

**MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
REGULAR MEETING
MONDAY, JANUARY 26, 2009**

Mayor Randy Voller called the meeting to order at 7:02 p.m.

Commissioner Walker asked that everyone remember that two key persons in the State had passed away this week, Former Governor Bob Scott who was born and raised in Alamance County, and North Carolina State Women's Basketball Coach Kay Yow.

Mayor Voller called for a brief moment of silence.

ATTENDANCE

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

Staff present: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Attorney Paul S. Messick, Jr., Planner David Monroe, Assistant Planner Paul Horne and Finance Director Scott Borrer.

APPROVAL OF AGENDA

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

Vote Aye-5 Nay-0

CONSENT AGENDA

The Consent Agenda contains the following item:

1. Approve minutes of the January 12, 2009 regular meeting.

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

Vote Aye-5 Nay-0

REGULAR MEETING AGENDA

Citizens Matters

Jeff Meredith, 49 Chatham Forest Drive, stated he had provided the Clerk with information for distribution to the Board members regarding the planned opening of Springdale Drive and how that might be achieved. He said currently the Town Board was holding 200 families hostage by not opening that road, and they would like a decision to be made on it. Mr. Meredith said he understood that because the issue was not on the agenda that it would not be discussed tonight.

INFORMATION CAN BE FOUND IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGES 7-10

OLD BUSINESS

1. Manager's Update on Capital Projects.

Mr. Terry provided the following update:

- Disinfection byproducts reduction project – the project remained in progress and was on schedule, with completion expected in late February or early March.

Commissioner Harrington asked had any testing been done as far as introducing any ammonia into the system. Mr. Terry replied they were still in the early stages, and the individual equipment and plumbing to do that had not all been installed.

Mr. Terry continued his update:

- Short-term wastewater treatment improvement project – they had met with the designers, Stearns and Wheler, along with John Poteat, to finalize discussions on the scope of the project and to make sure all were in agreement regarding the design.
- Credle Street basin project – Phases 3 and 4 not currently funded. That project was a good candidate for funding through the expected federal stimulus package for shovel ready projects. As soon as they completed their Rural Center grant Phase 2 project, they should likely begin pursuing Rural Center funding again. It was expected that stimulus funding would come through the same sources that had always been used for infrastructure funding by the State, with the Rural Center being one of those agencies, and the allocation process would be similar. They would begin doing the preliminary work to get that grant application ready.
- 3M Reuse Water project – bids had been opened and enough qualified bids were received that they would likely not have to use the \$1.5 million loan from the Revolving Loan fund. The bids had come in just under \$2 million, which meant the project could be funded by the Clean Water Management Trust Fund grant of \$1.2 million and the EPA grant for \$978,000 which may very well be sufficient to fund the entire project. Mr. Terry stated that since that \$1.5 million from the Revolving Loan fund would not be needed, he had inquired about applying it to the wastewater treatment plant project. He indicated they would be following up on that and applying for a separate loan.

Mayor Voller stated that would give them a safety valve, noting that they were in a much better position than they had ever thought they would be in. Mr. Terry agreed.

Mr. Terry continued his update:

- The 4 million gallon per day wastewater treatment project – Hydrostructures and Hobbs and Upchurch were working with the grant authorities to make sure all the appropriate reviews were done before the contracts were brought back to the Board for approval, scheduled for February 23.

Commissioner Baldwin asked regarding the disinfection byproducts project, where they were in reference to plans to notify citizens about the change. Mr. Terry responded he and Mr. Poteat were working on that, noting a brochure was being created and they would eventually make appointments to meet with customers as suggested by the Board who would have to make some changes in how they used the water, such as medical facilities, continuous care facilities and the like.

Commissioner Baldwin said in regards to the 3M Water Reuse project, 3M was supposed to be working on the 3M Park at the same time. She asked for the status of that, noting at last report 3M was still trying to satisfy the requirements for transfer of the land and wondered if they were still stalled on that. Mr. Terry stated that was a fair assessment, noting they were still working on it. He said he believed what they would see was that as soon as they were under contract on the reuse project that 3M would find it easier to complete the land transfer. Mr. Terry said he believed 3M was using that land as leverage to get the reuse project moving forward.

Mayor Voller asked Mr. Messick if that was his understanding. Mr. Messick responded yes, noting that he believed the transfer would take place soon.

Mayor Voller said then there was no indication that it would be problematic. Mr. Terry agreed, but said it appeared to him that 3M was reluctant to transfer the land until the project was underway. Mayor Voller said he understood that, adding that 3M had worked hard to get the reuse water project done. But, he added, that situation had been going on for four years now and it was time to get it settled.

Mayor Voller said he had been approached by citizens who had offered the idea of having filters placed behind the water meters. He said he knew they were doing all they could at the water plant, but did not know how the Board felt about the filters. Mayor Voller said the idea was that the water would be cleaned not only at the plant but by the filters behind the meters, and wondered how the Town could proceed with such a project.

Commissioner Harrington asked was the Mayor saying there would be individual filters behind each customer's water meter.

Mayor Voller responded essentially, yes. He said for example, if there were 1,000 meters then the Town would contract with a filtration company to get the cost of the filters down as low as possible, as opposed to citizens having to spend the money up front. Mayor Voller said the filters would clean the water and would handle some of the issues when the Town changed the

water chemistry.

Commissioner Walker asked who the cost would be passed to.

Mayor Voller said right now individual homeowners could buy their own system, but if the Town were involved in bargaining for the best price the cost would be much less. He said they could charge a monthly fee and it would be a good intermediate step as they moved towards final solutions to their water problems. Mayor Voller said he had wanted to mention it today because it had been brought up to him several times in the last month by citizens in different neighborhoods.

Mr. Terry said he had several immediate reactions to the idea. He said first of all, it would be precedent setting for any utility to install equipment on the customer's side of the meter and maintain that. Mr. Terry said anything on the customer's side of the meter was the customer's responsibility to maintain. So, he said, his inclination was that would be problematic. Mr. Terry said they had about 1,200 connections, and believed the filters would be a staggering expense. He said he would obtain an estimate if the Board wanted one, but believed the funds were better spent on improving the water quality on the plant side.

Commissioner Harrington said one of the arguments against filters was the maintenance, because the filters themselves could become harbingers of pathogens. He said the idea of filtration was smart for any system, but that would be filtration at the plant itself. Commissioner Harrington said he would be interested in at least getting an estimate for filtration at the plant and the cost of individual filters.

Commissioner Brooks said he could tell the Board what it had cost him to get ready for the new water system, which was \$2,640 including a filter and pipes.

Mayor Voller said he believed they needed to look at all possibilities and evaluate them for the long term, noting many people could not afford to do what Commissioner Brooks had done.

Commissioner Brooks indicated he had no choice because his house was so old and it had so many copper pipes. He said he still wanted to get an estimate on what it would cost to reactivate the three charcoal filters at the plant that had been used in the past, noting he believed it would be money well spent to help clean up the water coming out of the river before it entered the plant.

Mayor Voller stated that had been discussed at the last meeting. Mr. Terry said he had talked with Frank Efird about that, who had said that the physical plant had not changed and the filter containment boxes where the sand was kept had not changed since they stopped using the activated carbon. He said he had asked Mr. Efird why they had stopped using the activated carbon, and the response was that it was added into the sand filter and the layer on top of the sand and had to be vacuumed out, disposed of, and then replenished about every 90 days. Mr. Terry said apparently that was quite labor intensive and very expensive. He said he could have Mr. Efird prepare an estimate of what it would cost to resume that practice.

Mayor Voller said he did not believe there would be any resistance from the Board on doing that.

Commissioner Brooks stated he would like to see the estimates.

Commissioner Walker said one of the other things he was concerned about was all the things they did to the water to make it clean and then what was happening to it as it passed through their distribution system. He wondered if they could have immaculate water coming out of the plant but that it would become less and less immaculate as it passed through the system. Commissioner Walker asked Commissioner Brooks, as the elder statesman on the Board, what he thought the age of the main distribution lines might be.

Commissioner Brooks stated they had used a series of springs that had been located on the Griffin property, and then sometime in the 1950's they had gone to the ponds and started doing away with wells. He said so certainly some of the lines went back to the 1950's and perhaps some even before that.

Commissioner Walker said he envisioned what was under the ground at Potterstone or Powell Place or Chatham Forest, which were brand new pipes. But, he said, particularly with Potterstone they continued to hear about how dirty the water was, and said he believed at fault were the distribution lines.

Commissioner Brooks said with Potterstone he believed the problem was with the distribution lines down on the end.

Mayor Voller said clearly, all users wanted the best quality water and the Board was unanimously behind delivering that. He said they needed to look at all methods and means to do that.

2. Challenges for Pittsboro – A Proposal by Max G. Cotten.

Former Town Board member Max Cotten, 133 Pittsboro School Road, Pittsboro, thanked the Board for allowing him to make a presentation. He said the purpose of his presentation was to judge if there was sufficient interest to justify further research on his part into the topics he would touch on tonight. Mr. Cotten said he was at the point that he did not want to spend any more of his time unless the Town Board had sufficient interest. He provided the following presentation:

- Updating of the Ordinances – no doubt it was needed, and the main task would be determining if the ordinances complied with current General Statutes.
- Town Charter - some changes were mandated by law; other changes would have to be determined based on what was decided on the third and fourth items below.
- Voting Districts - he had discovered that nothing could be done at this time that would affect the upcoming November election, because the districts had to be based on an official federal census which would be underway in April. It would not be completed and the results made official until early in 2010. If the Board decided to pursue voting districts, there were several options to be considered. They could divide the Town into five districts, with one Board member for each district; they could divide the Town into

four districts, with one Board member for each district and one at-large member; or, they could actually increase the number of Board seats to six with one seat being selected by the other members to serve as Mayor.

- Water and Sewer Authority - he was not sure based on his recent research that the Town could even do that, and the next step in the research would be to determine whether they could do it. If it was determined that they could do it, then he believed they should do it. It was important to keep in mind that if they did that, the Town would relinquish all control over the water and sewer because it would pass to the Authority. He was interested in an Authority because the Town needed the additional water customers but they were outside the Town, and the Town could not spend Town revenue to extend the service outside the Town. Mr. Cotten provided several examples, including when they had first begun talks with 3M about running a line to them and the Local Government Commission had said they could not do that because the Town would not be collecting taxes from 3M.

Mr. Cotten said the question he wanted to pose to the Board tonight was do they want him to continue to research those issues. He said if the answer was yes, he would need to have a work area assigned as well as some time with the Town Attorney to review his findings before he made any recommendations.

Mayor Voller said regarding a water and sewer authority, Mr. Cotten had said he was in favor of that but only on a limited basis. Mr. Cotten said it would either be on a limited basis or to continue what they had now. Mayor Voller said then he was not advocating something like the Orange Water and Sewer Authority (OWASA). Mr. Cotten said it would be on that same basis. Mayor Voller said that OWASA was a County-wide system, and asked was Mr. Cotten suggesting such an authority just in the Town and the ETJ. Mr. Cotten responded yes, that it would be limited to the Town and the ETJ.

Mayor Voller said he did not understand the point made about running a line to 3M. He said that Sanford had run the line working with the County, so how were they able to do that when they had had to go six times the distance. Mr. Cotten replied that Sanford had not put up the money, noting that Chatham County had paid for it. Mayor Voller said then Chatham County was not willing to put the money up for Pittsboro, and asked was that what he was saying? Mr. Cotten said to his knowledge the County had not put up anything for Pittsboro. Mayor Voller said he was asking if Pittsboro had been willing to do it would the County have put up the money. Mr. Cotten said his opinion was that the County should be putting up the money for it rather than the Town.

Mayor Voller asked regarding the voting district issue, why Mr. Cotten would not be advocating for increasing the seats on the Board to seven so that there would be an odd number on the Board. Mr. Cotten said with the current population he believed they would have trouble justifying that, but he had no objection to it. He said in his scenario of six members, the one selected as Mayor would not have a vote, so the possibility of a tie would be minimal.

Mayor Voller asked Mr. Messick about the issue of updating the Town Charter. He asked was Mr. Cotten referring to a State law regarding updates. Mr. Messick stated he believed what Mr.

Cotten was saying was that if you changed the voting districts then the Charter should be amended to reflect that.

Mayor Voller asked Mr. Cotten was he implying that there were elements in the Charter currently that needed to be changed because of State law. Mr. Cotten said in his opinion there were elements to the current Town Charter that were not up-to-date as far as State law was concerned. He said the Charter was written in 1973 and he believed there had been changes made in State law since that time regarding the powers of the Town.

Mayor Voller asked what Mr. Cotten was referring to in regards to updating general ordinances. He said one of the most obvious according to Mr. Cotten's handout was a one sentence ordinance, and asked what he was referring to. Mr. Cotten said there were ordinances that had been adopted that had not been codified, and they needed to be codified.

Mayor Voller asked for Mr. Messick's opinion on that. Mr. Messick said there may very well be some ordinances that had been adopted in the past that had not been codified into the general ordinances.

Commissioner Brooks said he would like to ask staff to supply a copy of the Charter to each Board member in their agenda packet for the next Board meeting so they could refresh their memory. Mr. Terry stated he would be happy to do that, noting he would add it to the FYI items at the end of the agenda.

Commissioner Harrington said he would appreciate Mr. Cotten bringing any issues of concern to the attention of the Board, especially any specific concerns that he had researched. He said regarding the census, he had a concern that if you based voting districts on the 2010 census those numbers could be dramatically different particularly to the south and east to Town. Commissioner Harrington asked Mr. Cotten if he shared that concern. Mr. Cotten responded they would need a legal ruling, but as they were aware the County had changed the lines before the last election.

Commissioner Harrington asked if Mr. Cotten shared his concern that if voting districts were done by the 2010 census it would be grossly outdated by 2019. Mr. Cotten said unfortunately it would be based on that federal census and not a local census.

Philip Culpepper stated he had been involved in a special census with the Town of Morrisville. He said they had been in a situation where the State had provided a number, but they had done a federally-approved special census that redrew district lines. Mr. Culpepper said that had also brought in a tremendous amount of additional tax revenue for the town, and he would recommend that any town that had experienced rapid growth conduct a special census through the federal Census Bureau.

Commissioner Harrington said he had not realized that a special census was possible. Mr. Culpepper said it was not a hard thing to do for redistricting, and that it had cost about \$100,000. But, he said, it had increased their tax revenue by \$5 million.

Commissioner Walker said in regards to general ordinances Mr. Monroe had stated there were some ordinances that needed to be rewritten. He said several years ago they had cleaned up some of the old ordinances, noting at that time there were still ordinances on the books about bringing horses to the trough to drink. Commissioner Walker asked if those were the kinds of ordinances Mr. Cotten was referring to. Mr. Cotten said there were some like that, but there were others that needed to be rewritten and some that needed to be codified. Commissioner Walker said he believed there was still an ordinance on the books that you could not whistle on the streets of the Town after 8:00 p.m., so he believed it would be worth their time to take a look at the general ordinances and determine if there were any others from ancient days that needed to be removed.

Mayor Voller thanked Mr. Cotten for bringing those issues to the Board's attention, and said the Board would be talking about how to move forward from this point.

3. Memorandum of Understanding (MOU) Supporting a Regional Partnership for Water Supply Planning and Potential Joint Use of the B. Everett Jordan Reservoir.

Mr. Terry said this issue had first come to his attention about four months ago, noting he had been alerted to the activity around the subject and had attended several meetings regarding that. He said on December 8 he had provided the Board with a rough draft of the MOU, and since that time it had been reviewed and additional changes made. Mr. Terry said he believed the consensus was that it was now ready for review and adoption by the various elected bodies.

Mr. Terry said highlights of the MOU included that the City of Durham was established as the lead agency who would administer the general activities and a small fee would be associated with helping to defer the cost of that administration. He said initially the fee had been \$7,500 for each participant, but since that time it had been decided that it made sense to have different levels of fees. Mr. Terry said for cities with less than 10,000 connections the fee would be \$2,500 a year and any other financial aspects would have to come before the Board for approval. He said if the partnership was successful in developing a contract for the western intake on Jordan Lake, then all the participants would have an opportunity to sign into that contract and pay its fair share for the project, or to decline to participate.

Mr. Terry stated it was his recommendation that the Town become a partner so that they would have a voice in what transpired in respect to the western intake and other projects that related to the use of water in Jordan Lake.

Commissioner Brooks said he believed there was merit in joining with other elected bodies to work together to solve the water problems. But, he said, he was not excited about the City of Durham being the lead agency. Commissioner Brooks said to be plain, Jordan Lake was in Chatham County, and asked why Chatham County or the Town was not the lead agency. He said if they were not going to be the lead agency, then there should be an entity as the lead agency like a water and sewer authority that was independent and would not favor any partner over the other.

Commissioner Brooks said that OWASA had a site at Pea Ridge Road adjoining the Vista Point

area at Jordan Lake that was an ideal pumping site on the west side of the lake. He wondered if that site had been discussed with OWASA as a site for the western intake, noting that area was also called Bells Landing.

Commissioner Walker stated he had talked with Commissioner Brooks briefly over the weekend about the City of Durham being the lead agency, and one of the things he had thought about while reading over the MOU was that it all went back to when the County Commissioners had given up control of Jordan Lake. He said the fact that the Army Corp of Engineers owned and operated the lake was the answer to why Chatham or the Town was not the lead agency, in that about 40 years ago the County Commissioners had given up control of the lake.

Commissioner Walker stated he believed they did need to cooperate with the other elected bodies, and certainly if they partnered with them it would help the Town in the long run. He said as well, perhaps 10, 15, or 20 years from now there would likely be a water and sewer authority that was created as a result of this MOU. Commissioner Walker said one question and concern for him was that everyone in the partnership, except Pittsboro and maybe the Town of Hillsborough, were under 10,000. He said when all the jurisdictions paid their fees that would amount to \$50,000 a year, and since it was a five-year commitment that equaled \$250,000. Commissioner Walker said he was curious as to what that money would be spent on. Mr. Terry stated that the City of Durham had a contract with a general consulting and planning firm to do the work rather than it actually being done by Durham staff.

Commissioner Harrington asked was it possible that this partnership group could decide to form a water authority that would be independent of Durham. Mr. Terry stated that Durham had no larger vote than any other partner, but had taken the lead by default because no one else wanted the job. Commissioner Harrington said in the end he would like to have some unbiased group as the lead agency. He said his question was if it might come to pass that the partnership could vote on whether or not to form a separate water authority. Mr. Terry stated that was entirely possible.

Commissioner Walker stated he believed there was some mention in the MOU of not necessarily a water authority but rather the formation of an independent board. Mr. Terry stated the basic function of the partnership was to sponsor specific projects, and one would be the western intake and other projects may also be mentioned in the MOU. He said the MOU would give Pittsboro a seat at the table and the opportunity to include the Town in projects, or not, as they choose.

Commissioner Baldwin stated she believed the MOU was a good idea because it would allow them to know what was proposed for the use of Jordan Lake, and it was important that the Town take part in that. She said it appeared that the MOU would also give them a tool to address future droughts through long range planning. Mr. Terry agreed.

Commissioner Bryan stated he agreed the Town certainly needed to be involved.

Mayor Voller stated before the last edits to the MOU were made, he had told the Board he would speak to Speaker Hackney about it and he had done so. He said he had mentioned to Speaker Hackney the importance of Chatham County and the Town getting special consideration because the lake was in Chatham County, and Speaker Hackney had agreed. Mayor Voller said they

were “swimming in treacherous waters” because they were the smallest entity, but they had to be engaged in what happened to the lake. He encouraged the Board to authorize the Manager to enter into the partnership by approving the MOU. Mayor Voller said if they could improve the quality of the water they were getting from the Haw River, then water from Jordan Lake would give them a back-up plan which others did not have. He agreed the MOU could be the basis for a water authority in the next 15 years.

Commissioner Walker stated he believed he may have misspoken, in that what he had read in the MOU was referring to a Partnership Management Team, not an independent board.

Commissioner Brooks stated one thing to keep in mind was no matter what that partnership group did, the federal government and the State would determine the allotment of water and would not turn that over to the partnership.

Mayor Voller agreed, noting that was why they needed to have a voice.

Motion made by Commissioner Walker seconded by Commissioner Bryan to approve the resolution authorizing the Manager to sign the Memorandum of Understanding supporting a Regional Partnership for Water Supply Planning and Potential Joint Use of the B. Everett Jordan Reservoir on behalf of the Town of Pittsboro.

Commissioner Brooks asked would it be out of order to send a cover letter that while the Board supported the MOU they were concerned due to the fact that Jordan Lake was in Chatham County.

Mayor Voller suggested authorizing the Town Manager to write a brief cover letter to accompany the signed MOU which contained that information in a respectful and diplomatic manner.

Commissioner Walker accepted as an amendment to the motion to send a cover letter accompanying the MOU which stated that because Jordan Lake was in Chatham County that Chatham County as well as the Town of Pittsboro should be a main player and strong consideration should be given to their needs because of their proximity to the lake.

Commissioner Brooks asked that a copy of that cover letter be included in the next agenda packet so that the Board would know what it said.

Vote Aye-5 Nay-0

RESOLUTION AUTHORIZING MANAGER TO SIGN MOU IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGES 12-13

MOU SUPPORTING REGIONAL PARTNERSHIP FOR WATER SUPPLY PLANNING AND POTENTIAL JOINT USE OF THE B. EVERETT JORDAN RESERVOIR IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGES 14-28

NEW BUSINESS

1. Audited Financial Statements for the Year Ended June 30, 2008 (Lynda Ward, Ward & Foust CPAs.)

Lynda Ward and Donna Foust with Ward & Foust CPAs were both present to discuss the Audited Financial Statements for the year ended June 30, 2008. Ms. Ward made the following presentation:

- The Town have two major funds, the General Fund and Water and Sewer Fund.
- For the year ended June 30, 2008, the General Fund had an increase of \$428,000. The revenues for the year increased by \$391,000. Most of the increase came from property taxes; other increases came from landfill tipping fees and subdivision review.
- For the first time in many years, the ABC Store/Board turned a profit, and the Town had received a profit distribution of \$17,000.
- The Fund Balance at June 30, 2008 for the General Fund was almost \$2.7 million.
- For the Water and Sewer Fund, there was good news and bad news. The revenues in that fund had increased by about \$261,000, and expenditures increased by about \$105,000. They still had an operating loss of \$240,000, but that was down \$156,000 from last year, so they had come a long way in cutting their operating costs.
- Non-operating revenues were down somewhat, but they still had a net income in the Water and Sewer Fund of \$154,000.
- The Fund Balance in the Water and Sewer Fund that was available for appropriations was right at \$2.4 million.
- The Town had two Capital Reserve Funds, a General Capital Reserve Fund and an Enterprise Capital Reserve Fund. Both those funds through projects in the past couple of years had been depleted almost down to nothing, so the Board might want to consider transferring funds into those Capital Reserve Funds for future projects to build them back up.

Ms. Ward said she would be happy to answer any questions the Board might have, and reminded them that her office was always available if they had questions later.

Commissioner Harrington said he wanted to understand the “significant deficiency in internal control” mentioned in the report. He asked if that was something that had been ongoing over a period of time. Ms. Ward said Pittsboro was a small town, and in a small town the big thing was something known as “segregation of duties.” She said in order to get to segregation of duties, you needed to have about six people involved, from opening the mail, to making deposits, to counting the money, and so forth. Ms. Ward said Pittsboro was just not a large enough organization to do that. She said the new term for that situation was “significant deficiency in internal control,” and any small town would have the same issue. Ms. Ward said she was not recommending that the Board hire additional employees, but only wanted them to be aware of it. She added that because the Mayor or a Town Board member had to sign all checks, they were actually more involved than most other small boards in the day-to-day operations of the Town.

Mayor Voller said would it be her representation that hiring a new Finance Officer was a good move in achieving more segregation of duties. Ms. Ward responded yes, that it would help but did not know if that phrase could be totally eliminated with the next audit.

Mayor Voller asked would Ms. Ward characterize that the trend she was seeing was that the Town was moving in a better direction over time. Ms. Ward said they had definitely seen improvement this year over past years.

Commissioner Walker said he had concerns about the Water and Sewer Fund. Referring to page 22 of the report, he said if you were to pretend that the non-operating revenues did not exist, that when you added in depreciation that in the year 2007 they had suffered a loss \$104,687. Commissioner Walker said when you added in depreciation this year, they actually made \$67,429. He said the problem with showing brackets around those bottom lines was that they were not recovering depreciation. Commissioner Walker said that was the problem they were in by not recovering depreciation, which was the aging water pipes, the aging water plant, and the rusty doors at the water plant. He said they were still not getting enough revenues off the operation to drive the fund, and no business could operate and depend solely on non-operating revenues in the long term. Commissioner Walker said this was a business because it was an Enterprise Fund.

Commissioner Walker said an important example was when you looked at the decreases in some of the non-operating revenue categories last year. He said interest earned on investments came down and believed they would drop again this year. Commissioner Walker said if you looked at the water and sewer access fees and capital recovery fees, there were huge drops from 2007 to 2008. He said he was in his eighth year on the Board, and in that time they had raised the water and sewer rates five times and they were still not covering depreciation. Commissioner Walker said he was not saying to raise the rates again, but it was something that future boards would need to keep a close eye on. He said he hoped that the increase they had recently adopted would make some significant change, but he could not stress enough that they had to get back to at least a small loss. Commissioner Walker stated based on last year's operating loss they would have to raise the rates 14% on July 1 just to break even. He said funds should be set back to take care of improvements such as for transmission lines.

Mayor Voller stated they had water and sewer charges that had both declined significantly, one by \$395,000, and the other by \$66,000. He said given that the trend line would likely continue on that path, it spoke well that they were not in an even worse position. Mayor Voller said they had had funds set aside to cover the depreciation, but those funds had ended up being used for operations.

Mayor Voller said one question he had was that Public Utilities under Operating Expenses was \$395,000. He asked how much of that was the operation of Water and Sewer and how much of that was connected to other things that were folded into the Enterprise Fund. Ms. Ward said she did not have that information based on what they had looked at. She said she had talked with Commissioner Walker about that today, and they believed that most of it was truly going for water and sewer purposes but that might be something they would need to investigate.

Mayor Voller said perhaps that was the type of industrial engineering study that would give them the data to put metrics out to know for sure.

Commissioner Walker said having come out of a long drought, the one thing they did not know now was how many people would go back to irrigating or what other changes would they make. He said during drought situations peoples' habits had changed, and now that they were out of that would people go back to taking longer showers, using lawn sprinklers, not turning off the faucet when brushing their teeth and the like, which would help the Town to increase the revenues. But, he said, he believed there were also a lot of people who had permanently changed their water use habits and would not got back to wastefully using water, so the trend of lower revenues may continue.

Mayor Voller stated that sustainability was a way they had to look to the community to make sure citizens were being good stewards of resources, and they had to figure out how to encourage that and bring in revenues in some other way.

Commissioner Brooks said it had been mentioned that Capital Reserve funds were nearly depleted. He asked where that money had gone. Ms. Ward stated the majority of the money in the Enterprise Capital Reserve Fund which was the Water and Sewer Capital Reserve Fund had been spent over the last two or three years on engineering costs for some of the new projects.

Mr. Terry stated some of those funds had also been used for matching funds for grants, such as for Credle Street and the Disinfection Byproducts Reduction Project.

Commissioner Brooks stated he was not saying that was good or bad, but he was not wholly satisfied with some of the results of the engineering work. He said they had depleted their Capital Reserves but nothing had been built.

Commissioner Harrington said regarding Commissioner Walker's remark that to cover depreciation the rates would need to be raised 14%; they had recently raised the rates. He asked what percent across the board that increase was. Mr. Terry stated it was somewhat of a complicated formula because different percentages were used across the three bands.

Commissioner Walker said they getting closer every year, but they were still taking baby steps. He said they had experienced a severe drought year and had also experienced some unexpected expenses that they could not control, so they were still behind. But, he said, he believed they were heading in the right direction.

Commissioner Bryan said there were always two sides to the coin, and they could either increase revenues or decrease expenses. He asked Ms. Ward had she seen anywhere that cuts could be made in those funds. Ms. Ward said nothing had really "jumped out" that she could identify, noting that some of the activities were very expensive such as the chemicals and the hauling of sludge. She said those were very big costs in the Water and Sewer Fund.

Commissioner Walker stated he had talked with Ms. Ward about the Public Utilities, noting that if there was \$150,000 included in that they could legally shift onto the General Fund side, then they had just eliminated \$150,000 in expenses in that fund. He said it was robbing one to benefit the other, but it might allow them to at least on paper cover some of the loss due to depreciation. Commissioner Walker said they had an excess of \$428,000 in the General Fund, so across the

board they were in good shape.

Mayor Voller said the Board had been fairly conservative and no one had been wasteful, and he believed they looked solid in their investments. Ms. Ward said the one thing she believed they needed to look closely at was the Water and Sewer Fund. She said the Local Government Commission did look at it as an Enterprise Fund which should be self-sufficient, and if they did not do something about the operating losses then when they wanted to expand and borrow money they may experience some problems.

Mayor Voller said that was why it was important to really have an understanding about what would be allocated to the Enterprise Fund. He said they had people that were not directly dealing in water treatment or sewer treatment, in that they might be checking meters but were not participating in making the water cleaner. Mayor Voller said expenses such as that were adversely affecting that fund and it should be looked at. He said Ms. Ward was right that the LGC could penalize the Town since that fund was operating at a loss, and they needed to look at how the expenses in that fund were allocated.

Commissioner Walker said he hoped that some of those expenses could be shifted to the General Fund in order to alleviate that situation. Ms. Ward said with the increase in revenues this year if they did decrease some of their expenses they might be able to address that.

Motion made by Commissioner Brooks seconded by Commissioner Baldwin to receive the report from Ward & Foust CPAs on the Audited Financial Statements for the Year Ended June 30, 2008.

Vote Aye-5 Nay-0

Commissioner Walker offered his thanks to Ms. Ward for a job well done.

2. Congestion Mitigation and Air Quality Improvement Program (CMAQ) grant application.

Planner David Monroe stated the grant application was awarded by the EPA to Chatham County for projects to mitigate air quality in the ozone and non-attainment areas. He said that Chatham County did not have a project ready to go, so Chatham County had endorsed a project the Town did have ready to go to install sidewalks on NC 87 from the intersection at US 64, going 60 feet up to Camp Drive, across a roundabout to be constructed by DOT, and then another 250 feet onto the Community College campus to bring a sidewalk to the proposed new library. Mr. Monroe said if the application was funded, it would cover the cost of engineering, design and construction, and required a 20% local match which would be paid by NCDOT. Mr. Monroe stated construction of the roundabout would actually move the track back out about 50 feet.

Mayor Voller stated the County Commissioners had actually approved a resolution in support of those grant funds being used for the Town's sidewalk project. Mr. Monroe stated that was correct, and the resolution being considered tonight, if approved, would be sent to the Technical Advisory Committee of the Triangle Area RPO on February 4 for approval and then sent to DOT for its consideration. He said the staff recommendation was that the Board approve the

resolution.

Motion made by Commissioner Harrington seconded by Commissioner Baldwin to approve the resolution to apply for a Congestion Mitigation and Air Quality Improvement Program grant application.

Vote Aye-5 Nay-0

RESOLUTION TO APPLY FOR CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT PROGRAM IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGE 11

Mayor Updates

Mayor Voller invited any Board members interested to attend the RPO meeting just mentioned on February 4. He said the Board had previously heard from Dianne Reid of the EDC who had invited the Board to interact with the EDC regarding planning economic development for the County. Mayor Voller said the Ms. Reid would periodically address the Town Board to keep them updated on efforts in that regard.

Commissioner Concerns

Commissioner Harrington said that Commissioner Walker had given him a homework assignment at the last meeting to research a provision in State law that gave law enforcement officers the right to harvest deer if they were deemed a nuisance. He said he had talked with Isaac Harold, the Wildlife Section Manager for State and Private Lands with the Wildlife Management Association, who had indicated that to his knowledge he knew of no special provisions that allowed law enforcement officers to harvest deer.

Commissioner Harrington said he would like to ask that question in another way, in that was it a nuisance deer that Commissioner Brooks was referring to. Commissioner Brooks said he would check into that. Commissioner Harrington said that Mr. Terry had sent him some information on the control of nuisance animals, and that was somewhat different and actually required some pest permitting. He said there was nothing in that information that gave authority to law enforcement officers without permitting.

Commissioner Brooks said he believed you could get a permit to harvest deer if they were eating your garden or crops, but the problem would be you would be in violation of the firearm ordinance in the Town unless you lived outside the Town.

Commissioner Harrington said that in his reading, it was highly encouraged that urban archery be used as the first approach.

Commissioner Bryan said at the Sanford airport, they permitted people to spot deer at night and hunt them.

Commissioner Harrington said that was done through a special nuisance permit.

Commissioner Brooks commented that the Board had held a retreat on Saturday, with all the Board members participating as well as numerous department heads. He said he was curious as to the cost of that retreat. Mr. Terry stated that the Aqueduct Conference Center had charged them just over \$800 for the use of the facility, the meal and snacks. He said with the cost of the facilitator, he believed the entire cost would be about \$2,000. Commissioner Brooks asked was there any hidden costs. Mr. Terry said nothing other than everyone's time. He said the facilitator would take about a week to summarize her results and comments and then would provide that to the Board.

Mayor Voller said the Board had a letter that had been sent to them by Allen Baddour, the Chair of the Chatham Alliance. He suggested sending that letter to the Recreation Board with a request that they provide comments. The Board agreed by consensus.

FYI

Hydrostructures Monthly Project Status Report dated January 15, 2009.

MEMORANDUM

To: Town of Pittsboro

From: Hydrostructures, P.A.

Date: January 15, 2009

Subject: Multiple Project Status Report

Chatham Forest Subdivision

- Roadway construction in Phase 9 has been completed. This completes the infrastructure work in the *Town-approved* version of Phase 9. Remaining unresolved issues include additional lots (and associated sewer services) on Park View Drive and the sewer main that was installed without approved engineering plans or DWQ authorization. Efforts continue to resolve these final issues.

Chatham County Law Enforcement Center

- The parking expansion and stormwater improvements project has been delayed until Fiscal Year 2009.

Chatham Habitat Home Store Site

- Hydrostructures has been informed by the Town that the owner is waiting for the design of a stormwater BMP (constructed wetland) which is being done by the NCSU Water Quality Group.

Chatham Oak Subdivision

- Project is proceeding and rough grading of the road has been completed. The sewer main, manholes and service laterals have been installed, inspected and tested. CCTV inspection of the sewer main remains to be performed. The water main and services within the subdivision and the extension of the existing water main on E. Cornwallis Road have been installed and tested. Disinfection and bacteriological sampling and testing is in progress only for the water main on E. Cornwallis Road. Within the S/D the water main still has to be disinfected and sampled.

Pittsboro Medical Office Park

- Review comments of the second submittal of plans have been forwarded to the Town. These plans address some Town concerns but there remain several issues relating to the management of stormwater and the effect on downstream property and Sanford Road. We are presently awaiting the owners reply to the latest review comments.

Powell Place Subdivision

- Status is unchanged since last report. Final paving remains to be done on Millbrook Drive.

Powell Place Village Center

- Status is unchanged since last report. We are waiting for the engineer's response to our review comments and resubmittal of plans for approval.

3M Reclaimed Water Project

- This project was advertised to prospective bidders on 12/4/08. The Bid Opening will be held at Town Hall at 2:00 pm on January 15, 2009.

Chatham County Justice Center

- Plans for the new Chatham County Justice Center have been submitted and are presently being reviewed by Hydrostructures. The proposed Center will lie south of the traffic circle, adjacent to existing County facilities. There are several significant impacts to Town infrastructure that are being closely considered.

Courthouse Area Hydraulic Evaluation

- In response to the County's intention to expand facilities south of the traffic circle, we are evaluating the poor water system hydraulics in the vicinity with the intention of supplying improvement recommendations. Expect our report later this month.

Sidewalk Extension off West Street and Hwy 87

- In association with an NCDOT project to install a roundabout at the intersection of Hwy 87 and Old Graham Road, the Town and County are considering connecting the pedestrian system between the proposed roundabout and the intersection at West Street. Hydrostructures is assisting the Town in evaluating options and preparing a budget.

Administrative Schedule for Preparation of the Fiscal 2009-2010 Budget.

ADJOURN

Motion made by Commissioner Walker seconded by Commissioner Brooks to adjourn the meeting at 8:30 p.m.

Vote Aye- 5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk