

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
JUNE 07, 2010

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Henry H. Dunlap Building Classroom, 80 East Street, located in Pittsboro, North Carolina, at 10:00 AM on June 07, 2010.

Present: Chair, Sally Kost; Vice Chair, George Lucier; Commissioners Mike Cross, Carl Thompson, and Tom Vanderbeck

Absent: Commissioner Carl Thompson

Staff Present: Charlie Horne, County Manager; Jep Rose, County Attorney; Renee Paschal, Assistant County Manager; Vicki McConnell, Finance Officer; Sandra B. Sublett, Clerk to the Board; and Elizabeth Plata, Deputy Clerk to the Board

Agenda

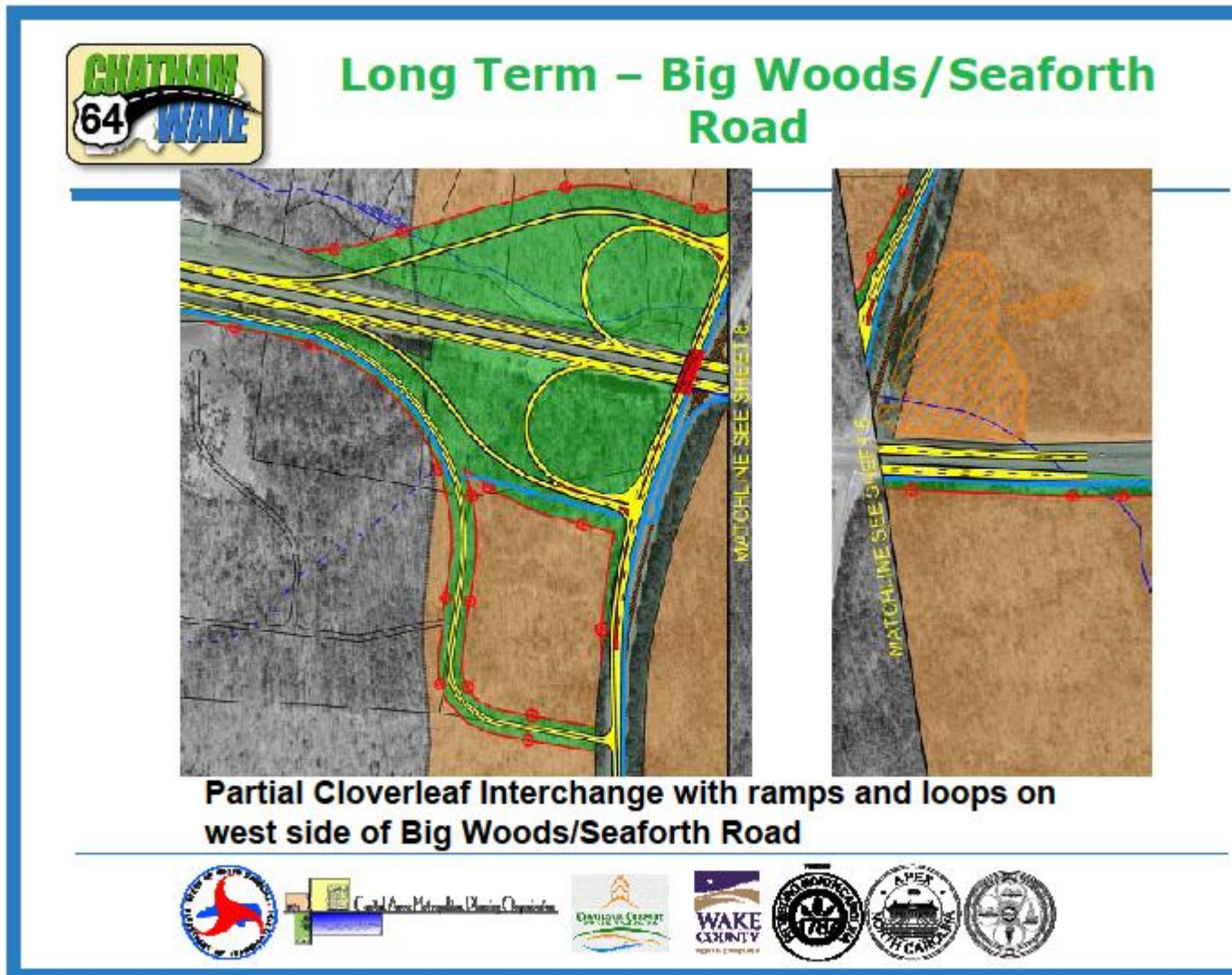
1. **US 64 Draft Corridor Study:** Presentation by Dan Thomas with the NC Department of Transportation on the US 64 Draft Corridor Study that was released for public comment
2. **Technology Update by Chatham County Schools:** The Board of Education will present an update on technology in the schools and various options being considered by the Board of Education.
3. **Budget Work Session:** Continuation of work to establish a budget for Fiscal Year 2010-2011. The Board of Commissioners held public hearings on June 1st and June 2nd and held their first work session on the proposed budget on June 3rd. Work continues from the June 3rd session. The tentative schedule for budget work is attached. Please note that the times are tentative in that some items may take longer than anticipated and some may be shorter hence the schedule is provisional; times therefore may change.

CALL TO ORDER

The Chair called the Work Session to order at 10:05AM.

US 64 DRAFT CORRIDOR STUDY

Chair Kost introduced Dan Thomas from the Transportation Planning branch of the NC Department of Transportation (DOT) and noted that other DOT staff members were present as well. Mr. Thomas gave the following PowerPoint presentation:



Mr. Thomas gave a brief update since July, discussed the short-term and long-term recommendations in the draft report, and outlined the plan for the future. He said the long-term vision for U.S. 64 was a signal-free facility.

