The Board of Commissioners (“the Board”) of the County of Chatham, North Carolina, met in the Henry H. Dunlap Building Classroom, 80 East Street, located in Pittsboro, North Carolina, at 10:00 AM on February 02, 2009.

Present: Chairman George Lucier; Vice Chair Sally Kost; Commissioners Mike Cross, 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

**Work Session Agenda**

1. **Discussion of Reduced Water Tap Fees System-wide**: Consideration to offer a reduced tap fee for citizens/property owners who have an existing water line adjacent to their property. Could be done by water district or County-wide. The effort is a sense of fairness for whatever we do.

2. **Southeast Water District**: Highway 42/Truth Road Water Line: Consideration of whether or not to extend water line to Harnett County connection to serve this area of Southeast Chatham.

3. **Chapel Hill Express Bus Service Proposal**: Discussion and consideration of creating an express job-related bus service between Pittsboro and Chapel Hill. This would be a grant program (federal job access/reverse commute grant) with a 50% match - $176,356 required for participating jurisdictions. Proposal is a proposed partnership between Pittsboro and Chapel Hill.

4. **Jordan Lake Users Agreement**: Proposed Memorandum of Understanding among Jordan Lake users for developing a regional approach using best management practices to utilize potable water from the lake.

5. **Chatham/Cary Joint Planning**: Report from Environmental Review Board regarding recently completed stormwater study facilitated by the Town of Cary in proposed joint planning between Chatham County and the Town of Cary.

6. **Public Records and Board of Commissioners**: Discussion and possible consideration of how best to secure electronic communication by members of the Board of Commissioners and various appointed County boards. Some points of discussion are: what to save; options for saving; length of time to secure said records.

7. **Board Summit**: Discussion of February 4-5, 2009 Board Summit.

The Chairman called the Work Session to order at 10:00 AM, and reviewed the revised Work Session Agenda order.

**REDUCED WATER TAP FEES SYSTEM-WIDE**

Chairman Lucier stated this was a proposal that had originated with Commissioner Cross and Mr. Hughes had looked at the proposal in terms of what it would cost, the revenue, and long-term debt. David Hughes, Public Works Director, stated he had not done a financial analysis but
he had stated on other occasions that impact fees were more that just the tap fee, in that impact fees also envisioned covering the cost of the capacity that was taken out of the plan.

Commissioner Cross stated it had been his intention that, for example the water lines they were doing for southeast Chatham, that the more customers they had the easier it would be to pay it off and to support the system; that there were a couple of people who did not live in the Southeast Water District but owned property there who had contacted him; that one would be beginning construction on a home in March and was interested in whether or not the County would ever offer a reduced tap-on fee; that he had no preference as to whether that was done for any existing water line in the County or just by the District, which would still be fair because they could do that for the North district or the Southwest District when they had one; that they had raised the tap-on fee to $4,500 to take advantage of all the development that was coming into Chatham County a year ago; that right now that development was not coming; and, that he believed it would be advantageous to get their own customers who were already in the County on-line to help the citizens already living here and to reduce the fee and make it more reasonable for them to hook up.

Chairman Lucier stated what he was talking about was that if a water line already existed and ran past someone’s property or home and they had not tapped on originally, that they be offered a fee less than the $4,500 to tap on. He stated the tap-on fee before a line was constructed was $500, but once the line was completed then the cost went up to $4,500. Chairman Lucier stated what Commissioner Cross was proposing was to have something in between the $500 and the $4,500.

Commissioner Cross responded that was correct, adding that Mr. Hughes had suggested a figure of $1,150. Mr. Hughes stated that would depend on whether it was a long or short tap, noting that if it had to go across a road it would be a little more. He stated he had suggested $1,050 for a shorter tap and $1,150 to $1,200 for a longer tap. Mr. Hughes stated if they had a group of taps in the same location the cost could be less.

Chairman Cross stated even if they had to do the taps one by one with the contractor they now used, they could do it for an average of about $1,100 and not lose money. Mr. Hughes replied that was correct.

Chairman Lucier stated that would be the short-term cost, and one issue to consider was that when you got enough customers you had to build a new water plant which would cost many millions of dollars; that they already had 12,000 homes approved but not yet built, noting that Briar Chapel was 2,400 houses and when fully built out those homes would use roughly a million gallons a day; and, that when you began adding up their capacity, what was the anticipated cost of accelerating the time in which they would have to build a new water treatment plant. Mr. Hughes stated that became more complicated. Chairman Lucier stated that was a real cost, and they had already sold out the existing water to those approved and net yet built houses. Mr. Hughes stated he had done a calculation on that, and it was about 800,000 gallons of water a day that needed to be reserved for those approved but not yet built houses. Chairman Lucier asked did that calculation include the commercial activity, such as that at Briar Chapel. Mr. Hughes replied it included everything approved, but noted that everything that was approved would not all come on-line at one time.

Chairman Lucier asked how many gallons per dwelling was the average. Mr. Hughes responded about 200 gallons a day. Chairman Lucier stated then for Briar Chapel that would be about 1/2 million gallons not counting the commercial aspect. He stated some of the development was being served by Pittsboro. Chairman Lucier stated he believed they would need to get some firm figures of how they were really doing in terms of long-range water supply; that they would be talking later in the meeting about Jordan Lake and the regional approach to getting increased allocation from the lake but yet they were still building the plant on the western side of the lake; and, that that would be a significant discussion at their upcoming retreat. Mr. Hughes stated the retreat would be where they talked about the options of bringing water in different ways and future capacity and demand.

Commissioner Kost stated they had done what she considered a stellar job of advertising that the water lines were coming, that the fee was $500 and to sign up now, and they had even extended that. She asked how many might be picked up.
Commissioner Cross stated he believed the number would be small. Mr. Hughes stated if they did it system-wide the number would still be small, likely 50 to 100. Commissioner Cross agreed they would not be large numbers, but at least the one person who had contacted him who would begin construction of his home in March had inquired about the cost of a hook-up and if they could get a reduced price. He stated the person did not mind paying what it cost the County for the tap-on.

Commissioner Kost stated she was struggling with the equity issue, and if they were trying to boost the bottom line of revenue for the water treatment plant then she would have wanted to have a higher number of potential taps. She stated the equity issue was for those who had paid the $4,500 and then all of a sudden they see a reduced fee of $1,200 or less; that the reason for the impact fee was to build funding for additional capacity; and, that if they offered a reduced fee then they were building less money for the new intake.

