

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
BUDGET WORK SESSION
MONDAY, MAY 17, 2010
7:00 PM

Mayor pro tem Pamela Baldwin called the meeting to order at 7:00 p.m. and called for a brief moment of silence.

ATTENDANCE

Members present: Mayor Randy Voller (arrived at 7:20 p.m.), Commissioners Pamela Baldwin, Gene T. Brooks, Clinton E. Bryan, III, Michael Fiocco, and Hugh Harrington.

Staff present: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Town Attorney Paul S. Messick, Jr., Public Works Director John Poteat, Assistant Planner Paul Horne, Finance Director Kay Hamrick, Police Chief David Collins, Wastewater Treatment Plant Superintendent Randy Heard, and Water Treatment Plant Operator Kay Willis.

Town Manager Bill Terry stated that there were some budget working papers that had been distributed to the Board, noting that as the discussion went forward tonight he would be taking notes on any recommendations the Board might make. He stated one of those working papers was information regarding how other jurisdictions compensated their elected boards.

Commissioner Brooks stated that it had been about 25 years since any change had been made in the Board's compensation. Mr. Terry said that was likely correct, but they had been unable to find it in the records.

GENERAL FUND REVENUES

Mr. Terry stated regarding Ad Valorem taxes, they had held the tax rate the same but expected a 1.7% growth. He said regarding interest on investments, they had experienced a poor year and expected to see another one. Mr. Terry said that historically investments had run in the \$70,000 to \$80,000 range, but it had dropped to \$27,000, noting he expected that to drop even lower.

Commissioner Harrington asked what sort of investments garnered that higher figure. Mr. Terry stated for the most part they were Certificates of Deposits.

Commissioner Bryan commented at that time the interest rate was 6% or more, and now it was 1½% or 2%.

Commissioner Brooks asked if they had a pot of money that could be invested for a longer period of time in order to gain the most interest. Mr. Terry said it was possible particularly if

they invested larger amounts, although it would not be possible to do that with Enterprise Funds because of the number of ongoing projects.

Commissioner Harrington said then they were using the same conservative instruments they had used in past when the return was greater. Mr. Terry said that was correct, noting another factor was they had lost their Finance Director in the midst of moving everything over, and because that had not been completed before his departure it had had an effect on the return. But, he said, the interests rates were so low it had not made a dramatic difference.

Commissioner Harrington said historically they had used local banks, and asked should they be looking for more competitive rates. Ms. Hamrick said that they had considered that but the rates were very much the same.

Mr. Terry said if the Board wanted to do so they could solicit interest rates to see what might be possible through a broader spectrum of banks.

Commissioner Brooks said they used to do that but the rationale was that local citizens paid the taxes and by investing Town funds in local banks then hopefully those funds would be available for lending in the community. He said he did not know if the citizens would be better served by making a change, but suspected that most of the banks were going to have a competitive rate within a quarter of a point and he would not want to make such a change for a quarter of a point.

Commissioner Baldwin said where the budget indicated the transfer of General Fund Balance of \$123,000, since the last meeting there had been some funds appropriated from that balance. She asked if that decrease had been included here. Mr. Terry responded that appropriation was from the current year budget and not the upcoming budget, but it would decrease the surplus in the current year funds by \$75,000.

Mr. Terry said that Video Sales Taxes was a new revenue item, and explained that replaced the old Cable Television Franchise Tax which no longer existed due to a Legislative change. He said that tax would eventually go away and be replaced by the Video Sales Tax.

Mr. Terry said that because of the recession he had been conservative when estimating the various sales tax revenues. He said he had increased the figures somewhat for the coming year because they were coming out of the recession and performance was a little better than expected this year. Mr. Terry said the only dramatic change was with ABC revenues, where they had expected around \$12,000 which was more reasonable than the previously budgeted \$48,000.

Commissioner Fiocco asked what the relationship was between the transfer from the Enterprise Fund and the revenue generated by the Enterprise Fund. He said they were relying on a fairly substantial number in the budget, and asked would that figure decrease revenue from the Enterprise Fund. Mr. Terry stated that the Enterprise Fund paid its own way in respect to the support it got from Town hall. He said it paid half of his salary, half of the Town Clerk's salary, and it paid 85% of the receptionist's salary because her primary duty was collecting bills. Mr. Terry said those percentages were all spelled out on the personnel allocation sheet, noting that

any General Fund employee who provided support to the Enterprise Fund was included so that figure was their “bill” to the Enterprise Fund for those services.

Commissioner Fiocco asked what was included in “Other Revenues.” Town Clerk Alice Lloyd noted that was income they did not receive on a regular basis, such as income received only one time. She said an example might be a payment from an insurance company, noting she could provide additional information if necessary. Commissioner Fiocco said he would like to see a list, noting it was not a small amount.

Mr. Terry stated that figure was actually revenues that were very small but were accounted for in the detail sheets.

DEPARTMENTAL BUDGETS

Governing Body

Mr. Terry noted that Training and Travel had been budgeted in the current year at \$1,200, but the actual expenditure was \$3,700 because of requirements for ethics training as well as training for a new Board member. He said he had budgeted \$4,000 for the coming year.

Mayor Voller arrived at the meeting at 7:20 p.m.

Mayor Voller stated he had brought up the issue of considering some change in the compensation for Board members, noting it had been around 25 years since any change had been made. He said perhaps the Board might want to consider some rational tithe that would be tied into the tax base, and recommend future Boards to review it on a regular basis. Mayor Voller said he had thought they could look at where other jurisdictions stood and make some appropriate changes, adding he believed this Board should at least be on par with other jurisdictions that they considered being comparable to Pittsboro.

Commissioner Harrington said from the information provided it appeared that they were on par with other jurisdictions of similar size and with 5-member boards like Pittsboro’s. Mr. Terry said if the Board wanted to consider a one-time adjustment, they could do so and then form a subcommittee to talk it through and come back with a recommendation. He said to prevent it from being another 25 years before an adjustment was made, they could utilize some kind of policy that was tied into raises given to employees or to something else that happened on a regular basis such as the CPI so that there was a systematic way to keep pace and prevent it from becoming stagnant.

Mayor Voller said agreed, noting he believed it should be linked in some way to some rational thing.

Commissioner Fiocco said he agreed it had been a very long time since a change was made but believed this was the wrong time to make such a change.

Mayor Voller stated they had been revenue neutral last year but there was actually a 4 cents tax cut. He said in an election year no one was going to want to raise any rates.

Commissioner Brooks said it did not seem to bother the County Commissioners, noting they received \$25,000 plus health insurance plus extra funds for extra meetings and a computer. He said there were many in the County that did not earn \$25,000 year.

Mayor Voller commented that if you looked at the County's overall budget of \$85 million, it did not appear to be out of line.

Mr. Terry said that unless he heard otherwise, the compensation would remain the same and the Training and Travel line would be \$4,000. He said the Governing Body budget had an overall increase of 4.2% or less than a \$2,000 increase over the previous year.

Mayor Voller said another reason he had brought up the issue of compensation was because at some point in the future, they may want to consider expanding to a 7-person Board. He said in that case, even if compensation was not increased the budget would still increase because of the extra members. Mayor Voller said that could be discussed outside of budget discussions, but those were things that should be discussed.

Commissioner Harrington asked if the Mayor had a recommendation on a pay increase that the Board could consider.

Mayor Voller said he believed they should consider keeping pace with inflation over the last 25 years or increasing it 10%, or some plan to increase it incrementally over time so that they were not locked into making vast changes. He said perhaps it was something that could be revisited later, but a 10% change would only amount to \$3,000 so it was not a great amount compared to the size of the Town budget.

Mr. Terry said he would hazard to guess that the change in the CPI over the last 25 years could be 400%, and it would have to be compounded.

Commissioner Baldwin said it was something to look at, but not in this economy.

Commissioner Brooks said the Town could not afford to raise the Commissioners salaries to a point that it would mean anything. He said he believed it would mean more to the citizens if they held the line.

Mayor Voller said he understood that, but increasing a budget line item by a very small amount was not comparable to doing a \$100,000 budget change because they had a project that went over budget. He said he agreed it was a symbolic gesture, but it was a small change that was warranted. Mayor Voller said perhaps they should wait until the new census figures were released and see where they stacked up and then revisit it, but believed they needed to be thinking about it because as the Town grew they could not be stuck in a situation where they were not keeping pace with employee salaries and Board compensation. He said he was not

advocating making a change this year, but it would not have a significant effect on the overall budget.

Commissioner Brooks commented he doubted the Board made 50 cents an hour.

Mayor Voller agreed, noting that at least they now had some comparison information.

Administration

Mr. Terry stated that he had asked all department heads to hold their operating budgets to as close to a zero percent increase as possible, but there had been some areas that were out of their control. He said one was that the State had raised the retirement contribution and they were expecting a 28% increase in health insurance costs. Mr. Terry said in Administration, they had been able to decrease the operating budget 6%, but overall it was up 4.2% primarily due to the increase in health insurance and retirement contributions.

Commissioner Brooks said this year was a short session for the General Assembly and asked if they were looking at any changes in sales taxes that might benefit the Town.

Commissioner Baldwin said that generally the TJCOG had issues before the General Assembly, but it was too early to know what would be considered. She said the State was in desperate shape and were trying to pull in everything they could from the local governments. Commissioner Baldwin said nothing that the State did would surprise her.

Mayor Voller stated that the State was anticipating a huge shortfall.

Commissioner Brooks said he believed this was the year that a lot of federal funding would run out.

Mayor Voller said that last year the State had balanced the budget with additional federal funds but this year those funds were not there, so they would need to tighten the budget even more.

Commissioner Brooks said he did not know how that might impact Pittsboro, but they needed to be aware that there may be some backlash.

Mayor Voller said he believed the things that might affect the Town were things like the broadband and other abstract issues like annexation, but he did not believe they would directly affect the budget.

Commissioner Brooks said he was concerned that sales taxes might be affected.

Mr. Terry stated he believed the sales taxes were somewhat protected in that they were mandated to pass to the local governments. Town Attorney Paul Messick said that was correct, but the State could consider some change.

Mayor Voller said he would be more concerned with what they would do with DOT funds, noting they had just come out with some interesting paperwork involving Powell Bill funds. He said the State was asking for more involved certification of their streets and had actually listed their balances. Mayor Voller said their balance was over \$200,000, and his worry would be that if they did not spend it then theoretically they could decide to freeze all Powell Bill spending and utilize it for something else. He said they had done some chicaneries things with DOT funds over the last 20 years, and he would suggest they identify projects and put the funds to use so that they were not taken.

Commissioner Bryan asked over the last 3 years about how many employees had the Town added to its numbers. Ms. Lloyd responded perhaps 10 over the last 3 years.

Commissioner Bryan said the figure that concerned him was health insurance for employees, noting the figure used to be \$8,000 and now they were at \$47,000. He said he understood that the cost had increased, but had it really increased that much. Mr. Terry stated that they were still negotiating with the provider, but he had received a call last week and they were stuck on a 28% increase at present.

Ms. Lloyd commented some of that had to do with employees who were shifted to the General Fund that had been in the Water Fund as far as the Administration's budget.

Commissioner Bryan said then some of that expense had actually been transferred from the Enterprise Fund. Ms. Lloyd stated that was correct.

Mr. Terry called attention to the 22% decrease in Contracted Services that related to the Chapel Hill Transit service, where they had budgeted \$24,000 at \$2,000 a month. He said the bills had not been coming in that high so they had dropped that amount of \$18,000.

Commissioner Harrington stated they had signed an 18-month contract, and asked when that would expire. Mr. Terry stated it would expire at the end of this budget year if not extended. He said that he had recently met with County officials and officials from Chapel Hill Transit, and the conclusion was that \$18,000 was an appropriate amount to be budgeted for the coming year. Commissioner Harrington said he believed that was one area where they could cut expenses, noting he believed they could cut out at least one bus and still serve the same amount of people. He said he was not advocating deciding that now but believed they could make a case to contribute even less than the \$18,000, noting there were two buses arriving at Ferrington at around 7 a.m. when he believed one would be sufficient. Mr. Terry said at the recent meeting the County had brought up that same issue, but the dilemma was that the drivers had to be paid for a 2-hour minimum. He said they had cut out the Ferrington loop so the ride was much faster now.

Mayor Voller said the problem was that a commuter bus did not work for the rhythms of that community. He wondered if they could incorporate Commissioner Harrington's suggestion and asked that they consider possibly putting a bus out on Saturdays so that people could come into Pittsboro to shop and eat and cut out that second bus during the week. Mr. Terry said he could

talk with them about that, but that would not be a cost cutter. Mayor Voller agreed, but said it would better allocate the money they were spending and adding a service that made sense.

Commissioner Harrington said he would like to say to Chapel Hill and the County that Pittsboro believed there was a redundant route, and they would like to not pay for that redundant route and save the funds. He said it was Chapel Hill's obligation to keep someone working and not Pittsboro's. Commissioner Harrington said that Pittsboro was paying for a bus that was very well used and then a redundant one that was poorly used, and to him that was a one-third savings. He said he would like to say that to Chapel Hill and the County and also that the Town would be adjusting its budget to fit that service. Commissioner Harrington said they may not agree, but he would like the question to be asked. Mr. Terry said he would bring it up, but in previous experience with Chapel Hill Transit he believed that would not be acceptable. He said there was not enough money from the grant, UNC, the County, and Pittsboro to make the math work and cover all the expenses, and they were now considering asking the Chapel Hill Town Council to allot funds to keep the service alive.

Commissioner Harrington said that did not make sense to him, since they were contributing now what they had said they would contribute, as was the County. But now, he said, they were saying they could not continue the service. Mr. Terry said the glitch was that the Town had budgeted \$24,000 this year for a full year's worth of service, but they had not gotten started until September so it covered only 9 months. He said the County had actually budgeted for only 9 months so their funds would not have covered the full year, but they had put the same number back in the budget. Mr. Terry said from Chapel Hill's perspective there just was not enough funding, but were now trying to rework the funding to see where they stood. Commissioner Harrington said he understood they were tightening their belts just as everyone else was trying to do.

Mayor Voller stated that was happening from all sides, but clearly there was a need and ridership was growing. He said that UNC was the driving factor because they were the ones that had employees living in Chatham County and Pittsboro and even Sanford. Mr. Terry said he understood that the pre-purchase of passes by UNC from Chapel Hill Transit was what was keeping the service alive at this point.

Commissioner Bryan said his company also had Blue Cross/Blue Shield for its employees and they were hit with a 35% increase this year, so he understood how the Town was facing a 28% increase. He said he had actually contacted United Health Care for a quote and it had come in at a nominal increase, but unfortunately their network of doctors in the east would not accommodate that although those in this area would. Commissioner Bryan said he offered that just as a suggestion. Mr. Terry stated they were already looking into that.

Legal

Mr. Terry noted a small increase in the Town Attorney's retainer fee of \$1,200, and then an increase of \$1,000 in the Legal Services line item not related to his fee to cover duties that were assigned off-line whenever the need arose.

Commissioner Harrington said then Mr. Messick's fee would not cost any more than that since the Town paid him a flat fee. Mr. Messick responded that was correct, noting that in the past those funds had been used to cover fees for issues at the Water Plant or the Wastewater Treatment Plant, including travel to Raleigh. Commissioner Harrington asked if a Board member were to contact him with a question was that part of the retainer. Mr. Messick responded in most instances, yes.

Mayor Voller asked had they ever set aside contingency funds for legal services in case they did get involved with an expensive law suit. Mr. Terry stated not to his knowledge.

Commissioner Harrington stated he believed they had insurance coverage for just such a contingency. Mr. Messick said it was a liability policy that the Town paid for through the League of Municipalities. He noted that policy would be used when someone was asking for money, and would not cover such cases as zoning and the like.

Planning

Mr. Terry said that was one of the departments where it had not been possible to keep the operating budget at a zero increase, noting they had discussed the Professional Services line item at a previous Board meeting. He said there was a considerable increase, but if you compared that figure to the 2008-2009 figures they were considerably lower even with the increase. Mr. Terry said they had lowered that figure dramatically in the current year budget but that had been an error, so they were now budgeting funds that would reflect what they expected the expenditures to be.

Commissioner Harrington asked what was paid from that line item. Mr. Terry responded it covered site plan reviews by Jay Johnston, or sending him out for inspections and the subsequent reports, and the like.

Commissioner Brooks said a couple of years ago Mr. Terry had stated that they should start seeing reductions in engineering fees because of the decrease in building due to the economy. He asked if they should begin sending engineering work out for bids. Mr. Terry said they had done that before with open-ended contracts and could do it again. Commissioner Brooks said he was not recommending doing that, but was only asking would it be a good idea.

Commissioner Harrington said he believed it was reasonable to at least consider that. He asked if that line item would go away if they were to hire a Town Engineer. Mr. Terry said it would affect it, but he envisioned the Town Engineer position as somewhat more than that. He said if they hired the right person they could be involved in site plan reviews, but with a small municipality like Pittsboro he believed the Town Engineer would be a civil engineer and would not normally do that sort of work. Mr. Terry said he would envision a heavy portion of the work load of a Town Engineer to be as project manager, especially if they got into building the \$30 million wastewater treatment plant. He said he believed they would all be served if they had a civil engineer on staff that would oversee that project. Mr. Terry said in short, the line time would be reduced but it would not go away. Commissioner Harrington asked how much would it go down. Mr. Terry said possibly 50%. Commissioner Harrington asked Commissioner

Brooks if his thinking was they would bid out services and have someone on retainer, or bid it out job by job.

Commissioner Brooks said he was thinking about a year by year retainer, noting he was looking for ways to cut costs. He said but, it might be self-defeating because if they found an engineer at a lower cost they would not have the knowledge that the engineers the Town dealt with now had, and the Town would end up paying for that.

Commissioner Fiocco stated that his latter point was well taken, noting they would put themselves at risk because Hydrostructures had a lot of legacy information and had learned to work with the Town over the years. He said there had been a lot of information passed back and forth and they had a good working relationship.

Commissioner Fiocco said he had looked at the zoning and inspections fees, noting they had engineering plan review as well as field inspection. He said those were the kinds of things that Hydrostructures would be involved in and might be covered by that line item. Commissioner Fiocco said right now the fee was \$80 an hour for plan review and \$65 an hour for field inspection, and he wondered if that was higher than what Hydrostructures was charging the Town or was it lower.

Commissioner Harrington said it should absolutely be adjusted to what an engineer would charge to do it.

Commissioner Fiocco said they certainly should not be paying more than what the developers were being charged.

Commissioner Brooks said he agreed emphatically.

Commissioner Harrington said he believed that should be cost neutral. Assistant Planner Paul Horne said he had done some research on that several years ago and would be happy to forward that information to the Board. He said he believed that research showed it was not neutral, in that some things cost less and some occasionally cost more.

Commissioner Fiocco said they might want to revisit that issue with Hydrostructures so that they could either readjust the fees to cover the cost or adjust their hourly rates.

Commissioner Bryan asked if Hydrostructures was on a retainer. Mr. Terry responded no, noting they did a lot of work for the Town as needed and also had some specific contracts for various projects. He said they probably should be on retainer because they were being used as the de facto Town Engineer.

Commissioner Brooks said something that had bothered him for the last six months was that the Town had had to come up with over \$100,000 extra for engineering fees. He said perhaps it could not have been avoided, but he believed that was very difficult for a small town like Pittsboro to plan a budget and then get hit with those kinds of fees. Several Board members agreed.

Mayor Voller said every single year since Mr. Terry had been with the Town they had experienced some unplanned issues that had come to light, for instance the \$120,000 bill from DOT that had surprised everyone. He said the last one that he believed Commissioner Brooks was referring to had been paid out of grant funds and not Town funds. Mayor Voller said he understood that that did not matter, but believed what had happened in DOT's case was they had done some work over a 7-year period and they had figured out a way to get reimbursed.

Commissioner Brooks said he understood that, but you could not operate a business with those kinds of unexpected expenses that dated back 7 years.

Mayor Voller said that Hobbs, Upchurch had done the same thing, and did not know what the answer would be.

Commissioner Fiocco said he understood that those kinds of things happened, but he believed they had made it very clear that they had in the end decided that it was a legitimate charge but it was completely and utterly the wrong way to manage it. And, he said, that the Town would not be put in that position again.

Commissioner Brooks said he agreed, and noted they needed to know how to put together a project and a budget to protect them from that happening in the future. He said he was sure the charges were legitimate but it was very difficult to come up with that kind of money from a limited budget. Mr. Terry said he believed they were talking about the 3M project, and he took his fair share of the blame in that. He said when he had asked the contractor to include paving Cornwallis Street in the project, he should have asked for a fee proposal but he had not, so he had to take responsibility for that. Mr. Terry said the contractor had made a mistake, but if they had managed the project a little more professionally they could have avoided it.

Mr. Terry said the Board would soon see an engineering budget amendment for the Wastewater Treatment Plant, noting there had been some cost overruns on the materials testing to ensure that the concrete was acceptable, and the budget amendment would be moving funds from contingency to the project budget.

Commissioner Baldwin said they all understood that the 3M charges were justified, but she believed what Commissioner Brooks was pointing out was how could they plan for the future and protect themselves from that type of occurrence. She said she wanted to be sure that what they budgeted would be enough to cover the fees if they were to ask Hydrostructures to perform some extra tasks. Mr. Terry said he believed the \$50,000 he had in the budget now would be ample, noting there were also off-setting fees because when Mr. Johnston went out on a site plan review the Town would be collecting a fee for that. Commissioner Baldwin said the second part of that was to make sure what they were paying Mr. Johnston was covered by the site plan fee. Mr. Terry said they would be looking into that, noting they would also be looking at their procedures of collecting fees every time the service was provided.

Mayor Voller said in his experience with construction development, there was scope creep constantly with engineering and surveying services which was very frustrating because a number

of things cropped up and you had to make a decision of how to go forward and pay for it. He said as a steward of the public purse, they wanted to know that up front and not halfway through the project. Mayor Voller said he believed they needed an open ended or indefinite delivery contract with Hydrostructures because that would have helped them in dealing with the sidewalk issue. He said ultimately what mattered most was what product they had delivered to the citizens, and he was most frustrated because he had wanted to pave the entire road in Cornwallis Heights because they had talked about it 4 years ago. Mayor Voller said he was still upset because the Town had not done what it had set out to do, although Mr. Terry had not been with the Town at that point. Mr. Terry said at some point the paving of Cornwallis had fallen out of the scope of the project and it was not a part of the project when he had taken it over.

Commissioner Harrington said if they had a Town Engineer, then they would have engineers talking to engineers and the Town Engineer would be acting as the project manager. He said he would think that the Town Engineer would be in a position to handle some of those types of issues. Mr. Terry replied absolutely, noting he believed the Town Engineer would do site plan reviews and some inspections, noting that if they had an engineering firm on contract then the Town Engineer would supervise that contract. He said the Town Engineer would take over the heavy burden of project management that he and Mr. Poteat were currently managing.

Commissioner Fiocco asked if the Salaries line item included a year's salary for the new Planning Director. Mr. Terry replied yes.

Commissioner Harrington asked how much was budgeted for the Planning Director. Mr. Terry replied he had a detailed personnel sheet but had not brought it with him, but believed it was in the range of \$60,000 to \$65,000.

Commissioner Harrington said he and Commissioner Fiocco had discussed recruiting someone that they would not have to provide training for, and wondered what that would require as far as salary. He said certainly in the next few years he would imagine that person would be very busy and would hold a very important job with the Town, and wanted to know if that was a competitive salary and if not what was a competitive salary. Mr. Terry said he had not done a market study on that position.

Commissioner Brooks asked how many applications had been received. Mr. Terry replied 150. Commissioner Brooks asked if he would say that at least half of those were experienced. Mr. Terry said he would estimate only about a quarter of them were experienced, noting that there were many applications from persons getting their Masters degrees in 2010. He said when he had done the first run through his list of qualified candidates was around 35 or 40, with 5 that were very experienced. Mr. Terry said some had stated a salary range of \$75,000 to \$80,000, but most were within a range the Town could pay.

Mayor Voller said the important thing was to find someone who would potentially be on the job for 5 to 10 years and had experience. Mr. Terry said with the candidate pool he had now he believed they would be able to find someone qualified at the right price. He said if for some reason he found they could not then he would come back to the Board.

Commissioner Harrington said please do, noting he would rather hire someone and be glad than to hire someone at a lower salary and not get what they wanted. He said he would rather spend an additional \$10,000 or \$15,000, noting that five years from now it would be well worth it.

Commissioner Fiocco agreed, noting that the position of Planning Director was one of the more critical positions they would hire in the next couple of years. He said with what was sitting in the wings and posed to come through the Town it would require someone with a substantial skill set to work with those who would be coming into the Town.

Mayor Voller said they needed to be able to hire someone who would have the flexibility to have contractor planners to help them if necessary but not expand the head count, noting they needed to think proactively. He said the entire future of the Town depended on what happened here.

Mr. Terry said he had \$50,000 budgeted for Professional Services at this point and believed that would be sufficient.

Mayor Voller said ultimately it was what was delivered to the citizens, noting that Mr. Horne was working with the Recreation Department and you could see a tangible result of the good planning in that area. He said if you visited other jurisdictions you could see what good planners did for their towns, and bad planning was always evident.

Commissioner Fiocco asked how far off was the \$20,000 budgeted for the 09-10 budget. Mr. Terry stated as of today they were \$27,000 in arrears, so they had spent \$47,000 with 2 months left to go in the fiscal year. He said that had prompted him to adjust the figure in the upcoming budget to \$50,000, which was as high as he felt comfortable doing.

Commissioner Fiocco wondered if they could take some of those funds and put it towards a Planning Director. And, he said, if they were not collecting the fees they should be was that a way to make that difference up. Mr. Terry said they would look into that.

Commissioner Brooks said he had noticed the consultants were in Town and asked were they working on site plans. Mr. Terry stated they were doing zoning compliance check-offs when someone applied for a site plan as well as some other duties.

Mr. Horne stated they were also performing the general duties of a planner including site reviews and working closely with Mr. Messick.

Commissioner Brooks asked what they were being paid. Mr. Terry responded \$90 an hour. Commissioner Brooks said he thought they were to be called in only on site plans and things of that nature, but perhaps he had misunderstood. Mr. Terry said they were using them somewhat like the Interim Planner, noting the idea was that when people came in that they were capable of getting it done so that citizens were being served. He said it was pointless when people came in and the consultants were not available because they had to take names and numbers and determine when a site plan review might be scheduled. Commissioner Brooks said what sorts of requests they were getting. Mr. Terry said some were as simple as putting in rooms over garages or adding porches.

Mr. Horne said they had also had lot recombinations and minor subdivisions, as well as Powell Spring issues. He said the consultants also provided advice to the Planning Board as they researched issues.

Mayor Voller said even under a moratorium people could do those kinds of things that the former Planner used to do and Mr. Terry was not comfortable doing that because he was not a planner. He said there were things that had to be done that he had no comfort level in doing, and there were not enough hours available for him to sit in the Planning office and do that work.

Mayor Voller said there were many other things ongoing that Mr. Terry needed to spend his time doing. Mr. Terry agreed, noting that since the consultants had been present there had been some angry citizens who had been served and were no longer angry because they were not having to wait. Mayor Voller asked if the Board had any recommendations as far as the Planning budget.

Commissioner Harrington said he wanted to make sure they were collecting the fees that they should be collecting, and wanted to consider possibly reducing the Professional Services line item and increasing the salary for the Planning Director, or, to make up that difference through better collection of fees. Mr. Terry said he would gather some information and report back to the Board.

Commissioner Harrington said it had been pointed out to him that when you had a Town Engineer and applied for grants, that Town Engineer's time could be used towards engineering services related to that grant. He said they did not have that advantage now, and if a Town Engineer was working for the Town and the engineering costs were half of the grant, then that was huge. Commissioner Harrington said he also wondered if it was legally possible that if Jay Johnston had been on an official retainer and they had gotten a grant and then the Town hired an Engineer, if that person could then count that salary as the Town's contribution and not the other half of what the grant paid for. He said perhaps Mr. Messick could research if there was some arrangement the Town could have that was semi-official so that they had a standing engineer, Town employee or not, and then have the ability to count that towards grants in the future. Commissioner Harrington said if that was true, then they should always have an Engineer on retainer that was a contract engineer and not a de facto engineer.

Mayor Voller agreed, noting he believed that was a policy issue they needed to explore. Mr. Terry said it would be almost a no cost contract, because you would only call upon the engineer when you had a project for him to work on, and usually the project was already funded.

Commissioner Harrington asked how that would work. Mr. Terry replied that it depended on the grant authority, noting each had its own set of rules.

Police

Mr. Terry said in this budget they had a 12% increase, but some of that was off-set by the fact that they had added 2 positions related to grant awards. He said that the supplies line item was

higher simply by having a larger department, and the Capital Equipment line item was reduced because rather than 2 new vehicles in the budget it had been reduced to only one.

Mayor Voller asked where they stood in regards to the cameras that had been discussed in the past. Police Chief David Collins said whenever they purchased a vehicle a camera was installed at that time which was a big expense, noting that the vehicle plus all equipment was about \$35,000. He said when they had applied for the Governor's Highway Safety Program grant he had asked that a camera be included. Chief Collins said if he had two additional cameras then all vehicles would be fully equipped.

Commissioner Harrington asked how many he had now. Chief Collins responded there were cameras in all vehicles except one as well as the vehicle to be purchased. Commissioner Harrington asked if the cameras were being put to good use. Chief Collins responded they film all the time, noting it had been a lifesaver in several instances involving citizen complaints and court cases, particularly drug arrests. He said overall they had been very beneficial. Commissioner Harrington said he understood why a camera would be beneficial in a K-9 vehicle.

Mayor Voller asked was Chief Collins saying he needed \$11,000 to purchase the remaining cameras needed, and asked were there any other equipment needs. Chief Collins replied that except for the new cameras, the other vehicles were fairly worn out and it was time to retire them. He said there were some two-way radios that were not working properly which was a safety issue for the officers, and he had hoped they would be able to purchase new hand-held radios for the officers. Chief Collins said replacing the equipment in a car would allow them to retain the vehicles for up to 5 years longer.

Commissioner Harrington asked about the hand-held radios. Chief Collins said those would be paid out of departmental supplies.

Mr. Terry said that line item had been substantially increased from \$10,000 to \$19,000.

Chief Collins said the hand-held radios they had now were likely 20 years old and over the last couple of years he had been purchasing second-hand radios and they just were not holding up. He said it was now a matter of officer safety, so he needed good quality equipment to serve as the officers' lifelines when they were out on duty.

Mayor Voller asked what would be the communications situation if they had an emergency like a category 5 hurricane or an incident at Shearon Harris. He asked how they would communicate in such a scenario with the Board, Mr. Terry, Mr. Poteat, and the Police Department. Chief Collins stated their radios did interact with Mr. Poteat's department, but not with administration. Mayor Voller said that was a concern, because their emergency plans called for those kinds of communications. He said other than cell phones there was no direct avenue for communication between the elected leadership. Mayor Voller asked what they should have in case of such an emergency. Chief Collins said if an emergency knocked out the towers as it had before then radios were useless, but they could communicate car to car if they were within a couple of miles of each other.

Commissioner Harrington said the new hand-held radios were more efficient now because they could link to towers. Chief Collins said that was correct, noting they had their own frequency now that used those towers.

Commissioner Brooks said the County had built an Emergency Operations Center that would allow the County Commissioners to be present during an emergency to monitor the emergency. He said in the event of some catastrophic emergency, would the County take over and coordinate the Town's emergency and activities. Chief Collins said they would coordinate with Fire and EMS and of course the Town, but it was done in unison. Commissioner Brooks said then in the event of an emergency they did have a plan through the County. Chief Collins said that was correct.

Mr. Terry said anytime there was any kind of emergency the communications was based on electricity, and when you did not have electricity you did not have communications. He said at that point you would almost have to communicate face to face.

Mayor Voller said the important thing was that the Board should be educated from time to time so that they knew what they had and what they could rely on. He said his main concern was that they completed the mission started several years ago to get cameras in every vehicle.

Mr. Terry asked Chief Collins if the \$19,000 budgeted for departmental supplies would be sufficient for what was needed. Chief Collins replied he believed so.

RECESS

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to recess the work session for 5 minutes.

Vote Aye-5 Nay-0

RECONVENE

Motion made by Commissioner Brooks seconded by Commissioner Bryan to return to Open Session.

Vote Aye-5 Nay-0

Planning Director

Mr. Terry stated that during the break he had checked on the figures for the Planning Director, and they had budgeted \$55,000 for that position. He said that figure was just above the mid-point of the range for that position, and to raise it to \$60,000 or more they would be pushing the top end of that range, noting it topped out at \$64,000. Mr. Terry said it would be difficult to bring someone in at \$65,000.

Commissioner Harrington asked how they would change the range. Mr. Terry said you would reclassify the position or do an entire classification study and adjust all the planner ranges. Or,

he said, they could look at that one position and make the decision that the duties required a salary upgrade. Mr. Terry said at present it was graded below the Police Chief, the Public Works Director, Finance Officer, and Fire Chief, and was on the same grade as the Town Clerk.

Commissioner Bryan asked why they couldn't pay that position whatever they wanted to. Commissioner Harrington said he had the same question.

Mr. Horne said there was a difference between a Planning Director versus a Town Planner, and asked were they now searching for a Planning Director. He asked if that would change the thinking.

Mr. Terry said if they wanted to change the nature of the position then they could consider the range in salary. He asked the Town Clerk when the last time was that the Board adopted a reclassification plan. Ms. Lloyd responded either in 2001 or 2002. Mr. Terry said he had adjusted some ranges during his tenure, but no overall classification study had been conducted. He said many municipalities budgeted for classification studies and adopted them as a part of their budget ordinance. Mr. Terry said if the Board wanted him to begin doing that he could add it to the budget as an annual survey that would be adopted as part of the budget ordinance each year.

Fire Suppression

Mr. Terry said this was a success story, noting he did not know how they had done it but they had managed to keep their budget to only a 1.2% increase.

Commissioner Harrington asked what percentage of their total budget the Town paid. Mr. Terry said that he did not know, but would get that information. Commissioner Harrington said he believed the County paid most of that budget.

Mr. Messick said it is a fire district tax for the area outside of Town that was paid by the County but was collected from the property owners in that district.

Commissioner Harrington said he was curious as to what percentage the Town's contribution was to the total budget. Mr. Terry said he would report back with that information.

Mayor Voller asked if they would be coming back to talk about such things as a ladder truck. Mr. Terry said he had held a brief discussion with the Fire Chief about that, noting he knew that ladders trucks cost upward of \$900,000 to \$1 million for a truck like the ones that had fought the courthouse fire, so that would be a major bond issue for that department. He said the nearest ladder truck was 20 to 25 minutes away, and for a fire that lasted all day like the courthouse fire it could arrive fairly quickly. Mr. Terry said as the Town grew they would see more apartment complexes and multi-story buildings, and there would come a day when he would make the recommendation that the Town purchase a \$1 million ladder truck and assumed that purchase would be made through some sort of bond.

Commissioner Brooks stated that they would have to get permission from the State first.

Commissioner Harrington said once they had that permission, would the Board have to vote to put the bond on the ballot.

Commissioner Brooks said the appropriate agency would tell them if they had enough value in their property and then would determine the amount the bond could be.

Mayor Voller said he believed Mr. Messick had just worked on one for Goldston. Mr. Messick said Goldston would be doing a bond in June for sewer. He said he did not believe Pittsboro would do one for the Fire Department because it was not a municipal function. Mr. Messick said the Local Government Commission would have to approve a bond, and they were likely in a position to begin thinking about that for the sewer improvements and possibly others.

Commissioner Fiocco asked if a bond would go on the ballot. Mr. Messick said it would be a ballot referendum.

Mayor Voller said but the Town Board would have to vote to put in on the ballot. Mr. Messick stated that the Fire Department could get tax exempt financing, which would allow them to do an installment loan purchase.

Mayor Voller asked could the Town do COPS programs so that they could do bonds and not have to have a referendum. Mr. Messick said yes, within limits.

Public Buildings and Grounds

Mr. Terry said they were successful in keeping this operating budget basically flat although the overall budget was up 2.7% attributable to personnel costs for health insurance and retirement contributions. He noted that this budget funded only one position.

Mayor Voller asked was there anything on the horizon for the future, such as a building study. Mr. Terry said he did not believe something like that would show in this budget, noting that if they did a building needs assessment it would likely come from Professional Services in Administration.

Commissioner Harrington said if they were to add a bathroom at Rock Springs Park or put money into the Community House, would it go in this budget. Mr. Terry said that was correct. Commission Harrington asked was it correct that no funds had been put into the budget for the Community House other than maintenance. Mr. Terry said they had a custodial contract for the Community House but believed that resided in the Recreation budget.

Street Maintenance

Mr. Terry said this was another budget that funded only one position, noting that the overall budget was down 8% but Personnel was up 5% due to health insurance and retirement contributions.

Commissioner Harrington asked about the Utilities line item at \$52,000. Public Works Director John Poteat stated that line item was dedicated to street lights and power to the Town Garage.

Powell Bill Street

Mr. Terry said this budget supported one employee and the total budget was down 4.2% although personnel costs were up 5.4% for the same reasons stated earlier. He said that the automotive supplies line item had been increased based on past experience.

Mayor Voller asked how the Powell Bill fit into the account costs, and how did they pull money from there and what was it allowed to be used for. Mr. Poteat said basically it paid for any field operated equipment, drainage, sidewalks, pothole patching, and street paving. Mayor Voller asked if the entire \$80,800 operating budget was what they were anticipating drawing from the Powell Bill. Mr. Poteat said yes, unless they decide to do some special project such as the Thompson Street paving that was now in the CIP.

Commissioner Fiocco asked if there were funds included for the Small Street project, noting they had talked about doing some patching to repair the damages occurring with trucks at the Treatment Plant. Mr. Terry said he believed that was included in the \$45,000 for Contracted Services. He said if they were to do another project like Thompson Street that would be in the CIP budget and would possibly use Powell Bill funds to do it.

Mr. Poteat said the Small Street project would be a CIP project because it was a conditional road and because of the distance that would have to be resurfaced.

Commissioner Fiocco said he had thought they were going to do some repairs where the trucks were getting off the road and perhaps create a larger turning radius with asphalt. Mr. Poteat said he was not sure whether they would do that now or do it with the total paving project. Commissioner Fiocco said he believed they had discussed waiting until they were done with the construction at the Treatment Plant and then do it as its own small project.

Mr. Terry said the last time he had visited the Plant some of the potholes had been patched. Mr. Poteat said they had done patching but they had not yet expanded the turning radius.

Commissioner Brooks said several years ago the side streets off of East Cornwallis were in fairly bad shape, and asked had they been repaired. Mr. Poteat said there were no potholes that he was aware of but those streets could stand to be paved. He said the paving analysis they had done about 3 years ago had placed those streets down on the list, noting they were a priority but not the highest priority. Commissioner Brooks said with the use the Fair Grounds was getting now he would like to see that street paved at least as far down as the covered shed at the end of the fence. Commissioner Brooks said it had a fairly solid rock base so he did not believe it would be expensive to pave. Mr. Poteat said that was not a Powell Bill road so they could not use those funds to do that. He said the Town's portion of that road stopped near the fence line.

Mayor Voller asked how they could get that to work so that the road would comply with the Powell Bill law. He asked could the street be dedicated to the Town. Mr. Messick said the

Town would have to accept the street, and they did not normally accept streets that were not built to Town standards. But, he said, the Town could accept whatever street it wanted to accept.

Commissioner Harrington asked what the Powell Bill funds would cover. Mr. Poteat responded repairs, drainage, and sidewalks.

Commissioner Brooks said those funds could be used for handicapped ramps as well.

Commissioner Harrington said in regards to the line item for Downtown Improvements, was that a catchall line item or was some project planned. Mr. Poteat said that included mulching, curbing repairs, replacement bricks, and responding to merchant requests. He said an example of a merchant request was for flower boxes which would come to the Board for approval, and if approved would come from that line item.

Mr. Terry said there were some strings attached since it was still Powell Bill money, so it had to be for streets and sidewalks. He said that flower boxes may be a bit of a stretch. Mr. Poteat said that was a point, noting you had to keep in mind that the downtown was a DOT right-of-way and not a Town right-of-way even though the Town had to do the maintenance on the sidewalks.

Commissioner Baldwin asked what if you wanted sidewalks from Powell Place into the downtown. She asked would that come under Powell Bill funding. Mr. Terry said it would be fairly expensive so it would be a Capital project.

Mayor Voller asked could you do Powell Bill projects on State roads. Mr. Poteat responded yes, if you got the State's approval. He said you would only have to send them a request, and they likely would not deny it.

Commissioner Baldwin asked what they would have to do to get that on the CIP. She said that section had been annexed into the Town years ago and there had been nothing but street lights included from almost to Northwood all the way up to the Town.

Commissioner Brooks said they had gotten sewer.

Commissioner Baldwin agreed, but the residents had had to pay for that.

Commissioner Brooks said that was true, but it had only been about \$700 so it was very reasonable.

Commissioner Baldwin said after all these years she would like to see sidewalks on at least one side of the road so that people could walk or bike from Powell Place to the downtown. Mr. Poteat said he could get some estimates to get that done and report back to the Board.

Mayor Voller said that was on the Pedestrian Master Plan and believed it included a cost estimate.

Commissioner Brooks said it had always disturbed him that even though it was private property he wanted to find a way to help the people whose driveways were flooded in heavy rains. Mr. Terry said it would be challenging to figure out how the Town might get involved in that because those drives were not in the DOT right-of-way, noting some were 40 or 50 yards off the highway and well onto private property.

Commissioner Harrington asked where they stood with the request regarding drainage along Park Drive. He said he supposed that could come from Powell Bill funds. Mr. Terry said if it was roadside drainage the answer was yes, and they did have that as a CIP project. Commissioner Harrington said in General Fund revenues, there was \$90,000 but here it was listed as \$127,000. He asked exactly where the Powell Bill funds resided. Mr. Terry said it was segregated in their Fund Balance that the Town could draw from. He said the actual funds came from the State once a year in October.

Mayor Voller said there were two sources of funding, with one being revenue from the sale of gasoline. He said the other came from measuring the amount of streets in Town.

Commissioner Harrington said then they did not know exactly how much they were going to receive each year. Mr. Terry said it did not change dramatically so they could budget for it.

Mayor Voller said they now had over \$200,000 in their Powell Bill account, and if they had too much money and did not spend it in a certain period of time, the State could confiscate the money for other uses.

Commissioner Harrington said his question was who actually had the money. Ms. Lloyd stated it was in the total of the Fund Balance, but the Powell Bill funds were restricted and set aside for particular uses. Commissioner Harrington said but it was in an account that the Town controlled. Ms. Lloyd responded yes.

Mayor Voller said he believed they could get through Sanitation and Recreation and then adjourn. The Board agreed by consensus.

Sanitation

Mr. Terry said this budget had been increased based on actual expenditures to date. He said he and Mr. Poteat were working on bidding a contract out and had hoped they would be able to reduce the budget once they got into the budget year. Mr. Terry said they had the draft bid specifications written and had wanted to get it done in time to have the new contract effective on July 1, but they had been unsuccessful. He said they now were going to extend the existing contract for 90 days and bid it out once the new budget was completed, with the new contract to start the first of September. Mr. Terry said in looking back at the history, he did not believe they had done a full bid on sanitation services for 22 years, noting that Waste Management's contract had just been extended been over and over again.

Commissioner Harrington asked about the revenues received for services. Mr. Terry said there was an offsetting revenue line, adding that the residential costs showed up on individual tax bills and bills were sent to the commercial customers.

Mr. Terry asked how commercial dumpsters were billed. Ms. Lloyd noted they were included on the water bills. Mr. Terry said dumpsters were billed based on their size and their frequency of pickup, noting it was about a break even proposition.

Recreation

Mr. Terry noted this was a small account with no salaries attributed to it. He said the Professional Services account had been reduced dramatically because the Master Plan had been completed. Mr. Terry said the Contracted Services was primarily the custodial contract for the Community House and for contracted services at Rock Springs Park.

Commissioner Harrington asked how much the contracted services were for cleaning at the Community House. He said last year it was probably \$15,000, but wondered if there was some change. Mr. Horne stated that was a recurring expense.

Mr. Terry stated they had budgeted \$15,000 but did not believe they would spend all of that.

Mr. Horne pointed out an error, noting the fees in lieu of providing recreation area should be noted as \$1,000, not \$500. He said he had actually recommended that it be set at \$1,500. Mr. Terry said they should probably go ahead and bump that to \$1,500 for a residential lot.

Commissioner Harrington said to clarify the Board had raised it to \$1,000 last budget year.

Mayor Voller asked had anyone actually paid that fee. Mr. Horne responded yes.

Commissioner Fiocco asked what percentage of land was required to be recreation space in a subdivision. Mr. Messick responded it was 1/30 of an acre per lot for an actual dedication, but it was still subject to the Town's assessments. He said he was not sure that the Town could want to accept small lots unless it changed its policy.

Commissioner Brooks urged the Board not to raise those fees again because they were passed on to the home builder or buyer. He said homes in Town were already out of reach for many people and he did not want to add to that issue.

Commissioner Fiocco said then if a subdivision had 30 parcels, they would pay \$1,000 for 1 acre. Mr. Messick said they had to dedicate 1/30 of an acre for each lot, so it would be \$1,000 per lot, not per acre. He said the developer could always dedicate 1 acre and save the money.

Mr. Terry noted that so far this year the Town had collected \$6,000 for in lieu payments, which was for 6 lots.

Mayor Voller said they had a very small budget for the Christmas Parade, and asked if the Board would like to consider investing a little more. Mr. Horne said that they had considered a slight increase in the rate structure to cover any paid services. Mayor Voller asked if they had the same rate structure for non-profits as they did for others. Mr. Horne said the rate structure was the same, noting the thinking was that even for-profit businesses provided a service to the Town such as such as a dance studio and a Tai Chi studio.

Mayor Voller said on the Community House, it appeared that one particular business treated it as if it were their house, and asked should they apply the same standards to users or to none of them. He said that business left items of equipment in that house that did not belong to the Town, so it appeared they were storing someone's equipment. Mayor Voller asked what would prevent others from wanting to do the same.

Commissioner Bryan asked had it been a problem.

Mayor Voller said he did not know, but said there were three things being stored now and asked if they wanted six. He said that it was good to have a dance studio, but it did the most damage to the floor. Mayor Voller said his issue was that when you go inside you increasingly saw accoutrements that were stacking up, and his question was did they have a policy, did they care, and was it an issue. He said the issue had been pointed out to him and he was pointing it out to the Board.

Commissioner Brooks said the last time they had tried to deal with it they had started a minor rebellion.

Mayor Voller said then were they saying that others could leave whatever they wanted in the house.

Commissioner Brooks said that was not what they were saying.

Mayor Voller said then they were not treating everyone the same.

Commissioner Brooks said he believed they should "let sleeping dogs lie." Mr. Horne said that was kind of the path they had been following. He said when they worked on the CIP project for the Community House they could revisit the issue.

Commissioner Brooks said he did not know that they could do it this year, but Mr. Terry had in the past talked about a new way to do gym floors that would only require buffing every few years. Mr. Terry said the current floor had polyurethane on it and chipped every time there was tap dancing on it, so his suggestion was to sand it off and oil the floor. Commissioner Brooks said perhaps they should get some prices on that, noting it would certainly improve the appearance of that building.

Commissioner Bryan said then even the polyurethane they used on gym floors would not hold up under tap dancing. Mr. Terry said that was correct. He asked was there any interest in the Board to raise the hourly rate from \$8.33 to \$10 an hour after the first 3 initial hours.

There was a general consensus from the Board.

Mayor Voller asked if the Board wanted to place additional funds in the budget for the Christmas Parade, noting \$500 was not much funding. Mr. Terry suggested adding \$200, and there was no objection from the Board. He asked the Board if they wanted to consider setting a date to continue the budget work session.

Commissioner Harrington asked if they could continue their discussion to their next regularly scheduled meeting. Mr. Terry said they could set aside some time but did not know they would be able to finish the budget based on what was already on the agenda. He said he believed they might be able to block out an hour.

Commissioner Brooks asked if other issues could be postponed to allow the Board time to complete the budget review. Mr. Terry said anything that was not critical could be postponed. The Board agreed that would be preferable. Mr. Terry stated he would try to set aside about 1½ hours at the May 24th meeting, and if they were not able to finish it they would look for a follow-up date at that point.

ADJOURN

Motion made by Commissioner Fiocco seconded by Commissioner Harrington to adjourn the meeting at 10:00 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk