

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
AUGUST 04, 2003

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 10:25 AM on August 04, 2003.

Present: Chairman Tommy Emerson; Vice Chair Carl Outz; Commissioners Margaret Pollard, Bob Atwater, and Bunkey Morgan; County Manager, Charlie Horne; County Attorney, Robert L. Gunn; Finance Officer, Vicki McConnell; and Clerk to the Board, Sandra B. Sublett

The Chairman reconvened the work session meeting 10:25 AM.

Work Session Agenda

1. **Arts Incubator Update – Convention Center**
2. **Fire Districts Update**
3. **Water System Update**
4. **Organic Grocery**
5. **Pay-Plan – Salaries: Sheriff, Register of Deeds, County Manager**
6. **Efficiency Study Update**
7. **Easement Request by Progress Energy**

ARTS INCUBATOR UPDATE – CONVENTION CENTER

Leon Tongret, gave an update and overview of the Arts Incubator. He stated that the Economy Motors Building includes the Central Carolina Community College Small Business Office, classrooms, Photographic Center, Incubator Training Center, Incubator Retail and Commercial Sales Center; that The Hardware Store-Pottery Center will house the pottery program and Coalition for Family Peace when approved by the Fire Marshal; that the Methodist Church has been stripped with renovations to start shortly; that AutoQuest Building has been stripped, is being cleaned, and tenants have been lined up with occupancy already begun; that these buildings are well underway as part of the Arts Incubator and are not just arts businesses but are actually manufacturing businesses; that one of the businesses is moving from Holly Springs and is a high-end guitar manufacturer; and that businesses from other counties are coming into Siler City.

He presented a map to the Board showing buildings that are currently in the process of being acquired or will be acquired within the next 30-50 days. A copy of the map is attached hereto and by reference made a part hereof.

Mr. Tongret continued by informing the Board of another opportunity stating that the Boling Furniture Building has been returned to partial use; that the two largest buildings are in question; that in talking with the current owner, there are two directions that can take place: 1) Someone can step in and start doing something with the buildings; or 2) They are going to be boarded up and within a matter of time the roofs will collapse and the buildings will have the same fate as some other large buildings within the County; that if the Arts Incubator purchases the buildings, they can be used; that there are a number of critical issues with regard to the buildings; that sprinklers need to be installed to make it a safe building to operate; that they have been working with the buildings inspector to make certain that the other safety issues have been taken care of; that it is a grand opportunity for the types of things which they wish to accomplish; that one of the buildings is located on the other side of the railroad tracks outside of the commercial fire district which allows for blacksmithing, spray painting, and other things that are not permitted within a commercial fire district; that the one hundred thousand square foot building is extremely important to them; that the owner also offered another building that they could not turn down which provides other fantastic opportunities; that they have always been challenged with finding a large enough space to hold the Small Business Expo; that in the past three years, it has been held in different locations which provided difficult situations; that they have in mind for a portion of the Boling Building, a convention center for Chatham County; that it is a 25,000 square foot facility that would make a wonderful space for either several small events or to be opened up for very large events which could easily accommodate the Small Business Expo in a much larger space than they have ever had before.

A discussion followed with regard to whether the Board of Commissioners would be interested in having a feasibility study done that would be done without a cost to the taxpayers by volunteers who would come together to study the issue, take a look at this specific facility to see if it meets the criteria as a kind of facility that would work for a lot of County-wide events and return to the Board with a recommendation that the facility is needed, the location is would be good, or some variant of the plan; that his proposal is to explore it as an option. He asked for direction from the Board as to their thoughts on whether it would be a good idea.

Commissioner Pollard moved, seconded by Commissioner Morgan, to support the idea of the exploration of a convention center for Chatham County with the possible use of the Boling Building as an option. The motion carried five (5) to zero (0).

FIRE DISTRICTS UPDATE

Tom Bender, Chatham County Fire Marshal, explained that an inquiry was made by Mr. Jeff Hunter, Colvard Farms Development, as to why his fire tax statement indicated that his fire tax was going to the North Chatham Fire Department; that he thought he was in the Parkwood Fire District; that the Chatham County Tax Department records indicate that the fire tax of property located within the Colvard Farms Development is, in fact, going to the North Chatham Fire Department Fire District; that a review of the petition of the resident freeholders and 1987 resolution approving changes in the boundaries of the Parkwood and Hope Fire Districts was accomplished; that an exact map depicting the effected area could not be located; that a Fire District map was located and depicts the Parkwood Fire District-North Chatham Fire District boundary as being NC Highway #751; that it appears that the wording of the written description of the Parkwood Fire District depicted in the petition that was circulated and signed by the resident freeholders differs from the 1987 resolution approving the changes in the boundaries of the Parkwood and Hope Fire Districts; that a discussion with Fire Chief William Colley, Jr., Parkwood Fire Department, and Fire Chief Mark Riggsbee, North Chatham Fire Department, was accomplished; that both Fire Chiefs indicated that they "had always thought the area in question was in the Parkwood Fire District but were concerned that the description was not more accurate"; that the fire chiefs advised their respective fire department board of directors of the concern; and that the Fire Marshal's Office received a letter from both fire department board

of directors supporting a revised written description, map, and resolution depicting the Parkwood Fire District (within the confines of Chatham County. The map and supporting documentation are attached hereto and by reference made a part hereof.

After considerable discussion, Commissioner Atwater moved, seconded by Commissioner Morgan, to adopt **Resolution #2003-27 Approving the Revision of the Written Description and Map of the Parkwood Fire District**, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Fire Inspector:

Mr. Bender stated that an alternative for hiring a new inspector for the Siler City area would be to discontinue services within the corporate limits of Siler City which is what Randolph and Orange Counties have done and to let the town perform its own inspections which it has done with building inspections.

The County Manager explained that as per Board direction, it was staff's recommendation to add a position in fire inspections at some point within the next few months to alleviate the problem; that the annual salary with benefits would be approximately \$45,593; and that he would suggest not hiring until after the first quarter to save some of the first-year money.

Commissioner Morgan asked if the possibility of using money from the fire district tax to hire the new position had been researched.

The County Attorney said that he would explore the legal question of whether a fire marshal's services can be funded through fire district taxes.

Chairman Emerson suggested that the County Attorney investigate the matter.

Commissioner Morgan asked if the County Attorney would investigate the restrictions on a business privilege tax and if the funds derived through that means could be used to fund an additional fire inspector.

The Board is to address the issue at an upcoming meeting.

Commissioner Morgan moved, seconded by Commissioner Outz, to table the issue until the questions can be answered. The motion carried five (5) to zero (0).

WATER SYSTEM UPDATE

- Goldston-Gulf Sanitary District:

- The County Manager explained that the Goldston-Gulf Sanitary District decided that they would continue to serve their district instead of being a part of the County system; that they pursued an application to serve St. Lukes; that they learned that the money is not available to Goldston in their application process; that Goldston is agreeable to continue the application as it is but it will be in the County application for construction; that Goldston would like for the Board to continue to build the system and then give them the St. Lukes system.

Commissioner Pollard moved, seconded by Commissioner Outz, to support the continuation of the application to supply St. Luke and that the system be completed and turned over to Goldston if that remains their request. The motion carried five (5) to zero (0).

Public Works:

Commissioner Outz stated that Ron Singleton, former Public Works Director, had saved the County money on a water intake agreement between Cary and Chatham County; that he had spent a lot of time working on broken water lines on weekends; and that he should be invited to attend a meeting with the Board to "clear the air" between Hobbs and Upchurch and the County.

Commissioner Outz moved to invite Ron Singleton to meet in Closed Session with the Board of Commissioners to give his side of the story.

Commissioner Atwater stated that he differs in interpreting the events; that he thinks that what the Board has done is provide the opportunity for all parties to respond; that the matter was put before an independent, highly competent body; that he thinks the public will be better served by the independent firm.

Commissioner Pollard stated that the Board was concerned about some information that the former Public Works Director provided the Board that they did not feel comfortable evaluating due to lack of technical skills.

Commissioner Outz stated that he felt that it was the County's responsibility to see that everything is fair and above board; and that there is no discrepancy in looking at the firm of Hobbs, Upchurch & Associates over any other engineering concerns that could do the work.

Commissioner Morgan stated that that had nothing to do with the former Public Works Director. He continued by asking how the County could enforce it if there was no policy in place

Chairman Emerson stated that about what Commissioner Morgan was talking was worth pursuing; that the Board asked for the State criteria which is utilized in selecting engineers; that either the Board or professionals review it; and that it be returned to the Board to be adopted for administration policy.

The Finance Officer stated that ninety-nine percent of the projects administered by Hobbs, Upchurch & Associates are grant funded; that the amounts and percentages paid have to fall within grant guidelines; that they all are within grant guidelines; and that there is nothing illegal about what Hobbs, Upchurch & Associates is paid.

The Chairman explained that there was no question of wrong-doing, but a question of wisdom if the proper engineering firm was chosen by the Board.

Bill Lowery, Water Board member, stated that he had written the County Manager asking for a meeting between the former Public Works Director and he; that he is not putting the former director up nor down; that he could have written a letter asking for a meeting with the Board and received it; that the Board could hire any engineer it wanted to, but the work has to be inspected; that the director stated in one of the meetings that there was no money available; that he (Lowery) went home and called Hobbs, Upchurch & Associates and asked them if they were aware of possible grants; that the grant that the County is now receiving comes from that telephone call and that meeting; and that there were only thirty days in which to submit the application to Raleigh; that the grant was received only because he initiated the call and Hobbs, Upchurch & Associates knew about the grant; and that it was the County engineer's responsibility to sign off on the work done.

Commissioner Morgan asked when a reply could be expected from the NC Board of Examiners for

Engineers and Surveyors.

Commissioner Outz restated his motion to invite Ron Singleton to speak to the Board. He further clarified the motion to invite Mr. Singleton to a Closed Session meeting with the Board.

Attorney Gunn stated that a Closed Session would not be in order as Mr. Singleton is a former employee of the County.

Commissioner Morgan stated that as soon as the letter of resignation was received, he sent an e-mail message to the County Manager asking about the possibility of retaining Mr. Singleton; that he also asked about the possibility of an "exit" interview; and that he thinks that there should be more interaction and communication with department leaders, not to circumvent the County Manager.

Attorney Gunn stated that he would research the issue with regard to legality.

Commissioner Outz withdrew his motion until the County Attorney can research the issue.

Chairman Emerson stated that the Board tried to be open to anyone who wished to participate in their meetings; that they want to continue so that citizens will feel comfortable coming and participating in the meetings; that if, as Chairman, the former Public Works Director walked into the meeting and asked for time to address the Board in any manner, he would be recognized to do so.

Commissioner Pollard stated that Mr. Singleton, as a resident of the County, could come before the Board to speak; that when circumvent a manager, it is very important how any differences are discussed they may have happened between employer and employee relationships; that if a discussion were to occur in that manner, that the Board would be completely out-of-line; that the Board makes and sets policies; that this matter would cross the line into administration; and that so long that it stays out of that area, the Board would be within their rights.

RECESS

Commissioner Atwater moved, seconded by Commissioner Outz, to recess for lunch until 1:00 PM. The motion carried five (5) to zero (0).

WORK SESSION RECONVENES

The Chairman reconvened the meeting at 1:00 PM.

CHATHAM MARKETPLACE, INC.

Melissa Frey, Board of Directors member for the Chatham MarketPlace, explained that the Chatham MarketPlace is a cooperative grocery that will open its doors in downtown Pittsboro in August 2004. She stated that it is being created by a group of local folks who believe the time has come for a full-service organic food co-op in Chatham County; that their vision as a community-owned grocery and gathering place is to provide exceptional food products to area consumers utilizing, as much as possible, their local, small, sustainable farmers; that in this way, Chatham MarketPlace will serve as a hub for the local economy providing outstanding products to people who want to know where and how their food is raised, providing a fulfilling workplace, and providing an incentive for the continued preservation and growth of their local agrarian life; that their market will sell a full line of organic produce, grocery, deli, bakery, bulk, and dairy items as well as high quality meats and other healthy products.

She also stated that they are in the beginning phases of creating a great opportunity to positively impact the area in a variety of ways; that a sustainable foods co-op not only provides local consumers with a desired product, but the positive effects will also ripple into the environmental, economic, social, and health spheres.

Ms. Frey asked that the Board of Commissioners (1) Adopt a resolution in support of the Chatham Marketplace, Inc.; (2) Begin the process of consideration of her request for a Community Development Grant in the amount of \$25,000 to go toward expenses for this endeavor; (3) Purchase, as individuals, ownership shares in the Chatham Marketplace, Inc. according to their own conscience.

Commissioner Pollard moved, seconded by Commissioner Atwater, to support the concept of the Chatham Marketplace Grocery co-op. The motion carried five (5) to zero (0). A copy of the Business Plan for Chatham Marketplace, Executive Summary, is attached hereto and by reference made a part hereof.

