

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
BUDGET WORK SESSION
TUESDAY, MAY 3, 2011
7:00 PM

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

ATTENDANCE

Members present: Mayor Randy Voller (arrived at 7:05 p.m.), Commissioners Pamela Baldwin, Gene T. Brooks, Clinton E. Bryan, III, Michael Fiocco, and Hugh Harrington.

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

AGENDA

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

Vote Aye-5 Nay-0

Mayor Voller arrived at 7:05 p.m.

1. GENERAL FUND REVENUES

Town Manager Bill Terry stated that he had provided the Board with an overview of the recommended budget on April 25, 2011 and that now was an opportunity for the Board to discuss the recommended budget and ask any questions, as well as to provide staff with additional guidance.

Commissioner Brooks asked was there any possibility that they may lose some of the franchise tax from the State. Mr. Terry said he had heard nothing to suggest that, and believed that would fall under the legislation adopted three years ago when a previous Governor had withheld some of the local options sales taxes, and believed it would be illegal for the State to withhold any of those funds.

Commissioner Fiocco asked did that include the hold harmless tax. Mr. Terry replied yes, that the hold harmless tax was a replacement for what had been called the Article 44 tax, which they

no longer received. Commissioner Fiocco asked was that dependable revenue. Mr. Terry replied yes, and the number came from a report supplied by the State.

Commissioner Fiocco asked could they do something better in regards to the interest earned on fund balance. Mr. Terry stated he had talked about that with Ms. Cartrette and they believed they might be able to do that with about \$5 million sitting in the bank, and 1% of \$5 million was about \$50,000.

Finance Director Mandy Cartrette stated that their regular bank account paid under .2%, and the CD rates were not much better. They had two CD's opened at present that were drawing less than 1%.

Commissioner Bryan stated that he believed they needed to shop for a better rate.

Commissioner Fiocco agreed, noting they could do better than that rate. Mr. Terry said they had done that a year ago, actually putting out requests for quotes but the situation had not changed at that time. He said they could do that again and see what kind of rates was offered.

Commissioner Bryan asked what was included in the category "Miscellaneous" revenues. Mr. Terry replied that he would generate a list, but it was generally things that were so small that they did not warrant a special line item. Commissioner Bryan stated it appeared to be a larger number than was anticipated.

Ms. Cartrette stated that part of that amount was due to a Police Department grant for some equipment which was included in that category.

Commissioner Fiocco asked about the amount attributed to Chapel Hill Transit passes, and asked if that was revenue they would receive from the bus if the service were to continue. Mr. Terry said that was a placeholder to reserve a place for passes that were sold at Town Hall, of which a percentage had to go back to Chapel Hill Transit.

Commissioner Fiocco asked how they calculated the solid waste revenues. Mr. Terry stated they were based on the new bid, noting they had taken the end result and multiplied it by the number of customers multiplied by 12 months. He said he had then applied a mark-up to make sure that it was profitable. He said last year he had marked it up 7% to cover inflation and fuel costs, but this year fuel costs were more volatile so he had included a 15% mark-up. Mr. Terry said in other words, the revenue figure was 15% greater than what they had calculated as their expected costs for the new contract just bid.

Commissioner Fiocco said when he had done the same exercise with the spreadsheet Mr. Terry had prepared he was coming up with about \$400,000 in revenue and about \$300,000 in expenditures, and that was for residential and commercial. Mr. Terry said he would recalculate those figures to determine if they were correct.

Commissioner Bryan said as far as interest on investments, had Ms. Cartrette said they were getting .6 percent on investments. Ms. Cartrette stated they were getting .2 on their checking and

she believed it was .5 on their CDs. Commissioner Bryan asked how much they had in CDs. Ms. Cartrette stated just over \$200,000 in both. She stated they had some limitations, noting their interest rates were somewhat lower because they had to market it as public funds and the bank had to take special precautions to secure it.

