

**MINUTES**  
**CHATHAM COUNTY BOARD OF COMMISSIONERS**  
**WORK SESSION**  
**MAY 19, 2008**

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The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Henry Dunlap Building Classroom, 80 East Street, located in Pittsboro, North Carolina, at 2:00 PM on May 19, 2008.

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

The Chairman thanked everyone in attendance for coming and called the meeting to order at 2:01 PM. He stated that there were only three agenda items; that the first item is to give general feedback on the budget so that they can prepare for the upcoming budget discussions in more detail on June 2<sup>nd</sup> and 3<sup>rd</sup>; that a Closed Session will be added to the agenda between Items #1 and #2; that the second item is the discussion of the building lease on Salisbury Street; and that the third item will be a discussion of the agreement between Chatham and Durham regarding water sales

*Work Session*

1. Chatham County Fiscal Year 2008-2009 Manager’s Recommended Budget
2. Closed Session
3. Discussion of Justice Building lease on Salisbury Street
4. Consideration of an “Agreement Between Chatham and Durham Respecting Water Sales”

**CHATHAM COUNTY FISCAL YEAR 2008-2009 MANAGER’S RECOMMENDED BUDGET**

Chairman Lucier asked the general impressions of the Board that they need to transmit to staff regarding things that they didn’t understand, things they wish to have clarified, and things that they want more information on so that staff knows how to prepare for the meetings on June 2<sup>nd</sup> and June 3<sup>rd</sup>.

Chairman Lucier stated that they need to look at the CIP at some point; that he suggests that they prepare a rough schedule as follows which is subject to change as needed:

**June 2, 2008**

9:00 AM – 10:15 AM

Regular Meeting

- Begin with school budget
- Revisit Capital Improvement Plan based on current budget status
- New Community Planning Department in conjunction with overall County Manager’s Budget (Water, Waste Management)

**June 3, 2008**

- County Manager’s Office and Departments associated therewith:
  - Public Safety, Health, Social Services, Recreation, Non-Profits, Other, Fire Departments (Pittsboro District, Chief)

Commissioner Vanderbeck stated that the Pittsboro Fire Department was his main concern.

Commissioner Cross asked if it would be possible to have those fire departments that are requesting that their fire district rates be raised to come in and talk with them. Ms. McConnell responded that that would be no problem.

Chairman Lucier stated that he hoped that they would be able to finish budget deliberations on June 3<sup>rd</sup> which would give staff a couple of weeks to make any changes in order to get the Budget Ordinance before them on June 16<sup>th</sup>. He stated that they had tentatively scheduled June 5<sup>th</sup> as an extra day, but that there were conflicts with some Board members.

Chairman Lucier stated that he had looked through the CIP; that it looks like for the Siler City Community College, 5.5 million will be budgeted for the coming fiscal year. He asked if that was on schedule and would be done.

Ms. Paschal stated that she thought that it was on schedule; that it will be debt financed; and that it depends on when they borrow the funds. Chairman Lucier asked if it should impact the budget either way stating that the same would be true for any potential delays for the judicial building or the library which had 13 and 7.6 million budgeted respectively. Ms. McConnell responded that they probably wouldn't borrow money for the judicial center next year and the library and the CCCC will probably be done in the fall.

Chairman Lucier stated that he didn't see anything for the Northwood cafeteria, gym, nor classrooms renovations. Ms. Pascal responded that the Northwood renovations would also be debt financed. Chairman Lucier asked if he read correctly that the school's fund balance was going to zero.

Gerald Totten, School Board Chair, responded that their plan was to take it close to zero; that they are going to have a problem with food services that they haven't addressed yet; and that that will be addressed at the next school board meeting.

Ms. Paschal stated that the requested budget did show fund balance at zero and that her guess is that the school system will have to use some fund balance once they reconcile their budget with the State.

Chairman Lucier stated that he appreciated the way everyone had worked together on the school budget; that he feels that it will make things go more smoothly; and that he congratulates all concerned.

Mr. Totten stated that most of it could be attributed to Vicki McConnell, County Finance Officer and Susan Little, School Finance Officer working so well together.

Chairman Lucier asked if there were other clarification questions in the budget.

Commissioner Thompson stated that his question was with regard to expansion requests that were funded as opposed to those that were not funded; that his question is what area or department in which they would be included.

Chairman Lucier stated that unless they fall under the schools, the Community Planning Department, County Manager's Office, Water, Waste Management, but anything with the Sheriff's Department, Health, Human Services, Social Services, Recreation, Non-Profits, other; that one thing that would be helpful would be to have an organizational chart that was detailed and consistent with the budget; and that this would be helpful to give them a framework to evaluate requests received from departments from time to time.

Ms. Paschal stated that it was challenging to prepare an organizational chart; that she did prepare a quick reference guide on the budget that explains what is in each section; that it is a two-page summary which she hopes they will find it helpful; and that a lot of questions they have received have been what departments are included in those summary areas and are clearly laid-out in the summary.

Chairman Lucier asked if education, culture and recreation were put together for State reasons. Ms. Paschal responded that they were miscellaneous; that recreation interfaces with the schools in terms of facilities; that libraries have an education-like mission; and that some of them are a little arbitrary.

Chairman Lucier stated that some things could crossover as in Animal Control which is listed under Public Safety rather than other kinds of health things. Ms. Paschal stated that the grouping is so that the department heads under each heading will communicate with each other during the budget process to avoid overlap and duplication of requests.

Chairman Lucier called for a motion to go into Closed Session.

### **CLOSED SESSION**

Commissioner Thompson moved, seconded by Commissioner Vanderbeck, to go out of Regular Session and convene in Closed Session for the purpose of discussing property acquisition. The motion carried five (5) to zero (0).

### **WORK SESSION**

Commissioner Vanderbeck moved, seconded by Commissioner Thompson, to adjourn the Closed Session and reconvene in the Work Session. The motion carried five (5) to zero (0).

### **JUSTICE BUILDING LEASE**

Chairman Lucier stated that the Board is looking at some land purchases and that they are prepared to make a final decision on this on June 2, 2008. He asked if this would work with Mr. Justice' schedule.

Mr. Justice stated that he would expect the Board to lease the building beginning May 01, 2008. He stated that the Commissioners' delays should not become his problem.

Chairman Lucier stated that they would keep that in mind when they decide. He asked if the Commissioners had any questions. He further stated that the County Manager has a potential site plan describing where the motor pool, etc. will go if the Board decides to lease that area.

The Board asked various questions regarding the proposed location.

Commissioner Cross asked Mr. Justice if he was interested in selling the property. Mr. Justice replied that he shouldn't rule that out and that he would be happy to discuss that option.

Chairman Lucier apologized for requiring Mr. Justice to wait. Mr. Justice replied that it does seem that if it was strictly straight-up business that it could be settled.

Chairman Lucier replied that the Board has other competing issues in terms of land purchases, etc. in which they have to look at the whole picture for the County; that it is not a specific thing with Mr. Justice' lease; that they have to be good guardians with the County money; that it may well turn out that the lease of his property is really what they want to do; that because of their budget situation, they are unable to do everything that they wish to do; and that they have to think both long and short term. Mr. Justice replied that he had essentially taken the property off the market since about March and he would like to get an answer one way or the other.

Chairman Lucier stated that they understood that; that they would not prolong the issue; and that the County Manager will talk with him about the potential arrangements of purchasing or leasing the building.

Jim Hinkley asked if there would be any discussion about the potential use of the property and how it might fit in to downtown Pittsboro.

Chairman Lucier stated that the County's use of the property would be for the motor pool, Buildings & Grounds personnel, and fleet management; that at some point, there may be other uses for it; and that is why the County is interested in looking into the option of purchasing it.

Mr. Hinkley asked if there would be various office space located there.

Chairman Lucier stated that there would be storage, potential office space, etc.

The County Manager explained that there would be storage for the Department of Social Services, the Health Department, Emergency Operations, etc.

Chairman Lucier stated that if they didn't do that, they would have to find storage space elsewhere.

Commissioner Thompson stated that if there were issues that people wanted to raise regarding the facility and its future plans, there should be a time for that discussion when the issues arises again.

The County Manager stated that what they are planning is consistent with the current Town of Pittsboro code.

Jim Hinkley stated that he was involved in a planning process with Pittsboro as a citizen; that one of the issues with which they are dealing is the concentration of commercial, mixed-use, and residential use in the downtown area and parking for commercial use.

Chairman Lucier stated that if any group, including the Town, wishes to put a proposal before the Board of Commissioners, they are welcomed to do so. He stated that the Board has relayed their short-term use for it; that long-term, if they end up purchasing it, it would probably be something significantly different.

Commissioner Vanderbeck asked if there would be anything in the lease that would preclude them from allowing the Town to have access for off-hour parking.

Mr. Justice stated that Item #8 in the proposed lease specifies the intended use of the building and that he will remove the restraints.

Commissioner Vanderbeck stated that if the lease happens, he wants it to be accessible to the Town.

The County Manager stated that they would work out options; that the Town might want to rent space for public parking; that they need to check out the County's liability; and that other things need to be fleshed out if that is to happen.

Mr. Hinkley suggested that the Board might to check to see if the zoning allowed for this type of use in a central-commercial district.

Ms. Paschal stated that that had already been done.

Commissioner Vanderbeck stated that he heard from the Pittsboro Town Mayor this afternoon; that there had been some communication with some of the Town Council Members that they would be open to a discussion regarding a joint usage.

Chairman Lucier stated that if the Town wanted to make a proposal, they should do it prior to the June 02, 2008 Board of Commissioners' meeting so that the Board has all that information with which to make their decision.

Commissioner Thompson asked if staff had a firm estimate on how much space needed to be allocated to the County's use within the building.

Ms. Paschal stated that they do and that there may be some extra space. She stated that they had a floor plan for how things are to be laid out; that all of the space within the floor plan is allocated; that if there is a specific thing that needed to be included, they could do that.

#### **AGREEMENT BETWEEN CHATHAM AND DURHAM RESPECTING WATER SALES**

David Hughes, Public Works Director, stated that they were previously engaged in a meeting with all the water allocation holders of Jordan Lake and the Department of Water Resources; that at that time, they explained that they were going to expand the County's water plant and build a transmission line across the lake; that several of the stakeholders and most notably, John Morris, asked why Chatham didn't take that money, go in with Durham and OWASA and do an intake on the western side of the lake; that there wouldn't have to be a plant

expansion nor will the expansion line have to be built; that they suggested the County take that money and devote it to some facilities on the western side that serves Durham, OWASA, and Chatham County; that Durham liked the idea and they started doing further research and negotiations; that was several months ago, Durham's council passed a resolution that supported the idea and they moved forward and then Chatham drafted the water purchase agreement which basically fills the stop-gap time between when the facilities can be built on the western side of the lake with the amount of water needed in the interim which is estimated to be a ten-year period which is mentioned in the agreement; that there is a schedule of different amounts of water that can be purchased at different times; that was based on the water demand model that was created with Triangle J; that Mr. Hughes has been in a couple of negotiation sessions with Durham and this is the agreement that has been hammered out; that it has quite a bit of flexibility and the County has the water reserved; that basically, each year the County tells them how much water they want to purchase, then the County is tied to a certain amount over a calendar year period; that this is done on March 1<sup>st</sup> each year; that the agreement also guarantees that availability; that even in a period of drought, Durham basically has to sell the water; that the agreement runs till the year 2028; that the backbone of the agreement was based on several contracts that they have had with Cary and OWASA; that it is a standard agreement and has been tailored for the County's particular needs.

Chairman Lucier asked what would happen to the schedule between 2018 and 2028 if the County needed it. Mr. Hughes stated that it should be able to be carried forward but they probably should get the table extended in 2028.

A discussion ensued on the amount of gallons per day and allocations.

Chairman Lucier asked if there was any issue with Cary as part of the agreement stating that some of the water might be pulled from Cary's intake. Mr. Hughes stated that that is why the agreement includes language regarding a "middle man"; that Durham has another contract, similar to this contract, with Cary; that this is the "boiler-plate" contract and then it is tailored to a particular unit of government with which they are dealing; that Durham has a similar arrangement with Cary so they can wheel water around; that as far as the County is concerned, it doesn't matter where they get the water from; that there is not a stipulation that this water has to come from Jordan Lake through Cary; and that the stipulation is that they have to send the County the water.

Commissioner Cross asked if the water from Cary is already treated. Mr. Hughes replied that it was treated/finished water and that the County is buying treated water.

Chairman Lucier asked about the cost. Mr. Hughes stated that it would be the lowest, in-town, residential rate that is published; that it would be approximately \$2.00 per thousand; and that it is not impacted by Cary's price structure.

Commissioner Barnes stated that he finds it interesting that three years and five months ago, that Commissioner Cross and he proposed an intake on the western side of Jordan Lake; that it met with total opposition and no interest 3½ years ago; and that he gets a little satisfaction from that.

Chairman Lucier asked if what the County would be initially saving would be \$12-15 million in upgrading the County's own plant, plus potentially as much as \$20 million to go under the lake to serve the new developments in the northeast, stating therefore, the savings would be somewhere between \$20-35 million that could then be invested into the western intake and western plant with no additional cost to the taxpayers; that in the long run, this is tremendous; and that what they have to do is address their short-term needs while they are meeting their long-term needs. Mr. Hughes replied that was correct.

Commissioner Thompson asked how many years, in terms of meeting long-term needs, for the western intake and the plant as opposed to the initial upgrade they had sought. Mr. Hughes replied about fifteen years at best based on the demand projections.

Chairman Lucier stated that as part of the Western Intake and Plant, they would request an additional allocation; and that currently the County is only allocated six million gallons a day which they can't use because the County doesn't have the water treatment capacity to do it without upgrading the plant.

Commissioner Cross stated that a lot depends on the economy and how much the County actually grows in the next fifteen years and what the demands become.

Commissioner Barnes asked the projection in planning on the Western Intake. Mr. Hughes replied that he thinks it will take ten years; that it all depends on what Durham wants to do, if they want raw water or if they want to put in a plant which has not been decided, but this gives us the time to make those decisions and get it done.

Commissioner Cross stated that everyone still has to come to the table to get together on the allocations request.

Chairman Lucier stated that there is strong interest from Durham; that there has been strong interest from OWASA; that he thinks that Chapel Hill is favorable; that Carrboro has some concerns; that Hillsborough doesn't seem to care too much; that he assumes that they already have an allocation out of the lake of five million gallons per day; that it would be a benefit for OWASA to come to the table as they have property there; and that the County has property there on which the plant and intake could be placed (Bells Landing).

Commissioner Cross stated that he thought that the County already had approval from the Corps of Engineers to put the intake on the park land and that OWASA has one hundred or so acres adjoining it.

Mr. Hughes stated that the County didn't own the property, but had initial approval to locate there. Commissioner Cross stated that he thought that they have said that the County can put an intake on the three hundred acres of parkland on which the County pays one dollar per year.

Mr. Hughes stated that they would have to delve further into that matter. Commissioner Cross stated that they could build a road and put both on OWASA's property as they are right in the same place.

Chairman Lucier stated that he didn't know about the intake; that OWASA's property isn't right on the lake; and that it is across the road.

Commissioner Vanderbeck asked that if the County was in the tail-end of the table where it says up to four million gallons a day, what does that entail as far as infrastructure changes to accommodate that if it is coming directly piped from Cary. Mr. Hughes stated that it wouldn't come directly from Cary; that Durham would get the water from Cary and wheel it to Chatham through Durham's infrastructure; that the County has a 16 inch pipe at Fearington Road; that at some point, the County has to upgrade the line coming down Fearington Road which is approximately a three-mile line; that in order to be able to take 4 MGD the line has to be upsized and take it to the new tower at Jack Bennett Road.

Commissioner Vanderbeck stated that he would like to know what expenses they are going to incur and is it something that would have had to have happened anyhow. Mr. Hughes replied that they were planning to do a smaller upgrade; that this would be a larger upgrade; that they were thinking about upgrading a short section line; and that 4MGD is quite a bit larger and would probably be a two million dollar undertaking.

The County Manager stated that the other thing to be aware of is that Chatham would follow their drought conservation process and restriction measures and that they could also sell them water for mutual aid.

Sally Kost, Planning Board Chair, asked where the water customers east of the lake will be getting their long-term water.

Mr. Hughes stated that the water plant will keep operating.

Ms. Kost asked if there were plans to upgrade and modernize the water plant, as she has heard that water quality has been an issue for citizens.

Mr. Hughes stated that they would always maintain the plant; that they haven't had any water quality violations in over a year.

Mr. Hughes stated that there was no structural defect with the plant that would preclude it from meeting water quality standards; that there are always upgrades that can be made with process improvements, but currently the plant is meeting all of the State requirements.

Chairman Lucier stated that it was his recollection that they started using flocculants to remove organic materials which is the reason of the THMs. Mr. Hughes stated that was correct; that they moved the injection point, then they have started to add some carbon, so there have been some process improvements; that there have been water treatment improvements and the reason that Pittsboro has more problems is that they get their water out of the river and therefore get more organic materials than there is in the lake.

Mr. Hughes stated that they may have some things to come up, but they will maintain and enhance the operation as needed.

Commissioner Thompson asked, in terms of rate increases, how it is handled in the contract.

Mr. Hughes stated that the County will get the best rate that they have which is the lowest residential rate.

Commissioner Thompson asked if they would have to provide the amount of water that the contract specifies during a drought.

Mr. Hughes stated that under the contract, Durham could not withhold, reduce, or suspend the supply of water except temporarily in the event of an emergency such as equipment problems.

Mr. Rose stated that they need to make sure that it is defined under Section 15; that the other clause that refers to drought is unlimited; that if they don't have the water, they can't give it to the County.

Chairman Lucier asked what needed to be done with the contract at today's meeting.

Commissioner Thompson asked if the County Attorney had looked at the contract and had any other questions regarding the contract or provisions. Ms. Rose replied that he did not have any questions, but that the only down side to the contract was that the County was purchasing the water retail.

Mr. Hughes stated that the rate was less than what the County was paying to produce its own water. He stated that the County was paying \$6.00 to Siler City; that this was \$2.03 to Durham; and that the cost to produce the County's water was \$2.34.

Commissioner Barnes moved, seconded by Commissioner Thompson, to approve the contract contingent upon changing the one table to carry it through to 2028. The motion carried five (5) to zero (0).

Chairman Lucier stated that it would be nice to have what the Board of Commissioners need to do to move this along and what they see as a most-likely time frame; and what they see any major stumbling blocks that may be avoided if seen far enough in advance.

Commissioner Cross asked if this should not be contingent upon getting the water partners together to build the plant before they agree to buy the water.

Mr. Hughes stated that they will have needed to, in part, do the plant expansion by the time all the partners have gotten together and agree to this; that they are supposed to go to construction in August on the plant expansion and water transmission lines.

Chairman Lucier stated that if they look at the table, each year they would have to give Durham their expected water needs; that it could be anywhere from zero to one, two, three, or four million gallons; that they could tell them that they don't need any water.

Mr. Hughes stated that if the County's demands didn't increase very much, they wouldn't have to buy water from them; that if the County gets four years into the contract and it doesn't

look as though it is coming together, the County will have to provide its own expansion; and that they will have to sell the County water until it is finished which is what it says in the contract.

Mr. Rose explained that once the County expands its water plant, Durham will not have to sell them water.

**Southeast Chatham County Water District Contract:** Consideration of a request to award the Southeast Chatham County Water District - Contract 1, in the amount of \$3,498,271.75 to Sanford Contractors, subject to review by the County Attorney and authorize the Chairman to execute

The County Manager explained that the Southeast Chatham County Water District – Contract 1 is a contract that covers specific areas of the Southeast District by Sanford Contractors in the amount of \$3,498,271.75.

Mr. Hughes explained that the contracts the entire district except for Highway #42; that that section was broken out because they were having difficulty with an easement from the railroad; that that is now being processed.

Chairman Lucier stated that this was a loan from USDA and that the water district will actually pay back the loan.

The County Manager explained that the Board of Commissioners sits as the Southeast Water District Board; that the Southeast Water District Board needs to approve the contract.

Mr. Rose asked if the Board of Commissioners had properly noticed the meeting.

It was determined that proper notice was not given so no action could be taken.

Commissioner Cross asked for clarification that Highway #42, New Elam Church Road and Flatwoods would be on the next contract. Mr. Hughes stated that everything is on there in the district except for Highway #42 which is on Contract #2. Commissioner Cross clarified that Contract #2 would be next month. Mr. Hughes stated that that was correct and that they were working through the legal matters at this time.

### **RECESS**

The Chairman called for a motion to recess the meeting. Commissioner Thompson moved, seconded by Commissioner Barnes, to recess the meeting to the County Manager's Conference Room for dinner. The motion carried five (5) to zero (0), and the meeting was recessed at 3:31 PM.

The Board discussed the moratorium extension.

### **ADJOURNMENT**

Commissioner Thompson moved, seconded by Commissioner Cross, to adjourn the meeting. The motion carried five (5) to zero (0), and the meeting was adjourned at until 5:15 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