

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
REGULAR MEETING
OCTOBER 06, 2008

The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Agricultural Building Auditorium, 45 South Street, located in Pittsboro, North Carolina, at 9:00 AM on October 06, 2008.

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

INVOCATION AND PLEDGE OF ALLEGIANCE

Commissioner Thompson delivered the invocation after which Chairman Lucier invited everyone present to stand and recite the Pledge of Allegiance.

CALL TO ORDER

The meeting was called to order by the Chairman at 9:07 AM.

AGENDA AND CONSENT AGENDA

Commissioner Vanderbeck to move Item #5, consideration of a request by the Chatham County Board of Education to move \$49,700.00 from the North Chatham cafeteria project to the Northwood High School renovation project to work session, be removed from the Consent Agenda for discussion later in the meeting.

Commissioner Vanderbeck moved, seconded by Commissioner Thompson, to approve the Agenda and Consent Agenda with the noted request as follows:

1. **Minutes:** Consideration of a request for approval of Board Minutes for regular meeting held September 15, 2008 and work session held September 15, 2008

The motion carried five (5) to zero (0).

2. **Naming of Private Road in Chatham County:** Consideration of a request from citizens to approve a private road in Chatham County as follows: Talley Lane

The motion carried five (5) to zero (0).

3. **Resolution to Declare Surplus Property:** Consideration of a request to adopt **Resolution #2008-52 Declaring Property Surplus and Authorizing the Sale of Said Property**, attached hereto and by reference made a part hereof.

The motion carried five (5) to zero (0).

4. **Home and Community Care Block Grant:** Consideration of a request to approve the Home and Community Care Block Grant for fiscal year 2008/2009 as recommended by the Home and Community Care Block Grant Committee, attached hereto and by reference made a part hereof.

The motion carried five (5) to zero (0).

- ~~5. **Request to Move Capital Funds:** Consideration of a request by the Chatham County Board of Education to move \$49,700.00 from the North Chatham cafeteria project to the Northwood High School renovation project~~

This item was removed from the Consent Agenda and placed on the Regular Agenda for discussion.

6. **Adult Care Home Committee Appointment:** Consideration of a request to appoint Lisa Hannah to the Adult Care Home Committee by the entire Board

The motion carried five (5) to zero (0).

7. **Green Building Task Force Appointment:** Consideration of a request to appoint John Bradley to the Green Building Task Force Committee by the entire Board

The motion carried five (5) to zero (0).

8. **Green Building Task Force Appointment:** Consideration of a request to appoint Laura Lauffer to the Green Building Task Force Committee by the entire Board

The motion carried five (5) to zero (0).

9. **ABC Board Appointment:** Consideration of a request to appoint Debra Oldham to the Chatham County ABC Board by the entire Board

The motion carried five (5) to zero (0).

10. **Board of Health Appointment:** Consideration of a request from the Chatham County Board of Health to appoint Dr. Joanna S. Tysor to the Chatham County Board of Health by the entire Board

The motion carried five (5) to zero (0).

11. **NACo Prescription Drug Card Program:** Consideration of a request to approve a contract for County participation in the NACo Prescription Drug Card Program, attached hereto and by reference made a part hereof.

The motion carried five (5) to zero (0).

12. **2009 Board of Commissioners' Calendar:** Consideration of a request to adopt **Resolution #2008-53 Setting the Time and Place of Its Regular Meetings for the Chatham County Board of Commissioners for Calendar Year 2009**, attached hereto and by reference made a part hereof.

The motion carried five (5) to zero (0).

13. **Library and Classroom Buildings Project Ordinance Amendments:** Consideration of a request to approve the Amendment to the Project Ordinance for the Joint County-Community College Library and the Amendment to the Project Ordinance for Central Carolina Community College Building – Pittsboro

The motion carried five (5) to zero (0). The Amendment to the Project Ordinance for the Joint County-Community College Library and the Amendment to the Project Ordinance for Central Carolina Community College Building – Pittsboro are attached hereto and by reference made a part hereof.

14. **Impact Fee Update Consultant Approval:** Consideration of a request to approve the selection of TischlerBise to perform the 2008 School Impact Fee Update

The motion carried five (5) to zero (0).

END OF CONSENT AGENDA

PUBLIC INPUT SESSION

Bob Knight, 406 Chimney Rock Road, Sanford, NC, voiced concern with regard to the \$70,000 which he learned from reading the newspaper that the Board of Commissioners

intended to spend on public transit from Pittsboro to Chapel Hill. He stated that this should be an economic development item; that it should be spent on small business, not to get public transportation back and forth from Pittsboro to Chapel Hill when it would only benefit a few people; that it has been tried by an individual in the past with a van and a bus; that it is another way of Chatham County getting involved in what should be a free enterprise situation; and that he hopes the Board would not proceed with spending \$70,000 in taxpayer funds in this endeavor.

Chairman Lucier stated that the County has already received a grant for the proposed bus line and is seeking other grants as well; that in addition, there have been a considerable number of requests received from Chatham County citizens in support of a bus system between Pittsboro and Chapel Hill; that there is a lot of public support and given the time of exorbitant gas prices, the County will push forward to look for additional funds for the project.

Mr. Knight contended that since the County has funds set aside to help individuals start new businesses, that should be the avenue the County follows to give them the funds to do so.

Commissioner Thompson stated that while he sees a bus system between Pittsboro and Chapel Hill initially starting out that way, he believes that there is interest in the future in having a connection from Siler City to Pittsboro to Chapel Hill; that after speaking with the Sanford Mayor, she broached the idea of a connection between Sanford to Pittsboro to Chapel Hill; that he believes that this will benefit the County as a whole.

Commissioner Vanderbeck stated that on the Rural Planning Organization (RPO), which does meet with Sanford, the ultimate goal is to connect these routes; that he believes that people and money go in both directions; that he feels that it would eventually help for people to come shop, eat, and spend their money here also; that he thinks that there can be a case made for economic development actually benefiting from this endeavor; that the \$70,000 match may also come from other concerns, commercially and/or other municipalities.

Elsie Camp, 23 Lee Bell Road, Sanford, NC, stated that public education, K-12, is near and dear to her heart; that she witnessed public school teachers buying lots of books at the library sale to give to children who do not have books; that she wonders what that says about the public education system; that she recently read that most teachers spend, on the average, \$450 of their personal funds each year; that the most valuable asset are our children; that she thinks we are in a global economy; that the children have to get an education so that they can compete with other children in the world; and that she feels this should be top priority on the agenda.

Chairman Lucier explained that the Board of Commissioners has worked well with the Board of Education and school administration to do what it can to improve the school system in Chatham County; and that he thinks that, working together, they have made progress.

Sonny Keisler, 3006 River Forks Road, Sanford, NC, presented oral and written comments in their entirety as follows:

“Introduction: I am Sonny Keisler. I live at 3006 River Forks Rd. I am a resident of the SE Chatham Water District. I am speaking for myself and some of my neighbors. I wish to make one major point: no additional water lines should be installed in the SE Water District beyond the thirty-two miles now under contract. Three reasons for this position are highlighted below.

Reason # 1 - No data exists that clearly shows (a) how many households are in the SE Water District, (b) what percent of these households have significant water problems and (c) the geographic location of households having water problems. The "public health" rationale for the district rests primarily on personal stories.

Based on data I have gleaned from the Tax Office and the Board of Elections it appears that perhaps 2,500 households exist in the SE Water District. As of October 1st, 835 households are using county water or have paid the \$500 sign-up fee. As such it appears that two-thirds

of the households in the district have refused to sign up for public water. This suggests that a major public health problem does not exist and that a solid rationale for an "economically self-sustaining" water district also does not exist. This is especially true because the county has been actively promoting sign-ups for over three years.

Reason # 2 - The Financial Analysis Justifying the District As Being Self-Financing Is Unrealistic Because It Assumes Everyone Who Signs Up Will Tap On: It is unrealistic because it erroneously assumes all households that paid the discounted fee of \$500.00 and agreed to pay a \$15.00 administrative fee will also tap on to the county line and pay a monthly charge of \$38.40. This assumption is erroneous for the following reasons.

(a) 22 sign-ups by one party: Twenty-two sign-ups were purchased by one party – Mr. Watts who hopes to develop his land. As such none of these sign-ups will be taping on and paying \$38.40 anytime in the near future.

(b) Sign-ups as insurance policies: In addition we know that many parties paid the discounted amount of \$500 as an insurance policy ... but do not plan to actually use county water until their wells go dry or become unsafe. How many parties this includes is a question that needs to be answered.

(c) The great recession/depression: The United States is sliding into the worst economic downturn since the Great Depression. Accordingly we can be sure that many residents of the SE Water District will not be able to spend the thousands of dollars required to run a water line from the county water line to their houses ... many of which will be 400' - 1,000' long.

Reason # 3 - The County Has Created A Sub-Prime Water District - One that Probably Will Need A Tax Payer Bailout in the Midst Of A "Great Recession or Depression": By discounting tap-on fees by 95% and by requiring only a monthly payment of \$15.00, the county has lowered the standards establishing that a market exists for a self-sustaining water district. As such the county has created a "sub-prime district": one that assumes residents can afford public water when they have not been required to put up the money showing they can and will pay the freight. As of now with 32 miles under contract this freight approximates \$8,300,000 in principle and interest payments over 40 years. This amounts to approximately \$3,320.00 per household. While this appears to be a modest amount payable over 40 years we must remember that these same 2,500 households also owe approximately \$100,000.00 each on the federal debt plus much more on state and local debt as well as private debt. In short, the management of the water district should incorporate three assumptions.

(a) The national and local economies will be in a recession or a depression for years to come.

(b) Anticipated revenues will not materialize.

(c) Many households will not be able to pay higher taxes.

Summary - We Need A Conservative Business Enterprise - Not An Entitlement Program: No water lines beyond the 32 miles now under contract should be installed until three conditions have been met.

(a) A realistic, conservative financial analysis must be prepared that shows additional water lines will be self-financing.

(b) An accurate data base must be established showing how many households exist in the SE Water District, what percentage of these households have legitimate "public health" problems, where these households are located and the most cost effective way of serving these "distressed" households.

(c) Because the United States appears to be sliding into a "Great Recession" - perhaps depression - the county should assume that many households in the SE Water District will not be able to afford the installation and monthly cost of using county water or the cost of higher taxes.

As such, I think the county should sharpen its pencils before it contracts for more water lines.
Thank You.”

Lena Stone, 567 New Elam Church Road, Moncure, NC, stated that she had attended the last Board meeting and asked about the water line.

Chairman Lucier reiterated that Ms. Stone had paid for water hook-ups in the late 1980's, \$25.00 each for four tap-ons; that she was offered and declined reimbursement for it in 1996; that it is his understanding that she is willing to purchase two for a total of \$900.00 using the \$100.00 as credit. Ms. Stone stated that was correct.

Ms. Stone asked if she could get a copy of the paper stating they could get a refund on their money, a copy of those signed-up, how many houses they have to have, and the maps. The Finance Officer stated that not all of the information was available, but that she would provide that which was available.

By consensus, the Board voiced no concern with regard to Mrs. Stone's request but stated that they would discuss the matter during the Southeast Water District Board meeting.

BOARD OF COMMISSIONERS' MATTERS

Request to Move Capital Funds: Consideration of a request by the Chatham County Board of Education to move \$49,700.00 from the North Chatham cafeteria project to the Northwood High School renovation project

Commissioner Vanderbeck stated that he was appreciative that the bid had come in for \$49,700.00 less than what was originally expected for the cafeteria; that they are from two different funds; that the cafeteria project is from Capital Improvements Fund and the other is Renovations; that he is happy to have the money back; however, he feels that it is up to the Board of Commissioners to decide if, in fact, it goes back to a school, (1) if it does go to a school; (2) if it's Northwood; (3) that later in the Work Session, the Board is going to be deciding how it is going to be dealing with the tightening economics in the County/State/country and how it affects Chatham County and the County's plan to deal with lack of funding for schools and other projects (library, judicial building, etc.); that they need to be revisited; that he had no problem with the Board of Education voting on it; that doesn't mean that is the correct way the Board should apply it; and that he feels the Board needs to discuss it. He asked 1) Should it go to the schools? 2) Does it go to Northwood? 3) Does it go back to the County to help pay down some of the other costs?

Robert Logan, Chatham County School Superintendent, stated that he understood what Commissioner Vanderbeck was saying. He stated that the fact that the savings had occurred in tight economic times, the contractors, and the bids are coming in and that that is the double-edged sword you have to deal with when you try to build; and that the revenue flow slows down and the cost of building tends to drop.

Commissioner Vanderbeck stated that they found this out with the library and some of those things they had to do without; that part of them were basics which they couldn't do without; that they had to jiggle things; and that the schools may have to do so also.

Vicki McConnell, Finance Officer, stated that originally when the Board was talking about borrowing money for Northwood, there was a six million dollar pool for Northwood to make the addition; that in the meantime, the North Chatham School cafeteria came up; that the two projects were combined and the schools were told that they could complete the two projects if they could complete them for six million dollars; that that took part of Northwood's funds to do the work on the cafeteria; that the County cannot borrow money for the cafeteria because it was not included in the original project; and that the County is not really moving money.

Commissioner Vanderbeck stated that he didn't mean "co-mingling" in the pejorative sense.

The Finance Officer stated that all they were doing is saying that Northwood and the cafeteria can still only cost six million dollars total, even though it is two different pots of money.

Mr. Logan stated that this was the reason of the request to move the less amount of the bid from North Chatham to Northwood.

The Finance Officer stated that they did discuss it with her before they took it to the School Board. She stated that it was her understanding that they had six million dollars for the Northwood project and the cafeteria.

Chairman Lucier stated that Commissioner Vanderbeck had suggested moving this item to the Work Session and asked the opinion of the Board.

Commissioner Thompson asked Commissioner Vanderbeck if he was satisfied with the information he has received or if he would like to further discuss it in the Work Session.

Commissioner Vanderbeck stated that he was having trouble following this; that he didn't have a problem with their having discussed it with their board; that he doesn't understand why one came in lower which now becomes somewhat discretionary, possibly to those who pay the bills and, as discussed with the Finance Officer, it is up to the School Board.

Commissioner Barnes stated that it was still six million dollars; that originally it was all for Northwood; that they then agreed to take part of the six million dollars and do the work on the North Chatham cafeteria; that the "guesstimate", at that time, was what it would cost.

Commissioner Vanderbeck reiterated that if it still said six million and it goes toward that, then the Board borrows less. The Finance Officer stated that was correct and she thinks it is a little less than the six million dollars.

Commissioner Vanderbeck thanked the Board for taking it into a broader discussion stating that he feels that it helps to get this clarity for everyone.

Commissioner Vanderbeck moved, seconded by Commissioner Barnes, to approve the request by the Chatham County Board of Education to move \$49,700.00 from the North Chatham cafeteria project to the Northwood High School renovation project. The motion carried five (5) to zero (0).

BOARD OF COMMISSIONERS' MATTERS

Public Hearing:

FY05 Community Development Block Grant: Public hearing to receive public comments on a request to close-out Chatham County's 2005 Community Development Block Grant for Economic Development - Southern Supreme

The County Manager explained that the purpose of the public hearing was to solicit public participation in the proposed close-out of the FY05 Community Development Block Grant for Economic Development by gathering citizen's views and comments on the project prior to the submission of the close-out documentation; that the FY05 economic development project provided \$240,000 for the installation of potable water system improvements to serve Southern Supreme located in the Chatham County; that the noted improvements will enable Southern Supreme to retain approximately 24 jobs within the grant program period; that interested persons may present their views orally or in writing at the public hearing or in writing prior; and that all citizens of Chatham County are invited to attend and participate in the public hearing.

The Chairman opened the floor for public comments.

Commissioner Vanderbeck stated that the requirements for this grant were addressed in exceeding the minimum requirements in the 24 positions hired; and that they met the requirements of the grants.

There was no one present who wished to make public comments.

The Chairman closed the public comments session.

Commissioner Barnes moved, seconded by Commissioner Thompson, to close-out Chatham County's 2005 Community Development Block Grant for Economic Development - Southern Supreme. The motion carried five (5) to zero (0).

Commissioner Barnes suggested that everyone attend the Southern Supreme open house the middle of October.

Employee of the Month: Presentation of October Chatham County Employee of the Month

Carolyn Miller, Chatham County Human Resources Director, introduced the October Employee of the Month, Liz Anderson, Investigation Treatment and Social Worker III at the Department of Social Services (DSS), employed with the County since July, 2007. She stated that Ms. Anderson is an Intake Worker who receives the first reports of abuse of children and adults; that it is her job to fully assess the situation interacting with the client to ensure the safety of the child and/or the adult and other family members in the program; that she is the critical link between those in need of help and potential disaster; that a wrong move or assessment at this stage can put the abused and neglected in further jeopardy and put the County in increased liability; that it is critical that she do a good job in this role; that it is typically a two-person job; that due to shortages at DSS earlier this year, she has been doing the job of two people for that division; that many of her coworkers, supervisor, and director are in attendance to support her as she received ten nominations for Employee of the Month.

Chairman Lucier expressed his appreciation for Ms. Anderson's efforts stating that she was the first line of defense in something that is so important to the County. He extended congratulations on behalf of the Board of Commissioners.

MANAGER'S REPORTS

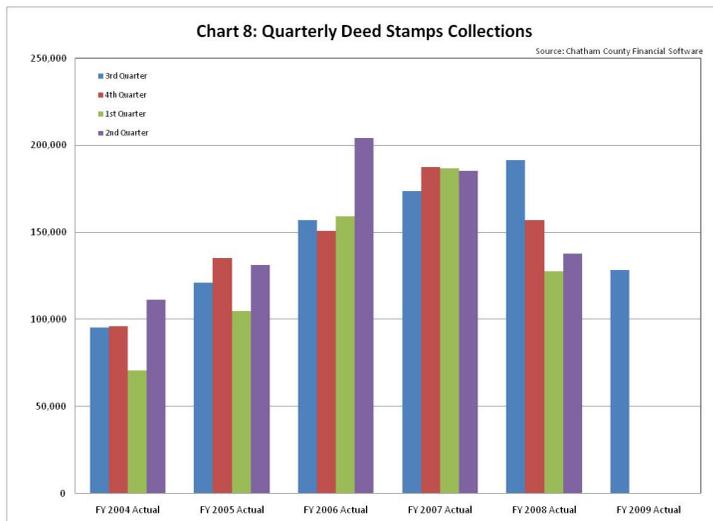
Budget Concerns:

The County Manager explained that the national budget problem is quickly becoming a local budget problem in terms of capital projects and operating budget; that he wants to review background and recommendations by staff; that they do not see, for the short term, a bright future for the economy; that staff is going to recommend suspension of some capital projects, etc.

Renee Paschal, Assistant County Manager, explained that there is a lot more information available now than when the budget was prepared; and that there are things within the local economy that are troubling. She reviewed a Power Point as follows:

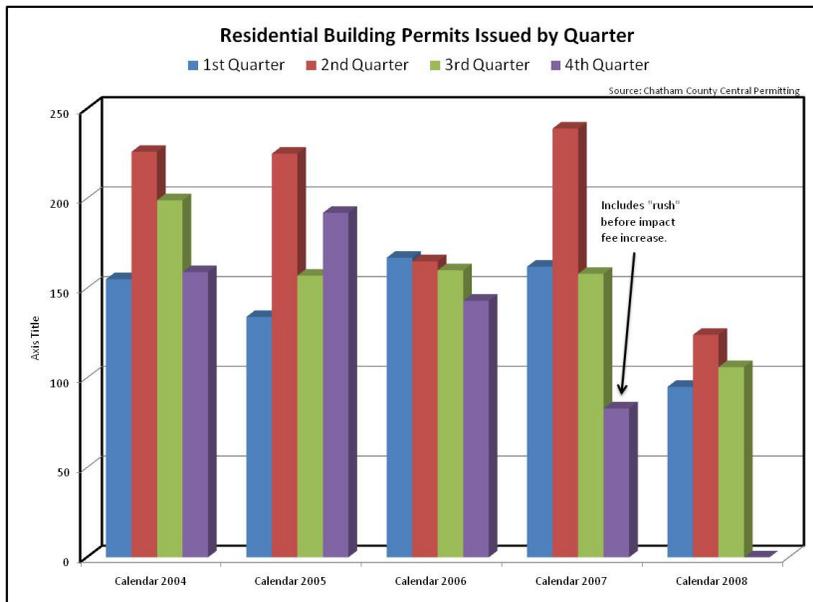
Chatham County Economic Indicators

Register of Deeds Excise Tax:



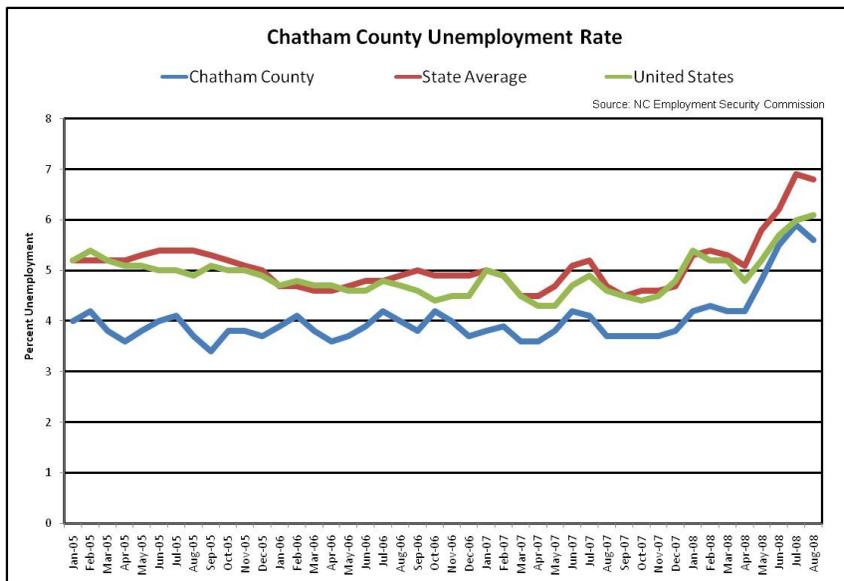
- Deed stamp collections: 16% decrease in FY 2008 from FY 2007
- Deed stamp collections: 33% decrease in third quarter of 2008 from 2007
- Deeds recorded: 28% decrease in third quarter of 2008 from 2007
- 30% decrease in the number of total sales in first three quarters of 2008 from 2007

Building Permits:



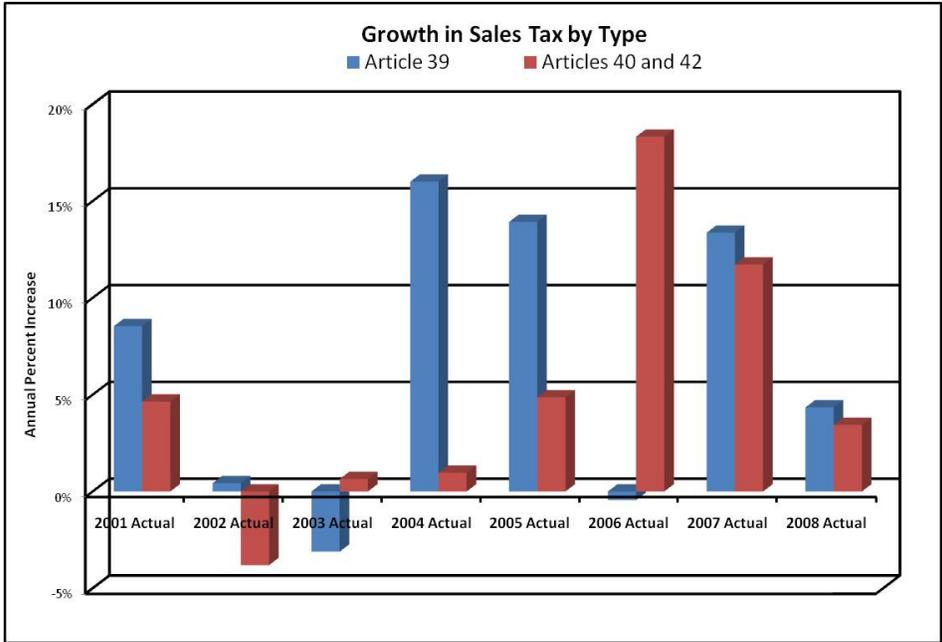
- 12% decrease in building permit fees in FY 2008 from FY 2007
- Residential building permits: 42% decrease in first three quarters of 2008 from 2007
- Commercial building permits: 5% decrease in first three quarters of 2008 from 2007 (first two quarters of 2008 were up)

Unemployment:



- Approximately 1,108 job losses so far in 2008 versus 0 in 2007
- Unemployment rate for July 2008: 5.9% versus 4.1% for July 2007
- Unemployment rate for August 2008: 5.6% versus 3.7% for August 2007

Sales Tax:



- Overall, sales tax growth slowed from FY 2007 (11.9%) to FY 2008 (3.7%)
- Article 39 sales tax collections for the last two quarters of FY 2008 were 5.7% lower than 2007
- Data is not yet available for FY 2009

Other Indicators:

- Overall, first quarter FY 2009 revenues are down 6.8% from FY 2008
- Foreclosure sales: 145% increase in third quarter of 2008 over 2007
- Bankruptcies: 25% increase in bankruptcies in third quarter of 2008 over 2007

Ms. Paschal stated that the above are troubling economic indicators and that staff feels as though they need to take strong and swift action.

The Finance Officer stated that Fund Balance has the same troubling picture. The Finance Officer and Assistant County Manager reviewed the Projected Fund Balance (2008 CIP), Projected Fund Balance (FY 2009 Budget), and Projected Fund Balance (Buying Performance Building).

Chairman Lucier asked if there would be a 2-3% impact on the Fund Balance as the County moves from 2009 on. The Finance Officer stated that was correct and was actually using cash to purchase the building because they do not know if there are funds available to borrow. She stated that if the County is able to borrow, the interest rate would be significantly higher.

Chairman Lucier asked if there was any estimation of where the projected interest rates were going. The Finance Officer stated that she didn't think that anyone knows at this point.

Ms. Paschal gave an update on the Capital Project Status Report. She stated that they had been in constant contact with their financial advisor; that they have just received library bids; that as time dramatically changed during the last week, he said that there is no access to capital; that the County is unable to borrow money for the library and classroom building at

this time; that Barnhill Contractors has agreed to hold their bids for thirty days; that that assumes that the County will be able to have access to capital within thirty days to award the bids; that if not, the bids would lapse and the project would have to be rebid; that there are a number of other projects that are in progress. She reviewed the report as follows:

Capital Project Status Report

Project	Status	*Cost	Revenue Source
Business Park	Almost complete	8,200,000	COPs (financing already obtained)
CCCC -- Siler City	Design contract awarded; expect to bid in mid November	5,558,750	COPs, financing not obtained
Detention Facility Feasibility Study	Underway	75,000	Fund balance
Judicial Facility	Architect contract awarded; expect to bid in January or February	23,906,000	COPs, financing not obtained
Law Enforcement Site Improvements	Design contract awarded; expect to bid in December	560,958	Fund balance
Library - Hardware and Software for an Automation System	Underway	23,095	Fund balance
Library/Classroom Building	All contracts, but construction awarded; construction bids received; Barnhill holding for 30 to 60 days	11,991,696	COPs, financing not obtained
Mobile Data Terminals Equipment and Software	On hold (pending outcome of Positron contract)	127,345	911 funds
Northeast Park	PARTF grant received; design contract not yet awarded; have 3 years to spend grant and can ask for extensions, but must show progress after 1 year	2,913,314	PARTF and property tax increase
Parks Capital Reserve	PARTF grant received; have 3 years to spend funds; can request extension, but must show progress	522,266	Tax increase
Replacement of Emergency Communications Equipment	Not started	72,100	911 funds
Satellite Backup for 911	Not started	220,000	911 funds
Schools - Asbestos Floor Tile Replacement	Current year not started	130,000	Fund balance
Schools - Bleacher Replacements	Northwood complete; Moncure ordered	125,000	Fund balance
Schools - Camera Systems for Schools	Bids awarded; three schools complete	274,566	Fund balance
Schools - Expansion of North Chatham Cafeteria	Construction contract awarded	434,000	Fund balance
Schools - New Middle School	Early site package has been bid (approximately \$900,000); awaiting deed from Briar Chapel to proceed; remaining project planned to bid in Spring 2009	26,126,000	COPs, financing not obtained
Schools - Northwood Expansion	Phase 1 complete; Phase 2 expected to bid in December	5,500,000	COPs, financing not obtained
Schools - Renovate High School Science Labs	No contracts awarded	152,400	Fund balance
Schools - Renovate Restrooms and Add Hot Water	No contracts awarded	209,000	Fund balance
Schools - Renovate Wastewater System at JS Waters	Planning contract awarded; construction planned for FY 2010	25,000	Fund balance
Schools- New High School	Contract with architect awarded	44,500,000	COPs, financing not obtained
Social Services	Almost complete	5,800,000	COPs (financing already obtained)
Waste Management - Landfill Feasibility Study	Study is almost complete	50,000	Fund balance
Water - Governor's Club	Not started	88,000	Water capital

Project	Status	*Cost	Revenue Source
Water Main Relocation			reserve
Water - Improvements to Sanford Interconnection	Not started	1,062,000	Water capital reserve
Water - Southeast Water District Distribution Lines Construction	Under construction for original part; awaiting decision from BOC on expanded scope	5,902,400	USDA loan
Water - Upgrade Durham Interconnection	Not started	142,000	Water capital reserve
Water - Western Transmission Mains	Almost complete	11,085,771	Installment purchase

* All costs shown are taken from the FY 2009-2013 Capital Improvements Program (CIP) and have not been updated for changes requested since the CIP was adopted. Costs show total for debt-financed items and FY 2009 appropriation for other revenue sources (such as fund balance).

Commissioner Vanderbeck stated that this was a lot to absorb and to process; that it takes several years over the course of time to plan and make a decision to do things; that he doesn't take this information lightly; that he would like to know what actions should be taken today versus taking more time to digest it and have additional conversations regarding the possibilities; that he would like to separate the items that need immediate action today and act on the others at possibly the next Board of Commissioners' meeting.

Ms. Paschal stated that she felt the most time critical project is the library and classroom building; that Barnhill has been asked to hold their bids for thirty days; that if the Board's intent is to suspend all capital projects, it would not be the fair thing to ask them to do; that she feels the question is, does the Board want to continue and let Barnhill hold their bids for thirty days and if things improve, give them notice to proceed if it appears the County can borrow funds, which she doesn't have a lot of hope for or does she just tell Barnhill that that's it and the project will have to be rebid; that she doesn't think it is fair to keep them holding if the Board doesn't intend to award the bid.

Chairman Lucier stated that these are volatile times; that if the bid is good until October 23rd, he suggests that the Board revisit it at their October 20, 2008 Board of Commissioners' meeting; that they do not know what the situation will look like on the 20th; that it may look more or less bleak; that they might have a better sense of what their borrowing capacity might be; that the borrowing capacity might be reduced so they would then be in a position of having to set priorities on some of the capital projects; that there is a lot of different scenarios that might play out with this; that the Board does not know where they are right now; that the Board may not have additional information in two weeks, but may well have information that will guide their decisions; that he agrees with Commissioner Vanderbeck that they do not have to rush into this to make a decision; and that he thinks that what he proposes is likely correct. He asked that if the Board suspended the capital projects on October 20th versus October 6th what adverse impact there would be on the budget.

Ms. Paschal explained that it would have some impact as the County continues to pay consultants; that she feels that the same is true for the middle schools and some of the other projects in the works; that she doesn't feel that it will have a huge impact as she is not talking about construction contracts.

The County Manager cautioned that part of the recommendation to suspend is to continue planning on those particular issues; that staff wants to be prepared for when the economy does change, and he feels that it will, but that he doesn't think that much will be seen in the next one to two years to see how it works out. He stated that those components are still in there; however, the recommendation is not to do any construction on any of those things.

Chairman Lucier stated that he would like to see how the delay of any individual project or group of projects would affect the Fund Balance; that obviously, if something is delayed for a year, there is not money being put into it but he knows that it comes in multiple years; that he would like to know how the delay would affect the projects; that he thinks that the Board will be forced to set priorities on various capital projects labeling which ones they can and cannot do; that in order to do that, they need two pieces of information: 1) How important is the project? 2) How much will it save if it is delayed in each of the years?

Commissioner Barnes stated that he didn't think the Board should stop planning until the Board receives the information at the next meeting; that he wouldn't want to see the Board cut off everything; that he would like to see the planning continue at least until the next Board of Commissioners' meeting on October 20th.

Ms. Paschal stated that their proposal was to continue planning for all the projects; that they are proposing that no construction contracts be awarded; that there are no pending construction contracts between now and October 20th except the library; and that they would not award any contracts until that point.

Commissioner Barnes stated that, with regard to the Performance Building, if the Board looks long-term at the County, there is no denying that everyone is in a crunch; that he thinks that delaying that purchase will cost dearly in the future because what it can be purchased for at this time will cost 2 ½ to 3 times that amount in five years.

Chairman Lucier stated that he was hearing that the Board wanted to continue with the planning and not award any bids prior to October 20th; that the library and community college building will be put on hold for about two more weeks when it could potentially be awarded without rebidding between October 20th and October 23rd.

Ms. Paschal stated that was correct; that Barnhill did agree to hold the bids for thirty days; that they actually have until December 1st to award the bid on the library; that she thinks that the Board needs to make a decision prior to that regarding all capital projects because some of them are going to bid between now and then; that the Board doesn't want to go through the bidding process if they don't have the intent to award the bids; that she doesn't think that they can wait until December 1st to make a decision, but it does give the Board a little leeway.

Chairman Lucier stated that the Board would wait and see where they are on October 20th and reassess the situation at that time.

Commissioner Barnes asked if the Board would be bothered with regard to the Performance Building between now and October 20th. The Chairman replied that he didn't think that it would.

The County Manager replied that it shouldn't, but that the owners are taking a hit on what they could lease the building for on different offices because the Board/County is holding out for a sale. He stated that staff sentiment, on the Performance Building, would be helpful to purchase it; that they would redesign and move a lot of separate County operations now in leased spaces into the building so that the County would save on leased spaces.

Chairman Lucier asked if this matter should be discussed in Closed Session.

Jep Rose, County Attorney, stated that it could be done in Closed Session as far as the price and terms of the agreement are concerned.

Chairman Lucier stated that the Board needed to talk about that in context of everything else they are doing; that if the judicial building is delayed, there may be reason to purchase the building; that one thing affects the other; that they have to look at the full capital project listed in its entirety.

The County Attorney stated that it was the question of the terms of the contract that are appropriate to be discussed in Closed Session not the general financial conditions.

Commissioner Vanderbeck stated that he was also concerned with regard to how much time they have to act and the need to get more clarity on the lease. He stated that he agreed with Commissioner Barnes on the value of the building and the plans they have made in how they are going to use it and how it affects all aspects of planning as it pertains to facilities, etc.; that if this can be postponed another two weeks, he would prefer it. He asked if there was some adjustment that could be made over the two week frame so that they might be able to come to some terms that could be discussed in Closed Session.

The County Manager stated that that might be a Closed Session discussion. The County Manager stated that it would be a Closed Session matter.

Marilyn Collins stated that the owners of the Performance Building are actually losing revenue by not renting the space. Chairman Lucier stated that the Board appreciates their situation, but it is a little different than it was a couple of months ago.

Ms. Paschal asked if the Board wanted each project individually at the October 20th Board of Commissioners' meeting.

Chairman Lucier stated that that would be most helpful although it would be a lot of work. He stated that it would be especially important for the large ticket items so that the Board can get a sense of current plans and the impact if they are delayed.

The County Manager stated that with regard to the operating budget, staff intends to put into effect a hiring freeze except for the essential functions that are critical to the County and impose travel restrictions; that as part of that, no extra training; that there will be an operating expenditure review process put into place; that they are not going to recommend any budget reductions (cutting operational budgets) but that they want to review it as they go into late fall and into January and depending on the economy at that time, they may actually cut what has already been appropriated. He stated that they are delaying the revaluation for one year stating that they want to look at it again in December, but it appears to them that delaying that would be in the best interest of the County and the whole fiscal picture that they have.

Commissioner Vanderbeck asked if the Board had the flexibility to delay it, but stated that they ask that it come sooner so that the impacts are more gradual if there is an impact; that it is well within their authority to move it especially within the current economic conditions all over with the economy that he thinks it would be prudent to delay it.

The County Manager stated that they would have a slight revenue loss, but it was not anything that would be a major hit at this point. He stated that the Board could delay it as long as they had not adopted the Schedule of Values, which they have seen but not acted upon.

Commissioner Vanderbeck asked if that would also give the County a savings for extra contracted people or those hired to perform assessments over and above full-time staff.

The County Manager explained that there was a business consultant that has done most of it. The Finance Officer stated that most of his work was complete.

Chairman Lucier stated that it was his understanding that they are required to do a revaluation once every eight years; that many counties choose to do a revaluation every four years because of the rapid change in property values in the state; that the previous Board had adopted a four-year policy; that by extending it by one year is not a problem for the Board as it is well under the eight year required period. He stated that he agrees with the County Manager's recommendation because this is a time of extreme volatility in real estate values; that it doesn't seem to make sense to reevaluate unless it absolutely has to be done in the face of that real estate volatility; that hopefully a year from now, things will have settled out; that once a revaluation has been done, the County is stuck with it for the next four years; that it may be reflective of sales that occurred in 2005, 2006, and 2007 which may not be fair to the homeowners because their appraisal might come in using that required technique which would be much higher than the real value of the house or the property.

Ms. Paschal stated that there would be some loss of revenue; that when the sales assessment ratio drops below 90%, the State gives a break to utilities because they pay 100% of taxes all the time; that if the Board delays revaluation past four years in the fifth year, the State will look at the sales assessment ratio; that it now appears that the County would lose around \$150,000.00 which is something to consider.

Chairman Lucier asked the Board their thoughts.

Commissioner Thompson stated that he thought if the Board looked at the loss of \$150,000.00, it would be a significant amount of money; that on the other hand, if the Board looks at the actual value that would be assessed to citizens now as opposed to a year from now, it may provide a fairer shake which, in terms of taxes paid by citizens, may save them since they would accrue greater than \$150,000.00 total; that he would weigh on the side of the citizens; and that he would go along with the County Manager's recommendation.

Commissioner Cross agreed.

Commissioner Barnes moved, seconded by Commissioner Cross, to delay revaluation by one year. The motion carried five (5) to zero (0).

Chairman Lucier thanked the County Manager and staff for providing the information to the Board and not waiting too long to do it.

COMMISSIONERS' REPORTS

Commissioner Cross stated that, as mentioned at an earlier meeting, there was a citizen in the Southwest Chatham that was having water problems as his well had caved-in; that it was brought to his attention by Amy Powell from Habitat; that he spoke with the gentleman, who with his wife, was in pretty dire shape; that Angel Dennison with the Council on Aging, had some folks to go out and meet with their family to figure out their situation; that they carried plastic and paper utensils so they didn't have to worry about washing dishes; that they provided a place for bathing and a hot meal at the Chatham County Senior Center; that in the meantime, he got a drilling company to go out and check their well; that they have now been re-drilled and repaired; that this family has a monthly income of \$1,200; that the man touched his heart when he said that if someone could get him a tap for \$500.00, he could take the \$500.00 he has in his burial account to pay for it; that he is proud of Ms. Dennison and Ms. Powell for their bringing it to their attention and for taking care of the matter. He asked if anyone saw Ms. Dennison, to please extend their appreciation.

Ms. Dennison stated that grant money was used to take care of this matter.

ADJOURNMENT

Commissioner Cross moved, seconded by Commissioner Barnes, to adjourn as the Chatham County Board of Commissioners and convene as the Chatham County Southeast Water District Board. The motion carried five (5) to zero (0), and the meeting was adjourned at 10:19 AM.

ATTEST:

George Lucier, Chairman

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