Mayor Voller said in the past they had bid out where the Town's money was placed, but that process had stopped. So, he said, there was a lapse that was not caused by low interest rates but by changing personnel. He asked how long they had gone from the time that Scott Borrer had left until the time they had no money in the interest-bearing accounts. Mr. Terry stated that during Mr. Borrer's tenure they had done a comparison on what their interest bearing checking was as well as what the CDs were, and they had determined that it was smarter to keep the money in checking. He said when Mr. Borrer left that process had been ongoing for about nine months, so any time a CD matured the funds were placed in the checking account. Mr. Terry said when Kay Hamrick had come on board, she had spent some time looking at it but nothing had changed, so it had stayed virtually the same with perhaps a small change. Mr. Terry said during Ms. Hamrick's tenure they had done a request for interest rates and she had invested some money at the best rate available at that time.

Mayor Voller stated obviously they were limited by FDIC rules, but if they were carrying such balances it appeared a little low to have a figure of only \$5,000 in interest with fund balances in the millions. Ms. Cartrette stated that interest on their checking accounts were almost nonexistent. Mayor Voller asked would it be better to go to a money market savings account and perhaps spread it between two financial institutions. Ms. Cartrette said or perhaps putting it in CDs. She said since her tenure here they had had one CD that was renewable every month, and the interest rate on it was .05%. She said their interest bearing checking was getting .2%, so she had rolled that CD back into the checking.

Mayor Voller said he understood they were trying to stay liquid, but his question was how they managed it to maximize the fact that they had high balances. Ms. Cartrette stated they had three options for investments which she trusted and would feel comfortable investing the Town's money in, which were CDs, money markets, and the NC Capital Management Trust. She said they were really limited in that there was not much else they could do.

Commissioner Bryan stated if they were getting .6% then that was \$30,000, but \$5,000 was what was noted in the budget.

Mayor Voller stated that interest rates were low and as long as that was the case then they would not generate much revenue on interest. He stated if they could get more than \$5,000 that would certainly help departments out that needed items that might carry a \$20,000 cost. Mr. Terry said the reality was that the amount of interest would not change dramatically no matter what they did.

2. GENERAL FUND EXPENSES

Commissioner Fiocco stated that the Professional Services line was roughly \$30,000 more than the current year. Mr. Terry stated the biggest difference from the prior year was in Planning,

noting that Planning tended to get all the bills from Hydrostructures for ongoing projects. He stated that the Police Department also had some Professional Services expenses for specialized attorneys and consultants. Mr. Terry said he believed the audit contract was included in that line item as well.

Commissioner Fiocco stated that Mr. Terry had mentioned the figure of \$5 million, and asked if that was the balance between the Enterprise Fund and the General Fund. Mr. Terry stated yes, approximately. He stated that in the latest audit they had \$2.8 million in the General Fund and \$1.9 million in the Enterprise Fund, so it was just under \$5 million at \$4.7 million.

Mayor Voller asked in terms of the fire contract, had they gotten an answer as to why there had been an increase. Mr. Terry stated that a representative of the Fire Department would be attending Monday's meeting to speak to that. Mayor Voller stated he found it odd that last year the County Manager had held all departments to a zero percent increase, and then all of a sudden the most austere-minded Board in the County was elected and the fire department budget had gone up 10%. He stated that did not make sense to him, in that 10% is a big hike.

Commissioner Harrington asked was the fire department a corporation. Town Attorney Paul Messick stated they were a corporation.

Mayor Voller said he believed they had a board, and asked who appointed those members. Mr. Messick stated it depended on their charter and/or bylaws, and it was not necessarily self-appointed. He said the fire department was not public but was private and operated under a contract. Mayor Voller said but they were non-profit. Mr. Messick said yes, but that did not mean that they were public. He said they did not solicit membership to their board, in that they were either a membership corporation and the members voted on who would sit on the board, or they were a non-membership corporation in which case the people who were in the service areas would vote for a member from their service area. Mayor Voller asked who they were accountable to. Mr. Messick said they were accountable to their board. Mayor Voller said then could they be held accountable to provide the Town with an audited statement each year just as they had done last year. Mr. Messick said he knew that the County's contract requested that but was not sure that the Town's contract requested that. Mayor Voller said he believed it did. Mr. Messick said historically no one had every looked at it or had ever turned the fire department down. Mayor Voller said he was not saying they would turn them down, but he believed it was good for the taxpayers to know why such a big amount was being requested over last year.

Commissioner Brooks stated that some years ago it was truly a volunteer organization, but the State had gotten involved and almost yearly the State had passed new rules and regulations. He said that had caused many of the volunteers to give up their membership because they could not hold down a job and maintain the required training hours so that they could remain a volunteer. Commissioner Brooks said that had caused the fire department to have to hire firefighters, and the training required and the equipment had been an ongoing expense that had continued to rise. He said that might be what was happening in this case.

Commissioner Brooks stated he did not know if this had anything to do with the increase, but the fire department was discussing constructing a substation south of Town towards the Asbury area.

Mr. Messick said they had purchased some property there and they had just built another substation. He said he believed that somehow all of that was factored into the budget, but that really should not be relevant to the Town but only to the County.

Commissioner Brooks said then the County would cover the costs for the substation. Mr. Messick said not necessarily, because the Town was paying a percentage of the fire department's budget.

Mr. Terry stated that the fire department had provided the Town with a copy of its budget, and looking through it the largest increase he had found was that utility expenses were up about \$5,000 a year or about 28%, and that might be a result of the new substation. He stated that vehicle maintenance was up about 17%, noting they had purchased a new truck for the new substation. Mr. Terry stated that fuel costs were up 20%, which was the same experience they were all having, and it appeared that they were reserving some money for future capital expenses, in that the capital outlay was up 75% from \$20,000 to \$35,000. He said for paid personnel, it appeared they had added at least one position and perhaps two, in that the cost had gone from \$726,000 to \$815,000.

Mayor Voller stated the question had come up in the past that if they were going to have growth in the future. He said that Siler City had a Siler City Fire Department, and the question was would the Town have to consider having a Town of Pittsboro Fire Department. Mayor Voller wondered at what point they would need to have that discussion, but they needed to keep it on their radar.

Commissioner Harrington stated that as long as they were satisfied with the fire department's oversight he saw no reason to change, noting he believed they did a very good job in providing coverage for the Town. He said in future as the Town grew they would need to address equipment needs, noting they would need ladder trucks, and all of that would have to be addressed. Mr. Terry stated that in the Town's planning documents they might want to add a benchmark that said that at a certain population threshold that the Board would begin consideration of a Pittsboro Fire Department. He stated that would be a complex negotiation because the fire department was a private entity and did not know that they had the authority to bring them into Town government against their will.

Mr. Messick said that was accurate, noting that the Town did have responsibility to provide fire protection. Mr. Terry stated the Town could always offer to purchase their facilities that were within the Town.

Commissioner Fiocco stated he believed the contract should contain some clause about what kind of budget increase they could request or demand from the Town on a periodic basis. He said that 10% was high, and wondered if bumping their request by 10% was a unilateral action. Commissioner Fiocco said if the Board didn't like the number he assumed they could discuss it, but he was assuming that the contract had some guidelines about how they would request increases.

Commissioner Harrington stated he believed they needed to wait until they talked with Fire Chief Daryl Griffin so they could determine the justification for the increase.

Mayor Voller said he was not suggesting that the increase was not necessary; he was saying that if they were going to have such a change then the Board needed to know what factors were driving that.

Commissioner Fiocco asked how secure did they feel about the Powell Bill funds. Mr. Terry stated he did not feel insecure about them, noting the funding had been fairly consistent over the years.

Commissioner Brooks stated he believed those funds were safe due to State laws, noting those funds had to be shared in the way that State law dictated. He said any legislator who tried to bother those funds would be making one of the most politically unpopular moves ever made in the State because it would affect every municipality and they would all be outraged. Mr. Terry said more worrisome to him was that there had been a lot of background noise from the League of Municipalities about the State wanting to get out from under a lot of responsibilities that they believed should be passed on to local governments. He said he believed that effort was still ongoing and they did not yet know what the outcome would be.

Commissioner Brooks explained that just after World War I in roughly 1920 the State went from a county road system to a State road system, and if maintenance of those roads came back to the counties then that would wipe out a 100-year-old process. He said he did not see it happening because it would be too complicated with the federal highways involved.

Mayor Voller said the driving force pushing to turning the roads back over to the counties was that super counties like Mecklenburg, of which Charlotte was a part, wanted to do that in order to take control of certain key infrastructure that right now was held by the State. He said that that county had a lot of legislators and a lot of population, and they were trying to entreat other super counties like Wake County and those on the I-85 corridor to go along with it. But, he said, it hurt the rest of the counties and that was why it kept getting opposed. Mayor Voller said it would end up bankrupting a lot of smaller counties trying to maintain roads, and the RPO was opposed to it as well.

Commissioner Fiocco asked what the balance was in the Powell Bill fund. He said it appeared they were looking at \$90,000 in revenue and \$125,000 in expenditures. Mr. Terry said he did not know that you could make that direct a comparison.

Ms. Cartrette stated that the Powell Bill Fund Balance was \$164,912 at the end of June 30, 2011.

Commissioner Fiocco said they had to spend that money in a narrow way, in road maintenance and a few other minor things. Ms. Cartrette said they had a list of approved items that the funds could be spent on, and there was an employee salary being charged to that line item but they had to justify that by showing that the employee's time was spent primarily on maintaining the streets.

Mayor Voller asked how the funds were actually allocated since the funds could also be used for such things as stormwater and paving. John Poteat stated they would code it for payment from the Powell Bill since the bookkeeping was performed by the Town. Mayor Voller said a lot of the funds were used to pave roads, noting the Town hired contractors to do that. Mr. Poteat stated that the contractor's invoices were paid out of Powell Bill funds. He said those funds were also used for street patching, stormwater drain repair, non-off-road diesel, and a few other items.

Mr. Terry stated there were three departments, Buildings and Grounds, Streets and Public Works, who worked on street-related issues, but he was not sure they were gaining anything by doing it that way. But, he was not suggesting any changes be made this year but may suggest some changes in the future. Mr. Terry added that at times they used Powell Bill funds for capital projects, such as when they have paved Thompson Street.

Mr. Terry suggested going through the individual departments and answering questions as they went.

Governing Body

Mr. Terry stated the only notable change was that because next year was an election year some funds had been included to cover that cost.

Administration

Mr. Terry stated the biggest issue was for contracted services, where they had funds for the bus service. He said they had invited Mr. Litchfield with Chapel Hill Transit to attend the public hearing on Monday to provide the Board with a briefing on the plans for the coming year, and that should help the Board make a decision about continuing or not continuing that service.

Commissioner Brooks asked the Board if they wanted to consider leaving the funding in for the bus.

Commissioner Harrington stated his inclination was that they needed to go to two routes rather than three and that they should cut their contribution proportionately.

Commissioner Baldwin stated that a couple of different data they had been asking for quite a while needed to be provided so they could justify all three buses should the Board consider continuing the service. She asked that Mr. Litchfield be prepared to provide that information when he came before the Board.

Mayor Voller stated it was his inclination to hear Mr. Litchfield out. He said they did need to show the Town their marketing plan, and there needed to be commitment by all parties on what kind of service was provided. Mayor Voller said the issue of having the bus or not having the bus had become a subject of debate, in that they had a few committed riders who would not want the service to be discontinued. Mayor Voller said if people did not feel that it was a committed long-term system then they would not be committed to riding it. He said on the other hand,

perhaps the service was not being run properly, and Commissioner Harrington had been an advocate of determining if the routes were being run correctly.

Commissioner Brooks stated it had been said that on any given day the hospital and the college campus were 6,000 parking spaces short.

Mayor Voller said the reason the bus was so successful in Chapel Hill was because if you parked in a park and ride lot there would be a bus coming by every ten minutes.

Commissioner Harrington stated that the bus system was sold as a service that would provide a bus for people to get to and from Chapel Hill for work or shopping or doctor's visits or whatever. But, he said, when you looked at the revenue from that second bus it was all UNC employees. Commissioner Harrington said he had hoped that people would get on the bus in the morning for jobs other than at UNC and then come back in the afternoons, but it appeared that was not happening because there was apparently a zero cash contribution which meant the riders all had UNC permits. He said the other issue was to see if Chapel Hill Transit would consider charging a lower fee in order to attract more riders, but he did not believe that had been considered since it was first discussed at the very beginning.

Commissioner Brooks said he believed that Chapel Hill Transit had said they were looking at some kind of compensation to their employees that rode the buses to help pay for them.

Commissioner Harrington said he believed the conversation was that they might consider providing a free pass or something like that as an incentive to ride the bus.

Commissioner Brooks said perhaps they should ask Mr. Litchfield about that.

Mayor Voller said the problem was that Mr. Litchfield worked for Steven Spade with the Town but the real player was UNC. He said the woman who actually controlled the program was Carolyn Efland who lived in Pittsboro on Old Graham Road, and perhaps she was the one they needed to invite to speak to the Board.

Mr. Terry stated that he had the bus service on the Cut List but they could wait until they heard from Mr. Litchfield to make a decision, noting that that would be the last thing they did after discussion on the budget was completed.

Legal

Mr. Terry stated there was a nominal 2% increase shown, noting Mr. Messick had not requested the increase but he had put it in to cover any unexpected expenses. He stated the CPI was 2%, which was why he had increased it by 2%.

Engineering

Commissioner Harrington stated that part of that was engineering services, not for an engineer. He said he had thought that what they paid for engineering services was in the Enterprise Fund.

Ms. Cartrette said they were usually shown along with whatever capital project the engineering services were used for.

Mr. Terry stated that most fees they paid Hydrostructures showed up in the Professional Services line in Planning, which was why the amount requested under Engineering was zero.

Planning

Commissioner Brooks asked was there anyone in the Planning Department that was assigned to do zoning and signs compliance. Mr. Terry stated that both the Planners did a certain amount of that. Commissioner Brooks said at one time there was some question about whether the assistant could do that, and asked had that been resolved. Mr. Terry replied yes, that both did that kind of work and had the authority to do so.

Commissioner Harrington asked about the copier lease. Ms. Cartrette stated that the copier maintenance for the two copiers in the front office was actually being charged to departmental supplies. Mr. Terry said they had separated it out in an effort to be more transparent, noting that the Board would see that a line item for copier lease had been included in some departments where it had not been noted before.

Commissioner Baldwin asked about the contracted services line item. Ms. Cartrette stated they were for the minor issues that came up from time to time. Mr. Terry stated in Planning he believed that was a software support contract. Ms. Cartrette said that was correct, noting it was for the GIS software. Commissioner Baldwin asked were they anticipating the same amount paid this year for the next year. Mr. Terry said if you looked at the history that amount was actually less than in previous years because they were now doing a better job of assigning where certain charges needed to be paid from.

Police

Commissioner Harrington stated it appeared that salaries were down but temporary salaries and overtime salaries were up. Mr. Terry said that was correct, noting that the Board might notice that within all the departments they were beginning to separate out those so that they could better track what was being spent where. He said they had pulled temporary salaries and overtime salaries out of the salary line item in order to achieve that.

Commissioner Harrington stated that those two line items were over \$100,000 and that stuck out to him. Mr. Terry stated that the temporary salaries were for reserve officers.

Police Chief David Collins stated that temporary salaries covered people on sick leave, out on vacation, and people away at training. He stated their goal was to have two officers on duty at all times, and with a small department it was necessary to make use of reserve officers to accomplish that. Chief Collins said they actually saved in overtime with regular staff by using the reserve officers because they did not have to cover the cost of all benefits for reserve officers. He said as well, those reserve officers were available should there be some event where a number of officers needed to be called in, so it provided a good buffer.

Police Lieutenant Lesia McCollough stated that the overtime worked out to be about \$3,000 per officer. Chief Collins stated that most of the overtime paid to full-time staff was for working on holidays. He said they were paid for court time, but most of the overtime was for holidays. Chief Collins said this year they would be attempting to reduce their overtime by raising their fees.

Mr. Terry said what Chief Collins was referring to was the charges for special events.

Chief Collins stated that the reserve officers were very valuable to them in that it allowed them to have more manpower available at less cost.

Commissioner Baldwin said then they did try to keep two officers on duty. Chief Collins stated they tried their very best, but unfortunately there were a few times when it just was not possible. He said one issue was if an arrest was made that it took time to get before a magistrate which took that officer off line for a period of time.

Mayor Voller asked if he thought that was safe to do. Chief Collins replied yes, that he felt very safe doing that. Mayor Voller said from his rough estimate they needed about 20,410 man hours if they had two officers on duty 24/7, 365 days, and that was a lot of hours to have to plug in.

Mayor Voller asked in regards to the courthouse fire last year, had the County reimbursed the Town for any of the expense or was that done just as the Town's contribution. Chief Collins said that their services had been contributed and had not been reimbursed.

Mr. Terry said he believed the Police Department had provided security for about 10 days around the site.

Chief Collins said any services provided, such as security around a crime scene, was provided by reserved or by off-duty regular officers. He stated they never knew what would be needed, and they had to try to project for any contingency. Chief Collins said another consideration was when new developments came on line, noting that they now had to respond to Powell Place. Mr. Terry stated that the Police Department's total operating budget was up 13.9%, with the biggest increase being for fuel which was an economic reality. He said he had provided a little bit of cushion for unforeseen realities.

Mr. Terry stated there was one capital item to replace an older Police vehicle with about 130,000 miles on it. He said that was on the Cut List should the Board decided to cut that and put it off another year.

Chief Collins stated that he had not yet gotten the replacement price from the Ford dealership in Pittsboro, so he was not yet sure what the replacement cost would be. He stated that Ford had a new model out called an Interceptor which he was attempting to get the cost for, and the \$40,000 noted in the budget was on the high side even outfitted with Police equipment. Chief Collins said he believed the cost would likely be less than \$30,000 with another \$5,000 for Police equipment.

Mr. Terry stated they had put in \$40,000 based on last year's State contract price for a Ford Explorer with a complete Police package.

Commissioner Baldwin stated they had just purchased a sport utility vehicle to be used for the K-9 unit, and asked where that vehicle was being used. Chief Collins stated that vehicle was used by their investigation officer, and they had decided to use one of their Crown Victoria's for the K-9 unit and had striped the car down and outfitted it specifically for the dog. Mr. Terry explained how they had done a three-way switch with the available vehicles to make sure all had adequate equipment.

Commissioner Harrington asked had they lost a vehicle last year. Collins replied yes, noting they had done some shifting around. Mr. Terry stated they had sold one vehicle and taken two dilapidated vehicles and made one good vehicle using parts from the two. He said they had cannibalized one car to get the other car up and running.

Mayor Voller asked had they considered other types of vehicles, such as Chevrolets or alternative fuel vehicles or even diesel vehicles. Chief Collins stated they had not considered a diesel vehicle, but he was open to looking at any other kind of vehicle. He said that one consideration was that they were limited by their service area, noting that if a Chevrolet was purchased they would have to carry it to Sanford or Cary or even Chapel Hill for service. Chief Collins stated that the Ford dealership was very close and it was much easier to get service on their vehicles, particularly if it was warranty work. Mayor Voller said he was asking because he wondered what the Chief needed the vehicles to do. He said they were not in an area where high speed chases were the norm, so basically the vehicles were the officers' mobile offices. Chief Collins stated the vehicles now were six cylinders so there was increased fuel economy but would still enable them to do what was needed. He stated the Impalas were good cars with a lot of pep, but it was way too small for all the necessary equipment plus an officer with even a lean build. Chief Collins said the Interceptor was made to be a police vehicle, but he would look at all vehicles that they believed would meet their needs.

Lieutenant McCollough stated they also had to consider having room to place a prisoner in the back seat, and some cars made it very tight once all the equipment was installed.

Mr. Terry said as soon as they had some data they would see how much that number could be lowered for the cost of the vehicle, noting it was included on the Cut List but that decision could be deferred until the information was obtained.

Mayor Voller asked how much foot patrol could be accomplished. Chief Collins stated they were trying to find new ways to save money including cutting the mileage back each day. He stated foot patrol was one way to do that. Mayor Voller said he believed the community would like to see officers out walking the streets.

Lieutenant McCollough stated it had been made mandatory that an amount of time in the morning and the afternoon had to be spent on foot.

Mayor Voller said it might result in a cost savings, but he looked at it as a form of community policing. Chief Collins stated it was a win/win for the Police Department.

Commissioner Baldwin asked why equipment maintenance had dropped to \$2,000 from \$11,800. Lieutenant McCollough stated that the copier lease had resided in that line item but they had broken it out in the same manner as had been done in other departments.

Fire Suppression

Mr. Terry stated that the Board had discussed Fire Suppression earlier in the meeting, and they would hold further discussion until the Monday night meeting.

Commissioner Harrington stated he would like to end tonight's meeting by 9 p.m., so he did not believe they would have time this evening to discuss the CIP. Mr. Terry agreed, noting that conversation would likely take about two hours so they would do that at a follow-up session.

Public Buildings & Grounds

Mr. Terry stated that this was a one-person department, so there was not much to say about the budget. He said only one line item had substantially increased and that was for cleaning and miscellaneous supplies, increasing from \$1,200 to \$2,000.

Mayor Voller asked if they had a standard rotation of what functions employees performed. Mr. Poteat stated they did have a weekly schedule that was followed, but it depended on what else might be happening.

Street Maintenance

Mr. Terry stated that this was another one-person department.

Mayor Voller asked how that budget corresponded with the Powell Bill where some maintenance was assigned to Powell Bill and some to Street Maintenance. Mr. Poteat responded that the Powell Bill fund was very specific about what could be charged to it with not a lot of grey area. He said some things, such as speed limit signs, could be charged to Powell Bill funds, but street name signs could not be. Mr. Poteat said regular maintenance of sidewalks could be taken from Powell Bill funds. Mayor Voller asked was filling a pothole considered street maintenance. Mr. Poteat replied yes, noting that came out of Powell Bill funds. Mayor Voller stated but that wasn't maintenance. Mr. Poteat stated it was considered street maintenance and it did come out of Powell Bill funds.

Mr. Terry stated he believed that next year they should think about rolling the three positions over into Street Maintenance.

Mayor Voller said he would like to see as much Powell Bill money as possible go towards hard infrastructure on the streets. He said that would mean when the contractor came in for paving that they fixed the storm pipes at the same time. Mayor Voller stated to him Powell Bill money

should be as much about hard infrastructure in the Town as possible, noting they were receiving the money based on the miles of streets and if they did not continue to keep up with the paving schedule they would never catch up. Mayor Voller agreed with Mr. Terry that they likely needed to roll those employees together. Mr. Poteat said if they did that they would need to keep a detailed schedule so that when they did work on Powell Bill streets that it would be reflected.

Mr. Terry stated that there was a capital item at \$6,000 which was for painting the metal building that was in dire need of painting and rust removal. He stated the other item for \$15,000 was to replace a 15-year old Chevy S-10 pick-up truck, and that was on the Cut List if the Board wanted to consider that.

Powell Bill Street

Mr. Terry stated this was a one-person department, and although there were a few increases the numbers were very small. He stated they had added a little money for fuel, but the entire budget only went up about \$7,000. Mr. Terry stated there were no capital items in that budget.

Mayor Voller reiterated that he wanted to see as much money as possible go towards hard infrastructure on the Powell Bill streets.

Commissioner Bryan asked what made up the contracted services. Mr. Poteat stated mainly paving contracts, right-of-way maintenance, or for anything they had hired outside help for. Mr. Terry stated those funds were for a combination of uses, not for just one project.

Sanitation

Mr. Terry stated he had provided the Board with a worksheet to show how they had done the calculations based on the bid results.

Commissioner Harrington stated there was no obligation, correct? Mr. Terry stated they had saved \$134,000 by the bid process. He said historically that was a pass through service that had never paid for itself, and this was an effort to correct that in that they would charge the customer the cost of the service so that it was self-supporting.

Commissioner Bryan said it seemed that if that was possible it should have been done in the past. He asked if they were going to save that much money then why they had not gone to that cheaper service in the past. Mr. Terry stated the rates they would have had to charge would have been higher than the market rate, so this lower bid was making it possible now.

Commissioner Harrington said it was good that the costs to citizens were dropping substantially and with the new rate structure they were way over covering the costs of Waste Industries. So, he said, they had a buffer built in and they would be absorbing the household goods piece of that. Commissioner Harrington said it was a win-win all around.

Recreation

Mr. Terry stated that nothing had changed in the Recreation budget from last year.

Commissioner Baldwin said in the Building and Grounds maintenance line item, she believed there were some individuals from other departments that helped with the parks. Mr. Poteat replied yes, but some of the services were contracted out. Commissioner Baldwin stated she believed that was quite a bit to be spending, because they did not have that many parks. She suggested they look at who they were contracted with and how those costs might be reduced.

Mr. Terry stated he would provide the Board with a detail sheet, noting that some of that expense may be related to other events.

Commissioner Fiocco stated they had talked a couple of weeks ago about perhaps helping with some of the Pittsboro Business Association's activities downtown, but he did not see anything in the budget for that. Mr. Terry stated it was on the Add List but he had not included in it the base budget.

Commissioner Harrington said he would prefer to continue this discussion to the next meeting unless there was something they needed to have pointed out tonight. Mr. Terry stated the remaining issues could wait.

Commissioner Harrington said he was told some time ago that you could not take money from one fund and transfer it to another. He said apparently that was not true. He said in fact, they had done that in the past, but where you got in trouble was in keeping up with the financing records. Commissioner Harrington stated if they were to hypothetically say that this year had been a bad year and they were going to pull a little out of the General Fund and put it in the Enterprise Fund so that they had a buffer for rates, his question was why they should not do that. Mr. Terry stated there was no real prohibition to doing that, but they had had a history of audit findings where they had been criticized for doing that.

Commissioner Brooks said the Board had always tried not to do that, and could not remember the last time they had done that. He said at one time that was how the County operated its water system for many years. Commissioner Brooks stated that whatever the Board decided to do, the system being recommended now he considered a regressive tax. He said it was like sales tax, in that the people least able to pay it were the ones that would suffer the most. Commissioner Brooks stated if they were going to do it, then they needed to start much higher on the scale and add a progressive element so that those on the lower income scale were not penalized. He stated they had many elderly residents on a fixed income and those that were at lower incomes, and they were the ones who could not afford a rate increase. Commissioner Brooks said he frankly did not want to spend General Revenue money on water, but he would be in favor of doing it this year because of the loss of Townsend and the tremendous increase they would see in water bills. He said they had a large increase last year and would not want to see the elderly and low income suffer another rate hike, so he would be in favor of taking some General Revenue money and use it to help keep the water rates down. Commissioner Brooks said he also wanted to do something

about the regressive nature of the tiers in the water rates and come up with something to address that.

Mr. Terry stated that at the next meeting they would be discussing a revenue estimating model that he and Commissioner Harrington had developed a few years ago which he had provided tonight. He said from that he had created a spreadsheet that helped him to calculate what he believed the rate increase would need to be. He stated that rather than taking time tonight to go into any detail it would be on the agenda for the Monday meeting.

Mayor Voller said to accomplish what Commissioner Brooks requested perhaps they needed to adjust the model. Mr. Terry stated that Commissioner Brooks was correct in that it was a regressive rate. He said for a small user the base charge may be more than the cost of the water they used in a month. Mr. Terry said one way to achieve a fairer rate structure may be to shift the increases away from the basic service charges and into the per gallon costs.

Commissioner Brooks stated that if they raised the water rates and made people more conservative, then Mr. Poteat would have to flush the system more often. He said people would be very concerned to see all that water running down the street when their water rates had just gone up.

Commissioner Harrington agreed, plus the fact that the rate structure was making assumptions that the water usages would be comparable.

Commissioner Brooks said if they did not keep that water flowing to keep the THM's under control, then the State would be on them for that. Mr. Poteat agreed.

ADJOURN

Motion made by Commissioner Brooks seconded by Commissioner Baldwin to adjourn the meeting at 9:00 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk