

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
BUDGET HEARING
MAY 22, 2012

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Siler City Courtroom at City Hall, 311 North Second Avenue, Siler City, North Carolina, 6:00 PM on May 22, 2012.

Present: Brian Bock, Chairman; Walter Petty, Vice Chair; Commissioner Mike Cross, Commissioner Sally Kost, and Pamela Stewart (arrived at 6:15 PM)

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

CALL TO ORDER

The Chairman welcomed those in attendance and called the meeting to order at 6:01 PM.

Agenda

FY 2012-2013 Recommended Budget Presentation: Presentation of the recommended budget for Fiscal Year 2012-2013

Renee Paschal, Assistant County Manager, presented a PowerPoint of the FY 2012-2013 Recommended Budget. She stated that the theme for this year’s budget is “Positioning the County for the Future”; that they believe this budget does move the County into the future; and that it also results from the specific direction received from the Board. She reviewed Commissioners’ directions, targeted budget cuts, additional expenses, school funding, revenue projections, the Capital Improvements Program, and Non-profit Agencies funding. The PowerPoint follows in its entirety:

Budget Process (Pages 12-13)

- ▶ Staff is presenting the Manager’s Recommended Budget—*this is just the 1st step*
- ▶ Before the budget is finalized, commissioners will:
 - ▶ Hold 2 public hearings to hear from the public (May 21 and 22)
 - ▶ Hold up to 3 budget work sessions in May and June
 - ▶ Make changes based on public input, etc.
- ▶ Goal is to have the budget finalized on June 18—must be adopted by June 30

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“Positioning the County for the Future”

- ▶ **The recommended budget results from Commissioner direction to:**
 - ▶ Not increase taxes
 - ▶ Implement as much of the pay plan as possible
 - ▶ Continue with the new jail
 - ▶ Make targeted cuts to address additional required expenses—cuts were discussed during the budget retreat
- ▶ **Cuts made in FY 12 help the county avoid a tax increase for new expenses**



Additional Expenses

- ▶ **Operating the new justice center, \$837K**
- ▶ **Pay study implementation, \$1.3 million**
- ▶ **Increased debt contribution, \$1.3 million**
- ▶ **Increased capital outlay/CIP, funded from fund balance**
- ▶ **Manager also recommends an additional \$800K for Chatham County Schools, requested by the Board of Education**
- ▶ **Manager recommends one-time transition funding for the Arts Incubator**



School Funding

- ▶ **Chatham County has provided good support to the school system throughout the recession**
- ▶ **The recommended budget includes:**
 - ▶ **\$226,119 in ongoing funding, which represents the county’s annual savings in delaying the high school for one year, as approved by the Board of Education**
 - ▶ **\$400,000 in one-time funding requested by the Board of Education**
 - ▶ **\$173,881 in funding from the general fund (ongoing)**
 - ▶ **The budget does subtract one-time funding given in FY 2012 (BOE budget does not)**
 - ▶ **Staff worked with school administration on a revised presentation format**



“Targeted Cuts”

- ▶ **Discussed during the retreat**
 - ▶ **Negotiated with departments and agencies**
 - ▶ **Cuts made include:**
 - ▶ \$78K reduction in attorney fees
 - ▶ \$45K reduction in funding for EDC
 - ▶ \$200K reduction in contingency
 - ▶ Reduce the number of BOC meetings (\$45K savings from county attorney retainer)
 - ▶ \$110K reduction in Health Department through reorganization
 - ▶ \$55K reduction in Planning by eliminating code enforcement position
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Summary

- ▶ **The recommended budget is \$3.9 million more than the FY 2012 Amended Budget**
 - ▶ **No tax increase is proposed for the county, but 5 fire departments are requesting increases**
 - ▶ **Capital and one-time expenses would be funded by a \$5 million fund balance appropriation**
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In Summary

- ▶ **The recommended budget continues the past practice of good financial stewardship and moves the county forward to take on new responsibilities and invest in its people and schools**
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Highlights

- ▶ **Overall, revenues are expected to increase in FY 2013, including:**
 - ▶ 2.5% increase in statewide sales tax; no growth in local sales tax
 - ▶ 1.9% increase in property tax base
- ▶ **The recommended fund balance appropriation is \$5M, \$4M was appropriated in FY 2011 and \$1.6M in FY 2012**



Major Funds

- ▶ **General Fund: \$88M, 5% increase**
- ▶ **Water Fund: \$5.9M, 1% increase**
- ▶ **Waste Management: \$3.5M, 14% increase**



Capital Improvements Program (Page 32-33 & Appendix D)

- ▶ **Funds the first phase of the Annex renovations, \$1.5M**
- ▶ **Completes the up fit of temporary superior court for MIS, \$70K**
- ▶ **Delays the high school 1 year, -\$226K (given to schools in operating)**
- ▶ **Moves ahead with replacements of high school gym HVAC systems, JS Waters Roof, and stadium restrooms**
- ▶ **Funds planning for agriculture center and renovation of old jail, \$63K**



Chatham County Schools (Pages 77-78)

- ▶ Keeps school Capital Improvements Program projects on track, except high school
- ▶ Increases current expense funding by \$800K
- ▶ Maintains teachers supplement
- ▶ Maintains capital outlay appropriation, \$1.8M



Non-profit Agencies (Pages 129-135)

- ▶ Volunteers felt strongly that Arts Incubator should be funded
- ▶ Developed 2 scenarios for transition funding:
 1. \$34K from the nonprofit pot
 2. \$51K from another source (one-time funding)
- ▶ Manager recommends Option 2 at \$34K; funds would come from contingency
- ▶ Written recommendations from panels will be provided
- ▶ Commissioners have \$10,000 to allocate directly



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PUBLIC INPUT SESSION

The Chairman opened the floor for public comments.

Richard Church presented his comments to the Board and provided them in their entirety for the record as follows:

“Since our last meeting (April 12, 2012) the North Carolina Arts Incubator has been actively working to address its financial situation.

1. Budget Review

We are in an intensive review of our budget on a line by line basis. We have been accepted into a USDA-funded program through which the Incubator will receive a free energy audit focused on low and no cost savings. We spent \$24,000 last year on utilities.

The Incubator's finance committee is meeting or on the phone on a regular basis with Capital Bank regarding the debt financing associated with 138 Chatham Avenue. We have a proposal on the table with the bank presently, which the bank is reviewing, related to the restructuring of this debt.

2. Fundraising.

The Incubator has raised more than \$12,000 since we last spoke. This includes a \$10,000 donation from the Wren Foundation, which is the first year's grant in conjunction with a 5 year \$50,000 grant commitment.

3. Center for Creativity & Entrepreneurship.

The Incubator Board met and set a clear path for this new venture that will utilize the space formerly occupied by CCCC and generate the revenues necessary to cover the restructured debt service.

The Board determined the best use for the 138 Chatham Avenue building and will reconvert certain office spaces back to the artist incubation spaces for which they were originally redeveloped. We will use the main instructional spaces for Center's courses alongside other available teaching spaces within our other facilities in downtown Siler City.

The Incubator Board also determined the direction of the Center's initial course offerings and will focus on short-term specialty offerings that will also benefit the local economy through bringing in overnight guests to Siler City. In this regard, the past weekend Third Friday ArtWalk and Milo Holt Film Festival was an excellent example, with cowboys and artists arriving from throughout the southeast on Friday, attending Third Friday ArtWalk and then spending the night and eating in local restaurants before participating in the Milo Holt festival on Saturday.

The Incubator understands that the County Board of Commissioners would like additional information regarding its plans for the Center for Creativity and Entrepreneurship and will be providing the same to the County Manager per that request. We are grateful for the County's proposed allocation of \$34,261, which will be used to hire the additional staff necessary to operate the Center, and look forward to working with the County as we move forward.”

Commissioner Kost asked if Siler City contributed anything in their recommended budget. Mr. Church stated that they had a line item, but he is unsure if they have a definitive number at this time; however, he anticipates that it will be in the \$12-15,000 range.

Rebecca Borchard, 2308 Fernwood Drive, Greensboro, NC, presented her comments to the Board and provided them in their entirety for the record as follows:

“My name is Rebecca Borchard. I'm the project coordinator of CORA's SNACK program (Summer Nutritional Assistance for Chatham Kids), and I am here to speak on behalf of this program.

Over 4,000 children in Chatham County receive free or reduced breakfast and lunch during the school year (50% of school children). This is a wonderful resource to many families during the school year, but what happens during the summer? How do these families find additional money and resources to feed their children during the 10 weeks of summer?

This is where SNACK steps in and helps provide much needed food assistance during the summer months when food resources are scarce for families. Each child registered for the program receives a box of food containing 5 breakfasts and 5 lunches each week of the summer. This year these items include milk, juice, vegetables, tuna, chicken, cereal, grits, and fresh fruit.

We could not provide this much needed food resource without the help of community partnerships. Chatham County is a rural area and we know transportation is a challenge for many families. To help combat this problem, we have partnered with 16 local community organizations that serve as distribution locations throughout the county where families can go to pick up their weekly food box. These include churches, health centers, food pantry's, and community organizations. We also partner with Chatham Trades, who stores, packs, and delivers the weekly food boxes. The school system helps us get the information about the program to families and this year we held registration meetings at local schools. Without the help of these organizations and volunteers (mostly), we would not be able to reach as many children as we do. This program is truly unique in that it pulls community organizations together to work for a common cause!

As of today, CORA has enrolled 1050 students in the SNACK program, with 50 on a waiting list. This is the first year we have had to implement a waiting list. The only things holding us back from supporting all of these children is funding! With rising food costs, our program costs continue to increase. This year, we anticipate that each box of food will cost \$13. CORA is requesting the county fund the SNACK program at \$27,500. This funding will help feed 211 children for the entire summer. Please help us support the children registered for this program and to reach out to those currently on the waitlist. I would love to give those families a call letting them know they will be receiving this much needed supplemental food and nutrition for their children! Increase our funding and you help send Chatham Kids back to school with full bellies so they can focus on their education and not where their next meal will come from! Thank you for your time."

When asked by Commissioner Cross, Ms. Borchard stated that the school system did not provide assistance. They are strictly funded by grants and private donations.

Commissioner Stewart asked if the food was provided to each child in a family. Ms. Borchard replied, yes. Each family can register as long as the children are between ages 5 and 18 and receiving free or reduced school lunches. A child can receive WIC until the age of 5 years.

Erin Suwattana, Family Services Manager at Child Care Networks, presented her comments to the Board and provided them in their entirety for the record as follows:

"I am here to request that you reinstate county nonprofit funding for our Family Services Program in the amount of \$2,000, which is less than our original request of \$4800. Our Family Services program administers Chatham County's child care financial assistance program under contract with DSS. We appreciate that Sandy Coletta, DSS Director, included \$10,000 in her budget for our program this coming year. However, that amount replaces a \$10,000 cut in funds from the state, and does not replace the county nonprofit funding which we received last year. This coming fiscal year, we are facing many challenges, and it is crucial that we maintain our current level of staffing for several reasons:

1. We need to create a smooth transition of the subsidy program to DSS in the following year
2. We need to make plans to maintain our agency's services while losing one of our biggest programs after 21 years
3. We will be managing two separate payment systems for subsidy while the whole state transitions to a new system
4. I will be acting as both Family Services Manager and Acting Executive Director, so we need our caseworkers to maintain their current hours

If we do not receive the county nonprofit funds, we will not have staff time for adequate service to clients and smooth transitions for the agency and subsidy program. Thank you.”

Lynda Smith, SNACK Program Manager at First United Methodist Church, Siler City, NC, stated that last year was their first year in which they served 125 children. This year they will have 150 children. The program is very meaningful to the children, especially the fresh fruit and the families come from a wide range of people. She stated that they asked for 15 volunteers at church and they had 40 show up. She asked the Board to find funding for this program.

Diana Hales, 528 Will Be Lane, Siler City, NC, spoke in favor of funding for the Arts Incubator. She stated that she has been involved for over a year with Siler City’s NC STEP Program to put projects together to help escalate economic development in downtown Siler City. The Arts Incubator is absolutely essential to the NC STEP process in terms of participating in a number of the projects that they are trying to move forward in which they have been a catalyst. Although there is a long way to go in terms of financial health, the impact in this community is huge. She stated that were happy that the County removed them from the non-profit monies to stand with a one-time funding in order to get their financial house in order so they can move forward.

Chairman Bock stated that he agrees that the SNACK Program is vital. He stated that he contacted WalMart this morning and spoke with their senior manager for public and government affairs and was told that this is the type of thing they fund. He stated that he asked if they would be willing to help with the SNACK Program. He stated that she didn’t know, but that there are programs available from the local and national store levels. He stated that they sounded positive and are continuing to work on this program.

Commissioner Stewart stated that a lot of corporate social responsibility programs are centered around this type of thing. She stated that she felt it was a great thing to approach some of the larger corporations in Chatham County. Many times, just asking, they will be willing to contribute something to the cause back to the community.

Additional comments received and included in the minutes are as follows:

Sarah Marion, Chief Professional Officer, Boys & Girls Club of Eastern Piedmont, P. O. Box 1788, Pittsboro, NC, provided her comments for the written record as follows:

“We are just receiving EOG scores from our After-School program. So far, we have received 15. Of those, 14 members made 3s and 4s; 5 made a 4 in one or more core subjects; 1 member missed a 3 by 1 point in 2 subjects; 1 member made all 4s; 1 member missed 4s in all 3 core subjects by 1 or 2 points. Only 1 member reporting so far made all 2’s. Since the EOG begins with the 3rd grade, our 1st and 2nd grade students will not receive a report. That leaves approximately 16 more members for us to receive the EOG information. It comes in from the schools and students at various times.

We are extremely proud of this. Many of these students were making 1s and 2s previously. One of the things that the staff did working up to the EOGs was to work in a fun way that was also a learning experience.

An example would be:

Buzz/Fizz - 1st - 3rd grade students line up and count from 1 to 50 as they move down the line. If their number, when it reaches them, is a multiple of 3, they must say "buzz". If their number is a multiple of 5, they must say "fizz". If their number is a multiple of both, they can say buzz or fizz. Even as our Board members did this activity with the youth, you really had to stop and think and do the math in your head! For students in the 4th - 8th grade, the staff began with 50 or 100, and it becomes harder. The youth love this activity!

Line Up - In this activity, youth from a particular grade are lined up on one side of the room. The staff called out a question and those who think they know the answer run to the

other side. If they get it correct, they return to the first side for the next question. If not, they are out. Questions asked may involve math, science, language or English, history, social studies, current events, drugs, bullying - every aspect we address with the youth and that they can use for their future and for their academic success.

These are "high yield activities" which Boys & Girls Club of America have begun handing down to local Clubs. The activities are designed to be used during After-School to increase learning as well as during the summer to stop/decrease the loss of learning.

In addition, we participated in a pilot project for Boys & Girls Club of America for Smart Moves. We had 62 youth during the past summer and the current After-School enrolled. They went through each section of the Smart Moves curriculum - four - and all 62 members graduated!

We thank the County Commissioners for all the support you have provided for us. We are already known at the BGCA headquarters in Atlanta as an up and moving Club. Out of the 57 youth members during After-School, 2 were removed from their home and placed in foster care outside of Chatham County. 50 of the remaining 55 members have already signed up for summer. As we work toward raising the funds to move to the old Paul Braxton School, we are excited about growing our membership and reaching out to more schools, as well as having a special program for our high school students with their own space.

Thank you all for any and all considerations for continued partnering."

The Chairman closed the floor for public comments.

ADJOURNMENT

The Chairman adjourned the meeting at 6:31 PM.

Brian Bock, Chairman

ATTEST:

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