



Chatham County, NC

Meeting Minutes Board of Commissioners

Tuesday, January 6, 2015

9:00 AM

DSS Conference Room

BOC Retreat

BOC Retreat - 9:00 AM - DSS Main Conference Room

CALL TO ORDER

Present: 5 - Chairman Jim Crawford, Vice Chair Mike Cross, Commissioner Diana Hales, Commissioner Karen Howard and Commissioner Walter Petty

CLOSED SESSION

[15-1100](#)

Closed session to discuss matters within the attorney/client privilege.

A motion was made by Commissioner Petty, seconded by Commissioner Howard, to go out of the Regular Session and convene in Closed Session for the purpose of discussing matters within the attorney/client privilege. The motion carried by the following vote:

Aye: 5 - Chairman Crawford, Vice Chair Cross, Commissioner Hales, Commissioner Howard and Commissioner Petty

BOARD PRIORITIES

[15-1101](#)

Vote on a request to approve an Easement between the County and Duke Energy for the new Waste Management Building located on Renaissance Drive.

Attachments: [Chatham-Steve Judge-County of Chatham-Renaissance Rd.-Was County Land Fill Rd.](#)

A motion was made by Commissioner Hales, seconded by Commissioner Howard, that this Contract, attached hereto and by reference made a part hereof, be approved. The motion carried by the following vote:

Aye: 5 - Chairman Crawford, Vice Chair Cross, Commissioner Hales, Commissioner Howard and Commissioner Petty

BOARD OF COMMISSIONER RETREAT

[14-1083](#)

Ground Rules (Debra Henzey - 20 minutes)

Attachments: [Ground Rules for Effective Groups](#)

Debra Henzey, Director of Community Relations, reviewed key ground rules.

- Test assumptions and inferences
- Share all relevant info
- Use Specific examples and definitions
- Focus on interests, not positions
- Jointly design next steps
- Discuss undiscussables
- Group commitment to decisions

Commissioner Howard added Be Respectful

[14-1084](#)

Overview of budget process and policies (Renee Paschal - 60 minutes)

Attachments: [1--AppendixA--FinancialandBudgetaryPolicies](#)
 [2--BudgetProcess Presentation](#)
 [3--BudgetCalendar](#)

Renee Paschal, Assistant County Manager, reviewed the Budget Process.

Commissioner Petty asked what percentage of the budget is mandated. Ms. Paschal stated 73% is mandated. 15% is mandated dollars. There is a difference between a mandated service and mandated dollars. Mandated dollars means you have to spend "x" amount of dollars. The remaining 73% is mandated services that the State and Federal governments say the County has to provide.

Commissioner Petty stated when the fire departments ask for an increase in taxes, their request goes before the Board with a presentation for approval. Ms. Paschal stated the Board has to approve an increase. They may or may not have to present to the Board, it depends on the kind of increase being asked for.

Ms. Paschal stated the budget document has received the GFOA award. By the end of the three days of the retreat the staff hopes the Board will give broad direction on revenues, broad direction on expenditure priorities and update overall goals.

Commissioner Howard asked if the criteria are in any kind of order. Ms. Paschal stated that they are weighted and she can get that information for Commissioner Howard.

Ms. Paschal reviewed the Financial and Budgetary Policies.

Commissioner Howard asked if there is a list of onetime expenses that the Board could review. Ms. Paschal stated the Budget document shows what fund balance is used for. Departments also list in their budgets what they have as a onetime expense.

The County Manager stated if there is a grant that requires an employee to supervise the oversight of that service, the employment ends when that service ends.

Commissioner Hales asked if there is a grant writer for the County. Ms. Paschal stated there is not. Ms. Henzey stated she did it when she began with the County. Chatham County's wealth disqualifies it for almost all grants.

Commissioner Petty asked what qualifies the County for wealth. Ms. Henzey stated the County is number one for per capita income in the State. Grants don't let you carve out for just Bear Creek. They are based on the whole county poverty rate.

She stated Lisa West also did the grant writing for a while and she found it became a small percentage of her job.

The County Manager stated North Carolina is on a tier system for prosperity. Chatham County is a tier 3, which makes it ineligible for a lot of state items and qualifying for federal items is even more difficult. Chairman Crawford stated the Matthews Township has the worst per capita rate. He asked if the municipalities could apply. Ms. Henzey stated some of them have and have gotten some things.

The County Manager stated from the northeast to the west, the income disparity is huge. The rate of poverty in Siler City is 25%. Chairman Crawford stated that is great depression levels. Ms. Henzey stated some of the foundations, they too look at poverty things, but they also have not fully recovered from the investment hits they took during the recession. It is a challenge. Ms. Paschal stated they had a pretty lively discussion about this at the legislative goals session, about separating the municipalities out from the counties. Chairman Crawford stated that seems critical for Chatham County so any assistance staff needs from the Board they will be happy to give. Commissioner Hales clarified that the tier system is a legislative course. The staff stated she was correct.

Commissioner Hales asked if \$5,000 is too small of an amount for the Budget Officer to be able to transfer between departments. Ms. Paschal stated they typically will not use this method. They will use other methods first. The County Manager stated it is available, but it is very rare.

Commissioner Hales asked what the per capita rate is. Ms. Paschal stated it is all the debt the county has issued and divide it by the people in the county. Chatham County is pretty high. When the County issues the debt for the new high school it will be the highest in the State for the population group. We do have some things to offset that; we are a rapidly growing county, we have high property values and we also have a debt reserve with the debt set aside. Ms. Paschal stated the debt reserve is the most important thing in that consideration.

Commissioner Hales asked if there is another way to pay for the water plant. Ms. Paschal stated it makes sense to pay for it through the enterprise fund and the general fund. The County Manager stated a lot of that would be determined by how governance of that would be in the future, whether it is through an authority or a partnership, etc.

The County Manager stated that the logic with the recreation fee is to capture as many kids as possible who are from families who might not otherwise be able to afford to be in the system.

Commissioner Petty stated fund balance looks high at times but it is a moving target. Ms. Paschal stated an important use of fund balance is for unplanned things. If a tornado comes through the County and we need to rebuild buildings and the County may or may not get federal dollars for those buildings, therefore we need fund balance.

Commissioner Howard asked what the fund balance policy was meant to address. Ms. Paschal stated it wasn't meant to address a particular need but to keep us from having too much fund balance.

Commissioner Hales asked if there is a process for reviewing p-cards to prevent abuse. Ms. McConnell stated there is a process in place.

[14-1086](#)

Expected conditions affecting next year's budget (Renee Paschal - 2 hours)

Attachments: [5--Financial Indicators](#)

[6--Budget trends](#)

Ms. Paschal and Vicki McConnell, Finance Officer, reviewed the Financial Indicators.

Commissioner Howard asked what happened with liquidity in 2012. Ms. McConnell stated she did not know but would check and get the information to Commissioner Howard.

Commissioner Hales asked if the reports included school budgets. Ms. McConnell stated they did not.

Commissioner Howard asked with regards to dependency, what was considered high. Ms. McConnell stated anything over 20% because that is state and federal money coming in.

Commissioner Hales asked what the benchmark counties were based on. Ms. McConnell stated Lee County was based on population, Orange County was based on wealth and Moore County was based on budget.

Ms. Paschal reviewed the Trends.

Commissioner Hales asked if per capita income includes more than wages. Ms. Paschal stated this measure, the Bureau of Economic Analysis under the Department of Commerce, includes more than wages. Census data is only wages.

Chairman Crawford stated Matthews Township (Siler City), Williams Township (Governors Club) and Center Township (Pittsboro) looks like three different counties in regards to income level. Ms. Paschal stated it skews our income and makes us look like a very wealthy county. Chatham County is considered the most prosperous county in the state.

Chairman Crawford asked if the Board could get the data for the chart on tax base for the benchmark counties. Ms. Paschal stated she would get the information for Lee, Orange and Moore counties. She would also get the updated Chatham County chart to the Commissioners. Commissioner Howard asked if the numbers were pre Walmart. Ms. Paschal stated they were. The new numbers will include Walmart. This is just property, not sales tax, just the value of real property.

Chairman Crawford asked if there were any known counties with a bad collection rate. Ms. McConnell stated she could find out. Commissioner Howard asked if some people are not paying their taxes, does the County recover them. Ms. Paschal stated yes, the County's last resort is to sell the property and recover the taxes.

Commissioner Hales asked where the County publishes other than the Chatham Record. Ms. Paschal stated that is the only place the County publishes and it does so every February and March. The County may recover those by the end of the year as a result. Commissioner Hales asked if the NCDMV taxes are part of the delinquent taxes. Ms. McConnell stated they are not; the County does not have those anymore. Ms. Paschal stated the revenue from the NCDMV looks like it has been worth the switch. The County Manager stated that the NCDMV money is coming back to the counties now but it would not be unheard of for the Legislature to come back and take some of that money back.

Commissioner Hales asked if County employees included school employees. Ms. Paschal stated it did not.

Commissioner Petty stated water usage has become a lifestyle change just like recycling and the environment. Commissioner Cross stated the administrative water customers may be counted as users at \$15 a month but they aren't actually using the water.

Commissioner Howard asked who makes the determination to cut usage. Ms. Paschal stated the County is part of a regional partnership that has decided to make voluntary restrictions. The County Manager stated it extends the life of the water system if we can hold a constant water restriction reminder. In 2007, the County had folks go out and monitor and we paid special attention to those who tried to water their lawns, etc. With increasing customers, as our fixed costs go up, we will have to see if we need to increase the rates to cover the costs. Commissioner Petty stated there are also people who want the water that we can't get it to. We would have more water customers if we could find the cost to cover getting it to them. The County Manger stated Chatham County has a very new water system in historic terms. Our rates are high because we are a young system and we are a rural system.

Chairman Crawford asked if there is any anticipated change with the changeover to single stream recycling. Ms. Paschal stated it will be a little positive in the bottom line because the County won't be building a tenth recycling center. Commissioner Hales stated there will be a decrease in the recycling revenue. Ms. Paschal stated that is correct.

Commissioner Howard stated the population is aging and there are a large number of retirement communities. The retiree population is going to continue to go up. She believed traditional families may not go up and she wanted to know if property tax would go up as well. Ms. Paschal stated property tax and the aging population don't necessarily go together. The County Manager stated the effort is to try to diversify to more commercial type of real estate to lessen the burden on housing real estate. Commissioner Howard stated the number of homes won't decrease. Ms. Paschal stated, that is correct, the number of homes will go up. Commissioner Petty stated a lot of the aging population doesn't end up in high end housing but in retirement communities. They don't pay direct property taxes but the communities do pay high property taxes. One of the past goals of the Board has been to shift to a more commercial and industrial tax base.

Commissioner Hales asked what the County does with foreclosed property it can't sell. The County Manager stated it will inherit them if no one shows up when we sell them at the courthouse. She asked if there are a lot of these properties. Ms. McConnell stated there are only about ten.

Ms. Paschal reviewed the Preliminary Outlook for the FY 2016 Budget.

LUNCH BREAK 12:00PM (1 HOUR)

[14-1085](#)

Heads Up from departments and Chatham County schools (Lisa West - 30 minutes)

Attachments: [4a--Heads Up document](#)
[4b--Heads Up presentation](#)

Lisa West, Budget Analyst, gave a summary of the Heads Up Document.

After the presentation, Chairman Crawford encouraged the Board to go through the full document and become familiar with the requests.

[14-1088](#)

Review of progress towards commissioner goals (Renee Paschal/Dianne Reid - 1 hour)

Attachments: [9a--Department Goals Update](#)
[9b--PresentationOnBOCGoalsUpdate](#)

Ms. Paschal reviewed the Report on Board of Commissioner Goals:

[14-1089](#)

Chatham County Schools Presentation (Dr. Derrick Jordan - 1 hour)

Dr. Derrick Jordan, Superintendent of Chatham County Schools, introduced the other members of the school administration in attendance:

Tony Messer, Chief Finance Officer

Chris Blice, Chief Operations Officer

Keith Medlin, Executive Director of Technology and Media Education,

Dr. Amanda Hartness, Assistant Superintendent for Academic Services and Instructional Support

Dr. Jordan gave a PowerPoint presentation.

Dr. Jordan stated a new grading system for North Carolina schools would be coming out soon and they are asking that everyone keep an open mind when these scores come out. Chatham County Schools will probably formally ask the Board of Commissioners to adopt a resolution asking the General Assembly to reassess how they are going to assign these scores. They said growth only accounted for 20% of the score. Chairman Crawford asked if Dr. Jordan could clarify the meaning of growth. The State terms growth as achieving grade's level growth. Dr. Jordan stated if students are growing, they are improving and 20% is inappropriate. Commissioner Petty asked what the other 80% consisted of. Dr. Jordan stated it is proficiency and depends on whether the student makes a level 3 on the EOG or EOC. The State is more concerned with the student meeting that superficial score than whether or not they expanded and achieved.

Commissioner Petty asked if the grades are compared to other North Carolina districts or nationally. Dr. Jordan stated it will be compared against North Carolina districts and with some national standards. Dr. Jordan stated they take every student that presents at the school door regardless of socio economic standards and that will not be taken into account when these scores come out. When you look at Chatham County's growth you will see that we are meeting standards.

Commissioner Howard asked how a school that has an autism program where another does not will be taken into account. Dr. Jordan stated there is no built in mechanism to address that. Chairman Crawford stated the growth measurement is a more accurate measurement of learning. Proficiency doesn't measure the amount of learning that was done. This is a political problem and not all assessments are bad but the proper type of assessments need to be done. Dr. Jordan stated he doesn't like Chatham County being compared to Wake or Chapel Hill because they didn't achieve what Chatham County did last year. They will come out more proficient because of the socio economic backgrounds but Chatham County achieved more growth.

The County Manager asked if these scores are leading to some sort of funding mechanism the state is going to put in place. Dr. Jordan stated they don't know how this is going to tie to funding.

Dr. Jordan stated the State mandates the testing. They do a pre-assessment in third grade but just have post assessments for other grades. They do local pre-assessments but none of that will be factored in to these scores.

Dr. Jordan stated there would be changes to the Funding Formula with respect to growth. Commissioner Howard asked if the funding would come for the following school year or at the end of the current school year. Mr. Messer stated they will get the money based off the number of students that actually show up. Dr. Jordan stated this causes them to have to shift students around after the school year has begun.

Mr. Messer reviewed the Financial Highlights as of June 30, 2014 and upcoming budget requests.

The County Manager asked Mr. Messer to briefly define what certified and classified staff are. Mr. Messer stated certified staff are teachers and staff with degrees. Classified staff are all other staff. Ms. Paschal clarified that they will distinguish between staff with bachelors and those with masters and higher degrees.

Commissioner Hales asked if the Charter Schools received the supplement. Mr. Messer stated they received their portion of that.

Commissioner Howard asked if the world Language resources for Middle Schools would be for all middle schools and would it be Spanish. Dr. Hartness stated it would be for all middle schools and they haven't decided on the language but they feel Spanish would be the best. It would also probably be more than one day a week.

The County Manager asked if Chatham County, being defined as the most prosperous County in the state, had an effect on funding. Mr. Messer stated it does not. Dr. Jordan stated slightly above 50% of the students are eligible for free and reduced lunch.

Mr. Medlin reviewed the technology budget requests.

Mr. Blythe reviewed the Non QSCB School Roof Projects.

Dr. Jordan thanked the Board for the opportunity to come speak.

[14-1087](#)

Pay overview (Renee Paschal - 30 minutes)

Attachments: [8--Pay Study Presentation](#)

Renee Paschal, gave a presentation on employee pay.

[14-1090](#)

Commissioner discussion of nonprofit grant process allocation

The Board briefly discussed nonprofit funding and funding of the arts through the EDC. The discussion was then postponed until Thursday, January 8, 2015.

ADJOURNMENT