stated that they do have to decide when they want to go forward.

He asked if there is a motion to proceed in four years. There was no motion made.

The County Manager stated that the Department of Revenue will have to be notified.

Ms. Stone explained that the reason the Board would not want to delay it for one year is because it would be pushing staff to get it ready. She asked if the Board did not want to proceed with the four years, two years would be the best decision because of the work that has to be done. If the Board votes for four years, the work that has now been done is null and void. If the Board votes for two years, some of the work can be salvaged. She encouraged the Board to decide if they want to stay on a four-year cycle.

Commissioner Petty moved, seconded by Commissioner Stewart, to move the revaluation process to the year 2015 and adopt **Resolution #2011-55 Delaying the Effective Date of a Reappraisal of Property in Chatham County**, attached hereto and by reference made a part hereof. The motion carried three (3) to two (2) with Commissioners Cross and Kost opposing.

IMPACT FEES

Jenny Williams, Central Permitting Director, stated that manufactured mobile homes and modular homes are not granted conditional power. She stated that in looking at the fiscal year, there were 242 permits granted for the County and does not include the towns or Cary's numbers because she does not know their completion dates on their homes. The impact fee was assessed on the 242 permits which included single-family dwellings, manufactured and modular homes. Of the 242, 223 were for single-family dwellings; 85% have been completed; they were started on or after July 1, 2010. The average square footage of these homes was 3,482 square feet. It took an average of five months to complete the homes. Five months, a \$3,500 impact fee, 4% construction loan rate, they are paying approximately \$40.00 less in interest. Whereas, if we collect the money at conditional power, most people call them with the information, fax the application, and will give a credit card number over the telephone. The credit card company charges the County up to 5%. If they charge 3% on \$3,500, it would cost the County \$105.00 every time it is taken over the phone. Most of the credit card payments are from people who fax in a single trade permit, inspection fees, or the conditional power which are \$50.00 fees. Rarely do people charge their total permit fee. The County cannot legally charge the customer the fee. Orange County does not take credit cards, but are in the process of beginning to do so.

People who call to schedule a conditional power or final inspection and are told that they have fees due, will give a credit card number because they are not going to wait until the check clears. She also has a concern about a non-sufficient funds check taken at that point.

Chairman Bock stated that he doesn't know that it is necessarily a case of interest being paid on the \$3,500 stating that it is a cash-flow issue on when it's paid. Banks do not lend on an impact fee. It is coming out of someone's pocket to pay the \$3,500 whereas if it was moved up, the \$3,500 could be used toward something else.

Ms. Williams stated that the \$3,500 on a mobile home owner is a burden either way. She asked what they do when it comes to the end and they do not have the \$3,500 fee.

Commissioner Cross asked if we would be assessing the fee differently to different groups if we moved it on houses.

Ms. Williams pointed out that she has called Cary, left messages, and they pointed out in a letter in April 2010, Cary stated that they collect fees at the time of the permit is purchased. They also pointed out that this will likely increase credit card usage fees and the town would possibly pass those costs on to the County.

Commissioner Cross asked if Cary was assessed the school impact fee. Ms. Williams stated that they collect it for Amberly and they are collecting it for Chatham County.

Chairman Bock asked if they couldn't make it so the people couldn't move in if the money wasn't there. He asked if people could be made to pay the fee before the final inspection.

Ms. Williams stated that she thought a change would have to be made to the ordinance.

Commissioner Kost asked if a public hearing would have to be held in order to change the ordinance.

Ms. Williams asked about the Town of Cary and their collection of the fees at the beginning of the process stating that they have no obligation to hold up the building permit process on Chatham's behalf.

Commissioner Cross stated that we have been collecting the fee for approximately twelve years since 1999, and it seems to work.

Chairman Bock stated that the reason it was implemented for the timing wasn't for all the reasons they are trying to stop it now. It was because there was a big building boom and they needed to make sure they had the money in the bank to build schools. The issue does not seem to be valid any longer, and if it is changed by the Board, it will be a less burden for those who are building. He stated that it is a time issue and has to come out-of-their-pockets six months or more before it actually has an impact on the school. If the fee is a school impact fee, he feels they need to collect it closer to the time it has an impact on the school.

Commissioner Cross stated that there had been so many items that had come up for one person or one group of people. He stated that he feels it should be left alone. It has been working fine. He stated that it does not seem to have stopped anyone from building their home because they had to pay the fee upfront.

Commissioner Petty stated that he doesn't have a problem with adjusting the timeline but the implementation of it is what seems to be creating the biggest obstacle.

Commissioner Kost stated that she wanted to see it moved to conditional power as she sees some of the problems as outlined and she is trying to figure out solutions to them. She stated that not accepting credit cards takes care of one of the problems; and working with Cary is not insurmountable; and if they have to come to Pittsboro to pay, then have to. She stated that she feels we can work through the problems.

Commissioner Stewart stated that she feels the biggest issue is that of the credit cards and she feels it is doable.

Commissioner Petty reiterated that he did not have any problems with adjusting the timeline stating the implementation will be the problem.

Commissioner Kost stated that it was one builder that is building most of the homes in batches. She suggested that the Board give staff direction to work on the proposal and change the Impact Fee accordingly, after a public hearing is held.

Chairman Bock stated that they could make the decision; that it is not the general public that it impacts. He stated that if we need a public hearing, we should have one. Otherwise, he doesn't know that this is a situation in which one would be needed and we would one want if we didn't have to.

Chairman Bock reiterated that the direction would be to change the ordinance to go to conditional power.

By consensus, the Board agreed.

CLOSED SESSION

Commissioner Petty moved, seconded by Commissioner Stewart, to go out of Regular Session and convene in Closed Session for the purpose of discussing property acquisition and matters related to personnel. The motion carried five (5) to zero (0).

WORK SESSION

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

ADJOURNMENT

Commissioner Petty moved, seconded by Commissioner Cross to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting adjourned at 5:20 PM.

Brian Bock, Chairman

ATTEST:

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