PAY-FOR-PERFORMANCE/EFFICIENCY STUDY UPDATE

The County Manager stated that he had checked with the State Auditors Office and found that they do not perform efficiency studies; that they do perform audits on state agencies or those agencies receiving state funds; that general counsel stated that he could not categorically rule them out; however, they had never done one before; that if they performed an audit for one, that they would have a hundred counties and many municipalities asking to have one done; that the likelihood of the state agency performing the study was remote; and that the County Manager would be receiving a letter to that effect soon.

He further stated that in checking with the Institute of Government, he was told that they did not perform efficiency studies, however, they did reference a public management magazine which listed consultants who performed various areas of work; that he made contact with an independent consultant from Charlotte (Solutions for Local Government) who will be coming to the County for a meeting at 2:00 PM on Tuesday, August 5, 2003 to layout a scope of work; and that the results of the meeting will be returned to the Board at their August 18, 2003 Board of Commissioners meeting.

Renee Dickson, Director of Organizational Development, presented a list of cost savings, service enhancements, and revenue increases that have directly resulted from performance agreements to the Board. The list quantified approximately \$590,000 that has resulted from the Pay-For-Performance (PFP) Plan. She stated that this amount represented nearly the entire cost of pay raises for the current year; that she thinks this figure is low since she continued to receive examples even after she had compiled the report. She pointed out that significant savings had been generated in the Tax Office, Finance Office, Libraries, Emergency Operations, Waste Management, and the Health Department.

Ms. Dickson stated that for a cost-of-living (COLA) increase, the employee is "held harmless" with no incentive to work harder if the employee knows that they are going to receive the automatic increase; that part of the PFP increase was put into the form of a bonus; that the system was changed to slow the progression down to give 2% of the highest raise in the form of a bonus if the person is above the mid-point of their salary range; that if a COLA raise is given, she knows what the environment was like; that employees were then given 4 ½ to 5 ½ percent increase every year in the form of a merit system; that almost everyone in the organization was "above standard" and received the increase; that in this case, some employees worked harder than others; that she feels that the PFP system has resulted in employees working harder; that in an anonymous employee survey, the question was asked, "Did you work harder under Pay-For-Performance?"; that more than half (55%) responded that they did work harder under PFP; that this system cost roughly the same as the previous system the County had in place; that the average increase of the past year was 4.37%; that in the years that she prepared the budget, she budgeted 4.5 to 5.5% for salary increases; that the PFP

4.37% was lower than what was previously budgeted; that paying employees to perform is good business; that she believes the system encourages responsibility and initiative; that employees are saying that they will provide more services in alternative ways; that employees are looking for better ways to do business; that under the old system, a form was checked by the employee's supervisor with absolutely no documentation as to what earned him the check mark; that there was no accountability; that there is no accountability for a COLA increase; that there is a lot of accountability under the PFP system; that she reads each of the over three hundred employee agreements to insure that they are at the proper level; that at the end of the year employees are expected to produce documentation to their supervisors that show that they have met their goals; that every supervisor in the County is audited and is expected to produce their employee's documentation; that she had to reduce some employee's pay increases because proper documentation was not shown; and that the PFP system is working.

Commissioner Morgan stated that he did not have any problems with the system if management thinks that this is the way to do it in lieu of cost-of-living; that he had a problem with the percentage amount; that he knows that everyone does not receive the top amount; that it is the amount that they are awarding against public life; that he went on the internal web site and saw where it stated that "the County Commissioners put Pay-For-Performance on hold pending the outcome of a performance audit"; that he returned to view her letter which stated that "The Board discussed a system and proposed a 4% cap (outstanding). Believing that this amount was too low, the County Manager suggested that the Board look at other alternatives." He asked if she felt 4% was enough.

Ms. Dickson explained that she did not feel that 4% was good enough as the highest point; that she felt that it has to be more than that to get employees to really reach and go for these goals; and that the 8% maximum goal last year netted 4.37%.

Chairman Emerson stated that he thought that the key to pay system, where it is positive or negative, is in the administration of it; that he doesn't think that any of the Board can argue with the concept of the Pay-For-Performance; that the question is the criteria on which the employee; that there are internal controls in place to see that it is administered properly; that if the right criteria is used, most employees will fall somewhere in the middle; that if the midpoint of range is used to where the salary passes the midpoint, the percent goes down, and an increase of approximately three percent should be budgeted; and that if the cap is lowered too much, the entire process is "killed" as there has to be enough "wiggle room" within the range to where the high-performing employee will be rewarded as a cost-of-living awards everyone on the same level regardless of their performance.

Commissioner Outz stated he felt one of the problems with the system was public perception.

The Board agreed and asked how it could be communicated to the public.

The Chairman stated that he would like to see a cash bonus system implemented for employees that come up with cost-savings to the County that can be reviewed by a peer committee and then reviewed by management and the Board.

Chairman Emerson asked when the Board needed to address the issue so that the employees could develop their plans for the year.

Ms. Dickson stated that the employee agreements are due on August 15, 2003.

Commissioner Atwater stated that he felt that the amount was very telling as to how much would need to be budgeted for the three percent cost-of-living adjustments relative to the six percent; that they should be given the "go ahead" to operate under that system until the Board sees what the consultant has to say on the

matter; and that staff should be asked to further encumber and appropriate that amount of money this year up front.

Commissioner Outz stated that the consultant should be independent and not know anything about the County or its employees.

The County Manager invited the Board and any interested public to attend the meeting to be held with the independent consultant on August 5, 2003 at 2:00 PM.

The Board upheld the decision from their July 21, 2003 Board of Commissioners' meeting to suspend the pay system pending the outcome of an efficiency audit.

PROGRESS ENERGY EASEMENT REQUEST

The County Manager explained that Progress Energy is constructing a new power line; that the way it is tracking across the County, it will cut across the entrance to the Goldston Convenience Center; and that Progress Energy needs to purchase an easement from the County for the power line.

Commissioner Morgan moved, seconded by Commissioner Pollard, to authorize management to negotiate the easement with Progress Energy across Goldston Convenience Center access. The motion carried five (5) to zero (0).

SALARIES OF MANAGEMENT

The Board reviewed the current salaries for the Chatham County Register of Deeds, the Chatham County Sheriff, and the Chatham County Manager.

Chairman Emerson suggested that the Register of Deeds be given the same pay increase as the average Chatham County employee; that the Sheriff be given no increase; and that the County Manager's increase be delayed until the efficiency study is completed which, if approved, would be retroactive.

Commissioner Outz moved, seconded by Commissioner Atwater, to give the Chatham County Register of Deeds a 4.37% salary increase, the average Chatham County employee pay raise for the past year. The motion carried four (4) to one (1) with Commissioner Morgan opposing.

The Board discussed maintaining the Sheriff's current annual salary.

After further discussion, Commissioner Pollard moved, seconded by Commissioner Atwater, to amend the Sheriff's salary to the minimum of his salary range. The motion failed two (2) to three (3) with Commissioners Pollard and Atwater voting for and Commissioners Morgan, Outz, and Emerson opposing.

No salary increase for the Sheriff's position was proposed since the current Sheriff, elected last fall, is new on the job. It was the consensus of the Board, however, that the position is underpaid for the responsibilities of the job.

Commissioner Outz moved, seconded by Commissioner Morgan, to maintain the Sheriff's current salary and to delay action on a salary increase for the County Manager until the completion of an efficiency study at which time, if approved, would be retroactive. The motion carried five (5) to zero (0).

Siler City Hospital:

Commissioner Morgan asked about the hospital arrangement in Siler City.

Chairman Emerson explained that the hospital board is looking at various options as to relationships with other hospitals, options of new facilities, and locations. He stated that a full report will be made at a later date.

Commercial Park:

Commissioner Morgan stated that he would like to put a time element on the commercial site located behind Wal-Mart; that he would like efforts placed on economic development to see what can be done with it; that if needed, an easement needs to be done; that the Department of Transportation wants the main entrance to Wal-Mart to be expanded which would take some of the side entrance; and that this needs to be addressed by the Economic Development Board through the Economic Development Director, Tony Tucker.

Tap Fees:

Commissioner Pollard stated that the water issues discussed during the earlier portion of the work session need to be addressed at another meeting. She asked how the Board would address the small communities who want water line extensions and asked if they would all be addressed at one time or on an individual basis.

The County Manager, Finance Officer, and Bill Lowery are to meet to discuss sorting out the Board related questions.

Public Works Candidates:

The County Manager informed the Board that interviews are being conducted for the new Public Works Director.

ADJOURNMENT

- Commissioner Morgan moved, seconded by Commissioner Pollard, that there being no further business to come before the Board, the meeting be adjourned. The motion carried five (5) to zero (0), and the meeting was adjourned at 3:12 PM.

Thomas J. Emerson, Chairman

ATTEST:

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