

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
BUDGET WORK SESSION
MONDAY, MAY 18, 2009
6:30 PM

Mayor Randy Voller called the meeting to order at 6:30 p.m. and called for a brief moment of silence.

ATTENDANCE

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

Staff present: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Attorney Paul S. Messick, Jr., Chief of Police David D. Collins, Planner David Monroe, Assistant Planner Paul Horne, Finance Director Scott Borrer, Public Works Director John Poteat, Mark Tirone, and Frank Efir.

Mayor Voller stated they all knew they were in very “tricky” financial times, and that the Board had some difficult decisions to make. He asked that everyone be respectful and non-judgmental and work through the process in a rational way so they could come out of it with the best overall budget possible for the citizens of Pittsboro.

Mr. Terry stated that he had suggestions on how to proceed, although the Board could deal with issues in any manner they saw fit. He suggested that the discussion take place in the following order:

- ◆ Liquor by the Drink
- ◆ 3M Reuse Water project
- ◆ Recommended budget:
 - Tax rate
 - Water rate
 - Add list items, one at a time
 - Cut list items
 - Capital projects

Commissioner Harrington said that sounded like a reasonable way to proceed to him. Commissioner Baldwin agreed.

Commissioner Brooks said he would think that some of the items Mr. Terry had outlined would need a broader discussion.

Mayor Voller asked how that could be worked into the suggested framework.

Commissioner Brooks responded an example would be that during the discussion on property tax, that Commissioners could at that time suggest cuts in other areas in order to achieve a reduction in the tax rate.

Mayor Voller said then perhaps they should begin their discussion with the tax rate.

2009-2010 Budget

Mr. Terry stated he had gotten it wrong during their initial discussions. He said during that initial discussion regarding deciding what the revenue neutral tax rate would be, he had talked about a 2½% inflation factor. Mr. Terry stated that inflation factor was dealt with within the revaluation itself. He said the growth factor was what should have been used, which was a legislatively mandated formula by which you calculated the revenue neutral tax rate, and then explained how that number was calculated. Mr. Terry stated the result was that the rate he had given the Board was likely low, noting they had discussed a 6.1% cut in the tax rate and it would take them just a few more days to calculate the exact rate. He called the Board's attention to the matrix Mr. Borrer had provided, noting after discussions with the Town Attorney they believed it to be accurate.

Finance Director Scott Borrer stated that it was a fairly complicated chart that the Board had been provided, and if necessary he would try to work through it to provide a better understanding.

Commissioner Harrington stated last year they had had some tax evaluation that had listed revenue, and now they had a new tax evaluation which was up \$75 million, and asked why they could not just say that rate times that number to get the same number they had collected last year. Mr. Borrer replied they had done that in the chart, but the State statutes required that once you knew what that rate would be, that you were entitled to multiply that rate by the growth rate which was 13.6%. Commissioner Harrington said then that meant you could do that and still call it revenue neutral, but that would still be increasing the revenue they collected. Mr. Borrer said that was correct, and quoted from G.S. 159.11 to further explain how that rate was calculated. He explained that the chart indicated a five-year history of evaluations and explained each column. Mr. Borrer stated that if they were not to include the growth factor adjustment their tax would be .300, which would be the revenue neutral tax rate without any growth rate increase which was recommended in the Manager's Recommended Budget. He stated the growth factor adjustment was 13.6%, which was the average growth rate from the three years in which revaluation did not occur. Mr. Borrer said that multiplying the rate by the growth factor of 13.6% gave you the revenue neutral tax rate of .3406 which was a decrease from last year but higher than what had been shown in the first draft of the Recommended Budget. He said that would result in a higher revenue of about \$170,000.

Commissioner Harrington said on page 5 of the Manager's Letter under General Fund Revenues, it said that the fiscal year 2009 tax valuation was \$398,778,016. He asked were those numbers incorrect, noting he was not seeing those numbers show up on the chart in 2009. Mr. Borrer said

the difference between those two numbers was the anticipated exemptions, stating the amount noted on page 5 did not include those exemptions.

Mr. Terry stated the Board could set the tax rate regardless of how revenue neutral was defined. He stated the information they had provided was so that they had the correct information to make that decision.

Commissioner Brooks said if he understood Mr. Terry's opening remarks, he was not prepared tonight to make a final recommendation. Mr. Terry responded that was correct. Commissioner Brooks said then he did not know why they were discussing it now if the Manager was not ready, noting they needed to have that recommendation before they went any further on that particular issue.

Commissioner Harrington said he believed they should target a tax rate that collected the same amount of property tax as last year in order to be truly revenue neutral.

Commissioner Brooks asked was he in agreement that they were not trying to set a rate tonight. Commissioner Harrington stated he would agree with that statement. Mr. Terry said he believed they could still proceed with discussion on the other issues.

Commissioner Walker said he needed some clarification on page 11, the third item down, in regard to ad valorem taxes. He stated that the revised 2008-09 budget showed a revised figure of \$1,139,600, but there appeared to be a difference shown elsewhere of \$109,417. Mr. Borrer responded he believed the difference was in the collection rate, noting the budget was established with a collection rate of less than 100%, whereas the levy itself assumed a collection rate of 100% because the actual rate was an unknown. Commissioner Walker said then that amount would be adjusted in the overall budget using past historical collections. Mr. Borrer responded yes, noting that was a good conservative budgeting method. Commissioner Walker stated his point was that the tax rate could be simplified by removing the 2½%, because doing so brought the ad valorem taxes back to the current year's amount, which would be revenue neutral.

Mayor Voller stated that ultimately they were dealing with property owners who were paying the taxes, and they may not understand what all the nuances were but did understand what it meant to have to pay the tax. He stated as an example, if they had 100 properties in Town and charged \$1 for property one year, they would collect \$100. Mayor Voller stated if the County doubled the value of the property to \$200, then the rate to make it revenue neutral would need to be 50 cents. But, he said, the factor that they had to consider was if they no longer had 100 properties to tax. Mayor Voller said if they annexed 10 more properties, then that growth rate would have to be considered. He stated the question was how you brought in those additional properties so that you actually collected more tax but remained revenue neutral for the taxpayers who were already in that original total of 100. Mayor Voller said the rate had to account for any new properties.

Mr. Terry said he sensed that the will of the Board was to lower the rate, and suggested if they wanted to collect the same amount of money collected last year that they understand that was not revenue neutral but was a tax cut because there were properties that they were taxing this year

that had not been taxed last year. He stated it was within the Board's purview to do that but wanted to make it clear that that would not meet the State's definition of revenue neutral, but would in essence be giving citizens a tax cut.

Commissioner Bryan stated but if they kept the tax rate the same they would still collect more revenue because they had more properties in the mix, but individual taxpayers would not pay more.

Commissioner Walker stated he was looking for a tax cut, and that was what it essentially would be.

Commissioner Baldwin stated that the new properties would still be taxed, just not at a higher rate. Mr. Terry said everyone would be taxed at the current rate so that the Town would collect at the same rate they collected last year.

Commissioner Brooks stated he believed they may very well need the additional revenue from the growth in order to compensate for losses suffered elsewhere due to the recession, as well as for the growing needs in water and wastewater. He added he believed they needed to look for cuts in the budget as well, because he did not believe they would be getting as much money from the State as they thought they might and that the growth would hopefully offset that. He said he believed that no matter what they did they were going to have to raise the water rate, and it would help soften that blow if citizens could get a break on their property taxes.

Commissioner Harrington agreed it would effectively be a tax cut, and if they moved forward with that they would be looking at about a \$170,000 difference that would have to be made up elsewhere. He asked Mr. Terry if they needed to work tonight to find that \$170,000 in cuts.

Commissioner Walker stated just looking at the numbers on page 11, if you reduced that figure by 2½% that would be only about a \$29,000 decrease in revenues. Mr. Terry said that the motor vehicle tax figure had to be included, so a 2½% reduction in both the motor vehicle tax and the ad valorem tax would be a reduction of \$32,400. He said if the Board chose to do that then the only way to balance the budget would be to have that come out of Fund Balance.

Commissioner Harrington said that was assuming that they did not cut anything. Mr. Terry said that was correct.

Mayor Voller said to be clear, that would be a tax reduction and would not be revenue neutral. Mr. Terry said it was his understanding that the Board did not want to take advantage of the fact that the Town had grown and to have a revenue neutral tax rate, but to actually reduce taxes on everyone. Mayor Voller said he wanted everyone to be clear that it was a tax reduction and was not revenue neutral. Mr. Terry agreed it was a tax cut.

Planner Monroe stated he felt compelled to caution the Board to proceed judiciously. He stated that over the last two years they had had site plans expire because developers did not want to spend the money in the current economic climate. Mr. Monroe stated it was his feeling that they

would not see the kind of growth level in the 2009-10 budget as they had seen in the past, and to not use growth to offset the reduction in State revenues may not be the best approach to take.

Water Rates:

Mr. Terry stated that the Budget Working Paper on Proposed Utility Rates explained the options and the levels of revenue needed to make the Water and Sewer Enterprise Fund self-supporting. He stated that Tab A was his recommendation, noting it put a moderate increase in the base charge of \$1 for water and \$2 for sewer, and an 11% increase on the various usages. Mr. Terry stated that the average increase customers might expect to see would be \$3.83 for their lower users, for the next band of users it would be \$5.80, and for their largest users and commercial users they would see a monthly increase of about \$18.

Mr. Terry stated that all three options would generate a level of revenue of about \$100,000 more for water and \$80,000 more for sewer, which would meet the goal of being self-sustaining. The Board briefly discussed the differences between the three options and asked a few clarifying questions regarding the charts, which Mr. Terry responded to.

Commissioner Harrington said that he was leaning towards A, but C would work although it did place a burden on the bigger users.

Mayor Voller stated they could not rely just on increasing the rate for water, because if they got into another drought situation and people cut back on water usage, they would have a significant shortfall. He said if people were conserving and paying the basic minimum, their bills would likely not be much higher. Mayor Voller stated that people should not be using potable water to water their lawns, and if they did they would need to pay for that water. He stated to protect the Town and if the goal was to narrow the budget gap, then that should be spread out over the whole budget. Mayor Voller said they could not put the Enterprise Fund in the position of needing more money. He stated he understood Commissioner Harrington's position, but he did not believe they could put themselves in the position of moving backwards.

Commissioner Baldwin stated based on the calculations provided by Mr. Terry, then any of the options would meet their goal. Mr. Terry responded yes, noting there was little difference between the options. Commissioner Baldwin said she liked A more so than B.

Commissioner Harrington said that C was more susceptible to usage variation, with A being the second most and B the least most. Mr. Terry said that was correct.

Mayor Voller said the per gallon increase in B was by far the lowest, and they knew that if a business was faced with paying 11% or 13% more a gallon, they were going to figure out ways to cut water usage. So, he stated, the Town may not see any revenue increase because of the potential cut on usage and they would have a shortfall. Mayor Voller said on the other side, he liked B because many older properties had plumbing issues/leaks and the per gallon increase per property would affect them more if the Town adopted plan C instead of B. He stated the per gallon increase should make sure that the Town would be covered.

Commissioner Walker said no matter which option they picked, they could not change the tax rate but they could always come back and change the water rates.

Commissioner Walker said he agreed with the Mayor from the standpoint of less volatility if people cut back their water usage, but understood Commissioner Brooks' and Commissioner Harrington's points as well.

Commissioner Harrington said that A was somewhat in the middle of the options, and preferred that one.

Responding to a question regarding the average basic increase, Planner Monroe referred the Board to the chart on page 3 of the memo which provided the basic charge increase, the per gallon increase, and the average residential monthly increase based on usage of 6,000 gallons.

Mr. Terry stated he would prefer that the Board provide him with which option was the preferred option so that he could prepare the budget ordinance with that option included.

Commissioner Harrington said he favored A.

Commissioner Walker asked if the chart on page 28 was the anticipated expenses for the Water and Sewer Enterprise Fund. He said if the total noted for FY 2009-10 of \$2,284,555 was accurate, then none of the options would cover that. Mr. Borror stated that total did not include revenues that were realized in that Fund that were not related to charges.

The Board briefly discussed the various options to reach a consensus of which option was the most favorable.

Mayor Voller said they may want to consider long term what had become evident during the drought. He said first, they really had to seek out water conservation programs, such as rain barrel programs or others that would keep people from wasting water in ways that it did not need to be wasted, or encouraging people to use plants that did not take much water. He said second was to build a reuse water line, noting that was an asset because they could sell that reuse water to such companies as 3M once they got their water quality to where it needed to be.

Commissioner Walker said that Mr. Terry was right about the water being sold to 3M, noting that would be revenue they had not had in the past. Mr. Terry said they had received a special dispensation to sell reuse water to 3M, but to say it could be done for others may not be an accurate statement.

Mayor Voller said if they were putting the pipes in the ground then at some point in the future the Board or a future Board would realize revenue from that infrastructure investment, even if 10 or 20 years out.

Mark Tirone stated that the current wastewater treatment plant would not produce that quality water, which was the limiting factor.

After the discussion, Mayor Voller said the consensus appeared to be A, although Commissioner Brooks was not in favor of any of the options.

Commissioner Brooks said he would support it if that was what the Board wanted to do, but he believed they would agree that it would be hurtful to many people in the community. Several Board members agreed, but noted they did not have much choice.

RECESS

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

Vote Aye-5 Nay-0

RECONVENE

Motion made by Commissioner Brooks seconded by Commissioner Walker to reconvene in open session.

Vote Aye-5 Nay-0

ADD/CUT LIST

Mr. Terry suggested they go through the items one at a time, beginning with the Add List, with the first item being the Chapel Hill Transit Express Bus Service at an estimated cost of \$24,000.

Chapel Hill Transit Express Bus Service

Commissioner Harrington stated he believed the Board had already taken a position on that at this point.

Mayor Voller stated they were not raising taxes, and he believed that Commissioner Harrington was referring to the March 9 vote where the vote was not to support the service. He stated he believed the only thing they needed to discuss was whether anything over the \$125,000 transfer to balance the budget in the General Fund would be needed.

Mayor Voller said that given that the Board had heard from the Town Manager that they did not have revenue that had been accounted for the liquor by the drink referendum passing and what would come through the ABC Board, that it would seem to him that they were already ahead this year of what had been sold last year. He stated the ABC Board Chair had indicated they already had one active ABC permit, which was the Carolina Brewery, and five others were anticipated over the coming months.

Commissioner Bryan asked if the Chair had provided any figures such as year-to-date comparisons.

Mayor Voller stated the Chair had said last year they were at around \$56,000, and she had indicated today that they were already in excess of \$70,000. So, he said, they were ahead in

gross sales and in profits that would come back to the Town and to law enforcement. He said they had part of May and all of June to increase those gross sales and revenue. Mayor Voller said with that additional revenue, he would hope that the Board would consider using that to help offset expenses for the transit service.

Commissioner Brooks responded if the Board decided to do it, he would much rather the funds came from the sale of alcoholic beverages than from property taxes.

Commissioner Walker stated he would agree to that.

Commissioner Harrington stated they had said they did support the transit service, but they wanted to meet the conditions that Commissioner Walker had laid out and he believed they would. But, he said, they would need to have all the numbers in front of them in order to make that decision. Commissioner Harrington said he continued to support it, but he wanted to make sure the numbers added up. He said if they had adequate revenue from ABC sales, then he would say go forward, but they needed to know that before moving ahead.

Commissioner Walker suggested that they change the order of discussion and talk about the Employee Benefit Package, specifically the 2½% merit and 2½% cost of living. He stated that personnel was likely the largest expense in the budget, and he had not calculated what that 5% would add up to but if it were reduced and/or eliminated then that would free up a large amount of funds for other items on the Add List. Mr. Terry stated those were the first two items on the Cut List, noting that deleting the 2.5% COLA for Police and the 2.5% 401k contribution for non-Police would save \$20,000 in the General Fund and \$16,700 in the Enterprise Fund. He said deleting the 2.5% merit raises for all employees would save \$17,400 in the General Fund and \$13,800 in the Enterprise Fund, for a total of \$67,900.

Commissioner Brooks said the State was cutting its number of employees, and private enterprises were cutting salaries. He said he did not want to cut anyone's salary but would be in favor of freezing all salaries where they were now for all employees. Commissioner Brooks stated he would be in favor of promotions going forward as long as no additional salary went along with it. He stated once the economy improved perhaps then some adjustments could be considered.

Commissioner Harrington said he would like to grant the raises and still support the transit system and some other things, but he had no sense of where they were as far as what additional revenue they might have. Mr. Terry stated he had been keeping a running total. He said when the Board had decided to cut the taxes then the Fund Balance contribution had gone from \$58,000 to \$90,000, and if they were to fund the \$24,000 for the transit service out of Fund Balance then that contribution would jump to \$114,000.

Commissioner Harrington stated he wanted to know where they were in regards to what was budgeted versus revenues without having to dip into Fund Balance. In other words, he said, exactly where were they? Mr. Terry said at present, the Board had agreed to a reduction in the motor vehicle tax figure and the ad valorem tax figure of 2½%, which was a total reduction of

\$32,400, which had been factored in to bring the total contribution from Fund Balance to \$90,000.

Commissioner Harrington asked how the Board would feel about funding the transit service but not giving pay raises.

Mayor Voller said he would say to fund the bus system from ABC revenues, noting then it would not be coming out of General Fund revenues or Fund Balance. Mr. Terry reiterated they had not projected any additional revenue for liquor by the drink, noting if necessary he believed they could calculate a conservative estimate of what that revenue would be. He said that could be added to the revenue projection. Mayor Voller stated the Cut List was cutting items already included in the budget, so if those items were removed then the figures would improve.

Commissioner Walker stated they would be funding it from something that was not taxable to every citizen in Town, because some people drank alcoholic beverages and some did not. He said it was his understanding that establishments who obtained a permit were required to purchase their liquor supply from the Pittsboro ABC Store.

Mayor Voller stated that was correct, noting that the Pittsboro ABC Board had already trained seven people and anticipated stair-stepping in other restaurants over the next several months.

Commissioner Walker stated he believed Mr. Terry had a valid point, and it was somewhat of a crap shoot since they did not know exactly what kind of revenues would be generated from liquor but believed that more certainly would be generated. He stated he would be fine with having Mr. Terry increase the ABC revenues by a like amount already budgeted with the caveat that they stay in contact with the local ABC Board to monitor revenues. Commissioner Walker stated they could make a commitment to fund the transit service strictly from the ABC revenues and project what they believed the revenues would be. He stated if the transit service was up and running and the revenues fell very severely short of expectation, then they could eliminate the transit.

Mayor Voller asked how long the Board was willing to have as a trial period. Commissioner Walker responded he would give it six months, noting that liquor by the drink would be a gradual process and they would need time to see how the revenues went.

Commissioner Baldwin said she liked the idea of funding the transit service through ABC revenues, and agreed that six months was reasonable.

Mr. Terry stated it was his understanding that the Board was directing him to increase the revenue line from ABC sales by \$24,000 and fund the transit service from those proceeds for six months while tracking the revenue from liquor sales, and reporting to the Board at the end of that six-month period with a recommendation as to whether or not they could continue to afford the transit service based on those revenues.

Mayor Voller said it was important to remember that depending on the ridership the cost could be less.

401k Contribution

Commissioner Walker said he was not in favor of the pay increases but he had no issue with the recommendation to increase the 401k contribution to non-Police employees by 2.5%, which would not be going into employees' paychecks. Mr. Terry stated he had made that recommendation because Police employees were already at the 5% level for 401k contributions, while the remainder of employees was at 2.5%. He stated the recommended increase would put all employees at the 5% level. Commissioner Walker asked why the Police officers were already at 5%. Mr. Terry responded that level of funding was mandated by the State.

Commissioner Brooks stated it was amazing to him that the State would mandate 401k contributions for Police officers. Mr. Terry stated that the State mandated that all law enforcement personnel be included in the 401k program at 5% and it had been that way for years. He said it was tied into the State retirement for law enforcement so the State had some control of that, noting that another mandated benefit was that law enforcement officers were able to retire with less years of service than other employees in the retirement system.

Mayor Voller asked what the justification was for that recommendation. Mr. Terry said that 401k was his goal last year, and he wanted to make the contribution match what the Police were getting to be as fair as possible to all employees. He stated that was a fairly common benefit throughout the State for local government employees, and he believed they needed to be competitive in that respect. Mr. Terry stated he understood the economy was an issue, but he looked at that as an opportunity because they were not as hard hit as some other cities were. He stated if they wanted to get their salaries up to about the 50th percentile to remain competitive, then now was a great year to do that and catch up because others could not afford it. Mr. Terry stated he believed they could afford it and it was an opportunity for them to catch up more rapidly than they otherwise could have done. He stated municipalities around Pittsboro were giving zero raises, and rather than it taking Pittsboro four or five years to catch up, they could reduce that to a shorter time. Mayor Voller said what that all came down to was investing in their employees. Mr. Terry agreed.

Comprehensive Plan Planning Consultant

Commissioner Harrington said he would like to think about that in terms of all of the Cut items, and was curious as to what the Planning Board thought about the comprehensive planning consultant for \$65,000. He said he believed that was something the Planning Department could get a start on internally. Mr. Monroe replied that was correct.

Ride-on Trencher (Ditch Witch)

Commissioner Harrington said he was curious about how much they would spend on the ditch witch in a year or two. John Poteat stated that they would use the backhoe in a lot more situations than the ditch witch, but that the ditch witch was necessary to get into places where the backhoe would not fit. He said at present they had to rely on rental equipment.

Mayor Voller asked if it had a borer on it. Mr. Poteat replied it did, noting a ditch witch was like a mini-backhoe that could get into tight spaces. He stated he had put this item in the budget every year for the last four years, and it had been approved in FY 2008-2009 but was deferred due to revenue shortfalls.

Mayor Voller asked what size ditch witch they were looking at. Mr. Poteat responded it was a small tractor, similar to what cable companies used to run cable lines. Mayor Voller said that equipment came in various sizes, and agreed they needed to have one but suggested purchasing a smaller used one. He said he believed there were a number available that would likely be affordable. Mr. Poteat said the used ones did drop substantially in cost.

Commissioner Harrington stated he would like to invite Mr. Poteat to locate for purchase a used ditch witch and then come back to the Board with a specific request. He stated if they cut items 2, 3, and 8 on the list that would be about \$160,000 that would be available.

Commissioner Walker mentioned that regular auctions were held in Kinley and suggested he look into that, noting they had a lot of repossessed equipment that was sold for less than 50 cents on the dollar.

Mayor Voller suggested holding most of the Cut List items in abeyance now and to allow staff to look into purchasing used/repossessed items at much better prices. Mr. Terry stated one way to approach that would be to leave the dollar amounts in the budget for now and give staff direction to buy used. He stated then they would have funds to return to the budget once those purchases were made. Mayor Voller stated that was a good idea.

Employee Raises

Commissioner Harrington said he was still struggling with no raises, noting he would rather invest in their employees rather than “stuff.”

Mayor Voller agreed with Commissioner Harrington, noting they could purchase used equipment after they acquired some additional revenue. Mr. Terry suggested that the Board consider leaving item 1 in the budget, which was the 2.5% COLA for Police personnel, and the 2.5% 401k contribution for non-Police personnel, and then remove the merit raises. He stated that would save \$17,400 in the General Fund and \$13,800 in the Enterprise Fund. Mr. Terry suggested moving on down the list and allowing the Board time to think about that.

Comprehensive Plan Planning Consultant

Mr. Terry stated that item had been included as an add-on because it had come out of the Board’s retreat as a high priority item. He stated he would certainly understand should the Board choose to delay a year or reduce the cost by having Mr. Monroe and Mr. Horne work on it to get the process started. Mr. Terry stated that it was expensive, but it would be an 18 month to 2-year process and it would involve a lot of outreach to stakeholder groups and to every board and commission that the Town had. He stated if the Board wanted to delay the project for a year,

they could reduce the budget from \$85,000 to \$65,000 and use that \$20,000 to conduct some preliminary work on the comprehensive plan, deferring the bulk of the work until FY 2010-2011.

Mayor Voller said then substantial savings could be had by cutting out the consultant. Mr. Terry stated they could cut out the \$65,000 but would need to leave the \$20,000 so that staff could begin the process. Mayor Voller stated that the Planning Department had acquired some equipment that allowed them to print out large maps and other items, and asked was that technology in the budget. Mr. Terry replied yes, noting that was in the current year's budget. Mayor Voller said he had wanted to make sure it was covered. Mr. Terry said the equipment was a plotter that allowed them to print maps that had previously been outsourced.

Commissioner Walker stated he would prefer to cut the \$65,000, as did Commissioner Baldwin and Commissioner Harrington. Commissioner Bryan agreed as well, noting they needed to leave the other \$20,000 in the budget. The Board agreed by consensus.

Mr. Terry stated with that decision, the contribution from the General Fund had dropped from \$90,000 to \$25,460.

Police Car Replacement

Police Chief David Collins said that the \$23,000 would be used to replace a 2002 vehicle with nearly 91,000 miles of usage. He stated the new vehicle would be used by investigators, noting they would be transferring the police equipment from the older vehicle to the new one in order to save as much money as possible.

Mr. Terry stated the current vehicle was a Crown Victoria, but they were downsizing to the smaller police model Chevy Impala at a substantial savings. He stated a Crown Victoria would cost around \$32,000.

Commissioner Walker asked what the magic number was as far as replacement, noting he was driving a 12-year-old truck with 143,000 miles on it. He asked why they had to replace that vehicle. Chief Collins responded that their vehicles were driven constantly and experienced a lot of idle time, wear and tear, and were not family cars. He stated by the time they were approaching 100,000 miles they were fairly used up, and of course as the vehicle aged the maintenance increased. Chief Collins said vehicles were replaced when approaching that mileage for the safety of the officers.

Mr. Terry stated he had overseen fleet vehicles during his 16 years with the Town of Chapel Hill, and it was his experience that Police vehicles that were kept for seven, eight, or nine years began to experience large ticket maintenance such as engine replacements, transmission replacements, and other major system replacements. He stated in his experience the life expectancy of a Police cruiser was about four years and were generally sold at 65,000 miles. Mr. Terry said once Chapel Hill had set out that schedule they had been able to cut one mechanic from the workforce and had never replaced an engine or a transmission, but had only been required to change tires, oil and other routine maintenance and ended up saving the Town money.

Commissioner Walker said if they were purchasing vehicles that often then it would make more sense to lease Police vehicles rather than purchasing them in order to save money. Mr. Terry said he would have to do a market search to see if anyone offered such vehicles for lease. He said police vehicles were not normally leased because they had to be outfitted with radios and sirens which required cutting up the cars, and then you had cages and shotguns racks and other equipment. Mr. Terry said with all that it may not be possible to lease a vehicle, but he would do some research and find out.

Chief Collins remarked that equipment for vehicles would wear out as well. He stated they could sell the current vehicle at auction along with the equipment to create some revenue.

Commissioner Bryan said then you did not reuse equipment. Chief Collins replied they did reuse the equipment, but it depended on its age. He said once it reached the 10-year mark it was pretty much useless and they cost more to repair than they were worth. Chief Collins said another consideration was that technology was changing so at times equipment upgrades were necessary. He stated it would cost about \$5,000 per vehicle to outfit it with equipment.

Commissioner Walker asked should they really be looking at Chevrolets for purchase. Chief Collins stated the cars most appropriate to be outfitted as a police cruiser were Crown Victorias, Dodges, and Chevrolets. He stated he had test driven other vehicles including hybrids, but in many cases the interior space would not allow for all the necessary equipment including a prisoner. Chief Collins said the bottom line was that they did not have a lot of choices.

Mayor Voller asked if all hybrids would have the same space problem. Chief Collins stated there was a Tahoe hybrid, but did not know the cost. Mr. Terry stated the biggest problem with a hybrid was that you would never recoup the upfront cost.

Mayor Voller stated another issue was that the Board had discussed in the past the use of cameras in Police vehicles as well as on-board computers. He asked what the needs were of the Department in that regard and where were they now. Chief Collins said over the last four budget cycles he had purchased the computers needed for the vehicles with two being rotated. He stated they would need to purchase a camera for the new car at a cost of about \$5,000.

Commissioner Walker asked how many cameras they needed. Chief Collins replied six. Commissioner Walker asked if he would prefer a few cameras and if the vehicle could be stretched out for one more year. Chief Collins stated he would, noting that without the cameras they had a liability issue for the Town and he would like to invest in the camera system.

Commissioner Harrington said then to clarify, if Chief Collins was given the choice of replacing the vehicle and having additional cameras, he would prefer to delay the car for another year and purchase the cameras. Chief Collins stated that was correct, noting that if they did that then after that additional year the vehicle would be virtually be useless to the Department because of the safety factor.

Commissioner Walker said he would prefer to strike the vehicle and purchase four cameras.

Commissioner Brooks stated he did not think anybody that worked for the Town except for the Police Chief should have a take-home vehicle, regardless of what was said that would do to morale. He asked if the Officers drove their cars home. Chief Collins replied only those that lived in a 15-mile radius of Town. Commissioner Brooks said he had seen them being driven farther than that. Chief Collins stated if he had seen vehicles out further than that, it may have been because they were visiting schools or other locations or were involved in a transport. Commissioner Brooks said he believed all of the officers drove their cars home but one. Chief Collins said there were two that did not drive their cars home. Commissioner Brooks said even if it was only 15 miles or less, it still put wear and tear on the vehicles. He said if they were trying to make the cars last longer then discontinuing that practice would save miles each week on the vehicles, and he believed they should not be driven home. Commissioner Brooks stated they were still in a recession, and other employees had to provide their own transportation to and from work. Chief Collins stated the officers that were taking the cars home were also keeping them cleaned and maintained. He said if the cars were left parked in the police lot they would deteriorate and they would have to pay someone to look after them.

Mayor Voller said if they were to find cost effective ways to get computers in the vehicles as most police vehicles in the State had, they would be able to monitor exactly where the cars traveled and at what speed. He said he personally believed they had allowed take-home vehicles to get qualified officers to come to work in Pittsboro as a form of an added bonus and to help them take pride in their job and in their vehicles. Mayor Voller said he personally would hope that most of the officers lived in Town or in the ETJ, but did not know where they stood on that. Chief Collins stated he believed three of their officers lived at least within the ETJ. Mayor Voller stated that affected the mileage on the vehicles as well, and would likely continue to be an issue with the Board.

Commissioner Baldwin asked did the practice of take-home vehicles tend to retain officers. Chief Collins replied yes, noting that the increase in salaries last year had enabled them to retain their qualified officers, and take-home vehicles were an added incentive for that staff to remain. He said take-home vehicles were also a benefit for the Department, noting that at-home officers could be called in within a few minutes and be ready to go, that if the cars were all sitting in a lot then officers would have to report in and get the cars ready to go, which affected safety. Chief Collins said with the vehicles distributed out at officers' homes, they did not have to worry about the cars being vandalized in a lot, that they were being looked after and kept clean, and were always in a perpetual state of readiness. He stated the practice did not hurt the Town and did not cost the Town any more, and it had certainly helped with retention. Chief Collins said when a new officer had to be hired, it cost \$3,000+ and would take years to get a good officer trained and in place.

Mayor Voller said the Chief was saying it was a matter of operational readiness and effectiveness which was balanced against concerns such as those expressed by Commissioner Brooks and others.

Commissioner Harrington said he believed the Board had reached a consensus to leave the same amount in the budget but to use it for cameras instead of a vehicle, and delay replacing the vehicle until next year. Mr. Terry said the budgeted amount was \$23,000 and the cost of the cameras was about \$5,000 each, so you could really subtract \$3,000 from the total and purchase four cameras.

The Board agreed by consensus to purchase four cameras and cut \$3,000 from the budget.

Mayor Voller said one of the reasons his personal preference was to see their officers living in Town or in the ETJ was that there was something comforting about seeing a police vehicle parked in the driveway of a house or townhouse in a neighborhood. He said that was worth a lot more than having the car in the police parking lot. Mayor Voller said it did provide a sense of safety to residents, and it would be nice to see more of that. Chief Collins said the biggest problem with that was the lack of affordable housing, noting that officers wanted to live in and around Pittsboro but it was too costly.

Compact Pick-up Truck, Streets Division

Mr. Poteat stated the \$16,000 would replace a 1991 Chevy S-10 Pick-up with 91,300 miles. He stated the truck was well past its expected service life and was becoming increasingly expensive to maintain. He stated they wanted to purchase a truck with 4-wheel drive, and would purchase it under the State contract price.

Mayor Voller suggested that Mr. Poteat search for a used vehicle. Mr. Poteat stated the truck was used on a limited basis for particular work, and he did not believe it would be a good idea to purchase a used vehicle because they would not really know what they were getting and maintenance may be an issue.

Mayor Voller asked would Mr. Terry's plan be to turn this vehicle over at a certain point just like other vehicles. Mr. Terry said in this case the current vehicle was beyond economical repair and did not want to put one dollar into it.

Commissioner Bryan asked did he hear somewhere that they had a truck they could not get a title for. Mr. Poteat stated yes, that they had not received the original Certificate of Origin when the vehicle was picked up. He said they had contacted Chevrolet and the dealership in Sanford was assisting them in securing a title for it. Commissioner Bryan asked what the truck was intended for. Mr. Poteat stated it would be used by the Street Department, and had been purchased in 2005.

Mr. Terry stated they had had the vehicle for four years and it was never properly licensed, and they had been using it when they likely should not have. He said it had been purchased at Bobby Murray Chevrolet and they were scrambling to get the title issue resolved.

Commissioner Walker said he would not support buying another truck until the other truck was properly licensed.

Commissioner Brooks suggested cutting the truck out of the budget and revisiting the issue once the title issue on the other truck had been resolved.

Commissioner Baldwin stated her brother was over the warranty division with GM and she would be happy to contact him and ask for help if needed, particularly to talk with Bobby Murray Chevrolet.

Compact SUV (Ford Escape)

Commissioner Harrington stated it was his recommendation to cut that from the budget, noting they did not need to purchase a new vehicle for that one person. The Board agreed by consensus.

Ditch Witch

Mayor Voller said he believed the Board had agreed to leave the ditch witch in the budget but to have the staff investigate buying used equipment. The Board agreed by consensus.

Christmas Decorations

Commissioner Walker stated he was in favor of keeping the decorations in the budget. The Board agreed by consensus.

401k and COLA

Mr. Terry stated he believed the suggestion was to leave in the 401k and COLA but to eliminate the 2.5% merit raises for all employees, for a savings of \$31,200.

Mayor Voller stated that since they had resolved so many of the other issues at a savings, that the Board might want to reconsider that. Mr. Terry stated the Board had cut the pick-up truck for a savings of \$16,000 in the General Fund and the SUV for \$25,000 in the Enterprise Fund. Mr. Terry stated they had been “in the hole” by \$25,00, but were now at about \$56,000 to the good.

Mayor Voller stated that savings would allow the Board to grant both the 401k and COLA and the merit increases. But, he stated, those amounts were already in the budget so they would still have an additional \$56,000. Mr. Terry responded that was correct.

Commissioner Bryan said since they had that additional \$56,000 he suggested they go through the Add List again.

Police Officer – Governor’s Highway Safety Fund Grant

Mr. Terry stated that if the grant were successful the cost to the Town was \$18,000, but if it were not successful then they would not proceed with that item.

Chief Collins stated if successful the grant would fund the position for three years. He stated they had 11 total Police officers including him, with 8 Patrol officers on the road.

The Board held a short discussion on the issue.

Commissioner Brooks stated he was hearing the Board say to fund it at \$18,000, but if they did not get the grant then to cut it out. The Board agreed by consensus.

Reclassification of the Domestic Violence Officer

Mr. Terry stated that was a small expense item at \$3,200, and it would provide for the reclassification of the Domestic Violence Officer who was now performing those duties as well as acting as the training officer and training coordinator and assisting investigators with criminal investigations, narcotics investigations and internal affairs investigations. He stated when the detective was not available this person routinely was called in to be the lead investigator in charge of crime scenes, and also filled in on regular patrol shifts when needed. Mr. Terry stated this officer's work load and responsibilities had expanded and were broader than first anticipated, and the additional funds would allow for the reclassification.

Chief Collins stated that the officer was a general instructor and was in training to acquire a higher level of education in that regard. He stated that officer would actually be saving the Town money by offering training in-house. Chief Collins stated that officer had also taken on many other responsibilities as Mr. Terry had described, and the officer had also taken on the role of maintaining records for all the officers.

Commissioner Harrington said he believed the upgrade was reasonable.

Commissioner Brooks said he did not disagree but believed they should address the money when they talked about the total raises which he did not believe they would do tonight.

Mayor Voller said unless there was some compelling reason he would like to address that tonight. He asked was Commissioner Brooks suggesting including this item with the next one on the list, which was improvements to the Employee Benefits Package.

Commissioner Brooks responded yes. Mayor Voller stated the employee was doing a good job and believed the upgrade was appropriate.

Chief Collins commented that this employee fills in for the lead investigator when he was not available, and because the employee was a Patrol officer with no ranking and no instruction she had no command, so the new classification would provide that ranking. He stated he believed it was a must to get her reclassified to the new ranking and provide her the necessary instruction.

Commissioner Harrington said he believed it was reasonable to do and something they should do, but agreed they could also look at it along with raises in general.

Commissioner Brooks agreed, but said he believed they should consider all money for employees at the same time.

The Board agreed by consensus to consider all items regarding employee salaries and benefits at one time.

Town Engineer Position

Commissioner Brooks, Commissioner Walker, and Commissioner Baldwin all express their desire to scratch it from the budget.

Mayor Voller stated that most municipalities with Engineering Departments still contracted a lot of work out so it would not save that much money, but there was an advantage to having an in-house engineer. He suggested that this could be revisited again in six months to see how they stood financially.

Commissioner Harrington said he had talked to the town manager in Troy because he had read an article that stated the Town of Troy had achieved zero discharge in their basin. He stated he had asked their town manager how they had done that, and his reply was they had hired an engineer who was a PE who also served as the utility director, and he had designed their system and trained employees to do some of the infrastructure. Commissioner Harrington said because that employee was a PE, Troy would count all of his work as in-kind contributions towards grants, so they had been able to do all of that work effectively with no cash out by the town but paid for through those grants. He said that Troy was a town of 4,000 but they had been able to pay the PE's salary at over \$100,000, and the town manager had said that position had paid for itself multiple times by getting grants that they would never have been able to get otherwise. Commissioner Harrington stated that the town manager of Troy had been absolutely emphatic about how necessary such an employee was, and he believed Pittsboro needed to go that route at some point.

Chatham County Fair Association (Fireworks for July 4th holiday)

Mayor Voller stated the Board had discussed in the past some way to handle requests such as this on an ongoing basis. He asked Mr. Terry where was the bucket of money that they currently were able to use when such groups made requests. Mr. Terry stated that the Town was not permitted by State law to donate taxpayer funds to non-profit groups. He said they could contract with any entity they wanted, but they could not donate funds to non-profit entities.

Mayor Voller said his question was if there was a pot of money if the Town were to contract with such groups. Mr. Terry replied no, that he supposed those would have to be identified in advance and budgeted under Contract Services.

Commissioner Baldwin said what she was hearing was that because this was a non-profit agency, there was no funding. Mr. Terry said if they could convince themselves and the Attorney that that was a municipal function, they could categorize it under Recreation. He said there obviously were some grey areas, but it may be possible to fund it as part of the Town's Recreation program.

Commissioner Harrington said because that was a grey area he would recommend that they not fund it. Mr. Terry stated they did sponsor a holiday parade and a street fair as recreational events, so it would likely be possible to fund it.

Mayor Voller said clearly the fireworks would cost more than the \$5,000 they were discussing, noting it was closer to \$14,000 so he believed the County would need to participate. He said all the Fair Association was hoping for was that the Town would partner with them and others in the future to provide a July 4th parade and fireworks. Mayor Voller said the Town was growing and citizens would like to see that kind of event, so perhaps they should consider it in the future.

Mayor Voller suggested referring the issue to the Parks and Recreation Board and asked them to provide a recommendation for next year. There was a general consensus from the Board.

Commissioner Brooks said he believed they should do whatever was necessary for the Fairground Association to get a sewer tap. He stated they had granted an easement across their land for the industrial park but did not have a sewer tap, and he believed the Town should do whatever possible to help them get that. Commissioner Brooks said he did not believe the Town should put up any money but they certainly should not charge them.

Mayor Voller stated it appeared to be an injustice that happened some time ago but never addressed. He stated normally when a line was run there would be a tap, but there was no tap.

Commissioner Brooks stated they should get them a tap, but did not believe it had to be decided tonight other than to agree they were in favor of it. There was no objection from the Board.

Mayor Voller suggested handling the remaining items by adding them to next Tuesday's agenda. Mr. Terry stated that meeting did not appear to be overly full and the remaining items could be included in that meeting.

Mayor Voller said on the page where the General Fund and the Enterprise Fund was noted, it showed \$365,000 for the improvements at the Water Treatment Plant, but the cost was a lot less. He asked would there be money shown coming back into that balance when the totals were run. Mr. Terry stated when that project was completed there would be a return made to the fund balance. Mayor Voller said he believed that needed to be brought forward on Tuesday so that they would have a better picture of what to expect budget wise and to make better informed decisions on the remaining items.

ADJOURN

Motion made by Commissioner Walker seconded by Commissioner Brooks to adjourn the meeting at 9:45 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk