The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Henry H. Dunlap Jr. Building Classroom, located in Pittsboro, North Carolina, at 2:00 PM on December 12, 2005.

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

The meeting was called to order by the Chairman at 2:00 PM.

The County Manager reviewed the Work Session Agenda.

**Work Session Agenda**

1. Recreation Advisory Update
2. Recreation Fees
3. Dissolution of Central North Carolina Contract
4. Discoveries – Kim Horton, Tax Administrator
5. Water System Update and Financing
6. Joint Planning Resolution with Cary
7. Project Ordinance(s)
8. Ag Advisory Update
9. Grants Work Update
10. Dates for Joint Meeting with CCCC Board of Trustees (open
dates Feb. 2,7,8,9,13)
11. Other

**RECREATION FEES**

Renee Dickson, Assistant County Manager, reviewed the recreation fees recommendations for the County. She explained that the recreation fees were adopted in 2001; that they were collected by high school districts; that $802,050 had been collected to date; that $13,390 had been spent for the Southwest Park; that the current balance is $788,660 with $745,738 in the Northwest District.

Ms. Dickson stated that the Board had expressed a desire to transfer fees between districts to fund completion of the Southwest Park (restroom facility); that only $135,000 of the $788,660 is earmarked for recreation facilities (Bell’s Landing); that staff estimates approximately $2,500,000 will be collected within the next five years; and that the fee is based on “post-development value”.

She recommended that the Board approve a “district-level park” for northeast, thus giving the County
two district parks, to be included in the recommended Capital Improvements Plan, which will be distributed
at the upcoming summit in January; that in line with the concept, they would like to redraw the district lines
to follow the Northwood High School district (eastern) and combined Jordan-Matthews and Chatham Central
High School districts (western); that they would recommend transferring funds to finish Southwest Park;
that they would recommend averaging the fee across the district, instead of calculating the fee by neighborhood;
that they would recommend amending the Subdivision and Mobile Home Ordinances to clarify that the
recreation fee can be used for improvements, in addition to land purchase.

After considerable discussion, Chairman Morgan moved, seconded by Commissioner Outz, to adopt
Resolution #2005-61 Regarding Recreation Fees in Lieu of Dedication, attached hereto and by reference
made a part hereof. The motion carried five (5) to zero (0).

Commissioner Outz asked that the Finance Officer provide the figure that Wal-Mart pays in County
sales and property taxes.

The Assistant County Manager distributed a draft copy of An Ordinance Amending the Subdivision
Regulations of Chatham County and a draft copy of An Ordinance Amending the Mobile Home Ordinance of
Chatham County stating that they would make it clear that the fees could be used for improvements in
addition to land; that they will have to go through the public hearing process; and that they will return to the
Board for a vote at a later date.

Galloway Ridge at Fearrington:

Hugh Chapin, Chairman and President of Galloway Ridge at Fearrington, stated that on December 2,
2005 in a meeting with the Chatham County Planning Department, Galloway Ridge, Inc., a North Carolina
nonprofit and 501(c)(3) tax exempt continuing care retirement community (“CCRC”), located at 3000
Galloway Ridge, Pittsboro, North Carolina in Chatham County was informed by the Chatham County
Planning Department of the possible levy of recreation fees by Chatham County on Galloway Ridge as a
condition for final approval of Galloway Ridge’s final plat; that it is estimated that the recreation fees levied
against Galloway Ridge would equal $250,000-300,000; that they object to paying this fee and believe that
Galloway Ridge is not the type of real estate development that was contemplated nor should be expected to
pay the recreation fee.

He stated that their reasoning for objection to paying this fee includes:

- There is a resident age restriction of not less than 65 and no children are allowed as residents, creating a population that will not use Chatham County recreational facilities
- At its own considerable expense, Galloway Ridge has constructed its own recreational facilities, known as the Duke Fitness Center, and walking trails for the use of Galloway Ridge residents, Fearrington Village residents and other County residents, at no cost to Chatham County
- Although Galloway Ridge is a 501 (c)(3) tax exempt organization, it is paying real estate taxes to Chatham County with no demand on the schools and their recreational facilities or the other recreational facilities within Chatham County
- Galloway Ridge has entered into contracts with its residents without consideration of a recreation fee making it impossibly if not impossible to pass such a fee onto its residents at this time, placing an undue burden upon Galloway Ridge’s operating budget
The recreational fee policy was established by Chatham County after Galloway Ridge had completed the planning approval/rezoning process with Chatham County. Mr. Chapin stated that as a tax exempt organization, Galloway Ridge is very mindful of its position in the Chatham County community and optimistic about its future ability to assist in terms of time, talent, and money in many projects of benefit to Chatham County as a whole; that Galloway Ridge has already established a community involvement committee of its board of directors to lead in this commitment; that in consideration of the unique qualities and demand for elder housing and care in general and in particular Galloway Ridge relative to Chatham County’s recreational facilities, they respectfully believe that any planned recreation fees to be assessed by Chatham County to these organizations are unjust and unreasonable and they respectfully request that the Board make an exception for these communities.

Alan Baddour, stated that he wished to impress upon the Board the Recreation Advisory Committee’s hope that the Board would consider including in the Capital Improvement Plan (CIP) for the upcoming year a northwest park for the County; that they do not yet have a proposed site selected for the park; that as they are looking to do that for the next project, they feel that it would be helpful to have the Board’s buy-in to the project and the plan; that it would help the Recreation Director and others in securing grants to have it listed in the CIP; and that it would also help in knowing that the County had started planning for how and where it would be spent.

The Chairman asked that staff consult with the County Attorney and return with a recommendation to the Board.

Chairman Morgan moved, seconded by Commissioner Emerson, to hold a public hearing on the proposed amendments concerning recreation fees to the Subdivision Regulations and the Mobile Home Ordinance at their January 17, 2006 Board of Commissioners’ meeting. The motion carried five (5) to zero (0).

Colvard Farms:

Jeff Hunter, representing Colvard Farms, stated that before build-out, Colvard Farms was on tract to contribute approximately one million dollars per year to the property tax base; that this is a substantial contribution; that Colvard Farms requires few services other than a few school children and an occasional call to the Sheriff’s Office because everything else is provided; and that he is seeking a fair and equitable consistent recreation fee policy. He distributed and explained a spreadsheet showing a comparison of recreation fees between Colvard Farms and Governor’s Club. He stated that before July 1, 2005, Colvard Farms was paying $857 on a $30,000 lot; that Governor’s Club was paying the same amount; that since July 1, 2005, Colvard Farms’ fee increased by 100%; that a $60,000 lot was charged $1,714 and in Governor’s Club a $42,500 lot was $1,214; that Governor’s Club increased by 41.67%; that they have been confused as to what the basis has been; that there is a substantial difference between the old rate and the new rate; that they are delighted to hear of the decision that has been made; that they think it is great to divide the County as has been proposed; that they are very much in favor of average rates; that they feel they are fair and equitable for everyone; that it is difficult to charge one group a particular rate one place then take that money and use it somewhere else in the County; that they would like to have a reimbursement, at a minimum, so that they are on par with the Governor’s Club; that they do not see any justification as to why they pay so much more than what Governor’s Club would pay if they had recorded a lot; and that they would appreciate a reimbursement from the County in the amount of $20,500. A copy of the spreadsheet is attached hereto and by reference made a part hereof.

LIBRARY
The Assistant County Manager introduced Margaret Blanchard, Director of the Central North Carolina Regional Library, Linda Clark, Chatham County Library Director, Bruce Jones, President of the Friends of the Pittsboro Library, Cindy Edwards and Edith Calhoun who are members of the Chatham County Library Board. She expressed appreciation for their being in attendance and for their working so hard on this issue.

Ms. Dickson stated that Alamance and Chatham Counties became the Central North Carolina Regional Library in 1962 as an “authority”; that in 1988, Alamance and Chatham Libraries became part of their county governments; that the counties signed a contract for services; that Chatham reimburses Alamance County for regional expenses and direct costs; that the 1988 contract has not been updated; that staffs in both counties attempted to update the contract this year; that issues beyond the contract emerged; that a “fair” reimbursement Alamance County was not compensated for significant services to Chatham County [technology] and Chatham County paid for services not received nor valued; that Chatham has no authority or control over regional personnel under the current contract; that regional personnel have no authority over Chatham Staff; that Chatham is on the verge of major changes in library services; that realizing the seriousness of this issue, they wanted to be as deliberate and thoughtful as possible about resolving it; that they hired a library consultant who thoroughly reviewed the situation and presented several options; and that staffs in both counties have met numerous times and are of “one mind” about the recommendation.

She stated that their recommendation is by the Chatham County Library Board and staff in both counties; that they recommend Option B of the consultant’s report (counties continue to contract for shared services; that the Regional Library will be dissolved; that a six month’s notice to State Libraries must be given; that the change should be virtually invisible to library patrons; that the counties could lose state library aid, but that seems unlikely; and that assuming no loss of aid, the budgetary impact on Chatham should be close to a wash.

Edith Calhoun thanked Linda Clark, Margaret Blanchard, and Renee Dickson for their hard work. She stated that Option B was the best solution for both counties; that the Library Board met this past Wednesday and, after hearing the presentation, agreed that this was the best way for the County to go; that there is still some work to be done; that the budget is close to being finished; and that she feels everyone will be happy with the end result.

Ms. Dickson explained the other options as follows:

- **Option A**: (recommended by consultant): Reform regional library authority; cede governance from counties
- **Option C**: Complete separation
- **Option D**: Form new alliance

After further discussion, Commissioner Emerson moved, seconded by Commissioner Cross, to approve Option B of the consultant’s report, dissolve the Central North Carolina Regional Library System, effective July 1, 2006, and form the Chatham County Public Libraries, effective July 1, 2006. The motion carried five (5) to zero (0).

Chairman Morgan presented a plaque to Margaret Blanchard honoring her service as the Director of the Central North Carolina Regional Library.

**BREAK**

The Chairman called for a five-minute break.
RESOLUTION BETWEEN CHATHAM COUNTY AND THE TOWN OF CARY

The County Manager explained that various members of the Board of Commissioners had met separately with various members of the Cary Town Council. He distributed a resolution which he stated was the outcome of those discussions as they understand them.

Commissioner Barnes stated that he would like to have a resolution by the entire Board sent to Cary stating that there not be anymore annexation into Chatham County until everyone has reached a consensus as to what they want to do jointly with regard to zoning, etc.

Commissioner Cross stated that he did not feel that the resolution would stop Cary, from proceeding, but that he didn’t think it would hurt anything to do it.

Commissioner Outz stated that if it helped the situation he would be in favor of tabling it.

Commissioner Cross stated that if Cary was serious about the partnership and planning that he could see them accepting it.

Chairman Morgan stated that he could not support the resolution until the Town of Cary was first notified.

Commissioner Emerson stated that perhaps the Board should table any action until the Town of Cary could be reached. He offered a tentative solution stating that the County Attorney draw up the resolution, and after having received final review by the Board, the Chairman would then present the resolution to the Mayor of the Town of Cary.

Chairman Morgan stated that he would make contact with the Town of Cary on Tuesday and would deliver it on Wednesday after the County Attorney had prepared the resolution.

The County Attorney prepared and read the new resolution.

Commissioner Barnes moved, seconded by Commissioner Emerson, to adopt Resolution #2005-62 Supporting Joint Planning Between Chatham County and the Town of Cary, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Commissioner Barnes moved, seconded by Commissioner Cross, to adopt Resolution #2005-63 Regarding Annexation by the Town of Cary Within Chatham County, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

DISCOVERIES

Kim Horton, Tax Administrator, stated that in September, 2005, the Board heard requests from Donna and Teresa Stevens, Nelson and Sharon Bowers, and Lynn Mann/Manco Farm, Inc. asking to have penalties released that were discovered as part of the discovery process on the business personal property audits; that in addition, there has been another audit completed on Mr. Benner Henry Stinson, Jr.; that it was discovered that his business listing had been understated for the tax years 2002-2005 and no listing filed for tax years 2001 and 2000; and that Mr. Stinson would like to address the Board.

Mr. Stinson stated that he farmed in Goldston; that he raises chicken and beef cattle; that the taxes that
he owes for the current year total $5,953.00 which equates to $115.00 per week in property taxes; that after the December meeting, he met with his accountant and got an extension for filing his taxes; that when the taxes were listed in January, there was approximately $6,500.00 in back taxes; that there is a penalty of $2,116.00; that he was then audited in June; that he thinks that he listed his taxes as they should have been listed; that the actual audit found extra things as shavings, diesel fuel, propane, tanks, paper towels, dishwashing detergent, etc.; that he owes the County $12,500.00 that he had to pay before the end of the year; that in addition to that, there is a penalty; that this does not include the $2,000.00 penalty; that he is asking the Board for leniency; that he wondered if the taxes could be paid and the penalty forgiven; that he was unaware that when the appraiser came, he thought that he would include the equipment with the chicken houses

The Tax Administrator reminded the Board that the tax bills would be past due on January 6, 2006, that there will be interest on top of the taxes on the discoveries; that the interest is 2% the first month and ¾ of 1% due the following months which is set by statute; and that all property not exempted by statute is taxable.

Commissioner Emerson stated that there were appraisal issues on equipment; that from agricultural appraisals, most often equipment is considered as a fixture; that when equipment is considered as a fixture, it should be valued in the facility from a professional appraisal respective; that the definition of a fixture gets “ify” and a fixture must be something that cannot move without defacing or damaging the value of the property; that if the equipment was removed, then the house would be devalued because it was no longer capable of generating income; that he can easily see where Mr. Stinson and the typical poultry farmer would not list equipment because they would assume that it would be part of the appraisal; that he thinks research needs to be done to see if the farmers in Chatham County are being treated the same way as those in Moore and Randolph Counties are being treated.

The Tax Administrator assured the Board that this was indeed the case and was being done on the tax assessment.

Charlie Bolton, Agricultural Advisory Committee Chairman, stated that he and Mr. Mann had appeared before the Board on November 7th asking that the interest and penalty on a discovery be forgiven on the issues of equipment and supplies; that the County Attorney had some legal concerns with regard to the request; that he would like to ask the Board to reconsider and approve it today; that he had talked with Shey Denning at the Institute of Government who informed him with regard to adjusting taxes is adjusting the penalty and interest on a discovery; that it can be done on a case-by-case basis; and that it would not set a precedent. He provided the General Statute for the Board to read to help decide the matter.

The County Attorney cautioned the Board that he did not think that a taxpayer or a group of taxpayers could be singled out for special treatment. He stated that he thought that it was a violation of the tax laws; that it would have to be done across the Board; that income taxes are different than property taxes, etc.; that there was a big assessment case before the State Board which is scheduled for a hearing in February; and that assuming that the County is going to win that case, if these penalties were released he didn’t see how the Board could release them.

The County Manager stated that regardless of where the Board is on this matter, they are likely to get requests streaming in all the time if they do not do it consistently.

Commissioner Outz moved to waive the penalty and interest for farmers that were appraised improperly on the five individual cases before the Board.

The County Attorney stated that there is a General Statute that states that if the Board releases taxes
when they should not, that they may be held personally liable and certain of the penalties and interest are considered to be taxes; and that the Commissioners would be at risk if they release them.

Commissioner Barnes stated that he sympathized with Commissioner Outz and with what has been requested; that he would have to go with what was legal; and that he would like to know if it can legally be done and what the consequences would be.

Commissioner Cross stated that when the Board met last time, he thought that the Board was waiting for a legal opinion; that he thought that that was why they did not finish it that day; and that he would like to help the farmers, but he would like a legal opinion before the Board votes on it.

Commissioner Emerson stated that he wants to help the farmers but does not want to violate the office to uphold the law. He asked the County Attorney if he was correct in stating that the request was not permissible by law.

The County Attorney stated that that was correct if the Board wanted to do it “blanket-wise”; that as he had advised previously, if the Board has a written policy that is adopted with proper standards, the Board can consider it on a case-by-case basis; that the motion, as he understands it, is to waive all of it; that this is where the Board could get into some personal liability; and the Board needs to keep in mind if they want to go back and reopen every case where someone has complained about a penalty in the last number of years.

Charlie Bolton explained that this thing started with the advent of the audits; that this is where farmers realized that they were not in compliance unlike other businesses that have always been audited; and that is why they feel that this would work in a short-term basis as this is where people realized that they were out-of-compliance and/or not listing properly.

Chairman Morgan asked if the Board could freeze action including interest after January 1st until a firm decision can be made.

The County Attorney stated that he did not feel that the Board could do this; that the taxpayer could go ahead and pay it under protest and request a refund which would leave it open and avoid the interest.

The Tax Administrator explained that there was a similar situation in the year 1996 where a farmer asked the Board to relieve the penalties; that the Board, at that time, approved it; that their office did not charge the penalty; that within a month or two, their office was flooded with requests for refunds from everyone; that they returned to the Board and that Board decided to reverse their decision and charged the penalty to that farmer; that since that time, they have taken that action by that Board as a precedent and charged the penalty; and that they have brought those since that time to the Board on an individual basis.

Commissioner Emerson asked a hypothetical question stating that if he didn’t agree with the Board doing this because it was public money, could he file suit challenging the Commissioners equability to the tax payers.

The County Attorney explained that an attorney would advise to file suite against the Commissioners for illegally waiving a tax and ask that they have to pay it individually.

Commissioner Outz stated that he felt it would be better to waive the tax than to have a lot of people unemployed because of an empty building; that this applies to poultry people; that if they are continually taxed, they may give up and go out of business.

The County Attorney stated that he could empathize with those making appeals, however, the property
tax laws have to be applied uniformly across the board according to the North Carolina Constitution.

Commissioner Barnes explained that he understands how they feel; that he wouldn’t say that he agreed with the Tax Administrator all the time; that he doesn’t have the solution; and that he would want the County Attorney to explain the legalities.

Chairman Morgan asked that the County Attorney provide a written opinion to be presented to the Board so that they may take action accordingly.

The Tax Administrator explained that in order for the farmers to claim the “farm credit” on their income taxes, they must pay by December 31, 2005. She also explained that the farmer can pay everything except the penalty and then, if it is subject to interest, it would be interest only on the penalty amount.

The motion died for lack of a second.

**RECREATION FEE**

Chairman Morgan moved, seconded by Commissioner Emerson, to accept staff recommendation that the recreation fees be averaged by district based on post development value and that said fees be set at $926 for the eastern district and $548 for the western district to be effective December 13, 2005. The motion carried five (5) to zero (0).

Chairman Morgan asked that the County Attorney provide a written opinion for relief of recreation fees for Galloway Ridge.

**UPDATING WATER SYSTEM**

Tim Carpenter, Hobbs, Upchurch & Associates, gave an update of Chatham County Water System Projects Updates “Additional Information for the Harnett County Water Supply Options”. A copy of his presentation is as follows:

**ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years)**

Harnett County recently presented other considerations for the long-term supply of water to Chatham County, these options include the following:

Three options were presented:

- 6.0 MGD Supply
- 10.0 MGD Supply
- 12.0 MGD Supply

Each option included transmission network upgrades in Harnett County.

Each option also included the purchase of capacity from Harnett County by participating in the upgrade of Harnett County’s Water Treatment Plant.

The 10 and 12 MGD options would require the upgrade of the County’s Pea Ridge Road Project from New Elam Church Road to the Jordan Lake Water Treatment Plant.
§ **Option #1:** This Harnett County option is evaluated by comparing the expansion of the Jordan Lake Water Treatment Plant to 10 MGD to the connection to the Harnett County Water System and supplying bulk water for up to 10.0 MGD.

§ **Option #2:** This Harnett County option is evaluated by comparing the expansion of the Jordan Lake Water Treatment Plant to 12 MGD to the connection to the Harnett County Water System and supplying bulk water for up to 12.0 MGD.

§ **Option #3:** This Harnett County option is evaluated by utilizing the expansion of the Jordan Lake Water Treatment Plant along with connecting to the Harnett County Water System for up to 6.0 MGD. This option could yield as much as 12 MGD and still make use of the County’s 6.0 MGD allocation from Jordan Lake.

**ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Continued / OPTION #1**

Harnett County Proposal for Supply of Water to Chatham County
10 Million Gallons Per day (MGD) Option

**In Harnett County:**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>24: Transmission main to the Chatham County Line</td>
<td>$4,100,000.00</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Harnett County Booster Pump Station and Storage Tank</td>
<td>$2,100,000.00</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Upgrade the Harnett County WTP by 10 MGD ($1.25/gal)</td>
<td>$12,500,000.00</td>
</tr>
</tbody>
</table>

**In Chatham County:**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 4</td>
<td>24” Transmission main from Harnett County line to New Elam Church Road (contingencies, engineering and inspection)</td>
<td>$11,000,000.00</td>
</tr>
<tr>
<td>Phase 5</td>
<td>Upgrade 16” Pea Ridge Road Main from New Elam Church Road to the WTP from a 16” main to a 24” main</td>
<td>$1,750,000.00</td>
</tr>
<tr>
<td>Phase 6</td>
<td>Retro fit the existing Jordan Lake WTP to a regional pump station and construction additional storage facilities</td>
<td>$1,750,000.00</td>
</tr>
</tbody>
</table>

**TOTAL (including contingencies, engineering, inspection)** $33,200,000.00

Estimated Annual Debt Payment (5.25% at 20 years) $2,722,400.00

**Water Purchase Costs**

- $1.78/1,000 gallons
- $1.78 / 1,000 gallons @ 7 MGD = $12,460.00 per day

Equates to: $4,547,900.00 per year in water purchase costs

**TOTAL ANNUAL COSTS FOR DEBT AND BULK WATER PURCHASE** $7,270,300.00

Advantages:

1. Certainty in obtaining an allocated capacity of water to serve future needs of the County.
2. Chatham County would have less control of the production of water.
Disadvantages:
1. Chatham County would have less control of the production of water.
2. Higher initial capital costs.
3. Higher resultant yearly operational cost.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Continued / OPTION #1 (cont.)

Expand Existing Chatham County Water Treatment Plant From 3.0 MGD to 10 MGD

Phase 1: Construction new Raw Water Pump Station at the Cary intake Site $ 3,000,000.00
Phase 2: Expand WTP from 3.0 MGD to 10.0 MGD $10,000,000.00

**TOTAL (including contingencies, engineering, inspection)** $13,000,000.00
Estimated Annual Debt Payment (5.25% at 20 years) $ 1,066,000.00

**Water Production Costs** $1.50/1,000 gallons
$1.50/1,000 gallons @7 MGD = $10,500.00 per day

Equates to: $3,832,500.00 per year in water production costs

**TOTAL ANNUAL COSTS FOR DEBT AND BULK WATER PURCHASE** $4,898,500.00

Advantages:
1. Chatham County would have absolute control of the production of water.
2. Lower initial capital cost.
3. Lower resultant operation cost.
4. Expansion can be phased in as water is needed.

Disadvantages:
1. Absolute uncertainty in obtaining additional 4.0 MGD allocation from Jordan Lake.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Continued / OPTION #2

Harnett County Proposal for Supply of Water to Chatham County
12 million Gallons per day (MGD) Option

**In Harnett County**

Phase 1: 24” Transmission main to the Chatham County line $ 5,400,000.00
Phase 2: Harnett County Booster Pump Station and Storage Tank $ 2,100,000.00
Phase 3: Upgrade the Harnett County WTP by 12 MGD ($1.25/gal.) $16,000,000.00

**In Chatham County**

Phase 4: 30” Transmission Main from Harnett County line to New Elam Church Road (contingencies, engineering and inspection) $14,000,000.00
Phase 5: Upgrade 16” Pea Ridge Road Main from New Elam Church Road to the WTP from a 16” main to a 24” main. $ 2,100,000.00
Phase 6: Retro fit the existing Jordan Lake WTP to a regional pump
Station and construction additional storage facilities $ 1,750,000.00

TOTAL (including contingencies, engineering, inspection) $41,350,000.00

Estimated Annual Debt payment (5.25% at 20 years) $ 3,390,700.00

Water Purchase Costs $1.78/1,000 gallons
$1.78/1,000 gallons @ 7 MGD = $12,460.00 per day

Equate to: $4,547,900.00 per year in water purchase costs

TOTAL ANNUAL COSTS FOR DEBT AND BULK WATER PURCHASE $7,938,600.00

Advantages:
1. Certainty in obtaining an allocated capacity of water to serve future needs of the County.

Disadvantages:
1. Chatham County would have less control of the production of water.
2. Higher initial capital cost.
3. Higher resultant yearly operational cost.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) –
Continued / OPTION #2 (cont)

Expand Existing Chatham County Water Treatment Plant from 3.0 MGD to 12 MGD

Phase 1: Construction new Raw Water Pump Station at the Cary intake site: $ 3,500,000.00
Phase 2: Expand WTP from 3.0 MGD to 12.0 MGD $13,000,000.00

TOTAL (including contingencies, engineering, inspection) $16,500,000.00

Estimated Annual Debt Payment (5.25% at years) $ 1,353,000.00

Water Production Costs $1.45/1,000 gallons
$1.45/1,000 gallons @ 7 MGD = $10,150.00 per day

Equate to: $3,704,750.00 per year in water production costs

TOTAL ANNUAL COSTS FOR DEBT AND BULK WATER PURCHASE $ 5,057,750.00

Advantages:
1. Chatham County would have absolute control of the production of water.
2. Lower initial capital cost.
3. Lower resultant operational cost.
4. Expansion can be phased in as water is needed.

Disadvantages:
1. Absolute uncertainty in obtaining additional 6.0 MGD allocation from Jordan Lake.
ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Continued / OPTION #3

Harnett County Proposal for Supply of Water to Chatham County
6 Million Gallons Per Day (MGD) Option

In Harnett County

Phase 1: Transmission Main to the Chatham County Line $ 3,400,000.00
Phase 2: Harnett County Booster Pump Station and Storage Tank $ 150,000.00
Phase 3: Upgrade the Harnett County WTP by 6 MGD ($1.45/gal.) $ 8,700,000.00

In Chatham County

Phase 4: 20” Transmission Main from Harnett County line to New Elam Church Road (contingencies, engineering, and inspection) $ 9,000,000.00
Phase 5: Upgrade 16” Pea Ridge Road Main from New Elam Church Road to the WTP from a 16” main to a 24” main 0.00

Phase 6: Upgrade the Harnett County WTP by 6 MGD ($1.45/gal.) $ 6,758,202.00

TOTAL (including contingencies, engineering, inspection) $28,008,202.00

Estimated Annual Debt Payment (5.25% at 20 years) $ 2,296,672.56

Water Purchase Costs $1.78/1,000 gallons
$1.78/1,000 gallons @ 3 MGD = $5,340.00 per day

Water Production Costs $1.50/1,000 gallons
$1.50/1,000 gallons @ 4 MGD = $6,000.00 per day

Equates to $ 4,139,00.00 per year in water purchase costs

TOTAL ANNUAL COSTS FOR DEBT AND WATER COSTS $ 6,435,772.56

Advantages:
1. Utilizes the Chatham County 6.0 MGD allocation from Jordan Lake.
2. Does not depend totally on one source for water supply
3. Yields 12 MGD in total available water supply.
4. Does not require the upgrade of the 16” Pea Ridge Road Transmission Main.
5. Could be done in a phased approach.

Disadvantages:
1. Chatham County would need to commit with Harnett County fairly quickly in order to reserve the capacity in the Harnett County system.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Continued - SUMMARY
§ Option #1: Purchase Bulk Water from Harnett County (up to 10 MGD) and convert the Jordan Lake WTP to a regional pump station.

§ Total Project Costs - $33,200,000

§ Option #2: Purchase Bulk Water from Harnett County (up to 12 MGD) and convert the Jordan Lake WTP to a regional pump station OR upgrade the Jordan Lake WTP to 12 MGD.

§ Total Project Costs - $41,350,000

§ Option #3: This is a combination of the Harnett and Jordan Lake WTP Option. Participate in 6.0 MGD water purchase from Harnett County and Expand the Jordan Lake WTP to 6.0 MGD.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Harnett County Option 3(a)

Harnett County Proposal for Supply of Water to Chatham County
6.0 MGD Option from Harnett County plus 6.0 MGD from the WTP

In Harnett County

Phase 1: 224: Transmission Main to the Chatham County Line $3,400,000.00
Phase 2: Harnett County Booster Pump Station and Storage Tank $150,000.00
Phase 3: Upgrade the harnett County WTP by 6 MGD ($1.45/gal.) $8,700,000.00

In Chatham County

Phase 4: 24” Transmission main from Harnett County line to New Elam Church Road (contingencies, engineering and inspection) $11,000,000.00
Phase 5: Upgrade 16” Pea Ridge road Main from New Elam Church Road to the WTP from a 16” main to a 24” main
Phase 6: Upgrade the Chatham County WTP to 6.0 MGD and construct additional storage facilities $1,750,000.00
Phase 7: Construct the Raw Water Pump State at the Cary Site (included in previous estimates & funded by SRF) $6,758,202.00

TOTAL (including contingencies, engineering, inspection) $34,758,202.00

Estimated Annual Debt Payment (5.25% at 20 years) $2,850,172.56

Water Purchase Costs $1.78/1,000 gallons
$1.78/1,000 gallons @ 3 MGD = $5,340.00 per day

Water Production Costs $1.50/1,000 gallons
$1.50/1,000 gallons @ 1 MGD = $1,500.00 per day
Equates to: $2,496,600.00 per year in water purchase costs

TOTAL ANNUAL COSTS FOR DEBT AND WATER COSTS $5,346,772.56
Advantages:
1. Utilizes the Chatham County 6.0 MGD allocation from Jordan Lake.
2. Does not depend totally on one source for water supply.
3. Yields 12 MGD in total available water supply.
4. Could be done in a phased approach.
5. With the 24” upgrade additional water could be delivered from Harnett County

Disadvantages:
1. Chatham County would need to commit with Harnett County fairly quickly in order to reserve the capacity in the Harnett County system.

ADDITIONAL CONSIDERATION OF OPTIONS FOR LONG TERM WATER SUPPLY (20 years) – Harnett County Option 3(b)

Harnett County Proposal for Supply of Water to Chatham County
6.0 MGD Option from Harnett County Plus 3.0 MGD from the WTP

In Harnett County

Phase 1: 24” Transmission Main to the Chatham County Line $ 3,400,000.00
Phase 2: Harnett County Booster Pump Station and Storage Tank $    150,000.00
Phase 3: Upgrade the Harnett County WTP by 6 MGD ($1.45/gal.) $ 8,700,000.00

In Chatham County

Phase 4: 24” Transmission Main from Harnett County line to New Elam Church Road (contingencies, engineering, and inspection) $11,000,000.00
Phase 5: Upgrade 16” Pea Ridge Road Main from New Elam Church Road to the WTP from a 16” main to a 24” main $ 1,750,000.00
Phase 6: Construct additional storage facilities at the WTP $ 1,500,000.00
Phase 7: Construct the Raw Water Pump Station at the Cary site (included in previous estimates & funded by SRF) $  3,000,000.00

TOTAL (including contingencies, engineering, inspection) $ 29,500,000.00

Estimated Annual Debt payment (5.25% at 20 years) $  2,419,000.00

Water Purchase Costs $1.78/1,000 gallons
$1.78/1,000 gallons @ 3 MGD = $5,340.00 per day

Water Production Costs $1.50/1,000 gallons
$1.50/1,000 gallons 21 MGD = $1,500.00 per day

Equates to: $2,496,600.00 per year in water purchase costs

TOTAL ANNUAL COSTS FOR DEBT AND WATER COSTS $ 4,915,600.00

Advantages:
1. Utilizes the Chatham County 3.0 MGD OF 6.0 MGD allocation from Jordan Lake.
2. Does not depend totally on one source for water supply.
3. Yields 9 MGD in total available water supply.

Disadvantages:
1. Chatham County would need to commit with Harnett County fairly quickly in order to reserve the capacity in the Harnett County system.

[Note: Revised option includes a total output of 4.0 MGD (0-3 years)]

Chairman Morgan moved, seconded by Commissioner Barnes, to upgrade the Pea Ridge Road main from New Elam church road to the Water Treatment Plant from a 16” main to a 24” main. The motion carried five (5) to zero (0).

Commissioner Emerson moved, seconded by Commissioner Barnes, that the County Manager be authorized to discuss the possibility of a contract with Harnett County or other water entities. The motion carried five (5) to zero (0).

**CAPITAL FUNDING NEEDS – WATER FUND**

Mr. Doug Carter, reviewed the Capital Funding Needs – Water Fund. A copy of his presentation is as follows:

- WCapital Projects Summaries
- WFinancing Assumptions
- WFinancial Tables
- WCalendar

<table>
<thead>
<tr>
<th>Project</th>
<th>Construction Cost</th>
<th>State Revolving Loan</th>
<th>USDA Availability Fees/Grants</th>
<th>County Borrowing</th>
<th>Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group B – Hydraulic Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Serv Pump St.</td>
<td>$1,000,000</td>
<td>$ -</td>
<td>$ -</td>
<td>1,000,000</td>
<td>2/01/05</td>
</tr>
<tr>
<td>Pea Ridge Road</td>
<td>$8,200,000</td>
<td>5,892,583</td>
<td></td>
<td>2,307,417</td>
<td>11/28/05</td>
</tr>
<tr>
<td>Raw Wr Pump St – Cary</td>
<td>$4,000,000</td>
<td>4,000,000</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harnett – 6/6 Connection</td>
<td>31,758,202</td>
<td></td>
<td></td>
<td>31,758,202</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>43,958,202</td>
<td>9,892,583</td>
<td></td>
<td>36,065,619</td>
<td></td>
</tr>
<tr>
<td>Project</td>
<td>Amount</td>
<td>Date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westward Transmission</td>
<td>13,000,000</td>
<td>12/01/06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Chatham Hydraulics</td>
<td>2,900,000</td>
<td>11/01/05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Silk Hope School</td>
<td>1,500,000</td>
<td>10/01/05</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Supreme</td>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jordan Lake Water</td>
<td>9,000,000</td>
<td>1/01/07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment Plant Upgrade</td>
<td>9,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>70,858,202</td>
<td>58,065,619</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Districts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southeast</td>
<td>4,500,000</td>
<td>6/01/06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southwest</td>
<td>8,000,000</td>
<td>1/01/07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$83,358,202</td>
<td>58,065,619</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assumptions for the Financing Plan:

- Options for raising capital in financial markets for County water needs – Excludes grants, Federal/State loans, etc.
- Voted GO Bonds
- Special Obligation Bonds - Generally city only
- Water Revenue Bonds - Rates must support
- COPs - Generally together with other projects
- Current approach to meet timing needs - Issue water COPs together with general/school COPs
- Provides method to finance without the pledge of water assets/improvements
- Work toward future issuance of revenue bonds

Assumptions for the Financing Plan:

- COPs to be issued on a cash flow need basis not when contracts are issued
- Appropriations for new debt payments – Until rate levels cover debt – Property tax or another general source is needed
- COPs Structures
- Thirty-year pay-back - Defer principal two years - Twenty-eight year level principal and interest
amortization (creates higher early years d/s, policy of the LGC)

No capitalized interest or reserve anticipated

The Financial Plan and Potential Budget Impact:

Table that follows outlines financial and budget information including:

<table>
<thead>
<tr>
<th>Water Project Phases</th>
<th>Annual Maximum Debt Service</th>
<th>Property Tax Rate Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>Construction Cost</th>
<th>State Revolving Loan</th>
<th>USDA Availability</th>
<th>County Borrowing</th>
<th>Annual D/S '09</th>
<th>Prop Tax Cents '09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group B – Hydraulic Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Serv Pump St.</td>
<td>$1,000,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,000,000</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Pea Ridge Road</td>
<td>8,200,000</td>
<td>5,892,583</td>
<td>-</td>
<td>2,307,417</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw Wr Pump St - Cary</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harnett – 6/6 Connection</td>
<td>31,758,202</td>
<td>_______</td>
<td>_______</td>
<td>31,758,202</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>43,958,202</td>
<td>9,892,583</td>
<td>_______</td>
<td>36,065,619</td>
<td>2,506,000</td>
<td>4</td>
</tr>
<tr>
<td>Westward Transmission</td>
<td>13,000,000</td>
<td>-</td>
<td>13,000,000</td>
<td>907,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Chatham Hydraulics</td>
<td>2,900,000</td>
<td></td>
<td>2,900,000</td>
<td></td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>Silk Hope School</td>
<td>1,500,000</td>
<td></td>
<td>1,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Supreme</td>
<td>500,000</td>
<td></td>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jordan Lake Water Treatment</td>
<td>9,000,000</td>
<td>_______</td>
<td>_______</td>
<td>9,000,000</td>
<td>631,000</td>
<td>1</td>
</tr>
<tr>
<td>Plant Upgrade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>70,858,202</td>
<td>9,892,583</td>
<td>4,900,000</td>
<td>58,065,619</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water District:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southeast</td>
<td>4,500,000</td>
<td>4,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southwest</td>
<td>8,000,000</td>
<td></td>
<td>8,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$83,358,202</td>
<td>$9,892,583</td>
<td>$12,500,000</td>
<td>$4,900,000</td>
<td>$58,065,619</td>
<td>$4,044,000</td>
</tr>
</tbody>
</table>

**Proposed Calendar:**

- December 12, 2005  Presentation to the County Commissioners
- Winter/Spring TBD  Rating Agency visits to New York
- Spring/Summer 2006  Issuance

**PROJECT ORDINANCES**

Commissioner Emerson moved, seconded by Commissioner Barnes, to approve the Project Ordinances, Water Project-Group B Projects in the amount of $352,788.00 and Water Project – North Chatham Hydraulic in the amount of $925,420.00, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

Mr. Bill Lowery asked for the Board’s sanction of looking into all user fees associated with this burden.

By consensus, the Board agreed.

**GRANTS**

Debra Henzey, Grants & Special Projects Director, informed the Board of the following:

- **HUD Infrastructure Hook-Up Grant:**

  The North Carolina Division of Community Assistance has invited Chatham County to apply for a HUD grant which would provide up to $75,000 for low and middle income residents to hook up to the County water system at no cost to them. The grant would cover their tap fee and plumbing work needed to convert from well system to County system. The County would retain approximately $12,250 of the grant to cover administrative costs, including contracting with Hobbs Upchurch & Associates to manage the grant. Grant oversight will include a “Request for Proposals” (RFP) for an insured, bonded contractor to do the plumbing work required for each household. The homeowner must sign a form authorizing the work required.
and assuring that the County is not held liable for the work of the contract plumber. The remaining $63,750 would be used for the hookup work, which would cover approximately fifteen to eighteen households. The work would take place over 12-15 months.

Staff must identify eligible households in advance of submitting the grant by December 16, 2005. To solicit applications, staff has advertised in the local news media and sent information about the grant to the Department of Social Services, the Health Department, the Council on Aging, and the Sheriff’s Office. Hobbs Upchurch will verify that applicants meet eligibility criteria as follows:

- Must be adjacent to an existing, working county waterline
- Must sign a pre-application documenting income and other household information
- Must either own the residence or live in rental property where the landlord also meets the income limits above
- Must already have indoor plumbing in working order
- Must have a household income at or below the following:

<table>
<thead>
<tr>
<th>Occupants</th>
<th>Income Limit</th>
<th>Occupants</th>
<th>Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$39,950.00</td>
<td>5</td>
<td>$61,600.00</td>
</tr>
<tr>
<td>2</td>
<td>$45,650.00</td>
<td>6</td>
<td>$66,150.00</td>
</tr>
<tr>
<td>3</td>
<td>$51,350.00</td>
<td>7</td>
<td>$60,750.00</td>
</tr>
<tr>
<td>4</td>
<td>$57,050.00</td>
<td>8</td>
<td>$75,300.00</td>
</tr>
</tbody>
</table>

This grant is offered sporadically by HUD. It allows the County to offer water hook-ups to residents who did not have the funds to do so in the past, even if only a few people take advantage of the opportunity. It shows a good faith effort to provide a much-needed service to less fortunate residents. Other local governments report various rates of success with this grant program in terms of numbers of citizens applying for the grant. Some struggled to get more than two or three applicants, while others had a long waiting list.

The RFP for the plumbing contractor will assure that the contractor is bonded and insured in case residents have problems with the plumbing work. The County also will require residents to sign a form before any work begins, verifying that the County is not responsible for the work of the plumbing contractor and clarifying any other liability issues.

Matching funds are not required for this grant and the County will recover tap fee costs. The administrative share of the grant will cover oversight costs and advertising expenses.

Ms. Henzey stated that the required public hearing is to be held at the regularly scheduled Board of Commissioners’ evening meeting and recommended that the County apply for the 2005 Infrastructure Hook-Up Grant.

Fit Together Grant (Blue Cross Blue Shield of North Carolina Foundation):

The County has had less than six weeks notice of this grant, but staff is moving as quickly as possible to complete the components required. This grant will be very competitive since only five grantees will be selected, but it is limited to rural areas in the State. The keys to this grant are partnerships from various sectors and addressing all five components. Even though it is an involved grant, it is an opportunity to try to get some grant funding to complete basic facilities at the Southwest Park so that it can be widely used by families and organized groups.
The grant has a unique distribution schedule. It provides $30,000 in year one, $30,000 in year two, and $60,000 in year three. The final payment is based on the County meeting its goals for the first two years. The County must obtain matching funds of 25% in year one, 25% in year two, and 50% in year three of the grant. The overall match rate is 25%. Some portions of the existing facilities (such as the walking trail) and recreation fees can be used as the match.

Staff expects to cover the matching requirements with in-kind donations and recreation fees. The largest share of matching funds is due in the final year ($15,000), but the County would have to come up with $15,000 in the final year. Staff will continue to seek funding from corporate groups and other foundations to cover Southwest Park facilities.

Ms. Henzey recommended that the County apply for the Fit Together Grant in December 2005.

**Mobile Source Emissions Reduction Grant:**

The North Carolina Department of Environment, Health & Natural Resources is offering grants through its Air Quality Program for projects that reduce emissions from vehicles. This year they are targeting diesel engine emissions as a priority. Chatham County could take advantage of this grant opportunity to accomplish two goals as follows:

- Equip the new solid waste vehicle, already funded in this budget year, with a diesel oxidation catalyst
- Expand the County’s fuel storage capacity by adding an 8,000-gallon storage tank that would allow the County to purchase B20 (20% biodiesel blend) at a reduced price and would give more capacity for fuel shortage emergencies. The new fuel storage tank would be based at the Solid Waste Facility, but would be more accessible, yet more secure, than the current smaller tank.

Chatham County, like most counties across the state, is under increasing pressure to reduce vehicle emissions due to federal and state air quality regulations. Therefore, finding opportunities to transition to cleaner fuels and vehicles with reduced emissions will help meet stricter requirements slated for 2008 and 2009. Hurricane Katrina’s impact further emphasized the need for increased fuel storage capacity and reduced dependence on 100% petroleum fuels.

Garland “Pee Wee” Tripp and Bob Holden, Solid Waste Director, are currently soliciting estimates for the new truck with diesel emission reduction catalyst and for the fuel storage tank facility, which will include security fencing, power generator, small storage shed, and driveway. The County will apply for funds to cover the entire cost of the fuel tank facility and the cost of adding the oxidation catalyst to the solid waste truck.

Hurricane Katrina’s impact highlighted the need for the County to increase its emergency fuel storage capacity and to assure that options other than 100% petroleum are available. If absolutely necessary, any of the County’s diesel vehicles could run on 100% biodiesel, even if this is not recommended for year-round use. However, the County currently does not have the storage capacity to buy B20 or any other biodiesel product at a discounted rate. For example, State contract for B20 requires delivery of a full tanker load of fuel. Having a larger tank gives greater negotiating power with both local suppliers and gives the option of using the State contract supplier.

While only a few County vehicles are diesel at this time, the County has an opportunity to secure funds to both increase our fuel tank capacity and help reduce diesel emissions. The Solid Waste Department is the largest diesel user in the County, so it makes sense to put the new storage tank at their facility, while
also making the tank more accessible to other departments and potentially to other local governments and the transit network.

If the grant is awarded, a formal bid process could be conducted for the purchase and installation of the above-ground fuel storage tank and related equipment. Staff would work with a consultant with expertise in this field to help with the “Request for Proposals’ (RFP) and to evaluate the bids.

The application is due at the end of December 2005, and the County would receive notification of the grant award in March 2006. Matching funds are not required for this grant, but in-kind resources and the funds already budgeted for the solid waste truck can be used to provide at least some level of matching.

Ms. Henzey recommended that the County apply for the grant to both increase the County’s fuel storage capacity and to begin the transition of diesel vehicles to emission reduction technology.

Commissioner Emerson moved, seconded by Commissioner Cross, to approve the grant application for the Mobile Source Emissions Reduction Grant. The motion carried five (5) to zero (0).

**ADJOURNMENT**

Commissioner Barnes moved, seconded by Commissioner Cross, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at 5:13 PM.

______________________________
Bunkey Morgan, Chairman

ATTEST:

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