Commissioner Lucier asked which environmental agencies had participated in a recent DOT meeting. Mr. Thomas mentioned the Corps of Engineers, the EPA, US Fish and Wildlife, NC Division of Water Quality, US Parks Service, and said there were others as well. He offered to bring back a complete list of the federal and state agencies that were there. Commissioner Lucier verified that no local environmental agencies had attended.

Mr. Thomas reviewed the superstreet design for all major intersections in Chatham County. Chair Kost verified that boat traffic would have to turn right, then make a U turn, and then take another right with that design.

Commissioner Lucier verified that having superstreets would change the design from one to three stop lights. Mr. Thomas replied that those three lights would be coordinated in each direction so that traffic would move smoothly.

Commissioner Vanderbeck said he assumed DOT had considered the longest allowable vehicle, with a trailer load, in the worst case scenario regarding time of day and traffic and holidays with boat trailers, etc... Mr. Thomas replied that they had.

Chair Kost verified that if one was driving east and trying to turn into Parker's Creek camping area, it would be necessary to cross the lake and go to another intersection. Mr. Thomas said the long-term vision for US 64 was a signal-free facility, and he showed slides of that proposed design.

Commissioner Lucier asked if any plans involved the bypass around Pittsboro. He asked if service roads, for example, had entered into DOT's thinking. Mr. Thomas replied that they had not, since that would be outside the study area, which ends at the 64 bypass. Commissioner Lucier pointed out that whatever happened there would greatly impact the intersections being discussed. Mr. Thomas said that he was presenting a long-range planning document, a starting point, and that DOT could make changes to the recommendations as development occurs and changes.

Commissioner Lucier verified that the current businesses along U.S. 64 would most likely be lost. Commissioner Vanderbeck ascertained that developers would likely pay for highway improvements. However, it would have to be a big development for the conversion to interchange to be cost-effective, he said.

Chair Kost asked what areas outside of the roadway would be available for private development. Mr. Thomas replied that it would be any that was not in green on the chart. Chair Kost indicated an area that was not green and Mr. Thomas explained that it was an existing right-of-way and could not be developed.

Commissioner Lucier asked if Bridgeview Road was the old road that used to go to the steel bridge, or would it be a new road. Mr. Thomas was not certain, but Commissioners determined that it would be a new DOT service road that would run along 64 to accommodate properties in that area. Commissioner Lucier said the name Bridgeview Road had confused him because there had been an old bridge down there.

Mr. Thomas repeated that this was a planning study and that everything would be more detailed before it was finalized. There would be an environmental study to determine if it could be done and what the exact designs and locations would be, he said.

Commissioner Lucier asked if the Chatham County Environmental Review Board would be involved in the decision-making process. He said he assumed that the DOT only consults with state and federal environmental agencies. Mr. Thomas replied that that was true but it did not preclude the Chatham Board of Commissioners being involved in the environmental review.

Commissioner Lucier said the County had worked hard to protect Jordan Lake and the 120 miles of shoreline, since virtually all of the lake surrounded by Chatham County. He said that Chatham County did not want to abdicate its responsibility in that respect and that this was extraordinarily important to them.

Commissioner Lucier said that Chatham County landowners had lost 21 square miles of property to the Army Corps of Engineers, which probably was a billion dollars worth of land in taxable value. So, even though it is a federal piece of property, Chatham County citizens view the lake as theirs in terms of wanting to protect it, he said. Mr. Thomas replied that the DOT definitely would work with Chatham County's environmental agencies.

Chair Kost pointed out that a change in emergency response would have an impact on many who would then be outside of fire department services. It would put them into a higher classification for insurance purposes, she said, and she asked how that was being addressed. Mr. Thomas replied that he did not know that it was being addressed specifically, but he thought the fire station would have access along the service road, he said.

Chair Kost said it did not look like it would have an impact on eastbound calls, but it would add response time with westbound calls and would add significance distance within the district that would impact Chatham citizens, specifically to the Preserve. It would put them into an astronomical insurance rating and impact their fire protection, she said. Chair Kost said it appeared that no changes were being made to address that concern. Mr. Thomas acknowledged that no changes had been made, and he made a note of that.

Commissioners discussed locations, directions and road connections. Mr. Thomas said that the draft report had gone out for review. After the DOT receives comments back, it would make recommendations or changes to the plans as necessary, he said.

Mr. Thomas said that one of the desired outcomes would be the development of a planning council for the US 64 corridor made up of partners along the corridor, basically Pittsboro, Chatham County, Apex, Cary, Wake County and the Capital Area Metropolitan Planning Organization (CAMPO), so that everyone would hear what others were doing and maintain consistency for the planning along the corridor.

Mr. Thomas described the study as a starting point for moving forward as changes happen with development. Over the next 10 years, there would be a major change to traffic in this area, he said, noting that those changes would make the corridor very attractive for development, and therefore additional traffic. He said that DOT's goal was to have something that all could work together to maintain and that all could live with from the state and local perspective. Mr. Thomas said DOT was hoping to take this to the CAMPO Transportation Advisory Committee in August. He said that the plan could change, however, depending on public comment.

Chair Kost ascertained that CAMPO was not making recommendations for Chatham County. "No, it's just all part of the same corridor study," Mr. Thomas said. Commissioner Lucier asked if the plan would be taken to the Rural Planning Organization (RPO), adding that if it goes to CAMPO it must go to the RPO as well. Mr. Thomas replied that they would love to get the RPO's endorsement as well.

Commissioner Lucier pointed out that since Chatham County was outside the jurisdiction of the Durham/Chapel Hill/Carrboro MPO, it depends on the RPO. He asked Commissioner Vanderbeck if something was set up for that. Commissioner Vanderbeck replied that there was a meeting scheduled for this month. Commissioners discussed asking for an extension of DOT's comment period.

