

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
NOVEMBER 07, 2005

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Agricultural Building Auditorium, 45 South Street, located in Pittsboro, North Carolina, at 11:00 AM on November 07, 2005.

Present: Chairman Bunkey Morgan; Vice Chair, Tommy Emerson; Commissioners Patrick Barnes, Mike Cross, and Carl Outz; County Manager, Charlie Horne; County Attorney, Robert L. Gunn; Assistant County Manager, Renee Dickson; Finance Officer, Vicki McConnell; and Clerk to the Board, Sandra B. Sublett

The meeting was called to order by the Chairman at 11:08 AM.

Work Session

1. **Ag Advisory Presentation**
2. **CAD Presentation**
3. **Capital Financing**
4. **Water System Update**
5. **American Moulding Update**

The County Manager reviewed the work session agenda.

IMPACT FEES

Jenny Williams, Central Permitting Director, gave an update on the Impact Fees. She stated that in response to tracking manufactured homes by their serial number for the purpose of paying the Educational Impact Fee, she had contacted Kim Horton, Tax Administrator, and was informed that currently there are 3,897 manufactured homes assessed taxes in Chatham County; that in order to establish the serial number on each of these homes, additional staff would have to be hired; that Orange County was also contacted concerning this matter since they currently charge the school impact fee and was presented with the same scenario that Chatham County now faces; that Orange County’s response was that the homeowner would be charged an impact fee if they moved the manufactured home and a new dwelling site was established; that she had met with the Finance Officer, and considered the option of having the septic system at the previous location abandoned; that Holly Coleman, Environmental Health Director, had concerns with this solution because this may not leave a location for a replacement system in the future; that in reference to a memo from Paul Messick, Attorney, in September, 2005 he states “The exemption of some developments must be supported by a logical, rational basis so that the remaining new developments’ required payments are fair and reasonable portions of the need generated by them.”; and that based on this information, they were unable to

reach a simple workable solution to exempt payment.

Ms. Williams agreed to look into obtaining a signed affidavit from the manufactured homeowner stating that the same manufactured home and owner would not pay if proof could be provided that the manufactured home was grandfathered or that the manufactured home had previously paid the impact fee.

This issue is to return to the Board at a later date.

AMERICAN TOBACCO TRAIL UPDATE

Keith Megginson, Planning Director, stated that the American Tobacco Trail was discussed at the Technical Advisory Committee meeting of the Metropolitan Planning Organization (MPO); that the money that was given by Congressman Price for the completion of the American Tobacco Trail; that the segments that need completing are in Durham and Chatham Counties; that the officials discussing this issue referred it to Jason Sullivan's group to look at the money; that at the last Technical Advisory Committee meeting, there was a motion made that Durham County receive all of the money; that it was then sent to another committee for consideration; that there are no firm completion numbers on the trail whether in Durham or Chatham Counties or the two combined; that at the next Technical Advisory Committee meeting their agenda will have a status report; that they are bringing it to the Board at this time as they never know what the MPO is going to do; that one reason Durham is anxious to proceed is that they have to have a bridge built across Interstate #40 at considerable cost; that while Chatham County would like it to be deferred, they have gotten some figures from Tom Norton as to what a bicycle route would cost; that they do not know if it will include some unique aspects of the Chatham County trail; that a contract was signed between the Commissioners, the Wildlife Resource Commission, and the State for the portion of the trail along the Corps of Engineers' property; that some of those aspects are signage for hunters to know the trail boundaries, signage for bicycle, walkers, or horse users will know where the trail is located and that there is nearby hunters; that there is also a fencing requirement of the trail; that there is a little over a mile on the Chatham County side that must be fenced; that Durham does not have these aspects; that Wake County will also be giving the County some money; that the trail in Chatham County is not yet open but is being used; that Wake County chose not to pave their portion of the trail; that Wake County has three full-time staff members and three part-time staff members devoted to the American Tobacco Trail; and that they hope that the TAC will allow the TCC to continue their work getting the figures together and then get back with them for a recommendation.

Chairman Morgan urged the Planning Director to convey to Durham County that Chatham County wants its share of the money.

Commissioner Cross stated that he had informed the committee that if they took the money from Chatham County, the County does not have money in the budget to complete it and that there might not be a Chatham County section if the funds were used elsewhere.

AG ADVISORY PRESENTATION

Charlie Bolton, Agriculture Advisory Committee Chairman, stated that the Chatham County Agriculture Advisory Committee has received several complaints from farmers concerning misunderstandings about how equipment and supplies are to be listed on property tax forms; that recent audits by the Tax Office have led to discoveries of underpaid taxes in some cases; that most of these farmers are willing to pay the back taxes but are greatly concerned about the interest and penalty of ten (10%) percent per

year going back five years; that many feel this is too great a penalty considering the differences in opinion on the listing requirements among accountants and other tax professionals; that the Chatham County Agriculture Advisory Committee voted unanimously on October 11, 2005 to request that the Board of Commissioners cancel or refund the penalty and interest on incorrectly listed business property and supplies for the 2004-2005 tax years; that according to figures supplied by the Tax Office, this would amount to \$17,900 for farm businesses and \$150,300 for non-farm businesses; and that they understand that Chatham County finances are tight, but that they believe this would be a good incentive to keep the existing businesses healthy.

Commissioner Cross moved to give penalty and interest relief for farm and non-farm businesses. Commissioner Outz seconded the motion.

Kim Horton, Chatham County Tax Administrator, stated that for the discoveries, outside help has to be hired; that this is at a cost to the County; that it is unfair to the taxpayers who list in a timely manner and pay on time that the County takes general dollars and pay to encourage people to list properly; that when the discoveries are made, there is a lot of additional cost and time involved in getting property that should have been listed in the beginning listed and evaluated correctly. Ms. Horton stated that a workshop was held in 1997 to teach the farmers how to properly list their farm equipment

The County Attorney strongly encouraged the Board to consider carefully before they waived penalties and interest so as not to set a precedent. He stated that the County had a case pending before the State Property Tax Commission; that the Board must treat everyone the same; that he is in sympathy with the farmer, but that he doesn't think that they can be treated differently than other citizens without running afoul of the Constitution. He advised the Board "not to go there".

Chairman Morgan moved to table the motion.

Commissioner Outz stated that he would like to see a brochure on taxes; that he thinks it needs to be clarified; that he doesn't understand why the Tax Office has to start with the initial cost of an old piece of farm equipment; that he felt that the Board should be more business friendly; that the County is trying to recruit industry; and then there is a "fuss" all the time because the ones that are already here are not paying their share of the taxes; that he sees the same thing in the poultry industry; that he doesn't think they appreciate and recognize enough the business and industry that are already in the County.

Commissioner Barnes stated that if the Board was going to forgive penalties for the farmers that they should forgive penalties for non-farmers to be fair.

The Tax Administrator explained that the Chatham County Tax Office is offering work shops and individual training so that these issues can be clarified; that they are meeting jointly with Lee County and offering a workshop on listing business equipment; that they also have a local meeting scheduled in the next few weeks to discuss issues of concern.

Commissioner Emerson stated that his sympathy lies with the farmers; that when they took their jobs as Commissioners, they swore to uphold the laws of the Constitution of the State of North Carolina; that they want to help the farmers, but that they do not wish to break the law; that he doesn't want the County to be subject to litigation; that it would be difficult for him to vote for something that the County Attorney recommended against.

Commissioner Emerson seconded the Chairman's motion to table the matter.

The Chairman asked for a breakdown of the \$150,000 for non-farm businesses.

Commissioner Cross withdrew his motion to give penalty and interest relief for farm and non-farm businesses based on the recommendation of the County Attorney.

Commissioner Outz withdrew his second to the motion.

The motion to table carried five (5) to zero (0).

LUNCH BREAK

The Chairman called for a lunch break at 12:10 PM and stated that the meeting would be reconvened at 12:55 PM.

The Chairman reconvened the meeting at 12:57 PM.

CAPITAL IMPROVEMENT PROGRAM

The County Manager explained that a lot of work had gone into the financial planning of the Capital Improvement Program; that a number of hours had gone into its preparation; and that he feels like it is a good plan.

Doug Carter, the financial planner hired to help the County fund its capital program, reviewed the qualifications in performing the newly prepared Capital Improvements Program.

He commended the Board of Commissioners for placing the County in the position to fund the debt without future tax increases for the recommended eleven capital projects stating that the plan would be possible, in part, by a four-cent tax increase placed in reserve combined with school impact fees. He stated that the County should receive the most favorable debt terms because of its very high credit as evidenced by its "AA-" bond rating from Standard and Poor and its "A1" rating from Moody's Investor Service. He stated that he did not know of any other jurisdiction that is able to achieve this kind of program with regard to the financial plan to fund facilities.

The plan will allow the County to borrow \$133 million for capital projects, including three new schools, community college buildings, a new library, and several other County facilities. He stated that the plan is made possible, in part, by a four-cent tax increase in the FY 2005-06 budget (placed in reserve) combined with school impact fees; that the impact fees are worth approximately 4.5-5 cents on the property tax rate; that without these revenue sources and the capacity created by paying off existing debt, the County could face a large tax increase in future years; that as it is, current sources should cover the debt; that it is significant to do a program this big for four cents; that the County should receive the most favorable debt terms because of its very high quality credit; that in preliminary discussions with the Local Government Commission, the state agency that oversees local governments' borrowing, the County originally had been told that the maximum amount it could borrow was approximately seventy million dollars; and that with his expertise and work with County staff increased the debt capacity by approximately \$63 million, allowing the County to include the new northeast high school in the capital program.

Other capital projects will be funded by certificates of participation (COPs) and include: A new elementary school in Siler City, a new middle school in northeast Chatham County; a new, larger cafeteria for Jordan Matthews High School, renovations to Horton Middle School, enhanced public facilities (i.e. water and sewer for the County's business park in Siler City), a new community college job training center in Siler City (to be located within the County's Business Park), a new building for the Pittsboro Campus of Central Carolina Community College (CCCC), an expansion of the social services building, a new judicial facility, a

joint Central Carolina Community College/County library.

- Chairman Morgan moved, seconded by Commissioner Cross, to proceed with the Capital Improvement Program as discussed.

- The County Manager asked if the motion included the plan as a General Obligation (GO) Bond for \$44 million. The Board agreed.

- The motion carried four (4) to one (1) with Commissioner Outz opposing. A copy of the Capital Improvement Program is attached hereto and by reference made a part hereof.

AMERICAN MOULDING UPDATE

Fred Hobbs, with Hobbs, Upchurch & Associates, stated that as the Board of Commissioners is aware, American Moulding has filed Chapter 11 proceedings; that he is in attendance to report to the Board what that means in terms of the grant and what the Board's options are with regard to proceeding with the grant; that tentative approval had been received on a \$750,000.00 grant from the Department of Commerce; that this was predicated on seventy-five jobs which included \$10,000.00 per job; that the total project cost to extend sewer from the City of Sanford to Goldston was over a million dollars; that at the time of their Chapter 11 filing, the State said that they could not proceed with the CDBG grant; that had subsequently returned and said that they could under a certain set of conditions; that the conditions include: 1) The Board of Commissioners hold a public hearing on a date to be chosen by them which requires at least a ten day public notice; 2) That at that public hearing and in the advertisement for the public hearing, that a statement be made "that to the extent that American Moulding does not create the jobs for which grant money is received, that the Board of Commissioners would reimburse the State for those jobs that are not created; 3) That the terms of the grant would be: The State would give the County the grant if, in the best case scenario, that American Moulding must create the jobs and maintain those jobs for at least a year with the worst case scenario that they must create and maintain those jobs for two years; that the differences in those timelines are currently being negotiated with the State; that the good news is that the State has agreed to allow the County to return to the original commitment of the project and to count jobs that were created from that point; that they may have created all seventy-five of those jobs prior to their filing; that it is probably that they are at or near their job creation level at this time; and that the issue for the Board becomes the stability and reliability of American Moulding going forward.

Chairman Morgan stated that Tony Tucker, Economic Development Director, appealed to the Department of Commerce but did not get very far. However, when he called Representative Joe Hackney who intervened and made some telephone calls, they returned with the good news for which the County is appreciative.

The County Attorney stated that he was able to get the American Moulding filing with the bankruptcy court with the Eastern District of California; that most of the detailed financials had not been filed; that they listed their major creditors and said that generally their assets were somewhere between ten and fifty million dollars; and that their liabilities were somewhere between ten and fifty million dollars; that from that, they cannot conclude that the assets equal the liabilities; and that there was a hearing on the previous Friday of which he has been unable to get the results.

Commissioner Emerson moved, seconded by Commissioner Barnes, to proceed with the public hearing as required by the State and notify taxpayers and place the public hearing on November 21, 2005 Board of Commissioners' meeting. The motion carried five (5) to zero (0).

Mr. Hobbs asked for guidance as to whether the Board desires them to hold in abeyance or whether

they need to start back.

Chairman Morgan stated that they were permitted for thirty-nine employees; that he would not doubt that there was more there today; that the only way in which they are going to get permitted from environmental or the State is for Mr. Hobbs to continue and get the DENR and get the permits.

By consensus, the Board agreed for Hobbs, Upchurch & Associates to continue.

64 West Line:

Mr. Hobbs stated that the cost of the line extending westward US Highway #64 to Siler City was approximately \$1,600,000.00; that the question was how quickly they could get to it; that they are starting construction on the Pea Ridge Road line this week; that it will take eight to ten months to complete; that from that point of delivery on Highway #15-501 they will go up Mt. View Church Road to the intersection of Alex Cockman Road and Highway #902 and then from there to Highway #64 and then the part along Highway #64 is \$1,600,000.00; that there are lines to connect to that; that there tanks and booster pump stations; that construction can begin as soon as the construction is nearing completion on Pea Ridge Road.

Chairman Morgan stated that he would like to see the timing pushed ahead for being able to get the Highway #64 project carried through.

Business Industrial Park:

Mr. Hobbs stated that the Corps of Engineers came out and concurred with the wetlands delineation, slightly reducing it in two areas, adjacent to the hospital site; that this will help that line; that there was an issue with regard to the use of bottomless culverts to avoid wetland impact; that the Department of Transportation, at certain levels, did not like it; that they met with the division engineer; that they have agreed with the use of the bottomless culverts; that it appears that the project will be built with zero wetland impact with significant environmental stewardship of the land; and that it is something that will save in time and possibly money.

He stated that the Department of Transportation has completed a traffic study and that it warrants a traffic signal on Highway #64.

Future Summit:

The County Manager asked that Board members bring their calendars to the next Board of Commissioners' meeting in order to plan for the future Board summit.

Pea Ridge Road Groundbreaking:

The County Manager explained that groundbreaking on Pea Ridge Road will probably come within the next week and a half stating that the date will be confirmed.

3 M Project:

The County Manager stated that he would speak more about the 3M project at the November 21, 2005 Board of Commissioners' meeting; that it has come in over budget in spite of the second bid; that it will be discussed in greater detail at the next meeting.

ADJOURNMENT

Commissioner Emerson moved, seconded by Commissioner Cross, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at 2:04 PM.

Bunkey Morgan, Chairman

ATTEST:

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