

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
REGULAR MEETING
MONDAY, APRIL 23, 2012
7:00 P.M.

Mayor Pro Tem called the meeting to order and called for a brief moment of silence.

ATTENDANCE

Members present: Mayor Pro Tem Pamela Baldwin, Commissioner Jay Farrell, Michael Fiocco, Bett Foley and Beth Turner.

Staff present: Manager Bill Terry, Clerk Alice F. Lloyd, Attorney Paul S. Messick, Jr., Planner Stuart Bass, Chief of Police David Collins and Public Utilities Director John Poteat.

Motion made by Commissioner Fiocco seconded by Commissioner Turner to add #2 to New Business to receive a report from Smither & Associates on the Town Manager search.

Vote Aye-5 Nay-0

CONSENT AGENDA

Motion made by Commissioner Fiocco seconded by Commissioner Farrell to approve the consent agenda as submitted:

- Approve the minutes of the March 26, 2012 regular meeting.
Motion carried. Vote Aye-5 Nay-0
- Approve the minutes of the April 9, 2012 regular meeting.
Motion carried. Vote Aye-5 Nay-0
- Appoint Fred Royal to the Citizens' Grants Committee.
Motion carried. Vote Aye-5 Nay-0

REGULAR MEETING AGENDA

Citizens Matters

Mayor Pro Tem Baldwin said we did not have any citizens signed up.

OLD BUSINESS

Midway Street Community Garden Proposal

Sara N. Brinson, 85 Midway Street submitted the following information:

The basic idea is simple to take an unused, sunny lot and build a garden open to anyone in the community to use. The town-owned lot at the top of Midway Street is seemingly perfect. There is plenty of room in the lower part of the lot, furthest from the road, to have any amply size garden space. The parking area at the top of the street is there to accommodate gardeners who don't live in walking distance or are handicapped, and also can still be utilized by the town maintenance crew or other town-related utilities as needed.

As of last week, she had spoken with all the residents of Midway Street, and she has received 100% support from them for the garden. Many have expressed interest in actively contributing, others are just glad to see the unused and slightly overgrown lot put to good use.

There is some site preparation that needs to be done. We'll need a fence to keep out their neighborhood herd of deer (6+ last time I saw them). Raised beds will help keep the space neat, and provide easier access for senior or handicapped gardeners. There are several invasive species in the border of the lot that will need to be taken out as well.

The Midway Community Garden will be open to anyone in the community who needs a place to make things grown. There is already some interest from the immediate neighborhood, but she's hoping that the word will get out and that people from all over the community will want to take part.

While the garden will not be a playground, children will be welcome to come and learn about planting, watering, harvesting and eating fresh fruits and vegetables. Any surplus in garden goods can be distributed throughout the community – food pantries, the Community Lunch program at St. Bart's, or just to friends and neighbors of the gardeners.

Mike Shepherd, a manager at Lowe's Home Improvement, and resident of Credle Street just around the corner from Midway, is himself an avid gardener and has expressed an interest in helping to get the Midway Community Garden under way. Lowe's is offering to donate building materials and garden supplies to get the garden jumpstarted, and Mr. Shepherd has offered to donate some of his own elbow grease to help with projects.

Ms. Brinson said she was continuing to talk to people she meets around town about this project, and have been happy to find that everyone seems to be as excited about the proposal as her. Ms. Brinson said there is a wealth of agricultural knowledge in the area, and lots of helpful folks around to add their expertise to help the garden flourish. I myself grew up helping my father in our own organic garden. I'm so excited to be able to pass along some of what I know, and to learn more about those things that I don't know. I can't wait to get my hands in the dirt and make this garden a reality.

Ms. Brinson said they would need the Town's permission to use the lot. Commissioner Fiocco asked who would be responsible for the liability insurance. Ms. Brinson said she was not sure about that. Commissioner Turner asked Attorney Messick and he said, the folks that use it are responsible for whatever happens, they are on their own. Ms. Brinson asked if they could post a sign to that affect. Attorney Messick stated he would recommend that the Town enter into some type short term arrangement with Ms. Brinson on behalf of the other residents of Midway Street and spell all that out in the Town's agreement with her and she would then be the responsible party to deal with the Town.

Commissioner Baldwin asked how quickly does that need to be done would that be after she has complied all the individuals that are going to help her. Attorney Messick said he thinks we can do it this week. Commissioner Fiocco asked if it would be a license agreement. Attorney Messick said yes.

Commissioner Fiocco stated to Ms. Brinson that the last time she was here that you felt there might be a need for parking so that is an issue he feels we should look at and review. Ms. Brinson said there is a parking area there. Commissioner Fiocco said he spoke with Tom Roberts today (owner of the Mill) about this issue and he is willing to share some of his parking.

Commissioner Fiocco asked Planner Horne if he had been involved in any of the site layout - Mr. Horne said not in the design per se but he has been in contact with Sara and they have talked about it.

1. Manager's Update on Search for Leased Office Space.

Manager Terry said he did not have a whole lot to report tonight they are still space shopping. Police Department staff is currently looking at three different properties: Main Street Station, the former Chevrolet Dealership (Alpha Install) and the old Post Office on West Salisbury Street. The Planning Department has also been talking to Main Street Station and the office where the County Engineer used to occupy. He went over the following handouts estimating the cost:

TOWN OF PITTSBORO, NC 5-YEAR CAPITAL IMPROVEMENTS PLAN

FUND / DEPT	Police Dept	DESCRIPT	Bldg Lease & Renovation
CIP #	# 11	CATEGOR	Buildings / Facilities

RECOMMENDED FIVE YEAR SCHEDULE		BREAKDOWN OF THIS YEAR'S PROJECT COSTS		
		Engineering		-
2012-13	\$ 285,000	Planning / Design		25,000
2013-14	\$ 60,000	Inspection		-
2014-15	\$ 60,000	Contingency		25,000
2015-16	\$ 60,000	Construction		175,000
2016-17	\$ 60,000			
TOTAL	\$525,000			
		TOTAL	2012-13	\$ 225,000

FIVE-YEAR BREAKDOWN OF BUDGETED PROJECT COSTS					
	2012-13	2013-14	2014-15	2015-16	2016-17
Engineering					
Planning / Design	\$ 25,000				
Inspection					
Contingency	\$ 25,000				
Construction	\$ 175,000				
Lease	60000	60000	\$ 60,000	\$ 60,000	\$ 60,000
TOTAL	\$ 285,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000

PROJECT DESCRIPTION / JUSTIFICATION:

Lease of existing 3,500 sqft building within the Town of Pittsboro to serve as the Police Department location. A new facility will accommodate the growth of town staff as well as provide a separate location for 24/7 police operations.

FUNDING / OPERATING BUDGET NOTES:

We anticipate funding this project from cash on hand in the General Fund balance.

Department: Administration - Engineering

Budget Change / Addition Form

Fiscal Year 2012-13 (FY13)

Date: April 17, 2012

Board of Commissioners	Meet expanding community needs for engineering review of
Goal/Objective:	development applications, utility infrastructure designs and
Method/Tool for achieving goal:	Provide in-house capability for engineering plan review.
Resource Requested:	

This request provides for a new Town Engineer position at grade 30. It is envisioned that the position will require a BS degree in mechanical engineering, civil engineering or equivalent education and experience. This request also includes funds to support this position including, cellular phone, desktop computer, office furnishings, training and a dedicated vehicle (Compact SUV).

Account Name	Account Number	2012-13 Request	2013-14 Estimate
SALARIES - FULL-TIME	10-4800-020	\$70,000	\$70,000
PROFESSIONAL SERVICES	10-4800-040	\$10,000	\$10,000
FICA	10-4800-050	\$5,355	\$5,355
GROUP INSURANCE	10-4800-060	\$8,765	\$8,765
RETIREMENT	10-4800-070	\$4,928	\$4,928
401 K	10-4800-071	\$3,500	\$3,500
BUSINESS MEETINGS & TRAINING	10-4800-100	\$3,000	\$3,000
TELEPHONES	10-4800-110	\$1,200	\$1,200
TELEPHONES	10-4900-110	\$1,200	\$1,200
POSTAGE	10-4800-111	\$600	\$600
AUTOMOTIVE M & R	10-4800-170	\$500	\$500
ADVERTISING	10-4800-260	\$3,000	\$1,500
AUTOMOTIVE & EQUIPMENT FUEL	10-4800-310	\$1,200	\$1,200
OFFICE SUPPLIES (Computer in year 1)	10-4800-320	\$7,500	\$3,000
DEPARTMENTAL SUPPLIES	10-4800-330	\$7,100	\$2,000
DEPARTMENTAL SUPPLIES	10-4900-330	\$9,800	\$0
GENERAL LIABILITY INSURANCE	10-4800-540	\$500	\$500
AUTO INSURANCE	10-4800-541	\$500	\$500
DUES & SUBSCRIPTIONS	10-4800-530	\$1,000	\$1,000
WORKERS COMPENSATION INSURANCE	10-4800-542	\$1,400	\$1,400
CAPITAL OUTLAY - OFFICE LEASE	10-4800-720	\$8,000	\$8,000
CAPITAL OUTLAY - OFFICE LEASE	10-4900-720	\$16,000	\$16,000
CAPITAL EQUIPMENT - (Vehicle)	10-4800-740	\$25,000	\$0
Totals		\$190,048	\$144,148

*** Please consult Town Clerk for the appropriate hiring range for any personnel requested. ***

*** Please consult IT Manager for any technology requested. ***

*** Please consult NC State Contract for the appropriate charges for vehicles requested. ***

Manager Terry stated they are in the middle of negotiations with these land owners (property owners) and perhaps something closer to actual offers that he can share with the Board at the next meeting.

Mayor Voller arrived at 7:11 p.m.

Commissioner Farrell stated he understands the reason for this extra space and the engineer but it looks to him like we could find adequate space here, maybe temporarily before we jump out with office space. Could we not add on to this side of the building (meeting room) with the money we are talking about for rental space.

Manager Terry said we can always contemplate building an expansion where you are. He said that is not a suggestion that has come up before but it is certainly in the realm of possibility if the board wanted to make this building larger. We could add this to the list of things we are figuring and try to put some cost figures to that.

Commissioner Baldwin stated she would also prefer that the Planning Department stay in this building along with the proposed Engineer and that the Police Department would be separate. She stated she would not be in favor of leasing from Main Street Station for the Planning Department, they can move where the Police Department is now.

Commissioner Turner asked how much land was this building on. Manager Terry stated he has not looked that up.

Manager Terry said he is not seeking any decisions tonight he is just letting you know where we are.

Mayor Voller asked if the police department had any opinion on the spaces. Manager Terry said they have been doing most of the work.

Mayor Voller asked if any consideration had been given to moving the police department and selling this Building. Manager Terry said no, that was not one of the options.

Ken Hoyle said some time ago there was a proposal (even drawings) need to use some mobile units going in the back for the police department which was considerable less than what you are talking about.

Mayor Voller stated that was a proposal from Commissioner Cotten correct. Mr. Hoyle said yes.

Mayor Voller said maybe we should have a Saturday meeting to discuss all the options available.

Mayor Voller asked John Poteat if he thought he should be in the discussion about space needs. Mr. Poteat said he doesn't have any space needs pressing they are fine where they are, although they need to have some work done to the building.

There was a discussion about the needs of the police department. It was agreed that Manager Terry would continue to gather information and bring it back.

Manager Terry said we are working with three different owners and he was wondering if the Board would like for them to come to represent themselves at some subsequent meeting and give a verbal

proposal on how the buildings can be used. Mayor Voller asked if he was requesting a proposal from them or was he just asking for a verbal proposal. Manager Terry said he is asking what they would charge the Town for a ten year lease is the basic question. Have asked a couple of them if they were willing to undertake the cost of the renovation themselves and roll that into the lease cost. One said yes and one said no.

Commissioner Baldwin said she would like to hear them but if he wanted to go ahead and gather that information and present it to the Board she doesn't have a problem with that either. Mayor Voller said he does think it is important to have apples to apples comparison.

SMITHER & ASSOCIATES

Manager Terry stated Ms. Malena Smither and Doris Friend are present representing Smither & Associates.

Malena Smither introduced herself and Doris Friend. Ms. Smither presented the board with background information on the firm. She stated they have a good history helping municipalities recruit specific key positions and would be glad to help the Town in any way they can. She stated the price was in the packet she handed out.

Manager Terry asked how the process would start. Ms. Smither said they can be involved as little or as much as the Town would like. Ms. Smither said they need a profile of what the town wants, advertisement with NCLM, applicant screenings of references, work with a search committee and go over what they found out in their research with the team. They can pull out a group that are viable candidates; they would contact each candidate and meet with them individually. They prepare a set of questionnaires that they can go through with each one.

Ms. Smither said they would make sure the people are interested in working and living in the Town of Pittsboro or North Carolina, that the salary is agreeable when they go through as that and make sure the candidates will be viable. After they have narrowed it down to a reasonable group then they will select the ones to interview. They will make all the arrangements; they basically do all the work for the Board.

Ms. Smither said they would not do this work without the Board's guidance.

Commissioner Farrell asked what the chance of an Engineer/Manager is, is that an option. He asked if that was too much to put on one person. Mayor Voller said we did have a manager that was an Engineer, David Hughes.

Manager Terry stated Town Managers come up through as type career paths, it is not impossible to find an PE that is looking for a career change, but you really narrow your candidate pool when you do that. Mayor Voller asked what time frame we are looking at. Ms. Smither said they can start working on it immediately, we can advertise on the NCLM online site and we will get a lot of candidates from that.

The Board agreed to take the information from Ms. Smither under advisement. Mayor Voller said that Manager Terry would be in touch with them to let them know what the Board decides to do. Mayor Voller thanked them for their professional presentation.

Mayor Voller asked Fred Royal to speak about the peer review that your firm offers. He would like to hear his proposal.

Mr. Royal said he was not prepared to talk about this tonight. Mayor Voller said you know Pittsboro has been working with the County and Sanford on this proposed line down to Sanford and Mr. Royal works for an engineering firm.

Mayor Voller stated Mr. Royal sent an email making a kind offer to the Town. Mr. Royal said what he and his colleagues at work decided to offer (they have actually been following the permitting process for the wastewater treatment plant and the public discussion of alternatives and the Sanford issue came up. The county proposed to have Deal and Associates do a study on the viability of essentially transporting raw waste down to Sanford to their plant bypassing the option of building another wastewater treatment plant in Pittsboro. Brown & Caldwell has done a lot of waste water treatment plants and alternative analysis so they looked at this and they thought, every engineering firm and every engineer has a different opinion and a different way of working at benefit costs, environmental issues, future land use, etc., so they thought it would be a worthwhile offer to review this report of McGill and Associates, just to give you another non-bias peer review of what his firm believes the study covers, doesn't cover, just to make basic comments about it. It maybe that they find they are in total agreement with the entire report.

Mayor Voller asked how much that would cost. Mr. Royal said it would cost the firm a little something but it would not cost the Town anything.

Commissioner Farrell made a motion to accept Mr. Royal and his Associates offer and to thank him very much, seconded by Commissioner Foley.

Commissioner Fiocco asked what would be the form of his company's review would it be a report or a presentation. Mr. Royal said he would suggest a report with a presentation at a regular business meeting.

Commissioner Fiocco stated he feels that Hydrostructures (serving as the town engineer) and Chatham County should review it and this would be a third review.

Commissioner Fiocco stated he is a little leery of free advice, he must admit.

Vote Aye-5 Nay-0

NEW BUSINESS

1. Manager's Recommended Budget for Fiscal Year 2012-2013.

Manager Terry said that in giving guidance to staff about what are goals were going to be in preparing this year's budget, he pointed out to them that last year was a very difficult year with the closings of Townsends chicken plant we were put in a position where we had to dip into our fund balance amount to the tune of a three-quarters of a million dollars, so this budget year was going to be much different from prior budget years. Instead of starting from a zero start line to balance the budget we are starting from three-quarters of a million dollars in the hole to try to make the revenues and expenses match. So the guidelines include to the extent possible no operational cost increases, limit capital equipment

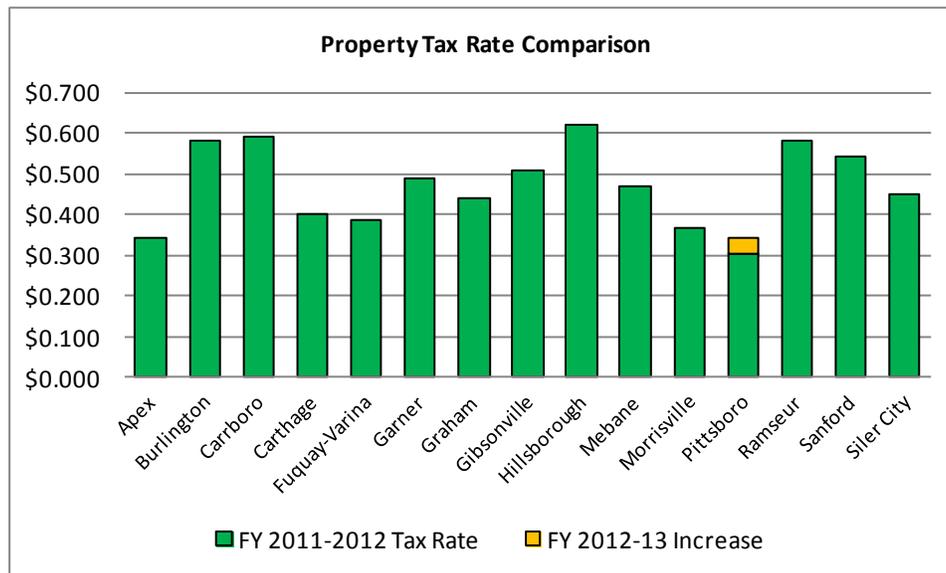
purchases to the minimum extent possible, include only the highest priority maintenance projects and no program expansions what so ever.

Manager Terry made the following presentation regarding the FY 2012-2013 recommended Budget.

1. General Fund Revenues. The FY 2012-2013 tax year valuation of \$405,279,276 is up \$7,261,884 (1.8%) from the prior year valuation of \$398,017,392.
2. Tax increase of \$0.04, increasing the ad valorem tax rate to \$0.342 per \$100.00.
3. One cent will generate approximately \$42,898 in real and personal property taxes.

Mayor Voller asked if this would put us in line to where revenue neutral would have been a couple of years ago. Manager Terry said yes, that is his next point.

4. The proposed \$0.04 increase will reverse tax rate decreases over the past four years and return to the FY 2003-2004 equivalent tax rate. As illustrated below, at \$0.342, the Pittsboro tax rate will remain among the lowest in the region.



5. General Fund revenues, adjusted by removing the fund balance contributions, are up \$175,812 (6.5%) from the current year original budget.
 - a. Ad valorem taxes of \$172,500 (14.7%)
 - b. Increase of \$34,700 (10.7%) in Solid Waste Services revenues. (The proposed rate increase for solid waste services is recommended in anticipation of escalating fuel costs and the fuel surcharge provisions of our solid waste services contract.

- c. Hold Harmless Tax are up \$18,000 (17.6%) based on historical trends.
 - d. Article 42 Half Cent Sales Tax are down \$39,000 (34.2%) based on historical trends.
 - e. Anticipated interest income is down \$15,000 (75%) due to the continuing economic downturn.
 - f. Revenues from Governor's Highway Safety Program Grant are down \$30,000 (75%) as this grant approaches its third and final year.
 - g. The General Fund revenues will also include a \$172,159 transfer from the Enterprise Fund to pay for administrative support including project management, financial management, and human resources management.
6. A transfer of \$259,298 from the General Fund balance will be required to balance the budget.
- a. This will be partially offset by an estimated \$150,622 surplus from the fiscal year 2011-2012 General Fund budget that will revert to the General Fund balance on July 1, 2012.
 - b. But revenue projections will fall short by \$13,900.**

General Fund Expenditures: up \$82,836 (2.7%)

- a. increase of \$28,729 (1.7%) in personnel costs. Key components of the personnel cost increase include an \$18,685 (1.7%) increase in salaries and a \$10,488 (5.2%) expected increase in health care costs.
7. Operating budget costs are up \$64,107 (4.8%); contributing factors are discussed below.
- a. Pay Adjustments. The Board of Commissioners approved a 3.0% pay increase for all employees effective January of 2012. Accordingly, I have not included a cost of living raise for employees in the base budget. I recommend that the Board of Commissioners revisit the subject of employee compensation in January of 2013, after the Finance Officer delivers the mid-year budget status report.
 - b. Health Insurance Costs. Health insurance costs are up \$10,488 (5.2%) due to an anticipated increase in the cost of coverage.
 - c. Professional Services. \$26,307 (6.1%) primarily due to increased costs for fire protection. The Fire Protection contract is up \$34,707 (10.7%). This increase is partially offset by decreases in Planning (\$5,000) and Police (\$2,000).
 - d. Buildings and Grounds Maintenance. up \$18,000 (52.9%) primarily due to increased costs in the Recreation Department associated with the addition of the Mary Hayes Barber Holmes Park and Rock Ridge Park. This increase is almost entirely offset by a \$15,600 decrease in contracted services in the Recreation Department.
 - e. Automotive Maintenance and Repair \$7,500 (23.8%), primarily due to the increased cost of maintaining aging police cars.
 - f. Automotive Supplies. up \$9,000 (13.0%) due to recent increases in fuel prices and an expected continuing upward trend in fuel prices. Fuel prices at the beginning of fiscal year

2011-2012 were below \$3.75 per gallon and are now approaching \$4.00 per gallon. The proposed increase assumes average fuel costs of \$4.25 per gallon in fiscal year 2012-2013.

g. Contracted Services. down \$13,600 (3.2%), primarily due to shifting \$15,600 from Recreation Contracted Services to Recreation Buildings and Grounds Maintenance. Governing Body Contracted Services is down \$3,000 because there is no municipal election in fiscal year 2012-2013. Contracted Solid Waste Services is up \$5,000 (1.6%) in anticipation of higher fuel costs in fiscal year 2012-2013.

h. Capital Equipment. Capital equipment costs are down \$10,000 (25.0%). Only one police car, smaller than prior years.

i. Year-end Surplus. We estimate that the General Fund budget will return a year-end surplus of about \$150,622 to the fund balance. The primary sources of this surplus are:

(1) Lapsed salaries (\$42,420), including salaries, overtime and benefits.

(2) Professional services (\$31,035), mostly from the Planning Department due to better allocation of costs to departments using engineering services.

Commissioner Fiocco asked when Hydrostructures is doing plan review and sending us a bill have we been sending that bill on to the developer. He said we have a line item in our budget that talks about the costs of those services to developers. Manager Terry said we have not done enough of that for him to be able to answer definitively. Manager Terry said he doesn't know if we have done any during Mr. Bass's tenure here. Commissioner Fiocco said we need to make that happen. Manager Terry said he will have to go back to review the policy and see how we have actually been handling it.

(3) Contract services (\$59,073), mostly due to lower than expected solid waste service costs.

Manager Terry said he is bringing a substantial increase to the enterprise fund. It is the same increase that he recommended last year but the board did not adopt.

8. Enterprise Fund Revenues. Enterprise Fund revenues, adjusted by removing the fund balance contributions, are up \$372,900 (17.5%) from the current year original budget. While this is a significant increase, it does not fully offset the \$485,856 fiscal impact represented by the following list of things.

- a. \$324,000 loss of revenue from the Townsends Chicken Plant closure,
- b. the \$60,805 increased debt service for the Wastewater Treatment Plant Improvement Project,
- c. the \$53,051 increased debt service for the Credle Street III & IV Project and
- d. the \$48,000 increased debt service for the Hillsboro Street Transmission Line Project.

Key components include:

- a. increase of \$224,300 (20.1%) in water charges
- b. \$137,600 (14.4%) increase in sewer charges.

c. We have budgeted \$124,499 from the Enterprise Fund balance to augment revenues and balance the budget compared to \$402,245 in fiscal year 2011-2012.

9. Water and Sewer Rates. The proposed utility rate increase was not adopted in fiscal year 2011-2012; therefore, current rates remain at the levels established in fiscal year 2010-2011. The utility rate increases recommended for fiscal year 2012-13 are substantially the same as those recommended, but not adopted, in fiscal year 2011-2012. The goal is to increase Enterprise Fund revenues by about \$237,000 per year by:

- 1) increasing the monthly basic service charge by \$6.00 per month for in-town customers and \$12.00 per month for out-of-town customers
- 2) adding a 3% increase for tier one (2,000 gallons or less), a 6% increase for tier two (2001 to 6,000 gallons) and a 9% increase for tier three (more than 6,000 gallons). The new rate structure would be as follows:

Proposed Water and Wastewater Rate Schedule

	Water		Wastewater	
	Inside	Outside	Inside	Outside
Basic Service Charge (Flat monthly fee for meter reading, billing and accounts management)				
Meters ≤ 1 inch	\$ 13.00	\$26.00	\$ 14.00	\$ 28.00
Meters > 1 inch	\$ 24.00	\$48.00	\$ 26.00	\$ 52.00

Plus a monthly usage fee per 1,000 gallons

0 to 2,000 gallons	\$ 4.50	\$ 9.00	\$ 6.75	\$13.50
2,001 to 6,000 gallons	\$ 5.15	\$ 10.30	\$ 7.98	\$15.96
> 6,000 gallons	\$ 6.00	\$ 12.00	\$ 9.34	\$18.68

Original Recommended Rates				Manager's Recommended Budget				
				April 23, 2012				
Proposed Increase	\$3.00		\$6.00		\$3.00		\$6.00	
Proposed Increase	\$6.00		\$12.00		\$6.00		\$12.00	
	Water - Inside		Water - Outside		Sewer - Inside		Sewer - Outside	
Basic Service Charge (Flat monthly fee for meter reading, billing and accounts management)								
Meters ≤ 1 inch	\$13.00	\$10.00	\$26.00	\$20.00	\$14.00	\$11.00	\$28.00	\$22.00
Meters > 1 inch	\$24.00	\$18.00	\$48.00	\$36.00	\$26.00	\$20.00	\$52.00	\$40.00
Plus a monthly usage fee per 1000 gallons								
	(New)	(Old)	(New)	(Old)	(New)	(Old)	(New)	(Old)
0 to 2,000 gallons	\$4.50	\$4.37	\$9.00	\$8.74	\$6.75	\$6.55	\$13.50	\$13.10
2,001 to 6,000 gallons	\$5.15	\$4.86	\$10.30	\$9.72	\$7.98	\$7.52	\$15.95	\$15.05
> 6,000 gallons	\$6.00	\$5.50	\$11.99	\$11.00	\$9.34	\$8.57	\$18.69	\$17.14

b. Other Enterprise Fund Rates

- 1) Reconnection Fees. No Change \$50.00 during normal working hours and \$100.00 for weekends.
- 2) Bulk Water Sales. The recommended fee for bulk water sales is \$105.00 per 10,000 gallons, a 5% increase.
- 3) Access Fees. We are recommending a 3.5% increase in access fees. They will increase from \$5.90 per gallon per day to \$6.10 per gallon per day for water and sewer fees will increase from \$10.70 per gallon per day to \$11.10 per gallon per day.
- 4) Capital Recovery Fees. We are recommending a 5% increase in capital recovery fees. These fees were increased 2 % in fiscal year 2011-2012.
- 5) Meter Fee. We are recommending a 3.6% increase in the fee for a ¾ inch meter from \$275.00 to \$285.00.

10. Enterprise Fund Expenses. Enterprise Fund expenditures are up \$143,154 (5.7%) from the current year original budget. Key components of this change include

- a. \$43,460 (11.4%) increase in debt service expenses for the Credle Street 3 & 4 Project and the Hillsboro Street Transmission Line Project. **(Note: this expense will probably increase again by about \$50,000 when the contract for this project is awarded.)**
- b. Personnel expenses are up \$73,593 (6.3%); about \$36,800 of this is attributable to the 3% pay raise of January 2012, \$27,000 is due to under estimation of overtime needs at the Water and Sewer plants and about \$7,800 is attributable to the expected 5% increase in healthcare costs.
- c. Professional Services expenses are up about \$6,800 (17.1%) due in part to correction of a past practice of erroneously charging all engineering services to the Planning Department and due in part to the increased use of Hydrostructures to represent the Town on the Technical Review Committee of the Jordan Lake Partnership.
- d. Utility expenses are up \$10,000 (8.7%) due to the amount of electrical equipment added to the Wastewater Plant as part of recent improvement projects.
- e. Chemical Supplies are up \$15,000 (8.4%) due to ongoing process changes at the Water Plant to achieve water quality improvements beyond minimal compliance with the standards for trihalomethanes.
- f. Sludge hauling costs are up \$16,000 (18.8%), due to increased use of powdered activated carbon at the Water Plant and due to more frequent hauling as an odor control measure at the Wastewater Treatment Plant.
- g. Tank Maintenance is up \$9,000 (50%) to account for annual contract cleaning of the 3M Reuse Waster Tank.

- h. Capital Outlay – Buildings it up \$33,000 (110%); the total budget of \$63,000 will support the following projects:

- (1) Water Plant – Variable frequency drives for the high-service pumps and raw water feed pumps: \$23,000.

Mayor Voller asked what is the possibility of the town going out for a request for proposals on our building and possibly equipment where a private entity can buy it, they get the depreciation on it we would run our same water and sewer. We are a non-profit, we get no benefits for depreciation a private entity theoretically could do that and at the end of the term we would get it back for a buck. It wouldn't change anything about how we run it but they might be able to use the tax benefit, the depreciation and other things that come into play to actually make some of the improvements that Scott, John or Randy might need. It wouldn't change who runs it, it wouldn't change what we do it would just change ownership for a period of time. Mayor Voller asked if we have ever looked at that.

Manager Terry said it has never occurred to him. Mayor Voller said it was brought up to him by an investor. Mayor Voller said maybe we could look at this he said there are funds attached to this from the federal government. He will ask the investor to send a proposal if the board is interested. Manager Terry asked if someone approached him about this. Mayor Voller said it is a person that owns various types of property across the United States and in the course of conversation; he asked if the Town had ever considered this. Mayor Voller told him we had not and he said maybe the Town should look into it. Mayor Voller told him he was not for private ownership of our water and sewer; he said that is not what he was talking about. He is talking about the actually taxable assets that you would normally list with Chatham County. Mayor Voller said with deal he would now have to pay taxes to us on our equipment because it would be privately held, but then it would also be depreciable, so you would actually take something that now we go no income from and get income off it and essentially some deal will be constructed that course he get the benefit he is getting the depreciation and tax benefit.

Manager Terry said he is willing to read anyone's proposal but it seems like something a tax attorney would do. The board did not take any action on this.

- (2) Water Plant – Prefabricated metal building for powdered activated carbon feed system: \$7,000.

- (3) WWTP - Replace Generator on WWTP Operations Building: \$25,000.
- (4) Public Works – Resurface Public Works Building Roof: \$8,000.

- i. Buildings and Grounds Maintenance is down \$23,000 (24.7%) primarily due completion of several deferred maintenance projects at the Wastewater Treatment Plant where we are in much better condition than two years ago. It will take about two more years to achieve a similar level of maintenance success at the Water Plant.
- j. Equipment Maintenance is down \$15,000 (30.6%) evenly distributed between Water, Wastewater and Utility System Maintenance.
- k. Departmental Supplies and Laboratory Supplies are down a total of \$22,000 (18.5%) primarily due to completing most of the initial outfitting of our in-house laboratory capability.
- l. No capital equipment purchases are requested in fiscal year 2012-2013.

We estimate that the Enterprise Fund budget will return a year-end surplus of about \$58,072 to the fund balance. **Plus \$146,300 revenues over budget.**

11. Capital Reserve Funds. In view of the projected shortfall between revenues and expenses in fiscal year 2012-2013, we have not budgeted any contribution to the capital reserve from water or sewer revenues. In fiscal year 2011-2012 we budgeted \$200,000 in water capital recovery fees and \$200,000 in sewer capital recovery fees associated with the contracts with Spoon Builders, Inc. and Moore’s Grove, LLC; however, only half of those revenues were realized. We have budgeted \$240,500 in Capital Reserve Revenues for fiscal year 2012-2013 with the expectation that the relaxing of the development moratorium will result in some development applications in the coming year. This amount does not include anticipated payment from Chatham County for their New Jail Project since we expect to realize those revenues in fiscal year 2011-2012.

RECOMMENDATIONS

- 1. That the Board of Commissioners considers the attached Manager’s Recommended Budget and provide the Town Manager with guidance and direction on any required changes to the Fiscal Year 2012-2013 Budget.

2. That, if needed, the Board of Commissioners schedule a budget working session for next Monday, May 7, 2012 to continue the discussion of the budget.

Manager Terry asked if the Board would like to go line by line or to schedule a budget worksession.

Mayor Voller asked if an annexation study had been done to determine areas that we can annex. We have a very oddly shaped town. Secondly, we have a potential tax base south of Town that is connected to Town now; perhaps we should talk to them about annexation, namely 3M Corporation.

Mayor Voller said we could do a local bill in the general assembly and they can be annexed. Mayor Voller said they are now collected to our line.

Attorney Messick asked for what reason would they want to be annexed? Mayor Voller said he doesn't know why they would want to be annexed but Pittsboro is their address and if the people are always talking about growing the tax base by adding industry. Attorney Messick said you have to have something to offer them. Mayor Voller said we did have something to offer we offered them a reuse water line, which they are leading. Attorney Messick asked what advantage it would be for them to be annexed. Attorney Messick said they would have to pay taxes if they were annexed. Mayor Voller said he guess it would be a forcible annexation we can go to the General Assembly. Attorney Messick said he doesn't think the General Assembly will annex anyone involuntarily. Mayor Voller asked are we going to have to grow to them to actually annex them. Manager Terry said if you ever get to the point where the boundaries are contiguous with theirs then he thinks we would have something to talk about.

Mayor Voller said what if we make them an offer and say if you come into Town we will give you tax abatement for a period of time and then they are in Town.

Attorney Messick you can't give tax abatement. You could make an arrangement where the taxes that they pay would be used for some purpose that is beneficial to them.

Motion made by Commissioner Fiocco seconded by Commissioner Baldwin to schedule a budget work session for Monday April 30, 2012 at 7:00 p.m.

Vote Aye-5 Nay-0

Motion made by Commissioner Fiocco seconded by Commissioner Baldwin to schedule a public hearing on the proposed FY 2012-2013 budget for May 14, 2012 at 7:00 p.m.

Vote Aye-5 Nay-0

CAPITAL PROJECTS REPORT

1. Manager's Update on Capital Projects.

Downtown Area Water System Improvement Project

Manager Terry said the board can see in the notes they had a meeting with USDA on April 10, 2012, Mr. Hart was optimistic that we could achieve completion of the loan documentation for this project in time for a bid in the spring of 2013. He also agreed to look into the possibility of using USDA loan funds to supplement the Hillsboro Street Transmission Line Project; however, he said that it was unlikely that this could be arranged within the 60-day period during which the bids must be honored. It was agreed that

he would take no action on this project until the Town's negotiations with Chatham County for supplemental funding were completed. Commissioner Fiocco said we should know the answer to that on May 7, 2012 (County Commissioner's Meeting).

Hillsboro Street Transmission Line Replacement Project

Manager Terry said Commissioner Fiocco is working with the Chatham County Board of Commissioners to help us fund some of our shortfall on that budget. Mayor Voller asked if they needed to say anything about going forward with that. Manager Terry said eventually I will bring an agenda item to the Board to award the bid but there is no point in awarding the bid if you can't afford to do the project. We have sixty days we opened the bids on April 5, 2012. Manager Terry said we have some time to negotiate with the County on the May 14, 2012 meeting we need to decide what we are going to do and on May 28, 2012 meeting we need to either award the bids. Mayor Voller asked Manager Terry if he had looked at it the way Ms. Cartrette had mentioned. Manager Terry said he had not been to the banks yet.

Commissioner Concerns

Commissioner Farrell said he had talked with Attorney Messick, he has still be getting some phone calls regarding HRCA parking, and he has been in touch with Mr. Robinson he informed him tonight that Mr. Robinson didn't return a call over the weekend. Commissioner Farrell tried to call him this afternoon and did not get an answer either. Commissioner Farrell said he understands that they have not signed a lease yet with the landowner.

Mayor Voller do you think there is a possibility that they will not be a lease forthcoming. Commissioner Farrell said he can't answer that but Mr. Robinson had told him he was having some architectural problems with the building and they were trying to get that straightened out. Mayor Voller said you are pretty sure they are going to go in there. Commissioner Farrell said Mr. Robinson told him they would be in there by Christmas.

Commissioner Fiocco thanked Manager Terry for the Table of Contents (Contracts, Agreement notebook). Manager Terry said that thanks should go to Ileana. Manager Terry was asked to pass that on.

Commissioner Fiocco asked about the update on the Land Use Plan. He asked if TJCOG was editing or what are they doing. Planner Bass said they took the draft and edited it and put in the comments we received, they are in the final stages right now. They just have a little more to do on the land use description and map.

Commissioner Fiocco asked when he thought they would be finished with their work. Planner Bass said they met a week ago Friday and they are looking to wrap it up. Commissioner Fiocco asked at that point they would receive the product and what will they do with that product. Planner Bass said bring it back to the Board of Commissioners.

Manager Terry said it will be ready for adoption when it comes back. He wanted to know if the board wanted to send it to the planning board, schedule another public hearing or adopt it. The Board agreed they would need to read it first. Manager Terry said they will present it for adoption but the Board can always change that game plan and you get a chance to review it.

Commissioner Fiocco stated they will receive a proposal for fees for gaming machines next meeting, right. Manager Terry said yes.

Mayor Voller said on the gaming issue he asked Mr. Horne to find out where they would be allowed and he came up with maybe three parcels in Town that you can actually do it and bring it to the Board. Mr. Horne said it was three different areas where they can set up shop.

Mayor Voller asked if the board wanted to look at a Big Box Ordinance that was brought a couple of years ago and he wanted to know if it was going to be brought back to the Board. Mayor Voller at Mr. Bass if he had seen this ordinance (it was prepared by David Monroe). Planner Bass said he has seen it. Mayor Voller said if you are going to bring a land use plan back he thinks the Board should look at what was commented on because it wasn't voted down and it never came back, that was about two years ago. Commissioner Fiocco said it was three of four years ago. Mayor Voller asked Commissioner Fiocco if he thought it should come back. Commissioner Fiocco said he doesn't think it needs to get involved with the land use plan but it is something to consider. Planner Bass said he could present it at the Board's request.

Mayor Voller said there are some great transportation maps now and you may want to get Paul Horne to print some for the board members.

Mayor Voller asked John Poteat about the status of the street light on Hillsboro Street crosswalk. Mr. Poteat said it is scheduled to be installed. Mayor Voller stated we are getting others done in that area also correct. Mr. Poteat said yes.

Motion made by Commissioner Baldwin seconded by Commissioner Fiocco to adjourn at 9:23 pm.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk