

MINUTES  
TOWN OF PITTSBORO  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
MONDAY, MAY 9, 2011  
7:00 PM

Mayor Randy Voller called the meeting to order at 7:05 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, Clerk Alice F. Lloyd, Town Attorney Paul S. Messick, Finance Officer Mandy Cartrette, Planner Stuart Bass, Public Utilities Director John Poteat, Water Plant Superintendent Scott Jewell, Wastewater Treatment Superintendent Randy Heard, and Police Chief David Collins.

**AGENDA**

Mr. Terry stated that he had conferred with the Town Attorney and they were requesting that the Board remove the Closed Session at the end of the meeting. Town Attorney Paul Messick agreed.

Commissioner Harrington asked to add a discussion on the Townsend issue as the first item under New Business. Mr. Terry stated that as there were no items listed under New Business that it could be item #1.

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

Vote   Aye-5   Nay-0

**CONSENT AGENDA**

The Consent Agenda contains the following items:

1. Approve minutes of the April 25, 2011 regular meeting.
2. Schedule a public hearing for May 23, 2011 at 7 p.m. for the proposed annexation A-2011-01 of the Partin property.

Mayor Voller reminded the public for the record that recordings of the Board meetings were available upon request.

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

Vote Aye-5 Nay-0

## **REGULAR MEETING AGENDA**

### **Citizens Matters**

Tim Goodwin, 22 Sanford Road, stated that he was happy that the Town was having so much success with infrastructure improvements, and as a business owner in Town he appreciated all that that brought. But, he said, where he was concerned was with the communication to the business owners. Mr. Goodwin stated he was at his business from 7 a.m. until 7 or 7:30 p.m. Monday through Friday, and for a class on Saturdays. He said he had come to work this morning only to find that his entire block was cordoned off with traffic cones, which meant that all of the street parking and entrances to the businesses were blocked off with no forewarning. Mr. Goodwin stated he had an 8 a.m. class with no way to communicate to his members that no parking would be available.

Mr. Goodwin stated he had walked around the corner to find the crew chief to determine why the street was blocked off, and he was told they were doing some work on a pipe and the project was on the back side of the block and they were going to need to use the front side of the block to stage the project. He stated that the front side of the block was the westernmost point of the General Store and all the way around almost to the ABC Store.

Mr. Goodwin stated his question was who was in charge of getting information out to businesses that would be affected by such projects. He said had he been notified ahead of time he could easily have made some arrangement to hold his class elsewhere, but that information had not been made available to him. Mr. Goodwin stated he understood that there was the upcoming water main work downtown, and some businesses had been contacted but some had not. He said he had talked with a nearby business owner who said someone had visited her office the week before and provided her with a seven day notice of work and that she was told that the work would not affect her business. Mr. Goodwin said in fact, the notice had a check-off list of how the work would impact her business, but none of the blocks had been checked off. But, he said, her entire business had been blocked off as well. Mr. Goodwin stated that the cones had remained in place for several hours, and once the cones were removed the work crew began dragging large hoses through the area. He said once the cones were removed was when the actual trip hazard had begun because of those hoses.

Mr. Goodwin stated he had spent a couple of days last week when he had not been able to carry on a conversation inside his business because of an excavator tearing down a building across the street. He stated he could appreciate that they were moving forward with progress, but a little bit of knowledge ahead of time would have saved him and others a lot of trouble. Mr. Goodwin said he wanted to know who was responsible for communicating with businesses and with getting the

necessary information out. He said if the responsibility fell to the contractor, whose responsibility was it to go back and make sure that business owners were being notified. Mr. Goodwin stated when he had asked that question of the crew chief, the response was that he should have gotten a letter, and that they had been nice enough to save him a parking spot in front of his business so he could pull in. He said his response back to that was that he was not a garage, he was a gym and was expecting a dozen people showing up in five minutes. Mr. Goodwin stated that five minutes after pulling his car into the one spot that had been left for him, two people came and requested that he move it.

Mr. Goodwin said in summary, his question was who was responsible for notification, who was responsible for following up on it, and where was there a common source for that information. He stated if he knew about such work ahead of time, he might be able to tell his members to avoid a particular road. Mr. Goodwin stated that this morning one corner of the traffic circle had been barricaded off with the road from the General Store and NC 87 blocked because of road construction occurring in the opposite lane. He stated that the cones looked like a snake traveling through the area, forcing drivers to veer from one side of the road to another. Mr. Goodwin asked how he as a business owner could be forewarned about that so that he could minimize the impacts to his business.

Commissioner Brooks stated in one of the situations he had mentioned it did appear that the Town had had some responsibility for notification, but they did not always get notification, either. He said the building that was being demolished was being done by the County, and the road work he mentioned was being done by the State. Commissioner Brooks stated that the problem was that those other governments did not necessarily communicate with the Town in every case. Mr. Goodwin said he could appreciate that, but the problem he had encountered this morning was water line work and he believed that was the Town's project.

Mayor Voller stated he believed that was the Credle Street Rehab Project. Mr. Terry stated he was not sure, that it may have had something to do with the construction of the new Justice Center that had multiple projects going on at once.

Public Utilities Director John Poteat stated they had had a pre-construction meeting last week with Hydrostructures, and upon leaving that meeting it was understood that the only thing that would be disrupted in that area would be the parking spaces right in front of the General Store. He stated later on that week he had found out that there would be a much larger space blocked off and he had contacted Hydrostructures to remind them of what the agreement had been. But, he had been told that for some reason the crew had needed more space.

Mr. Poteat said this morning when he had talked with Hydrostructures the place where they were originally supposed to have staged had to be moved because they had encountered a gas line, and that was why they had had to take up that whole side of the street. He stated he had told Hydrostructures that what they had agreed on and what they had notified the businesses of was not what was happening, yet Hydrostructures had already blocked off the containment area and begun the work. Mr. Poteat said he understood the frustration, noting he had been frustrated as well when he had discovered that things were not being done the way it had been agreed upon.

Mr. Poteat stated that the work being done by NCDOT was something that they had not been notified of, and that had exacerbated the entire situation.

Mayor Voller stated that he had talked with Mr. Goodwin earlier today, and he had expressed that he did not want to be the business owner having to come to the Town so often to express such concerns. He said it was the Town's responsibility to provide notification as often as possible to anyone being affected by such projects, and offered Mr. Goodwin an apology for being put into that position. Mayor Voller stated that the entire Board wanted to support the Town's business owners in any way possible and they would do what was necessary to improve communication. He thanked Mr. Goodwin for bringing this issue to the Board, because if no one told the Board about such problems then they would not know to work to solve them.

Mayor Voller asked who Mr. Goodwin or any business owner should contact if a situation came up in the future. Mr. Terry stated that if that was in fact the Credle Street project then the contractor had responsibility to put out notices. Mr. Poteat stated that the contractor had put out notices but only to the businesses on West Street. He said when he had spoken to Hydrostructures this morning he told them that the number of people being affected went far beyond the notices that had been put out.

Mr. Goodwin stated the real kicker was that the street had been blocked off the entire day but the work had never progressed as far down as his business.

Commissioner Harrington stated he assumed that project would continue to impact that area for the next several days. Mr. Poteat replied yes, but it was scheduled to be completed by Wednesday but that depended on several variables, including what they might encounter as they were digging.

Commissioner Harrington said then it appeared there really was not much they could say to Mr. Goodwin or to the other business owners. Mr. Poteat said no, but he would be talking again with Hydrostructures first thing in the morning and he would ask them to come by and talk with Mr. Goodwin as well as some of the other business owners to give them an update.

Mayor Voller stated that one of the issues Mr. Goodwin had brought up was that some of those businesses operated at times when the Town was not open for business; for instance, he began his business at 7 a.m. and had classes on Saturdays. He asked what the Town might do to accommodate someone so that they were not taken unawares, and how could the Town be more responsive. Mr. Terry stated he was not sure what could be done when the Town was closed for business.

Mr. Goodwin said his question was when there were crews working, who he should notify if he had a problem. Mr. Terry stated that would be Town Hall, but again there would be times that they were not open. Mr. Goodwin stated that moving forward, communication needed to be a priority. He said to date he had only gotten bits and pieces of information regarding the water main project coming through the downtown, and he was assuming that would shut down the street for a fair amount of time. Mr. Goodwin stated that would affect many businesses because

that was the main route into the downtown, yet all of the businesses had not received notification about that project.

Commissioner Fiocco said that that project had not been designed yet so they were not yet sure what the impact would be. But, he said, they needed to take note and take the opportunity to better inform businesses owners. He said they were working diligently with the Pittsboro Business Association to try to keep them informed about that project and how to manage in particular the holiday season to try to keep disruption to a minimum.

Commissioner Fiocco asked was Hydrostructures on site at all times when this work was being done. Mr. Poteat said most of the time. Commissioner Fiocco stated then they were the Town's representative. Mr. Poteat responded yes, but noted there had been another issue on site today in that when talking with construction crew members they were not always the most tactful people when responding to concerns. He said when expressing a concern that people should not try to get a response from the crew working on site because they would not have the most complete information. Commissioner Fiocco stated then they needed to have a point person on site and it made sense for that to be Hydrostructures. Mr. Poteat agreed, noting the contact person in this case was Pete Domas. Commissioner Fiocco suggested that perhaps they could introduce Mr. Goodwin to Mr. Domas.

Mayor Voller stated they needed to make Mr. Domas' contact number available so if there was an issue that Mr. Domas could be contacted.

Commissioner Fiocco stated they needed to learn from this as well, because the work on the Judicial Center would go on for a lot longer which was a construction site very near Mr. Goodwin's business. Mr. Goodwin stated he was prepared for that, and understood that he would benefit greatly from the infrastructure improvements. But, he said, it was a matter of being notified so that he could make arrangements. Commissioner Fiocco stated it appeared that some of that work had been a surprise to the Town in that the scope had changed, and perhaps they could do a better job with a little bit of information exchange.

Commissioner Fiocco suggested that perhaps they could ask Mr. Hughes with the County to publish the traffic control plans and the schedule for the work that would have impacts on the roadways for the Judicial Center project, and that would at least provide some lead time so that business owners could be notified. Mr. Terry stated he would follow up on that.

Cabell Regan, 365 Thompson Street, stated that he had an office at 65 South Street and wanted to address the Town's billing collection policies. He said that generally the policy in regard to turning off water was unconscionable and punitive and was out of step with reality in terms of the effects the current economy was having on people. Mr. Regan stated it was beating up on people who were struggling to raise an income, and if they could not earn enough money to pay their water bill on time the last thing that household needed was a \$50 fee to be reconnected to that water. He said that water was very expensive in Pittsboro, the quality was poor, and the service was "crappy." Mr. Regan said when you charged a \$50 reconnection fee to have water service restored it actually took an employee just a few minutes to flip a switch. He stated of all the utilities this was by far the most punitive policy of anyone, and though he was not trying to

insult the Town Progress Energy was more humane than the Town in how they dealt with their customers. He stated that was a very sad thing to have to say.

Mr. Regan said that twice in the last four months when paying his water bill he had been informed by the Town that they were going to turn his water off if he did not pay a \$50 reconnection fee. He asked the Board to think about that statement, that the Town would turn off his water if he did not pay that fee. Mr. Regan stated just in case they were not aware of it that was within the definition of felonious extortion under the statutory laws in the State of North Carolina. Mr. Regan stated that he believed if Mr. Messick read that statute that he would agree with him. He stated this was felonious extortion by the Town of Pittsboro, and he had paid that extortion for the last two months and written on the subject line of the check that it was an extortion payment.

Mr. Regan stated that he believed he was being called to help the Town correct its policy which was wrong, and any employee that said they were right ought to be replaced. He said any Commissioner who supported the policy ought to be replaced as well. Mr. Regan stated that he was friends with many of the Commissioners, but this was just wrong. He stated they could dress it up however they choose by saying the policy was in line with other jurisdictions, but the fact was that it was wrong. Mr. Regan stated he very seriously wanted to help the Town correct that policy, noting that Progress Energy's reconnect fee was \$20 and they had to have a crew go out and play with a 400 volt line to reconnect someone. He said the Town only had to send out an employee with a T-bar to twist a bolt. Mr. Regan said \$20 for Progress Energy and \$50 for the Town of Pittsboro; that was just embarrassing. He said that sent a message that the Town did not want working people to live in Pittsboro because the Town would punish them severely if they screwed up even a little bit.

Mr. Regan asked that the Town seriously consider changing that policy, noting that the little bit of revenue they raised with that reconnection fee actually cast a shadow on the Town and shed them in a poor light. He stated they were a Town that cared, that shared, and dealt with each other daily, but in this instance the Town's policy was just wrong and needed to be corrected.

Mayor Voller thanked Mr. Regan for bringing up that issue. He said it just so happened that he and Commissioner Brooks had had a conversation about that very topic and both had agreed that they did not like that reconnection fee and it needed to be addressed.

Commissioner Brooks stated it was his contention that the reconnection fee and other fees were the same as a regressive tax, in that the people who were the least able to pay it paid the most percentage-wise of their income. Mr. Regan stated he did not believe they wanted to establish a policy in the Town that if you did not make \$200,000 a year that they were not welcome to live here. He said that was not who they were and that needed to be said loud and clear.

Mayor Voller stated he concurred, and added that the Town's water quality had been an issue in the past but they had worked very hard to improve it. He asked Mr. Jewell to address the comment about "crappy" water and let Mr. Regan and the public know where they stood today and the kind of water the Town was producing.

Water Plant Superintendent Scott Jewell stated that they had changed their formulation and over the last three months they had gotten the best numbers they had had over the last ten years. He said he saw no reason why they would not continue along that same path, in that they were producing high quality water at present and anticipated that they would continue to do so.

Mayor Voller stated he would not argue that there had not been problems with water quality in the past, but they had been committed to change that and had put a lot of money and effort into improving the quality. He stated that Mr. Regan's comments although harsh had also made a good point, and agreed that the Town should be more lenient in regards to the reconnect fee. Mayor Voller said in fact, that policy was on the agenda to be discussed along with the upcoming budget. Mr. Regan stated he was not trying to beat up on the Board and he recognized that he was perhaps somewhat harsh, but the point that he had expressed his viewpoint and he had made clear that the Town needed to correct that policy. Mayor Voller stated his points were clear and were excellent points, and the Board would be discussing the policy. He agreed that the \$50 fee was punitive and in these hard economic times many people could not afford to pay it. Mr. Regan stated that the very idea of having to pay a reconnection fee or your water would be turned off was absurd and insulting to humanity.

Commissioner Harrington asked if the Town had a policy that people had to pay a reconnect fee even though their water may not have been turned off.

Mayor Voller stated he believed that was the \$5 late fee policy. Mr. Terry stated there was a \$5 late fee for paying the water bill past a certain date, and then if not paid you would receive a notice by mail that if the bill was not paid within a certain number of days that there would be a second penalty of \$50.

Commissioner Harrington asked if that \$50 fee was called a reconnect fee even though the Town may not have turned off their water. Mr. Terry stated that was correct. Commissioner Harrington stated then that was a second late fee, and he was not saying that he agreed with that either but it was not a reconnect fee. He stated that certainly needed to be discussed.

## **PUBLIC HEARING**

Motion made by Commissioner Brooks seconded by Commissioner Bryan to enter into Public Hearing.

Vote Aye-5 Nay-0

### **1. Manager's Recommended Budget for Fiscal Year 2011-2012.**

Charles Devinney, 443 Oakwood Drive, stated that he understood Mr. Goodwin's frustration, but warned that it would only get worse as those downtown projects continued. He also said he wanted to commend the Town street crews who were responsible for keeping the streets clean, noting they were going a great job.

Mr. Devinney stated that when looking at the recommended budget that they had transferred a lot of funds from the Enterprise Fund to prop up the General Fund, and had used some of their

reserves as well. He stated he had been appalled to see that debt service had gone from \$110,000 to over \$300,000. Mr. Devinney stated that water fees were getting out of sight; drawing attention to the amount those rates had increased over the last ten years.

Mr. Devinney stated he was also concerned that some time ago the Town had refinanced the bonds at a lower rate and the amount of funds that had been set aside each year to pay those bonds off. He stated had the bonds been paid off when planned it would have saved the Town \$1.2 million which could have been used for other needs.

Mr. Devinney stated one of his primary concerns was that the Town was willing to spend \$471,000 to build a park five miles outside of the Town, noting that that was “ridiculous.” He said if it were in Town it would make sense, but not five miles out of Town. He stated that looking out to 2015 it would cost \$1.3 million, and said that they had difficulty keeping up with things in Town and wondered how they were going to keep up with something five miles out of Town. Mr. Devinney stated he believed the park would eventually cost much more than they had planned, and stated they were actually building a park for the County and not for the Town of Pittsboro, and that was bad. He stated they needed to concentrate on what would improve the Town.

Mr. Devinney stated he actually felt sorry for the people who had Town water but lived out of Town, in that their water rates would be enormous. He stated he understood that they could not stand still and there had to be improvements, but they were acting like a Town of 20,000 residents. Mr. Devinney stated they needed to tone it down a little because there was only so much they could afford. He stated there were many people already upset about their water bills, and that would only get worse.

Commissioner Harrington stated that he appreciated the input, and that water rates may certainly increase. He stated the Commissioners had held many conversations about how not to raise rates, and they had been doing well until Townsend had pulled out. Commissioner Harrington stated their debt service was high but was manageable. Mr. Devinney stated this was not the first time they had had a large customer no longer using the water, and to address that they had reconfigured water lines and personnel and the like.

Commissioner Harrington stated with Townsend pulling out the Town would lose over \$330,000 a year and the Commissioners had struggled with finding a way to make that up. He stated the Board would very much like to have input from citizens on how they might address that. Commissioner Harrington stated that they were all worried about it and did not like the situation, but knew they had an obligation to make the Enterprise Fund self sufficient. He asked Mr. Devinney if he had any suggestions. Mr. Devinney stated he knew that water quality was much better and had seen the Town doing a lot of flushing that wasted thousands of gallons of water. He said they also had some lines in Town that were not in the plans to be replaced, and that may be an issue. But, he added, sometimes you had to spend money to make money, and you had to improve the infrastructure.

Commissioner Harrington stated he was right and the Town had worked hard to get the water quality improved. He said they had also been very pleased that the auditor had said that the

Town had finally gotten the water rates to a point that the Enterprise Fund would be self sufficient, and then they had been hit with the news that Townsend was leaving and the Town would take a \$330,000 hit. Commissioner Harrington stated they were all wondering what to do to address that, and they would very much like to hear any suggestions to solve that issue. Mr. Devinney said they might look at the money they were taking out of the Enterprise Fund to prop up the General Fund.

Mayor Voller stated that there was no one else signed up to speak on the budget, and that the recommended budget was posted on the Town's Website for reference.

Mayor Voller stated that former Mayor Devinney had brought up some good points, one of which was the transfers from the Enterprise Fund. Mr. Terry stated that the comment about the Enterprise Fund propping up the General Fund was actually just a way to pay the General Fund's bills. He said there were services provided by the General Fund, such as financial management, collection of bills, accounts receivable and payable, human resources, and others who in fact were doing work on behalf of the Enterprise Fund. Mr. Terry stated that the dollar figure was actually a percentage of salaries of personnel in the General Fund who performed services in support of the Enterprise Fund.

Commissioner Harrington said he had understood that was more a bookkeeping measure. Mr. Terry stated that it was basically a transfer that was based on an allocation table which spelled out the percentage of each employee's salary in the General Fund that was assignable to work done in support of the Enterprise Fund. For example, he said, 50% of his salary was paid by each fund, the Town Clerk's was 85% General Fund and 15% Enterprise Fund, the Accounts Payable/Receivable Clerk was 15% General Fund and 85% Enterprise Fund, and so on down the line. Mr. Terry stated that process had been used successfully for a number of years, and the allocation table was available that spelled out what percentage of salaries were supported by the General Fund and what was supported by the Enterprise Fund.

Mayor Voller stated former Mayor Devinney had also brought up the issue about the \$34,000 set aside for the refinancing of the 1994 bonds. He asked how that had been handled. Mr. Messick said he believed the Board had adopted a reserve policy that they would set aside a certain amount of money just as they had done for capital reserve in the Enterprise Fund. He said that some Boards had followed it and some had not, and each Board had to decide for itself whether it would honor that policy.

Mayor Voller asked that Mr. Messick do a little research on that matter and bring some information back to the Board so that the Board could look at what had or had not occurred. He stated the other issue was the debt service issue, noting that the Town had picked up some extra debt for projects. He said that half of that was a grant and half was a zero percent loan that the Town was paying a little over \$62,000 a year to pay back which could be forgiven and was going directly to infrastructure improvements. Mayor Voller said it was the best they could do but it was a form of debt that the Board had felt needed to be invested.

Mayor Voller said in regards to the issue of the park the Board had been split on that, in that some members had not approved of the investment but a majority had. He stated that the park

was in the Town's ETJ across from 3M, and most of the cost of that park was done with grant funds with 3M donating the land.

Mayor Voller stated he appreciated Mr. Devinney's comments and invited him and others to continue to bring any issues of concern to the Board.

Commissioner Harrington stated that 3M had donated the land and Pittsboro received a grant to develop it and people were not taxed for that. But, he said, it was not a free investment and did include an investment going forward and it was Mr. Devinney's right to point that out.

Motion made by Commissioner Harrington seconded Commissioner Brooks to close the Public Hearing.

Vote Aye-5 Nay-0

## **OLD BUSINESS**

### **1. Update on the Chapel Hill Express Bus Service to Pittsboro (Brian Litchfield, Chapel Hill Transit).**

Brian Litchfield, representing Chapel Hill Transit, provided the Board with an update on the Chapel Hill Express Bus Service. He provided the following overview:

- Express service between Pittsboro and Chapel Hill began on August 24, 2009.
- Currently provided in partnership between CHT, Pittsboro and Chatham County.
- Service provides 3 morning and 3 afternoon trips between downtown Pittsboro and UNC-CH, with a park and ride at Lowe's in Pittsboro.
- Fare for service is \$3 one-way, or \$65 a month with a pass. UNC provides annual passes for students and employees living in Chatham County.
- Costs are currently shared between the town, County and JARC (Job Access and Reserve Commute) grant. The grant covered 50% of operating costs (less revenue) and the County is currently paying 70% and the Town 30% of the remaining costs.
- Current contract terminates on June 30, 2011 and Chatham County had indicated they are not interested in continuing the contract with CHT and the Town.
- CHT was awarded additional JARC funds to continue the service for up to an additional 18 months.
- On March 22, 2011 the CHT Partners after learning about the grant approved continuing the service in coordination with the Town.

Mr. Litchfield stated that there was a chart included in the packet that showed an overview for both daily and monthly ridership. He stated that ridership as compared to the service started in August of 2009 had grown and had peaked in February and March, and then had dropped during the fall when conversations had begun about the County's interest in discontinuing their involvement in the service. Mr. Litchfield said that ridership had remained steady during December and January with a slight increase going into February. He stated that today ridership continued steady.

Mr. Litchfield stated that when they had gotten word that the County was no longer interested in continuing their participation, they had looked at a number of options to continue the service in partnership with the Town, and those were outlined as follows:

- Option 1 – CHT provides current schedule and route (3 morning and 3 afternoon trips).
- Option 2 – CHT provides 2 morning and 2 afternoon trips on current route.
- Option 3 – CHT provides 3 morning and 3 afternoon trips, with similar arrival times at UNC Hospitals as the current schedule, from Cole Park to Harris Teeter.
- Option 4 – CHT provides 3 morning and 3 afternoon trips, with similar arrival times at UNC Hospitals as the current schedule, from existing park and ride at Lowe's.
- Option 5 – CHT provides 2 morning and 2 afternoon trips, with similar arrival times at UNC Hospitals as the current schedule, from existing park and ride at Lowe's and Chatham Transit Network (CTN) provides the third morning and the third afternoon trip. CTN provides on-demand service for the Town.

Mr. Litchfield stated that the schedule would remain very much like it was today, so current riders would not necessarily experience any change in their schedule. However, he said, the third morning trip and the third afternoon trip would be provide by CTN who they would contract with. Mr. Litchfield said he had also put into the schedule an 11 a.m. trip and a 3 p.m. trip already provided in CTN's Siler City loop that people were using to get back and forth from Chatham County to Chapel Hill. Mr. Litchfield said they believed they had been able to come up with a way to provide the service with very little impact on the current riders and also provide a schedule that was very marketable to potential riders.

Mr. Litchfield then outlined the proposed budget, noting they had looked at trying to find a way to keep the Town's cost at its current rate. He said the proposed budget was based on Option 5 which included the trip coordinated by CTN, it held the Town's cost at \$18,000, and had the remaining CHT partners picking up the remainder of costs at about \$51,000. Mr. Litchfield stated the current split between the County and the Town was 70/30 and the new plan would move that split to 75/25.

Commissioner Harrington asked how many people were paying to actually use the bus service. Mr. Litchfield stated that so far year-to-date they had collected about \$2,000, and that about 90% of the people riding the bus were doing so with passes provided by UNC at a cost of about \$30,000. Commissioner Harrington stated that was interesting, because the last time that question had been asked the amount had been essentially zero. He stated it had been his hope that people in Chatham County would be able to get to Chapel Hill and acquire jobs, and perhaps a few people had been able to do that.

Commissioner Harrington stated the other question he had raised was actually how many people were riding the bus, and did not believe many would pay \$3.00 for the trip. He had asked if CHT would consider lowering that price, and assumed that was not something that had been explored. Commissioner Harrington said if the cost was lowered to \$2.00 it may prompt more people to ride it which would make more money. Mr. Litchfield stated they had explored lowering the price, but the vast majority of the riders were riding with UNC passes. He stated the cost of the one-day pass was based on the regional prices they saw from Triangle Transit and other providers. Mr. Litchfield stated they were offering a few fare-free days, but they usually

did not see a huge jump in ridership as a result. He said it was believed that lowering the cost would result in a small impact on ridership.

Commissioner Harrington stated the data provided was not exactly what the Board had asked for but was much better than what they had seen in the past. He said it did not appear that it justified three trips per day, in that the average of two or three riders was very low. Commissioner Harrington said in his view that provided no justification for three trips per day, and said that it was essentially a service for UNC employees.

Commissioner Harrington said when the Town had dedicated money towards the service he had hoped they would see it become something more than a UNC service, but on the other hand once they provided the seed money then their commitment over time should go down because more and more people were riding it. He said at this point he would have expected that the Town's annual contribution would have been going down but the request remained at \$18,000. Commissioner Harrington asked exactly why CHT needed money from Pittsboro. Mr. Litchfield stated they needed money to provide the service, and they needed the local match to provide the service to Chatham County and Pittsboro. He said if that match money went away then it would be up to the CHT partners to decide the fate of the service, but the position they had taken to this point was when the County had walked away that they were still interested in a partnership with Pittsboro at a greater cost to the partners because the route had shown potential to continue to grow. Mr. Litchfield stated they also knew that if the route went away, that in future years if the Town wished to bring it back it would be difficult to convince people that it would be viable. He understood that that was a decision for the Board to make, but it was something they should consider. Mr. Litchfield said another thing to consider was that as talks progressed about the potential discontinuation of the service, people would begin to not trust the service and no longer believe it was dependable.

Commissioner Baldwin asked was participation by the Town part of the terms of the grant. Mr. Litchfield yes, noting that NCDOT had awarded the grant because the service had been seen as a participation grant between the Town, the County, and CHT. He stated if they wanted to continue to operate the service, then they had to provide that local match. Commissioner Baldwin asked was the grant funding the service now. Mr. Litchfield stated yes, through June 30, 2011 and based on the numbers they had produced so far NCDOT had believed the route was worthy of continued investment and had provided a grant for another 18 months of operation assuming that the local match was provided.

Commissioner Fiocco asked would that take them through 2012. Mr. Litchfield replied yes.

Commissioner Baldwin asked what the maximum capacity was for the buses used on the route. Mr. Litchfield replied 35 to 38 and they did not expect or encourage people to stand but if you wanted to do that then the bus capacity was 50 to 60.

Commissioner Baldwin stated she believed that two routes should be adequate to carry the number of riders noted in the presentation. Mr. Litchfield stated they had developed the schedules based on the information provided two years ago and was geared around the start times at UNC and UNC Hospital. He stated that two trips were the main trips to get people to

and from UNC, but the third trip was provided for those who missed the first two trips and needed that security that they would still be able to get where they needed to go. Mr. Litchfield stated that the rider knew the third trip was available and even if they never used it they knew that it was there if needed. He said that trip no matter what they did would likely always be the lowest performing trip. Mr. Litchfield stated as they were looking at this they had considered that CTN ran a trip at about the same time, noting that many times you would see a CTN bus in the Lowe's lot when the CHT bus was present. He said they had not been able to come to any agreement with the previous CTN administration to coordinate a service but the new administration had expressed a willingness to offer that third trip which CHT would pay for at a substantially lower rate than the cost of providing that third trip themselves.

Commissioner Baldwin stated she had spoken to several people who had indicated that they really liked the bus service and that most of the riders were on that second trip, so she was suggesting that they combine those two buses and discontinue the third one.

Commissioner Baldwin asked what they were anticipating doing in terms of marketing, which she believed had always been a problem in that many people were not aware that the service was offered. As well, she said, if they reduced the price to \$2 perhaps that would encourage more riders. Mr. Litchfield stated they had worked very closely with UNC and UNC Hospital to market the service to employees, which was where about 90% of the ridership came from and where they believed a significant amount of the increase in ridership would come from in the future. He stated that with the number of employees who lived in Chatham County who could take advantage of the service, it made sense that Chatham County would want to market the service as well. Mr. Litchfield stated they were interested in working with the Town to market the service locally, and if there were suggestions they would be happy to consider them.

Commissioner Baldwin asked about a seasonal-type bus, to possibly have one during football and basketball season to pick up riders at the Lowe's lot who planned on attending the events. She asked had that been explored. Mr. Litchfield replied yes, noting they frequently got requests to consider large lots that could be used as a park and ride for sporting events, and they charged a rate that would recover their costs. He said once they got too far outside Chapel Hill they had found it very difficult to provide the service in a cost-effective manner. Mr. Litchfield said once they got outside Chapel Hill it was difficult to charge a rate that people would pay and/or find an entity that would cover the operating costs associated with that service. He said if they could find someone willing to cover the cost beyond what they could collect in fares they would be willing to consider providing that service. Mr. Litchfield stated that there may be organizations in the County that might be interested in partnering to provide that service, such as the Chamber of Commerce or some other entity. He added they had tried such a partnership in the past with the Chapel Hill-Carrboro Chamber of Commerce from three park and ride lots but all had failed within the first three years, so their track record with that service outside of Chapel Hill was dismal.

Mayor Voller said he would still like to know what the cost of such a service would be. Mr. Litchfield stated he could provide that information, but said to remember that that service was not supported by any Chapel Hill, Carrboro, or UNC dollars. He said it would be funded totally by the dollars raised at the fare box.

Mayor Voller said in regard to the issue of marketing, he believed one of the failures was not marketing the service enough. He said he knew that money was budgeted initially, but what could they do to get the money in the hands of someone who could do aggressive marketing. Mayor Voller said it appeared to him to be one of the issues. Mr. Litchfield stated they were using federal and State dollars to provide the service so if they looked at providing the funds to a for-profit entity they would have to go through an RFP process. Mayor Voller asked why they would have to go through the RFP process when the contract with Pittsboro said that they could market the service, so why couldn't they give the money to the Town and the Town would do the marketing. Mr. Litchfield stated he believed they would have to talk to the Town Attorney and CHT's legal counsel about how to make that work.

Mr. Messick stated he would have to know more about what the Mayor had in mind.

Mayor Voller stated they had marketed the service along with the water bills which had not cost CHT anything, but they needed to do something to market the service beyond that, such as billboards on the side of the road. He said they had to do something to tell people that there was a service available. Mayor Voller said there were a lot more potential riders in the County if they could only get the word out, and that was the problem they had to overcome. He said he wanted to know from Mr. Litchfield how to properly market the service, and there were funds in the contract to do that but he did not know how it had been spent. Mr. Litchfield said originally there had been \$15,000 in the budget consisting of \$7,500 in grant funds and \$7,500 of Town and County funds. He stated they had laid out a number of items that they were going to do to kick off the marketing, and about \$7,000 had been spent in getting the service up on the Website, printing schedules and making them available in different locations and the like. Mr. Litchfield stated there were additional funds but he did not know if there was enough to do billboards but they would research the cost of that. He said if they could do that with the funds available, they were happy to do so. Mr. Litchfield stated that Triangle J had recently done a direct mail piece that went to all UNC full-time employees and students that lived within Chatham County that contained a survey and announcements of this service as well as some other things that were available.

Mayor Voller said then there was probably about \$8,000 still available. Mr. Litchfield stated he would have to verify the exact amount, but it was in the range of \$7,000 to \$8,000. He said he did not know if there was enough to do a billboard, noting they had also talked about doing additional mailings with the water bills.

Commissioner Fiocco asked then the \$15,000 that was budgeted was for what timeframe. Mr. Litchfield said for the first 18 months of the service. Commissioner Fiocco stated that timeframe was about to expire. Mr. Litchfield said the funds could be carried over into the next timeframe. Commissioner Fiocco stated he heard everyone saying that more was needed to be done to market the service, and although there was an amount of money budgeted to do that they had spent less than half of that and that did not seem the right way to get ridership up. He said he believed what they were asking was that they be creative and diligent in marketing the service. Commissioner Fiocco stated if ridership would make the service cost effective, then they ought to be spending the money to let everyone know about it. Mr. Litchfield agreed, but up to this

point they had tried to be judicious with those dollars and spend them on the things they had thought would be the most effective. He said they would explore the cost of doing billboards and any other marketing methods available.

Mayor Voller stated he did support the service, but they wanted to get maximum value for the taxpayers. He said they wanted to see the service become more successful and self-sustaining over time. Mayor Voller asked Mr. Litchfield to speak to the current service, noting that Commissioner Harrington had brought up many times that that last route could possibly be dropped because of the lower ridership, but how efficient were they of meeting their schedule times now. Mr. Litchfield stated one issue was that there were times when there were peak delays because of things outside of their control, and the other issue was people's schedule. He stated if people planned to always take that second bus that was great, but if for some reason they arrived late and missed that bus then they were out of luck. Mr. Litchfield stated that the bus was not always 100% on time but the buses were equipped with a GPS system that tracked all of the trips. He said he did not have that data with him but he would be happy to provide it. Mr. Litchfield stated they believed that providing the two trips morning and afternoon and allow CTN to pick up the third trip made a lot of sense to at least try out and see how well it worked. He said if between now and August 2012 the ridership numbers in partnership with CTN did not bear out then perhaps they did need to provide only the two trips. Mr. Litchfield said they would like to try it out and see how successful it might be. He said if CTN had five or six riders and they were combined with the two to four that CHT was carrying, then they were getting close to having ten or more people which would start to compete with the first trip they provided. He said he believed the riders were there but there was a lot of overlap in those two services.

Commissioner Harrington stated he believed he was right and that had bothered him that there was a CHT bus waiting at Lowe's along with a CTN bus. He said he had wondered why they were providing that service when CTN was running the service anyway. Commissioner Harrington wondered why there even needed to be a partnership with CTN, because if they were already providing the service then they could just leave that later trip to CTN. Mr. Litchfield said that could definitely be an option. Commissioner Harrington asked what the difference was between that and Option 3, noting that if CTN was already providing the service then why was a partnership needed. Mr. Litchfield stated that they would use the grant money and some of the local funds to offset some of CTN's costs to provide that service. He said whether CTN would continue to provide the service he did not know, in that they would have to have a conversation with CTN to determine what their plans were for future service. Mr. Litchfield stated if they were able to contract with CTN they would be able to provide funding for 80% of the cost, so the local exposure was only 20%.

Mr. Litchfield said if you looked at the budget, the entire service was budgeted at \$159,000. He stated if they did not contract with CTN under this budget to provide that third trip the local cost would be in the \$90,000 range rather than in the \$64,000 range. Mr. Litchfield stated that CTN would also do the on-call service for the Town of Pittsboro, so there were a couple of benefits to having them provide that trip and to offset some of the costs.

Commissioner Brooks stated the term "overlap" had been used, noting that almost at the same time the Town had entered into a relationship with CHT he had noticed a bus from UNC's Siler

City hospital at the UNC Hospital discharging riders, and had seen CTN buses actually parked in the Ambulatory Care parking lot. He stated when he had left the parking lot the bus was still there, and it appeared to him that there should be some way that those trips should be coordinated. Mr. Litchfield stated that was a good question. He said there were two types of service with the first being the fixed route service for people getting to and from work or to and from connections in Chapel Hill to get elsewhere. Mr. Litchfield said that the buses at the hospital were doing demand response for people with disabilities or persons who needed specialized transportation services. He said usually when that service was provided, once they dropped a person off that instead of coming all the way back to Pittsboro or Siler City they remained at the hospital.

Mr. Litchfield stated what he was talking about was having CTN pick up that third trip and part of the local match would go to offset the cost of that third trip, but in exchange they also got the on-call service available throughout the entire community. He said if they had a resident that never road the bus but on a particular day decided that they needed the service, they had only to call the number and arrange for a ride. Mr. Litchfield stated they believed it was a good deal for the same amount of investment by Pittsboro. He stated as far as the level of investment they were willing to talk about that, noting they had included in the budget the current local match. Mr. Litchfield stated if there was a number the Board was more comfortable with, they were willing to entertain that and take it back to the partners and say that was the level that the Town was interested in providing.

Mr. Litchfield stated in terms of the trip level data, what else would the Board like to see.

Commissioner Harrington stated he was concerned about the number of empty buses that were running at one point, and he had asked to see the individual breakdowns of counts for each bus on each trip. In other words, he said, he wanted to see the actual raw data, although the information provided this evening had been very helpful. Mr. Litchfield stated he could provide that information. He said that CHT had helped to offset some of the costs by providing a match to the local marketing dollars, and because both the Town and the County had “not to exceed” amounts whenever the fares were lower than projected CHT partners had covered that cost both last year and this year. Mr. Litchfield stated that both the Town and the County had hit their “not to exceed” amounts in March, so everything for April, May and June was being covered by the CHT partners. He said if there was anything they could do to reduce the Town and the County’s exposure and the partners’ exposure, they were going to do that.

Mayor Voller stated the most important thing for the Town was to make sure they were providing maximum value to their citizens, and in order to do that they needed to have a plan come forward on how to use the marketing money the best possible way. He said to have the money sitting in an account and unused was frustrating, and there were people who needed to hear about that service.

Commissioner Fiocco said the last run of the bus leaving Pittsboro was signed as “out of service” and asked could they take riders into Chapel Hill. Mr. Litchfield stated yes, if there were people who wanted to ride. He said they actually had it listed on the schedule, so if someone was at the stop they would be able to get on. Commissioner Fiocco stated that by having the bus with an

“out of service” sign posted told people that the bus was not available. Mr. Litchfield stated that usually worked very well in town, but could see how that might be an issue. He said they could change that to make sure that it did not go out of service until it got back to the hospital, and he would make that change by the end of the week. Commissioner Fiocco stated that would be helpful.

Mayor Voller thanked Mr. Litchfield for his presentation and comments, and asked that he provide the information Commissioner Harrington had requested as soon as possible.

## **2. Pittsboro Volunteer Fire & Rescue Department Budget Briefing (Daryl Griffin, Fire Chief).**

Pittsboro Fire Chief Daryl Griffin stated that last Friday he had received a call from the Chatham County Fire Marshal who had said that he would be getting a phone call from a newspaper to determine what the fire department was doing to cut their budgets in respond to the economic downturn. He stated they knew everyone carried homeowners insurance, and they spent a lot of time trying to make sure that the Town’s insurance rating did not fall. Chief Griffin called attention to the Standards and Policies document used by the OSFM (Office of the State Fire Marshal) to inspect fire departments and determine their insurance district rating.

Chief Griffin stated that Pittsboro was a Class 6, but there were areas of the County that were a Class 9 or Class 10. He said for comparison, based on a brick-veneer home valued at \$250,000, if that home was in a Class 6 district the homeowners insurance would run approximately \$1,042; for a Class 7 district it would run \$1,252, or \$210 more; for a Class 8 district it would run \$1,379 or \$337 more; for a Class 9 district it would run \$1,465, or \$423 more; and, for a Class 10 district it would run \$1,802, or \$760 more.

Chief Griffin stated they worked hard to make sure that those ratings were the best they could be and to retain their rating. He stated that for a Class 1 to a Class 6 the rates did not change, but commercial property insurance almost doubled if they were in an area above a Class 6. Chief Griffin said so, it was important for Pittsboro’s businesses that the rating remained at a Class 6. He said that one of the reasons they had purchased a \$350,000 fire truck was not because they wanted the bells and whistles, it was because that was what it took to maintain their rating.

Chief Griffin stated that the State was requiring more and more, including the training of volunteers, and that was one of the reasons they had a hard time recruiting volunteers. He said most people did not have 100 extra hours each year to devote to volunteer training.

Mayor Voller asked in Circle City, did they have anyone beyond Class 6. Chief Griffin stated no, that as long as you were within 1,000 feet of a fire hydrant you were a Class 6. He said for Circle City which the Town did not fund but which the Fire Department was a part of, anywhere outside of a six mile radius from the station was a Class 9. Mayor Voller said then the investment that had been made up on Old Graham Road had significantly helped those homeowners. Chief Griffin said there was no doubt. He stated what they saved people in insurance paid the fire tax plus some.

Mayor Voller stated he had asked a question about the 10% increase in the Fire Department's budget not because he believed there was something wrong with the request, but he had thought it odd that last year the increase had been zero and this year it was 10% and he wondered why it was zero before and why it was 10% now. Chief Griffin said that since 2009 they had received \$917,782 in grants which they had worked hard to get. He stated they had been able to put computers in the trucks and they were now running more medical calls in Town than they were in the County. Chief Griffin stated that one of the grants was for \$305,945 which was a five year grant program that allowed them to hire three firefighters. He stated for structure fires, they had to have a minimum of 12 people on the scene, and if not they were in danger of losing their rating because it would be classified as a non-response. Chief Griffin stated they had been lucky so far but had been on the borderline and had to rely on mutual aid from different fire companies. He said this year the Fire Department's part of the grant was \$24,419 and that amounted to the biggest increase in their budget.

Chief Griffin said in the Town and County they had 27 churches and all the County and Town buildings. He said the State paid them \$465 a year for coverage, and the courthouse fire had cost them over \$6,000 in payroll, overtime, and fuel which they had not been reimbursed for. Chief Griffin stated that because the available pool of daytime volunteers was slowly going away, they had to bring in more personnel to make the numbers work and keep the insurance rating stable. Chief Griffin stated they were running between 500 and 600 calls a year just in medical calls.

Mayor Voller asked how many professional firefighters they had versus volunteers. Chief Griffin stated they had 15 paid firefighters and 18 volunteers. He said as far as trying to save money, the Board had taken three of their holidays from them which had saved some money. Chief Griffin stated they had had to hire part-time people to work on the weekends to help fill in the gap and they did not have to pay benefits for the part-time people. Chief Griffin said it did take away from their paid staff, but at the same time they did not have to pay them overtime. He stated at present they were on the edge, in that they had cut and cut and cut back to the bare minimum. Chief Griffin said that was all they could do.

Mr. Terry said he had mentioned that the five-year grant had a declining share from the grant and an increasing share in the local match, which a part of that increase was attributable to. Chief Griffin stated the first year they had had to pay \$11,911, but this year they were paying \$24,419. He said that next year they would have to pay \$62,000, in the fourth year they would pay \$89,000, and in the fifth year they would be responsible for all the costs. Chief Griffin stated that grants were really good until you got budget constraints, but if they had not had the grant they would not have had the 12 people required to adequately respond to calls and to retain their insurance rating.

Commissioner Harrington said then that grant was mainly to get staff on board, and that many of the standards they had to meet were set by the State. Chief Griffin stated that was correct, noting that the packet of information he had given the Board was to meet the Class 9 minimum. He said they had to do so much more to get to a Class 6 rating. Commissioner Harrington stated that was something he had learned tonight that was very valuable, in that he had no idea that when his insurance had been set that the insurance company had been looking at who was providing fire service to his home and what the classification of that nearby station was and actually set his rate

based on that information. Commissioner Harrington stated that if you looked at what people could actually be paying in insurance rates based on the classification, that amount could be astronomical. He said it had been very informative tonight to know that about the classifications, in that the State set the standards and if the fire department did not meet those standards then the homeowners insurance rates would go up. Chief Griffin stated things were ugly right now, in that insurance companies had given some areas a Class 9. He said they were now using GPS systems, so people that had been in Class 7, 8, and 9 were now in a Class 10. Chief Griffin said they were very unhappy and were calling the Fire Station at the rate of five or six a day to determine why.

Commissioner Harrington asked had there been cases where people were in a Class 9 and suddenly were in a Class 6 and got a break in their insurance. Chief Griffin responded yes, noting that Chapel Ridge was one of those and those residents were very happy.

Commissioner Brooks stated he had mentioned the fire insurance rating when he had been talking about how important it was to get the fire hydrants that were not operating properly or not at all either repaired or replaced. Chief Griffin thanked Mr. Poteat for getting the fire hydrant situation addressed.

Mayor Voller said that they had over 1900 properties that were taxable in Town, and if they were retaining a Class 6 insurance rating then they were saving people a minimum of \$100 which was almost \$200,000 in the aggregate and people should know about that. He asked what the distances were inside of the Chapel Ridge development from fire hydrants. Chief Griffin responded 500 feet, but it may be as much as 800 feet in a few isolated instances if they had encountered some issue such as a stream or a swamp area.

Chief Griffin stated they used a formula to determine how they would charge the Town, and if you had a \$250,000 home and their increase was three-fourths of a cent, the tax increase would be \$18.75 more a year. He stated dividing that by 365 days you were looking at pennies. Chief Griffin stated if someone happened to have a \$1 million home, the increase would only be \$75 more a year.

Mayor Voller stated if the Fire Department was retaining a Class 6 rating, they were actually saving homeowners a lot of money. Chief Griffin agreed, stating he had added a sheet in the packet that showed what various insurance companies were charging for homes in various classes.

Commissioner Fiocco asked what type of truck they were investing in. Chief Griffin said when the courthouse had burned they had planned to get a ladder truck. He stated they were putting back \$20,000 to \$50,000 each year for apparatus, but they had had a lot of repair bills on existing equipment. This year, he said, they would be putting back \$20,000, with the ultimate goal to get a ladder truck but that was a \$1 million item. Chief Griffin stated they understood that was not feasible unless someone gave them one. He said they had bought two trucks a couple of years ago because they had saved \$60,000, \$30,000 per truck, based on the emissions.

Mayor Voller stated with the station in Asbury they now covered 3M, and said the insurance on that facility must be quite high. He asked if they had an internal fire department. Chief Griffin stated 3M had a sprinkler system. Mayor Voller asked if there was a fire at 3M what the plan was. Chief Griffin stated they tried to have an emergency plan on all the buildings, and even with a sprinkler system there just was not a lot of burnable material other than belts. He said 3M had systems in place such as foam covers that would deter any belt fire.

Mayor Voller stated that perhaps since they were in Circle City they could talk with 3M about helping the Fire Department to get a ladder truck because they would be the ones most affected by the Town not having such a truck. Chief Griffin stated that with the sprinkler system they were not going to get a better insurance rate than what they had. He said they went out to 3M quite often due to fire alarm activations, but they had a \$2 million sprinkler system that would serve them well. Chief Griffin stated that residential areas would benefit more from an aerial truck because they would be able to ventilate much quicker, and ventilation would save lives. He said if there was a fire and they were able to quickly ventilate a roof and get some of the smoke out, they could perform a rescue and get people out safely.

Mayor Voller stated he believed they needed to think about what the cost benefit analysis was to get that piece of equipment if it was going to save people money, especially in communities where there were expensive houses. Chief Griffin stated that as the Town grew and more roads were built, that would affect the rating. He said if they had more road miles than they did hydrants or stations or people, then their rating would drop for no other reason.

Commissioner Fiocco stated that the Fire Department was a part of the plan review process now for site plans, and it was a good idea that they look at all of the Town's site plans to make sure that they were getting hydrants where they needed to be. Chief Griffin agreed, noting that they had a good person in Fire Marshal Tom Bender.

Mayor Voller stated the Board wanted to make sure that with Fire Marshal Bender or Chief Griffin was looking at all those plans. Chief Griffin agreed, noting that many times Mr. Bender called him and they both reviewed plans.

Mayor Voller stated that it said in the materials that once a year they provided citizens an opportunity to input with the Fire Department, and asked was that a meeting they held. Chief Griffin stated it was an annual meeting. Mayor Voller asked what citizens should be told if they wanted to meet with the Fire Department staff. Chief Griffin stated they could contact them anytime.

## **NEW BUSINESS**

### **1. Added Item – Townsend**

Mayor Voller stated that on Thursday they were going to visit the Townsend plant. Mr. Terry stated that was correct, noting that he, Jay Johnston and John Poteat along with Randy Heard would be paying a visit to the Townsend plant for the purpose of looking at their wastewater infrastructure. He stated that Townsend had a permit to discharge wastewater used in their

chicken processing system. Mr. Terry stated they wanted to look at that system to see if any of that hardware or infrastructure had any municipal application, and they would be reporting back to the Board what they found. He said if they thought there was some reason to pursue the Town taking over that permit, then that capacity could potentially expand the Town's capacity.

Mayor Voller asked who on the Board was free to attend. Mr. Terry stated that Commissioner Fiocco had expressed an interest, but any of the Board was welcomed to go. He stated the meeting was at 1:30.

Commissioner Harrington stated he wanted to participate.

Commissioner Brooks stated it was his understanding from an employee that that facility, which they had spent over \$1 million on, that the water they used in the process could be sent through their system and treat it to the level that it could be reused again in the processing of the chickens. He stated if that was true then that was substantial, and he would like to know if that was true. Mr. Terry stated that almost sounded like reverse osmosis technology to him. Commissioner Brooks asked did they know what happened to the water when it left the plant, and was it sprinkled on the land. Mr. Terry said he believed they were using their spray field, but again he was not that familiar with their operation. Commissioner Brooks stated his interest was whether it had any practical application that the Town could use. Mr. Terry stated that was exactly why they were paying a visit to the plant. He said he was fairly sure that would not be a great opportunity to treat municipal waste because Townsend was hooked up to the Town's sewer system. He stated what they sprayed on their spray field was water from the chicken operation. But, he said, they were just going on a fact-finding trip.

## **RECESS**

By consensus the Board agreed to take a short break.

## **RECONVENE**

By consensus the Board reconvened the meeting.

## **BUDGET WORK SESSION**

Mr. Terry stated at the last budget work session they had finished the General Fund and were moving into the Enterprise Fund, and the first item would be the Enterprise Fund revenues. He stated they could discuss the rate setting model that Commissioner Harrington had helped him develop a couple of years ago, and they could talk about what were their alternatives in regards to water and sewer rates. Mr. Terry stated that the Enterprise Fund revenues began on page 29 of the Recommended Budget, noting that the first line was interest earned which had been discussed at the last meeting and had all the same issues as the General Fund revenue.

Commissioner Brooks asked had he understood Mr. Terry to say at the last work session that the banks paid such a low interest rate that they had not put it out to bid for some time. Mr. Terry said there had been a period of time when Scott Borrer was with the Town that he had reported

that the interest rates CD's being offered at that time were lower than their interest bearing checking account, and it had been his recommendation to put the money into the checking account. Mr. Terry said there had been a time when each time a CD rolled over that it was deposited into the checking account. Commissioner Brooks asked did he think they needed to put it out for bid. Mr. Terry said absolutely he did.

Commissioner Bryan stated he had spoken to a local bank manager who had said he had not seen a bid request from the Town in years.

Commissioner Brooks stated he had had the same experience but with a different bank. Mr. Terry stated he believed they may have requested bids when Kay Hamrick had been with the Town, but it certainly needed to be done.

Mayor Voller stated in essence that interest could pay for the bus service or any \$5,000 to \$10,000 item. Mr. Terry said he did not believe that they would see a dramatic difference in what was projected.

Mr. Terry said miscellaneous revenues that included any unanticipated money such as small grants or unanticipated payments to the Town and the like. He said next was water charges which was where their biggest problem was. He said they were down 10% in that line item and that was entirely due to the loss of the revenue from Townsend because they were using 10% of the water the Town sold.

Mayor Voller stated he was looking at the chart of water and sewer revenues adjusted for worse case impact of Townsend, and it did not appear to be showing that \$200,000 or \$300,000 in difference. Mr. Terry explained that when Townsend had first declared bankruptcy they were already into February or March. He said for the first two-thirds of the year the graph was showing Townsend's payments, and only when they declared bankruptcy had he stopped showing revenue from them in the actual line. Mayor Voller said but it was showing that they were coincident in June which was the end of the budget year. He asked how when they ran the model for next year there was a \$300,000 difference. Mr. Terry explained the chart, pointing out where the Townsend line was and that the total revenue was \$300,000. He then showed how the model had looked the day before he got the phone call from Townsend. Mr. Terry stated the initial projection was that they would raise a particular amount of revenue to pay the debt service on the AARA on Credle Street, and with a little left over to put aside. He said but, when you changed the Townsend customer to zero on that chart, the revenue line of \$260,000 then changed to a negative \$54,000.

Mayor Voller stated then his question was when looking at the chart he assumed that was based on the model. Mr. Terry replied no, that it was based on the monthly billing of the water bills and compared to what had been budgeted. He stated that the budgeted amount came from the budget, but the actual came from the actual monthly billings. Mayor Voller stated if he had projected the two lines into June then it was coincident, so his question was which was correct. Mr. Terry stated that was the year they were in now and they were fine this year because the problem had not started until March. But, he said, next budget year the problem would begin on

July 1 and they would be short \$324,000. Mr. Terry stated had Townsend not closed its doors they could conceivably not have had to consider a rate increase.

Commissioner Harrington stated that Townsend was still using a little water. Mr. Terry stated yes, a small amount, but had told the Town that on July 1, 2011 they would rapidly shut down production and lay off employees and by the end of July they would shut their doors completely. He said that was where they were now, and that included the rate increases he had already proposed in the recommended budget. Mr. Terry stated if the Board wanted to entertain other ways to entertain the Townsend issue, they were already taking from Fund Balance \$183,000 to balance the budget. He said he understood that these were fairly severe increases in the rates.

Commissioner Bryan said that the negative \$54,000 was with the proposed increases, and asked what that number would be without any increases. Mr. Terry responded if there was no increase and the rates were left as is, that negative figure would increase to negative \$296,000.

Mayor Voller stated the model was predicated on a static figure, and asked were they adding new customers. Mr. Terry replied yes, but they had also lost some customers.

Commissioner Harrington asked how many customers they had. Mr. Terry stated the current number of water customers was 1,734 and the number of sewer customers was 1,478.

Mayor Voller stated all of that spoke to why they needed to increase the number of potential small uses downtown. Mr. Terry stated they were an incredibly small utility, and they just got 10% smaller. He stated the cost of their delivery was going to be high because they were small.

Commissioner Brooks said under contract they had to treat a certain amount of water every day for the County that they did not use. He asked was that correct. Mr. Poteat stated that was correct, that the Town had to be prepared to give them that water upon request. Commissioner Brooks asked was there a cost associated with having to be prepared. Mr. Poteat replied not any cost that they did not already bear at present.

Commissioner Fiocco said the question was could they make less water at a lesser cost if they did not have that volume to provide. Mr. Poteat replied no, that it was not a consideration as far as producing the water. He said should the County need more water the Town would be contacted ahead of time and that would result in the Town not having to flush as much.

Commissioner Brooks stated then there was nothing they could ask the County to do that would help the Town in that situation. Mr. Poteat replied that was correct.

Commissioner Harrington said but right now they could not sell the water to the County. Mr. Poteat stated they were obligated to. Commissioner Harrington asked was the infrastructure in place now so they could sell it. Mr. Poteat stated they would have to replace the meter at the vault or increase the connection size. Commissioner Harrington stated he was wondering if the Town should say that if they were having to produce that water that the County should have to pay for that whether they were using it or not.

Commissioner Brooks stated that was exactly what he thought, in that if they were obligated under contract in perpetuity to provide that water then it appeared that the County should at the least be approached about paying for it. Mr. Poteat said he had not read the contract in a while but believed that water was provided at a reduced rate.

Mayor Voller stated a reduced rate was better than flushing it.

Commissioner Brooks noted that they had been using ammonia but the Town had not, but now they were both using ammonia. Mr. Terry stated they could certainly ask that question, but he did not know if the County was purchasing water from anyone at the moment. He said they could ask for right of first refusal when the County did need to purchase water.

Mayor Voller asked was Chapel Ridge a specific account because they had negotiated a special price with them. Mr. Terry stated no, they had listed the two largest commercial customers separately. Mayor Voller asked was Chapel Ridge buying water at the out-of-Town rate. Mr. Terry replied they were. He stated that the rate increase proposed would be fairly severe on Aqua America.

Commissioner Harrington said right now they were at a \$300,000 loss, and asked what they had to do to at least break even including depreciation and the like. Mr. Terry stated he did not consider depreciation, and the loss was calculated with operating expenses compared to actual revenues. He stated that the State required them to balance their revenues against their expenses. Commissioner Harrington stated that was understood, but believed at some point they had decided that they would cover their depreciation as well. Mr. Terry stated that was an audit finding, yes. Commissioner Harrington stated if they covered the depreciation, how much they would actually be over operating expenses.

Mayor Voller stated he believed that would include projecting the cost of the new plant plus replacing infrastructure. He stated at present they were funding the replacement of infrastructure with Town funding and grant funds and they were suppose to be getting it through capital recovery fees, but he believed it had been used to fund operations. Mr. Terry stated that had been an audit finding so they had stopped doing that. He said they were now collecting capital recovery fees, for instance for the Judicial Center. Mayor Voller asked what had happened to that money. Mr. Terry stated it went into capital reserves. He said the math here was fairly simple. He said you had a certain amount of revenue and you matched it against you expenses, and you either had to increase revenues, cut expenses, or dip into savings, so those were the three options.

Mr. Terry stated they had already been through the expense side with Mr. Jewell, noting he had been able to save about \$20,000 in the cost of chemicals because he would be producing about 70,000 gallons less water per day associated with the 10% drop in demand attributable to the Townsend closing. He said even with producing less water per day other costs would not be reduced because the plant had to continue to run, lights had to stay on, employees had to be paid, etc.

Commissioner Harrington said he was not prepared to make any decision about this tonight. Mr. Terry said he was interested in hearing from the Board if there was a different approach they wanted to take in terms of a rate adjustment. He said that anytime they did a rate adjustment he got closer and closer to the guidance of the State law about having an ascending rate schedule rather than a descending rate schedule.

Mayor Voller said they actually had a couple of things happening. He said that Commissioner Harrington had brought up a good point earlier about having extra water capacity, for instance during the last drought Pittsboro had not actually experienced the drought. But, he said, to encourage saving water the Town had gone along. Mayor Voller said perhaps they should consider lowering the rate to encourage people to use more water and perhaps gain revenue. Mr. Terry stated it was a matter of law now, in that the State no longer allowed a descending rate schedule.

Commissioner Harrington stated when you raised the rates people would try to use even less water and they would lose even more revenue.

Mayor Voller used the example of a person he rented to who used only 500 gallons a month but was being charged \$60, which he thought was ridiculous.

Commissioner Baldwin believed that people would certainly cut back on their usage if the rates went up. Commissioner Brooks agreed.

Commissioner Harrington agreed as well, adding that was especially true considering how high the rates were getting. He said in the past when the rates raised a little people grumbled, but when you pushed it this high people would change their behavior.

Commissioner Brooks stated he had always been opposed to taking property tax and using it for the Enterprise Fund, but they were in strange times right now. He said now, he would not be opposed to using it for a year or two until things began to change and development resumed. Commissioner Brooks stated he could not see any additional cuts that could be made in the Enterprise Fund, but he could certainly see things that could be cut in the General Fund. He said he understood that there were things they wanted, noting he wanted a new truck but he couldn't have one. Commissioner Brooks stated some of those things proposed in the General Fund should be cut to help the Enterprise Fund, but only for this year because he did not want it to become a way of life.

Commissioner Harrington stated he thought that was reasonable, but the one thing that bothered him about that was, and he had heard it to be true, was that when your Enterprise Fund was no longer self-sustaining and you wanted to borrow money to finance something, it would be much harder to do because that Fund was not self-sustaining. Commissioner Harrington said it would not put them in a very strong position to borrow money, and that was a concern. He did not know if doing it for only a year or two would make that much of a difference, but he was concerned about it.

Commissioner Brooks stated that was a valid point, but he was searching for a way to get through the next year or two. He said they were in unusual economic times, and he did not know that there had ever been anything quite like this. Commissioner Brooks stated they had a large number of people in Pittsboro that just could not stand much more, including higher rates.

Mr. Terry stated he may have a suggestion that would get to Commissioner Brook's suggestion without the problem that Commissioner Harrington had expressed. He said they had mentioned before that the General Fund charged the Enterprise Fund a fee for services; for instance, 50% of his salary was paid by the Enterprise Fund. Mr. Terry stated they could change how much they charged the Enterprise Fund for this year, for instance his salary could be 25%/75%. He said they could reduce the rate they charged the Enterprise Fund for all of those services, and did not believe they would run into a problem with the audit. Mr. Terry said perhaps they could combine something like that with a more modest rate increase that might be more acceptable.

The Board agreed by consensus to look into the options proposed by the Town Manager to lower the proposed rate increase.

Commissioner Fiocco stated one of the things he had thought about given the trouble with the Enterprise Fund was the fact that most customers would see a decrease in their waste management bill. He said if they were to balance that savings with a modest increase in the water rate it would not necessarily be a burden to the citizens and would be a way to incrementally help the Enterprise Fund. Mr. Terry stated for a residential customer they would see a savings of \$50 a year in their waste management bill. Commissioner Fiocco stated he believed that would be a reasonable approach.

Mr. Terry stated they had already discussed the \$5 late fees and the \$50 reconnect charges, noting that that policy had been in place for a number of years.

Commissioner Fiocco stated that revenue was calculated at \$40,000 a year. Mr. Terry stated that was correct, and in fiscal year 2009-2010 they had collected \$37,000. He said that policy had been in effect for decades and the Board had the authority to reduce it or remove it altogether, but it was a \$40,000 revenue stream. Commissioner Fiocco asked if the policy included a payment plan. Mr. Terry stated the policy did not but staff tried to be reasonable and sympathetic with the collection.

Mr. Terry stated as far as the reuse charges, he did not see that changing unless they got a favorable ruling on upgrading the quality of their effluent. He said that application had been submitted last week. Mr. Terry stated if they did get a favorable ruling and 3M began using more water, that number could get higher. He said if they were to balance the budget with those rather onerous rates they were still looking at a deficit of \$183,000.

Mr. Terry said he understood the direction from the Board, in that they were to look at the allocation of charges they charged back to the Enterprise Fund. He asked the Board when they wanted to continue the discussion on the budget, noting the schedule called for the Board to approve the budget by the first meeting in June, but they did have until June 30, 2011 to do that.

Mayor Voller said he wanted to call attention to the importance of getting ahead of the moratorium issue. He said if you looked at the figure of \$55,961 and divided that by 365 you got \$153 per day. He said according to the rough figures his renter was paying which was 7.2 cents per gallon that was only 2,190 gallons per day. Mayor Voller stated they needed to begin allocating sewer to commercial users and increase their revenue. He said his point was they were sitting on something they were not allocating out. Mr. Terry stated it went back to what he had said before, which was that the problem was that they were a small utility and the fix was to get more customers, but the real fix was to build the 3.22 MGD plant.

Commissioner Fiocco stated they would still need to get customers. Mr. Terry stated that was correct.

Mayor Voller said at 10,000 gallons per day that was \$700 per day, and they needed to allocate some sewer.

Mr. Terry asked if the Board wanted to resume the discussion on Monday or wait two weeks. After a brief discussion, the Board agreed by consensus to hold a budget work session on Monday, May 16, 2011 at 7 p.m.

Motion made by Commissioner Harrington seconded by Commissioner Fiocco that they change the language in current moratorium to raise the limit to 3,600 gallons per day from the 1,800 gallons, and that that language be drafted and reviewed by the Town Attorney and then brought back to the Board for consideration of approval.

Commissioner Brooks asked was he absolutely sure that the State would be okay with that.

Mayor Voller said based on their discussions about that, they felt very sure about it.

Vote Aye-5 Nay-0

### **Mayor Updates**

None.

### **Commissioner Concerns**

None.

FYI -

1. Financial Expenditure Statements for the Month Ending April 30, 2011.
2. Financial Revenue Statements for the Month Ending April 30, 2011.
3. Water and Sewer Revenues – Budget vs. Actual for FY 2010/2011.

## ADJOURN

Motion made by Commissioner Harrington seconded by Commissioner Bryan to adjourn the meeting at 10:00 p.m.

Vote   Aye-5   Nay-0

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Randolph Voller, Mayor

ATTEST:

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Alice F. Lloyd, CMC, Town Clerk