

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
WORK SESSION
MAY 04, 2009

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 10:14 AM on May 04, 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; and Clerk to the Board, Sandra B. Sublett

The work session was called to order by the Chairman at 10:14 AM.

Work Session Agenda

1. **NC Save\$ Energy (NCSE):** Presentation by Jennie Renner-Yeomans, Field Coordinator for NCSE. NC Save\$ Energy is an initiative of a growing group of organizations to create an independent non-utility energy efficiency program. The effort is twofold: 1) Reduce energy consumption; and 2) Keep the savings in the hands of residential customers. For more information: www.ncsavesenergy.org
2. **US #64, Phase 2A Corridor Study:** Follow-up from work session presentation on April 20, 2009. Board of Commissioners has reviewed the study and this session is to determine response to the proposal (if any). BOC members have individually reviewed the proposal and will consider giving appropriate feedback to NC DOT.
3. **Chatham County/Cary Joint Meeting:** Board of Commissioners has reviewed possible agenda topics for the May 13th meeting and is expected to finalize their items of interest for the meeting with Cary. Staffs from Chatham County and Cary have listed the following as possible agenda topics:
 - ✓ Status of joint plan work
 - ✓ Storm water analysis update
 - ✓ Expiration of Cary’s annexation moratorium
 - ✓ Pending annexation legislation
 - ✓ Western wake regional partners WWTP
 - ✓ Tax issues for citizens within Town of Cary in Chatham County
 - ✓ DCHC-MPO membership by Cary
 - ✓ Cary interest in participating in Chatham/Orange joint planning group
 - ✓ Pending transfer of development rights legislation for Chatham County jurisdictions
4. **Lighting Ordinance Update:** Discussion by Board of Commissioners with possible consideration of whether to move ahead on a BOC goal to develop a lighting ordinance for the unzoned areas of the county. Model lighting guidelines are being developed through industry and stakeholder groups but no decision has been made. Public comments on a model lighting ordinance closed on April 10th and the proposed ordinance is subject to change after the public commentary on the model. The rewrite will likely take some time and then there may be additional public comment period. So, the main question for BOC is whether to wait or move forward and adjust as needed later.

5. **FY 2009-2010 Recommended Budget Presentation:** Presentation of the recommended budget for fiscal year 2009-2010. Public hearing dates for the budget are May 18, 2009 in Pittsboro and May 21, 2009 in Siler City. Work sessions will follow beginning June 1, 2009. Target date for adopting the budget is June 15, 2009.
6. **Closed Session:** Closed Session to discuss economic development

NC SAVE\$ ENERGY (NCSE)

County Manager Charlie Horne introduced Ms. Renner-Yeomans, Field Coordinator for NC Save\$ Energy (NCSC), which was an initiative of a growing group of organizations to create an independent non-utility energy efficiency program. He said their effort was twofold – to reduce energy consumption and to keep the savings in the hands of residential customers.

Jennie Renner-Yeomans provided the Board with a brief history regarding NCSC and their efforts to create an independent Statewide energy efficiency program which would provide funding for the modernization of low to moderate income households with poor quality housing that use a disproportionate amount of energy to heat and cool their homes. She explained that Chatham County was the first to be approached with their proposal, noting NCSC had recognized that Chatham County was a critical area in pushing the State to address such issues.

Ms. Renner-Yeomans stated their proposal had just been introduced in the House with 21 co-sponsors with Senator Blue as their primary sponsor, and if passed it would be governed by a board of 11 members. She stated it would be funded initially by a \$2.00 rider on utility bills and families at a certain income level would be exempt from that fee. Ms. Renner Yeomans said the program would provide grants to programs that weatherized existing homes, which in many cases would create new “green” jobs.

Commissioner Vanderbeck asked Ms. Renner-Yeomans to comment on other states using such a program. Ms. Renner-Yeomans stated that North Carolina would be the seventh state to adopt such a program, and their proposal was based directly on those programs that had worked in other states to create green jobs and save residents money on their utility bills. Commissioner Vanderbeck what the other states were. Ms. Renner-Yeomans replied New York, Vermont, and California, but she could not remember the other three at present.

Commissioner Vanderbeck asked if the bill were passed, then would they have to appoint a public/private entity like NC Green, who would use the funds for alternative energy. Ms. Renner-Yeomans stated the bill would create an independent agency funded through utility bills and other methods. Commissioner Vanderbeck said then that was not unprecedented in that it had been done before.

Commissioner Kost said she had understood that all utility companies in the State would collect that \$2.00 from all residents that were not exempt, and asked how much money that would generate. Ms. Renner-Yeomans replied \$60 million. Commissioner Kost asked how that would be administered other than through the created board and its role. Ms. Renner-Yeomans stated it would be the board’s discretion to determine the number of staff needed, but no more than 10% of funds collected could be used for administrative costs. Commissioner Kost stated then the remaining \$54 million would be used for direct energy saving projects. Ms. Renner-Yeomans said another 10% would be used to provide grants through the program. Commissioner Kost asked would any of the funds be used for education. Ms. Renner-Yeomans replied yes, it would be included in that 10%.

Chairman Lucier stated then \$54 million would be available for weatherization programs. Ms. Renner-Yeomans replied she was not exactly sure how the funds would be distributed each year, or if some of the funds would be carried over each year or all of the funds spent each year. She stated she would check into that.

Commissioner Vanderbeck stated he believed that those funds could be used in conjunction with stimulus funding. He stated he had spoken at a Utilities Commission meeting a year or so ago on the Save-a-Lot program, and Duke Energy had said it could only save them 2% by 2018, while critics had mentioned you could get at least a 10% savings or perhaps up to 19%, so those programs were radically different in that respect. He asked if NCSC would offer any

reduction in a certain time period as compared to Save-a-Lot. Ms. Renner-Yeomans stated she was not sure about the amount of energy it would save, but it would save enough to prevent energy bills from doubling. She said there were statistics that indicated the savings would allow 7 to 9 existing coal plants to be closed, so they expected the impact to be dramatic.

Chairman Lucier stated the programs for weatherization would be limited to low and moderate income families. Ms. Renner-Yeomans stated they did expect to be able to serve a wider range of families than the stimulus funding provided for, but this program would also supplement that stimulus funding. Chairman Lucier stated this program also was more money, in that the stimulus funding for all energy programs was \$77 million total, and this program would generate \$60 each year.

Commissioner Kost stated that Chatham County had to compete for stimulus money through grant applications, whereas larger jurisdictions just got the money outright. She asked how they were going to assure geographic balance when allocating the funds, noting she wanted Chatham County residents to benefit from the program just as much as other communities, whether they were larger or not. Ms. Renner-Yeomans stated the board members would have certain criteria to follow and would have certain areas of expertise as well, but the bill did not indicate distribution by size or geographic location.

Chairman Lucier stated the issue with Chatham County was size, noting that with the stimulus funding if you were a large city you had a check directly written to you, but a smaller jurisdiction like Chatham County had to compete for everything. So, he stated, they would not be big fans of programs that were administered in that manner. Ms. Renner-Yeomans stated the mission of the program was to have funding distributed all across the State. Chairman Lucier stated there were many small jurisdictions and rural areas that were in need of that type of funding.

Commissioner Thompson stated in fairness, when considering any form of equitable distribution Chatham County would expect to receive a decent portion based on their needs. He asked would the money distributed for weatherization be a grant to families or would there be something required on the families' part. Ms. Renner-Yeomans stated one goal of the program was to look for innovative ways to create low to no-interest loans. Commissioner Thompson stated then they would not be grants, they would be loans. Ms. Renner-Yeomans said there was a possibility of both.

Commissioner Thompson stated there were already entities in the County doing similar programs, such as Joint Orange/Chatham Community Action, who received State funding to do weatherization for low and moderate income families, but those funds were grants. He stated that although he believed the Commissioners had some concerns, he wanted to be positive about the project and consider the resolution before them. Commissioner Thompson stated the resolution indicated the program would reduce global warming as well as reduce the carbon footprint through weatherization, and would also reduce or eliminate the need for building new coal or nuclear plants. He stated all of that as well as the creation of new green jobs was beneficial to the State economy and the County economy, and for that reason he would endorse adoption of the resolution.

Chairman Lucier agreed, noting that Commissioner Kost wanted to include another "Whereas" paragraph to the resolution regarding how funding was distributed to make sure it was not distributed inequitably as had the stimulus funding.

Commissioner Vanderbeck stated seeing who the lead sponsors were of the bill, he believed that parity issue would be addressed.

Commissioner Kost offered the following amendment: "Whereas support by the Chatham County Board of Commissioners is given, only if the funding formulas are developed to ensure that Chatham County citizens equitably benefit from this program."

Commissioner Thompson moved, seconded by Commissioner Vanderbeck, to the adopt **Resolution #2009-43 of the Chatham County Board of Commissioners in Support of the NC SAVE\$ ENERGY** with the amendment as offered by Commissioner Kost, attached hereto and by reference made a part hereof. The motion carried five (5) to zero (0).

US #64, PHASE 2A CORRIDOR STUDY

Chairman Lucier stated at the April 20 meeting David Wasserman had presented the latest update and several issues had been raised, and there had also been two public input sessions held, one of which Commissioner Vanderbeck had attended. He stated the decision today was whether or not to prepare formal comments to DOT that articulated their concerns.

Ben Howell, Planner, stated he had provided the long-term alternative maps that showed the preferred long-term solution as proposed by DOT. He stated he had gotten a memorandum from the lead engineer on Friday that included the comments from Chatham County residents from both the Apex and Pittsboro workshops, which had been sent to the Commissioners as well.

Chairman Lucier stated first they needed to decide whether or not to send formal comments and if so, what those comments would be. He stated issues included how that would affect their current attempts to zone corridors, and how it would affect existing owners of that property who were basically kept in limbo for a 25-year period. Chairman Lucier stated no funding had been allocated for the project, but if you were a landowner near one of those intersections you would be affected. He stated another issue was how the Planning Board would make recommendations to the Board regarding zoning at those intersections because whatever they did they would potentially be overruled by DOT. Chairman Lucier said other issues included the ingress/egress of the fire station, their ability to take economic advantage of Jordan Lake, and it was not to their economic benefit for people to be able to get through Chatham County as quickly as possible.

Mr. Howell stated that DOT had stated that one of their goals for the study was that once they came up with the preferred long-term alternative and the preferred short-term alternative that they would like to see the local governments design a Memorandum of Understanding. He said he believed they wanted Chatham County to say that they agreed with the vision for the corridor and for Chatham County to start enforcing that vision, meaning that as development occurred in the corridor that the County begin requiring reservation of rights-of-way so that DOT would not have to purchase additional rights-of-way in the future.

Commissioner Kost stated the problem for her was that the project was not funded, and they also knew the condition of the State and the Highway Trust Fund. She stated because there was no money for the project, she was concerned that in future the State would try to change the legislation and toll road the corridor. Commissioner Kost stated she also struggled with the fact that they were being asked to make land use decisions now for a highway that was not funded and at the earliest they were looking 15 or 20 years in the future, so what would a landowner do along that corridor if they wanted to do something with their land. Mr. Howell stated that had certainly been a major issue, and he had already heard from two landowners who had reported problems with trying to sell their land simply because of that study. He stated those landowners knew that the study could potentially take a large chunk of their land, and it appeared that DOT was not saying that most of the long-term solutions, which was to convert SU 64 into an interstate-style road, would likely not happen until after 2040.

Chairman Lucier asked was this included in the 2035 Long Range Transportation Plan. Mr. Howell responded the MPO's 2035 Long Range Transportation Plan did not come down US 64, and therefore it was in the RPO's area. Chairman Lucier asked then was it in the RPO's Long Range Transportation Plan. Mr. Howell stated they did not currently have a transportation plan, but had a Comprehensive Transportation Plan that each county adopted for that county. He stated that Chatham County was in line with the RPO for a Comprehensive Transportation Plan, but they could not start theirs until Orange County and Moore County had completed theirs.

Commissioner Vanderbeck stated he believed that Moore County was the only county currently ahead of Chatham. Mr. Howell stated he believed that Orange County had started theirs because they had received a transportation planner from DOT to specifically work on that. He stated that Moore County should be starting their Plan at any time, and Chatham County was next in line but would likely not be started until sometime after May of 2010.

Chairman Lucier asked was it in CAMPO's Long Range Transportation Plan, since that was in part of their jurisdiction. Mr. Howell stated he did not know. Chairman Lucier stated he did not believe that it was, and that things in the Long Range Transportation Plan may or may not get funded, but things that were not in it were certainly not likely to be funded. He stated

that 2040 was perhaps an early estimate, and that was over 30 years from now and they were being told to tell people what they could and could not do with their property because of something that may or may not happen. Mr. Howell stated as part of the study that early on the County had been provided with some reports which included traffic studies. He stated that DOT believed that if the corridor improved to what they would like to see with the long range alternative, then their goal was for the US 64 and NC 49 corridor from Wake County all the way to Charlotte to be able to take 15,000 or more cars a day off of the I-40 and I-85 corridor. Mr. Howell stated DOT's hope was that by moving traffic off of those two corridors from Wake County to Charlotte that those corridors would last longer.

Commissioner Vanderbeck stated then there was a hidden benefit in that the County may get more air mitigation funds with all that traffic. Mr. Howell stated that much more traffic would certainly be of concern, noting the corridor now had estimated traffic at between 5,000 to 10,000 day, and DOT was estimating that could rise to over 50,000 a day when the long-term alternative was put in place.

Chairman Lucier stated that the Board's comments were due tomorrow. Mr. Howell stated that had been extended to the end of the month. Chairman Lucier said he did not believe they necessarily had any objections to the short term plans, but with the long term plans they needed to be careful how they worded their comments.

Commissioner Kost stated she did not believe that they had even considered shifting any of the intersections. Mr. Howell stated that County Planning staff had worked with DOT and a consulting engineering over a year ago on the 751 intersection, and they had talked about shifting that entire intersection to the west to avoid the historic property located there. He stated they had shown that as an alternative, but when that had been taken to the Corridor Development Team Meeting that alternative had been overruled, mainly by Wake County representatives, who had noted that the additional cost of moving that intersection should not be considered because they believed the historic property would not remain historic forever.

Chairman Lucier proposed that Mr. Howell draft something for the Board to look at for the May 18th meeting that captured all of their concerns, and then they would discuss it and perhaps make minor adjustments before sending it to DOT. Mr. Howell stated that he had spoken to the County Fire Marshal about the fire station on US 64, and he had pointed out on a map the area that station covered, and from that map it appeared that there were about 50 to 80 homes in The Preserve that would fall out of one of their fire insurance protection levels, and that those homes would either lose insurance altogether or their insurance rates would go up by as much as 50%.

Chairman Lucier stated it would be helpful to have the Fire Marshal put that in writing. Mr. Howell said he had asked for that and was waiting for it to be provided.

Loyse Hurley, citizen, asked what happened if Chatham County was to just say no, and perhaps they would want to have some members of the Corridor Task Force involved in drafting comments to the DOT.

Chairman Lucier asked had she been a member. Ms. Hurley replied she was not. Chairman Lucier stated he believed that would be a good idea. He asked Rita Spina to contact John Graybeal and work with him on the draft for the next meeting. Ms. Spina replied she would be happy to do so.

Chairman Lucier stated as far as Ms. Hurley's question, they might very well just say no as far as the long-term plan, but at the same time they did not want to say no to upgrades to the intersection so they needed to be careful in what they said.

Commissioner Vanderbeck stated he believed the DOT had had its share of problems but it had a huge budget. He stated his question was what about public transportation in the plan, asking what were they doing about light rail, buses, HOV lanes and the like. Commissioner Vanderbeck stated that sidewalks along highways to get you to particular places were great, but did they need to have them on this particular highway. He stated such sidewalks would need to have parking lots, and he saw no plans for any parking in the future plans. Commissioner Vanderbeck stated it was easy to condemn or buy property along those roads, but was that where they really wanted to have sidewalks or exercise paths. He stated when they responded to the

plans, he believed they needed to keep all of those elements in mind and perhaps respond to the federal DOT as well as the State DOT.

Chairman Lucier stated he had no problem with distributing the Commissioners comments widely.

Commissioner Vanderbeck stated the cost was the issue, and it had been mentioned at the hearing that perhaps developers could help pay for the access road or some other feature, so there was already that creative shift of responsibility for funding. Mr. Howell stated it had been brought to the DOT's attention many times about the lack of multi-model options in the Study, and even though there may be some room for rail in the median area there would be a problem over the lake around the bridges because part of the long-range alternative was actually shifting the eastbound lanes over the lake more into the center of the median to add that multi-model path for pedestrians and bicycles.

Chairman Lucier stated one way of articulating that would be to say that too often those modes of transportation were viewed as secondary to the road itself, and they should be a part of the primary planning.

CHATHAM COUNTY/CARY JOINT MEETING

Chairman Lucier stated the joint meeting was scheduled for May 13, and today's agenda included a list of possible topics proposed by Cary. The County Manager stated Cary and the County's staff had put that list together for discussion. Chairman Lucier asked for comments from the Commissioners, noting that some of the topics could be blended together.

Commissioner Thompson stated he believed the list to be comprehensive and reflected what the Commissioners had discussed in the past.

Chairman Lucier suggested that if the Commissioners were comfortable with the scope of the topics, then perhaps he and the Manager could talk with Cary and formalize the agenda.

Commissioner Vanderbeck said he was pleased that Cary had been very supportive of the Jordan Lake Rules. Chairman Lucier agreed, noting that Apex, Chapel Hill, and Orange County had been supportive as well.

Commissioner Kost asked about the location of the joint meeting. The County Manager stated he would try to confirm that this week, noting he believed Cary had reserved The Carolina Preserve.

Chairman Lucier stated he would like to talk to Cary's Mayor and Manager soon so that they could put out a notice of the meeting with the list of topics. The County Manager stated he would try to get the location locked in as soon as possible.

Chairman Lucier suggested broadening the topic listed as DCHC-MPO membership by Cary to transportation issues including involvement of Cary in the DCHC-MPO.

Chairman Lucier asked about the time for the joint meeting. The County Manager stated he believed it would be 6:30 p.m.

LIGHTING ORDINANCE UPDATE

Jason Sullivan, Assistant Planning Director, stated that staff had been directed to draft an ordinance based on the standards that were currently located in the Zoning Ordinance; that since that time staff had received a directive from the Board to wait until after the public hearing in regards to changes to the standards for lighting classifications which would impact the Lighting Ordinance as well as the Zoning Ordinance; and, it had been on hold since that time. Mr. Sullivan stated the issue now was that model lighting guidelines were being developed through industry and stakeholder groups, and public comment on those model guidelines had closed on April 10. He stated the rewrite would likely take some time and then there may be an additional public comment period. Mr. Sullivan stated that Bob Henderson would be attending a Lighting Association meeting the third week of May, and may be able to provide some additional information after that time. He stated the main question for the Commissioners now was

whether to wait until they knew what the changes would be or to move forward and adjust the County's ordinances later as needed. He said one concern was the amortization standards for gas stations and canopies, and whether or not the new standards would change how those canopies were evaluated.

Chairman Lucier stated the concern was that if people replaced those canopies, they may have to replace them again. Mr. Sullivan replied yes, and whether or not the amortization schedule would have to be changed. He stated the schedule now was five years for zoned areas, so they would need to look at it on a County-wide basis.

Commissioner Vanderbeck stated he was not too hopeful that they would get any additional information from the Lighting Association meeting, and bearing that in mind he saw no problem with moving forward and making changes later as necessary. He stated the climate was good to move forward now and get those protections in place. Mr. Sullivan stated another issue was that Mr. Henderson had indicated that even if the standards were ready to go today it would take three to six months for the industry to change all of its technical specifications.

Commissioner Kost moved, seconded by Commissioner Vanderbeck, to proceed with the Lighting Ordinance, applicable Countywide. The motion carried five (5) to zero (0).

Mr. Sullivan stated they would work out the technical details with County Attorney Jep Rose and get a draft back to the Board as quickly as possible.

FY 2009-2010 RECOMMENDED BUDGET PRESENTATION

The County Manager stated that they were pleased to present the FY 2009-2010 Recommended Budget and provided the following brief comments:

- total property valuation was \$8.5 billion
- one penny would generate \$826,264
- revaluation revenue neutral tax rate proposed was 60.32 cents
- anticipate generating \$50,843,494
- total recommended General Fund budget was \$80, 995,539
- total recommended Water Fund budget was \$6,272,970
- total recommended Waste Management budget was \$3,691,291

The County Manager stated that this a revaluation year and the budget had been difficult to prepare due to the instability in the State and the national economic situation. He stated staff had done a stellar job to make the budget as palatable as possible for everyone. The County Manager stated that included in the Recommended Budget was a situation report on the State which had been provided as a insert.

Renee Paschal, Assistant County Manager, provided the following PowerPoint presentation and comments on the FY 10 Recommended Budget:

Economic Conditions

- State has a \$3.2 billion (15%) shortfall, \$1 billion more than expected.
- County estimated shortfall in FY 2009 is \$458,000 (0.6%).
- Locally collected sales tax and development-related fees and permits are way down.
- Recovery expected to be sluggish; may take time to see here.

Comments:

- ◆ Difficult economic environment; hard to predict. Revenue assumptions are based on best advice available, but not on worse-case (if State decides to balance the budget on the backs of counties).
- ◆ We are in good financial shape. As long as the recession is not prolonged, we should be able to weather the storm. If longer, we will have to make deeper cuts.
- ◆ County shortfall is worse than predicted at budget retreat because of shortfall in sales tax, declining motor vehicle values, and withholding of ADM funds. Also helped by transfer of old 911 funds to general fund (over \$1 million) and 3M tax discovery.
- ◆ Our shortfall may be less because we stopped spending around the first of April to hold down expenditures, we had asked departments to hold back 4% as a contingency in case cuts were needed.
- ◆ Unemployment still trending below State and national levels.

- ◆ Erosion control fees down approximately 75% from FY 2008.
- ◆ Register of Deeds stamps down 42% from FY 2008.
- ◆ Locally collected sales tax trending almost 8% below State-wide sales tax.
- ◆ According to MLS data, we have a 20 months supply of housing on hand; so even when the economy turns around, it will take some time to start seeing increased construction industry (which is our future tax base); expect increases in the property tax base to be much lower than in recent years.

Highlights

- Total property valuation is \$8.5 billion, 15% increase in total tax base.
- The tax rate is set at revenue neutral: 60.32 cents.
- Departments asked to make budget cuts—overall 3% reduction in General Fund (7% excluding debt).
- Fund balance appropriation reduced to \$2.9 million (53% decrease).

Comments:

- ◆ New debt includes Briar Chapel Middle, Northwood High renovations, and Performance Building purchase.

Major Funds

- General Fund: \$80,995,467, a 3% decrease.
- Water Fund: \$6,272,970, a 19% increase (because of debt).
- Waste Management: \$3,691,921, a 7% decrease.

Comments:

- ◆ The Water Fund decreased 13% when debt is excluded.
- ◆ Debt: western transmission and group b projects.

Expansion (page 26)

Few recommended expansion (0.28 cents on tax rate).

- Library: Separation from Alamance County, savings of \$1,499.
- Sheriff's Office: Domestic Violence Investigator, \$30,356.
- Sheriff's Office: Criminal Enforcement/K9 Team Field Supervisor, \$23,331.
- Planning Department: Land Conservation and Development Plan Update, \$60,000.
- Planning Department: Transportation Planner Position, \$59,634.
- Emergency Telecommunications – Additional shift coverage, \$61,232.
- Management Information Services: Storage Area Network, \$0 (funded from capital reserve and fund balance).
- Waste Management: Forklift and ramp for baling recyclables, (partially grant funded) \$0
- Total: \$234,553 (0.28 cents on tax rate).

Commissioner Goals (Appendix D)

- Improved budget document.
- Improved department work plans.
 - Major improvements overall.
 - Several have posted VERY challenging measures that will only change over a long period of time.
 - Manager's Office gave most departments feedbacks on drafts at least two times.
 - However, a few departments still have a ways to go, so it is a work in progress.
- Land Use Planning
 - Funds Land Use Plan update.
 - Funds Transportation Planner.
 - Provides matching funds for bus service between Pittsboro and Chapel Hill.
- Fiscal Management
 - Revenue-neutral tax rate.
 - Department-identified savings (7% reduction from FY 2009).
 - School nurses proposal to be presented June 1.
 - No pay study implementation.
 - Continues 5-cent transfer to debt reserve.
 - Funds temporary budget position to assist with rotating review of departments.
 - Indexes nonprofit funding to increased property tax.
- Public Safety
 - Funds for temporary staff to ensure four dispatchers per shift.
 - Funds to retain two positions in Sheriff's Office.

- Fire Department budgets thoroughly reviewed; Fire Department rates set at or below “revenue neutral”.
- Personnel/Hiring/Staffing
 - Funds for a cultural competency survey, first step in providing cultural competency training.
 - No employees eliminated (one person transferred to another department).
 - Several positions “zeroed out”.
 - No employee pay raises.
 - No pay study implementation.
- Economic Development
 - EDC able to fund an administrative support position to ensure office is open during regular business hours (still cut county appropriation by 27%).
 - Business Incubator recommendation is forthcoming.
- Schools
 - Keeps all approved school CIP projects on track.

Comments: These are described more fully in the expenditure summary section (page 21). Budget document contains more detailed table of contents.

- ◆ Organizational charts for each department.
- ◆ A list of major responsibilities for each department.
- ◆ An explanation of each budget.
- ◆ A revenue and expenditure summary of operating funds.
- ◆ Flow charts on transfers in and out of operating funds.
- ◆ Updated work plans that, for the most part, have meaningful goals, objectives, and performance measures.
- ◆ Total budget for agencies funded from other sources (schools, community college, mental health, etc.).
- ◆ Total budgets for large departments (Health, Sustainable Communities, Sheriff, etc.) in Appendix E.

Mandated Services as a portion of County Budget (Page 236)

- **Mandated Services and Funding:** 15% of the county budget consists of spending that the County has no control over. The State and federal government mandate that the services be provided and also mandate how much the County must fund those services. Most of these services are provided by Social Services. Debt service is also included in this category.
- **Mandated Services, Discretionary Funding:** 58% of the County budget consists of spending on mandated services. While State and federal governments do not tell us the amount to spend, they do require that the services be provided. The County can choose what level it wants to fund the service. For example, the State mandates that counties fund current expense for public education. The only requirement is that this funding be “adequate.”
- **Discretionary Service and Funding:** 30% of the County budget consists of services that the County can choose whether to fund. However, this category includes services that the public considers essential, such as the 911 center, animal control, and local supplements for teachers. It also includes most administrative expenses of the County, which are required to provide mandated services, such as facilities management and fleet.

Comments:

- ◆ The Board has asked staff to determine the proportion of the County budget that is mandated. Based on a model used from Cabarrus County, staff determined that 73% of the County’s budget is mandated.
- ◆ Mandated costs are up from 70% in FY 2009.

Fund Balance

- Staff estimates we will use approximately \$460,000 in FY 2009.
- Stated goal is 20 percent; should be at 26.2 percent at the end of FY 2009.
- Recommending an appropriation of \$2.9 million in FY 2010; all earmarked for non-recurring expenses, including school capital outlay and CIP.
- Staff estimates fund balance will drop to 24% at the end of FY 2010.
- Five-year model shows fund balance will be above 20%.

Comments:

- ◆ Current expense currently breaks out ESL and Newcomers program.

Chatham County Schools (Page 73)

- Staff from the County and school system worked closely to develop the recommended budget.
- Fully funds school CIP.
- 0% increase in current expense, school has identified additional needs.
- Meets staff request to hold capital outlay to \$1 million; additional needs also identified.
- School system requests lump sum appropriations for current expense and capital outlay.

Comments:

- ◆ Ironically, economy has reduced expenditures, which increases fund balance as a % of expenditures. We need to be very judicious during this bad economy, as this is our cushion for any shortfalls.

Non-profit Agencies (Page 126)

- Manager made minor changes in Panel recommendations.
- Written recommendations from Panels will be provided.

Revenue Neutral:

A Definition

- The tax rate necessary to generate the FY 2009 tax levy, adjusted for average annual growth.

Steps

1. Determine the tax rate necessary to generate the FY 2009 levy: 56.66 cents.
2. Adjust by average annual growth (6.47%) since 2006 revaluation: 60.32.

Comments:

- ◆ We don't use FY 05 as the base year, because our property tax base grows about 4% each year. Instead, we factored in this growth for the FY 06 non-revaluation tax revenue.

Assumptions

- We will lose \$213 million in appeals, with \$160 million already processed (based on experience so far).
- Motor vehicle values decline 4%.
- Utility values decline 10% (recommendation of DOR).
- Business personal values decline 5% (actual).

Chairman Lucier thanked Ms. Paschal for her work on the Recommended Budget, noting she had done her best to incorporate the Board's goals under very trying economic conditions, and added thanks to other staff as well. He stated at this point this was the Manager's Recommended Budget and the Board had until June 30 to adopt a budget, and he was sure there would be some changes made as the Board went through the process. Chairman Lucier stated he was sure the budget would undergo a rigorous review due to the economic situation they were in, and they would be going over it in great detail. He stated there was five or six budget work sessions scheduled, the first one on June 1, and their intent was to adopt the budget at the June 15 meeting. Chairman Lucier stated a budget public hearing was scheduled on May 18 in Pittsboro and another on May 21 in Siler City.

Chairman Lucier asked were organizational charts provided in the budget. Ms. Paschal responded yes, and thanked Carolyn Miller for working with the departments to put those together.

Commissioner Vanderbeck stated the work staff had put in to reorganize the budget would prove beneficial beyond the upcoming fiscal year. He stated the new approach would help the departments to do self-assessments, and the public to understand what the budget contained.

Commissioner Kost agreed, noting it appeared that everything she had wanted to see in the budget was there. She noted that there were many major improvements to the budget document and offered her thanks to the staff, adding that she appreciated having the information readily available in order to make decisions.

Ms. Paschal stated that in the front of the budget document was a document called "Budget at a Glance" which provided some helpful and quick facts, serving as a reference page for readers.

Chairman Lucier stated the growth rate of 6.47% was the growth rate of the budget over the past five years. Ms. Paschal stated it was the growth rate in property tax base over the past five years, now at \$8.5 billion. Chairman Lucier stated to put that in context, the 40,000 acres Chatham County had lost when Jordan Lake was taken, at \$20,000 an acre, was \$800 million, which was 1/10th of their total property tax evaluation that they gave up for the regional benefit of everyone in the Jordan Lake area. Ms. Paschal agreed, noting they did not receive nearly enough back from the government to make up for that loss which was about \$55,000 a year.

Commissioner Kost asked had they requested more. Ms. Paschal responded yes, and that she had estimated this year that they might receive about twice that amount although she had not budgeted for that for the next year.

Chairman Lucier asked did they make the argument that their current property evaluations for the property the federal government took was worth close to a billion dollars. Ms. Paschal stated they could make that argument.

Commissioner Kost asked that the County Clerk check the Web site for the public hearing dates, noting she had looked for them but was not able to find them. She said she wanted to make sure the dates, times, and locations were posted. Ms. Paschal said that the May 18 public hearing was posted, but was not sure about the May 21st public hearing in Siler City because the location had not yet been finalized.

The County Manager indicated that the Siler City meeting would be in the Courtroom. Ms. Paschal stated she would make sure the information was on the Web site. He noted the one in Siler City would be at 6 p.m., and the one in Pittsboro would be held at the regularly scheduled meeting time.

Chairman Lucier commented that the Recommended Budget kept their fund balance up above 20% for the next five years, but understood that each year that you moved out there was an expanding degree of uncertainty. He stated he believed the numbers were a little better than expected. Ms. Paschal agreed, noting it was because the General Fund had declined, and the percentage moved up when the General Fund went down.

Chairman Lucier stated that the budget did not include any employee salary increases. Ms. Paschal stated that was correct. Chairman Lucier stated then salaries were frozen at the current level.

Commissioner Kost stated she had noticed the addition of one new position, and asked was that the only one. Ms. Paschal stated there were two new positions besides the one in the Sheriff's Department that they were continuing to fund. She was there was the Transportation Planner position and the Library Services position, adding they had also zeroed out a number of positions. Commissioner Kost stated there was no net cost for the Library position due to help from Alamance County. Ms. Paschal agreed, noting there should be substantial savings next year because they would not have to purchase a courier.

Commissioner Vanderbeck stated the 5% transfer to Debt Reserve had already been figured in for the \$22 million plus for the three buildings, so that debt model was working. Ms. Paschal replied that was correct.

Commissioner Kost stated that needed to be revisited every year, noting that the difference between 1 cent on the tax rate this year and 1 cent on the tax rate next year was about \$100,000 times five which was \$.5 million being diverted from operating to capital simply because of the 5% earmark adjusted for revaluation.

The County Manager stated the Recommended Budget would be posted on-line and copies could be placed at the Library for easy access by citizens.

Chairman Lucier stated they would be meeting with the School Board on June 1st and would address their questions at that time.

CLOSED SESSION

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

WORK SESSION

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

ADJOURNMENT

Commissioner Thompson moved, seconded by Commissioner Vanderbeck, to adjourn the Work Session. The motion carried five (5) to zero (0), and the meeting was adjourned at 12:05 PM.

George Lucier, Chairman

ATTEST:

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