

MINUTES
TOWN OF PITTSBORO
BOARD OF COMMISSIONERS
REGULAR MEETING
MONDAY, APRIL 25, 2011
7:00 PM

Mayor Randy Voller called the meeting to order at 7:00 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: Town Manager Bill Terry, Town Clerk Alice F. Lloyd, Town Attorney Paul S. Messick, Jr., Planning Director Stuart Bass, Assistant Planner Paul Horne, Finance Officer Mandy Cartrette, Public Utilities Director John Poteat, Wastewater Treatment Plant Superintendent Randy Heard, Water Plant Superintendent Scott Jewell, and Police Lieutenant Lesia McCollough.

Planning Board Members present: Karl Shaffer, Raeford Bland, John Clifford, and Alfreda Alston.

AGENDA

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

Vote Aye-5 Nay-0

CONSENT AGENDA

The Consent Agenda contains the following items:

1. Approve minutes of the April 11, 2011 regular meeting.

Commissioner Fiocco stated that on page 4, the first sentence in the third paragraph said that the “bike lanes had been field located” but it should read “are to be field located.”

Motion made by Commissioner Bryan seconded by Commissioner Fiocco to approve the Consent Agenda as amended.

Vote Aye-5 Nay-0

REGULAR MEETING AGENDA

Citizens Matters

Tim Goodwin, whose business is located at 22 Sanford Road about 100 feet from the roundabout, supplied the Board with photos that indicated that the issue he was bringing before them was literally being placed at his doorstep. He said he had a neighbor that was placing six recycling containers not at his own business but about 20 feet from his front door. Mr. Goodwin stated that he very often kept his doors opened, and asked that the Board set some kind of policy to address the issue. He said that evidently a common sense policy was being used north of the Courthouse because he never saw recycling bins along 15-501 or Hillsboro Street because they were placed in back alleys where they were collected. Mr. Goodwin said there was never an issue with those in that traffic was not impacted and there was no barrier between pedestrians, parking spaces and sidewalks, and patrons were not faced with a wall of trash or recycling bins. But, he said, south of the Courthouse did not seem to have adopted that same policy.

Mr. Goodwin said that those six recycling containers were placed every Friday morning from the General Store in the grassy area between the sidewalk and the curb, and multiple times over the past year they had been knocked over due to the uneven ground. He said those encounters had been witnessed by the Chief of Police, Lieutenant McCollough, and the property owner. Mr. Goodwin said as well, those containers were often overfilled and overflowing with everything from soup cans to wine bottles, causing him to pick up a lot of glass.

Mr. Goodwin said as the photos demonstrated, placing those containers in that location created a lot of congestion. He said with cars legally parked in the parking lane, the collection truck had to stop fully in the middle of the street to collect the recyclables. Mr. Goodwin said he had timed the pick-up last Friday when the municipal center was closed so the parking lane was available, and the truck had parked half in the parking lane and half in the street. He said it had taken five and one half minutes to collect six containers, and in that time 47 cars went around the truck into oncoming traffic and forced the northbound traffic into the parking lane. Mr. Goodwin said that was on a day when no cars were parked there, and when cars were in that parking lane facing south that meant that the truck stopped in the center of the road. He said that meant that only four cars had to come up behind that truck before it started to affect the traffic coming around the roundabout, and it only took about two minutes before horns began to blare and people began to yell.

Mr. Goodwin said he wished that he could say that the containers were placed there as a convenience factor, but the reality was that from the back of the General Store where the containers sat the remainder of the week, right beside the Waste Management dumpsters, it was 450 feet to move those containers from the back of the General Store and around the block to the front to put them in front of someone else's business. He said by the time those six containers were taken 900 feet round trip on Friday, it was equivalent to someone walking out of this room and not stopping until they were sitting on a bar stool at the Carolina Brewery, so he could not imagine that it was a matter of convenience.

Mr. Goodwin said north of the Courthouse it did not appear to be an issue, but south of the Courthouse it was a completely different matter. He requested that some action be taken to ensure that the containers remain behind the business or at bare minimum that the containers not be allowed to be placed in front of someone else's business just to get them out of the owner's way. Mr. Goodwin said the containers were now placed 20 feet from his front door in front of empty office space, but that was a recent occurrence. He said they had been placed north of his door, south of his door, and everywhere but in front of the General Store's door. Mr. Goodwin said he was not acting out of spite or with any vendetta; he just wanted to get it stopped.

Commissioner Harrington asked if when he opened his doors there was some odor coming from the bins. Mr. Goodwin replied yes, noting that on Friday night the containers were being moved during his 6 p.m. class. He said if the weather was good the doors were open, and it took only about five minutes before the odors were noticeable. Mr. Goodwin said the containers also drew insects and bugs, and you could see from photo number nine the cans, bottle caps, wine bottles, and beer bottles, which had been witnessed many times by the Chief of Police and Lieutenant McCollough, was what he had had to pick up on Saturday morning before his first class because it was in the parking lane.

Commissioner Harrington suggested that the Planning Director meet with the owner of the General Store to try to address this issue.

Commissioner Fiocco said if there was already a storage area in the back of the store that was accessible to the truck it made sense to pick up the recycling in that alley. Town Manager Bill Terry stated he would request that Mr. Bass address the issue.

Commissioner Harrington asked that a report come back at the next meeting.

Mayor Voller asked was there any issue with picking up the recycling from the back of the General Store. Chip Jean Dodd with Waste Management said there would be no issue unless the truck could not get back into the alley. She said they had not received a complaint, but they would look into the matter to determine if that was an option.

PUBLIC HEARING

1. Torbert Rezoning, 338 Toomer Loop Road (REZ-2011-02).

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to go into public hearing.

Vote Aye-5 Nay-0

Planning Director Stuart Bass stated this was a rezoning request for property at the corner of East Street/US Business 64 and Toomer Loop Road. He said currently there were three single family residential structures on the property that was approximately 1.3 acres in size and zoned R-10. Mr. Bass said the proposed rezoning was to C-2, Highway Commercial. He said that other commercially developed properties were close by, with Advance Auto Parks, the Pizza Hut and

Family Dollar on one side and the Chatham Commons shopping center on the other. Mr. Bass said across the street was a residential property.

Mr. Bass stated that Highway Commercial was defined as certain areas that were primarily on major highways running around or through a city, and was customarily located on major arterial highways and intended to provide retail, office, and service areas. He said as described this property was located in the vicinity or adjacent to existing C-2 zoned parcels. Mr. Bass said all public utilities and services were available to the site, and no population change would result from the change in zoning. He said that East Street/US Business 64 had an average daily traffic volume of 11,000 vehicle trips per day as counted in 2009.

Mr. Bass stated that the staff recommendation was to grant the rezoning in that it was a reasonable location for a commercial use and was consistent with the current Land Use Plan and other adopted plans and policies. He said the Planning Board had considered this proposal on April 4, 2011 and had recommended approval of the rezoning request.

Mayor Voller determined that no one was present to speak on the rezoning.

Motion made by Commissioner Fiocco seconded by Commissioner Bryan to close the Public Hearing on the Torbert Rezoning.

Vote Aye-5 Nay-0

OLD BUSINESS

1. Torbert Rezoning, 338 Toomer Loop Road (REZ-2011-02).

Mr. Bass stated that he had not received any calls or inquiries about the proposed rezoning, adding that notifications of the public hearing had been mailed out to all adjacent property owners.

Commissioner Fiocco said he was noticing that the right-of-way east of the property was substantially wider than the property frontage according to the map, and was curious to know if there was a possibility that the Town would be requested to dedicate more right-of-way should a site plan come forward. Mr. Bass said he did not know the answer to that. Commissioner Fiocco suggested he look into that just so they would be prepared. Mr. Bass agreed.

Motion made by Commissioner Bryan seconded by Commissioner Harrington to approve the Torbert Rezoning at 338 Toomer Loop Road from R-10 to C-2.

Vote Aye-5 Nay-0

AN ORDINANCE AMENDING THE ZONING ORDINANCE OF THE TOWN OF PITTSBORO IS RECORDED IN THE BOOK OF ORDINANCES NUMBER ONE, PAGES 46-47

2. Main Street Program Resolution.

Commissioner Fiocco stated that the group of people who had attended the conference had begun working last Thursday on an application, hoping that the Board would adopt a resolution this evening. He said he had spoken to two municipalities that had recently joined the Main Street Program, Tryon who joined in 2009 and Highlands who had joined in 2010, and both said it had been invaluable to their planning efforts. Commissioner Fiocco stated that Highlands had said they appreciated the fact that as a Main Street community, they had been beneficiary since September of 2010 of two grants, one to the town and one to a private business, all of which they believed they would not have received had they not been a part of the Main Street Program. He said he believed that was a valuable perspective.

Motion made by Commissioner Harrington seconded by Commissioner Bryan to approve the resolution in support of an application to participate in the NC Small Town Main Street Program.

Commissioner Brooks stated that the only thing he did not like about the resolution was that there were a couple of “you will’s” in the resolution. He asked what would happen if for some reason they could not comply.

Commissioner Fiocco said he did not believe that would present any problems.

Mayor Voller said he believed the municipalities that had worked with the Main Street Program had done very well, but Commissioner Brooks was wise to point out that they needed to keep their eyes opened.

Commissioner Brooks said they would not abrogate their responsibility and pass it on to someone else in some areas and he did not believe that would happen, but the wording was rather strong in a couple of areas. He said he did believe that it was a good program that was ideally designed for small towns like Pittsboro and was worthwhile. Commissioner Brooks asked would adopting the resolution mean that it was basically a contract.

Mayor Voller said it was a resolution and the Board would be resolving to do it, but did think that the Program was put forth by the Division of Commerce whose incentive was to create jobs to make North Carolina towns better. He said if there was some rub he was confident that the Division of Commerce would work with them to resolve it, because they were not in the business of getting into a rub over minor issues. Mayor Voller said he believed the underlying intent of the legislation was to build small towns, and believed as long as they communicated well they would be fine.

Mayor Voller called for the vote.

Vote Aye-5 Nay-0

A RESOLUTION IN SUPPORT OF AN APPLICATION TO PARTICIPATE IN THE NORTH CAROLINA SMALL TOWN MAIN STREET PROGRAM 2011-2012 IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGE 51-52

NEW BUSINESS

1. Bid Award: Residential and Commercial Waste Collection and Recycling Contract.

Mr. Terry stated that the resolution would accept the bid of the lowest responsive bidder, Waste Industries, LLC for the base bid for the residential and commercial waste collection of trash and recyclables. He said on January 31, 2011 the Town had advertised a notice to bidders, and on March 24, 2011 they held a pre-bid conference that several bidders had attended. Mr. Terry said subsequently they had received three bids that were opened on April 7, 2011. He said that the agenda item held a tabulation sheet for the bids, noting that the low bidder was Waste Industries, LLC.

Mr. Terry stated that by accepting the bid of Waste Industries, LLC the Town would realize an annualized savings of about \$134,750, of which about \$69,830 was from their 1,785 residential customers and about \$64,920 from their 55 commercial customers. He said in addition to the cost savings, the Town would realize several service enhancements as a part of the base bid not currently being provided:

- solid waste services to all Town-owned facilities will be covered at no additional cost and will be considered as incidental to the contract;
- they will be increasing recycling by going to biweekly collection in 65-gallon roll carts;
- the vendor had agreed to take over bulky item pick-up and charge a nominal fee of \$18.30 for appliances and \$16.30 for large household items by appointment; and
- the vendor will pick up Christmas trees one day a week for four weeks in January, relieving Public Works crews of that task.

Mr. Terry stated it was his recommendation that the Board approve the resolution accepting the bid of the lowest responsive bidder, Waste Industries, LLC for the base bid for Residential and Commercial Waste Collection of Trash and Recyclables Contract, and authorizing the Town Manager to negotiate and execute a contract with Waste Industries, LLC based upon their bid.

Commissioner Harrington stated they had requested feedback from customers and asked what that feedback was. Mr. Terry responded that the feedback was too small to be meaningful with only 15 to 20 people rendering an opinion on the three options.

Commissioner Bryan said that one person had mentioned to him that she would prefer the 65-gallon roll cart.

Commissioner Fiocco asked had many been interested in the roll cart, whether it was 65 gallons or 95 gallons. Mr. Terry said the Board had talked previously about the 95-gallon roll cart as opposed to the smaller 65-gallon roll cart, and that if residents were keeping their 18 gallon bin in their garages that the footprint of the 65-gallon roll cart was about the same so it would fit in the same space.

Commissioner Baldwin asked how often bulky items were picked up by the Town. Public Utilities Director John Poteat said they did pick-ups when they were requested to do so. Commissioner Baldwin asked what the call volume was. Mr. Poteat said between three and four

a week. Commissioner Baldwin said she did not know that citizens would want to pay that fee for picking up bulky items. She asked if it cost the Town a lot to do that. Mr. Poteat said they picked the items up and placed them in the yard, and then loaded them once a week onto a dump truck. He said they then had to haul it off and pay for it to be dumped.

Commissioner Harrington said he shared Commissioner Baldwin's concern about the cost for pick-up of bulky items. He said he did not want to have a problem with people dumping items on the side of the road to prevent having to pay for removal, and suggested they might want to consider having the Town continue that service rather than including it in the contract. Mr. Poteat said they did occasionally have a person that came around to pick those items up and dispose of them, but that person was not always used.

Mr. Terry said the way that specification was written was that it was a service that the Town was not paying for and was an optional alternative service. He said they could accept the contract with or without that included, noting that there would be no change in cost because the vendor did not offer that service now, other than they would still be diverting Public Works staff to perform the service.

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to approve the resolution awarding the contract to Waste Industries, LLC.

Commissioner Harrington wondered if the Board wanted to make some amendment regarding the pick-up of bulky and household items.

Commissioner Baldwin said she would prefer to remove that service from the contract due to the cost to residents.

Commissioner Bryan agreed. Mr. Terry said he did not believe that would be a problem to remove that. Commissioner Bryan said the Town would already be realizing substantial cost savings, but he did not want to burden Mr. Poteat's staff either.

Commissioner Fiocco said he had been concerned that when looking at budgets they were coming up short on their waste management costs, and asked how much of a cost impact this item was. He asked were they spending more than had been budgeted on waste management, and if this savings was a meaningful number. Mr. Terry said right now Mr. Poteat's staff was providing that service within its operating budget, so if it was left in the contract the vendor was agreeing to take the direct cost from citizens.

Commissioner Harrington said they could have the contract say that for the first year the Town would provide the service, and after that first year the Town would advise the vendor whether the Town would continue the service.

Commissioner Harrington amended his motion to accept the contract as stipulated and advise Waste Industries that the Town would take care of the white goods and bulky household pick-up for at least the first year and would then advise them whether the Town expects them to fulfill their contractual obligation thereafter.

Commissioner Bryan asked what the length of the contract was. Mr. Terry responded it was a five-year renewable contract.

Commissioner Brooks said it was good that they were saving some money on this, but they had a long history with Waste Management which apparently the Board was about to change. He said he had always found Waste Management to be cooperative and willing to work with the Town and had provided a valuable service, and it bothered him quite a bit that they were about to sever that relationship. Commissioner Brooks said that Waste Management had done a good job in the past and he was having trouble with making this change.

Commissioner Fiocco said he could certainly appreciate the concern, and he had been torn over the decision because he believed relationships were important and that Waste Management had done a fine job for at least 20 years. He said with that said, the Town had asked for other vendors to come forward and offer their best bid, and for them not to honor that effort would be disingenuous of them. Commissioner Fiocco said for that reason it was important to follow through, noting there was a substantial savings with Waste Industries and that was the reason he would be voting in favor of the contract.

Commissioner Baldwin said she would have to say she had been very impressed with the work of Waste Management and they had served the Town well.

Mayor Voller called for the vote on the amended motion.

Vote Aye-4 Nay-1 (Commissioner Brooks)

A RESOLUTION ACCEPTING THE BID AND AWARDING THE CONTRACT TO WASTE INDUSTRIES LLC FOR THE PITTSBORO RESIDENTIAL AND COMMERCIAL WASTE COLLECTION OF TRASH AND RECYCLABLES CONTRACT IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGE 53

Mayor Voller said he would like to add that Waste Management had been a good company to the Town and the County, and unfortunately in this situation the bid had come out in favor of another vendor. He said that was not to say that there had been any negative relationship with Waste Management.

2. Amendment to Capital Project Ordinance for the Hillsboro Street Transmission Line Replacement Project.

Finance Officer Mandy Cartrette stated that the amendment to the project ordinance would amend the existing project budget. She said that the Town had received grant funding from a CDBG grant in the amount of \$750,000 which required that the Town fund a 5% match, thereby requiring the addition of \$37,500 from the Enterprise Fund Balance to the project budget. Ms. Cartrette said that on February 14, 2011 the Board had accepted the CDBG grant and agreed to the matching amount, and had also approved the project budget which included a transfer of

\$152,580 from the Water and Sewer Fund Balance to cover the cost of the \$37,500 match and \$115,800 to pay for finalization of the design work and construction administration. She said a portion of the design was completed by Hydrostructures under the Downtown Water System Improvement Project; however, the full run of pipe was not included in the original project. Ms. Cartrette said since Hydrostructures was not hired by a competitive process, their fees would not be reimbursable under the CDBG funding.

Ms. Cartrette said upon further review of the project, it was likely that the costs would exceed what was originally anticipated. She said on March 22, 2011 staff met with the USDA Rural Development Office and discussed the Town use of an existing USDA REDLG Loan for this project. Ms. Cartrette said the USDA REDLG funds were originally to be used by the Town for the 3M Project but had not been. She said as a result, those loan proceeds were still available and the USDA Rural Development Office had indicated that the Town could use them for the additional expenses that it expected to incur for the Hillsboro Street Transmission Line Replacement Project.

Ms. Cartrette said that because the USDA REDLG funds were available for the Town's use in improving its water system and the Town currently had a need for additional funding, staff was asking for the Board's approval to utilize the existing USDA REDLG Loan for the Hillsboro Street Transmission Line Project and to amend the capital project budget to reflect the USDA REDLG loan as well as the additional expenses that the Town expected to incur for this project.

Commissioner Harrington said he had noticed that the agenda item said that "Upon further review of this project, it is likely that the costs of this project will exceed what was originally anticipated." He said he had not seen any figures in regards to that statement. Ms. Cartrette said she believed that the amount of the loan would put them right at the estimated cost.

Mr. Terry said at present that was an engineering estimate, but they were concerned that the \$750,000 from the NC Department of Commerce was not going to cover the full run of the water pipe and related expenses. He said they would not know the cost until the bids were received and opened.

Commissioner Fiocco asked what the terms of the loan were. Ms. Cartrette stated they were not that far along in the process, but noted that the USDA REDLG loan proceeds were available through the Central Electric Membership Corporation, and the funds would flow from them to the Town.

Mr. Terry said this was a loan that had been on the books for seven to eight years, and because the Town had no need of it for the 3M project the funds had been held by the Central Electric Membership Corporation. He said they may have to go back and revisit the issue with the LGC since they were amending the purpose of the money, but the people in control of the money would very much like the Town to use the money so that it was not lost.

Mayor Voller said he believed the Central Electric Membership Corporation was involved because they were the ones supplying power to 3M and because it was an economic development

project. Mr. Terry said the money had been sitting for some time waiting for the Town to tap into it.

Commissioner Fiocco asked what else that money could be used for. Mr. Terry replied there were some restrictions attached to it that required that the funds be used on the Town's utilities systems. Commissioner Fiocco said then it could be water or sewer.

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to approve the use of the existing USDA REDLG Loan for the Hillsboro Street Transmission Line Replacement Project.

Vote Aye-5 Nay-0

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to approve the amendment to the Capital Project Ordinance for the Hillsboro Street Transmission Line Replacement Project.

Vote Aye-5 Nay-0

AN ORDINANCE AMENDING THE CAPITAL PROJECT BUDGET FOR THE HILLSBORO STREET TRANSMISSION LINE REPLACEMENT PROJECT IS RECORDED IN THE BOOK OF RESOLUTIONS NUMBER ONE, PAGE 48

3. Budget Amendment for Debt Service Expenditures.

Ms. Cartrette stated that approval of the budget amendment would appropriate funds from the Water and Sewer Fund Balance for payment of debt service requirements that would come due at the end of this fiscal year. She said there were two different loans, one of which was an AARA loan coming through NCDENR that was an interest free loan and the first payment was due in May in the amount of \$60,804.25. Ms. Cartrette said the second loan was for the Credle Street Sewer Rehabilitation Project Phases III & IV, and the first payment on it would come due in June in the amount of \$26,525.06.

Mayor Voller asked had they drawn any money on that one. Mr. Terry said the project began this week so they would soon do that. Mayor Voller said he assumed they would draw from that first. Mr. Terry said that appeared logical to him. He said it was structured like a construction loan, in that as soon as the Town incurred costs then they would submit those costs for payment.

Mayor Voller asked had they received the funds from the Rural Center grant. Mr. Terry replied yes, noting he believed this would be a fairly quick project and did not think they would need to do monthly draws. He said it was his guess they might get the project completed with one draw in the middle of the project and then one final one at the end.

Commissioner Fiocco asked if it was possible to include the AARA loan payment in next year's budget. Mr. Terry said when he had put the budget together they had hoped that the first debt service payment would not be due until May of 2012, but because the contractor had been so efficient the Town had received its Certificate of Substantial Completion in November which meant that the first debt service payment was due in May 2011.

Commissioner Fiocco asked had they checked the date of that Certificate to see if some argument could be made to delay the debt service payment until May of 2012 since the project really was not fully completed until January 2011. Mr. Terry said he had been notified that the Town would receive its invoice to be paid on May 1, 2011 but if the question was had they appealed that determination the answer was no. Commissioner Fiocco said he believed they should check into when the substantial completion occurred to see if that debt service payment could be delayed.

Mayor Voller said there had still been some work being completed in January 2011, and if DENR had not given them the sign-off then there was some argument to support that. He said he believed the Town Manager should challenge that determination. Mr. Terry said the only outcome was that it would extend the debt out for another year, but he would be happy to make some inquiries. Mayor Voller said there was no harm in asking.

Commissioner Harrington said there was still work going on well into January 2011. Mr. Terry agreed.

Mayor Voller said he believed the Board was interested in determining if they could extend that payment out to begin in 2012. He asked Mr. Heard what his recollection was and if he believed the Board had a valid argument. Wastewater Treatment Plant Superintendent Randy Heard stated it was his recollection that the final closeout meeting was held in January 2011.

Commissioner Fiocco said it was not unusual for the date of the Certificate of Substantial Completion to be the date, and not the actual final completion. He said substantial completion meant that you did have use of the product or the device.

Mayor Voller asked Mr. Messick in this context what substantial completion might mean. Mr. Messick said he believed they would be hard pressed to refute the date of substantial completion. Mayor Voller agreed it would be difficult since the Town's engineer had to fill out the form and sign it.

Commissioner Fiocco suggested that the Manager just confirm the date and determine if the Town had any legal stand to challenge the date. Mr. Terry suggested that the Board approve the amendment and then he would email them with further information once he made contact.

Mayor Voller asked the Manager to verify the dates, and if the payment could be pushed back then do so, but if not they would make the payment as required.

Motion made by Commissioner Fiocco seconded by Commissioner Baldwin to approve the Budget Amendment for Debt Services Expenditures.

Vote Aye-5 Nay-0

AN ORDINANCE AMENDING THE FY 2010-2011 OPERATING BUDGET IS RECORDED IN THE BOOK OF ORDINANCES NUMBER ONE, PAGE 49

Commissioner Baldwin said she believed they needed to put these loans in the budget so that the Board was not faced with these types of budget amendments, but that could be discussed during their budget work sessions.

4. Presentation from Jordan Treacle if RAFI-USA regarding Hydraulic Fracturing.

Jordan Treacle made a brief presentation regarding hydraulic fracturing, or “fracking” and how that might affect residents in the county. He said that his organization, Rural Advancement Foundation International, or RAFI, was a farmer advocacy non-profit organization that was working on the issue of fracking which could have significant impacts on rural landowners in the County. He provided the following brief overview:

- Fracking is a natural gas extraction process using high-pressure fluids to open up fractures in gas-bearing geological formations, and had been used extensively in the Midwest and northeast for the last five years.
- There were two components to hydraulic fracturing that differed from conventional oil and gas extraction. The first was horizontal drilling that allowed drillers to access a larger basin of shale rock where the natural gas was trapped. The second component was water injection, where the driller used 3 to 5 million gallons of water mixed with sand and a combination of up to 500 different chemicals, which was then injected into the well at high pressure to break up the shale rock which allowed the natural gas to come to the surface. Thirty to fifty percent of that water stayed in the ground, and the remaining water came to the surface as wastewater that had to be disposed of.
- The process is currently illegal in North Carolina, but they believed that would change in the coming years. There were now several bills in the NC General Assembly regarding hydraulic fracturing and its impact, and there were natural gas companies now operating in the State that were eagerly working to change the laws to allow that gas extraction to occur.
- The first stage of the process was that these companies would obtain the mineral rights of landowners; that is, they would work to convince landowners to sign a mineral rights lease which was a contract that would allow natural gas drillers to operate on the landowners’ land and would also determine all the payments, drilling phases, and all other aspects of what would occur on the landowners’ property.
- RAFI was working with the NC State Cooperative Extension Office and the Wake Forest Law School to look at some of the mineral rights contracts being offered to landowners in the State. They were concerned that these companies were offering leases that put significant liabilities on the landowners, which would force landowners to potentially pay costs for damages that the natural gas company really should be responsible for.
- Some of those potential liabilities included that the natural gas company could construct a rig on a landowner’s property to trap the natural gas, but that development could be placed on the landowner rather than the company if that was written into the contract; three to five million gallons of water was required to frack a well which could be fracked up to eight times, and all of that water could be taken from a landowner’s well and they would not be compensated for it if it was not written into the contract; any environmental damages to neighboring properties could be compensated at the expense of the landowner rather than the company; landowners could not be compensated for any timber cut on

their land for the process; and, access roads that were created through a landowners property could be at the cost of the landowner if they signed one of these predatory leases.

Mr. Treacle said that landowners were not getting legal advice about these leases, noting that these kinds of predatory leases were being sent to landowners in the mail along with a check, and if they signed on the dotted line they were being told that it was free money and that it would not impact their land, not knowing that the terms of the contract were not properly protecting them. He stated that there were four elevations in the State that ran through 14 counties, and the target area here was Lee, Chatham, and Moore Counties. Mr. Treacle said there had been five companies, three of them out of State that had been operating mostly in Lee County but also in southern Chatham County. He said there was about 9,400 acres that had been signed by these companies, and they believed that those signings contained predatory terms.

Mr. Treacle stated that RAFI was working to educate landowners about their property rights and to help landowners gain access to legal support so that they could consult an attorney about having a fair lease written. He said they were working with local governments and community leaders to get information about this issue out to landowners, adding that these companies were really exploiting landowners because this was a new thing for the State and people were not well educated about it and about their rights.

Mr. Treacle said it was RAFI's hope that the Board would support its work and would partner with them to get information out to landowners about the issue. He said they were presently partners with the Lee and Moore County agricultural extension centers and had already held public meetings. Mr. Treacle said the last meeting in Lee County had over 250 people in attendance, and they expected similar numbers at the public meeting tomorrow night. Mr. Treacle said it was their intent to give landowners access to objective information so that they could make an informed decision about their property.

Commissioner Harrington said the agenda materials indicated that of the 2,100 farms in Chatham, Lee, and Moore Counties that accounted for over 220,000 acres of farmland, that approximately 55,000 acres in rural Lee County alone were expected to be targeted for drilling. He asked if Mr. Treacle had any idea how much of that farmland was in Chatham County. Mr. Treacle said it was a smaller number than Lee County, and displayed a map that indicated a sense of where the shale elevations were located. He said that Lee County was where the shale basin actually came all the way to the surface around the Deep River, but the companies were active mostly in northwestern Lee County along the Deep River and along the Chatham County line. Mr. Treacle said he had spoken to a number of landowners in southern Chatham County that had been approached by companies, although they did not believe those companies had as yet studied the shale in Chatham County.

Commissioner Harrington said he had said he had been working with the Lee County Cooperative Extension Office. Mr. Treacle said that was correct. Commissioner Harrington asked had he been working with Chatham County as well. Mr. Treacle said they had not yet had a meeting with the Chatham County Cooperative Extension Office, but hoped that would happen soon.

Mayor Voller said it seemed from the map that the shale basin came right through Jordan Lake, and that should be a concern to all the partners that might eventually want to get water from there. He said that Jordan Lake might become a water source for those companies. Mr. Treakle said that there were a number of different concerns about the hydraulic fracturing process and where the water would come from, and there were basically very few regulations at present in the State. He said the waste disposal of that water also was of concern because of water quality issues. Mr. Treakle said these were all issues they had no answers to because it was illegal and therefore there were no regulations to address it. He said RAFI was concerned that the fracking fluid could be highly toxic and if spilled would affect croplands as it had in other states.

Mayor Voller said he believed there had been a recent issue in Pennsylvania related to this process. Mr. Treakle said that as correct, adding that it was their belief that landowners were being sent these leases to sign so that the companies could then go to the Legislature and show that there were many landowners that were in favor of it and were interested in turning over their mineral rights to these companies.

Mayor Voller asked Mr. Treakle if the information indicated that the companies were offering a lot less money to people here than they were in Pennsylvania and New York. Mr. Treakle said that was true, noting there were two payments that landowners received. He said one was a bonus payment which was an up-front per acre payment, and after drilling commenced there was a royalty payment that landowners received. Mr. Treakle said the amount was usually \$2,000 to \$5,000 per acre, but the leases they had seen offered in North Carolina were offering landowners \$1,000 to \$2,000 per acre.

Mayor Voller said that was one of the reasons he had invited Mr. Treakle to speak to the Board, in that regardless of what you thought about hydraulic fracturing these companies were offering landowners here a lot less money per acre because they did not believe the landowners here knew enough to know any differently. Mr. Treakle said that was his belief as well. Mayor Voller said that Mr. Treakle had mentioned that horizontal drilling could go up to a mile, so how did you know that the companies were not stealing the gas that was under someone else's property. Mr. Treakle said basically it would be illegal for them to do that, and explained how laws might be written to protect against such an occurrence. He said he believed it would be unlikely that that would happen although it was possible. Mr. Treakle said it was more likely that if a landowner decided not to sign a lease that the companies could not drill on that land but they could drill next to that land and the landowner would still be losing the natural gas from underneath his land. But, he said, the landowner would likely be compensated but at a much lower amount for that natural gas. Mr. Treakle said they really did not know because those laws were not yet on the books.

Commissioner Harrington asked what kind of outreach RAFI was doing in Chatham County. Mr. Treakle said they were setting up community meetings and he was working with landowners to get the word out about that. He said they had also held a couple of meetings at CCCC as outreach for community groups to raise awareness of the issue.

Mayor Voller said if the State Legislature was to approve this and companies could do hydraulic fracturing, what could be the risk to Pittsboro if people began doing this in the ETJ. He asked if the Town would or could have any control in terms of approving these companies coming in and drilling. Mr. Messick said he believed it would be an industrial use that would require a Zoning Compliance Permit. Mayor Voller said then the Town's control would be in issuing or not issuing a Zoning Compliance Permit. Mr. Messick said yes, for the use of the property.

Mr. Treacle said that some towns in the northeast had banned fracturing within city limits and Philadelphia was one of them, so that was another option.

Mayor Voller said his concern was that there were places south of Town where the wells already had a lot of problems, and certainly industrial use would add to those issues.

Commissioner Brooks asked had Mr. Treacle made contact with Moore County or Lee County Commissioners. Mr. Treacle stated there had been only a very brief ten-minute presentation made about this issue in Lee County and they hoped to follow up with them soon. Commissioner Brooks said he would imagine that Moore County would be a strong advocate of RAFI's efforts, because tourism was still their major industry and the last thing they needed was something that was affecting the environment. He urged Mr. Treacle to move quickly to contact those elected officials in both counties. Mr. Treacle said he would definitely do that.

Mayor Voller said the issue was kind of two steps, the first being the leases that were being mailed to people who may not know what they were signing but were predatory and people needed to be informed because they were not being offered anywhere near the money that was offered in other States. He said the second issue was whether the practice itself was good for the State, noting that if you looked at the map a good part of the shale was under Jordan Lake. Mayor Voller said that some of that wastewater could end up in their aquifers and the Town would not know about that, and he was also concerned about the possibility of dry wells at some point. He said many people did not have an abundance of water, and what they had ought not to be polluted.

Commissioner Brooks said that Mr. Treacle may also want to mention to people that there were faults in the earth in the corner of Chatham, Harnett and Wake Counties, especially near the Shearon Harris nuclear plant, so they probably would not want anything to disturb any fissures in that area. Mr. Treacle agreed that that was definitely a concern, but without any laws on the books it was hard to determine what might be allowed. And, he said, the fault lines in the area would possibly allow the fracking fluids to migrate to aquifers.

Commissioner Fiocco asked had there been any leases signed in Chatham County. Mr. Treacle said he knew only about Lee County, and the only way to know was if the company voluntarily turned in a document called the Memorandum of Oil and Gas Lease. He said they were required to do it but the time frame to turn that in to the Register of Deeds Office was not defined. Mr. Treacle said at this point they knew only about the 9,400 acres that had been leased in Lee County because those companies had turned in that form to the Register of Deeds. He said no such documents had been turned in to the Chatham County Register of Deeds, but they had plenty of reports in the southern part of the County that these companies were active in the area.

Mayor Voller encouraged Mr. Treakle to inform other elected officials that he had talked with the Pittsboro Board and provided them information, and that the Town would continue to have a dialogue about the issue.

5. Manager's Recommended Budget for Fiscal Year 2011-2012.

Mr. Terry stated this would be the most challenging budget he had worked on during his time with the Town, primarily due to the announcement that Townsend would be closing its plant by the end of July which would reduce revenues by about \$324,000 which would have a major impact on how they had prepared the recommended budget. He said he had provided the Board with a copy of last year's budget ordinance, annotated to show the changes made for the coming year's recommended budget, as a guide. Mr. Terry then provided an overview of the recommended budget for the upcoming fiscal year, as follows:

- The base budget carried no recommendation for a tax increase.
- The goal was to increase Enterprise Fund revenues by about \$268,000 per year by 1) increasing the monthly basic service charge by \$6.00 per month for in-Town customers and \$16.00 per month for out-of-Town customers and 2) adding a 3% increase for tier one (2,000 gallons or less), a 6% increase for tier two (2001 to 6,000 gallons) and a 9% increase for tier three (more than 6,000 gallons).
- Initial guidance to department heads was to hold cost to at or below prior year to the maximum extent possible, and they had done a good job of that. Subsequent to the Townsend announcement, he had worked with the various departments to make further reductions where possible in the Enterprise Fund to try and offset some of the lost revenues.
- In the General Fund, their tax valuation was up only by \$7,174,120 this year, which was 1.8% from the prior year. The recommended budget does not include a tax increase and holds the ad valorem tax rate at \$0.302 per \$100 of assessed value. One cent on the tax rate would generate approximately \$42,502 in real and personal property taxes.
- Revenues in the General Fund were down \$129,870, or 4.4%, from the current year. Much of that was expected to be offset by the lower cost of the solid waste services contract.
- Increases expected include about \$10,000, or .09%, in ad valorem taxes, and a local option sales tax increase of about \$37,000, or 8.4%.
- Solid waste revenues were down \$120,000 due to the favorable bid outcome.
- Anticipated interest income is down \$15,000, or 75%, due to the continuing economic downturn.
- Revenues from three annually declining grants in support of police officer positions are down \$23,000, or 16.7%.
- The General Fund revenues will also include a \$270,572 transfer from the Enterprise Fund to pay for administrative support including project management, financial management, and human resources management.
- A transfer of \$260,269 from the General Fund balance will be required to balance the budget. This will be partially offset by an estimated \$238,593 surplus from the fiscal year 2010-2011 General Fund budget that will revert to the General Fund balance on July 1, 2011.

- General Fund expenditures are down \$28,032, or 0.9%, below the current year original budget. Key components include an increase of \$19,085, or 1.1%, in personnel costs. Key components of the personnel cost increase include a \$3,213, or 0.9%, expected increase in health care costs and a \$5,696, or 4.6%, increase mandated by the State in the employer's contribution to the retirement fund.

Mayor Voller stated that the projected surplus from the current year was \$238,593. Mr. Terry said that was correct. Mayor Voller said that was in part due to the fact that they had budgeted for a position that was not filled. Mr. Terry said that was correct, and the bulk of the remainder was due to lapsed salary from vacant positions. Mayor Voller said so they would be ending the fiscal year with a surplus. Mr. Terry said yes, both in the General Fund and the Enterprise Fund. Mayor Voller said that was even though their largest customer was going away. Mr. Terry said they were not going away until July 2011, so it did not affect the current year budget.

Commissioner Fiocco asked if Townsend was paying their bills that were in arrears. Mr. Terry said he would check on that, noting that when the new owner came in they had opened up their water account, and since then they had been making their payments on time. But, he said, he did not think they were required to pay the Townsend bills that were in arrears.

Commissioner Brooks said the surplus Mr. Terry was talking about in the Enterprise Fund was based on the Board adopting the projected increase in water bills. Mr. Terry said what he was referring to was the surplus that was projected to be left over from the current year budget for this fiscal year. So, he said, when they concluded their last day of business on June 30, 2011 that was the surplus that was expected. Commissioner Brooks said as they looked towards next year, they would have a significant loss that would have to be made up in some way. Mr. Terry said that was correct. Commissioner Brooks said they were approaching a nebulous time.

Mayor Voller agreed, and said they should track very closely where the Enterprise Fund was before, during, and after they had issues with their largest customer.

Commissioner Brooks said he was very concerned about a large number of their citizens having to pay a larger amount for water and sewer services. He said there were many people in the Town who were on the edge and did not have a lot of discretionary income.

Mayor Voller agreed, and said he believed that everyone on the Board shared that concern for a variety of reasons. He said the Board would have to consider that strongly, as well as considering that as a lot of the citizens were on the edge that their policy should not be to shut off the water immediately if a citizen had difficulty in paying the bill. Mayor Voller said he believed they should show some concern because not everyone was in the same financial condition.

Commissioner Brooks said there was a lot of turmoil in the daily lives of some of their citizens, not only because of taxes but because of the price of gas and food and other necessities. He said the Town had always tried very hard to operate efficiently and at the lowest cost possible with a few small exceptions, and it was his personal opinion that the public would expect this Board to be very tight with the budget this coming year. Commissioner Brooks said he said that because of unsolicited comments that had been directed to him.

Mayor Voller stated he was with him 100 percent on that.

Mr. Terry continued his comments:

- Operating budget costs are down \$55,617, or 4.0%, primarily due the favorable outcome of the solid waste services contract bid.
- The Consumer Price Index was up 2.1% from February 2010 to February 2011. Accordingly, he had included a 2% cost of living raise for all employees in the base budget, but that had been done prior to receiving news regarding the Townsend closing.
- The Town currently contributes 2.5% of base salary to each employees 401k account. A recommendation to increase this contribution to 5% is not in the base budget, but is included on the "Add List" for consideration by the Board.
- Health insurance costs are up \$3,213, or 0.9%, due to an anticipated increase in the cost of coverage. The actual increased cost on coverage was 3.2%; however, we have removed the Town Engineer from the base budget and that lowered the overall cost of health care.
- Professional Services are up \$28,013, or 6.9%, primarily due to increased costs for fire protection. The Fire Protection contract is up \$30,313, or 10.3%, due to the fact that last year the Fire Department had agreed to no budget increase and this was a catch-up year for them. The Fire Department also had a capital project this year which had to be paid for.
- Automotive supplies are up \$13,000, or 23.2%, due to recent increases in fuel prices and an expected continuing upward trend in fuel prices.
- Capital equipment costs are up \$5,000, or 10.0%.

Mayor Voller asked if the Fire Department was asking for an increase from Chatham County as well as from the Town. Mr. Terry replied yes, noting that last year they had been fiscally restrained. Mayor Voller said he was curious why the County Manager had not told the Fire Department to tighten its belt again this year as other departments were doing. Mr. Terry said he could not speak for the County Manager, but this struck him as an increase that would make up for the significant decreases in prior years. He said that during the budget work session that could be discussed in greater detail.

Mr. Terry continued his highlights:

- Enterprise Fund revenues, adjusted by removing the Fund Balance contributions, are down \$111,500, or 4.5%, from the current year original budget. The primary reason for this loss of revenue is the recent announcement that the Townsends Chicken Plant in Pittsboro will close down by the end of July 2011. This represents an overall loss of about \$324,000 per year in revenues to the Town. Key components include a decrease of \$130,200, or 10.0%, in water charges and a \$27,700, or 2.7%, increase in sewer charges. The budget includes a decrease of \$10,000, or 66.7%, in interest earned on investments due to continuing low interest rates. We have budgeted \$183,233 from the Enterprise Fund Balance to augment revenues and balance the budget. The decrease in water charges assumed that the Board would approve the increases he had outlined, but even with those increases the water revenues would drop \$130,000.

- The budget includes a decrease of \$10,000, or 66.7%, in interest earned on investments due to continuing low interest rates. We have budgeted \$183,233 from the Enterprise Fund Balance to augment revenues and balance the budget.
- Even before the announcement of the closing of the Townsends Chicken Plant, we planned for a significant water and sewer rate increase to cover the debt service costs for the Wastewater Treatment Plant Improvement Project (\$60,805 per year) and the loan for the Credle Street III & IV Project (\$50,000). The proposed increase also included funds in anticipation of adding a Town Engineer to the staff and the expectation that we would begin work on the design of the 3.2 MGD Wastewater Treatment Plant in FY 2011-12. The goal was to increase Enterprise Fund revenues by about \$268,000 per year through the rate increases he had already summarized. Even with those proposed rate increases revenues would still be down about \$55,000.
- For access fees, the recommendation was for a 2% increase. They will increase from \$5.80 per gallon per day to \$5.90 per gallon per day for water, and sewer fees will increase from \$10.50 per gallon per day to \$10.70 per gallon per day.
- For capital recovery fees, they were recommending an increase of 2%, from \$2.65 to \$2.75.
- Enterprise Fund expenditures are up \$71,734, or 2.9%, from the current year original budget. Key components of this change include an \$111,604 (41.2%) increase in debt service expenses for the Wastewater Treatment Plant Improvement Project and the Credle Street III & IV Project.
- Professional Services expenses are up about \$14,000, or 54.5%, due in part to correction of a past practice of erroneously charging all engineering services to the Planning Department and due in part to the increased use of Hydrostructures to represent the Town on the Technical Review Committee of the Jordan Lake Partnership.
- Utility expenses are up \$9,000, or 8.5%, due to the amount of electrical equipment added to the Wastewater Plant as part of the 3M Reuse Water Project and the Wastewater Treatment Plant Improvement Project.
- Chemical Supplies are up \$11,000, or 6.6%, due to recent process changes at the Water Plant to achieve compliance with the standards for trihalomethanes. (Note: this amount was reduced in response to the announcement of the closure of the Townsends Plant.)
- Personnel costs are down \$17,774, or 1.4%, inclusive of the recommended 2% cost of living raise, higher medical insurance costs and higher State Retirement Plan costs. We believe that this overall reduction is due to the fact that we will be tracking overtime salaries as a specific line item for the first time in FY 2011- 12. By controlling the amount of overtime worked, we believe that we can hold down overall personnel costs. This is particularly true at the Water Treatment Plant where we are now fully staffed for the first time in several years and we have a new plant superintendent carefully managing work schedules.
- Buildings and Grounds Maintenance is down \$11,000, or 15.5%, due to deferral of some maintenance items in response to the Townsends Plant closing.
- Capital Expenditures are down \$22,000, or 73.3%, due to deferral of some capital maintenance items and capital equipment purchases in response to the Townsends Plant closing. No capital equipment purchases are requested and only one \$8,000 capital maintenance item was retained in the base budget.

- In the Enterprise Fund they were expecting a year-end surplus of about \$77,900, with about \$43,000 of that in personnel and about \$19,000 in chemical supplies. These were savings from the Wastewater Treatment Plant that Mr. Heard was able to achieve after the changes were put in place at the Plant.
- No contribution to Capital Reserve was being budgeted, particularly in view of the Townsend shutdown. They did, however, move forward in the budget the \$200,000 from capital recovery fees in water and sewer related to Spoon Builders and Moore's Grove, LLC. They did not collect those last year but were optimistic they would collect them next year.

Commissioner Brooks stated he assumed that Public Works had to put in extra time maintaining the Powell Place Park. Mr. Terry said that there was a contractor cutting the grass but Public Works crews did empty waste cans and pick up litter.

Mr. Terry said it was his recommendation that the Board provide the Manager and staff with any changes they wanted to see included in the budget. He said they were preparing a Cut and Add List that was not yet completed, but it would be available at the budget work session. Mr. Terry said he was suggesting that the Board schedule a work session which could be done at its next meeting on May 9, 2011 or they could set a separate meeting.

Commissioner Brooks asked was it possible to do it on May 9, 2011 and not have any other business on the agenda. Mr. Terry said he had been asked to bring back some other items that evening, but they could delay everything possible.

Commissioner Baldwin said they were scheduled to have a public hearing on May 9, 2011 so that would be the wrong time to try to make any changes to the budget. So, she said, she believed they would need to schedule a separate work session.

Mr. Terry stated that the Board could schedule the work session for Tuesday, May 3, 2011 noting that the Planning Board's regular monthly meeting was on Monday, May 2, 2011. There was no objection from the Board. Mr. Terry stated that most of the department heads were present tonight and they would be happy to respond to any questions the Board might have. He said what they could not answer they would do some research and bring the answers back at the May 3, 2011 meeting or a subsequent meeting.

Commissioner Harrington clarified that the General Fund revenues would also include the \$270,000 from the Enterprise Fund. He said so, they were counting on the rate increases but even so they would still have to pull that \$270,000 from the Enterprise Fund as well as taking another \$240,000 from Fund Balance to balance the budget next year. Mr. Terry said that was correct. He said they had started a new practice about three years ago where they had changed where salaries were coming from, where they had aggregated salaries to the correct departments and then they had the Enterprise Fund pay a fee for the human resources support or financial services support. Mr. Terry said the transfer from the Enterprise Fund was really to pay the salaries of employees who provided services that the Enterprise Fund should legitimately pay for.

Commissioner Harrington said that was up from last year, but what really concerned him was the \$240,000 from Fund Balance. He said a high level metric he would really like to see from Finance was where they were relative to Fund Balance. Commissioner Harrington said that measure would be very informative. He said he would also like to see where they were last year and what was projected for next year. Mr. Terry said it was difficult to track Fund Balance because it fluctuated, and you got only a snapshot of it once a year in the audit. He said he had the intuitive feeling that they tied up a lot of money in capital projects and then sought grant reimbursement so that the money flowed back into the Fund Balance. Mr. Terry said they would try to bring the Board a document that demonstrated Fund Balance.

Commissioner Harrington said something to consider was that they were going to have higher water rates which they knew would drive less usage, minus Townsend's flow, and that sounded like they would have lower flow through the system. He wondered how a 10% reduction in flow would affect water quality, and although it was not a direct budget issue it may be related. Commissioner Harrington said looking forward they would need to be aware of that.

Commissioner Harrington asked if they had cameras in every Police vehicle now. Mr. Terry said that had been priced and would be on the Add List when it was brought to the budget work session on May 3, 2011. He said he could actually email that list out to the Board in the next day or so.

Commissioner Baldwin asked did that include computers in all Police vehicles as well. Mr. Terry responded yes.

Mr. Terry said if he understood correctly, the Board was interested in hearing from the Water Plant about the impact of a 10% flow reduction.

Commissioner Harrington said not necessarily in the budget work session, because the Board would have to base their decision on dollars. But, he said, it was something that they would need to understand as they moved forward.

Mayor Voller asked couldn't it be flushed into the wastewater collection system in order to get the optimization on the pumps. He said if they were flushing anyway why not just flush it into their wastewater collection system to increase their pump efficiency.

Commissioner Harrington said he would also like to know the justification for the lab tech position added two years ago. Mr. Terry said he would provide that.

Commissioner Brooks said it was his understanding that there were roughly 240 employees at the Pittsboro Townsends plant. Mr. Terry said he had heard a much larger number. Commissioner Brooks said many of those employees lived in or around Pittsboro, and he would like for the Board to be proactive in trying to help those people find jobs nearby. He said he understood they were not in that kind of business, but if those people could not find jobs and stay in the area, then they would no longer be buying groceries and paying sales tax. Commissioner Brooks said he wanted the Town to be proactive from a humanitarian standpoint as well as from an economic standpoint.

Mayor Voller asked what was he was suggesting that the Town could do.

Commissioner Brooks said he did not know, but they should try to help those people.

Mayor Voller said they could contact the plant and ask what the plans were for those employees. Mr. Terry said he was paid a visit by the Townsend manager who said they would be ramping up in Siler City and many of the people would be offered jobs there. He said the production line in Pittsboro would be moved to Siler City, but there was another aspect of the production that was moving to a different county and the manager had said they would likely offer those people jobs in that other county but did not believe many would accept because at the salaries they were being paid it would not be reasonable for them to move their families.

Commissioner Brooks said one of the largest poultry plants in the State was just over the Chatham line. He said they may not need any help but it would do no harm to contact them and determine if there was room for any of the displaced workers in Pittsboro.

Mayor Voller said with gas prices being what they were would they try to work with Chatham Transit to help people get from Pittsboro to there, noting it was a 32 mile round trip.

Commissioner Brooks said he had heard that they had spent over a million dollars on some project just above the plant where they could actually process water and reuse it in the plant, and asked was that true. He said it seemed to him that that was something the Town should look into, in that it might be something that was very close to the Town's lines.

Mayor Voller said he believed they should discuss that but now was likely not the time to do that.

Commissioner Baldwin said she was concerned about the increase in water and sewer rates, and would really prefer not to have any increase if at all possible. She said she would like to see what other alternatives there might be that could be considered, noting she did not want to put residents in a difficult situation who might be facing losing their jobs or be in financial straights.

Commissioner Baldwin said she would like to know if Townsend had contacted the other nearby poultry processing plant to see if they were hiring, and if so perhaps some employees could transfer over to that plant. Or, she said, she would like to know if there were any other businesses that had vacancies that might be filled with those people losing their jobs. Mr. Terry said he would contact the manager, but he had the sense that they were already doing what they could to relocate employees.

Commissioner Bryan said he had the same concerns as Commissioner Baldwin, and he did not want to put any more burden on the citizens than was necessary. But, he said, he knew that Mr. Terry was doing a juggling act and trying to use an axe at the same time, so they needed to be cautious of that.

Commissioner Fiocco agreed, noting he believed this would be a tough budget work session and tough budget year even though they had some good things happening. He asked Mr. Terry would it be a fair statement that meters equal to or less than an inch were the residential meters, and the larger meters were commercial. Mr. Terry said he could bring that information back.

Mr. Terry said this was the toughest budget he had had to do, and they had cut expenses as best they could. He said even though they were increasing rates the revenues were still going down, and if they went to a zero rate increase then the revenue shortfall would go from \$55,000 to \$375,000, so then they were into Fund Balance even deeper than before. Mr. Terry said the marginal cost of producing water was pennies on the dollar, and even though you were producing 10% less water it was not a dollar to dollar savings.

Mayor Voller asked how much more could they get from 3M if they gave them more water. Mr. Terry said the contract with 3M allowed the Town to increase their rate by the Consumer Price Index, which he would do, but they were in a recession just like everyone else. He said they were continuing to use the minimum amount, noting that last year the amount from 3M was about \$54,000 and he had increased that to \$55,000.

Commissioner Harrington said that the additional equipment had increased the electric bill by about \$9,000. Mr. Terry said there had been a significant increase in the power bill.

Mayor Voller asked had they looked into the idea of on-line payments. Ms. Cartrette responded that she had done some preliminary research with the School of Government. She said that on-line payments were not a problem; but taking credit card payments in the office was a different issue because some of the credit card companies had some sort of stipulations on the fees that could be charged. Ms. Cartrette said that VISA in particular had some specific stipulations and many places would not take VISA for payment because of that.

Mayor Voller asked could they take on-line payments via Debit Cards. Ms. Cartrette said that was a possibility. Mayor Voller said he believed that people would like to have that convenience and he believed they should make that available.

Commissioner Brooks said he would like to see what it would take to pay something through a draft, which was how he paid his power bill each month. Mr. Terry said they already did that. Ms. Cartrette agreed.

Mayor Voller said he wanted people to be able to go on-line and pay a bill. Mr. Terry said if they were going to do that then the Board would have to decide if it wanted to bear the 3% surcharge which would further reduce revenues or would that 3% be passed on to the customer. He said that was one of the restrictions that Ms. Cartrette had referred to, in that some companies would not allow that surcharge to be passed on. Mr. Terry said it could be a duplication of service because people could already pay their water bills on-line.

Mayor Voller said he believed it would be a convenience, and if someone wanted to use a charge card they should be able to do that. He said it was an Enterprise Fund that was operated as a business, so they should be able to take payments the same way other businesses did. Mr. Terry

said it was technically easy to do, but they would need to decide how to deal with the 3% surcharge which would be a revenue loss.

Commissioner Harrington suggested they bring that back up at the budget work session.

Mayor Voller asked Mr. Poteat was there anything he wanted to add. Mr. Poteat stated they would begin paving in the next couple of weeks, and were also getting ready to begin replacing fire hydrants.

Mayor Voller asked him to bring back the cost of paving the area by the Chatham County Fairgrounds. Mr. Terry said that had been put in the CIP, and believed the cost was \$20,000.

Mr. Poteat said that was correct, but the grading costs were about \$7,000. He said they had gotten on estimate of \$24,000 for the grading and the paving.

Mayor Voller asked Mr. Heard if he had any comments. Mr. Heard said he had gotten verbal approval today that the State had reviewed the Town's effluent reuse quality classification at 3M and he would send in the application this week.

Commissioner Fiocco said then that water would be approved to irrigate lawns. Mr. Heard said that was correct, as well as for dust control and the like.

Commissioner Harrington said that Townsend had a dedicated spray field and perhaps the Town could lease that. Mr. Terry said the State would have to approve that.

Mayor Voller asked Mr. Jewell for any comments. Water Plant Superintendent Scott Jewell said they were continuing to get the best water quality they had had in the last ten years.

Mr. Terry said they now were up to full staff at the Water Plant for the first time in a very long time, with four employees certified and two in training. Mr. Jewell said there were five certified two in training.

Police Lieutenant Lesia McCollough said they were still experiencing crimes so they continued to need to work on that. Mr. Terry said the Police budget was one department where he believed they would save money through better management of overtime. He said the Police were turning in almost \$100,000 in surplus to the General Fund, and that by pulling overtime out of the base salary line that would allow the Chief to manage that more closely and believed that would result in more savings.

Commissioner Harrington asked was he recalling correctly that one of those positions was gradually absorbing a percentage of the cost. Mr. Terry said he did not know. Commissioner Harrington said they had begun at 100% funding and it was reducing each year. Mr. Terry said some had started at 100% but some had started at 80%. Commissioner Harrington asked that Mr. Terry bring the Board the details on what those positions were, where they started, and where they were now.

Mayor Voller asked hadn't they now pulled over more drunk drivers in Pittsboro, so they had gotten more of them off of the road. He said apparently they were not residents but were only driving through Town. Lieutenant McCollough said that was correct.

Commissioner Harrington said they really needed to think about acquiring some space, so they needed to know if there was something around Town that was available and what that cost would be. He said they would likely need to look for space for the Planning Department, and at the least they should identify what was out there.

CAPITAL PROJECTS REPORT

1. Manager's Update on Capital Projects.

The Board agreed by consensus to delay the update on Capital Projects until the next meeting.

Mayor Updates

None.

Commissioner Concerns

Commissioner Brooks said as a morale booster he would like at some point to allow employees to have their birthdays off with pay. He said it was a small thing but one that he believed would be a morale booster.

Commissioner Harrington said they could allow them to have a Monday or Friday off closest to their birthday to give them some flexibility.

Commissioner Fiocco agreed that might be an additional morale boost.

Commissioner Fiocco asked if they had renewed water and sewer plant permits. Mr. Poteat said the permits for the new plant and the old plant were the same permits.

Mr. Terry said they had sent in the application for renewal, and the State had basically said that they would roll the two plants together.

Commissioner Fiocco said the water plant permit was also up for renewal. Mr. Jewell said that renewal had come last week.

Commissioner Fiocco said he wanted to get a copy of the six-month report on the Jordan Lake Partnership. Mr. Terry said he would send that to him.

Commissioner Fiocco said he had been contacted by a couple who have a failing septic system and they were looking into how to get sewer. He said he believed they had contacted Mr. Poteat. Mr. Poteat said he is looking into it because it is on a forced main.

Commissioner Fiocco asked if that would be a bore under the road. Mr. Poteat responded that generally because of the liability you would not want to allow anyone to hook up to a force main. He said if something were to happen, they could have 1,000 gallons of sewage pumped into that line.

Mr. Terry said he had talked to Jay Johnston about that, noting that there was a force main going north and south in front of the house, and south of the house going east and west there was a gravity line and they would have to go across several properties to reach it. He said however they did it there would be an incredible expense for the homeowner. Mr. Terry said the Town's piece was easy once the right-of-way was obtained.

Commissioner Brooks asked was that the Jerry Partin situation. Mr. Poteat replied no, that Mr. Partin was on Thompson Street and that was the property that the Town would potentially annex.

Commissioner Fiocco asked was there any word on the Courthouse signs. Mr. Terry responded no.

Commissioner Harrington thanked Mr. Bass for his research on the corner that was of concern to him and for resolving the issues. He stated that the bridge at Town Lake Park had a lot of rotten leaves and debris on it and needed to be cleaned. Commissioner Harrington suggested that the wood on the bridge needed to be treated to preserve the wood.

Mr. Terry asked that the Board consider adopting a motion to schedule a public hearing on May 9, 2011 on the budget, as well as a budget working session on May 3, 2011 at 7 p.m.

Motion made by Commissioner Harrington seconded by Commissioner Brooks to schedule a public hearing on the budget for May 9, 2011 at 7 p.m.

Vote Aye-5 Nay-0

Motion made by Commissioner Harrington seconded by Commissioner Baldwin to schedule a budget work session for May 3, 2011 at 7 pm.

Vote Aye-5 Nay-0

Mr. Terry said if the Board thought of any additional information they would like to have in regards to the budget prior to the work session to please contact him.

Mayor Voller said he would like to have information on the items brought up by Commissioner Brooks and Commissioner Harrington. Mr. Terry said he would do so.

FYI -

1. Pittsboro Planning Director letter of January 26, 2011; RE: Parcel # 76189.
2. Pittsboro Planning Director letter of April 15, 2011; RE: Parcel # 76189.

3. Waste Management letter of April 15, 2011; RE: Pittsboro Solid Waste Services Bid.
4. NC Department of Commerce Letter of April 14, 2011; RE: Project Time Extension
5. Chatham County EDC letter of March 29, 2011; RE: EDC Dues for FY 2011-2012.

ADJOURN

Motion made by Commissioner Harrington seconded by Commissioner Fiocco to adjourn the meeting at 9:42 p.m.

Vote Aye-5 Nay-0

Randolph Voller, Mayor

ATTEST:

Alice F. Lloyd, CMC, Town Clerk