Chair Kost inquired about the status of the Apex/Cary extension request, explaining that the two had been working together to provide comment and had requested an extension. She asked if that extension been granted. Mr. Thomas replied that he had not heard about the request. He pointed out the need to bring closure to this document at some point. However, he had no problem with extending the comment period for Chatham County, he said.

Chair Kost said that asking local government to have anything done by June 30th was not fair because this was their budget time. She said that Chatham County Commissioners wanted to give this issue their full attention because it would impact a lot of Chatham County's citizens. She expressed concerns about US 64 becoming a toll road, adding that she sits on the MPO board and knows there is no money for this project. Chair Kost said she was not optimistic about funding for roads in the future and was very concerned that this will eventually become a toll road, even though the intention now is for it not to be one.

Mr. Thomas said that he had been a user of US 64 for the past 30 years, driving between Asheboro where he grew up to Raleigh where he lives now. He had seen tremendous changes to the road throughout his lifetime, he said, noting that it had gone from two to five lanes. As a user, he said, he wanted to maintain that integrity into the future as development occurs so they would not have to invest in other infrastructure improvements. A corridor study is just a guide for the future, Mr. Thomas said, and you can accommodate changes and make adjustments.

Chair Kost said that the Commissioners shared that goal. She added that protecting the investment of taxpayers on these road structures was very important to the Board of Commissioners.

Mr. Thomas pointed out that the long-range plans may never come to fruition if development does not occur. However, if development explodes, then they at least have a plan, he said.

Commissioner Vanderbeck said part of his problem with the plan all along had been the lack of mass transit, buses, bump-outs for park and rides, etc... He thought that was a large deficit in the plan because if development does explode, then the area is in trouble, he said.

Tim Johnson commented that he could state that it would not be a toll road. However, there must be 75,000 to 100,000 vehicles per day for that to be a feasible project, he said. The highest projection for Chatham County is just under 50,000, Mr. Johnson explained, adding that it must make sense from an economic standpoint to even talk about it.

Chair Kost clarified that Mr. Johnson was saying that the numbers would not work, based on the projections. Mr. Johnson added that it was the same with mass transit. Chatham did not have the density in that area to justify mass transit, he said.

Commissioner Vanderbeck pointed out, however, that there were not even any options for mass transit, bus lines, and park and rides in the plan. He characterized that as short-sighted. Mr. Johnson replied that they could study that as time goes by and did not need a study of that magnitude right now. He pointed out that they had been looking into having a bus line from Chapel Hill to Pittsboro and had been discussing different parking areas, etc... That is something that can be done on a smaller scale and then scaled up as time goes on, Mr. Johnson said.

Mr. Thomas noted that the other major change in the Chatham County corridor was the addition of a bike and pedestrian path from just west of the river along most of its length. That had been added after the additional recommendations were made, he said.

Commissioner Lucier said that some of DOT's projects had been good improvements that were supported by Chatham County citizens. However, there was not the same kind of support for this activity, he said. Commissioner Lucier pointed out that the Chatham Board of Commissioners had written a letter in May 2009 in which it mentioned many problems with the plan and had concluded that the plan was a bad idea. Yet, when it came time for dealing with public comments, the DOT had spent much time with Cary and Apex and very little with Chatham County, Commissioner Lucier said. He noted that Chatham County Commissioners had not appreciated that.

Commissioner Lucier said that when he was Board Chair he had gone to a couple of meetings in Cary, as well as one held at Green Hope High School, and was told by the DOT representative there that he was not allowed to speak because DOT did not want to hear about Pittsboro's issues. Given all of that, and how the DOT was now presenting this right in the middle of Chatham's budget deliberations, the DOT must give Chatham an extension of time for comment, he said. Commissioner Lucier said that the Chatham Board of Commissioners would not be able to address the issue until its July meeting.

Elaine Chiosso recommended sending the plan to the appropriate County advisory boards and asking for an extension in order to do that. The project would create a major temporary disruption and permanent degradation of the lake, she said, noting that Jordan Lake was one of the most important resources in the Triangle. Ms. Chiosso said that the project should not even exist, but, since it does, the specifics of it were very important.

Ms. Chiosso asked when an environmental study would be done, and Mr. Thomas replied that it would be done when this became a project. Ms. Chiosso pointed out that Chatham would be commenting on aspects that should have an environmental study at this point. These projects become unstoppable, she said, adding that there were major questions about environmental impact that had not been answered.

Ms. Chiosso said that every one of the interchanges would create an island of habitat destruction. The service roads would create islands that will be deserts for wildlife, she said, adding that the area was one of the most significant wildlife habitats in the Triangle. Ms. Chiosso stated that the Environmental Review Board would be happy to look at this but would need more than a month to do so.

Chair Kost agreed that the Environmental Review Board should comment. She suggested also referring it to the Planning Board and the Economic Development Corporation Board. Commissioner Vanderbeck noted that Chatham had a new Transportation Advisory Board as well.

Chair Kost told Mr. Thomas that the Board of Commissioners definitely was requesting an extension but would need to discuss how long the extension needed to be.

BREAK

The Chair called for a short break.

CHATHAM COUNTY SCHOOLS TECHNOLOGY UPDATE

Chair Kost noted that four School Board members were present, and she thanked them for taking the time to bring the Board of Commissioners up to speed on school technology issues.

Chatham County Schools Superintendent Robert Logan said he would share a vision for creating a digital learning environment for Chatham County schools. But first, he said, he wanted to follow up on several questions that had arisen during budget deliberations the prior week. Mr. Logan provided Commissioners with a handout containing the history of all charter schools in the state, with the nine that Chatham County children attend highlighted.

In addition, Mr. Logan distributed information about the Achievement via Individual Determination) (AVID) Program including the number of students enrolled and the universities where they had been accepted. One hundred percent of them had been accepted into at least one institution of higher education and many of them into multiple institutions, Mr. Logan said. He also provided statistics on students' high proficiency in several subject areas.

Commissioner Lucier verified that there were 268 students in the AVID Program and a few more than 2,200 high school students in total. So, one out of every eight students was in the AVID Program, he said, and he agreed that it had been a very effective program.

Mr. Logan introduced School Board members and staff who were present. He also introduced Tonya Aldridge, Apple Computer team leader, and other team members. Ms. Aldridge said they were there to learn and listen and would be happy to answer questions.

Mr. Logan said that if Chatham County was able to put in place what he was about to present tonight then the County would need to widen US 64 because "they will come!" Chatham County would be the only school district in the state, and maybe even the southeast, to have such a program in place, he said.

Doug Riggs, an English teacher at Jordan Matthews High School, pointed out that people often think technology would be difficult to integrate into classrooms. But it is not difficult, and in some cases is a very simple implementation, he said. Mr. Riggs demonstrated various options that one can perform with technology. He said that he felt gratified by the success that he'd had using technology with his students. Mr. Riggs demonstrated how he had worked to build vocabulary in his classes via pictorial representations of words. Vocabulary scores went up, he said, especially for those in the low areas of performance. Mr. Riggs said that technology can be used in schools as any other tool. Giving students control over it helps them have a more memorable experience and hopefully retain information for a much longer time, he said.

Jacob Thompson, a music student at Chatham Central who intends to study Information Technology in college, showed how computers can be used with subjects such as music. He said his school band's website had different assignments on it every day. They listen to a piece of music, write about it, and find out what instruments are in it by using only their ears, he said. Mr. Thompson described an interactive program with his music teacher.

He mentioned “Smart Music,” a program that provided accompaniment and background to whatever one is playing, as well as other interactive programs.

Mr. Thompson showed a video that math students had made to illustrate the concept of “exponential growth.” He said that they had learned things that he had previously forgotten because it had been so boring the first time. “All this information is actually going into your brain without you knowing it,” he said. Mr. Thompson told Commissioners that he had greatly enjoyed using technology in his last year of high school and hoped that Chatham schools would be able to obtain more.

Mr. Logan pointed out that technology was no longer in the future, but now. All of us interact with some level of technology, he said.



Commissioner Vanderbeck said that up to a quarter of Siler City residents could not access the Internet from home. Even if the County gets all these computers, it will still need countywide broadband he said. Mr. Logan agreed that that was something they needed to work on as a community.

Mr. Logan said that once people see the technology in the Margaret B. Pollard Middle School they will all want to have it. And why should children in one school have something that others do not, he asked. He said this was not an impossible goal, even during the current economic recession. After talking with and visiting Apple Computer, they had been able to put together a vision for a total technology solution, Mr. Logan said, adding that he was presenting it for the Board of Commissioner’s consideration, but was not asking for action at this time. The Board of Education needed to discuss the proposal as well, Mr. Logan said. He then discussed some of the approaches that were being considered, such as which classes to put iPods and iPads.

Mr. Logan proposed redirecting funding priorities and resources. He showed a brief video regarding the use and reuse of laptops in schools. Mr. Logan said that in the past technology had been viewed as a capital expenditure, where one would buy it and then it was the buyer’s responsibility to maintain and dispose of it. Lease-to-own resolves much of that, he said, adding that one can get more technology for less money immediately, spread the payments out over time, and trade it back for new technology within a three- to four-year period. You do not reach a cliff where you have to replace 1,561 laptops, he said. Mr. Logan also pointed out that, with a lease, Chatham County could acquire the technology immediately and not have to start paying until next year.

Mr. Logan noted that there had been nothing about technology in his original budget presentation to the Board of Commissioners. This was because he had not thought there was

anywhere in the budget where he could find the money. But then he began talking with Apple Computer about money that had been allocated for the Pollard Middle School, he said. Mr. Logan explained that this had led to the vision of a total digital learning environment for the community.

Mr. Logan said that Apple was willing to give a 0% lease for three years, discount prices on equipment, and include a “non appropriation” clause, which meant that if one year the School System did not get an appropriation from the County, Apple would not foreclose on the technology but would rework the terms of the agreement. Mr. Logan asked Commissioners to think about the following :

- Fifteen hundred laptops to replace Northwood, Chatham Central, and Sage.
- A pilot at an additional school (probably at the K-6 level) to look at using one of the other devices, such as an iPad.
- Putting a digital device in the hand of every child (projected to be 7,738 next year).
- No payments the first year. Payments would not start until 2011-2012.

Chair Kost verified that staff development and teachers’ computers would be included in those numbers. Mr. Logan said it included professional development, infrastructure upgrades, and equipment for personnel. Chair Kost pointed out that it would be more than 7,738 digital devices in that case.

The County Manager said another way of thinking about this would be to consider the process of replacing vehicles in the County fleet. The Finance Officer said that the lease is a good idea. There might be some complications, but the County could work those out with its attorneys, she said.

Commissioner Vanderbeck asked about software, and Mr. Logan explained that a maintenance contract for the equipment, called AppleCare, would come with the lease. It was a three-year extended warranty, he said, and it covers everything but deliberate destruction.

Commissioner Vanderbeck asked if insurance was included in this or was an add-on to protect these assets. Mr. Logan replied that AppleCare would be included in the lease price, but there would be a NC risk management insurance pool well. Parents would not be charged, but would sign an agreement saying that if their child destroyed the laptop they would pay a \$100 deductible. The insurance would take care of the rest of the cost, he said, so the School System would be protected through AppleCare and through the risk management pool.

Mr. Logan noted that schools could buy various levels of software depending on the application. Dr. Robin McCoy commented that Apple had just updated its inventory of all kinds of software. Peggy Douglas said that many programs come with the Apple laptop, and one can purchase several other programs for iPads. She said that iPads also had many specific applications that could be downloaded and used for education. Teachers would learn about those in staff development, Ms. Douglas said.

Kathy Russell, Board of Education member, said that the educational benefits were obvious and had been well explained. She said schools could get rid of their textbooks. Leaders in the business community had long recognized that this is what Chatham schools need, she said. Ms. Russell recommended looking at the expenditure not only as an educational one. She said this was the single, best, highest use of economic development money they would ever appropriate. If Chatham becomes the first school district in the state where every student has a digital learning device, industry will come here, she said.

Commissioner Lucier said that all were in agreement about the importance of education to economic development. The quality of the school system was one of the first things that people who are thinking about relocating look at, he said.

Mr. Logan gave the costs in three levels:

- To replace laptops in Sage, Chatham Central and Northwood with all of the things that had been discussed (AppleCare, some level of software built into the computers, infrastructure, training, 1,561 laptops, a three-year lease, etc...): \$587,000 per year for three years.
- To pilot another school, probably a middle school on the western side of the County, and equate that figure to what they would spend at Pollard Middle School: \$591,832. Mr. Logan pointed out that this was the anticipated price for purchasing technology for Pollard and a lease would be less costly because the payments would be spread out over three years.
- To put a digital device in the hands of 7,738 children: \$1.9 million a year for a three-year lease.

Chair Kost noted that the last figure was total cost but would not be all new money because the County would look for ways to redirect existing resources. Mr. Logan said they were hoping to use the Pollard money to leverage that, but had learned that that money must be spent on Pollard.

Commissioner Lucier pointed out that \$1.8 million was 2.2 cents on the tax rate, and \$587,000 was about 0.8 cents on the tax rate.

Mr. Logan said that he had talked with County administrators about identifying resources. We want this to be a capital lease-to-own, not a current expense cost, he said. Mr. Logan explained that keeping it in capital would protect it by allowing it to be spent only on Chatham County public school children.

Mr. Logan said that due to the recession the School System's capital outlay funding had been reduced from a high of \$1.8-million to \$800,000 this year. However, the administration was planning to recommend moving the allocation back to the \$1.8-million status next year, he said, noting that that is \$1-million that was not built into the School System's budget for anything. He was not suggesting using the entire \$1-million, he said, but there would be enough resources right there to do the pilot and the high school.

Chair Kost said that if the County decided to move in this direction they would need to have new equipment in the hands of grades 9-12, at the very least. She verified that the School Board would discuss this and decide what its request to the Board of Commissioners would be. The Board of Commissioners needed to digest what they had heard today, she said. Commissioner Lucier pointed out that this would affect next year's budget. It was a fantastic idea, he said, adding that he looked forward to hearing what the School Board would have to say after its deliberations.

LUNCH

The Chair called for a lunch break.

Enterprise Fund:

Assistant County Manager Renee Paschal discussed the Southeast Water District.

Commissioner Lucier asked about boring under the Haw River. Public Works Director David Hughes replied that a pipe had been bought and was on site, but it was the wrong pipe and the correct one was being delivered. Commissioner Lucier described this situation as "remarkable." He verified that the County was not bearing any of the costs for the continual problems.

Commissioner Cross asked if the money for moving the fire hydrant down to the school was in this year's budget. Mr. Hughes replied that it was in the Southeast District project. Chair Kost verified that the move would be happening any day, and Mr. Hughes said

they were just waiting for the contractors to mobilize and start. Commissioner Cross verified that the State had issued a permit.

Chair Kost, noting that Commissioner Thompson was not present, asked about sign-ups for the Southwest District. Mr. Hughes said there had been about 460, but noted that he had not checked the figure in a couple of months.

Chair Kost asked that if the Gulf Water District wanted to expand their customer base beyond their district, they could not come into the County's service area unless we let them. Commissioner Lucier noted that they needed 515 sign-ups. Mr. Hughes said that 515 was the number but the density per mile of road was a question as well. They could have the number but still not have the density, he said. Commissioner Lucier clarified that all 515 who signed up might not be eligible because their road might not have the density.

Chair Kost asked if it would also be a rural development grant when there is the density and the right number of customers in the Southwest District. Mr. Hughes replied that it would be, and said that the only problem now was that the engineering report was so old they might have to go through that process again. Commissioner Vanderbeck asked if it could not be updated. Mr. Hughes replied that it would be a major update. When they redo the preliminary engineering report they should look hard at the financial feasibility of doing this, he said.

Commissioner Cross said he thought they only borrow money based on the sign-ups that would actually get water. Mr. Hughes explained that this was not the case. If they do not get water, then we give the money back, he said. Mr. Hughes said that those would not be used to justify the loan. We would only use those who are actually going to get the water, he said. Commissioner Cross remarked that it had been done the other way in Chatham County 22 years ago.

Chair Kost asked Mr. Hughes if he was questioning whether the Southwest District was financially possible. He replied that he wanted to look at the costs and the debt and make sure that it pays for itself. The County might have to do things a little differently this time, he said, explaining that they might have to require people to take water. If the County gets 500 people to take water, then it will pay for itself, he said.

Commissioner Cross commented that the County should require people to sign up, as it does with sewer. He verified that Goldston residents thought that Sanford water, at \$2.20 per thousand gallons, was a better deal than Chatham water, which the County had to buy from Siler City and sell for \$6.00 per thousand gallons. That made their decision-making process easy, Commissioner Cross said. The County Manager noted that Chatham County had not had the option of selling its own water at that time. It could only resell Siler City's water.

Chair Kost said she had asked staff about the Southeast water district and learned that the fund did appear to be self-sustaining. The Finance Officer pointed out that that was using every customer within the district, not just new customers coming on line.

Ms. Paschal and Chair Kost discussed how some of the figures in the utility budget had been arrived at. Chair Kost asked what was being used to pay the debt service for the Southeast, and the Finance Officer replied that it was what they were billing customers for water.

Ms. Paschal noted a substantial decrease between last year's and this year's water fund budget and said that was because they were not making the transfer into the water capital reserve. Chair Kost ascertained that this pays for equipment and also for capital upgrades to the water system. She verified that the fund balance was still healthy. If there was an emergency for water equipment, there would be money there and in the capital reserve to pay for it, said Chair Kost.

Ms. Paschal said that although they had recovered half of what the Bynum sewer costs were that she did not recommend doubling the bill. Staff had provided an option for

phasing in an increase (from \$7 to \$8 per thousand gallons on three tiers) which would result in an average monthly bill increase of \$7 for residents, \$78 for Allen and Sons, and \$400 for the Schools, she said. Ms. Paschal pointed out that they would basically be taking money from the general fund and putting it into the sewer fund.

Chair Kost noted that County policy says the Enterprise funds are to be self-sufficient. However, she understood that the County's biggest customer was the schools, she said. Chair Kost added that it did seem as though the County was subsidizing a private company, a restaurant, and the residents, if it was not making it up.

Commissioner Lucier disputed some of the figures. Chair Kost suggested putting the issue on the list to relook at so they can make a decision about whether to phase in any increase and perhaps increasing slightly the appropriations to the schools to cover their share of the increase. However, first they needed to verify the numbers, she said. If Commissioners decide to increase the fee, then do they want to increase the appropriations to schools to cover their share of it, asked Chair Kost.

Chair Kost asked if all the water towers were full. Mr. Hughes replied that they were maintaining levels pretty well. Commissioner Vanderbeck ascertained that Alex Cotton was not yet filled. Mr. Hughes noted that the County was Siler City's biggest customer and that putting Alex Cotton into service would put them out of business. We would start buying more water from Sanford and would cut Siler City out as a supplier, he said.

Commissioner Lucier said it sounded as though Chatham County was not anywhere close to activating the Durham agreement, and Mr. Hughes replied that he had been trying to hold off on that. Commissioner Lucier asked if all the water lines were in, so that Chatham could activate it if they wanted to. Mr. Hughes replied that they were not. Chatham County could take 200,000 gallons right now, he said, but the County did not need that. Mr. Hughes said that the engineering agreement was almost finished and that he would award the contract to design a line in the next fiscal year. Commissioners Lucier and Mr. Hughes agreed that usage had been flat over the last few years and that customers had been using less water on average, especially during peak times.

Chair Kost asked how strong the agreement with the Town of Cary was and whether or not it was a long-term agreement. Mr. Hughes replied that Chatham had given Cary money and bought a piece of the intake. The Division of Water Resources would never allow them to just shut us off, he said, adding that Cary could, however, raise the rate until it became quite painful.

Commissioner Lucier affirmed that there would be some capital project next year for that line to go into Durham. He asked Mr. Hughes when he thought that expenditure would be. Mr. Hughes replied that the environmental study would start next year, but the real work was quite a while off.

Mr. Hughes said that the next real decision would be to figure out how much Chatham wanted to allocate. Commissioner Lucier verified that in the past they had been thinking about increasing their allocation.

Commissioner Cross asked Mr. Hughes if he had a sense that the other partners were enthusiastic about getting this intake done. Mr. Hughes replied that only two jurisdictions were really interested: Durham and Chatham County. Commissioner Cross said that this was what bothered him. When there was a drought, everyone was interested, he pointed out. Commissioner Cross said he wondered whether this was a plan that would go forward or one that would sit on the shelf until they need to start over.

Commissioner Lucier said that if there was any other jurisdiction that had thought about this and weighed whether it would be beneficial to their long term success, it would be Pittsboro. Mr. Hughes agreed, noting that he had not counted Pittsboro but they were interested. Orange Water and Sewer (OWASA) demand would not change much, and Cary supplies almost all of the other jurisdictions to the east and has an intake that has a lot of capacity, he said. So that leaves Chatham and Durham, said Mr. Hughes. The others all

want to reserve some water capacity for the next 40-50 years, he said, but when it gets down to building the intake itself it really would be us who would do it.

Ms. Paschal introduced the following PowerPoint presentation on the Graduated Fee for Water. She explained that they had taken this model from the Environmental Finance Center (EFC) and applied different scenarios



Mr. Hughes noted that Commissioners had made a request to examine the impact fee structure and had hired the EFC to provide a model.

Commissioner Cross verified that \$3,500 was the fee and \$1,000 was the connection charge for actually doing the tap. Commissioner Vanderbeck ascertained that staff had gone back and done this historically, trying to reconstruct square footage with existing buildings. Mr. Hughes explained that they had gone back six years and taken all the fees, added up all the square footage, and divided it by square feet. He said that Option 2 smoothed out some of the variability.

Commissioners Vanderbeck, Lucier and Cross expressed a preference for Option 2. Commissioner Vanderbeck noted that since houses seem to be getting smaller, Option 2 would probably work out better. Commissioner Lucier said there was no doubt in his mind that he preferred Option 2. Chair Kost agreed that Option 2 was a little more conservative. We don't know what the future is, but we know we are wrong, she said, noting that Option 2 would not be catastrophic.

Mr. Hughes discussed irrigation meters. Ms. Paschal compared irrigation fees that the County would have to charge at different levels in order to stay revenue neutral if the Board adopted Option 2. Mr. Hughes said that if the County did 28 irrigation meters this year and charged \$1500 for each, other people would have ended up paying less of an impact fee based on this scenario.

Commissioner Lucier asked how many total meters they had put in. Ms. Paschal said there had been about 800 taps over the last six years. She said they had put in 35 in 2009. Commissioner Lucier asked if 28 of the 35 had irrigation meters, and Mr. Hughes replied that 28 was the year before. He said the County had done 28 in 2010, which were just irrigation. They probably had done 40 in 2010, so two-thirds of those put in irrigation meters, he said.

Chair Kost asked for further clarification of Option 2 and the irrigation meter. Mr. Hughes explained that if the County did 28 irrigation meters this year at \$1,500 each, then that would yield \$42,000, which makes the revenue neutral pie \$42,000 smaller. So, if the County uses the same number of taps, the price of each tap goes down, he explained.

Commissioner Lucier verified that the County had never charged for an irrigation meter before. Mr. Hughes said he thought they should do so. Commissioner Lucier noted that charging \$750 for an irrigation meter would cut that difference in half.

Chair Kost asked if charging a fee would have an impact on the number of people who buy irrigation meters. Mr. Hughes said he thought that 90 percent probably would pay it. Commissioner Lucier verified that someone in a large development, Such as Briar's Chapel, Governors Club or Farrington Village, would have one whereas an isolated house along a highway probably would not.

Commissioner Vanderbeck ascertained that none of the gray water in Briar's Chapel could be used in a residential application. Mr. Hughes explained that this was because permitting was difficult. You have to account for where you put every drop of reuse water, he said.

Commissioner Lucier suggested charging for irrigation meters, but probably only \$750 or \$1000. Commissioner Vanderbeck agreed, stating that that would be a good way to start off. Mr. Hughes noted that Cary's charge was closer to \$3,000. Chair Kost expressed support for the \$1,000 fee plus the tap, Option 2. Commissioner Vanderbeck commented that this would allow the County to stay in the black as far as the Enterprise Fund was concerned and to do so more sustainably while adding to fund capacity.

Commissioner Lucier moved, seconded by Commissioner Vanderbeck, to adopt Option 2 with a \$1,000 irrigation fee.

Commissioner Vanderbeck wondered if this could wait until next week. Chair Kost recommended going ahead with it and revisiting it if they have to.

The Chair called the question. The motion carried four (4) to zero (0). Chair Kost described this as a good policy move and thanked staff for their work on it.

Solid Waste Management:

Ms. Paschal described this as a flat budget. The only thing different was that staff was recommending \$50,000 for a waste audit, she said, noting that that would come out of fund balance. Chair Kost said that as the Board gets closer to making a decision regarding the landfill, it was important to have a strong solid waste fund. She asked if that was the case, and Ms. Paschal replied that there was \$3 million in cash and a capital reserve of \$1 million in the waste management fund.

With regard to capital projects, Commissioner Lucier established that it cost \$2.3 million for the site selection study and purchase of land. Commissioner Lucier asked when the site report would come back. Mr. Hughes replied that they were meeting tomorrow to finalize the proposal, and that it was a six- to nine-month process. Commissioner Lucier said it might not happen in 2011, and Mr. Hughes remarked that it probably would not.

Commissioner Lucier asked if going with Option 2 (500 tons per day) would mean purchasing 400-500 acres. Mr. Hughes replied that they would not necessarily have to purchase it all. The County probably could build the first cell on the existing site, he said, adding that the first site would be only 20-30 acres.

Commissioner Lucier asked if it would be possible to build the jail on the existing landfill site, or on that compound. Mr. Hughes replied that the tricky part would be that it needed to be close to a wastewater treatment plant. A jail generates 70-80 gallons a day per person, he said. Commissioner Lucier determined that a jail would generate 15,000 to 20,000 gallons a day. He noted that they have to plan for 18,000 gallons for the new high school and were doing that with a constructed wetland. Could they do the same thing for the jail, he asked. Mr. Hughes replied that they could, but said it was preferable to be close to a wastewater treatment plant.

Chair Kost ascertained that the Bynum sewer was at capacity. Commissioner Lucier said the jail needed to be relatively close to town courts and so forth. That property was as far away as he would want to get, he said, but he pointed out that it was a potential use of that property. Mr. Hughes said it was not unusual for a jail to be four to five miles out from town. Commissioner Vanderbeck said that once the jail was no longer connected to the courthouse a vehicle was necessary anyway. So, a couple of extra miles would not make a big difference, he said.

Chair Kost pointed out that some jails include a small first appearance court. That would be another option, she said, noting that it was easier to move one judge than to move inmates. Ms. Paschal said this had been discussed and was included in the design.

Chair Kost, noted that the County contracts out for convenience center sites and verified with Mr. Hughes that the arrangement was working out. He pointed out that it would cost significantly more if they brought that in house.

Capital Projects:

Ms. Paschal listed changes Commissioners had made when they adopted the Capital Improvement Projects (CIP) budget in January, and she noted a few other changes to the recommended budget. Chair Kost asked if there had been any changes as a result of the courthouse fire and the money they need for the library. Ms. Paschal replied that the goal with the library was to use the money that had been set aside to do Phases 1 and 2.

Commissioner Lucier inquired about the approved \$4.5 million in qualified school construction bonds. If you add up the auditorium, sound upgrades, renovated restroom, hot water, etc., it comes to 4,698,000, he said. Ms. Paschal reviewed the figures, and showed a total of \$4,573,112.

Chair Kost wondered if they would do a separate project ordinance for capital projects that are outside the operating budget. Ms. Paschal replied that they would if they go more than one year. Commissioner Lucier and Ms. Paschal compared figures and Commissioner Lucier verified that using the existing landfill as a jail site would cut expenses by \$1 million.

Ms. Paschal said she did not usually redo the capital plan but just the intersection of the operating budget with the capital plan. Chair Kost said it would be helpful to have that spreadsheet on June 21st because she often gets questions about capital projects and she needs what is in the budget updated. Commissioner Lucier recommended making the change if it is something that affects the fiscal year 2011 budget.

Commissioner Vanderbeck asked if the numbers covered moving the historic buildings, or if someone else was going to move them. The Finance Officer replied that it did include moving the buildings, but did not include the renovations to the second floor. Chair Kost noted that the County was considering a different funding source for the judicial center and perhaps extending the payback for the bond to 40 years. She asked Ms. Paschal if her numbers were built on that. Ms. Paschal replied that they were not because there was no debt payment service in this 2011 budget.

BREAK

The Chair called for a short break.

RECREATION

Performance Manager Sybil Tate said that two new parks, Briar Chapel and northeast, would open in the coming year, and Northwest Park would move from a limited to a full schedule. As a result, there had been many changes in park maintenance, she said. Ms. Tate explained the plan to have 10 seasonal part-time employees, one full-time employee, and one part-time, year-round employee for park maintenance staffing.

Commissioner Lucier said that this would be equivalent to 5.5 full-time employees. Ms. Paschal replied that that the total did not include seasonal employees, who are treated as temporary. Commissioner Lucier verified that those were listed under "other personnel costs."

Chair Kost established that the number had gone from six in 2009 to four. Ms. Paschal explained that they had approved two additional positions for the Parks and Recreation Department, which were unfunded and frozen, so the full-time employee count for 2011 really should be 6.5.

Commissioner Lucier verified that the only positions being added were the seasonal employees to take care of the parks. He and the Finance Officer discussed how much money would be left after the Briar Chapel obligation was finished, and the Finance Officer agreed to check on that.

Commissioner Lucier also asked how much was in the Parks capital reserve. Chair Kost pointed out that the answer to that question was important because she wanted to know what the impact would be if the County did not make, or delayed, the \$500,000 transfer this year. Ms. Paschal replied that they had to make some transfer this year if they wanted to go ahead with Northeast Park. We were going to use \$100,000, so the park reserve at the end of fiscal year 2010 should have \$1,022,266 in it, she said.

Ms. Paschal said that the latest cost estimate for Northwest Park was \$100,000. If you make the \$500,000 transfer, you would have a projected balance of \$325,000 in the reserve at the end of 2011, she said. Ms. Paschal added that it would be a little risky to cut it that close and recommended that Commissioners not reduce the transfer by more than \$200,000. Commissioner Lucier replied that intuition had been telling him that too.

Chair Kost clarified that the budget included a \$500,000 transfer to the Parks capital reserve account and they we're looking at potentially reducing that by some amount up to \$200,000. Ms. Paschal pointed out that not making or reducing the transfer to capital reserve would push out the timeframe for when the County might be able to build a recreation center on Community College property. She added that they might still be able to do it in 2015 if they make only this change this one year and restore the \$500,000 transfer next year.

Chair Kost asked if the County had approached the Town of Pittsboro about helping with the funding for that facility, since the residents of Pittsboro would benefit more than other County residents. Ms. Paschal replied that they were at the preliminary stages, and Chair Kost said that she understood that. Putting the recreation center at the Community College made a lot of sense, she said, but added that she would like to see some participation from the Pittsboro.

Commissioner Lucier agreed, adding that it depended on what happened with some of the developments in the town. He asked if Pittsboro had required a recreation exaction fee. Chair Kost said she did not know if Pittsboro had the legal authority to do that. Jeffrey Starkweather explained that Pittsboro had a type of exaction fee. They require all developments to set aside a certain amount of space in the development for recreation, he said, but he noted that the previous board had not enforced it.

Commissioner Vanderbeck pointed out that municipal governments can require an exaction fee and have more flexibility with it than county governments.. Mr. Starkweather explained that municipalities can require either open space or a fee. However, Pittsboro had not enforced that policy in any development in the past, he said.

In response to a concern expressed by Commissioner Cross, Chair Kost said Commissioners' highest priority was the acquisition of land in the Southeast District. She had merely been pointing out that there would be a recreation center in 2015 and was looking for ways to fund it, she said. Commissioner Lucier noted that funding for the Southeast Park would come from a different source.

Chair Kost pointed out that the exaction fee would be only for land purchases. The only major land purchase that is pending for now is in the Southeast, she said. Commissioner Lucier noted that the County had well over 457 acres and would have about 500 with the southeast piece. The County was doing pretty well with parkland, he said. Commissioner Lucier pointed out that putting \$500,000 down for Southeast Park and then paying over a five-year period with recreation exaction fees would allow Chatham County to spend about \$1 million on a piece of property.

Commissioner Lucier asked if Briar Chapel Park would be open for business in August. Recreation Director Tracy Burnett replied that some buffer and right-of-way language had been slowing things down. But things were being hashed out and she was pushing for that deadline, she said. Commissioner Lucier told Ms. Burnett to let Commissioners know if there was anything they could do. It would be nice to have that soccer field ready for August, he said, and he verified that there would be a grand opening.

In response to a question from Commissioner Vanderbeck, Ms. Burnett explained that the Parks and Recreation Department would fit other organized community groups into its schedule once it had completed its programming for the athletic fields.

ADJOURNMENT

Commissioner Vanderbeck moved, seconded by Commissioner Cross, to adjourn the meeting. The motion carried four (4) to zero (0), and the meeting was adjourned at 3:38 PM.

Sally Kost, Chair

ATTEST:

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