

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
BUDGET WORK SESSION
May 16, 2011
7:00 PM

Mayor Randy Voller called the meeting to order at 7:10 p.m. and called for a brief moment of silence.

ATTENDANCE

Members Present: Mayor Randy Voller, Commissioners Pamela Baldwin, Gene T. Brooks, Clinton E. Bryan, III, Michael Fiocco, and Hugh Harrington.

Staff Present: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Town Attorney Paul S. Messick, Public Works Director John Poteat, Police Chief David Collins, Police Lieutenant Lesia McCollough, Water Plant Superintendent Scott Jewell, Wastewater Treatment Plant Superintendent Randy Heard, and Finance Officer Mandy Cartrette.

BUDGET

Town Manager Bill Terry said that at their last discussion they have just completed the Water and Sewer Fund Balance and the effect the Townsend closing would have on the budget. He said he had prepared a couple of different scenarios and recommended that they look at those once they had gone through the individual departmental budgets for the Enterprise Fund. Mr. Terry said they would also discuss the CIP and consider water and sewer rates, and there was a good possibility they could finish up discussions on the budget tonight.

Mr. Terry said on the Enterprise Fund rollup sheet, overall that budget was up .9%, with a significant piece of that on the debt service line. He said they had added the Water Treatment Plant project as well as the Credle Street project. Mr. Terry said the water systems supply line had increased which was related to the fire hydrants.

Water and Sewer Administration

Mr. Terry said that the Water and Sewer Administration Department was a one-person department and the budget was up 5.5%.

Commissioner Fiocco said going back to the Enterprise Fund Rollup, item #451, Sludge Hauling, was up substantially. Mr. Terry said as you go through the departments you will see that one of the other departments use to carry that line item in the contract services line, and for the purposes of consistency it had been moved into the #451 line. He said so, that was an administrative change to reflect how it was being charged.

Commissioner Fiocco said then they were not producing that much more sludge. Mr. Terry said not particularly at the Water Treatment Plant. Commissioner Fiocco said then they should not correlate that increase in cost with that operation. Mr. Terry replied that was correct.

Mr. Terry said they had an increase of about 50% in Professional Services in Water and Sewer Administration, and that was partly due to changing the way utilities were charged. Finance Officer Mandy Cartrette stated that a portion of the audit fees had come out of that as well. Mr. Terry said the copier lease looked like a big jump but that was because they had pulled it out and showing it individually now.

Mr. Terry said because they had received word that Townsend was closing, they would not see any capital equipment purchases, noting those had been backed out.

Commissioner Bryan asked was there another vehicle involved that caused the insurance line, #541 on page 31, to increase. Mr. Terry said they had added a vehicle for the Lab Tech and one for the Mechanic in the last year.

Debt Service

Mr. Terry said they had already discussed the Debt Service, but there was more detail shown on page 42. Ms. Cartrette said that page 42 contained a detailed debt schedule showing all the debt. Mr. Terry said the big jump was because of the two projects that they had financed this year, which was the Wastewater Treatment Plant project and the Credle Street project.

Mayor Voller asked what the assessment was after researching the issue about the bonds and the resolution that former Mayor Devinney had discussed last week. Mr. Terry stated that the Town Clerk had uncovered a document from some old minutes which had a sunset date of 2010. He said he could not speak to what had happened six or eight years ago, but it appeared that the resolution said that the Board was going to make a deposit to Capital Reserve annually in that amount with the intent of reducing the \$350,000 debt. Mr. Terry said he was unable to determine whether that had been done every year, but they had been paying that debt down as it came due.

Commissioner Brooks asked what the status was of the bond Mr. Devinney had been talking about.

Commissioner Bryan said he did not know that it had ever been applied.

Commissioner Harrington said on page 42 it identified the 1994 Water/Sewer Bonds debt schedule.

Commissioner Bryan said he believed what Mr. Devinney was talking about was started in 2000 and was suppose to run ten years at \$35,000 a year. Mr. Terry said he had had trouble following exactly what Mr. Devinney had been speaking about, noting there had been some

consolidation of that debt and perhaps what Mr. Devinney had been talking about had been rolled into a refinancing shown on the 1994 Water/Sewer Bonds debt schedule.

Water Treatment Plant

Mr. Terry said the overall budget was down 1.5%, and explained that was partly due to the fact that overtime had been separated out. He said there was a marginal cost for chemicals due in large part to the change to chloramination. Mr. Terry said there was a jump in professional services due to now correctly charging services by Hydrostructures to the correct account.

Mayor Voller asked what he thought might happen if they were fortunate enough to make an agreement with the County. He asked would they have to hire more staff or go to a 24/7, 365 schedule. Mr. Terry said it was his understanding that with some creative scheduling they could likely do that with the current staffing.

Water Plant Superintendent Scott Jewell agreed that would be possible.

Commissioner Fiocco asked was there any infrastructure requirements to make connections such that the Town could provide the water. Public Works Director John Poteat said in looking at it today they would have to get a new compound meter, strainer, and check valve at a cost of about \$10,000 to \$15,000. Commissioner Fiocco asked what size meter he was talking about. Mr. Poteat said a six inch meter.

Mayor Voller asked should they be budgeting for that in order to fill potential obligations by contract. Mr. Poteat said before the meter was owned by the County, but now if the Town began selling water to them he was not sure that the County would be willing to make a \$10,000 to \$15,000 investment.

Mr. Terry asked if the current meter was nonfunctioning. Mr. Poteat said the meter was old and it was not a compound meter, so it would not pick up certain flows.

Mayor Voller asked how much water they would have to sell to make that profitable. Mr. Terry responded it was much too early to say, but Mr. Poteat had through some research determined that the County was a water buyer from both Sanford and Siler City. But, he said, they may be buying that water to service southern Chatham and western Chatham, and the Town may not be able to effectively serve those areas. Mr. Terry said they had begun negotiations and the County had not dismissed it out of hand, but they were not able to speculate how much the County might need or what they would agree to pay for it. He said he believed the Board would need to adopt a budget assuming that would not happen, but they would continue to pursue it.

Mayor Voller asked if the Board wanted to sell the County water.

Commissioner Harrington said of course, and when they came to the Town then staff would be able to do a cost estimate and bring it to the Board, and at that time they could make a decision about whether or not to do it.

Mr. Terry said the negotiations were still open, but he was not sure that the County would want to bother with a contract that was for only about 70,000 gallons per day. He said if they were to do it, he believed they would need to be able to provide 300,000 to 400,000 gallons per day which would result in substantial revenue. Mr. Terry said that Townsend was being charged double out-of-Town rates, but with the County they would be starting negotiations from a blank page so it was hard to speculate what their rates might be.

Commissioner Brooks asked what Cary charged the County to use the intake. Mr. Poteat said he was not sure they were still doing that, but he had no idea about the charge. Commissioner Brooks stated that Pittsboro was a part of the County, and it was to the County's advantage to help the Town with its water situation.

Mayor Voller said it seemed that since they could produce good quality water and there was a need and a demand that they ought to be able to get that done, especially because it would result in lower water rates for customers.

Commissioner Harrington stated they could do nothing about that tonight and nothing could be included in the budget, so he did not believe they should spend any more time on it.

Mayor Voller stated he believed they needed to be working with all due haste on that issue.

Commissioner Harrington agreed, but said the point he was making was that they needed to focus on their task and get through the budget this evening.

Mr. Terry stated they would continue to work on it and if it bore fruit then that would be great, but if it did not then they would not have anything in the budget.

Commissioner Fiocco said but the \$10,000 investment to be made was based on a site visit today. Mr. Poteat said that was based on actual quotes he received today.

Mr. Terry said that the money was nowhere in the budget, but if the Board wanted to add that he could include it in Mr. Poteat's operating budget.

Mayor Voller said he would strongly suggest they do that. Mr. Poteat said at present if the County needed water they could provide it, but they likely could not meter it accurately.

Wastewater

Mr. Terry noted that the budget for Wastewater was actually down 6.1%, with personnel reduced by .4% including a 2% pay increase. He said part of the change was attributable to how they accounted for overtime. Mr. Terry stated there was a significant increase in utilities

mainly due to all the new equipment added for the 3M project and the equalization basin. He said that Buildings and Grounds Maintenance reflected some savings due to conservative spending, and chemical supplies costs were down due to Mr. Heard's good management and getting the processes under control. Mr. Terry said they had no capital equipment costs, but they had left one item in capital maintenance which was a controller for the effluent station.

Commissioner Harrington said one thing that had been brought to the Board's attention was that the new pumps were oversized and they had never been able to use them. He asked if there would be any costs associated with those oversized pumps. Mr. Terry said that Mr. Heard had come to him about a month ago with a litany of problems and warranty calls about it, and out of frustration had shut those pumps down. He said the fact of the matter was that the system just did not work, and they would soon be meeting with the engineer and insurance carrier to resolve the issues.

Commissioner Baldwin said that for the Wastewater Treatment Plant there was a list of equipment needs, and asked had that been included in the budget. Wastewater Treatment Plant Superintendent Randy Heard replied that just one of those items was included, and that was \$8,000 for the influent PLC. He said the remainder had not been included. Commissioner Baldwin asked did he believe they were necessary at this time and should they be added to the list. Mr. Heard said he believed they were necessary.

Mr. Terry said that some of the items were on the Add/Cut list, with the most prominent being the bar screen. He said at a cost of \$65,000 that may be a great enough cost to be a stand-alone CIP project. Mr. Terry said they may be able to use some of the left-over funds from the 3M project, but he was not sure about when that grant would be closing out. He said he would determine if those funds were still available.

Public Utility Maintenance

Mr. Terry stated that there were four positions funded in that department, but total salaries were down 2.1%. He said the total department increase was only 1.6%.

Commissioner Harrington asked about the 50% increase for meters on line 327. Mr. Terry said several years ago that had been a capital project but the Board had asked that it be put back into the operating budget. He said that cost was for the transition from manual read meters to electronic read meters. Commissioner Harrington said then there should be an associated savings in the meter reading operation since it made it much easier to read the meters. Mr. Terry said it did make it more efficient to read the meters, and that freed up the staff person to attend to other duties.

Commissioner Harrington asked what percentage of their meters were still manual read meters. Mr. Poteat said they only had about 300 analog meters out of the 1,700 total.

Mr. Terry said they had been buying a certain amount each budget year and they would continue to do that.

Capital Improvements Plan

Mr. Terry said he had taken last year's CIP and pulled out all of the completed projects and added a couple more. He said proposed for the upcoming year was the design for placing back-up generators at the Water Plant. Mr. Terry said they had set aside about \$100,000 for some much needed maintenance of the building itself, including upgrading plumbing and electrical in the building. He said he had included \$15,000 for design work for Community House Improvements, with the intention of doing the design in the next budget year and execution in the 2012 budget year. Mr. Terry said that street resurfacing was an ongoing capital line item, and that the Haw River Intake Improvements was a project the Board had already approved a capital project budget for. He said for the Greenway System, that was a carryover from last year which had no funding and it was moved forward this year for reconsideration. Mr. Terry said that Sidewalk Improvements was added last year at Commissioner Baldwin's request but no funding had been provided, so it was back again this year for consideration.

Commissioner Harrington asked had anyone approached them about applying for funding, noting that Paul Black had said that the Town could apply for funding for sidewalks. Mr. Terry said he believed what Mr. Black was referring to was NCDOT funding.

Mayor Voller stated that was CMAQ funding and Mr. Black had done the paperwork and had worked through TJCOG. He said the paperwork had been submitted and it was in NCDOT's funding cycle, but he did not believe they would see any funding until the 2012-2013 funding cycle.

Mr. Terry said the Backwash Pump Replacement was a new project at the Water Treatment Plant.

Commissioner Harrington asked were they having problems with the pump they had now or were they at the end of its life. Mr. Jewell said that the equipment was purchased in 1964, and if it went down they had no means to wash filters which would put them totally out of service. He said that would put them in emergency mode and it would be very expensive to get back up and operating, and it would likely take one to two weeks.

Mr. Terry said that project had been left in because there was some vulnerability around it. He said once they got into the fiscal year they may be coming to the Board to request that they move forward with acquiring that equipment.

Commissioner Fiocco asked were there any indications that it was failing. Mr. Jewell said it was a very old piece of equipment and having it out of service would be his worst nightmare. Commissioner Fiocco asked what exactly was "emergency mode"? Mr. Jewell said that would mean that if the pump was to go down they would basically have to shut down within a few hours. He said they would be processing no water at all because they would be unable to wash the filters and it could take up to two weeks to get the pump repaired. Commissioner Fiocco said then emergency mode was not a way to produce water, it was a way to get the pump up

and running. Mr. Jewell said that was correct, in that it would mean to take action immediately to get the pump repaired. He said he believed it was a critical piece of equipment and they needed to look seriously at having a back-up system for that pump, adding that it was an original piece of equipment and he did not believe it had ever been rebuilt.

Commissioner Fiocco asked did they know what replacement pump they would put in. In other words, he said, was it as simple as buying a new pump and putting it in the same spot, or would it require re-piping or something else. Mr. Jewell said a new pump would require one additional pipe that would be fitted into an existing slot. Commissioner Fiocco asked was the figure an estimate or a known cost. Mr. Jewell said he believed it was a good estimate, noting he had gotten some informal quotes on a new pump.

Mr. Terry said the next project was paving Martin Luther King Drive by the Fairgrounds, and if the Board wanted to go forward with that then the Town Attorney would have to assist them in obtaining a right-of-way. He said the last project, Replacing Bar Screen, was just discussed.

Commissioner Harrington asked for clarification of what the bar screen did. Mr. Terry stated it was the first thing that the wastewater hit when it got to the plant, and it was a rotating belt that pulled out debris and other items you would not want to go through your pumps. He said an example would be sticks, and things like baseballs and plastic toys that kids flushed down toilets.

Commissioner Harrington asked about Community House revenues received each year. He said his thought was that they should perhaps take the revenues and put them back into the Community House each year just as a matter of policy so that it could self-fund its improvements. Mr. Terry stated that last year the revenue had been \$7,000. Commissioner Harrington said reinvesting those funds each year into the Community House would allow for improvements to the building.

Ms. Cartrette said through April of this year the revenue was over \$6,500, but there were only two months to go in the fiscal year.

Mayor Voller said regarding the \$60,000 for paving, he asked was there a way to get more money for actual paving and less for overhead out of Powell Bill funds. He said in other words, how they could get more direct benefit to taxpayers.

Commissioner Harrington said to clarify, was that money over and above what Powell Bill covered. Mr. Terry said they had a priority list of all the condition assessments of all the streets in Town and they used that list to target where the funding would go. Commissioner Harrington asked if the \$60,000 would come out of Powell Bill funds. Mr. Terry said that the Thompson Street project had been funded entirely with Powell Bill funds through a capital project, and then after the fact they had had to call the contractor back to feather the side streets but some of that amount had to be taken out of the operating budget. Commissioner Harrington said then that \$60,000 was Powell Bill funds. Mr. Terry said that was correct.

Mayor Voller said that the Powell Bill funding was about \$90,000 to \$100,000 a year depending on what the Legislature allocated. Mr. Terry said they submitted a Powell Bill claim annually and there were only certain things you were allowed to claim. He said they had one person whose salary showed up in the Powell Bill account, but they were considering changing that for next year. Mr. Terry said in actuality that person did not just work on streets, and there were other Public Works employees who worked on streets that were not paid out of Powell Bill funds. He said there were expenses recorded on the annual report along with a map that showed the linear miles of streets in Town.

Mayor Voller said he brought it up because it seemed that if they had \$120,000 and a lot of it was going for overhead, it would be better if it was going directly to streets, sidewalks, and stormwater. He said he had been concerned about an area at one corner of Thompson Street because it was a mess and there was always garbage, and they could use Powell Bill money to hard pipe that. Ms. Cartrette said that none of those funds were going to overhead. She said they had set up a department for Powell Bill, and the funding received for the current year was \$89,000. She said when they filed their report they included only the expenditures that could be claimed towards Powell Bill funds, none of which was salary. Ms. Cartrette said they had to justify that every salary dollar was used for the person who was spending his time on the streets. She stressed that the department did not correlate with the funding they received.

Mr. Terry said perhaps they should change the name of the account so that it would be clearer.

Mayor Voller asked what the current balance was in Powell Bill funds. Ms. Cartrette said as of June 30, 2010 they had a Powell Bill reserve of \$164,912. Mayor Voller said then they had received an allocation after that date. Ms. Cartrette said yes, \$86,000 in September 2010. She said a couple of months ago the State had come back and said that they had given the Town less than what had been due them, so they got another \$3,000. Mayor Voller said that those funds needed to be spent on the infrastructure in Town, and he was afraid that if the Town sat on that State funding that the State may take it back.

Mr. Terry said there had been some funds expended from that total, and he would have to come back to give the Board the exact amount of funds currently available.

Mayor Voller said they had received a letter from the State last year that said if their balances got too high that they would shrink it. He said they could not put themselves in a position potentially that if the balance got too high that the State would take it back. Mr. Terry said he would work with Ms. Cartrette and Mr. Poteat and look at increasing the paving schedule. Mayor Voller said another consideration was that when fuel prices went up paving costs did as well, and they may need to move quickly before oil prices began to rise again.

Commissioner Harrington said he would assume that Powell Bill funds could be used for the culvert on Park Drive. Mr. Terry said that was correct. Commissioner Harrington said he believed they needed to consider doing that.

Commissioner Brooks suggested that as soon as possible they should do something about the worst intersections, such as the one at the Kangaroo on Pittsboro Elementary School Road at the stoplight. He said that street was nearly down to the dirt.

Commissioner Baldwin said that the sidewalk in front of the old post office needed attention as well.

Mr. Terry asked were there projects that the Board had expected to see in the CIP that were not there.

Commissioner Harrington said not that he could see, but he did want to move forward and spend some of those Powell Bill funds for the projects the Board had identified.

Commissioner Fiocco said he was confused about a note that said “CIP #22 is an alternative for CIP #21.” He said there was not a CIP 22 on the list. Mr. Terry apologized, saying that that note should have been removed. He said there had been a time when they were considering piping sludge from the Water Treatment Plant into the sewer system, but he had thought that to be an incredibly bad idea when they already had a sewer plant that had capacity issues, so they had abandoned that idea.

Commissioner Brooks said since they had used Powell Bill funds for handicapped ramps and the like, was there anything that needed to be done that was the Town’s responsibility to make the Town more handicap accessible. Mr. Terry said in walking through the Town he had been fairly impressed by the accessibility, and the only thing that came to mind was likely not Powell Bill eligible and that was in front of the Community House. He said the issue there was ADA-related but it was not Powell Bill-related. Commissioner Brooks asked about the courthouse square area, in that they had not been sure whose responsibility it was.

Mayor Voller stated that was a drainage issue and was the responsibility of the County. He said there had been other issues brought up about railings and/or access.

Commissioner Fiocco said that at Beggars and Choosers it was not an accessible route. He said there had been a parking space with a new ramp but it was not on the street, which was not an easy fix because of the grade separation.

Commissioner Brooks said if they were looking for something to do, those were certainly things that could be done posthaste if it was needed.

Mayor Voller suggested that they develop a master list of projects they could discuss at a future meeting so that Mr. Poteat could bid out some projects to get the best price.

Commissioner Harrington said they should make a list of all things that might need to be done, which could be used by future boards should this Board not be able to address them all.

Water and Sewer Rates

Mr. Terry said the next item for discussion was water and sewer rates. He said that at the last meeting there was a sense or a reluctance to raise rates at all, so he had created three different scenarios for the Board to consider. He suggested that they begin with the zero increase option, but noted it was not an option that he would recommend. Mr. Terry said the Fund Balance contribution required was exceedingly high at over \$315,000, with revenues down to \$293,000 with the lion's share of that related to the closing of Townsend.

Commissioner Harrington said to clarify, that number was strictly to keep the rates at current levels. Mr. Terry said that was correct. He said he had prepared a middle-of-the-road scenario that was less of an increase than what he had first proposed, and his logic was to use 2% plus debt service. He said the logic was to try and capture a 2% increase which was the CPI index, plus the debt they owed on the Wastewater Treatment Plant and the Credle Street project, which was over \$159,000. Mr. Terry said he was not able to decrease the percentage increases, but in response to Commissioner Brooks' concern about a regressive tax he had taken all of the decrease out of the base rates. He said that was a less onerous scenario than what had had been in the original base budget, and it reduced the Fund Balance contribution down to \$161,000.

Commissioner Harrington said what he was looking for was what was needed to break even. He said they had roughly a \$100,000 savings by reassigning personnel. He said if they took Commissioner Fiocco's suggestion and took the \$130,000 savings in sanitation pickup charges and applied that to the base fee, that would get them up to \$230,000 and they would miss breaking even by about \$70,000. Commissioner Fiocco said he believed people would be okay with that because they would not see their base fee go up. He said that would leave them only \$70,000 to make up in order to break even. Mr. Terry said if they took the \$130,000 associated with the solid waste contract change, his proposal would pass most of that along to the citizens. He said they did not have to do that, in that they could have kept those savings and applied it elsewhere.

Commissioner Bryan said that Commissioner Harrington's proposal was not passing those savings on.

Commissioner Fiocco said it was not passing it on, but it was using it to fill a big gap to prevent having to raise rates for water.

Commissioner Bryan said to clarify, his suggestion would not be passing it on but would be using it to reduce the expense.

Commissioner Harrington said that they wanted to not raise the bill that customers got every month, so they would take \$2 off here but add \$2 there. He said but, they would still be short \$70,000, but at least they were not hitting customers with a huge rate increase.

Commissioner Fiocco said he believed it would be more than \$70,000 because the base figure they were talking about in Sanitation included a substantial amount of commercial. He said he believed the figure would be about \$5 a month.

Commissioner Harrington said then the \$130,000 savings was half commercial and half residential.

Commissioner Fiocco said the cost today for sanitation was \$190 a year, and based on Waste Industries' bid, technically it would be about \$129, so that would work out to about \$5 a month.

Commissioner Harrington said he would recommend something like that, noting that even with moving that money around they were still taking it from the General Fund. Mr. Terry said when they had first set up the allocation table it had been subjective because they had to guesstimate how much time each employee spent on the Enterprise Fund. He said it had not been a scientific method and he was okay with changing the percentages. Mr. Terry said they could re-examine their prices and reduce the price to customers for administrative services.

Mayor Voller said if someone purchased one gallon of water how much would it cost. He said what he was asking was what their marginal cost was, because he believed they could possibly close the gap. Mr. Terry displayed a chart and pointed out what an average customer in Band A, B, and C would pay. He said for a small user their bill would go up about \$2 per month, and for a medium size user the bill would go up about \$3 a month. Mr. Terry said for a large customer, using a commercial customer as an example, who was using over 6,000 gallons per month the bill would go up \$13.40 a month.

Commissioner Brooks said he believed he had a point, in that it did not sound like much of an increase but they had been raising the rates for years. He said he believed they would have to do it, but it had never made any sense to him how much more they charged for sewer than they did for water. Mr. Terry said they had much work to do at the Wastewater Treatment Plant and they had plans for more work to expand the sewer plant, and that ratio between water and sewer rates had been creeping up. He said the \$2 he had indicated was the increase for both water and sewer combined.

Commissioner Brooks said that \$2 did not sound excessive, but prices were going up for food and fuel and insurance which made him very concerned about the elderly and low income residents who could not continue to meet those rising prices.

Commissioner Baldwin said she did not want to raise the rates, either, and hoped that they could identify some other savings to offset any increase.

Commissioner Harrington asked exactly what did they need to make in revenue to break even. Mr. Terry called the Board's attention to page 6 which was the budget ordinance, noting that Enterprise Fund revenues and expenditures were balanced at \$2,530,234. Commissioner Harrington said the administration cost would go down \$100,000 with the reallocation of salaries.

Commissioner Fiocco said he assumed that \$143,000 did not reflect that shift in personnel. Ms. Cartrette said that savings had been scattered among the different departments who had received contributions from the Enterprise Fund. She said that was noted as line item 25 in the departmental budgets for water and sewer.

Commissioner Harrington said they had two things, the revenues anticipated and the expenditures budgeted for the Enterprise Fund. He said then the bottom line expenditures would reduce by \$100,000 with the salary expenses removed. Mr. Terry said that was correct, and referred the Board to the sheet where the original proposal had been that the monthly increase would be about \$6 per customer. He said with his middle-of-the-road recommendation now he considered that to be less onerous.

Mayor Voller asked what would happen if they did not fill the vacant position in the front office, noting it was allocated at \$35,000 plus benefits. He asked was there a delta there that they would save money by not filling the position until a later time. Mr. Terry said they would have to do the math, but the temp was only filling in from 10 a.m. to 2 p.m. which was the busiest part of the day.

Commissioner Baldwin said then if they did not fill that position with a full-time employee that would be a cost savings. She said in other words, let the temp continue for those peak hours. Mr. Terry said there could be some savings there but it would not be dramatic.

Commissioner Harrington said they had done the reallocation of people, and what he was looking at now in the Enterprise Fund was \$2.2 million in revenues from fees, but they really needed about \$2.1 million in revenues. He said going back to the zero percent increase scenario, if they added those together they were at almost \$1.99 million, so all they would need was another \$100,000 in order to break even and that could be derived from the \$100,000 savings in the new sanitation contract. Commissioner Harrington said he believed that would get them to the break even point. Mr. Terry said he believed the 2% plus debt service accomplished that. He said if they left the solid waste recommendation as is and passed those savings along to the consumer, the consumer would see \$50 less on their tax bill. Mr. Terry said if they coupled that with this option, customers would see the increase of \$24 on their water bill. He said with his recommendation they would in effect be giving customers a \$50 break on solid waste but \$24 more on their water rates each year.

Commissioner Harrington said he would rather not raise the rates, and asked could they just do it with the base. He said it appeared to him that the way to do it would be to do it with the base and leave the rates alone.

Commissioner Fiocco said that was how they would actually control the amount.

Commissioner Harrington agreed, and said that at least people would know that they would get that increase back at the end of the year, effectively. Mr. Terry said to clarify Commissioner Harrington was suggesting he was okay with that level of increase but he wanted the

percentages down to zero and the increase reflected in the base rate. Commissioner Harrington said what he was saying was that it should not be in the rate but in the base fee. He said they should clarify for customers that they would see that increase in water, but their sanitation fees would decrease. Mr. Terry said that residential customers paid their sanitation fees with their yearly taxes, and businesses paid their sanitation fees along with their water and sewer bills.

Mr. Terry said if they were to drive all of the costs per gallons to a zero increase and put it all in the base fees that would reverse what he had tried to do to accommodate Commissioner Brooks' concern about the appearance of a regressive tax. He said the costs would be distributed more heavily on the smaller users if they did that. Commissioner Harrington said he was not thinking through that issue, in that he was imagining that everyone paying a water bill was paying for garbage pickup, and that was an erroneous assumption.

Mayor Voller said to ask the question again, did they fix the glitch with out-of-Town users including Northwood. Mr. Terry said he believed so. Mayor Voller asked how that would change the revenue. Mr. Terry said it would be negligible. Mayor Voller said that was an out-of-Town user paying a higher rate, so they would certainly pick up some percentage of increase. Mr. Terry said it only may be a few thousand dollars. He said one thing he had not yet mentioned was that he had gone back and adjusted the Chapel Ridge figures which resulted in an additional \$5,000 in revenue.

Mayor Voller asked how many new customers were added last year. Mr. Terry said he did not have that number with him but it was fairly small.

Commissioner Brooks said two or three years ago he believe they had 1,440 users and now they had over 1,700 users which was a gain of over 300 users.

Mayor Voller said the model was based on where they were coming from last year, so if they did everything to increase their users then revenue would increase. Mr. Terry said in looking at the property valuation chart, they would see that the Town just like the rest of the country was not growing. He said to answer the question about how many new customers, he did not know, but he would be surprised if it was more than 20 or so.

Mayor Voller said he was opposed to raising the rates at all and he wanted to figure out a more creative way to get out of doing that.

Commissioner Brooks asked when Ms. Bonnau was an employee was her salary paid out of the Enterprise Fund. Mr. Terry said it was paid partly out of the Enterprise Fund and partly out of the General Fund. Commissioner Brooks said Mr. Terry had told the Board that she had some extra duties, such as developing a Website for the Town, and there had been talk about restructuring her job description and giving her a significant raise because of those additional duties. He said he believed that the Police Department had to have someone outside of the Department to oversee the Internet, and asked was that correct. Mr. Terry stated they had IT support that worked on their computers just as any department would. Commissioner Brooks stated Ms. Bonnau did some of that work. Mr. Terry said she did. Commissioner Brooks

asked had she been paid for that. Mr. Terry stated she had received a 5% bonus for taking on that duty, and he had done that on his own authority. Commissioner Brooks asked who was providing that service now. Mr. Terry stated that Mr. Horne was doing that now. Commissioner Brooks said then he was receiving that 5% bonus. Mr. Terry replied he was.

Commissioner Brooks said that his salary had been about \$49,000, and if you added 5% to that position then that was a \$1,000 a week salary or \$52,000 roughly for a parks planner for a town of 3,400 population. He said he had nothing against Mr. Horne, and as far as he knew he was highly competent and did a fine job, but he did not understand why they needed a parks planner during a recession. Commissioner Brooks stated they were still under a moratorium, but even if they were not they could only grow so much because the Wastewater Treatment Plant could not stand for it. He said he did not see the anticipated growth until their sewer and water problems were solved, and did not quite understand why they needed these expensive positions. Commissioner Brooks said that the parks planner appeared to be a very well paid position.

Mayor Voller said he had always been a proponent of the Planning Department, but Commissioner Brooks had raised good issues involving both of those positions. He said if they eliminated that position they would have to move it into the Enterprise Fund essentially. Mayor Voller said he would hate to pit Mr. Horne's position against raising water rates but they had to consider every idea.

Commissioner Brooks said he had not understood why the 5% bonus was necessary. Mr. Terry said there were two services that he had chosen to fund in that manner rather than paying consultants. He said one was the Safety Coordinator and the other was the IT Coordinator. Mr. Terry said it had been his judgment that if every time they had a glitch with a computer that they did not understand how to address or there was an issue with software that would require the company in Greensboro they had purchased it from to come to Pittsboro at a rate of \$140 an hour, that that was more expensive than having somebody on site that had specific knowledge that could troubleshoot computer problems. He said that Ms. Bonnau had a two-year degree in Computer Science.

Commissioner Brooks said at one time he thought they were buying their Police software from Southern Software and he was under the impression that if there were any problems that Southern Software would take care of it at no cost to the Police Department. Police Lieutenant Lesia McCollough said that service carried a fee of \$5,000 per year for unlimited support.

Commissioner Baldwin asked if what Mr. Horne was doing was something that this company could do. Police Chief David Collins said that Southern Software was providing that service for the Police Department.

Commissioner Bryan said then the Town was paying that contractor as well as Mr. Horne. Lieutenant McCollough stated that Mr. Horne could not provide service to the Police Department in terms of software.

Mr. Terry said the duties that Mr. Horne had taken on was management of the Town's Website, management of their central server that they all shared files on, and screening of any computer purchases to ensure that the equipment was compatible with all existing computer systems and software. He said he believed it was worthwhile, and that 5% was cheap compared to what it would cost them to contract with a computer support vendor. Mr. Terry said they did occasionally have vendors who supported the Town's software come in to work on the accounting software and they had purchased a lot of equipment from them over the years, but having to have them come in every time there was a computer glitch was very expensive.

Commissioner Baldwin asked how often those vendors were being called in now. Ms. Cartrette said she did not recall having had to call them very often for a problem.

Commissioner Baldwin asked how often they were called on, asking was it every six months. Mr. Terry said it was more often than that, noting that every now and again something would lock up and needed rebooting or a system would need some troubleshooting. He said many times Mr. Horne could get the problem solved and served as a first responder for those kinds of issues. Mr. Terry said if Mr. Horne could not solve the problem, then he contacted the software vendors and worked with them to get the problem fixed. He said currently the Town had contracts with vendors to provide service for the Police software, the accounting software, the GIS software, and the utility mapping system.

Mr. Terry said if it was the sense of the Board that that 5% was not well spent, then that could be terminated and they could rely on contracted computer services. But, he said, it was his judgment that that would cost the Town more.

Commissioner Brooks said he was not necessarily saying to do that; he was just trying to understand how all of that fit together.

Commissioner Bryan said they were supposed to operate the Enterprise Fund like a business, and if they had a situation like this in a business they would either increase revenues or cut expenses. He said the major portion of the expenses was personnel in any business including the Town. Commissioner Bryan said it was well and good to cut \$2,000 here and \$3,000 there, but in situations like they were in now they needed to hit something that was larger than that.

Mayor Voller asked Mr. Messick in their contact with Aqua America, what the cap was. Town Attorney Paul Messick said there was no cap, in that they were billed for a certain amount so there was a floor. Mayor Voller asked him to explain the floor. Mr. Messick said that they were billed for a minimum amount whether they used that much water or not, but over and above that there was no upper limit to the water they could purchase.

Commissioner Bryan asked about the rate. Mr. Messick said the rate was the outside rate.

Mr. Terry stated that every time the Town raised rates then Aqua America's rate went up proportionately.

Mayor Voller asked could they have rates depending on districts, or did it have to be inside and outside of Town. He said that whole deal was a special deal and they could come back and ask that the deal be amended, but could they have different water districts. Mr. Messick said theoretically, yes, but the only reason to do that was if there were some areas that required different costs to serve than others and it needed to be differentiated in that way. He said he believed the administrative costs to do that would be overwhelming.

Mr. Terry said it had been his hope that the Board could come to some agreement tonight on the water and sewer rate increase or not, and they still had a add/cut list to get through.

Mayor Voller said he believed they were in agreement that they did not want to raise the rates.

Commissioner Bryan said going back to the Waste Industries savings, if they passed no savings to the customer, where would that savings appear, the Enterprise Fund or the General Fund. Mr. Terry said it would all be in the General Fund.

Commissioner Harrington said to clarify, if a customer was paying for garbage pickup on the tax bill would they actually be charged less by the provider. Mr. Messick stated the customer would be charged less but the Town could charge more for the service.

Commissioner Bryan asked why they would be charging more. Mr. Messick said he thought the question was whether or not the savings had to be passed on to the customer, which it did not. Commissioner Bryan asked could they leave the rates the same even though the service was costing less. Mr. Messick said the cost of solid waste services included lots of different things besides the actual cost of pickup, and the cost to the residential customer was only a part of that cost. He said the residential could subsidize a part of the commercial or part of the administrative cost or any other charges related to solid waste. Mr. Messick said all of those things added up to a solid waste component in the budget, only a part of which was being paid to Waste Industries.

Commissioner Fiocco said he believed that the \$134,000 savings represented exactly that equation. He said they were comparing the charges today of residential and commercial pickup versus what the bid came in at, and the difference between the two was \$134,000. Mr. Messick said the reason it had been put as a separate fee was that those users should then pay for that service. He said if they blended it somehow into the General Fund and the tax rate, then all taxpayers would end up paying for solid waste, which was certainly possible but then not all taxpayers used solid waste services. Mr. Messick said in that respect it was not fair, so by letting the users pay was one way to do it fairly but the users should only pay what it cost and not necessarily more than that.

Commissioner Harrington said then he assumed it would be terribly inappropriate to use that solid waste savings to haul sludge, for example. Mr. Messick said yes, as he understood the concept.

Mr. Terry said from the point of view of a citizen, like him, if his solid waste bill went down \$50 a year and his water/sewer went up \$25, he would be \$25 to the good and would be a happy citizen. He said that would also please the auditors because they would not be taking cash from the General Fund and moving it into the Enterprise Fund.

Commissioner Fiocco said he believed they were looking at a budget surplus for this year in the Enterprise Fund of about \$78,000. He said in looking at the year-to-date expenditures they were at \$1.6 million. Commissioner Fiocco said they had revenue year-to-date of about \$2 million, so if he extrapolated those numbers out he arrived at a number that far exceeded the \$78,000. Commissioner Fiocco said that may not include funds from Townsend which they should be paying through the end of the fiscal year. He asked was it possible that they might actually experience a larger surplus. Mr. Terry said he did not think so. He said there was an anomaly there in that on the revenue side they waited until the end of the year to do the charges between the General Fund and the Enterprise Funds. Mr. Terry said in both funds they had not yet realized any transfer in Fund Balance, because at the end of the year if they did not need it they did not move it, and in the General Fund the administrative fee accumulated and did not get transferred until year-end closeout.

Mayor Voller said in theory they could go back and reallocate the figures to the last fiscal year and realize some of the surplus. He said they never did fund the Engineer position although they budgeted for it. Mayor Voller said if they went back to the beginning and projected forward, they would pick up more money. Mr. Terry said he would use a different analogy. He said if he was a contractor and you asked him for a service and he quoted a price for that service, you would not know what piece of his staff was working on that. Mr. Terry said that was the way he viewed this. He said the General Fund offered services to the Enterprise Fund, and the fact that they did not hire an engineer only meant that someone else had to do that work, in that the service was still rendered and the fee was still accountable.

Mayor Voller said his point was if they were talking about a significant budget situation and they had the possibility of reallocating going backwards because they did not do the "magical" move until June 30, 2011 would that not solve the problem? He said if it was good enough going forward, why not do it going backwards? Mr. Terry said he did not believe that would survive the scrutiny of an audit. He said they had been criticized year after year for having an Enterprise Fund that was not self-supporting, and the most recent audit was the first time they had actually achieved that and had actually been complimented.

Mayor Voller said he was suggesting charging that to the Enterprise Fund. He said it was just said that the transfer was not made until June 30, 2011 but they were charging the Enterprise Fund and were generating that invoice. He said why would that work for one year and not another. Mr. Terry asked the Mayor to explain again what he was asking. Mayor Voller said he was basically saying that if they did not make that transfer until June 30, 2011 and they were billing the money that they were allocating to the Enterprise Fund, and that if the percentage split for services by particular employees could be reallocated, couldn't they capture funding that could be kept in the Enterprise Fund and balance that situation. Mr. Terry said what he was suggesting was that he take the reallocation he had done for the coming year and

retroactively apply it to the current year in order to capture additional funds. Mayor Voller said exactly, in that he believed that would put them much closer to solving the problem. Mr. Terry said the Board could do a budget amendment and take that reallocation table for the coming year and apply it to the current year, and that would increase the surplus in the Enterprise Fund by about \$100,000.

Commissioner Harrington said then that would be a 0% increase, in that there would be a reallocation of that \$100,000, then \$100,000 additional surplus, and they would be at a break even revenue for the next year. Mr. Terry said they would be very close.

Mayor Voller said they would have to do a budget amendment to accomplish that. Mr. Terry said that Ms. Cartrette had just pointed out to him that there would be a budget amendment in favor of the Enterprise Fund to the tune of \$101,000 plus, but they would be pulling out of the Fund Balance in the current year \$100,000 and paying it forward to the next year.

Commissioner Bryan asked could they do that. Mr. Terry said they were still in the current fiscal year so they could do that.

Commissioner Fiocco said their estimated surplus in the General Fund was \$238,000. Ms. Cartrette said yes, but that was with the transfer.

Mr. Terry said that surplus would be reduced by \$100,000 and the Enterprise Fund would go up \$100,000.

Commissioner Fiocco said then it would help balance both funds.

Mayor Voller said then they would accomplish not raising rates, balance the situation, and the surplus would go down in the General Fund, so everyone would win. He said then they could still go forward with the County and grow their customer base and revenues.

Commissioner Fiocco said if they increased the amount of flow available, they may be able to attract more businesses.

Commissioner Harrington said they were getting more users, in that a Subway and a Japanese restaurant were going in very soon.

Mr. Terry said to clarify, the Board was accepting the concept of reallocating costs in the next fiscal year and they wanted a budget amendment to retroactively apply that reallocation to the current fiscal year. The Board agreed by consensus.

Mr. Terry said for now, he understood that the Board was taking the zero increase option. The Board agreed by consensus. Mr. Terry said by following the scenario just described, they would be changing the \$318,000 in the Enterprise Fund to \$218,000 which was manageable with the Fund Balance they had. He said he would run those figures out and bring that back to the Board.

Add/Cut List

1 – Employee Compensation Options. Non-law Enforcement 401k: Add an additional 2.5% to the 401k plans for all non-law enforcement employees at a cost of \$32,535.

Mr. Terry said that law enforcement personnel were already at 5% by State law, but non-law enforcement personnel remained at 2.5%.

2 – Town Engineer Position - \$181,035 for the first year and \$164,916 thereafter. This provides for a new Town Engineer position at grade 34.

Commissioner Fiocco said that right now they were two months into a six-month deadline on the Jordan Lake rules for stormwater management and was a plan they would probably have to contract for. He said it was work that would cause the Town to incur additional costs once it was adopted, and he had asked the Planning Director what it would cost to prepare the ordinance and to follow the ordinance in the years to come. Commissioner Fiocco said he believed they needed to know what that amount of money might be so that the Board could make a better informed decision about the Town Engineer position.

Commissioner Harrington agreed with that, but believed that losing Townsend was a game changer. Mr. Terry said when they had first discussed funding for that position it was posed as 50% from the General Fund and 50% from the Enterprise Fund. He said the Board could make the decision to have it entirely paid from the General Fund, but that person would be doing a lot of work for the Enterprise Fund.

3 – Senior Wastewater Treatment Plant Operator - \$60,000. Operator to operate, monitor, and maintain recently upgraded plant equipment and the reclaim water system.

Mr. Terry said that this was a position that Mr. Poteat and Mr. Heard had advocated for and he believed they had made a good case for it due to all the upgrades and additional process equipment as well as the new features with 3M. He said the result was there was a lot more to be monitored, and they felt the need for a second operator with similar training as Mr. Heard. Mr. Terry said it just so happened that they had an employee at the Water Plant, which had just gotten fully staffed, and that employee had a Grade C level certification. He said one way to add this position this year without significant costs would be to transfer that employee to the Wastewater Treatment Plant. Mr. Terry said that Mr. Jewell believed he could develop a schedule that would keep the Water Plant operating with five people if an inter-departmental transfer was done of that one employee.

Commissioner Harrington said it sounded like a good idea, especially if they needed someone just to fill in. Mr. Jewell said if the Water Plant was to run 24/7 he would think differently, but at present they were basically running an extended shift. He said the employee Mr. Terry had mentioned was very qualified.

Mr. Terry said the employee was Grade C certified and was at the entry level at the Water Plant, but he was better qualified to be at the Wastewater Plant.

Commissioner Harrington asked if any of the employees at the Wastewater Plant had an interest in switching over and working at the Water Plant. Mr. Terry said they could certainly ask. He said since there did not appear to be any objections, he would shift those funds from the Water Plant to the Wastewater Plant for a small increase due to the more senior level position which should not be more than a couple of thousand dollars. There was no objection from the Board.

4 – Police Car Computers - \$36,800. These funds will cover the cost of buying 9 mobile data terminals, 13 e-citation printers, required software to support 13 mobile data terminals, and 13 wireless Internet cards for the mobile data terminals.

Mayor Voller asked were there any legal issues with the computers and the cameras. Mr. Messick replied no, as long as they were used for the intended purpose. Mayor Voller said this had been an issue for him and Commissioner Baldwin for some time, in that they wanted to see computers and cameras in every Police vehicle.

Commissioner Brooks asked if the computers were interchangeable. Lieutenant McCollough said they had four at present and they were interchangeable. Commissioner Brooks said if they were interchangeable was it possible to make that work without purchasing new ones. Lieutenant McCollough stated that was what they had been doing. Commissioner Brooks asked had that presented a lot of problems. Lieutenant McCollough replied no. Commissioner Brooks said he did not want to put Police officers on the street without the equipment they needed to protect themselves, and asked did she feel comfortable with the equipment they had in this tight budget year. Lieutenant McCollough said she did.

Commissioner Baldwin asked would it allow them to operate more efficiently with the additional computers. Lieutenant McCollough said not necessarily, noting the computers were used for typing reports and pulling up information on vehicles and suspects. She said the computers were now shared between shifts, and if for some reason one was not operating correctly then the officer would access the information from Communications with the Department. Commissioner Baldwin said basically they were sharing computers, and asked how old those computers were. Lieutenant McCollough said they were a couple of years old, and two of the four computers were shared between shifts. She said there would be two officers in vehicles during the day and two during the night, so the two computers were shared between the day and night shifts.

Commissioner Harrington asked did those computers serve as mobile data terminals. Lieutenant McCollough replied yes. Commissioner Harrington said if they were to get a couple of extra would that help them out. Lieutenant McCollough replied yes, very much so, but it was not a desperate need at present.

Commissioner Fiocco asked if every vehicle had a docking station. Lieutenant McCollough replied no, they would have to supply that.

Chief Collins added that not every officer was certified in DCI (Division of Criminal Information) to obtain information. Lieutenant McCollough agreed, but said that could be addressed.

Commissioner Harrington said that was a question he had about officer safety, in that officers needed to know if a suspect had a record of violence or had outstanding warrants or whatever. He asked did the officers have the full capability they would want to get the information they needed. Lieutenant McCollough stated that information was available immediately through Communications.

Chief Collins added they could obtain information very quickly from the County EOC and that was actually faster than typing the information into the computer.

Lieutenant McCollough said the officers were pulling the information into their computers from the same place that Communications was pulling it from.

Commissioner Baldwin suggested that they purchase five rather than nine. Lieutenant McCollough said they did have some excess funds in their capital outlay that would likely cover what they needed to purchase.

Chief Collins said that would provide cameras for all of the patrol officers' cars. He said he had priced two systems at \$10,600, and believed they had enough in capital outlay to purchase them this year and be done with it.

Commissioner Brooks said he believed they should get the cameras and wait on the computers.

Commissioner Fiocco said he felt more comfortable with what Commissioner Brooks had proposed, only in that the Lieutenant was being sincere and honest and there was every indication that the computers were not critical at this point.

Commissioner Brooks said if they needed some additional funds to purchase the cameras the Board could do a budget amendment.

Commissioner Fiocco agreed, and said that if the computers were not a critical item he would not want to spend the funds due to the tight budget.

Commissioner Harrington said of course if the situation changed she could come back and make the request again. Lieutenant McCollough said the cameras were a greater need for officer safety.

Commissioner Baldwin said they had requested cameras for all the Police vehicles years ago and it should have already been accomplished. She said what she was trying to do was to

ensure that most if not all officers had access to their own laptop computers that would make them more efficient.

Commissioner Harrington asked would this be the same equipment the officers would write reports on. Lieutenant McCollough replied no, that they would still have to come into the Police Department to write up reports. She said the equipment would allow the officers to access information on vehicles or suspects while on patrol.

Motion made by Commissioner Baldwin to purchase 5 mobile data terminals instead of the 13 proposed at a cost of approximately \$20,500. Motion died for lack of a second.

5 – Police Car Dash Cameras.

Motion made by Commissioner Brooks seconded by Commissioner Bryan to allow current year funds to be used to purchase two Police Car Dash Cameras, and if funds were insufficient that that information be brought to the Board so that a budget amendment could be adopted to provide sufficient funds.

Vote Aye-5 Nay-0

Mayor Voller said in terms of special programs, were there any such programs being funded currently, such as SWAT. Mr. Terry said they had three positions supported by grants.

Commissioner Brooks said they may have spent some small amounts on various programs, but he did not believe that would be a considerable amount. Chief Collins said that no money had been spent on SWAT, noting that Mr. Terry was aware that there had been some changes made.

Mr. Terry said that the Police Department had been attempting to develop a special weapons and tactic capability with individual officers getting special kinds of training, but Chief Collins was rethinking that approach. He said that was not a budgeting issue, adding that the Police Department was spending its training dollars on what an individual officer needed to enhance his or her skills. Mr. Terry said they did not have SWAT capability, but they did provide as much training as possible in marksmanship and hand-to-hand fighting and the like.

Lieutenant McCollough stated they had been in the process of attempting to form a specialized tactical team, and officers had been sent to a specialized school at no cost to the Town in order to provide training to the officers who would form that team. However, she said, a recent event had occurred in which members of that team had made poor decisions and as a result the determination had been made that the Department did not need a team like that particularly if the person in charge was not making good decisions. Lieutenant McCollough said instead, they were now in the process of forming a better Department in which each member would teach other members the skills and abilities they had acquired so that everyone was a part of the same team with similar skills and abilities.

6 – Water Treatment Plant Capital Facility Improvements.

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to provide the necessary funds to purchase the new compound meter, strainer, and check valve as described by Mr. Poteat at a maximum cost of \$15,000 to provide for accurate metering of water sent to the County.

Mr. Poteat explained that he was asking for a maximum of \$15,000 in case they needed help getting the old equipment out and the new equipment installed.

Commissioner Brooks asked if the County water department had someone that could do that work. Mr. Poteat said the County water department was actually responsible for it, in that the contract said they were to do all improvements, but getting them to do that may be somewhat difficult.

Mayor Voller said if they wanted the County as a customer it would be wise to make that possible.

Vote Aye-5 Nay-0

Mr. Terry stated that Mr. Jewell was still working on the capital facility improvements.

Mayor Voller said he believed the Board could handle that with budget amendments. He said they wanted to improve the plant and encouraged Mr. Jewell to bring the information forward when it was complete and the Board would deal with it at that point.

7 –Wastewater Treatment Plant Capital Facility Improvements – \$20,000. These funds would purchase two repair parts items for stock as insurance items.

Mr. Heard said that the first item was a replacement aeration blower at a cost of \$10,000 and the second was a clarifier drive at a cost of \$10,000. He said both pieces of equipment were original and were 30+ years old. Mr. Heard said if the current equipment failed they would not be able to maintain the required biological treatment and the effluent quality would diminish almost immediately beyond compliance.

Commissioner Bryan said what he was saying was that they did not have a spare. Mr. Heard said that was correct. He said if a problem arose and they did not have the replacement on hand, it could take three to four weeks to obtain one.

Commissioner Fiocco asked was that equipment a key component of the reuse quality program. Mr. Heard said yes, definitely, as well as for the MPDF permit.

Commissioner Harrington asked could they get a rebuilt one to use for insurance. Mr. Heard said they could likely obtain a rebuilt one for about \$2,000, and may be able to use current maintenance or buildings and grounds funds to cover that cost.

Mayor Voller said the first item was a very important piece of equipment, and the second item was better suited to having a rebuilt one for the spare. Mr. Heard said he could cover the second item as a rebuilt with current funds, but not the aeration blower.

Commissioner Harrington said it seemed odd to have a \$10,000 spare part sitting on a shelf, and there had to be a better way to access that piece of equipment when it was needed.

Commissioner Fiocco said when they purchased a piece of equipment like that it came with a warranty, and if it sat on the shelf and did not get used within the warranty period, they could install it and if it not work and they would have no recourse.

Commissioner Harrington asked could they purchase a rebuilt one and put it on the shelf as a spare. Mr. Heard said he would check into that.

Commissioner Fiocco said it would also be good to know the lead time for getting such a piece of equipment. He asked were they sitting in stock somewhere. Mr. Heard replied yes, noting he had just received a quotation but he did not recall what the lead time was on it.

Commissioner Harrington said to clarify when the two pieces were purchased they would be on the shelf for insurance. Mr. Heard said yes.

Mayor Voller said why not install the new one and have the old one rebuilt to go on the shelf as the spare. He said that way they would not have a warranty problem. Mr. Heard said that was a good idea.

Mr. Terry asked the Board if they wanted to fund a portion of this.

Commissioner Harrington said he believed they would need to provide funding for the aeration blower at \$10,000.

Commissioner Fiocco said he would like to know the lead time on getting that item, because at peak demand if it went down and they could get it the next day, then they may be able to delay spending that money now.

Commissioner Harrington said that could be brought back to the Board at any time and they could do a budget amendment if necessary.

8 – Funding Public Events – \$5,600. This Recreational Department supplemental funding would support four quarterly themed events organized by the Pittsboro Business Association.

Mr. Terry said the Board had already agreed in principle to fund this, but it was not in the budget which was why it was listed here.

Commissioner Harrington said he would say no, because he believed the PBA should come back and ask since the last one did not have a good turnout and it was almost a waste of money.

Commissioner Bryan said he thought they had agreed to fund two events, not four.

Commissioner Harrington said since the last event was not well attended perhaps they should fund it on a case-by-case basis.

Commissioner Fiocco said he had attended the last PBA meeting and they had “work shopped” the issue very hard to determine why that event had not performed as anticipated. He said they had recognized that it was not the success they had wanted it to be, and they were working hard to solve those issues.

Mayor Voller asked what the Board had committed to. Mr. Terry said all the Board had done was agreed in principle that the Town could use current year available fund balance to support the remaining events this fiscal year. He said the Board had not agreed to fund anything for the coming fiscal year. Mayor Voller asked were there other events planned this fiscal year. Mr. Terry responded they had one more event.

Mayor Voller said if the Board determined that they would not fund the events he would at least ask that the PBA be told that the Board was willing to consider funds on an event-by-event basis.

Commissioner Fiocco said one thing the PBA would like to do was not to hold an event in June 2011 and carry that \$1,400 over into the new fiscal year for use next year. Mr. Terry said that funding would disappear on June 30, 2011. Commissioner Fiocco said he had told them that.

The Board agreed by consensus to ask that the PBA come back and make requests when events were upcoming.

9 – EDC Dues – \$4,719. This amount would cover the Pittsboro share of annual municipal dues paid to the Chatham County Economic Development Corporation.

Mr. Terry stated that this \$4,719 would be the pro rata share based on population to help support economic development. He said he believed they had covered this amount in the current year with a budget amendment, and it was being suggested now that it be put into the budget as an expense.

Commissioner Brooks asked if this was the Town’s contribution to the Economic Development Commission. Mr. Terry responded yes. Commissioner Brooks asked if the Town was paying double, noting that it seemed that everything that could not be taxed was put in Pittsboro. He said they had just lost a \$3+ million building that had disappeared from the tax books and that was where the EDC was now located. Commissioner Brooks said because of that, he believed the Town was already contributing to the EDC because of the lost revenue.

Mayor Voller said that was an interesting point. Commissioner Bryan agreed.

Commissioner Brooks said not to mention he did not believe they were going to have to add another lane to any of the highways for all the workers coming in for new jobs. He said these were tough times and he did not mean to sound so cynical. Commissioner Brooks said the Town had over \$20 million in property they could not tax and that was in itself a contribution by the Town.

Commissioner Harrington said that Commissioner Brooks had made some good points, but he did support making the dues contribution to the EDC.

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to support the EDC in the amount of \$4,719.

Vote Aye-3 Nay-2 (Commissioners Brooks and Bryan)

Mayor Voller asked Mr. Terry to send a letter to the Director of the EDC explaining the reasons behind the 3-2 vote and Commissioner Brooks' remarks, including that there was likely about \$6,000 in revenue that had been lost because that building was removed from the tax books, and it would be nice if they could add revenue to the books in the form of tax base growth. And, he said, it did not appear that Pittsboro had been the recipient of a push for that type of growth and it would be nice to see more of a push in that direction.

10 – Main Street Program - \$5,000. This funding would be added to the Planning Department Contract Services line item to support the Town's expenses related to the Main Street Program.

Motion made by Commissioner Fiocco seconded by Commissioner Harrington to support The Main Street Program in the amount of \$5,000.

Vote Aye-5 Nay-0

ADJOURN

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to adjourn the meeting at 10:06 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk