

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
JUNE 02, 2008

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 10:20 AM on June 02, 2008.

Present: Chairman George Lucier; Vice Chair Mike Cross; Commissioners Patrick Barnes, Carl Thompson and Tom Vanderbeck; County Manager, Charlie Horne; County Attorney, Jep Rose; Assistant County Manager, Renee Paschal; Finance Officer, Vicki McConnell; and Clerk to the Board, Sandra B. Sublett

The Work Session was called to order by the Chairman at 10:21 AM.

Work Session Agenda

1. **Circuit Breaker**
2. **Chatham County Fiscal Year 2008-2009 Manager’s Recommended Budget**

PARKS AND RECREATION

Parks and Recreation Records:

The County Manager explained that there is a bill out to limit access to rosters for recreation programs due to the potential threat for criminal activity with someone found on a roster; that House Bill 2227 is to protect kids who are on the roster from potential pedophiles, etc.; that he is unsure to whom they give it to.

Chairman Lucier stated that he would like to see it, as his concern is, after having coached a lot of recreational teams, that he usually gives the names, addresses and phone number of the kids to all of the other parents so that they can arrange carpools, etc. to get the kids to the games and practices. He asked if the coach was bound by it once he has it and stated that there needs to be some clarity on it with a recommendation on how to proceed.

The County Manager stated that this came out late on Friday and that he has asked the Recreation Director to look into it.

CIRCUIT BREAKER

Frances Wilson, Chatham County Tax Collector, stated that the Circuit Breaker legislation provides a permanent residence owned and occupied by a qualifying owner may elect to defer taxes on the property and that the owner must apply annually and the following qualifications must be met:

1. Owner has income for the preceding calendar year of not more than 150% of the income eligibility limit of those qualifying for the senior citizens exemption under NCGS 105-277.1(a2).
2. The owner has owned and occupied the property as a permanent residence for at least five years.
3. The owner is at least 65 years of age or totally and permanently disabled.

Ms. Wilson stated that due to the complexity of this deferral program, the North Carolina Association of County Commissioner's Tax and Finance Steering Committee recommends that the General Assembly delay the implementation of the Circuit Breaker legislation from 2009 until 2010 and that the additional time will allow local governments to make the essential changes needed with software and training of staff.

Commissioner Vanderbeck moved, seconded by Commissioner Barnes, to adopt **Resolution #2008-___ Requesting Delay of the Circuit Breaker Legislation Implementation**, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Ms. Wilson stated that there is another resolution opposing House Bill 1889 which is legislation that could dramatically impact local government budgets; that at the time of the Tax and Finance steering committee meeting in May, sufficient information was not available to determine what the impact to budgets will be; that it was recommended that the County oppose that legislation until such time the impact that it will have on local governments will be known.

Commissioner Vanderbeck stated that he would like to learn more about the bill prior to signing on to opposing it.

Commissioner Thompson stated that there would have to be increased staff; that it would take additional time for monitoring; that on the other hand, there would be a loss of income; that without looking at the specifics of what would be required in terms of criteria, and that he would support the resolution.

Chairman Lucier suggested an addition to the last paragraph: "Now therefore be it resolved that the Chatham County Board of Commissioners respectfully requests that the General Assembly not support House Bill 1889 until more details can be provided regarding the impact upon local government budgets." He stated that he thinks the intent is good; that everyone is interested in preserving the environmental qualities in Chatham County; and that this bill seems to be a bit rushed.

By consensus, the Board agreed to the amendment.

Commissioner Thompson moved, seconded by Commissioner Barnes, to adopt **Resolution #2008-___ Requesting Opposition of House Bill 1889**, as amended. The motion carried five (5) to zero (0). The resolution is attached hereto and by reference made a part hereof.

CHATHAM COUNTY FISCAL YEAR 2008-2009 MANAGER'S RECOMMENDED BUDGET

Chairman Lucier stated that the County Manager's budget includes a 5.5 cents tax rate for the Fiscal Year 2009; that the Board will be systematically reviewing the major departments during the next two days to see if changes are warranted.

Chairman Lucier stated that they were very pleased with the degree of effort that had gone into the budget; and that they appreciate the efforts of the School Board.

CHATHAM COUNTY SCHOOLS

Chairman Lucier congratulated the new Superintendent of Chatham County Schools, Dr. Robert L. Logan and stated that the Board of Commissioners looks forward to working with him in the future.

Capital Outlay Plan:

Superintendent Logan reviewed the School Board's Capital Outlay Requests for 2008-2009, Capital Outlay, Category I Projects, Capital Outlay, Category II (Furniture), Capital Outlay, Category II (Technology), Capital Outlay, Category II (Equipment), Capital Outlay, Category III (Vehicles), and additional needs.

Renee Paschal, Assistant County Manager, explained that the County Manager recommended for capital outlay \$1.8 million which does not include four other projects

identified by the school system, including \$200,000 for traffic improvements at JS Waters, \$126,800 for lighting at Northwood High School, \$86,000 for a new phone system at Jordan Matthews and Northwood High Schools, \$32,000 for a soccer field at Horton Middle School, and \$40,800 for a computer cart at JS Waters; that the recommendation funds everything else requested by the Board of Education except those projects. She stated that the CIP projects total \$1,349,966.

Chairman Lucier asked if they added the Capital Improvement Projects to the Capital Outlay requests to arrive at the amount requested, \$3,237,005, by the schools. Ms. Paschal stated that was correct.

Continuation Budget:

Ms. Little explained that when she and the Assistant County Manager spoke, they requested that the Board of Commissioners do what they felt like they could do for the betterment of Chatham County and give the Board of Education and Administration the opportunity to make adjustments accordingly. She stated that based on the funding recommendation, the funding for other continuation requests would have to be worked out within their existing resources. She reviewed current expenses left in available fund balance not designated for anything; that in capital outlay, they have money which they plan to use to finish additional road projects at Northwood which will complete the project so that they will not return to the Board of Commissioners to request additional funds for the project.

Supplements:

Ms. Little explained that to keep pace with the demand for qualified teachers and administrators, their salaries must be competitive enough to attract and retain the best personnel; that in order to meet this need, they are requesting \$350,503 for a \$500 increase in the supplement for certified employees and a \$100 increase for classified personnel (secretaries, teacher assistants, maintenance, bus drivers)

Ms. Paschal stated that the difference between the recommended amount and the Board of Educations' request was \$305,568.

A discussion ensued regarding the different amounts for supplements.

Commissioner Thompson asked to delay a decision on the supplements and to review the request in context with the entire budget request.

Commissioner Vanderbeck concurred that that was a good idea.

Commissioner Cross stated that he thought they had to do something stating that if half way was the best they could do, then maybe they could catch up next year. He stated that the County was losing too many people training them and they are leaving for better pay elsewhere.

Commissioner Barnes agreed with Commissioner Cross, the County is stating that a \$300 increase for teachers and a \$100 increase for assistants was the least the Board should approve.

Commissioner Thompson stated that the Community College was in the same situation; that they recruit and lose to surrounding counties; that he thinks it would be difficult to make a decision to increase any amount of money now without going through the budget as a whole and looking at all requests.

Chairman Lucier stated the Board would not make final decisions within the next two days; that they are looking to give staff input on how to prepare the final budget; that he is proposing that they revisit any changes at the end of the June 03, 2008 budget meeting; and that it makes sense to review the proposed increases and decreases.

After further discussion, Commissioner Thompson and Commissioner Vanderbeck stated that they would both look favorably upon the increase.

Ms. Little asked if the Board "traded" something, would it be possible for the school system to make the decision about what would be cut.

Chairman Lucier stated that the Board was not asking them to do that at this time, as he didn't see too much that could be cut from the school system's budget.

Col. Gerald Totten, Board of Education Member, stated that last year, the Commissioners and staff visited the schools and came up with a list of needs; that the School Board has taken the position that health and safety matters come first; that the bleachers are now safety matters as they do not meet the current code; and that he thinks Ms. Little's comment about "trade offs" is very valid.

Chairman Lucier stated that the Board would review the requests at the June 03, 2008 budget meeting and could ask the Board of Education to make a cut to offset the increase in teachers supplement, however, the Board of Commissioners was not asking for that at this time. He stated that he knows first-hand that the soccer field at Horton is a safety concern.

Commissioner Vanderbeck asked about the school system's capacity for video conferencing to save time and money.

Commissioner Vanderbeck asked about the mileage reimbursement and if it was reflected in the figures. Ms. Little replied that they were currently using the IRS reimbursement rate. Commissioner Vanderbeck asked that they creatively look at ways to cut fuel consumption.

Chairman Lucier stated that they very much appreciate Col. Gerald Totten coming to the Board of Commissioners' meetings; that there is no doubt that the working relationship between the two boards is the best that it has ever been; that he feels that the two boards have a lot of good will and have been pulling together for the good of the school system; and that the Board appreciates it.

Col. Totten stated that it had been a long time coming, but that he appreciated the Board recognizing it.

Chairman Lucier thanked everyone for coming and stated that consideration would be given to their requests.

CAPITAL IMPROVEMENT PLAN

The Board reviewed the CIP and the projects that are being delayed.

Ms. Paschal explained that everything is on track; that the delayed items were planning costs, architect fees for the renovation of the Manager's Office and Register of Deeds and the planning for the emergency storage building; and that she thinks they can be delayed for a year without jeopardizing the projects; that the scanning project can be delayed and may not be needed at all; and that she doesn't feel that the delay will affect the Capital Improvement Plan's schedule.

The Board expressed no concerns with the Capital Improvement Plan.

COUNTY MANAGER'S BUDGET

Ms. Paschal answered questions regarding the Safe Havens Grant, the frequency of well testing required by the State, the collection percentage for fire departments, funding for the pay plan and the savings generated by delaying implementation, proposed merit increases and benefits compared with other jurisdictions, tax discoveries, and how accurately staff estimated fund balance in the past. She reviewed additional items that have arisen since the recommended budget was prepared as follows:

- \$150,000 hospital reimbursement request (increase fund balance appropriation by \$150,000)
- Funding for CTN consultant study (no cost estimate available)
- Civil Engagement Nickel Offense (increase general fund by \$3,000)
- US 64 Strategic Corridor Study (increase general fund by \$3,600)
- Additional well testing kits (increase general fund by \$5,800)

- Reduce tax rate by one cent for water because of Durham water purchase agreement (reduce general fund by \$722,266)
- Delete camera system from CCCC budget (reduce fund balance appropriation by \$17,881)
- \$200,000 contribution to affordable housing fund (increase fund balance appropriation by \$200,000)
- Non-profit funding: Chatham Trades, Chatham Together!, and the Red Cross have appealed their recommended funding. Commissioners have an additional \$20,000 to allocate to non-profit agencies. If Commissioners chose not to allocate this amount, the general fund could be reduced by \$20,000.
- In the Community Development budget, the salary and benefits of the director was mistakenly budgeted twice (reduce the general fund by \$111,207)

Community Development Director:

The new Community Development Director would provide coordinated leadership for major County initiatives and related departmental functions. The new department would coordinate Planning, Central Permitting, Sedimentation and Erosion Control, and Environmental Resources, with a major goal of successful implementation of new policies and regulations (major corridors, environmental assessments, watershed buffers, affordable housing, green building, revised land use ordinances, joint land use plan with Cary, and environmental protection). In the past 16 months, the County has undertaken major initiatives related to growth management and community development. These initiatives and related activities will require extensive cross-functional collaboration, which would be enhanced by centralized leadership at a net cost of \$362,889.00.

After considerable discussion regarding positions and cost savings, the Board expressed a desire to begin the recruitment process for the Community Development Director who would return to the Board of Commissioners with a plan for how to set up the department in the most efficient way.

Commissioner Vanderbeck voiced concerns that affordable housing will soon need staff help. Chairman Lucier asked that the County Manager let the Board know how this could be accomplished at a not-to-distant meeting along with pay to transportation advisory, green building, major corridors, moratorium, etc.

Commissioner Barnes asked about Chatham County's longevity. Ms. Paschal stated that the County had no longevity pay due to the cost. Commissioner Barnes stated that was something that was extremely important if the County wanted to keep people long-term; that the longer they stay, the better the County is; that it is an incentive to stay; that when people stay short-term, there is a lot of repeat training of new people; that the County is probably spending more money in retraining than it would in longevity increases; and that he is a fan of longevity pay.

Commissioner Vanderbeck stated when the County's merit pay and health benefits are quite generous and compensate for the lack of longevity pay.

Chairman Lucier stated that \$111,000 had been found through rigorous review, and he recommended reducing it by another \$75,000 because they can't get everything going immediately, for a total reduction of \$186,000.

LUNCH

The Chairman called for a short lunch break.

Salaries/Merit Pay:

Ms. Paschal explained that an employee has to perform at "Standard" in order to receive a 2% raise; that there were Countywide standards that were initially implemented when the merit system was set up; that employees have to prepare an agreement that is individualized and based on department goals; that all of the agreements are then reviewed by the Human Resources Director to make certain that they are consistent across departments and within departments as to the levels, etc.; that at the end of the year, they are audited to make sure that the goals have been

met; that a raise can be overturned if goals are not met and that would trigger review of other raises within that decision; and that it is a strict and involved process to make certain that the agreements are valid.

Pay Study Implementation:

Chairman Lucier stated that if the County implements the raises on July 1, 2008, the cost will be \$617,000; that if the County waits three months until October 1, 2008 to implement the raises, it would cost \$463,000 and save \$154,000; that it would save \$154,000 every three months that it was delayed; that a larger increase would have to be considered next year, but this would get employees up to minimum salary for their positions based on the surrounding counties; that the choices the Board has are: 1) not to implement the raises at all which would save \$617,000; 2) start July 1, 2008; or 3) delay until October 1, 2008, which would be \$154,000 less than what is in the current budget.

Commissioner Barnes stated that his personal preference would be to implement it July 1, 2008; and that October 1, 2008 would be the maximum length of time he would want to wait.

Commissioner Thompson stated that due to hard economic times, it is a question of when it is implemented; that in light of what he sees is going to be happening everywhere, he would prefer to look at January 1, 2009 implementation; that he understands that everyone needs as much as they can get, as he is a State employee and is in the same situation; and that it would save the County close to ½ cent if implemented January 1, 2009.

Commissioner Cross stated that he knows that there are several municipalities that will not get pay raises; that he has no idea if those employees are at an average pay salary; that he knows that the County's employees are not; and that he is in favor of implementing the equability plan on July 1.

Commissioner Vanderbeck stated that given the merit pay, strong 401K plan, and a great dental/health plan and considering the economy, that he could agree with delaying the pay plan until October 1 to reduce the impact on all taxpayers.

Chairman Lucier stated that he was in similar agreement; that he didn't think that there was a big problem with waiting three months; that he doesn't want to wait longer than that; that he would agree with the October 1 implementation to reduce total taxes by \$154,000.

Commissioner Cross stated that he would compromise with the October 1 implementation date.

Commissioner Thompson stated that he thinks that the employees certainly deserve the increases; that his argument is that it is going to happen, but it will happen later than when they want it to happen; that hopefully, at some point in the future, it will be improved upon; and that it is just asking for a sacrifice of six months when some employees aren't getting anything at all.

Commissioner Vanderbeck added that, as he understands it, it will be a two-step process; that they don't know what next year is going to bring; that he doesn't want to cut back too much at this time, but he would like to see some "givingness"; that he thinks three months is reasonable; that when it comes up next year, to make up the difference in the average pay in the area, the Board may be looking at an even tougher position; and that he sees room for a compromise.

Chairman Lucier stressed that this will only get the employees up to the minimum of their salary ranges.

By consensus, the Board agreed to implement the pay increases on October 01, 2008.

Budget/HR Analyst Position in County Manager's Office:

By consensus, the Board agreed to the Budget/HR Analyst Position in the County Manager's Office.

Finance Office:

The Board expressed no concerns with the Finance Office budget.

Tax Exemption Specialist – Tax Office:

By consensus, the Board agreed to the Tax Exemption Specialist in the Tax Office.

Facilities Management (Buildings & Grounds):

The Board expressed no concerns with Facilities Management.

Fleet Management:

The Board expressed no concerns with Fleet Management.

County Attorney:

By consensus, the Board agreed that they were pleased with the services of Poyner & Spruill, but would revisit the issue of hiring a full-time County Attorney at a later date.

Emergency System Specialist & Front Line Support Position – Management Information Systems (MIS):

By consensus, the Board supported these positions in the MIS budget.

Commissioner Vanderbeck asked if the County had any capacity for video conferencing or if there was a target date when it would be available.

The County Manager explained that it had been discussed, but to his knowledge, there was no target date.

General Services:

The Board expressed no concerns with General Services budget.

Court Facilities:

Ms. Paschal stated that there was money budgeted to improve courtroom security; that building maintenance is going from \$6,000 to \$20,000; and that the increase also included increased rent in the amount of \$7,000 and also an increase in the telephone system.

The Board expressed no concerns in Court Facilities budget.

UTILITIES

Water Distribution:

David Hughes, Public Works Director, explained that the agreement with the City of Durham becomes effective July 01, 2008 and runs through June 30, 2028. He stated that the benefit to this contract is that it will keep the County from having to construct a water plant expansion at the present site on the east side of the lake and the associated transmission line across the lake; and that the estimated costs of those projects is \$35 million, which would be financed by a one-cent increase on the tax rate. He explained that the County shall impose restrictions at least equal to those being imposed by the City of Durham; that the rate shall be Durham's Tier 1 base single-family residential rate which is currently \$2.08/per gallon; and that the County must declare, by March 1 of each year, how much water it will purchase from the City of Durham for the next year.

The actual daily amounts are shown with the ranges in the following table:

Period For Sales	Durham's Water Sales Commitment	Maximum Actual Daily Amount
4-01-2009 through 3-31-2011	0-1 MGD	1
4-01-2011 through 3-31-2013	0-2 MGD	2
4-01-2013 through 3-31-2015	0-3 MGD	3
4-01-2015 through 3-31-2028	0-4 MGD	4

Mr. Hughes stated that for all sales from Durham to Chatham made under this agreement, Durham may not withhold, reduce, or suspend the supply of water except temporarily in the event of emergency, such as equipment problems.

Waste Management Fund:

The Board expressed no concerns in the Waste Management Fund budget.

BREAK

The Chairman called for a short break.

FEES

Fire Districts:

Ms. Paschal stated that the tax collection fee for fire districts for real, personal, and utilities is currently 5% of the amount collected and that the Manager is recommending that the fee be reduced to 1.5% of the amount collected. Ms. Paschal stated that the fire districts have asked the County to consider the reduction for several years; that because of the renewal of most of the fire district contracts this year, staff recommends the change this year.

Chairman Lucier proposed that the fire district fee reduction be delayed for one year to produce a savings of \$157,000.

By consensus, the Board agreed to delay the fire district fee reduction for one year to produce a savings of \$157,000.

Other Fee Changes:

By consensus, the Board expressed no concerns regarding other fee changes.

NON PROFITS

Chairman Lucier explained that there were three non profits who had contested their budgetary recommendations: American Red Cross, Chatham County Together!, and Chatham Trades.

After considerable discussion and by consensus, the Board decided to:

Increase Chatham Trades transportation allocation	\$ 3,000.00
Increase Chatham Trades administration allocation	14,000.00
Increase Chatham Together! Allocation	3,000.00

Commissioner Vanderbeck stated that his understanding was that non profit funding would be capped at ½ cent on the property rate.

Ms. Paschal asked if he meant to include the \$20,000 for the Commissioners to allocate within the half cent. Commissioner Vanderbeck answered that there would be no allocation by the Commissioners stating that there would be nondiscretionary funding to be used for the Non Profits.

By consensus, the Board agreed that the discretionary funding should still come out of the half cent and would continue to grow proportionately with the County budget.

GENERAL GOVERNMENT

Board of Elections:

The Board expressed no concerns with the Board of Elections' budget.

Governing Board:

By consensus, the Board declined the proposed increase in Commissioner salaries and expressed no other concerns in the Governing Board budget.

Register of Deeds:

The Board expressed no concerns with the Register of Deeds' budget.

Council on Aging:

The Board expressed no concerns with the Council on Aging budget.

Family Resource Center:

The Board expressed no concerns with the Family Resource Center budget.

Orange-Person-Chatham Mental Health (OPC):

The Board expressed no concerns with the Orange-Person-Chatham Mental Health budget.

Central Permitting – Administration:

The Board expressed no concerns with the Central Permitting - Administration budget.

Central Permitting – Inspections:

The Board expressed no concerns with the Central Permitting - Inspections budget.

Economic Development Commission:

The Board expressed no concerns with the Economic Development Commission budget.

Pittsboro-Siler City Convention & Visitors Bureau:

The Board expressed no concerns with the Pittsboro-Siler City Convention & Visitors Bureau budget.

Planning Department:

The Board expressed no concerns with the Planning Department budget.

Soil & Water Conservation Service:

The Board expressed no concerns with the Soil & Water Conservation Service budget.

Court-Related Programs:

The Board expressed no concerns with the Court-Related budget.

Emergency Medical Services:

The Board expressed no concerns with the Emergency Medical Services budget.

Emergency Operations:

The Board expressed no concerns with the Emergency Operations budget.

Emergency Management – Telecommunications:

The Board expressed no concerns with the Emergency Management - Telecommunications budget.

SPECIAL REVENUE/RESERVE FUNDS

Bynum Canoe Access:

The Board expressed no concerns with the Bynum Canoe Access budget.

CDBG/Performance Bicycle:

The Board expressed no concerns with the CDBG/Performance Bicycle budget.

Emergency Telephone System Fund:

The Board expressed no concerns with the Emergency Telephone System Fund budget.

Emergency Vehicle Replacement:

After considerable discussion, the Board expressed no concerns with the Emergency Vehicle Replacement budget.

Equipment Capital Reserve:

The Board expressed no concerns with the Equipment Capital Reserve budget.

BREAK

The Chairman called for a short break.

Facility Reserve:

The Board expressed no concerns with the Facility Reserve budget.

Forfeited Property:

The Board expressed no concerns with the Forfeited Property budget.

Health Internal Service:

The Board expressed no concerns with the Health Internal Service budget.

Impact Fees:

The Board expressed no concerns with the Impact Fees budget.

Industrial Reserve:

By consensus, the Board agreed to transfer funds with the amount of \$41,370.00 from the Industrial Reserve Fund to fund the implementation of the Strategic Plan in the Economic Development Corporation budget.

Parks Foundation Trust Fund:

The Board expressed no concerns with the Parks Foundation Trust Fund budget.

Personnel Savings Account:

The Board expressed no concerns with the Personnel Savings Account budget.

Recreation Fees:

The Board expressed no concerns with the Recreation Fees budget.

School Capital Reserve:

By consensus, the Board agreed to transfer funds from the School Capital Reserve in the amount of \$4,350 to the General Fund for school capital outlay.

Utility Capital Reserve:

The Board expressed no concerns with the Utility Capital Reserve budget.

Utility Vehicle Replacement Reserve:

The Board expressed no concerns with the Utility Vehicle Replacement Reserve budget.

Waste Management Capital Reserve:

The Board expressed no concerns with the Waste Management Capital Reserve budget.

RECESS

Commissioner Vanderbeck moved, seconded by Commissioner Thompson, to recess the meeting. The motion carried five (5) to zero (0), and the meeting was recessed at 3:37 PM until June 03, 2008, Henry H. Dunlap, Jr. Building Classroom at 8:30 AM.

George Lucier, Chairman

ATTEST:

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