Commissioner Thompson stated that the issue of fairness was a good point; that he would also like the Board to consider the current economic situation and the people who could not afford the $4,500 tap-on fee; and, that if the County considered the option of a lower tap-on fee just for a certain period of time that he believed it could be justified.

Commissioner Vanderbeck agreed equity was an issue; that apparently if the thinking was the number of potential customers was that small then it would not seem to have that much impact on growth regarding plant expansion; that they needed to have it well thought-out as to how to explain the reduced fee and the fairness issue; that they needed to consider any future impact, such as would it cause a developer to change building plans to take advantage of the reduced fee, although that was unlikely given the Subdivision regulations; that he wondered what a reduced fee would mean as far as having a consistent policy; and, they had to remember the $500 reduced fee had been extended a number of times so he was struggling with the idea of another reduced fee.

Loyse Hurley, citizen, stated that most of their large developments had tapped on to water in phases, so would there be an estimated loss of revenue as those phases were built because they would not come on-line all at once. Mr. Hughes stated the fees had to be paid when the plans were submitted, even if the project was built in phases. But, he said, if the plans were submitted in phases, then the fees were paid as each phase was approved. Ms. Hurley stated that since Briar Chapel was being done in phases, was the County losing money. Mr. Hughes stated if they were to bring a phase in while a reduced tap-on fee was in effect, then they would be eligible for that reduced fee.

Chairman Lucier stated the intent of the proposal was to help existing homeowners who for whatever reason had not signed up when the lines were brought past their property. He stated his concern was that they could not treat those people differently than they treated a developer who was applying for hook-ups where there were existing water lines. Jep Rose, County Attorney, stated they would have to be charged the same reduced fee.

Commissioner Kost stated she understood that there were people who did not have the ability to pay the $4,500, but they would have to get water either through the system or to dig a well, and you could not dig many wells for $4,500. She stated the $4,500 was the cost to bring water service to a property.

Commissioner Thompson stated if someone dug a well, they were not on the County’s system, but if they were on the County’s system then they were a paying customer.

Commissioner Kost stated the argument for doing the reduced fee was to help people out by providing water and to generate more revenue, but she still struggled with the fairness issue.

Commissioner Cross stated there were a lot of places, particularly in southeast Chatham, where you could dig all the wells possible but you still would not get enough water to support a family. He stated he owned three wells at 290, 305, and 315 feet, and between the two that actually yielded water he got a total of 110 gallons a day.

Chairman Lucier agreed, noting when he had dug his well he went down 140 feet and got 100 gallons a minute, but had gone ½ mile down the road to dig one for a family member and went down 500 feet and got nothing, so he had been forced to dig a second well at another 500
feet. He stated he believed they had identified this as a complicated issue, so when they talked about it later in the week at the retreat it would be helpful to have any additional information regarding what they could and could not do and what the cost impact might be.

Commissioner Vanderbeck stated they also had to consider times of drought when water sales were way down, noting there were long-term effects and he did not know what that would do to the whole model. He stated there was a lot of thought that needed to come before any decision was made.

Chairman Lucier stated he believed the retreat was the time to come back and revisit the issue; and, that to him if they did offer a reduced tap-on fee it would need to be something more than $1,150 and that the timeframe would need to be limited.

Commissioner Kost stated they would also need to have a plan to let people know that water taps were on sale.

Chairman Lucier agreed, stating they would need to advertise it widely because it would not be fair otherwise. Mr. Hughes stated he could provide to the Board the numbers for the already approved houses, including commercial, at the retreat.

Chairman Lucier stated they would also need to think about some sort of timetable for getting western intake assuming that all went smoothly; and, that they had an agreement with Durham now for the purchase of water in increment increases. Mr. Hughes stated there was quite a bit of information that would be provided at the retreat.

Commissioner Kost stated it would be helpful to overlay the address file of current water customers into the GIS system so that they could see customers on a given road and see who they were missing. She asked Mr. Hughes to check on that, noting the information would be extremely helpful.

Commissioner Thompson asked what the sign-up grouping was now in the Southwest direct. Mr. Hughes responded it was 440 and they were looking at 515, which was in the preliminary engineering report done by Hobbs & Upchurch several years ago.

The County Manager stated those 440 were not paying. Mr. Hughes replied they were not paying but were the number of people who had signed up.

Commissioner Thompson asked was it possible to publicize the fact that they were still offering sign-ups at $500, perhaps by putting up signs. Mr. Hughes stated they had publicized heavily in that district through the use of flyers and signs.

Commissioner Vanderbeck asked could notices be sent with the tax bills. Mr. Hughes stated they had placed flyers at convenience stores, churches, and other places, but they could advertise again.

Commissioner Thompson stated placing signs in key locations should be helpful, as well as advertisements in the normal ways. Mr. Hughes stated they could do that.

**SOUTHEAST WATER DISTRICT**

County Attorney Jep Rose indicated the Board would not have to reseat themselves as the Southeast Water District Board since no action was planned to be taken.

Chairman Lucier stated he had reviewed the revised spreadsheet analysis, and an email had been forwarded to the Board about some additional costs that had been plugged into that analysis; that he had made some assumptions on rates which were at least ballpark and the best they could get at the time; and, that he had taken those additional costs which he had calculated to be $5234 and then adjusted the revenue because chicken houses actually got the industrial rate.

Chairman Lucier stated that was $4.75 instead of $7.00. Mr. Hughes stated that was correct. Chairman Lucier stated that was not a trivial impact, since $2437 was the total. Mr. Hughes stated between the additional yearly costs and the reduction in the revenue it had made a
significant impact on the analysis, and all the red numbers indicated a negative cash flow; for a twenty-year period you had a net negative cash flow of about $96,000. Chairman Lucier stated that had far more impact than the numbers put together on the operation, maintenance, meter reading and other things that totaled $5,234. He asked if that figure was yearly. Mr. Hughes responded it was. Chairman Lucier said then over a twenty-year period that would be $104,000, and then the reduced revenue from the chicken houses would be about another $100,000. Mr. Hughes stated he had not calculated that separately, but believed that would be about right. He stated because it was being fed from Harnett County they had to do some additional testing for bacteria and THMs, and the cost of that had been added in.

Commissioner Vanderbeck stated they had come a long way, and to get that level of development on the numbers made a big difference. He stated that would certainly be helpful in the development of a new water policy.

Chairman Lucier stated they had talked about having a 10 years payback, and at first blush the proposal had looked as if that could be accommodated but now it did not appear to. Mr. Hughes stated the revenue had suffered a significant impact when the biggest users went from $7.00 per thousand gallons to $4.75.

Commissioner Vanderbeck asked how many had paid the administration fee but had not gone ahead and gotten the water. Mr. Hughes stated they had not yet made all the taps, but the trend right now was fairly low, in that they had paid the fee but were not using the water.

Chairman Lucier stated those people were banking for the future. Mr. Hughes agreed, stating it was an insurance policy.

Commissioner Vanderbeck stated they would have to figure out how that affected the financial model. Mr. Hughes stated once they had run all the lines and some time had passed, then he would have a better idea of where they were.

Commissioner Cross stated he believed most people would wait until spring, because right now was not the optimal time to put in a water line.

Commissioner Vanderbeck stated there was also the money issue due to the current economy. He stated you could get the tap, but it may take some time for people to come up with the funds to get the line to their homes. Mr. Hughes stated for those further off the road, they may have to spend several thousand more dollars to get the water to their homes. He said right now he just did not have enough information to determine the trend.

Chairman Lucier stated the numbers on the spreadsheet was assuming that the 37 who had paid the administrative fee would not only hook up but would pay something more than the administrative fee. Mr. Hughes stated that 24 of those were one customer, and they were fairly certain that customer would hook up.

Commissioner Cross stated he believed everyone on that list would hook up. Mr. Hughes stated he believed Commissioner Cross had talked to everyone personally, and the assumption was they would all hook up.

Commissioner Kost stated then the spreadsheet assumed that everyone that had signed up would hook up. Mr. Hughes stated yes, and would take 5,000 gallons a month rather than just paying the minimum fee and not taking the water. Commissioner Kost stated the tap fee they had paid was $500. Mr. Hughes stated they had actually prorated it down because they had only one tap fee from the chicken farmer.

Commissioner Cross stated the original request was to borrow that money from the Water Capital Reserve, but the spreadsheet was showing a 5.5% interest rate; that if they borrowed from the Water Capital Reserve that interest expense would come off; that they were also assuming no growth over 20 years and that was not likely to happen in that area; that they needed to make some kind of deal with Harnett County, because when they got their new plant built they did not know how much water they would have to sell, but they had already indicated that an allotment would be reserved to be sold to Chatham County as well as to other entities; that if they borrowed the money from the Water Capital Reserve it would not have to be limited to 20
years; and, they could stretch out the loan and remove the interest rate, then assume some growth in 20 years if they could make a deal with Harnett County on the water.

Commissioner Kost asked how the Capital Reserve was funded. Finance Officer Vickie McConnell responded through the fees, when people paid the $4,500. Commissioner Kost asked where the General Fund money went. Ms. McConnell replied that went into the Capital Reserve as well. Commissioner Kost stated then general tax dollars went into the Capital Reserve.

Chairman Lucier stated then that argument did not make much sense, because they would still have to come up with the money to construct the line. Ms. McConnell stated the money was available in the Capital Reserve Fund if that was the way the Board chose to spend that money. Chairman Lucier stated but it was funded by tax dollars. Ms. McConnell replied that was correct. Chairman Lucier stated he was not convinced they should take the money from the Capital Reserve. Ms. McConnell stated they should remember that the Capital Reserve was money designated to increase capacity. Chairman Lucier stated they would need to do something about increasing capacity before that 20 year period.

Chairman Lucier asked if the Board wanted to make a decision today and if so they would need to recess as the Board of Commissioners and convene as the Southeast District Water Board. The County Attorney stated they had not given notice of a meeting of the Southeast District Water Board, and they needed to advertise that at least 48 hours in advance. He stated they could come back on Thursday and make a decision.

Chairman Lucier pointed out that today’s agenda stated that there would be consideration of whether or not to extend a water line to Harnett County to serve southeast Chatham. The County Attorney stated that was not good enough, noting they would need to advertise a meeting of the Southeast Water District Board itself at least 48 hours in advance of the meeting. Chairman Lucier stated then they could advertise that now and then sometime on Thursday at the retreat they would need to convene as the Southeast Water District Board to formally take action. The County Attorney stated they could advertise it for 2 p.m. and then could recess it to some other time if necessary.

JORDAN LAKE USERS AGREEMENT

Mr. Hughes stated this discussion was to set up the structure so that they could move to some of the other tasks; that they needed to have that structure in place for all the other governmental entities to actually meet and do some organization; that that was what the Memorandum of Understanding (MOU) was intended to do; that on page 3 under Additional Projects that provided significant information of what the MOU would actually do, including water supply planning and a Jordan Lake Allocation Request project, and the Jordan Lake western intake preliminary plan; and, that the MOU basically set up the framework so that they could met and decide how they would move forward on the more concrete projects.

Chairman Lucier stated the County’s cost of that would be $2,500, so that was a good deal for the County. He stated his understanding was that the MOU would provide a framework for meeting, and the purpose of meeting was to work out future Jordan Lake allocation requests and to develop a plan and timetable for construction, assuming they received an increased allocation, for the western intake and water treatment plant. Mr. Hughes agreed, noting that basically anyone could join at any time and drop out at any time.

Chairman Lucier stated at present there were seven partners, 3 from Orange County, and 1 from Chatham County, the City of Durham, Cary and Apex. He stated then Durham County was not involved. Mr. Hughes stated they were not involved to date. Chairman Lucier asked about the rationale of Orange County, Hillsborough, and OWASA, and asked why they had Hillsborough but not Chapel Hill. Mr. Hughes replied because they were under OWASA, but Hillsborough was not. Chairman Lucier stated that Orange County had an allocation, as did Cary and the City of Durham, as well as Chatham County. Mr. Hughes stated that was correct, noting that Cary shared its allocation with Apex, and that Morrisville also had an allocation. He stated he believed as they moved forward others would join the partnership, including Harnett County and Sanford just so they could have a seat at the table. Chairman Lucier stated that may well be but at some point they may face diminishing returns on how the MOU could be effective; that when you looked at a regional effort it was good to have regional partners, but when you had too many the returns would actually diminish. Mr. Hughes stated when you looked at the specific tasks, some of those entities would not be applicable and would not want an allocation.
from the lake; that some certainly would not be looking for a partnership in the western intake; that the MOU was a large framework that allowed anyone to join in; and, that as the specific tasks were developed then those individual partnerships that were applicable would then take part.

Chairman Lucier stated that on page 4 under Duration Amendment and Termination the date of June 30, 2014 was set as the date the MOU would end unless some subsequent action was taken. He asked how that date was determined. Mr. Hughes responded it was simply five years out and was somewhat arbitrary. Chairman Lucier asked if something needed to be included that indicated the date could be extended. The County Attorney responded that did not have to be contained in the MOU.

Commissioner Kost asked had any other entity approved the MOU. Mr. Hughes responded that Cary had already approved it, as well as Orange County. He stated Durham may have already approved it but he was not sure.

Chairman Lucier stated he believed this was the best chance they had of getting an additional allocation; that the regional approach made sense in terms of future water needs; that they had a good group of partners that they could work well with; and, that he would support approval of the MOU. Mr. Hughes stated an MOU of this type of unprecedented.

Chairman Lucier stated the MOU was well done, and offered his thanks to Mr. Hughes for the work that had gone into getting them to this point. He also expressed appreciation of the good will of the partners in getting to this point.

Commissioner Thompson moved, seconded by Commissioner Vanderbeck, to approve the Memorandum of Understanding Supporting a Regional Partnership for Water Supply Planning and Potential Joint Use of the B. Everett Jordan Reservoir. The motion carried five (5) to zero (0). The Memorandum of Understanding is attached hereto and by reference made a part hereof.

CHATHAM-CARY JOINT PLANNING

Chairman Lucier confirmed that the Board had received the comments from the Environmental Review Board (ERB) on the Town of Cary’s document entitled “Analysis of Alternative Land Use Plan for the Joint Chatham County-Town of Cary Study Area.”

Commissioner Vanderbeck stated he believed the document was very comprehensive and well written, and he appreciated their work in developing it. Keith Megginson, Planning Director, stated that the study was based on the status of things in 2007, although the ERB’s report referenced new regulations; since that time the County had adopted new regulations regarding stream buffers, erosion control and stormwater.

Chairman Lucier stated in other words, all the numbers were wrong. Mr. Megginson replied basically, yes. Chairman Lucier stated then it was essentially a waste of Cary’s money because they had not used the correct parameters for the County. Mr. Megginson stated that would always be the case when you requested something that was taken at that shot in time but took a period of time to prepare. Chairman Lucier stated they had informed the Town of Cary at their last meeting of all the ordinance amendments that were being considered, and asked had Cary made contact with the County about that. Mr. Megginson stated they had been in contact with them regarding the stream buffers, and had had contact with the persons preparing the report a number of months ago. Chairman Lucier stated then they should have been aware of what the County was doing. Mr. Megginson stated all of the ordinance amendments were available on line. Chairman Lucier stated the bottom line was that the analysis needed to be redone, and asked was there any reason to think that was not the case. Mr. Megginson responded it depended on who would pay for that; that Cary had paid for this report; and, if the County wanted it updated then they may have to accept the cost of that. Chairman Lucier replied not necessarily; they could simply say it was an invalid report and should not be used in any consideration of the Joint Land Use Plan.

Commissioner Kost pointed out that when she was looking at their maps and saw that her one house on 15 acres was mapped out as a subdivision, it made her question the entire report because she did not live in a subdivision; and, that it made her question where they had gotten
some of their data. Mr. Megginson stated he was not familiar with water supply modeling, so he was not aware of how those maps were prepared; that he did not know if they had run models that were one acre, five acres, or something else; and, if something was zoned for one-acre use then that was what could be put there so that may have been assumed in some cases. Commissioner Kost stated her parcel was identified as a subdivision and the property across the road from her had protective covenants assigned to it but it was classified in the model as developable land, which it was not. She stated that may have been only one mistake out of thousands of acres, but it had made her question the model.

Chairman Lucier stated he and Commissioner Kost would be meeting with Mayor Weinbrecht on February 11 to talk about a number of issues, one of which would be the study and the ERB’s remarks and why they believe it was an invalid study. He stated there were fairly substantial reasons why it was not a useable study, and what to do about that was something that needed to be discussed. Chairman Lucier stated they also needed to talk about the joint planning meeting that should be held in the not too distant future, and asked the County Manager had any potential dates been identified. The County Manager stated he had made the inquiry but had not yet received a list of tentative dates from Cary.

Commissioner Kost asked if suggested dates from the Board would be helpful. The County Manager stated he could provide some tentative dates to Cary and perhaps that would help them along in their decision.

Commissioner Vanderbeck stated they needed to identify some dates that would not interfere with the budget schedule and that were before they become heavily involved in preparing the budget.

Chairman Lucier stated the budget meetings were scheduled for May, and his preference would be to identify dates in late March or April.

Commissioner Kost stated the Cary Board met on Thursdays, so perhaps that day might be a logical choice.

Chairman Lucier suggested March 19, March 26, April 2, April 9, April 16, and April 23 as tentative dates, all of which were on Thursdays.

By consensus, the Board agreed on those Thursday dates as tentatively available.

The County Manager stated he would provide those dates to Cary and wait for a response.

Commissioner Kost asked did the Board want to share the comments from the ERB with either the staff of Cary or the elected Board prior to that joint meeting.

Chairman Lucier stated he believed they should, and that perhaps it should be provided to Mayor Weinbrecht at the February 11 meeting; that the comments from the ERB had been forwarded on January 16 and he believed they had done a very thorough job; and, that the comments laid out the major issues that would question the validity of the report. He stated they also needed to point out that the ERB was charged with providing the Commissioners advice on matters of environmental health; that the ERB was comprised of several experts in that field, so the ERB was not just a group of citizen volunteers with no technical knowledge on those matters; and, that the review that the ERB had provided was a technical review.

Mr. Hughes stated the staff also had technical expertise and had provided a staff review of the study before it had been presented to the ERB.

