

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
REGULAR MEETING
TUESDAY, MAY 26, 2009
7:00 PM

Mayor Randy Voller called the meeting to order at 7:00 p.m. and called for a brief moment of silence.

ATTENDANCE

Members present: Mayor Randy Voller, Commissioners Pamela Baldwin, Gene T. Brooks, Clinton E. Bryan, III, Hugh Harrington, and Chris Walker.

Staff present: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Attorney Paul S. Messick, Jr., Police Chief David Collins, Assistant Planner Paul Horne, Finance Director Scott Borrer, Public Works Director John Poteat, Anthony Rosser, Marcus Houston, Frank Efird, Lesia McCollough, and Mark Tirone.

APPROVAL OF AGENDA

Motion made by Commissioner Walker seconded by Commissioner Bryan to approve the Agenda as submitted by the Manager.

Vote Aye-5 Nay-0

CONSENT AGENDA

The Consent Agenda contains the following items:

1. Approve minutes of the May 11, 2009 regular meeting.

Commissioner Harrington stated that on Page 12, the second paragraph from the bottom, the sentence should begin with Commissioner Walker instead of Commissioner Harrington.

Motion made by Commissioner Walker seconded by Commissioner Baldwin to approve the Consent Agenda as amended.

Vote Aye-5 Nay-0

REGULAR MEETING AGENDA

Citizens Matters

Kevin Cox, 1916 Sunset Drive, Raleigh, stated that he wanted to address the 2007 development moratorium. He provided the Board with handouts and described the 2-story brick building on Main Street in Pittsboro in the historic district that was currently undergoing renovation. He said it was currently zoned as suitable for business, and their goal would be to provide that kind of space. Mr. Cox called attention to “before and after” photos of the building.

Mr. Cox said that from reading the language of the moratorium the objective was to prevent or at least temporarily prohibit development of major subdivisions, planning developments, and residential developments in the Town, and to direct and regulate the building of major residential subdivisions. He said it also said that the establishment of any new non-residential use requiring more than 1800 gallons per day of public wastewater was subject to the moratorium. Mr. Cox said their building, even though it was not a residential subdivision, planned development, or new residential building, it still fell within the moratorium.

Mr. Cox then provided the reasons why he believed the moratorium acted as a deterrent for future businesses and investors that would like to come to the Town of Pittsboro:

- It restricted the potential use of existing buildings.
- That 1800 gallons a day was equivalent to a 40-seat restaurant or to 72 employees in a retail or office space.
- It could lead to the elimination of certain kinds of businesses if there was a turnover in the kinds of businesses already in place in Town.
- The 1800 gallon limit also limited the possibility of new businesses in downtown Pittsboro.
- No consideration was given to building size or zoning when considering existing buildings.
- For this building, a 40-seat restaurant would occupy about 20% of the building and the remainder would be unusable under the moratorium.

Mr. Cox said the moratorium would be coming up for renewal this year, and he had a proposal that he believed would be more fair for existing buildings in the Town:

- Make existing buildings exempt from the moratorium.
- That new construction on undeveloped land should not be given the same designation as existing buildings.
- Another possibility would be to establish rules for existing buildings based on building size and zoning. The 1800 gallons per day was based on a 3-bedroom, two bath residential home, and rules should be established that could be realistically applied to existing buildings based on their square footage.
- Reconsider zoning of existing commercial buildings based on the square footage.

Mr. Cox said if you took a step back and considered what was already existing in the Town and what options for people like him who were trying to revitalize an older building, you could see

that the moratorium had handcuffed them from the standpoint of what could be done with the building, and did not believe that overall it was a good thing for the future of the downtown.

Commissioner Harrington said he believed that was a reasonable request and they should look carefully at that and other buildings in the downtown when considering the moratorium.

Commissioner Brooks asked Mr. Cox to provide his suggestions to Planner David Monroe, and Mr. Cox agreed. Mr. Terry stated he would make sure Mr. Monroe received those.

PUBLIC HEARING

Motion made by Commissioner Walker seconded by Commissioner Brooks to go into public hearing.

Vote Aye-5 Nay-0

- 1. An amendment to Section 4.2, Steps 2 and 3 of the Subdivision Regulations to clarify proposed park dedication and to codify the Parks and Recreation Advisory Board participation in plan review.**

Mayor Voller indicated that there were no persons present who wished to speak on this issue. Mr. Horne stated Mr. Monroe had provided a synopsis to the Board on the amendment. There were no comments or questions from the Board.

Motion made by Commissioner Brooks seconded by Commissioner Baldwin to close the public hearing.

Vote Aye-5 Nay-0

OLD BUSINESS

- 1. Manager's Update on Capital Projects.**

Mr. Terry provided the following update on Capital Projects:

- Disinfection Byproducts Reduction Project – They remain on schedule to make the transition to chloramination on Monday, June 8th. As directed by the Board, they have begun pre-testing water for baseline samples at about 15 locations in the Town. They would report the results and would repeat the tests at the same locations in 30 days and perhaps again in 90 days after the transition was made.

Mayor Voller asked how many samples were taken. Mr. Efird responded ten samples, two from each school, and others from various locations such as the senior care facilities in Town.

Commissioner Walker asked about the copper level being detected and the potential health hazard. Mr. Efird said the level for the State was 1.3 parts per million, and the highest level they had detected was .0166 which was substantially lower.

Mr. Terry continued his update:

- 3M Reclaimed Water System Project – A preconstruction meeting was held on May 14th, and both contractors had been issued a notice to proceed and work had begun on installation of the pipeline between 3M and the Wastewater Treatment Plant. Project completion date is January 8, 2010 for the longest of the three projects.
- Short-term Wastewater Treatment Plant Improvement Project – They had received the 95% plans and specifications from Stearns and Wheler for staff review, and the project remained on schedule for advertisement of bids this summer depending on funding. Stearns and Wheler was preparing an application for the second round of ARRA funding and that application was nearing completion.

Commissioner Harrington asked if they had talked at one time about financing by the Town. Mr. Terry said yes, and that would be included in the Budget Work Session later this evening. He said if they were not successful with ARRA funding, they would pursue funding from the Rural Center, but that funding would be a loan. Mr. Terry said if that was not successful, this project needed to be done so possibly it could be combined with the downtown water system improvement project. Commissioner Harrington said if they were to finance it and got a grant later, could that work or would they just not get the grant in the first place. Mr. Terry stated he believed if you exhausted all avenues for grants and then financed the project; a grant would not later reimburse the Town for the project.

Commissioner Walker said they might also run into prepayments being put on by lenders. Commissioner Harrington agreed.

Mayor Voller said he believed it would be important that all the Board members sign a letter to the various agencies emphasizing the great need to receive one of the grants. He said they needed to push that, noting that the Town had missed out on two and the County got only one.

Mr. Terry said there was going to be two rounds of the grant applications so they did not have to reapply. He continued his update:

- Pedestrian Planning Grant – Presentation of the plan to the Board had been delayed until June 22 in order to avoid scheduling conflicts with the budget work sessions and the adoption of the budget.
- 3M Park – Now that ground had been broken on the 3M Reuse Water project they would increase their efforts to encourage 3M to complete the transfer of title for the land for Phase I of the 3M Park.
- Powell Place Park (Pittsboro Town Park) – No change, although plans were beyond 90% complete and approaching 100%. Plans were to bid the project sometime in June.

Mr. Terry stated that last year they had received assistance from NC State to do an assessment of all Town streets, and there had been an issue with a part of Industrial Drive and Hillcrest Drive. He said the south side of that road had recently been inspected and that section would be their next target. Mr. Terry said there was a small amount of funds left over in Powell Bill funding that would be used, and they would look for other funding opportunities.

Mayor Voller said that former Mayor Devinney brought up the issue regarding coming off of Park Drive where they had raised the level of pavement when it was widened, and perhaps feathering it back to remove that abrupt change. John Poteat stated they would be addressing that, noting it was a small project.

2. Chatham/Orange Joint Planning Task Force.

Mr. Terry said he had spoken to the Orange County in regards to the questions from this Board regarding the Task Force. He said the response was that they preferred two primary representatives from each municipality, but had decided that it would be appropriate for smaller municipalities to appoint one member from its Board and one alternate. Mr. Terry stated that it was up to the Board as to their degree of participation. He added that the frequency, timing, and location of the meetings would be decided by group consensus at the first meeting.

Motion made by Commissioner Walker seconded by Commissioner Bryan to appoint Mayor Voller to the Chatham/Orange Joint Planning Task Force with Commissioner Harrington as the alternate.

Vote Aye-5 Nay-0

NEW BUSINESS

1. Appointment to Planning Board.

Commissioner Brooks stated there were only two applicants for the vacancy, and suggested they proceed with the vote.

After polling the Board, Max G. Cotten received one vote from Commissioner Brooks, and Karl Shaffer received four votes from Commissioners Walker, Bryan, Baldwin and Harrington.

Mayor Voller stated the vote was 4-1 for Karl Shaffer, and asked that he be notified of his appointment and a thank you letter be provided to Mr. Cotten.

2. Amendments to Section 4.2 Steps 2 & 3 of the Subdivision Regulations relating to community recreation areas.

Mr. Messick suggested that the issue be deferred until the Board's next meeting to provide the opportunity for him to discuss the amendments with Planner Monroe.

Motion made by Commissioner Baldwin seconded by Commissioner Walker to table the issue until the Attorney and the Planner could confer and report back to the Board.

Vote Aye-5 Nay-0

BUDGET WORK SESSION

- **Complete the Discussion of Cuts and Additions to the Recommended Budget.**

Mr. Terry referred the Board to the summary from the May 18th budget workshop that had been included in the materials. He stated the Add List on the summary were the items not yet included in the Manager's recommended budget, and the Cut List were items already within the budget. He suggested going through those lists and attempt to finalize them before they began discussion of Capital Improvements projects.

Commissioner Walker asked where they were with the aggregation of adds and cuts as of the May 18th meeting. Mr. Borrer stated they had \$108,000 in cuts, and an added item of \$24,000, which brought the total down.

Commissioner Bryan asked what the total was from Fund Balance. Mr. Terry said his notes indicated that they were \$25,000 to the good.

Commissioner Walker said then no money was coming out of Fund Balance. Mr. Terry said that was correct, but to keep in mind that was the starting point for revenue when they talked about the definition of the revenue neutral tax rate. He said the baseline they were working from was .032.

Mayor Voller said that meant they would have a tax reduction of roughly \$34,000 at the .032. Mr. Terry responded yes, that they were \$25,000 less than where they started; that they were contributing \$58,000 from Fund Balance to balance the budget and they now had that to zero with \$25,000 left over, at the .032 tax rate. He said he was recommending they go 2 cents below the revenue neutral rate for a tax rate of .030.

Add List

Mr. Terry called attention to an item that had been added to the Add List as a new item, which was a result of communication from the EDC requesting that municipalities in the County contribute to their financial support as they served the entire County. He stated their request from all municipalities was \$10,000 total, with Pittsboro's share being \$2,220, and he had included it on the Add List at \$2,500.

Mayor Voller stated the Board had agreed to fund the Christmas decorations on May 18th, and asked where they (Downtown Merchants) stood with the flags. Mr. Poteat stated they were paying for the flags.

Mayor Voller stated the budget had already included an amount to be spent on the Community House. Mr. Terry stated that was in the CIP, not on the Add List, and it would not be funded until such time as the Board approved it.

Mayor Voller stated the next item on the Add List for discussion was Item 3, the Police Officer Grant. Mr. Terry stated the cost to the Town would be \$18,000 for next year, and if the Board decided not to include it then that amount would go back to the General Fund.

Commissioner Walker said then that grant amount was shown as revenue in the budget. Mr. Terry responded that was correct.

Mayor Voller said those were very difficult grants to get and they had had some success in the past through other programs. Police Chief David Collins said they were denied last year.

Commissioner Harrington asked how long the grant would run. Mr. Terry stated three years. Commissioner Harrington said then the position and associated equipment would be funded at \$18,000 for the first year.

Commissioner Walker said he was not opposed to it, noting if they were successful the net cost for year one would be \$18,000.

Mayor Voller said he believed they should at least try for the grant, noting they had tried for similar grants in the past and they should continue to do so.

Commissioner Harrington said if they were to be successful and three years from now they were in a budget squeeze, they would face having to cut a Police position and asked what would happen to the vehicle. Chief Collins responded the car would belong to the Town.

Commissioner Bryan asked about the timeframe for submittal of an application. Chief Collins stated they had already applied for the grant because the cut off for applications was March 31, 2009. He stated they would learn in October whether or not they were successful.

Mr. Terry commented that if they were successful the Board would have to vote to accept the grant, and they could choose not to do so.

The Board agreed by consensus to move forward with the grant.

Mayor Voller stated the next item was Item 4, Reclassification of Domestic Violence Officer to Police Sergeant. Mr. Terry reiterated the information provided at the May 18th meeting regarding the additional duties that had been added to that position and that the employee was performing at a higher level of responsibility and a higher degree of difficulty. He indicated that the change in pay was a very small amount of money since the employee would have to begin at the bottom of the new pay range, and the increase in salary and benefits for the year would be about \$3,200.

Commissioner Harrington stated he would support that reclassification.

Commissioner Baldwin asked if the reclassification would be in addition to the merit raise. Mr. Terry responded those would be separate issues. He said merit raises would be reviewed on each

individual employee's hiring date, so any merit raise would be granted at that time based on current salary. Commissioner Baldwin stated she would support the reclassification.

Commissioner Walker said he was not opposed to the reclassification, but he would prefer including it with the merit and COLA raises and possibly the 401k, and discussing them as a group. Commissioner Bryan stated he agreed with Commissioner Walker.

Commissioner Brooks agreed he would like increases and benefits discussed at one time, including disability insurance and vision hardware insurance. Mr. Terry stated then items 3 and 4 on the list would be combined.

Regarding the EDC request, Commissioner Brooks said he did not believe the Town received much from the EDC.

Mayor Voller said that at present there were four or five employees in that office now that were spending money in Pittsboro. He said he had spoken often about collaboration and cooperation County-wide, but he did want to see some jobs in the Town of Pittsboro.

Commissioner Brooks stated he would support the contribution but with serious reservations, noting he was questioning what they would receive for the money.

The Board agreed by consensus to include \$2,500 for the EDC.

Mayor Voller stated they had talked about the sewer tap at the fairgrounds, although they had decided to delete the contribution for the July 4th fireworks.

Commissioner Brooks said that Mr. Poteat had told him after the May 18th meeting that if the fairgrounds elected to take advantage of the tap they would have to run it a long way if they went south. He said Mr. Poteat had said the smart thing to do from a financial standpoint would be to come to US 64 and do the tap there. Mr. Poteat agreed that would be the best case scenario.

Mayor Voller said he believed it would be fair to let the fairgrounds board know the Town was willing to do the tap and let them decide how much money they were willing to spend. He said if the Board was willing to agree to that, how much money would need to be included in the budget. Mr. Terry stated that was not known at this point, and he could bring that forward later in the year once the fairgrounds board made a decision.

Motion made by Commissioner Brooks seconded by Commissioner Baldwin to inform the Fairgrounds Association board that the Town of Pittsboro stood ready to provide a tap should they decide they wanted to run a line to the sewer.

Vote Aye-5 Nay-0

Cut List

Mr. Terry stated the first two items were the Police 2.5% COLA and the 2.5% 401k contribution for non-police employees, and the merit raises for all employees at 2.5% to be granted on their anniversary date. He said he understood the great concern with economic conditions in the country, the State and the County, and also understood that the Town was less impacted by the decline in sales tax revenue than some of their larger neighbors. Mr. Terry stated he believed they were in the position to grant those very small increases, and in some cases allow them to make progress on a salary structure that was among the lowest in the region last year. He stated with the Board's generous actions last year they had come from close to the bottom to about the 25th or 30th percentile, and with the recommended raises they would be close to the 50th percentile. Mr. Terry stated he believed they had a unique opportunity now to address that disparity, and it was his recommendation to include those items in the budget.

Mr. Terry stated that if the Board was not willing to fund both and he was forced to choose, it would be his recommendation to fund the Police 2.5% COLA and the 2.5% 401k contribution for non-police employees, which would be \$31,000.

Mayor Voller said one thing to consider was the strategic opportunity to bring themselves into line with other jurisdictions, given that those others were not in positions to grant pay raises this year and in some cases had to make cuts. He said that would put them in a more competitive position. On the other hand, he said, they were in difficult economic times and understood the desire to be fiscally conservative. Mayor Voller stated he believed it was responsible to maintain a qualified workforce. He said he wondered if the Board itself was even in line with other municipalities as far as pay compensation.

Commissioner Walker stated they certainly were not in line with the County.

Commissioner Brooks said he had served on this Board since 1987 and he had never had a raise.

Commissioner Walker said one issue he had was that he did not believe it was fair for Pittsboro to do comparisons with Raleigh, Durham, and Chapel Hill because they were much larger municipalities and with much larger tax base. Commissioner Brooks added those areas had the largest per capita incomes in the State.

Commissioner Walker stated he believed they needed to look for comparisons to municipalities their size and not necessarily in the geographic region.

Mayor Voller stated he believed that was why the League of Municipalities was doing benchmarking analyses. Mr. Terry stated one way to get a better outlook on that would be to contract for a market study, but he would not recommend that because it would cost them more money than it would save them. He said he was not necessarily competing with Southern Pines and Sanford for candidates for jobs, but was competing with OWASA for utility employees and with Morrisville, Chapel Hill, Durham and Raleigh for other employees. Mr. Terry said many of Chapel Hill's police officers lived in the Pittsboro area and commuted, so the candidate pool that

they drew from was from all over the Triangle, including Hillsborough, west of Greensboro, and east of Raleigh. He said like it or not they were in that pool of applicants.

Mayor Voller said that was why he considered the proposed raises to be more of a strategic opportunity, because they had made great strides last year and had the chance to do so again this year but their neighbors were not in that position and likely would not be for a couple of years. He said this was a chance to compete effectively with them for better qualified candidates. Mr. Terry commented the increases would put them in about the 50th percentile, while Chapel Hill was at the 75th percentile but was losing its police officers to Raleigh and Durham after training and about two years of experience. He said he did not believe Pittsboro could afford the 75th percentile, but he would also not like to lose trained officers or other qualified employees to other municipalities.

A short discussion took place among the Board and staff on what the total cost would be to fund everything on the list, as well as some general questions regarding individual items and how they were budgeted.

Commissioner Harrington said he believed they had said they would support the bus and include \$24,000, as long as the total taken from the General Fund did not exceed \$120,000+. But now, he said, he believed they could fund everything for about \$45,000 with a tax cut. Commissioner Harrington said it was a testament to how well the Town was being managed financially in that they could do all of that with a tax cut, and believed they should grant all the pay raises, approve the benefits, and approve the Police Officer grant.

Commissioner Brooks asked how the 401k funds were performing. Mr. Terry said much the same as other investments, noting everyone's 401k accounts were down. He said his financial adviser, his wife, had advised him to stop putting investments into the bond market but to put it into mutual funds and money markets that were not related to the stock market. He stated he had been advised to leave his investments alone, that you did not lose it until you sold it, but not to put anything new into those investments. Mr. Terry said any new contributions he received would go into money market.

Commissioner Walker stated he had seen a report that 401k's had dropped anywhere from 30% to 70% depending on individual investments. Commissioner Brooks stated he wondered if they wanted to grant 401k increases at this time given the volatility of the investments. Commissioner Walker said personally he continued to contribute to his account because he was able to purchase shares at much reduced prices, and hopefully the market would eventually recover and he would recoup his funds because he owned more shares and would possibly make more money.

Commissioner Harrington stated that certainly money market accounts were paying about 3% which was the best you could do, and by default that was where new investments should go.

Commissioner Walker said he was more inclined to grant the 401k contributions and to reduce the COLA and merit percentages. He said he had been "jumped" by six citizens while out on Saturday, all complaining about possible employee raises. Commissioner Walker stated he had

explained to them all that the Town was giving citizens a tax cut and were not remaining revenue neutral. He said they had to remember that they were taking care of citizens who were paying their taxes as well as taking care of employees who provided the services to those citizens.

Commissioner Brooks stated that in the real world people did not differentiate between the Town, the County and the State. He said that they looked at their total tax package, and citizens would have to pay the County real money this year. Commissioner Brooks stated citizens were not interested in paying more taxes regardless of what you said to them regarding tax cuts.

Commissioner Harrington stated they were cutting the tax rate by 4%. Commissioner Brooks said that citizens did not care about that because they would look at their total tax bill that included the County's increase. Commissioner Harrington stated that citizens were going to have to pay more this year whether they got the same bill from the Town or not.

Mayor Voller said he did not particularly enjoy paying his taxes, but he believed that people were more concerned about the value they received for the service. He said everyone had budgetary limits and it was a struggle for many, but what people most wanted to know was that they were receiving value for their tax dollars. Mayor Voller said he believed this Board had supported that value and that employees were providing that value, and the question was how to provide the most value with the investment that citizens made.

Commissioner Walker stated the Board had done well last year with a 10% across the Board pay increase. He said he was not unopposed to providing pay increases but he would like to see the percentages reduced. Commissioner Walker stated he was opposed to long-term disability insurance and vision hardware insurance, and that such insurance should be purchased by individuals at their own discretion and at their own expense.

Commissioner Harrington said whether or not they took money from Fund Balance that individual citizens would still be getting the same tax bills.

Commissioner Walker stated the raises had already been factored into the budget so no funds would need to come from Fund Balance to cover those. Mr. Terry said that was correct.

Mayor Voller stated he believed that Commissioner Walker had made a strong point that the funding for the items were already included in the recommended budget, and so the only items they were considering for inclusion would be the police officer reclassification and the disability and vision hardware insurance. Mr. Terry said the long-term disability was a "bridge" policy in that it would affect only employees with less than five years of service. He said once an employee had that five years of service they would be vested in the disability insurance package offered by the Town through the Retirement System.

Town Clerk Alice Lloyd explained how that policy worked and how it affected Police officers, for instance, that might come from another jurisdiction and they already had five years of service in the system.

Mr. Terry stated the cost to the Town was \$1,300. He said the vision hardware insurance was just an add-on to the current health insurance policy now offered by the Town to employees.

Mayor Voller said then the total cost of items 3 and 4 was \$7,200, and they were already \$4,500 to the good, so that would bring the total to \$2,700 behind, with all other items already funded in the budget. Mr. Terry stated that was correct. Mayor Voller suggested taking a short break and coming back to that.

RECESS

Motion made by Commissioner Walker seconded by Commissioner Bryan to take a five-minute recess.

Vote Aye-5 Nay-0

RECONVENE

Motion made by Commissioner Walker seconded by Commissioner Baldwin to reconvene the meeting.

Vote Aye-5 Nay-0

Motion made by Commissioner Walker seconded by Commissioner Brooks to approve 401k, COLA, and merit raises at the rate of 1%, not to be dispensed until December when the Board would review the status of revenue collection.

Commissioner Walker stated his motion was motivated by his continuing concern regarding the reduction in sales tax revenue even though the Town had not been as affected by that as others. He said he did not believe they were yet out of the recession, noting that State revenue was down 30% and believed more business closures and job losses would be forthcoming, and he wanted to err on the side of being conservative. Mr. Messick stated he saw no issue with granting COLA at 1%, but was not sure how you could make the merit raises effective in December because employees whose anniversary dates occurred before then would not be eligible.

Mr. Terry said persons who had their anniversary dates prior to December would be given their evaluations but have the increases effective on January 1 assuming funding was available. He said that may make for a complicated system and may seem unfair to those who would be required to wait for their increases that would otherwise have been granted on their anniversary date. Mr. Terry stated if an employee was evaluated on their anniversary date in August but was not granted the increase until January 1, they could grant the increase retroactive back to their August anniversary date.

Commissioner Walker said he would be in agreement with that. Commissioner Brooks said he would as well if the funds were available.

Commissioner Harrington said that may prove to be difficult with the 401k contribution, at least administratively.

Commissioner Walker stated that was a good point, in that he did not believe that could be done retroactively.

Mayor Voller asked where that would put them as far as the totals. Mr. Terry said it would be a 6% rather than a 4% reduction. Mayor Voller said that would mean they would be at plus \$40,730 after doing that. Mr. Terry said another way to accomplish that would be to provide no raises now, and at the first meeting in December he could bring back a report on revenues and the Board could consider granting increases for the second half of the fiscal year.

Commissioner Walker withdrew his motion, and Commissioner Baldwin withdrew her second.

Motion made by Commissioner Harrington seconded by Commissioner Walker not to include COLA, 401k, or Merit increases in the recommended budget but to have the Manager report back at the first meeting in December and review those items for inclusion for the second half of the fiscal year based on revenues at that time, and if granted that they would be granted retroactive to the employees' anniversary date if the budget supported it.

Mr. Terry stated rather than putting money in the budget that would not be used, he suggested not including it in the budget and allowing him to bring the Board a budget amendment at the December meeting for discussion and action if warranted.

Mr. Messick asked wouldn't they need to leave the funding in the salary accounts, because otherwise only additional revenues would be the determining factor. Mr. Terry said that was a good point, noting that it would have to be funded from Fund Balance otherwise.

Mr. Messick stated if the funding was left in the salary accounts but they did not authorize the increases, the only result was that you just would not spend the funds.

Mr. Terry said he believed what Mr. Messick was saying was that it might ultimately affect what the tax rate might be, so it was better to leave the funding in the budget but not to grant the increase.

Commissioner Harrington said they had already determined what they wanted the tax rate to be, so now they were just looking at buffering it with Fund Balance. Mr. Borrer said to keep in mind that they had not yet considered the CIP.

Commissioner Harrington withdrew his motion, and Commissioner Walker withdrew his second.

Motion made by Commissioner Harrington seconded by Commissioner Baldwin to fund the reclassification of the Domestic Violence Officer to Police Sergeant at a cost of \$3,200.

Vote Aye-3 (Walker, Baldwin, Harrington) Nay-2 (Brooks, Bryan)

Employee Benefit Package Improvements

Mr. Terry commented that the long-term disability insurance was a small amount to the budget, \$700 in the General Fund and \$2,000 in the Enterprise Fund, and the vision hardware insurance would be an addition to the current policy. He stated they could both be accepted, or one accepted and the other deleted, or they both could be deleted.

Motion made by Commissioner Harrington seconded by Commissioner Baldwin to fund the long-term disability insurance and to not fund the vision hardware insurance in the recommended budget.

Vote Aye-1 (Harrington) Nay-4 (Baldwin, Brooks, Bryan, Walker)

Motion made by Commissioner Walker seconded by Commissioner Bryan to deny both.

Commissioner Baldwin offered a friendly amendment to allow employees the option to pay for either or both of those insurances at their discretion, if it is possible to do that. Commissioners Walker and Bryan accepted the amendment.

Vote Aye-4 Nay-1 (Harrington)

Discuss the Recommended Capital Improvements Program Budget.

Mr. Terry stated that provided in the packet was a one-page five-year CIP summary sheet for use during the discussion. He stated that when they brought the budget back for adoption they would have two things to consider. Mr. Terry said one would be a resolution that would allow for adoption of the CIP Plan but that would not appropriate any funding. He stated secondly would be a budget ordinance for those items for which cash was actually being appropriated, including for capital projects.

Mr. Terry provided a few brief comments on each item on the summary and noted the following recommendations:

- Downtown Water Improvements – recommended. If they are unsuccessful in obtaining ARRA funding then the Board might consider combining this with another project and perhaps borrowing funds to accomplish this project along with improvements at the Wastewater Treatment Plant. No funds were being requested at this time.
- 3.22 MGD sewer treatment plant – recommended; no funds being requested at this time. They met bi-monthly with a developer group regarding this project, and believed it was time to change the structure and bring in County participation, noting that the County Commissioners had indicated one of their top priorities to be sewer infrastructure. County support may be helpful in getting the project funded.
- 3M Reuse Project – totally supported by grant funding.
- Building Purchase and Renovation – that project would acquire the old Post Office building downtown and renovate it for use as a Police Station. This project would require an appropriation of cash should the Board want to pursue it. Purchase of the building would allow for the future growth of the Town, noting that the Town Hall was already pushed to its limits.

Commissioner Brooks stated that had been Mr. Messick's idea and he believed it was an excellent one. He said when the County built the new library he believed the Town should try to get back the old library building that the Town had given to the County. Commissioner Brooks stated that building was big enough and was well located, but did not know if the County would allow them to get it back. Mr. Terry stated depending on its size and condition, that was certainly a possibility.

Mayor Voller asked if this item meant that the owner of the old post office building was willing to sell the building, noting it had been vacant for some time. Mr. Messick said he believed it was for sale, either voluntarily or involuntarily. Mr. Terry stated they would prepare a budget that was non-specific so they did not have to indicate the actual building at this time. He said they had estimated the cost of the building to be about \$400,000, but he would not ask for all of that at once. Mr. Terry stated it could be \$500,000 as a debt service stream over a 10-year period or even a 20-year period, and they would likely need about \$100,000 the first year for renovations.

Mayor Voller asked if that would give them some foot patrol in the downtown. Mr. Terry said it would certainly give them a downtown presence that they did not have now.

Mr. Terry continued his summary:

- Old Graham Water Main Loop – funding not being requested until 2011-2012.
- Credle Street Rehab – Phases 3 and 4 – funding grant for next fiscal year being pursued through the Rural Center, as had been done with Phase 2. Should grant not be successful then the project would not go forward.
- Pittsboro Town Park – almost totally funded by a PARTF grant. PARTF funding was \$455,000, and they had added another \$50,000 of miscellaneous revenues hoped to be obtained through contributions from the Community College and others. If the Board wanted to include some funding, he would suggest it be used to provide plumbing for a future restroom which was not now in the budget. Mr. Terry stated they believed they could provide that plumbing at a cost of about \$30,000 from Fund Balance, so the budgeted amount of \$455,000 could be increased to \$485,000 and they could include that plumbing in the project.
- Pittsboro Rec Complex (3M) – no funding being requested; supported by a PARTF grant.

Mayor Voller asked if the Town were able to work out a deal with other parties, would the PARTF Grant be transferable. He said for example, if the Town were to get the property from 3M, then sell it to the County, and in the process ask the County to give the Town that building and money, and then work with the County on programming. Mayor Voller asked if the County in that scenario could take over the PARTF grant. Mr. Terry said he could talk to PARTF representatives, but typically those grants were awarded in the form of a contract between the Town and the grantor, and what Mayor Voller was suggesting would require voiding that contract.

Mayor Voller stated the County had money for the purchase of land, and the Town had the grant and the land, but they could use the money in Town so they might want to be creative in their thinking. He said in any case, first they needed to get 3M to deed over the property.

Mr. Terry continued his summary:

- Horton Booster Pump Replacement – funding of \$50,000 being recommended to come from the Enterprise Fund. He said that would be a one-time appropriation.

Mayor Voller said he believed they would be getting some money returned from the Water Treatment Plant project. Mr. Terry stated that was correct, noting once the Water Treatment Plant project was completed they would be getting back an amount somewhere between \$150,000 and \$180,000. He stated they were also working on closing out the Credle Street basin project where they had fronted the money and the Rural Center would be paying the Town back \$95,000. Mr. Terry said that would give them about \$2 million in Fund Balance before the end of the fiscal year. He said his recommendation would be to fund this project out of the Enterprise Fund Balance.

Mr. Terry continued his summary:

- Community House Improvements – the project was the result of the condition assessment done on the property. Recommendation was to upgrade the building to bring it into ADA compliance and address other Code issues. He said \$15,000 was suggested for next year for design costs, and then \$65,000 in 2010-2011 to execute the project. Or, he said, they could push the project off until 2010-2011 and budget \$80,000 that year for the entire project.
- Oakwood Drive Culvert – funding being recommended at \$65,000 to address flooding at the bottom of Park Drive by enlarging the box culverts in that location. Funding would come from the General Fund.

Mayor Voller stated that Powell Bill funds could be used for stormwater. Mr. Terry stated the Town historically had used those funds for repairing roads. Mayor Voller said the Enterprise Fund got back \$370,000, and asked wasn't there money transferred from the General Fund over the last few years that should now be transferred back. Mr. Terry said this project would be funded from the General Fund in any case, but the Board certainly had the discretion to make that transfer if they chose to do so. He said he was not sure that was the direction they would want to take.

Mr. Terry continued his summary:

- Pedestrian Conveyance System (sidewalks) – to be funded through a grant and no funding requested.
- Next four projects were scheduled to be funded in 2010-2011 and 2011-2012: the Wastewater Clarifier at \$1 million; the Wastewater Force Main at \$450,000; the Elevated Water Tank at \$1.3 million; and, the Fire Tower Trunk Line at \$1.2 million.
- Electronic Radio Meters – cost of \$200,000 recommended to be funded at \$50,000 a year beginning in 2010-2011.
- Thompson Street Resurfacing – recommended to be funded at \$60,000 with Powell Bill funds and augmented with a cash appropriation if necessary.

Mayor Voller wondered if DOT would be willing to participate in that project since the road stopped where DOT maintenance began.

Commissioner Brooks stated he had been told last week that a bill had been introduced in the General Assembly to give towns and counties the responsibility of paving some or all of the State roads in their jurisdiction.

Mayor Voller stated they had opposed that bill through the RPO. Commissioner Brooks stated it would be a financial disaster for a Town the size of Pittsboro.

Mr. Terry continued his summary:

- Haw River Intake De-Silting – project would be funded at \$30,000 through a cash appropriation. Silt continuously built up behind the dam and every year they dug out the silt around the inlet, which was only about 1% of what built up behind the dam. Funding would be used to dig that out and dramatically reduce what flowed down towards the Town. Mr. Terry stated funding it would allow them to treat the problem rather than the symptoms.
- Haw River Intake Improvement – funding would allow for improvements to the catchment area in front of the intake to prevent silt from building up, which in turn would remove the need to spend \$30,000 a year to remove the silt from behind the dam. Project cost of \$50,000 would be from a cash appropriation. Funding could be spread out over two fiscal years with design being done the first year and construction the second.
- Wastewater Treatment Plant Wet Weather Flow Project – total cost of \$2,650,000 funded through debt service financing over 20 years. Funding for design work already appropriated, so the total of \$2,485,025 was with the design work. No funds being requested at this time.
- Next three projects were at the Water Treatment Plant: pump replacement at \$99,000; back-up generators at \$300,000; and, building renovation at \$150,000. Projects could be funded in the next fiscal year if the Board chose to do that.

Mayor Voller stated it appeared that they would be getting money coming back from the Credle Street project and from the 3M water project, so there would be money available. Mr. Terry said the cost would be significant and that was why they had included it in on the summary for the Board's information.

Commissioner Brooks said he did not know what the best way would be to do it but it sounded as if they needed to go forward with all three of those projects at the Water Treatment Plant.

Mr. Borrer said that installment financing was recommended, but such projects would not normally be funded for longer than 15 years so that was one disadvantage of installment financing. So, he said, it would be important to classify how the projects would be funded at this point.

Mr. Terry stated that another factor was that the pumps could be financed over time but he was not sure they would last 15 years, but the generators should last 30 years.

Mr. Eford stated one of the pumps they were requesting to replace, which was the Horton booster pump, was one of the original pumps that used to pump water to the Town. He said it was barely working at the present time.

Commissioner Walker said it was important to remember that every time they talked about debt service that the money would have to be paid back which would increase water and sewer rates. Mr. Borrer stated that after the first five years, beginning in fiscal year 2014-2015, the totals for existing debt would begin to decline significantly by about \$40,000 to \$50,000 each year.

Mayor Voller asked what Mr. Terry needed from the Board this evening. Mr. Terry said he would ask for guidance on how to proceed and if they had left anything off that the Board believed should be included. Mayor Voller said the only issue he could think of was if they were able to get some 80%-20% financing for pedestrian projects. He said one such project was over by CCC which was to be funded with CMAQ funding. Mr. Terry indicated they would not be adopting anything tonight, only providing guidance. He stated he would bring back to the Board a complete list of CIP funding being recommended for further discussion.

Commissioner Brooks asked would it be helpful to get a consensus on what had been recommended for long-term capital improvements. He said they could make that decision now and then decide later on those recommended for funding in the recommended budget. Commissioner Brooks stated he was in favor of providing a consensus now of what Mr. Terry had presented.

Motion made by Commissioner Brooks seconded by Commissioner Baldwin to have a CIP program next year based on the list in its entirety provided and discussed this evening, and that no decision on funding was being made at the present time.

Vote Aye-5 Nay-0

Commissioner Walker stated he had been keeping a running total beginning with the \$4,500 surplus, and based on his calculations if they funded the plumbing for the restroom, the Town Park, the Community House improvements, the Oakwood Drive culvert, the Thompson Street resurfacing, and all General Fund items, it would put them at \$115,500 coming from the General Fund. He stated if they funded the Horton Booster Pump replacement and the two issues regarding the Haw River intake the total from the Enterprise Fund would be \$130,000.

Mr. Borrer said in General Fund – Fund Balance, they actually had \$150,000 of Powell Bill reserves dedicated to Powell Bill projects. He stated in Parks and Recreation you had roughly \$70,000 in the General Fund – Fund Balance that came from payments-in-lieu.

Mayor Voller said that essentially those would fund part of that amount. Mr. Terry said you could use those accumulated earmarked balances that were in the Fund Balance although some of that was set aside for specific uses. Mr. Terry said he was not recommending using Powell Bill funds for anything other than paving, although the funds could be used to do the Oakwood culvert project.

Commissioner Walker stated he was concerned about the loss of revenues by the State, as was Commissioner Brooks. He asked was there any way that the State would retain the Town's Powell Bill funds, noting he believed it was a possibility that the Governor could retain anything she wanted to including Powell Bill money. Mr. Terry responded if that was to happen they still had a hefty fund balance.

Commissioner Brooks stated he was not opposed to the culvert project, but they had streets that needed some work, noting that Davie Street actually had pieces missing and was in very poor condition. He said he believed that Powell Bill funds should be used to repave streets, and he would rather do that and let the culvert wait unless other funding could be identified.

Mayor Voller stated they could do the Thompson Street project and loop right over to Davie and connect the two projects, noting it would be cheaper to do that. He stated that Thompson got a lot of traffic and Davie got a lot of thru traffic. Mr. Terry stated they could get some estimates and bring those back to the Board and amend the budget at that time. Mayor Voller asked if Mr. Terry planned to pay for that project outright. Mr. Terry said his initial thought was to use undesignated Fund Balance.

Mayor Voller stated the Board could take that issue up when they knew more about what they would be receiving or not receiving from the State, then come back and amend the budget at that point. He stated if they were adding more mileage they should receive more Powell Bill funding since it was based on mileage. Mayor Voller agreed that the Oakwood culvert project needed to be done.

Mr. Terry stated regarding the Police Department building purchase, they had wanted to do a 10-year financing, and suggested funding it at \$150,000 to cover the first mortgage payment.

Mayor Voller stated the Board needed to be thinking long-term, and how they got to that point was not known but they knew they had to get there.

Commissioner Harrington asked how that compared to leasing space. Mr. Terry stated leasing at present was about \$35 per square foot, so it was significantly less.

Commissioner Walker stated he believed you could get \$15 to \$18 per square foot depending on the age and the class, and if you did a long-term lease.

Mayor Voller asked how the Board wanted to proceed.

Commissioner Walker said his vote would be no, because there were too many uncertainties. He suggested pushing that out a few years, although he would like to hear about the building Commissioner Brooks had talked about.

The Board agreed by consensus to push that project out for at least one year, but explore the possibility of obtaining the library building from the County.

Mr. Terry asked for an “up or down” vote on the augmented funding for the plumbing at the park site and for the Community House project, which would come from unrestricted Fund Balance.

Commissioner Harrington said at his last count they were \$165,500 in the hole in Fund Balance.

Commissioner Brooks said the Mayor had said that regarding the restroom at the park it would be much cheaper to do it now than to try to do it later. He said he believed he was correct. Mr. Terry stated if done later a sidewalk and a piece of the parking lot would have to be torn up, so it was more economical to do it at the outset.

Commissioner Brooks said did he understand correctly that Mr. Terry was asking for only \$15,000 this coming year for a study on the Community House. Mr. Terry stated no, that the \$15,000 would be for engineering fees to begin construction design.

Commissioner Harrington stated he wanted them to be very tight on what was done there, noting that they should limit renovations to actual needed structural fixes and items that had to be replaced. He suggested another meeting of the advisory committee might be warranted. Mr. Terry stated all in all that was a small project and believed some of the lesser issues could be addressed in-house. He said they would need an HVAC upgrade and other upgrades that would require a general contractor.

Mr. Horne said that about half of that \$15,000 was for a feasibility study which would impact the longer-term comprehensive renovation of the building.

Mr. Terry stated he was recommending \$15,000 for the coming year and \$65,000 for the next year, and if the Board preferred they could move that out farther.

Mayor Voller stated people were using the building now and enjoying it and he would like to see some improvements done now. He said that building should look better than it does. Mr. Terry said once they hired an architect a conceptual design would be produced, and at that point they might decide to go a different route.

Commissioner Baldwin remarked that design was expensive.

Mayor Voller said there were some funds they could apply for if they had the project ready to go.

Commissioner Brooks said at one time the Division of Archives and History had someone to help with those types of projects who would provide suggestions and advice particularly on historical properties. He said they may be able to get some free professional assistance.

Mayor Voller asked if the Board was willing to spend the funds for the plumbing and for the Community House.

Commissioner Harrington suggested putting in the \$15,000 to begin the process for the Community House and the \$30,000 for the plumbing at the park to be paid out of Parks and Recreation restricted Fund Balance. Mr. Terry stated there were several ways to fund those,

noting they had a rather large Fund Balance and the Powell Bill money could be spent where most needed.

Commissioner Harrington asked for the Board's opinion about the Thompson Street paving, noting he believed it was a must. The Board agreed by consensus.

Commissioner Harrington said that the Thompson Street repaving and the Oakwood culvert were likely the only two that could be paid for with Powell Bill funds. There was general agreement from the Board.

Commissioner Walker said regardless of what fund it came from they were still talking about spending an additional \$165,500.

Commissioner Brooks said he believed the Oakwood culvert was needed but perhaps they could push it out a year.

Commissioner Baldwin suggested pushing out Oakwood an additional year or until the Powell Bill funding was known, but do the Thomson Street resurfacing the coming year. She said they could also amend the budget and do the Oakwood project if the Powell Bill funding would support it.

The Board agreed by consensus.

Commissioner Harrington stated it appeared that the Horton Booster Pump replacement was a must.

Commissioner Brooks said he would like to see the funds being saved through the switch to chloramination be stretched as far as possible for the projects at the water plant including the booster pump.

Mayor Voller said he believed there was a consensus to do both the Haw River intake de-silting project and the intake improvements. Mr. Terry stated that the \$50,000 was for design and construction, and suggested they do only the design in the coming year and take that figure down to \$20,000. The Board agreed by consensus.

Mayor Voller stated that would bring their total down to \$105,000.

Mr. Terry stated the last three projects were the aggregated projects for the Water Treatment Plant. Mr. Borrer commented there was an error in the figures in the summary. He said if they financed it for 20 years the total annual payments would be about \$52,000. Mr. Borrer said if they did a traditional installment plan it would likely have to be done at 15 years which meant the payments would be \$62,622 annually. Mr. Terry said if they chose to do that it would take a while to get it in place, so they likely would not begin making payments until the end of the year which would be a cost savings for next year.

Mayor Voller stated they could always pay it off sooner since they may have extra cash coming in, but that process would give them flexibility. Mr. Terry suggested putting in a round number of \$65,000 as a placeholder.

Commissioner Brooks reiterated that Mr. Efirm had told him that the State would want some of those projects done now, such as the generator and the booster pump.

Mr. Terry stated if they wanted to change the financing to 10 years Mr. Borrer had estimated the annual payments would be \$85,000. He stated they would only need to budget half that amount for the coming year because it would take them six months to get everything in place.

Commissioner Brooks said he did not believe they had much wiggle room. Mr. Efirm said from what he understood from the State that was correct. Commissioner Brooks said yet again it was another unfunded mandate.

Mayor Voller said they were still going to be “to the good” in the Enterprise Fund.

Mr. Terry stated his understanding was that the Board wanted to leave it in using the installment process but he and Mr. Borrer would work on the numbers. He stated they were projecting annual payments up to \$85,000 but only half of that would be budgeted for next year since the first payment would likely not be due until the second half of the fiscal year. Mr. Terry stated he would put in \$45,000 and call that a half-year payment.

Mayor Voller stated he believed Mr. Terry had what he needed for now in order to come back with a revised recommendation. Mr. Terry agreed.

Mayor Updates

Mayor Voller offered no updates.

Commissioner Concerns

Commissioners expressed no concerns at this time.

FYI

- Budget Working Paper: Revenue Neutral Tax Rate
- NC DENR Public Water Supply ARRA Grant Awards – Round 1
- Funding Request from the Chatham County Economic Development Corporation
- P & R as a Long Term Investment (Supplemental information in support of our emerging Parks and Recreation Program.)

ADJOURN

Motion made by Commissioner Walker seconded by Commissioner Bryan to adjourn the meeting at 10:40 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk