

**MINUTES**  
**CHATHAM COUNTY BOARD OF COMMISSIONERS**  
**WORK SESSION**  
**JANUARY 07, 2008**

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The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Agricultural Building Auditorium, 45 South Street, located in Pittsboro, North Carolina, at 9:45 AM on January 07, 2008.

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

The Work Session was called to order by the Chairman at 9:47 AM.

*Work Session*

1. Introduction of David Bryant, Interim School Superintendent
2. Approval of the 2009-2013 Capital Improvements Plan and consideration to adopt the CIP
3. Major Corridor Ordinance Task Force Presentation: John Graybeal and Dave McKenna will present Major Corridor Task Force recommendations
4. Hiring Consultant to Codify Task Group Work: Discussion of utilization of codification consultants to pull all the work of the various task forces into a fully integrated ordinance for Board of Commissioners consideration to adopt.
5. Western Wake Regional Partnership Work: General discussion of next steps for Board of Commissioners and Western Wake Partners
6. Circuit Breaker Tax Issue: The General Assembly ratified the Circuit Breaker tax in the last session. This will likely have considerable (though at this point we don't know how much) impact on county governments adding bureaucracy and decreasing revenues.
7. Budget Summit Agenda: Review of proposed agenda for upcoming Board Summit
8. Board of Health Request Regarding Edgefield LLC Violations: Consideration to pursue request from Board of Health to collect fines levied for various violations at their southwest Chatham County site.
9. Discussion of legislative issues for Chatham County in upcoming General Assembly Session

**INTERIM CHATHAM COUNTY SCHOOL SUPERINTENDENT**

Gerald Totten, School Board Member, introduced Dr. David Bryant, the new Interim Superintendent of the Chatham County Schools, and provided a brief summary of Dr. Bryant's background.

Dr. David Bryant stated he welcomed the chance to serve and thanked the Board for its recognition.

Chairman Lucier stated the Board looked forward to working with Dr. Bryant, noting they were very supportive of the schools and he could count on them to do what was necessary to move along the construction of the new schools planned as well as address other school needs.

### **CAPITAL IMPROVEMENT PLAN**

Renee Paschal, Assistant County Manager, provided a brief summary of the changes made to the last version of the CIP:

- The landfill feasibility study was moved to FY 2008 from FY 2009; they have instructed Waste Management to proceed with an RFQ to hire a consultant; as with the original plan, this would be funded out of waste management fund balance.
- Construction and planning costs for the North Chatham cafeteria were moved up to FY 2009; previously, construction costs were budgeted in FY 2010; she had contacted Susan Little about the school system proceeding with hiring an architect now for this project so that planning can get underway; overall, this action had no impact on fund balance, since they were just changing the year.
- Construction costs for the expansion of Northwood were moved up to FY 2009, from FY 2010; the school system was working to have updated cost estimates for expanding the core, but they likely would not have those cost estimates available for some time; she had been advised that the new cost estimates may be substantial.
- The construction of the replacement gymnasiums were moved to FY 2013, from FY 2010, to coincide with construction of the new northeast elementary school.
- The Chatham Central land purchase was deleted from the CIP.

Ms. Paschal stated there were two issues discussed that had not been changed:

- After talking with both the Sheriff and the Emergency Operations Director, both felt that the size of the storage building would be adequate. They will try to site the building for easy expansion.
- The schedule for the northeast middle school was left as is. The earliest funds could be borrowed are next fall, which was what their original plan was based on.

Chairman Lucier stated it appeared that all revisions requested had been made, and thanked Ms. Paschal for her work. He stated this was a working document that could be changed at any time the Board chose as new needs or financial issues arose.

Commissioner Barnes moved, seconded by Commissioner Cross, to adopt the Capital Improvement Plan (CIP) with the approved changes.

Commissioner Thompson stated it needed to be said that this was a comprehensive document, and that some of the projects listed were projects inherited but were good for Chatham County; that some were new projects which were good for the County as well; these projects were precipitated by the growth in the County currently taking place and projected for the future; while he was in agreement with the CIP he wanted to register his great concern about the fact that they were looking at possibly or probably a significant increase in property taxes; that this Board should look for all alternative means of revenue in order to offset that; there was a significant portion of the County, particularly in the western part, whose incomes were low and who were struggling; and, the Board needed to consider that while understanding that the County needed to move forward to meet the needs of a growing population.

Chairman Lucier stated he was sure the Board would do everything possible to minimize the impact of the capital improvement project plans on the property tax rate.

Commissioner Vanderbeck stated Commissioner Thompson had brought up some good points, noting they were working on a new economic development plan and property taxes should not be the only source of revenue; that these things take time and they had hope that it would help provide a large share of the relief in the future; and, that education of the workforce and other opportunities would help as well.

The Chairman called the question. The motion carried five (5) to zero (0).

Chairman Lucier stated that a summary of the CIP had been prepared; that this Board had inherited a lot of projects, and their cost had increased over previous estimates; when added together it amounted to \$80 million plus of projects that simply had to be done; and, he agreed all possible alternatives needed to be explored to lessen the impact of those projects on the property tax rate, and the Board would do everything possible to minimize that impact. Debra Henzey stated that the CIP was posted on the web site.

### **MAJOR CORRIDOR TASK FORCE PRESENTATION**

Chairman Lucier stated that Major Corridor Task Force Chair John Graybeal would make the presentation to the Board, adding that Dennis McKenna was unable to attend this meeting; and, that Mr. Graybeal would express the concerns noted by Mr. McKenna during his presentation. Chairman Lucier stated that creation of this Task Force was one of the first things this Board had done after taking office in order to help guide development and encourage commercial and business activities in certain parts of the County; this was a difficult job and he was personally very pleased with the progress the Task Force had made in bringing it to a point where it could now be discussed; and, that did not mean that it was a final product, but it was something that would now likely move into joint discussion with the Planning Board, and ultimately a public hearing for further comments and then at some point in the future approval by this Board.

Chairman Lucier introduced John Graybeal, noting that Paul Black from the Triangle J Council of Governments was present as well.

John Graybeal provided a brief overview of the work of the Task Force and how it had approached its charge; he stated that a list of recommendations had been provided, as well as a list of supplemental recommendations that had been prepared at the last full meeting of the Task Force in December; and, that Dennis McKenna had made a major contribution to the work of the Task Force and had substantial recommendations of his own that would likely be addressed when the Planning Board began its discussion.

Mr. Graybeal stated that the Task Force had quickly recognized that an important early step that could be taken to assist in the preservation of the corridors would be for the unzoned corridors to be zoned residential/agricultural; after consideration by this Board and the necessary public hearing and other proceedings, that action was taken by this Board on November 19, 2007; and, as a result those corridors were now protected. Mr. Graybeal stated another early issue was whether the Task Force would recommend development standards both for the corridors generally and for the recommended commercial nodes; accordingly, the Task Force was recommending the recognition of "scenic overlay districts" which referred to the corridor areas lying outside the commercial nodes, and for the provision of higher standards in those districts than were recommended for the nodes themselves.

Mr. Graybeal stated the materials provided to the Board were in the form of recommendations or performance standards that applied to both commercial nodes and on the corridors, and dealt with five different topics: access and traffic; parking areas; building design and layout standards; landscaping and buffering; and, signs. He stated that additional recommendations would be made to be considered by the Planning Board.

Mr. Graybeal stated that he believed they had a terrific document and proposal although slightly incomplete; that he was convinced that this process was a win/win for everyone; that if you provided high standards then that would result in very attractive commercial nodes and corridors; that would then result in businesses and customers wanting to go there; and, that would result in higher property values and property taxes.

Paul Black provided the following PowerPoint presentation:

#### Original Charge to the MCOTF

- Provide development guidelines along the County's major corridors as recommended by the adopted Land Conservation and Development Plan. This is to ensure sufficient traffic flow, protection of environment, esthetics, and rural character of these major thoroughways.
- Provide and map designated economic nodes as recommended by the Land Conservation and Development Plan. In addition to corridor efforts this will help direct future utility

expansion by outlining priority economic development locations for targeting water and sewer.

How the MCOTF met the charge

- Provide development guidelines:
  - We used a brainstorming exercise to determine what details are important to encourage or discourage.
  - These became the items addressed in the text of the new overlay zoning districts.
  - Mapped in detail where the guidelines apply.
- Provide and map designated economic nodes:
  - Scaled the nodes so that one size does not fit all.
  - Created a disincentive area outside the nodes to discourage commercial development outside the nodes.
  - Mapped the nodes holistically in a general sense County-wide.

Final “Plan” Nodes

- Map that indicates economic development nodes; node locations on this map are relative and may be further refined in the text of the plan document. The nodes are only meant to show a level of market balance or development opportunity in a general area.

Node Types-Crossroads

- Serves a small market or is a single, standalone business consistent with rural character.

Node Types-Neighborhood

- Serves a market area capable of supporting a small grocery store and a few additional goods and services like dry cleaner, day care, or restaurant.

Node Types-Community

- Serves a market area capable of supporting a larger grocery store and additional anchor store services like hardware or bank plus other services similar to neighborhood nodes.

Node Types-Regional

- Serves a regional market and likely to be accessed primarily by motor vehicle. Large-format retail, shopping malls and all other goods and services appropriate.

Node Types-Special

- Geared towards office/institutional; something other than retail but not completely.

Why a plan amendment process?

- The MCOTF used the best data available at the time to predict the future. That is no guarantee that the predictions will bear out, and this process will keep the plan fresh and meaningful.
  1. It creates an open, public process for changes with a wider, County-wide consideration of the impact than just a rezoning would; and
  2. It raises the bar for development outside the nodes, by the additional process, without precluding it, so when a good project we did not foresee in 2008 presents itself, there is a way to make it happen.

Final “Zone” Nodes

- Map indicates Regional Node and Scenic Overlay Districts in Moncure and along US 1. Jordan Lake US Army Corp of Engineers’ property was not included in the RA-40 zoning of unzoned areas. No overlay districts can be put in place without underlying zoning.

Commissioner Cross stated regarding the 1,500 foot buffer, if you followed property lines that were closest to 1,500 feet it could cut property in half. Mr. Black responded at this point they had used only the 1,500 foot buffer for the overlay districts, adding that for the most part the tracts were very large and they were attempting to be fair across the board. He then continued his PowerPoint presentation:

Moncure-US #1 Overlay

- December 12 meeting specified scenic overlay along “river buffer.”
- RA-5 zoning was interpreted as “river buffer” but only exists north of US 1.

Area Overlay Maps:

- US 64/NC 751 Overlay
- Cole Park and Chatham Downs Area Overlays
- Briar Chapel Area Overlay
- Bear Creek Area Overlay

What the overlay standards do

- The overlay standards create the beginnings of a form-based zoning overlay on top of the current used-based zoning. The key concepts the standards use include the following:
  1. Forested or replanted buffers along roadways to screen the buildings from the major corridors;
  2. Create a built environment that is pedestrian and transit friendly, promoting mixed uses to reduce traffic and pollution;
  3. Require fewer parking spaces and increase tree canopy in parking lots so that there is less exposed impervious surface.
  4. Reduce the visual impact of signs on the roadway by limiting the size, number, type, and lighting of the signs.

What the overlay standards do NOT do

- The overlay standards were written to specifically exempt certain uses:
  1. Forestry and agriculture are not subject to these regulations, so long as those uses continue. If no development is imminent, the buffers can be logged. If development is going to occur there is a 3-year waiting period if the buffer is logged. If the buffer is left prior to development, there is no waiting period;
  2. Single family residential development that is part of a minor subdivision or existing lots are subject only to a brief staff review to encourage retention of existing trees (clearing permit);
  3. Existing businesses will be allowed to expand; the new standards should be used where possible but are not mandatory as long as the use does not cease for 6 months or more.

What you have before you

- There are 3 items before you today:
  1. Policy document changes to the Land Conservation and Development Plan that include the "Plan" Map of the nodes, the node type descriptions, and a formal plan amendment process;
  2. The overlay zoning district language and maps;
  3. Additional text amendments for other parts of the zoning ordinance to support the overlay districts plus additional recommendations that is outside the original charge.
- The recommendations from the December 18<sup>th</sup> work session have not been reviewed by the entire MCOTF, but were passed along for consideration in order to meet moratorium-imposed deadlines.

Chairman Lucier stated if someone wanted to live upstairs from their business establishment, they would be allowed to do so even if residential were eliminated as a use in the business district. Mr. Black stated they had specified that it would be a conditional use process as to how you could do certain things.

Chairman Lucier stated at some point he wanted to talk with Planning Director Keith Megginson about a process timetable and what steps might need to be accomplished before eventual ratification of a revised ordinance. He asked should that be done now or did the Board prefer to ask Mr. Black and Mr. Graybeal questions.

Commissioner Thompson stated he wanted to understand the size/scope of the scenic overlay area proposed. He asked would it be a specified area outside of the recommended nodes or was it a distance along the whole corridor that did not include a node. Mr. Black responded that it would be the remainder of the corridor that did not include the node.

Commissioner Thompson stated he supposed that if someone met the more stringent guidelines that there would be no danger of strip development. Mr. Black stated their thinking was that they did not want to have node standards in place and have someone look at the

requirements and decide to go somewhere else to avoid meeting the guidelines, resulting in strip development.

Chairman Lucier stated they were offering disincentives to keep them from locating there, yet giving them the opportunity to do it. He said he was trying to look at the advantages of allowing that as opposed to just not allowing it when looking at specific nodes. Mr. Black stated they would still need to have underlying zoning, in that someone could come in and develop just to the scenic guidelines, or could come in and request an overlay change to develop to some other standard.

Chairman Lucier stated that conceptually it would be no different than what they had now in zoned areas of the County, and what this would do would add certain standards to accompany that rezoning. Mr. Black stated from a development perspective, it would mean you would be allowed to use more of your land.

Commissioner Thompson stated regarding the regional node suggested for the Bear Creek area, he wanted to understand the idea behind recommending development one-half mile from the point of intersection, and asked would that be one-half mile back from Highway #902 in either direction from Highway #421. Mr. Black responded it actually would be 1,500 feet, which was their zoning authority.

Commissioner Vanderbeck stated there still seemed to be some confusion about Old Graham Road; that the map showed it as a Major Corridor; what the Board's intention was that Highway #87 would be the Major Corridor; they had zoned up to east of that to Old Graham Road to RA-40; and, what he saw still appeared to be confusing. Mr. Black stated their thinking was the architectural standards would still apply, and in fact they were asking the Board in the recommendations to include Fearington Road as well. He stated they were not so much saying that commercial was appropriate there, but that the architectural standards should apply.

Chairman Lucier stated at this point they had zoned from Old Graham Road west to 1,500 feet west of new Highway # 87. Mr. Graybeal stated then you have residential zoning in place on both sides of Old Graham Road. Chairman Lucier stated that was correct, and the Board had not identified Old Graham Road as a Major Corridor.

Mr. Black stated they would be happy to remove that from the recommendations if the Board chose.

Mr. Graybeal stated this may need to be put before the Planning Board in its ongoing consideration of this matter, and let that board come back with a recommendation. He added what was being articulated today was that the scenic overlay standards might be usefully applied to Old Graham Road in case there was some commercial use that wanted to locate there.

Chairman Lucier stated that obviously needed to be discussed and considered; that the current language allowed existing businesses to expand; the other issue that came up at the public hearing regarding zoning corridors to RA-40 was that some existing businesses might wish to change their business activity; and, his recollection was that the Board wanted to give as much flexibility as possible to allow businesses to do that but still protect the integrity of the area they were looking at.

Commissioner Vanderbeck stated business changes would still have to meet the provisions for conditional use.

Chairman Lucier stated he believed the Board simply wanted to provide flexibility. Mr. Graybeal stated that would be added to the list for discussion.

Mr. Black stated one of the issues he had not yet mentioned was staffing needs, and one thing the recommendations did call for was for a landscape architect, either contractual or on staff.

Chairman Lucier asked Mr. Megginson to speak to how he viewed the process from this point forward. The Planning Director stated part of the process would be how to treat the green area on the map; would you zone it scenic overlay or not; it would involve the approximately 3,000 parcels of land previously zoned and the existing zoned area; if you truly wanted to say

you did not want commercial uses in that area they had a Land Development Plan previously adopted that said that along US Highway #15-501; and, that Plan specified specific intersections where there would not be commercial.

Chairman Lucier asked when that Plan was adopted. Mr. Megginson responded in 1988, noting it was done that way because in 1988 US Highway #15-501 was not 4-laned; and to simplify this they had said they did not want commercial businesses along US Highway #64 between Pittsboro and Siler City. Speaking of process, Mr. Megginson stated they would need to notify property owners about the change in zoning.

Chairman Lucier stated he believed the process would be that they would now move into joint session with the Task Force and the Planning Board, and because some of the Task Force members were also Planning Board members, it may be prudent to appoint ad hoc members to the Planning Board that would then assist in working through the process. He stated there was a process in place where this Board could appoint such non-voting members to the Planning Board. Chairman Lucier stated there would be some recommendations emerging from that process at some time in the future; the Board would presumably call a public hearing on the recommendations; it would then go back to the Planning Board, including the participation of the Task Force to consider comments made and issues highlighted; and, then it would come back to the Board of Commissioners for discussion and eventual final approval.

Mr. Graybeal suggested that this project be turned over to the Planning Board to proceed to analyze it, to consider the additional recommendations, and perhaps make recommendations back to the Board of Commissioners and inviting any and all members of the Task Force as well as the general public to be involved. He stated if the Board believed it should be discussed in joint sessions, that could be coordinated.

Chairman Lucier stated his concern was that the Planning Board might want to “reinvent the wheel,” and asked Sally Kost if she had any suggestions on how to best make this process work. Ms. Kost agreed that it may not be necessary to have a joint meeting between the Task Force and the Planning Board, noting that there were three Planning Board members who had attended nearly all of the Task Force meetings who could provide background information. She stated they would encourage Task Force members to attend Planning Board meetings to help respond to general questions.

Ms. Kost stated the most controversial issue was defining where the nodes would be, as far as the standards went; other issues were clear and less controversial; it would be beneficial for some sort of forum to be held so that citizens could participate and questions could be addressed; the Planning Board would receive this report tomorrow night and she would first like outstanding issues from that December 12<sup>th</sup> meeting to be addressed as well as the work session changes; and, that a public hearing or forum be scheduled as quickly as possible

Chairman Lucier asked if she was recommending having two public hearings on this or just one. Ms. Kost stated a public hearing was definitely needed.

Loyse Hurley, President of Chatham Citizens for Effective Communities (CCEC), stated the CCEC would be happy to work with the County to set up an educational forum, noting this was a major concern for citizens and a forum would provide a clearer understanding of the recommendations. She stated the logical time to hold such a forum was prior to the public hearing, so that citizens could attend the public hearing and knowledgeably provide input to the Board as to what they would like to see.

Chairman Lucier asked Mr. Graybeal and Ms. Kost if they had any comments on that suggestion. Mr. Graybeal stated he believed that approach would be useful, whether joint meetings took place or not; and, that such a forum would be more beneficial if it were held after the Planning Board made its recommendations so that a more final document would be the subject of public comment.

Commissioner Vanderbeck stated they would need some language in order to set the public hearing before they did the forum; then if any substantive changes were made, it would go back to the Planning Board and possibly schedule another public hearing. Mr. Graybeal agreed, noting that if they were talking about taking additional recommendations and presenting a revised package, then Paul Black had already produced those packages.

Chairman Lucier stated he knew that Commissioner Barnes was concerned about how to bring all the activities together, so they needed to talk about Mr. Black's time. Mr. Graybeal stated that was correct.

Commissioner Barnes stated their next agenda item was a discussion on the hiring of a consultant to codify task group work; he assumed that meant they would be forming an integrated document; that what this came down to was they had excellent groups with excellent ideas with excellent agendas, and now they would all have to be connected and blended so that they would have similar agendas; that they did not yet have a working agenda, so the public nor the Commissioners had any idea what this process would be or how it would work; that they now had a great start to that process, but they all had to be connected as far as working and planning; that had led to the hiring of a consultant that was skilled in this area; and, he believed now was the time to bring such a person into the process.

Kevin Whiteheart, County Attorney, stated the various groups that had been working on these issues had performed a tremendous amount of work, particularly in the area of policy, identifying those policies they would like to encourage and identifying those areas where they wanted to disincentivize people to do certain things; thinking about the work on Section 304 with the buffers, what was helpful was the point where Fred Royal and Mr. Megginson and he were able to take the policy work and provide linkages; it appeared that with the Major Corridor entrances a lot of that work had already been done; nevertheless, it did make sense to have a good amount of staff input simply because the process had to be understood and workable from the staff level if it was going to result in a document that encouraged in one way and disincentivized in another way.

Mr. Whiteheart stated with all that being said, having the Planning Board in particular looking at those policy issues would be very useful, as well as useful for a public forum. He said a consultant would then have a better idea of what those regulatory guidelines needed to be and then work with the Planning Board on that.

Commissioner Barnes asked would that be something the staff could tackle or should the Board consider hiring an additional staff member or consider hiring a consultant. Charlie Horne, County Manager, believed that was a good question and one that could not be answered at this point. He stated he did not want to get too far ahead because he knew the Zoning Subcommittee and Subdivision Subcommittee also had recommendations that were not yet ready, and they needed time to do that so that the work of all the committees could be integrated. Mr. Horne stated the question they had was could they take what they had that was ready for assimilation but have other components not yet included, adding they would want to have the information as focused as possible for the ordinance process.

Commissioner Barnes agreed, but stated he was asking what the best way to proceed was. Mr. Horne stated that were groups that were experienced in taking all of this type of information from the various working groups and integrating it into an ordinance format for consideration.

Chairman Lucier stated perhaps what they should consider is asking the County Manager to come back with a proposal, adding it was clear they needed additional help and that would likely be in the form of a consultant or a contractor. He stated that Commissioner Barnes had made the point that they needed to get working on that now. Mr. Horne stated that could be discussed during the next agenda item or at the retreat.

Rita Spina stated they certainly did not want to start over with any of these committees, so to bring someone in that was unfamiliar with what was going on within the various subcommittees seemed a waste of time, because that person would have to get up to speed. She stated that the only person she knew of who knew how the Planning Board worked, how the ERB worked, and what was going on with the Task Force was Paul Black. Ms. Spina recommended that he be considered as the consultant.

Commissioner Vanderbeck stated those of them who had worked with TJCOG and its staff knew that having Mr. Black act in that capacity was the intention.

Chairman Lucier stated they would need to revisit the number of hours stated in the agreement, and believed the only concern was that there was more work to be done that one person could do. He stated perhaps some additional staff in Mr. Black's office would need to be

involved. Mr. Horne stated he was not dismissing that suggestion, but remarked there was still a lot to be done that was not yet known.

Chairman Lucier stated this was something they needed to hash out at the retreat, noting they had reached a critical juncture and this Board needed to come to an agreement about how to handle that.

Mr. Graybeal stated it appeared to him that Mr. Black had been actively involved in many projects within the County, and agreed that he was the key person that was situated to act as a consultant.

Chairman Lucier said they had not talked much about how to incorporate environmental impact assessment criteria into the overall ordinance, and that was critical as well.

Mr. Black stated the downside for him was that he was probably three times over budget on the corridor study task force in terms of time, but the upside was he would probably make up some time with the subdivision and zoning projects because much of the previous work would be used again. He said one thing that had come out of working with all three groups and talking with staff was that ultimately a unified development ordinance would result.

Chairman Lucier suggested that the Board make this a significant discussion at the upcoming retreat.

Francie Henville-Sherman, citizen, stated it appeared to her that the Board was trying to protect the scenery and the farmers. She stated that there was a farmer at the public hearing who had stated that if he wanted to have a produce stand and it had to be 1,500 feet back, no one would be able to see it, and asked would that farmer be able to have his produce stand or not.

Chairman Lucier responded, yes, he would. Ms. Henville-Sherman stated it would be nice for him to know that before he came back before the Board with the same concern.

Commissioner Cross stated the produce stand did not have to go at the back of that 1,500 feet; it could go at the front. He asked Mr. Black if additional staff became necessary, did the TJCOG have that staff available to him. Mr. Black stated it would depend on when the product needed to be delivered, but there was additional staff available. He said in terms of his time, he had already budgeted about half of the remaining time in the fiscal year for Chatham County.

Chairman Lucier stated that perhaps at tomorrow's Planning Board meeting, they could discuss the timing of a forum in response to Ms. Hurley's approach, and provide the Board with feedback regarding how to fit that into the process.

### **BREAK**

Chairman Lucier called for a short break.

### **TAX ADMINISTRATOR'S UPDATE**

Chairman Lucier noted two changes to the remaining agenda, in that Items 6 and 8 would be heard next, with Item 6 being a presentation by Tina Stone regarding the Circuit Breaker tax issue, and Item 8 being the Board of Health request regarding Edgefield LLC violations.

Tina Stone, Tax Administrator, provide the following PowerPoint presentation.

#### 2007 Property Tax Legislation

- Significant property tax legislation enacted by the 2007 session of the North Carolina General Assembly.
- House Bill 1499 provides for changes and amendments to the Homestead Exclusion for 2008 & 2009.

#### 2007 Homestead Exclusion Qualifications

- Homeowners must be 65 years of age or totally and permanently disabled.
- They must live on the property as their permanent residence.

- Preceding year's income cannot exceed \$20,500.
- Application deadline June 1.

#### 2008 Homestead Exclusion Qualifications

- Homeowners must be 65 years of age or totally and permanently disabled.
- They must live on the property as their permanent residence.
- Preceding year's income cannot exceed \$25,000 (increased from \$20,500)
- Application deadline June 1

*\*\*The income limit for subsequent years will continue to be adjusted and set by the North Carolina Department of Revenue according to the cost-of-living adjustments as currently required by the statutes. \*\**

#### Exclusion Amount

2007 - Homeowners who qualify would have excluded from property taxes either \$20,000 or 50% of the appraised value of the residence, whichever is greater.

2008 - Homeowners who qualify would have excluded from property taxes either \$25,000 or 50% of the appraised value of the residence, whichever is greater.

*\*\*Only applies to permanent residence\*\**

#### Impact for 2008

- According to the most current census information possibly 3,458 more households will qualify due to increase in the income limit eligibility.
- Current Average Exemption amount \$40,740.
- Potential Loss \$140,878,920 in value.
- Resulting in potential loss of \$869,223 in tax revenue based on current tax rate.

#### 2009-Circuit Breaker

- This bill also creates a new Property Tax Homestead Circuit Breaker for tax year 2009 in which taxpayers who qualify for and elect this option will pay taxes as limited by a percentage of their income. The unpaid difference in taxes will continue on the tax records as deferred taxes. This bill also provides the taxpayer the option of the traditional homestead exclusion or the homestead circuit breaker, when the taxpayer qualifies for both provisions.

*Note: The NC Department of Revenue is currently working to clarify some of the language used in House Bill 1499 (Circuit Breaker), therefore some of the information provided may be subject to change.*

#### 2009 Circuit Breaker Qualifications

- Homeowners must be 65 years of age or totally and permanently disabled.
- They must live on the property as their permanent residence.
- Owned and occupied property as permanent residence for 5 years or more.
- Income Eligibility Limit no more than 150% of the exclusion income limit.
- Application deadline June 1.

*Ex: Current Exclusion income limit is \$25,000 the circuit breaker income limit would be \$37,500*

#### Deferred Amounts

- May defer a portion of tax on residence.
- Taxes that exceed 4% of income if income is less than homestead exclusion.
- Taxes that exceed 5% of income if income is equal to or greater than homestead exclusion but less than 150% of homestead exclusion limit.

#### Circuit Breaker

1. If a taxpayer's income is \$30,000 the maximum amount of taxes paid would be 1,500.00 (5% -income is higher than exclusion amount of \$25,000).
2. Taxpayer taxes are \$2,500 the amount of deferred taxes would be \$1,000.
3. Taxpayer notified September 1 of amount of deferred taxes plus interest = \$1,080.00.

Commissioner Barnes asked if that stayed there forever. Ms. Stone responded yes, until the taxpayer was disqualified through death, the transfer of the property, or it was no longer their permanent residence. She said once that disqualification took place, it became due within nine months; one of the things to be clarified was if that would go against a person's estate in the event of death, since it would have to be paid in some way. Ms. Stone continued with her presentation.

Maximum amount of taxes owed is the TOTAL of all taxes:

- County
- Municipalities
- Special Districts
- Does not include fees (Solid Waste Fees)

*Ex: Taxpayer pays \$1,500 this would include city and county taxes if the taxpayer was located in a municipality. Who gets what portion?*

- *Total Tax Rate-  $\$0.617$  (County) +  $0.373$  (Pittsboro) =  $0.99$*
- *County's rate is 63% of total rate ( $0.617/0.99$ )=  $0.63$*
- *Pittsboro's rate is 37% of total rate ( $0.373/0.99$  =  $0.37$*
- *County gets 63% of \$1,500 = \$945.00*
- *Pittsboro gets 37% of \$1,500 - \$555.00*

#### Deferred Taxes

- Three previous years of deferred taxes are a lien on the property.
- Assessor must notify property owners by September 1 of each year of the amount of deferred taxes and interest.
- Taxpayer can switch back and fourth between Homestead Exclusion and Circuit Breaker.
- Assessor must maintain amount of deferred taxes until taxpayer is removed upon a disqualifying event.
- Deferred taxes only become due upon a disqualifying event
  - Death
  - Transfer of Property
  - No longer permanent Resident
- Taxes are payable within 9 months of disqualifying event

Chairman Lucier asked if the Finance Director could still use those funds to acquire loans, since the County would receive them at some point. Ms. Stone replied no.

Commissioner Cross asked if the persons that qualified for this would be included in the list of persons published in the newspaper that owed taxes. Ms. Stone replied no.

Chairman Vanderbeck asked was North Carolina the only State doing this. Ms. Stone replied there were several others.

Commissioner Thompson asked if she had any idea what sort of impact this might have the staff, and if additional staff was needed or could it be absorbed with existing staff. Ms. Stone stated there definitely would be a need for additional staff. She continued with her presentation.

#### Impact

- It is difficult to determine the impact that the "Circuit Breaker" could have due to the fact that it is not in based on value but on income.
- The amount of deferred taxes cannot be calculated until the tax rate is set each year.
- Deadline to apply is June 1.

Chairman Lucier stated this would be one of those things that if they had an economic recession it would have a negative impact on the County's finances. Ms. Stone agreed.

Commissioner Barnes asked about the \$140 million loss. Ms. Stone replied that was based on the 2008 potential, which could increase significantly with the Circuit Breaker.

Chairman Lucier stated she had estimated that to be about \$900,000 a year. Ms. Stone said that was their best estimate based on current information. Chairman Lucier stated that was equivalent to about 1.1 or 1.2 cents on the tax rate.

Commissioner Barnes asked exactly what that \$140 million loss was. Ms. Stone replied it was the estimated loss in 2008 on property values. She continued with her presentation.

- Our office will be responsible for assisting the taxpayers with calculations to help determine which option would be a greater benefit to them.
- The NC Department of Revenue is also continuing to work on clarification of some of the language introduced in this bill.
- At this time our office will continue to learn and understand this bill so that we can better educate the taxpayers.
- Our staff has scheduled meetings at the Senior Center in Pittsboro and Siler City during the month of January to assist taxpayers with the 2008 changes to the Homestead Exclusion.

Chairman Lucier stated if you were already 65 years of age, you did not also have to be disabled. Ms. Stone stated that was correct. Chairman Lucier stated with their aging demographic, that was bothersome.

Mr. Totten, Board of Equalization and Review Chairman, wondered if there would be an opportunity for people who selected one avenue to appeal to have it changed to the other avenue. Ms. Stone stated that people could switch back and forth at will with no appeal.

County Attorney Kevin Whiteheart stated Ms. Stone's presentation pointed out several issues that were important to understand. He described a scenario where someone may have their permanent residence in Chatham County and had no will, but had moved to a medical facility in Wake County where they lived for some time before they passed away. Mr. Whiteheart stated that would place a tremendous burden on Ms. Stone's office to read obituaries of surrounding counties or check for death certificates, since the County would have no notification of that person's death. He stated that once the property passed to the heirs, the heirs had no obligation to notify the County of that person's death. Mr. Whiteheart said Ms. Stone's office would also have to look for heirs so that property tax bills could be sent to them.

Chairman Lucier stated that at some point the County would be notified that there was a change in ownership. Ms. Stone said not necessarily; only if the family wanted a name change on the property which was not required. Mr. Whiteheart stated there were quite a few pieces of property where there the deed was never changed because the heir or heirs to the property owned it by operational law.

Ms. Stone stated they periodically checked obituaries and websites, but now they would have to do that on a daily basis beginning in 2009. Mr. Totten stated the taxes would be a lien on the property.

Chairman Lucier stated that was true, but it could take some time before it was collected. Ms. Stone continued with her presentation.

#### Update on 2009 Revaluation

- Chatham County Revaluation effective 1/1/2009.
- Currently working on preliminary land pricing.
- Sales Ratio studies are conducted and land pricing is based on all sales that have occurred since the last revaluation (2005).
- Our office will begin value reviews in January.
- Value Reviews will begin in the Western, Northwest, Southern and Southwest parts of the county.
- We will have approx 6-10 appraisers in the field. All appraisers will have county identification name badges.
- As required by statute we will be ready to present the schedule of values for consideration by the Board of Commissioners sometime between May and July of 2008.

Chairman Lucier thanked Ms. Stone for her work.

## **BOARD OF HEALTH**

Chairman Lucier reminded the Board that they had received information regarding this issue several months ago, and the question for the Board was whether to move forward with the collection of the \$90,000 fine.

Jim Willis, Sedimentation and Erosion Control Officer, stated that Edgefield did not yet have approval for any of the work they had done nor had they received any permits. He said the actual site work was still not completed, and everything was still out of compliance.

Commissioner Cross asked were they still working on the site. Mr. Willis stated they were working in terms of trying to get erosion control measures in place, but a plan was not yet in place. He stated a plan had been submitted but was not approved, and had been sent back to Edgefield for additional changes. Mr. Willis added that Edgefield had permission to continue to work on the erosion control measures while trying to get a plan in place.

Commissioner Barnes moved, seconded by Commissioner Vanderbeck, to proceed with collection activity.

Commissioner Vanderbeck asked if they were beyond that 30-day demand time limit. Mr. Whiteheart stated they would be passed that date on Thursday of this week.

Chairman Lucier called the question. The motion carried five (5) to zero (0).

Commissioner Cross stated that the gentleman who owned Edgefield had been in business for over 30 years, which was certainly long enough to know what he was doing. He stated these violations should never have happened.

## **LUNCH BREAK**

Chairman Lucier called for a lunch break.

## **WESTERN WAKE REGIONAL PARTNERSHIP**

Chairman Lucier stated that he and Commissioner Barnes on January 31, 2008 would be meeting with Mayor Weatherly from Apex and one of their Town Council members, Mayor Weinbrecht from Cary and one of their Council members, as well as Charlie Horne and the other Town Managers to discuss the Western Wake Regional Partnership and the desire to run a transmission line to Buckhorn Dam to the proposed New Hill wastewater plant. He stated that meeting should eventually lead into meetings of the full Boards.

Commissioner Barnes stated that the Corps of Engineers had told Cary and the other partners that the issue of the transmission line had to be resolved before the Corp could continue, which added some pressure to the other parties and helped the County's cause.

Commissioner Vanderbeck stated that according to a recent newspaper article, there was a groundswell of people in the New Hill area that were not in favor of this expansion, so that added another element to this issue.

Loyse Hurley stated she believed they had received some federal dollars to build the connection.

Commissioner Barnes stated they had, but DENR had stated if the connection was not made that money would be used elsewhere, which would include Chatham County.

Chairman Lucier stated he presumed that after the January 31<sup>st</sup> meeting, they would be scheduling a meeting with all the Boards. He added that Morrisville and Holly Springs were not involved in the January 31<sup>st</sup> meeting, but Cary and Apex were the real drivers in any case and were who Chatham would primarily be dealing with.

## **BUDGET SUMMIT AGENDA**

County Manager Charlie Horne noted they had previously provided the Board with a draft agenda that spelled out the work for the two-day retreat. He stated that retreat would include the evaluation of Mr. Whiteheart and he.

Chairman Lucier stated he had talked with Nick Robinson about whether he preferred the 16<sup>th</sup> or the 17<sup>th</sup> and Mr. Robinson had promised to get back to him. He stated one other thing they likely needed to talk about was having a State of the County address at one of the nighttime meetings, with the next meeting being January 22<sup>nd</sup>. Chairman Lucier stated if that was to take place, then the Board needed to discuss at the retreat what things needed to be emphasized, and asked the Board and the County Manager to think about that. Mr. Horne stated that in the next week or so he would create a bullet list of the issues he believed were the most important to emphasize.

Chairman Lucier stated then they could add to it or suggest deletions. He stated he expected they would need to spend some time in discussion of the water system. Chairman Lucier stated he had received an email from Neil Flynt who was concerned about the spring planting season and how water restrictions would affect businesses; he had made the point that the lake was now 97% full, and asked what the current status was. Mr. Horne stated they were planning to offer a rear-round conservation consideration by placing the County into specific districts rather than using an odd-even sort of process. But, he stated, landscape architects, nurseries and the like would have a problem.

Ms. Paschal distributed some information to the Board.

Chairman Lucier stated that regarding the evaluations of Mr. Horne and Mr. Whiteheart, they intended that process to be a give and take between everyone, in that they wanted to hear their ideas of some of the things the Board did or might do that could cause unnecessary problems, and what they might do to make things work better.

Chairman Lucier asked if the retreat would include an update on the moratorium. Mr. Horne replied it would.

Commissioner Cross stated he would like to add an item. He said the school impact fees had such a negative impact on persons of low income that he would like to consider an Adequate Public Facilities Ordinance. He stated he had heard that Union County had such an ordinance where impact fees were as high as \$15,000 per home, and they were applying that to only the northwest quadrant. Commissioner Cross said he would like some information from their County Manager regarding how it was working, what justification was used to apply it to only one quadrant of that County, and had any law suits resulted. He added he would like to avoid some of these higher school taxes and impact taxes, and believed an Adequate Public Facilities Ordinance was the way to do that.

Chairman Lucier agreed, noting that one other option they had talked about in lieu of an Adequate Public Facilities Ordinance was going to Conditional Use for housing developments, which would require builders to make such developments of value to the County. He stated they needed to discover if that option was viable, and if not rethink the Adequate Public Facilities Ordinance.

Commissioner Barnes said in some jurisdictions developers had to pay a percentage to the schools based on the size of their developments, and if large enough, they had to provide land for a school and the development could not start building until the school was completed. He suggested that was what Chatham County should be doing.

Commissioner Cross stated there was a website, [www.impactfees.com](http://www.impactfees.com), that could prove useful; that he believed there were at least six counties now using an Adequate Public Facilities Ordinance; and, they needed to look for some option other than impact fees and property taxes.

Assistant County Manager Renee Paschal described the materials she had distributed earlier in the meeting: the first was the Financial Policy that the Board would be asked to reaffirm during the summit; second was a Summary of Major Issues to the Board, which was a compilation of the major issues the staff believed the Board would be facing in the upcoming

year; and, third was the Proposed Priorities for Funding Non-Profits, which should be used to determine funding for new agencies and/or programs.

Chairman Lucier asked would this be part of the discussion at the retreat. Ms. Paschal responded yes, noting she had wanted to provide these documents early so that the Commissioners could familiarize themselves with them.

### **LEGISLATIVE ISSUES**

Chairman Lucier stated they had not yet scheduled a legislative meeting with Joe Hackney, but they needed to be thinking about the issues they wanted to bring forward on behalf of the County. Mr. Horne stated that perhaps this discussion should be added to the retreat agenda for discussion along with other fees and impact taxes.

### **ADJOURNMENT**

Commissioner Vanderbeck moved, seconded by Commissioner Barnes, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at 1:05 PM.

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George Lucier, Chairman

ATTEST:

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