

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
REGULAR MEETING
MONDAY, MARCH 10, 2008
7:00 PM

Selection of Presiding Commissioner

Town Manager Bill Terry noted that because the Mayor and Mayor Pro-Tem were both absent due to illness, the first order of business would be to select a presiding officer for tonight's meeting.

Motion made by Commissioner Cotten seconded by Commissioner Baldwin to appoint Commissioner Walker as presiding officer for the purposes of tonight's meeting.

Vote Aye-4 Nay-0

Call to Order

Commissioner Walker called the meeting to order shortly after 7:00 p.m. and requested a brief moment of silence in honor of three young people recently murdered on college campuses as well as others needing prayer.

ATTENDANCE

Members present: Commissioners Pamela Baldwin, Clinton E. Bryan III, Chris Walker, and Max G. Cotten.

Absent: Mayor Randy Voller and Gene T. Brooks, absences excused due to illness.

Staff present: Bill Terry, Town Manager, Paul S. Messick, Jr., Town Attorney, Alice F. Lloyd, Town Clerk, David Monroe, Planner, and David Collins, Police Chief.

APPROVAL OF AGENDA

Motion made by Commissioner Cotten seconded by Commissioner Baldwin to approve the agenda as submitted.

Vote Aye-4 Nay-0

CONSENT AGENDA

The Consent Agenda contained the following item:

1. Approve minutes of the February 25, 2008 regular meeting.

Motion made by Commissioner Cotten seconded by Commissioner Bryan to approve the Consent Agenda.

Vote Aye-4 Nay-0

REGULAR MEETING AGENDA

CITIZENS MATTERS

Former Mayor Charles Devinney, 443 Oakwood Drive, stated that Commissioner Cotten would soon be ending his term on the Board and thanked him for his honorable service to the Town of Pittsboro. Mayor Devinney asked the Board to consider changing the Town's Charter to include a system of recall for elected officials. He said regarding the water issue, he was concerned about Harry Henderson's pond and the mud and other ingredients flowing down that creek which he believed was coming from builders. Mayor Devinney said it was time to do something about that. He said he also wondered why houses were being built so close to that creek, noting there should be buffers in place to protect it.

Mayor Devinney said regarding the recent election, he believed that Pittsboro had gotten "a raw deal," and clarified that he was speaking about the first election. He said the County had added the Land Transfer Tax to the ballot and he believed that had interfered with Pittsboro's election. Mayor Devinney said that Pittsboro had paid for its election, and now they had to pay for another one, and someone needed to explain to the Town how that had happened. He said he believed that it was the County's fault, and was possibly done on purpose. Mayor Devinney said he hoped that Pittsboro would take aggressive actions to see that it never happened again. He said the citizens deserved to have an election that had no interference from another election.

Mayor Devinney said another issue he wanted to bring up was a pamphlet he had received that indicated Pittsboro had unsafe drinking water, and asked the Board if Pittsboro's water was unsafe to drink.

Commissioner Walker stated not to his knowledge. Mayor Devinney stated that comment was a reflection on the Board, and did not believe it was right to say it if it was not so.

OLD BUSINESS

Commissioner Walker indicated that there was no Old Business to be discussed this evening.

NEW BUSINESS

1. Introduction of New Police Officers

Town Manager Terry stated they had experienced a considerable amount of turnover since he had become Manager in October 2007, and Police Chief David Collins had done an excellent job of recruitment and finding qualified replacements to fill that gap.

Chief Collins introduced four new police officers: newly promoted Sergeant Marcus Huston, new hires Travis Thomas and Edwin Swain, and new Domestic Violence officer Leisa McCollough.

Officer McCollough described her experience in the area of domestic violence, and indicated she had already met with officials from the Family Violence/Rape Crisis Center. She said they were discussing options to raise funds for domestic violence, and she had already investigated two cases of domestic violence. Officer McCollough said she was glad to be in Pittsboro and was very pleased to have been selected to serve in her new position.

Manager Terry stated there was one additional new officer who was unable to attend this evening, but would start work tomorrow. He said that officer would be introduced to the Board at a later time.

Commissioner Walker stated that he had talked recently with Planner David Monroe regarding the offset of the buffer that Former Mayor Devinney had talked about on Park Drive. He asked Mr. Monroe to offer some comments regarding that. Planner Monroe said that water body ran parallel to Park Drive, that it was an intermittent stream, and that it had a 30-foot buffer. He said all of the structures being built near the creek were being set back at least 30 feet from the stream bank.

Commissioner Walker asked why the stream was considered to be intermittent. Planner Monroe responded that the creek carried water only after a storm.

2. Review of Future Challenges Facing the Town of Pittsboro

Commissioner Cotten provided the Board with a summary of the issues he had brought before the Board over the last 18 months, noting these were issues he believed the Town should be addressing. Following is the list provided by Commissioner Cotten:

- I. Funding Water and Wastewater Infrastructure
Local Government Commission has to approve loans and issuance of bonds. Taxable property valuation is usually the primary factor in determining amount.
- II. Personnel
 - A. Employ Engineer.
 - B. Employ full-time Parks and Recreation Director.
 - C. Employ additional police, patrol officers to meet federal standards.
 - D. Employ additional clerical staff.
- III. Facilities
 - A. Renovate Community House and expand its use.
 1. Museum.
 2. Visitor Center.
 3. Passive recreation.
 - B. Expansion of Town Hall.
 - C. Police Department.

- IV. Update Charter
 - A. Create electoral districts.
 - B. Clearly define duties and responsibilities of Mayor.
 - C. Create water and wastewater district.
 - D. Make any other changes needed. It does not appear to have been updated since written in the 1970's.
- V. General
 - A. Update general ordinances.
 - B. Develop long-range street and sidewalk policies and plans.
 - C. Consider assessments for sidewalks.
 - D. Consider forming advisory boards in areas such as:
 - 1. Historic preservation.
 - 2. Long range planning.
 - 3. Beautification.
 - 4. Economic development.
- VI. Chatham County
 - A. Chatham County and 3M should pay complete cost of reuse lines and storage tank. Grants awarded to Pittsboro should be used for upgrading sewer plant.
 - B. A new Memorandum of Understanding should be written concerning:
 - 1. Sale of potable water to Chatham County.
 - 2. Sale of reuse water to Chatham County.
 - C. The proposed park at 3M should be turned over to the County for construction and operation.
 - D. Reuse water for 3M should be sold to Chatham County on cost plus profit basis. County could then give 3M a discount.

Commissioner Cotten commented on his list, noting that the four items listed under Item IV, Update Charter, were of the utmost importance. He stated that his list was his opinion only but the Town Board would be called on at some point to act on them. Commissioner Cotten said he had always been concerned about the situation with 3M, and said that Chatham County and 3M should pay the complete cost of reuse lines and the storage tank and that the Town of Pittsboro should not be involved in that at all.

Commissioner Cotten stated that the \$500,000 grant would barely scratch the surface of paying for the park at 3M. He said that park was about 3 miles outside of Pittsboro, and as a citizen he would be very upset if those funds were spent for that facility. Commissioner Cotten stated that reuse water for 3M should be sold to Chatham County so that the Town was not involved in "corporate welfare."

3. Pittsboro Water Distribution System Briefing

Manager Terry stated this briefing was precipitated by the recent discussion regarding the frequency of dead end lines in the system and the project for disinfection byproduct reduction. He said he had asked Jay Johnston with Hydrostructures to investigate that as well as to look for opportunities where dead end lines that were in close proximity could be looped or connected.

Jay Johnston, with Hydrostructures, stated they had begun with a hydraulic model that could be used to predict the impact in the water system from new developments coming on line. He then noted key points that were contained in the memo provided with the meeting materials:

- The Town distribution system is split into two pressure zones: 565' and 679'. The 565' zone is served by the million gallon ground storage tank (MG tank) and the Horton tank. The 679' zone was served by the Chatham Forest tank (CF tank), comprising a one-half million gallon tank. However, only the upper 20% of the CF tank provides useful storage, only about 100,000 gallons, and this is becoming an operational limitation.
- The distribution pumps at the water plant feed the CF tank which in turn feeds the MG tank when the altitude valve calls for it. Herein lays the problem. The CF tank, with the smallest effective volume, is doing all the work. Outflow from the CF tank is dramatically higher than that from the MG tank and the Horton tank combined. The effect is minimal turnover in the MG tank, an issue that has long been considered a contributor to the THM issue.
- Town management during the conception of the CF tank project believed that the WTP distribution pumps could be used to fill the CF tank and this is indeed how the system currently works. A better operational mode would be to go back to feeding the MG tank using the distribution pumps and install a booster pump at the MG tank to fill the CF tank. This would put the distribution pumps under lighter duty lending to potentially greater longevity. It would cycle water through the tanks better, potentially improving water quality, and it would allow the CF tank to be filled faster and maintain a proper level more often.
- This improvement may very well help to improve water quality but is also a key element in future system improvements that will be needed to accommodate increasing system demand. This improvement needs to be made.

Commissioner Walker said with their THM problem, if he had to look at it as a percentage of potential source by switching it as Mr. Johnston had suggested, did he feel that it would alleviate a good bit of the THM problem. Mr. Johnston said the million gallon tank was likely on the order of about half the Town's water, the other half being in the pipes underground. He said changing it as he had suggested would absolutely improve turnover in the system. Mr. Johnston said changing the way you managed those two tanks and putting in the booster pump was imperative to running the system as it grew. He said he could not answer the question regarding percentage of potential source because it was a chemistry question that he had not addressed.

Commissioner Walker said if the Town decided to go in that direction, did Mr. Johnston have any idea of the dollar cost and how long it might take. Mr. Johnston stated it would be a fairly short project, easy to design and easy to permit, and likely on the order of \$25,000 to \$50,000.

Commissioner Walker asked if the Horton tank was being drained more frequently. Mr. Johnston stated that the Horton tank and the MG tank were at the same high water elevation. He said in theory their water levels would mirror each other, but there was a lot of head loss happening.

Commissioner Walker asked if anyone had checked the MG tank for potential THMs. Frank Efir, Water Plant Manager, stated that they had taken individual samples in the past and the

numbers were almost the same as the CF tank. He said the samples had been taken in the winter during low flow periods with the tanks almost full with little turnover. He agreed with Mr. Johnston that there was not much that could be done if the water was just sitting there.

Commissioner Cotten asked where the four testing points were where samples were taken for the State. Mr. Efird said they had one site that they were required to sample that was designated as the maximum residence time in the system, and the State had designated that as Pittsboro Christian Village. He said they had 10 other sites that they routinely sampled on a rotating basis in order to get a representative sample.

Commissioner Cotten stated the Pittsboro Christian Village was a dead-end line. Mr. Efird agreed.

Commissioner Baldwin asked if that was one of those that always tested positive for THMs. Mr. Efird said it always tested high, noting they had done a sampling last quarter and the total THM content was .082 which was an average of all four sites. He said the State regulation was .08, so they had missed that by .002 with minimum flushing. Mr. Efird said there were only two sites during the last quarter that violated the THM regulations, and they were Town Hall and Pittsboro Christian Village.

Mr. Johnston stated the start of THM formation was organics in the water, and doing anything in the distribution system to improve turnover was doing nothing to address the organics in the water. He said the water treatment plant was old and its efficiency was decreasing due to its older technology. Mr. Johnston said that improving organic removal efficiency at the plant may be better than changing the way you manage your distribution system.

Commissioner Walker asked if Mr. Johnston was leaning towards chloramines. Mr. Johnston responded no, stating there were methods to improve existing filter basins and there was always plant upgrades.

Commissioner Baldwin asked did that mean newer technology. Mr. Johnston said that changes needed to be made in how they managed their distribution system, that turnover did nothing for the organics in the source water, that switching to chloramines also did nothing to address the organics, and if you could reduce the organics in the source water you were reducing the very first ingredient that formed THMs.

Jim Hinkley asked what can be done about the taste, noting the taste of water in his neighborhood was "fishy." Mr. Efird replied that one of the first things they had to do was turn the water over, noting the longer water sat in the pipes the more it would absorb whatever was in the pipes. He said there were treatment processes that could be implemented to help with that, and they were in the process of doing that. Mr. Efird said the easiest and least costly thing the Town could do was to flush the pipes and keep the water moving.

Responding to a statement by Manager Terry, Mr. Efird said that if chemical balances were maintained you would notice a big difference in the taste of the water.

Commissioner Baldwin said if they went ahead with the potential boost referred to earlier, that would get the water flushed more efficiently. Mr. Johnston said that was correct.

Mr. Johnston then explained the impacts of Crosland Development and other growth, noting that they had used their modeling software to project those impacts. He said there was key language in the Code that you were modeling to, which said in part that tanks shall be designed to an elevation such that in peak demand the system would provide 30 psi throughout, and under fire demand the system would provide 20 psi. Mr. Johnston stated that if any place in the model did not meet that language, then it was considered to have failed and improvements had to be made so that it would not fail if the proposed development took place.

Mr. Johnston said they had found that areas below 600' of elevation were very hard to serve; in fact going downhill towards the middle of the development you hit the 500' elevation and improvements would have to be made in the system to serve the people living in that area and meet the Code requirement. He said what they had found was that they were struggling to provide service at elevations above 500' and utterly failing at elevations above 600'. Mr. Johnston said they had then looked at modeling improvements that would keep it from failing.

Mr. Johnston said there were three primary system improvements needed in the short term with a fourth more distant improvement as development increased.

- When service was extended from Russell Chapel Road to the Crosland Development, the water main should be further extended along Old Graham Road so that a connection through Powell Place could be made. This new recommendation makes better use of the two pressure zones, provides a second transmission route into Town and requires a shorter run of pipe. This would improve service in the higher elevations around Powell Place and Northwood High School.
- Place a booster pump station at the base of the MG tank to fill the CF tank. This would promote turnover in the MG tank and better utilize the existing distribution pumps as well as more effectively maintain proper water level in the CF tank. With increased development pulling from this tank, this volume limitation would become more important. The entire northwest service area would pull from the CF tank.
- Replace the CF tank with an elevated storage tank to increase the effective volume, at a higher elevation of about 700' to alleviate isolated areas of deficient pressure. A good candidate location is the hilltop to the immediate east of the current tank location.
- Erect a new tank at about 700' of elevation in the northwestern area to provide storage where it would be needed in the northwestern growth corridor. Without this tank, an alternative solution would be required to meet the fire protection requirements for elevations above 580' in the northwest area, including Crosland.

Commissioner Walker said before the CF tank came on line, they were pumping to the MG tank. Mr. Johnston said that was correct. Commissioner Walker asked would the booster line be the same line or a different line. Mr. Johnston said the old lines were sufficient as long as they did not break. He explained that there was a control valve halfway up Chatham Forest that allowed the two pressure zones to connect, but to not allow the tank to overflow.

Using a drawing, Mr. Johnston explained that the CF tank put 80% of the storage below a useful elevation, which was why only 20% of the storage was useful. He said it simply was not high enough, and if that tank was at a higher elevation, approximately 700', then 40% of the storage would be useful. Mr. Johnston said that if the tank were placed on the hilltop just to the east of the CF tank, which was the highest elevation in Town at about 620', then that would be the same elevation as Fire Tower Hill. He said that tank would be taller and have more of its volume elevated.

Ricky Spoon stated they had talked about that tank in the past, which would be on his property, but no one had ever again approached him about it. Mr. Johnston, using another drawing, explained how that new tank would work and how it would allow the tank to meet the requirements of the Code. He said that at the top of the hill just to the east of the tank, the ground elevation was 25 feet higher; the pressure that the new tank could give to that area was 23 psi, meaning it would not meet the Code.

Commissioner Walker asked Mr. Johnston to reiterate what he had just said. Mr. Johnston said the pressure at the indicated ground elevation immediately to the east of the tank was only 23 psi.

Manager Terry asked was that even with the tank full. Mr. Johnston said yes, that it had to be 30 psi under peak demand, and it was only 23 psi under static. He said the tank could be almost anywhere north of itself, or anywhere along the bypass area.

Commissioner Walker said then the half-million gallon tank they had now would not work at Spoon Hill, and they would have less pressure because the tank went straight up instead of being on stilts. He asked had it been built on stilts would the situation be different. Mr. Johnston said if it had been built on stilts and the top of it was at a higher altitude, then yes, the situation would have been improved.

Manager Terry said it would have been possible to build more tank there at a different configuration. Mr. Johnston said that was correct, adding the standpipe that was there was in the range of what the tank manufacturers considered the maximum ratio of diameter to height. He said at the time the tank was conceived, it was viewed as inexpensive volume and it was. Mr. Johnston said that an elevated storage tank on legs like the Horton tank was considerably more expensive, comparatively.

Mr. Johnston, using a map, explained that the area in green would bump the demand up so much that they would have to have more storage, and it would have to be elevated appropriately. He pointed out a "struggle" area on the map, which included the AAC and the high school, noting the more demand on the system the more the head loss, and the more you were tittering on the edge of not providing the right residual fire pressure. Mr. Johnston stated these were improvements that almost had to be made if any development occurred in that area.

Commissioner Walker said earlier on in the conversation they were talking about the MG tank and reversing the way the water flowed from the CF tank to the MG tank, and taking it from the MG tank to the CF tank. He said if the Town was to build that taller tower on Spoon Hill, would he still want to run the water up. Mr. Johnston said absolutely, stating it was the most efficient

way to get water there. He said it was a ground storage tank and only 25 feet tall when standing at its base, but it was a massive tank that would provide pressure because it was up on a hill and the hill was tall enough to allow the tank to provide that needed pressure. Mr. Johnston said his point was that the water needed to be turned over more, and filling in with another tank was more efficient and provided the side benefit of turning the water over more.

Commissioner Walker said then that would or would potentially help with THMs. Mr. Johnston said yes, that it was helping now. He said flushing the system every day would help with that. Commissioner Walker said it would also help with fire pressure which was most important. Mr. Johnston agreed.

Commissioner Walker said regarding the Gaines property, he had asked that they bring the water line down to the most southerly entrance, and if they did that how many feet of pipe would that be and what was the estimated cost. Mr. Johnston said it would be roughly 3,000 feet, and it would need to be 12" pipe. He said including engineering and other costs, including the difficult construction under the bypass, the project may be \$100 per foot, or \$300,000.

Commissioner Walker asked if he would still recommend bringing that line down Old Graham Road to continue the loop, and would that also help with THMs. Mr. Johnston responded that the distribution was a "tangled web," in that it was not very well connected or looped. He said there was a lot of head loss in that sketchy connectivity so that those two tanks that could definitely serve that area did not serve it very well. He said to serve it would require a booster pump or another tank. Mr. Johnston said it was possible that the thing that really justified closing the loop on Old Graham Road was simply the need to serve customers.

Commissioner Walker said that would really depend on the population. Mr. Johnston agreed, adding he believed the determining argument might just be the number of customers to be served.

Manager Terry suggested that the Board take the information provided this evening and use it as a tool as they continued through the budget season. He said he would be looking at it in terms of priorities to be considered, including disinfection byproducts and other issues. Manager Terry said tonight's briefing highlighted some of the issues they would be facing.

Ricky Spoon said there was one possibility to put in a taller tank on what he called Cooper Ridge. He asked what the highest elevation was on the Indian Trace property. Mr. Johnston replied around 600'. Mr. Spoon said based on the 2007 study presented, he did not believe this was the time to do that, but asked would it help with the Gaines property. Mr. Johnston responded yes, noting that without a tower there and with the population center pulling water but not having an elevated source, it would hurt the area.

Mr. Spoon said another piece of property he was looking at was residential property across from the Gaines property. He asked about a possible tower in that location, and if it was higher than the Gaines property. Mr. Johnston said in a way the ground elevation did not matter, noting it was the high water elevation that was important. He said you would want to choose higher ground so that the tank was not as expensive.

Commissioner Walker said to clarify, Mr. Johnston had said that a water tank to the northeast would or would not impact the northwest, or the Gaines property. Mr. Johnston said it would impact it, but in a positive way. Commissioner Walker said but it would still be better to have a tank in that area as well. Mr. Johnston said the reason for that thinking was that it was the area that would be developed, but a tank anywhere in that vicinity would most likely serve the entire area in both directions. But at the present time, he said, they did not know which area would be the population center, and that was where they would want to put their storage.

Commissioner Bryan said to address some of their more immediate needs, had he identified any other areas that would be appropriate or feasible to loop now. Mr. Johnston said the simple answer was there was almost nothing in Town to loop that would help with pressure or THM issues. He said there were a few minor loops that could be done, such as at Potterstone Village and East Cornwallis, and on the back side of Willow Springs which would also add customers. He said the net positive would be just a little bit better pressure, especially for fire purposes, but nothing major.

Commissioner Baldwin asked if the booster discussed earlier would possibly help. Mr. Johnston said absolutely, that it would go in the same vein as the flushing being done now to give the water less residency time in the tanks and pipes.

Commissioner Baldwin asked what type of timeframe he would suggest to have those types of improvements in place. Mr. Johnston said when you bid a project like that you would likely put a three-month time limit on it, noting it could be constructed rather quickly. He said the pipes were already installed; it would take only a little reconfiguration and installing a vault with a pump in it. Mr. Johnston said it was relative simple, but they would still need an engineer.

4. Pittsboro Alcoholic Beverage Control (ABC) Board Briefing

Manager Terry stated they had received a communication from Michael Herring, the administrator of the State ABC Board, raising concerns regarding the ABC store in Pittsboro. He said he had asked their local ABC Board Chair to provide a briefing to this Board, and noted that the Commissioners may elect to send a delegation to attend the meetings between the State ABC Board and the local ABC Board. Manager Terry said that Mr. Sugg would provide some information of the impact of those meetings.

Harry Sugg, ABC Board Chair, stated they were grateful for the opportunity to inform the Town Board of the status of the store and the activities at and around the store. He then introduced the ABC Board members that were present: Henry Max Smith, retired from the UNC system; Samuel Powell, retired from IBM; and, Lillian Colomy, their interim manager, who had experience as a retail store manager. Her resume was included with the materials for tonight's briefing.

Mr. Sugg next provided some information about the financial condition of the store.

- The store is sound and they were realizing profitability in this year. He provided the February Balance Sheet for examination, labeled "A," the income statement

for February 2008 and the year-to-date, labeled "B," and the income statement for eight months ending February 29, 2008 as well as a comparison to 2007, labeled "C." He noted all of those documents were prepared by their bookkeeper/accountant, Faye Ward.

- A. Mr. Sugg called attention to February Balance Sheet, labeled "A." The total assets of the store = \$164,078.41. He noted the bank account balance of \$25,143.59 and the checking account balance of \$40,657.32. They were required by law to have \$18,000 minimum.
 - B. Total Liabilities = \$48,579.14; with Liabilities and Capital = to \$164,078.41.
 - C. On Page B, income for current month sales - Liquor = \$58,732.19. The year-to-date = \$479,588.28. Total revenues for the month = \$58,757.18 and year-to-date = \$480,354.92. Mr. Sugg called attention to page B at the bottom of the page where it stated the net income for February = \$4,825.15 or 3.21% and the net profit for year-to-date = \$39,293.51 or 8.18%.
 - D. On Page C and the following pages were numbers from their current month, February 2008, compared to this month last year along with the year-to-date numbers for this year 2008, compared to last year-to-date. He stated he believed the Town Board would agree that their financial picture was much improved over last year's year-to-date numbers where they were experiencing a loss of \$14,395.00.
- Staffing Situation and Stability: Mr. Sugg commented that the ABC Board considered their staffing to be sound, perhaps not fully trained just yet but with good potential. He said to operate an Alcoholic Beverage store required dependable, motivated, honest people with integrity; adding that not everyone could work in a store with so many temptations. Unfortunately the previous ABC Board and the present Board have had to go through a "weeding" process looking for those individuals who could live up to the standards required to operate the Pittsboro Store. The previous manager was not able to live up to those standards and in the interest of the store and the Town they had made a change. Mr. Sugg said it was unfortunate that State ABC Administrator Mr. Herring had used that recent change in personnel as a sign of poor management and had raised the possibility of the State ordering the store closed and/or merged with the County system. He said he would propose the opposite; it would have been gross neglect on their part to have not acted. He reminded the Town Board that when the previous Board appealed to the State ABC administrator last summer to help them by finding an experienced store manager they were unable to with the exception of the Chatham County Manager. Mr. Sugg said that Mr. Reives continued to help them on a part-time basis when the staff had a problem or needed training, and he was being compensated for that time. He said they have also had help at the State level from Ms. Lee who met with the present Board on its first meeting of the year. He said they had called on the services of Carolina Data to keep them trained and the equipment up-to-date.
 - In regards to Mr. Herring, he has requested a meeting with the Pittsboro ABC Board and any Town Officials to meet with him on March 12 at 10:00 a.m. in Raleigh before he makes a recommendation to the State ABC Commissioners on March 13.
 - Mr. Herring will want to know from us what is different now versus a year ago with the Pittsboro ABC Store. The following is their reply:
 - A. We have a new Board, a Board that has been involved with the store's operation and

its staff; a Board that almost daily drops by the store to check on or help out. They've already helped conduct the monthly inventory required to keep the books straight, with amounts to around 50,000 bottles at night.

- B. We have contracted Ms. Ward to be our outside accountant/bookkeeper to prevent manipulation of monthly statements.
- C. Ms. Ward presents to the ABC Board monthly financial statements with analysis of problem areas that need improvement.
- D. She processes our payroll and presents the checks with supporting documentation to be signed by a Board member. This eliminates the possibility for an unauthorized checks to be written.
- E. Payroll expense has decreased by reducing unneeded staff.
- F. Accounts Payable is presently organized and current.
- G. Accounts Payable checks are signed by a Board member.
- H. Neither employees nor the accountant has check writing authority.
- I. Tax reports are being submitted on time to the proper agencies.
- I. Additional security cameras and memory has been added to the store surveillance, resulting in one conviction of shoplifting.
- J. The store has been cleaned up, shelves reorganized, product filling the shelves, new labeling software, and labels updated.
- K. Bank accounts monitored daily on-line to verify deposits are made on time and accurately. Also counter checked by accountant.
- L. Sales have increased consistently with net profit to date of 8.18%.
- M. All employees are randomly drug-tested and new employees are background checked.
- N. Pittsboro ABC Board must approve the new staff persons before hiring.
- O. We have a new revised Store Policy Manual with better guidelines for all responsibilities, time off and disciplinary action.
- P. We have visited salaries and made adjustments to make us more competitive in the market place.
- Q. We are in planning stages for ways to remodel the store.
- R. We will and are evaluating our product on the shelf to be sure we have what the customer wants and will take a look at expanding our product lines as space allows.
- S. We are currently moving to a new card reader and processor that should save several thousand dollars in fees.

Mr. Sugg stated that this report provided the Town of Pittsboro with the status and activity of the local ABC Board. He said they would invite any questions the Town Board may have and any advice or instructions they might give them as they prepared to meet with Mr. Herring. Mr. Sugg said in terms of the merger question the local ABC Board had not yet reached a consensus about a recommendation, noting they were still gathering facts. He said that the previous ABC Board through Dr. Allen did approach the County but was unable to reach agreement with the County on the points they had thought were favorable to the Town and necessary for them to make a recommendation to the Town Board.

Commissioner Cotten commented that he had been attending the ABC Board meetings and was aware of the long hours that Board was putting in, all unpaid. He said he personally appreciated

their work, adding they had come a long way in a short period of time. Commissioner Cotten stated that Mr. Herring had indicated that he would like to have some member of the Town Board attend the upcoming meeting, and he would be happy to do so if it was the Board's will.

Commissioner Walker indicated the Board would discuss that after everyone had a chance to comment.

Commissioner Baldwin added her thanks to the ABC Board as well. She asked about the self-loan of \$500 from the petty cash fund. Manager Terry stated that was a personnel issue that could not be discussed in this forum. He said he would ask advice from the Attorney to make sure they were not violating any laws. Manager Terry said he did not believe this Board could go into Closed Session to discuss someone else's personnel issue or disciplinary action.

Commissioner Baldwin stated she was not attempting to talk about a specific individual, but was touching on the controls that were in place to prevent that in the future. Mr. Sugg stated the cash was borrowed from funds kept in the cash drawer of about \$1,200 at that time. He said they conducted unannounced audits, with two having been done since that incident. Mr. Sugg said the money had been replaced, they had reduced the amount of money on hand to \$700 to make it less tempting, and only kept money in the store that was for the cash drawer to make change. He said that everything else was deposited each evening. Mr. Sugg said they had realized that all the employees knew the combination to the safe, and that had now been changed with only core individuals having access.

Commissioner Baldwin asked how they had discovered the removal of the funds. Mr. Sugg commented that as he had said earlier, employees needed to have honesty, integrity and dependability, said the actions of the individual involved had destroyed that. He said they had become aware of the removal of the funds fairly quickly.

Commissioner Baldwin said that answered her questions regarding that particular situation, and believed that Mr. Herring would also want to discuss that incident. Mr. Sugg stated the State had made it plain for some time that they wanted to get rid of all the single board stores and have them merged. So, he said, they knew what their agenda was. Commissioner Baldwin said once the State became aware of the changes that had been made to improve the store, perhaps they would be satisfied. Mr. Sugg said that was their hope.

Commissioner Bryan thanked the Board for all they had done to turn the store around in the right direction. Mr. Sugg asked if the Town Board had any advice for them.

Commissioner Walker said his advice was to stand their ground. He said he had done some rough calculations regarding the financial information provided, noting that if you had many more liabilities than assets you would likely have to close your doors. But, he said, and the ABC Board had two and one half times the amount of current assets to current liabilities, which was a good amount. Commissioner Walker said his bank and others would consider this store to be a small business, with revenues not exceeding \$1 million. He asked how the 8.18% profit margin compared to other single stores. Mr. Sugg stated that Chatham County's profit margin the last year was 6.27% and the Siler City store was close to 7%, so they were above that.

Commissioner Walker said he had seen the numbers last year, and from a cash flow standpoint things had not looked right. He commended the ABC Board for turning the store around, and said from a banking standpoint he would not be afraid to make them a loan. Commissioner Walker said their working capital was four times what the State required, and was two and a half times their current liabilities. He said that was not bad for a small operation, and that many businesses would like to have an 8.18% profit margin.

Commissioner Walker said that Commissioner Cotten had offered to attend the meeting to represent the Town, and asked Manager Terry if he and/or Attorney Messick would also be attending. Manager Terry responded that this meeting was between the State ABC Board and the local ABC Board, and that would be the primary interaction. He said attendance by others would be a courtesy. He said he would be attending the meeting.

Commissioner Walker said in the meeting he would stress the finances, and what a turnaround they had accomplished. He said they should also stress the working capital was two and a half times their current liabilities. Manager Terry stated that Commissioner Brooks had called him just before this meeting and had shared his position on this issue. He said Commissioner Brooks had indicated that if it came to a decision by the State Board to close this store, his preference would be to close it outright and liquidate it and return that value to the Town rather than making it a County operation. Manager Terry said it may be premature to talk about that now, since they had not yet met with the State.

Commissioner Cotten said that the building actually belonged to the ABC Board; it did not belong to the Town.

Commissioner Walker asked Mr. Sugg if Siler City was under the same pressure, since they were a single operating unit. Mr. Sugg said he was sure they were, but they had been fairly profitable for a number of years so were likely safe from the kind of pressure this store was under.

Commissioner Walker said he wanted to keep stressing the remarkable turnover over a short period of time, noting that profitability was up \$52,000 over the previous year. He said he would also try to attend the meeting.

Several other Commissioners also said they would try to attend as well. Manager Terry stated he believed it was the sense of the Town Board that they wanted the local ABC Board to attend that meeting and make a case for continued operation as is; that they were doing a good job and wanted to continue to do that job. He said it should be part of the record that the Town Board wanted Mr. Sugg to attend that meeting and make that case to the State ABC Board that they wanted to continue to operate the store as it was now being operated.

Motion made by Commissioner Cotten seconded by Commissioner Baldwin that the local ABC Board should attend the meeting with the State ABC Board and to make a case for continued operation as is; that they were doing a good job and wanted to continue to do that job.

Vote Aye-4 Nay-0

Mayor Updates

Commissioner Walker noted there were no Mayor Updates since the Mayor was not in attendance.

Commissioner Concerns

There were no Commissioner concerns offered.

Other Information

Commissioner Walker asked Manager Terry if he had any comments regarding the budget. Manager Terry stated he had provided the Board with a financial statement, and indicated they were on track and were where they needed to be in the fiscal year.

ADJOURN

Motion made by Commissioner Cotten seconded by Commissioner Bryan to adjourn the meeting at 8:40 pm.

Vote Aye-4 Nay-0