The County Manager stated that he would send the ERB comments along with the ERB members bios to the Town of Cary.
CHAPEL HILL EXPRESS BUS SERVICE PROPOSAL

Dale Olbrich, Chatham Transit Network Executive Director, stated that although he was new to his position, he had lived in the area for 10 years and was very familiar with the need for bus service; that the Chapel Hill-Pittsboro route was now their largest; and, that Chapel Hill Express service would actually have a negative effect on Chatham Transit.

Commissioner Vanderbeck stated they had discussed informally the hope of being able to find a part in the plan for the County to play, which would help their combined services expand to Chatham and make it a better program for everyone in the County. He stated that he and Mr. Olbrich had taken part in a survey recently conducted by NCDOT about service needs in the County, and he believed a summary of that survey had just been issued. Commissioner Vanderbeck stated he would provide that information to the Board, noting it had been good background for Mr. Olbrich to hear people’s needs expressed through the different agencies that had participated in the survey.

Chairman Lucier stated there was one issue they needed to focus on today, and that was the cost-sharing with the Town of Pittsboro. The County Manager stated that was the main issue, and the other was a general review of what the proposal contained in terms of the recommended trip fees; that Chapel Hill Transit was recommending based on their experience that one-way trips would be $3.00 cash with a monthly pass at $65.00; that the proposal was for 18 months with the first six months as the pilot program; that Chapel Hill Transit was developing what they believed a success picture would look like; that the numbers had remained the same since they had first begun discussions, which was $176,000 for the 18-month program; that reducing that to a weekly cost was $461; that the question staff had in terms of matching funds was how much would Chatham pay and how much would Pittsboro pay; and, that in general discussions Pittsboro had offered its prorated share to be 15% of the match.

Chairman Lucier stated then the cost was estimated to be $176,000 for 18 months, and that assumed no ridership. The County Manager responded that was correct, noting that had raised a good point that the match would fluctuate based on the ridership. For example, he stated, if the ridership was 20 a month then the match would go down proportionately. Chairman Lucier stated during that six-month pilot program the total cost assuming no ridership would be $58,000. The County Manager replied roughly, yes.

Commissioner Vanderbeck stated he wished they had discussed how they would share that match, noting there was no modeling to show how they had arrived at that. He stated there was economic benefit to Pittsboro, which certainly the County benefited from but Pittsboro certainly captured certain taxes for themselves as well. Commissioner Vanderbeck asked how they had arrived at a 15% match.

Chairman Lucier stated the Town Manager had raised several questions and suggested they discuss them sequentially before any decisions were made. He stated the first issue was the fare, the second was the duration of time that would be viewed as a trial period, the third was the match and how that cost would be distributed between Pittsboro and the County, and then lastly were there any questions about the total estimated cost and what they might expect ridership to be. Chairman Lucier stated if the estimated monthly cost was $58,000 with no ridership, but half of that was paid for by ridership, then that would be reduced to about $30,000 so the County’s share for a six-month period if Pittsboro paid 15% of that would be $25,500.

The County Manager commented that the 15% was not a magic number, but was simply what Pittsboro had offered.

Commissioner Vanderbeck asked what was the starting point and was it open for negotiation. The County Manager stated after they had met with staff, the target was to get approval from the Commissioners today and the Pittsboro Board would consider it for approval next Monday.

Chairman Lucier suggested that they begin discussion with the issue of the fare.

Commissioner Kost stated that this plan is for 18-months, which spans over three fiscal years into FY 2011. She stated as they discussed numbers, they should realize that the expenditures for the program would not all come in the same fiscal year.
The County Attorney asked if Exhibit A would be an attachment to the agreement. The County Manager pointed out which of the documents provided as supplemental information would actually be a part of the agreement.

Commissioner Cross asked if they knew where the bus would stop in Pittsboro. The County Manager stated the current stops would be at the Food Lion or in the traffic circle in the morning hours, and possibly at the Lowe’s lot if an agreement could be worked out. He stated the proposed schedule would be for the bus to leave Pittsboro at 6:10 a.m., at 6:20 a.m. from Lowe’s, and arrive at the UNC campus at 6:50 a.m.

Chairman Lucier asked was a stop planned at Fearrington. The County Manager stated that was being discussed but nothing had been finalized. Chairman Lucier stated he believed it would be important to have that stop.

Commissioner Cross asked if the pick-up was at the traffic circle, where would riders leave their vehicles. He stated it could turn the downtown into a parking lot and when customers arrived there would be no place to park. The County Manager said possibly riders could park in the back lot behind the Courthouse.

Commissioner Kost suggested the pickup could also be at the County back parking lot. The County Manager stated that could be an option if the bus was able to maneuver in that area.

Commissioner Thompson stated there was a grant involved with this, and the County would be paying a matching fee for the duration. He stated the assumption was that the service would become self-sufficient at some point. The County Manager stated that would be a consideration at the end of the 18 months, as to whether there were additional opportunities for grants or for the service to continue as a partnership with Pittsboro, Siler City, the County and Chapel Hill.

Commissioner Kost asked if they were so far into the process that they were committed to Chapel Hill Transit. The County Manager stated they had talked with Chapel Hill Transit a considerable amount about integrating Chatham Transit service with this service, and they were willing to do that. Commissioner Kost asked if Chatham Transit had the buses to do that type of service. The County Manager stated that was correct, since Chatham Transit had the smaller vans, and Chapel Hill Transit would be providing 40-passenger buses.

Chairman Lucier asked if $3.00 one-way or $65 a month was acceptable.

Commissioner Vanderbeck stated studies had been done to determine that, so that was where those figures had come from.

Commissioner Kost stated she would defer to Chapel Hill Transit’s expertise on setting the fares.

Commissioner Vanderbeck stated they could look at fares after the six-month pilot program to see if any adjustments needed to be made.

Chairman Lucier stated then they were not recommending any changes to the proposed fees. There was general agreement from the Board that they would not recommend changes to the proposed fees.

Chairman Lucier stated the Manager had suggested that after the six-month pilot program that they take a look at the service as a whole to see how it was working, what might be done to improve it if not working well, and the like. The County Manager stated one of the things that made it difficult to put a good measurement on what success would look like was that during the summer months between May and September there was typically a significant drop in ridership of up to 25%.

Commissioner Kost stated other than staff that could take the entire summer off, most people took vacations in two-week increments, so at $65 a month it was still cheaper to pay for the entire month than just to pay for the two weeks. She said they may not experience that drastic a drop because of that.
Chairman Lucier stated he did not want to be too prescriptive in what they wanted for benchmarks during that six-month period, but after that period they did need to take a look at the service and discuss it. He stated all of those issues would need to be taken into consideration and weighed so that they could determine what was most appropriate in how to evaluate the success or lack of success of the project. The County Attorney asked if the Board would want to terminate for any reason after that six-month period. He stated he believed there may be a problem with the way the ability to terminate the agreement was worded, and wondered if the Board would want to be able to terminate after the first six months if it proved to be too costly.

Chairman Lucier stated obviously what they wanted to do was to pursue the service as long as possible and hopefully it would be successful. But at the same time, he stated, if the service proved not to be financially feasible, they may not want to continue beyond the six months. Mr. Olbrich stated they would need to determine what the criteria would be to make that determination at the end of the six months. He agreed the Board would want to look at the service at the end of the six months and determine the feasibility of continuing it.

Chairman Lucier stated then they could add to the agreement that the parties would sit down and evaluate the service at the end of the six months.

Commissioner Vanderbeck stated that item #7, Promotional Activities, did not provide a lot of information; that part of the success of the service had to do with marketing; that they had talked about aggressively marketing the service, but he saw no plan to do that; that they wanted to be involved but they wanted it to be successful; that they wanted to ensure success through ridership and you needed something more than just “we’ll take care of it;” and, he would like to know the plan for marketing in order to feel more comfortable with the potential success.

Chairman Lucier stated that was a good point but it would be harder to do because Pittsboro did not have a television station or a daily newspaper, so they needed more mechanisms to market the service. He stated they did have their usual mechanisms, such as the internet and making sure that the Pittsboro Merchants Association and other appropriate groups were involved. Chairman Lucier stated they did need to determine a plan for marketing, and with a starting date of March 1 they did not have much time. Mr. Olbrich stated that it would have to be convenient for people to get on that bus, so parking would have to be designated; that where that bus stopped and the convenience for people to get on it would be important to the ridership; that that needed to be nailed down before the marketing began; that another consideration was where people would wait for the bus and if a shelter from the weather would be provided; and, that those were the kinds of decisions they needed to focus on first and then to focus on the marketing of the service.

Commissioner Vanderbeck stated that they expected Chatham Transit to be a partner in this service, and believed that Chapel Hill Transit and Chatham Transit needed to meet with the stakeholders. Mr. Olbrich stated that Pittsboro would absolutely have to understand how the service would run and operate in the Town of Pittsboro, in that it had to be convenient to the riders. Commissioner Vanderbeck stated that if the service was successful Pittsboro would benefit, so he thought perhaps they should pay a greater percentage of the match.

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Commissioner Kost asked if want to revise the termination language because it seemed nebulous. The County Attorney stated that the language was vague, and he believed that either party should be able to terminate after the six months for any reason.

The County Manager stated they had not discussed in the meetings that specific language, but the effort was to have some information regarding the success of the service before it was terminated.

Chairman Lucier stated there was a lot of trust and good will among the partners, but there still needed to be some wording in the formal agreement since it involved multiple jurisdictions. The County Manager stated at present they did not have a standard that said if you reach some identified point it was successful, but if not reached it was not successful.

Mr. Olbrich stated he believed that Chapel Hill Transit likely had statistics that would indicate the criteria to be used to measure the success. The County Manager stated they had asked for those criteria.
The County Attorney stated Chapel Hill Transit had the right to terminate for any reason on 90 days notice, but the County would have to cite performance goals that were not being met. He stated he believed the County should have the same right to terminate.

Commissioner Vanderbeck stated he envisioned the service could be very successful but they needed more information.

Renee Paschal, Assistant County Manager, stated another issue was the federal grant requirements, and they needed to make sure that termination was allowed under that federal grant program.

Chairman Lucier stated that was a good point, and they needed to determine that. He stated there were now several pieces of information the Board had requested. The County Manager stated the Board had asked for more information regarding a marketing plan, the termination question between the partners, the termination regulations under the federal grant, securing locations for stops, and performance standards.

Chairman Lucier stated the other issue for discussion was the 15% match offered by Pittsboro.

Commissioner Kost stated Pittsboro needed to pay a larger share; that the service would be a direct route from the heart of Pittsboro to Chapel Hill; and, that eventually they wanted to grow the system so that they were providing service from other points in the County but for now it was from one municipality to another.

Commissioner Thompson asked was it incumbent upon this Board to set a figure that was reasonable and then negotiate with Pittsboro.

Chairman Lucier stated he believed they did need to do that.

Commissioner Vanderbeck stated they needed some modeling to help them make that case, as well as the marketing plan.

Commissioner Cross suggested that 50% would be a good number to begin the negotiations.

Chairman Lucier stated he did not know how Pittsboro had developed the 15% and obviously the County had more funds than Pittsboro, but Pittsboro did not have to fund schools, the health department, social services, the library, etc., so the available funds were slim. He suggested that the County pay a two-thirds share and that Pittsboro pay one-third, noting that at 15% it appeared that Pittsboro as a town was not necessarily committed to its success because they would only potentially contributing $4,500. Chairman Lucier stated the County would be the ones at risk, and to make the service work they needed to have a real partnership. He stated that obviously Pittsboro would be the most served, so Pittsboro needed to pay a larger share for equity and to make sure they were truly committed to having a Pittsboro-Chapel Hill bus route.

Mr. Olbrich stated it appeared to him that if Pittsboro truly believed in the success of the service that they would be willing to pay more than 15%.

The County Manager stated that the 15% participation level came out of a staff-to-staff discussion and not from the Town Board, so they may well be able to negotiate that. He stated he had not responded to the 15% offer, because he had not talked with this Board about it at that point.

Commissioner Thompson asked could they propose that Pittsboro pay one third.

Commissioner Kost stated she was committed to making this work, because she believed it was a part of the future of northeast Chatham and responding to traffic on US 15-501. She stated the citizens of Pittsboro were Chatham County citizens so she was comfortable with subsidizing the service, but long term they did want the service to be self-sufficient and believed it could be.
Commissioner Vanderbeck stated that long term they wanted to service to be provided in Siler City and beyond.

Commissioner Kost agreed, noting that the service could eventually be expanded to include Raleigh. She stated she understood that Pittsboro’s tax base was not as broad as the County’s, and she would be comfortable with a match of between 25% and 30%.

Chairman Lucier stated he believed one-third was reasonable.

Commissioner Cross stated that he would like the County Manager to negotiate with Pittsboro staff and see what they could come up with. He stated he believed 15% was about as ridiculous as 50%, so something in between should be negotiated.

Commissioner Vanderbeck stated he believed 25% was an appropriate number and would indicate Pittsboro’s commitment to success. He stated that he believed the EDC had already endorsed the service, and certainly there were benefits to it.

Chairman Lucier stated there were benefits and they wanted to maximize the chances for success, so there needed to be a buy-in by all the partners. He stated he felt uncomfortable going as low as 25%, and that all of the range of opinions expressed by the Board was considerably more than 15%. The County Manager stated he understood, and that from his perspective 15% was too low.

Commissioner Kost stated then the County Manager would address that issue with Pittsboro staff. The County Manager replied yes, noting he would also talk with Chapel Hill regarding the marketing and the other issues.

Chairman Lucier stated he believed right now they had to establish the service, market it, and establish the stops. Mr. Olbrich stated that their most successful route was from Pittsboro to Chapel Hill, noting they ran that route three times a day. He offered to provide the Board with their ridership numbers to give them some idea of the interest.

The County Manager stated he would include Mr. Olbrich in the process so that he could stay informed.

Chairman Lucier stated he was concerned about where the stop would be in Pittsboro. The County Manager stated he would confirm that, noting Pittsboro was working now to get that finalized.

Mr. Olbrich stated there were a lot of people who talked about the park and ride lot, the rules and regulations, and who could ride it and who could not. He stated that there were a number of people on the internet that would much like to ride but they could not park at the park and ride lot.

Commissioner Cross stated he did not believe the traffic circle was a viable place for the buy to stop. Chairman Lucier and Commissioner Kost agreed.

Chairman Lucier stated he believed a good stop would be the old Ford dealership. Mr. Olbrich stated he did not believe the Food Lion people would be thrilled to have a stop there because the buses were known to tear up asphalt.

Commissioner Kost stated there was revenue associated with the rental of the parking spaces, which was included in the cost estimate. She stated that even if the bus ran behind the Courthouse Annex it would not have to get off the street to pick up passengers from the lot.

Chairman Lucier stated the good thing about the Food Lion shopping center as well as Lowe’s was the economic benefit of having those people getting on and off the bus at those locations, because they were much more likely to go shopping or visit one of the restaurants. Mr. Olbrich stated they may not want those additional cars in the lots blocking their normal customers.

Chairman Lucier stated at present those lots were never filled.
R. V. Hight asked if they were still assuming a March 1 start date.

Chairman Lucier stated he believed it would more likely be early April, since so much was left to be determined. Mr. Olbrich stated if they missed the due date for the grant they would have to wait an entire year. Chairman Lucier stated it was his understanding that the grant had already been received.

The County Manager stated he would provide the Board with another update at its meeting on February 16.

BOARD SUMMIT

Commissioner Kost stated because they had shifted the Capital plan outside of this process, and had allowed a very tight timeframe for doing the budget calendar, budget policies, and financial indicators, the only way to keep anywhere close to that timeframe was to get everyone to do homework.

Renee Paschal, Assistant County Manager, stated the Commissioners had already adopted the budget calendar, so they would basically review the process so they would know where they were, the purpose of the meeting, and what was to happen next. She stated the Board had the financial indicators in their notebooks, but the budget trends would not be ready until Wednesday morning.

Chairman Lucier stated that all of the items had tentative times, so the question was if there was enough time altogether to do it all or should they schedule more time for the budget items. Ms. Paschal stated she believed there was enough time scheduled.

Commissioner Kost stated if the budget trends would not be ready until Wednesday, then the Board would not be able to review them before the meeting. Ms. Paschal stated that was correct, noting that a piece of information needed to get that ready beforehand would not be available until then.

Chairman Lucier asked if they would get the survey results at that time as well. Ms. Paschal responded they would. Chairman Lucier stated they would also receive a review from departments. Ms. Paschal stated the Board had already received a survey results summary and a heads up from the departments. Chairman Lucier stated the Board needed to read over those before Wednesday, noting that would all lead into the work goals particularly as they thought about setting priorities and finding efficiencies and savings. He stated the bottom line was that if they were going to start new things, then some old things would have to end. Chairman Lucier stated they had said in a recent meeting that this would be the most rigorous budget review that they had done for some time, if ever, and believed they had to do that given the current financial situation. He stated there were things they wanted to do that they had not done in the past, and the only way to do that was that something else would have to go, and the department heads had to realize that.

Commissioner Kost stated there were many ways to go about doing that, so between now and Wednesday she hoped staff would be thinking about how they would suggest approaching that type of process.

Chairman Lucier stated they heard on the national scale about the machete and the scalpel, with the scalpel being the picking and choosing of what you wanted to cut, and the machete was cutting everything by some proportional amount. He stated they had all read in the newspapers what other agencies were doing, noting that Wake County was asking its departments for a 10% cut. Ms. Paschal stated that Wake County was in a different fiscal position that Chatham County was in, noting she did not believe it was necessary at this point to make a 10% across-the-board cut.

Chairman Lucier stated that was not what he was suggesting, noting he was not a fan of across the board cuts. But, he stated, he believed as they went through the budget projections and they established their goals that it may well be, as he suspected, that some things would have to be cut. Ms. Paschal agreed there would be trade-offs, and the question would be how to make those decisions. She stated they would try to offer some models to help the Board make those decisions.
Commissioner Cross stated that Wake County was asking the departments to identify 10% in cuts, but did not believe they were planning on following through on all of those.

Commissioner Kost stated there were many different techniques you could use, some of which was a game. For instance, she stated, Wake County had said it would need to close five of its library branches, and they would likely identify the five most popular branches for closure. Commissioner Kost stated that would prompt citizens to protest the cuts. Ms. Paschal agreed it was unlikely Wake County would follow through on that. Commissioner Kost agreed.

Chairman Lucier stated he did not like that approach either, but the bottom line was that for Chatham some things would go. Ms. Paschal stated they would be prepared to do that. She stated one question she had was about the budget direction and the tax rate information and revaluation. Ms. Paschal asked if the Board wanted a specific presentation on revaluation.

Commissioner Kost responded no, that she had added the revaluation piece on to give direction to the fire departments as they had discussed earlier, and making sure everyone understood how revaluations would play into that. She stated it was not really making a recommendation or a presentation, and that the time allotment was to give staff some general direction as far as tax rate and budget.

Chairman Lucier asked if any of the Commissioners had anything that should be added to the retreat agenda.

Commissioner Cross stated they had discussed water twice this morning, and did not know where that would fit in. The County Attorney stated they would recess and convene as the Southeast Water District Board during the retreat to discuss that.

Chairman Lucier stated the schedule called for that at 12:45 pm, and believed it should remain as scheduled.

Commissioner Vanderbeck asked if it would be appropriate to add to the agenda a discussion regarding revising the Strategic Plan, noting he had spoken to Ms. Paschal briefly about how during the budget and capital process that staff found it very helpful to have an up-to-date strategic plan that could be used for guidance as far as budgetary impacts. He stated it helped to provide some context for making budgeting decisions.

Commissioner Kost stated the Strategic Plan was out of date, and they did need to start somewhere as far as setting goals and priorities. She stated ideally they would have a Strategic Plan in place before beginning the budget process but they did not have that luxury. Commissioner Kost stated updating the Strategic Plan was certainly something that needed to be discussed as a goal, noting her guess was that they would have more on the table already than they could do.

Commissioner Vanderbeck stated that failure to plan was planning to fail, as the saying went.

Chairman Lucier stated at the same time they did not want to wait to do goal-setting until they had a revised Strategic Plan in place, noting that would definitely be planning for failure. He stated he did want to add to the retreat agenda perhaps 15 minutes to talk about the State of the County address, which was tentatively scheduled for March 16. He suggested placing it on the agenda at the end of day two at 2:45.

Ms. Paschal stated the Board had discussed holding the public hearing on the CIP on February 16, and they probably needed to go ahead and set that date today. She indicated that was President’s Day, but it was a federal holiday and not a County holiday.

The Board agreed by consensus to set February 16 as the date for the public hearing on the CIP.
PUBLIC RECORDS AND BOARD OF COMMISSIONERS

The County Attorney stated that some time ago the Board had adopted a schedule with regard to how long emails and other public records were to be retained, as suggested by the State Department of Cultural Resources. He stated the interesting question was what a public record was.

Chairman Lucier stated an issue was the Commissioners having County-supplied email.

Commissioner Kost stated the bigger issue was that it would provide backup since County servers were backed up often, so the Commissioners who not have to get into the issue of what to save and what not to save, since everything would be backed up. She stated she did not have a computer that was capable of storing everything needing to be stored.

Chairman Lucier stated the Board in agreement that the Commissioners should have County email.

Commissioner Vanderbeck stated that certainly other counties did that, and all County email addresses was chathamnc.org, so that showed some continuity and organization.

The County Manager stated as part of that process, one of the ways that was most useful that would not involve personally-owned computers would be to provide every Board member with a laptop that would be connected to the County with a County email address that would be used for County business.

Commissioner Vanderbeck stated that a number of jurisdictions operated in that way. Ms. Paschal stated that would help with some of the issues experienced in the past with opening attachments and other issues, because the Commissioners would have up-to-date software.

Chairman Lucier stated then there were two issues, County email and laptops for Commissioners to be used for County business.

Commissioner Vanderbeck moved, seconded by Commissioner Thompson, to purchase five laptops for the Board of Commissioners to allow them to conduct County business and to have County email addresses assigned to each Commissioner.

Commissioner Kost stated she hesitated to spend any County dollars, but the issue was one of open government and accessibility, and if they did get a request for public records that it could more easily be provided through that method.

Commissioner Vanderbeck stated the laptops would be an investment that would be transferred to new Commission members as appropriate. The County Manager stated another strength associated with the laptops was that every time they updated the County’s software, the Commissioners would have the updates as well.

Chairman Lucier stated he believed it would solve issues surrounding public records, noting that had been a chronic problem. He stated he believed this was the most efficient way to solve those issues.

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

Chairman Lucier stated they would need to order new business cards for the Commissioners, and asked when the changeover would occur. The County Manager stated they would begin work on that this afternoon.

Debra Henzey, Director of Community Relations, stated it would be very easy to get the Commissioner’s email address set up. She said once that was done, they could send out a news release announcing that.

On another matter, Chairman Lucier stated that Chatham County’s unemployment rate had dropped from 6.4% to 6.2%, noting they were one of three counties of the 100 in the State that had experienced a drop. He stated they now had the fifth lowest jobless rate in the State, with Orange County being the lowest.
Commissioner Vanderbeck stated that Ms. Paschal needed volunteers to conduct the reviews of the non-profit boards. Ms. Paschal stated she would be sending that information to R. V. Hight.

NC CONGRESSIONAL DELEGATION LETTER

Chairman Lucier stated he would be signing the letter to the Congressional delegation, noting a draft had been provided to the Commissioners. He stated that letter outlined the County’s thoughts and desires regarding the stimulus legislation, noting he had added one revision that had to do with the “trickle up” approach discussed previously.

COUNTY MANAGER EVALUATION

Chairman Lucier stated the Board needed to schedule the evaluation of the County Manager.

Commissioner Kost stated they were past due on that evaluation, and suggested that they schedule a special meeting which would be an Executive Session.

Commissioner Vanderbeck suggested that the County Clerk evaluation be done sequentially on the same day.

The Board briefly discussed various dates and how those dates fit their various schedules.

By consensus, the Board set February 19, 2009, 8:30 AM as the date on which to hold the County Manager’s evaluation.

Commissioner Kost asked if there was any information or a work plan that could be provided to the Board ahead of time. The County Manager agreed to provide that.

ADJOURNMENT

Commissioner Cross moved, seconded by Commissioner Kost, to adjourn the Work Session for lunch with the North Carolina Cooperative Extension Service and for the presentation of their annual report at 12:01 PM.

George Lucier, Chairman

ATTEST:

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