

**THE BOARD OF COUNTY COMMISSIONERS
DURHAM, NORTH CAROLINA**

Thursday, May 29, 2008

9:00 A.M. Budget Worksession

MINUTES

Place: Commissioners' Room, second floor, Durham County Government
Administrative Complex, 200 E. Main Street, Durham, NC

Present: Chairman Ellen W. Reckhow, Vice-Chairman Michael D. Page, and
Commissioners Lewis A. Cheek, Philip R. Cousin Jr., and Becky M.
Heron

Absent: None

Presider: Chairman Reckhow

Fund Balance Estimates

Deputy Finance Director Susan Tezai presented the following data on the General Fund
balance:

General Fund Balance:
Comparison of FY2007 Actual
and FY2008 Projected

	FY2007 Actual	FY2008 Projected	Anticipated Change
Total Fund Balance	\$ 92,803,796.00	\$ 84,248,824.93	\$ (8,554,971.07)
Less:			
Reserved by state statute	\$ 21,366,268.00	\$ 22,000,000.00	\$ 633,732.00
Reserved by state statute-MH	\$ 1,785,026.00	\$ 1,785,000.00	\$ (26.00)
Reserved for encumbrances	\$ 2,347,317.00	\$ 2,347,317.00	\$ -
Reserved for encumbrances-MH	\$ 23,360.00	\$ -	\$ (23,360.00)
Reserved other purposes	\$ 5,683,500.00	\$ 5,683,500.00	\$ -
Net Unreserved	\$ 61,598,325.00	\$ 52,433,007.93	\$ (9,165,317.07)
Designated for mental health	\$ 3,679,842.00	\$ 1,477,268.83	\$ (2,202,573.17)
Designated for social services	\$ 499,849.00	\$ 499,849.00	\$ -
Designated for subsequent years	\$ 19,209,735.00	\$ 17,450,000.00	\$ (1,759,735.00)
Designated for risk management	\$ 4,005,899.00	\$ 4,005,899.00	\$ -

Designated for debt service	\$	4,679,719.00	\$	2,268,867.03	\$	(2,410,851.97)
Undesignated	\$	29,523,281.00	\$	26,731,124.07	\$	(2,792,156.93)
<hr/>						
LGC Recommended 8% Minimum		17.26%		13.94%		-3.32%
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Ms. Tezai distributed the following statistics to the Board:

FINANCIAL TRENDS: GENERAL FUND BALANCE

	<i>Audited</i> FY Ending 2004-06-30	<i>Audited</i> FY Ending 2005-06-30	<i>Audited</i> FY Ending 2006-06-30	<i>Audited</i> FY Ending 2007-06-30	<i>Projected</i> FY Ending 2008-06-30
RESERVED FUND BALANCE	22,735,334	32,426,226	28,494,058	31,205,471	31,815,817
DESIGNATED FUND BALANCE	16,771,776	19,537,678	19,144,689	32,075,044	25,701,884
UNDESIGNATED FUND BALANCE	<u>21,950,944</u>	<u>15,572,687</u>	<u>27,622,193</u>	<u>29,523,281</u>	<u>26,731,124</u>
TOTAL FUND BALANCE	<u>61,458,054</u>	<u>67,536,591</u>	<u>75,260,940</u>	<u>92,803,796</u>	<u>84,248,825</u>
TOTAL EXPENDITURES	292,499,075	324,867,210	342,123,072	356,860,759	376,212,632
LGC RECOMMENDED 8% MINIMUM	23,399,926	25,989,377	27,369,846	28,548,861	30,097,011
FUND BALANCE APPLIED TOWARD 8%	38,722,720	35,110,365	46,766,882	61,598,325	52,433,008
EXPRESSED AS A % OF EXPENDITURES	13.24%	10.81%	13.67%	17.26%	13.94%

Ms. Tezai addressed questions and concerns by the Board regarding the following:

- Salaries used in the fund balance estimate
 - Lapsed salaries
 - Fund Balance reserved by Mental Health
- Designated for Debt Service—2007 vs. 2008

Directives

1. Provide an accounting of lapsed salaries.
2. Submit a list of funded capital projects that have spent down the fund balance.

Department of Social Services

Newman Aguiar, Department of Social Services (DSS) Board member, gave introductory remarks.

Sammy Haithcock, DSS Director, presented the DSS budget request as follows:

Investing in Human Capital: Building on 90 Years of Neighbors Helping Neighbors

2007-2008 Achievements

- RBA: All citizens are safe
 - Designed and implemented the State's First Child Welfare Kinship Care Program
 - Supports kinship care arrangements resulting from Child Protective Services intervention
 - Services have reduced the number of youth entering foster care and will continue in FY09
 - 100% of the funding approved in FY 08 is encumbered
 - 14 youths are supported by this program
 - Durham led the state in family-based placements for youth in foster care
- Document Management Pilot Project
 - Created Central Scanning Unit
 - Scanning continues in Food Stamp units
 - Scanning all historical Adoption Records – sending paper to State Cultural Resources
 - Updating security processes and procedures
 - Beginning process for automating forms
- RBA: Seniors and Disabled Adults have optimum choices for the highest quality of life.
 - Hired Coordinator for Adult SOC
 - Identified 4 RBA outcome areas which will be the focus of Adult SOC
 - Continued cross-collaboration meeting with key stakeholders
 - Co-chaired Access to Services Committee as part of the 10-year plan to End Homelessness
 - Bi-Weekly Community Care Reviews
 - Revised Care Review Forms
 - Instituted a community-wide Access to Care Review to include people who are not receiving mental health services
 - Started tracking data on individuals who participate in Care Reviews
 - Increased the number of adults who remain in their communities through in-home aide services
 - Developed a system to provide money skills training for emergency assistance recipients
 - Continued Management of the Adult Care Website

- RBA: Citizens are healthy. RBA: Children are ready for and succeeding in school.
 - Managing rising caseloads while obtaining a 100% accuracy rate in the Food and Nutrition Program, a first for Durham County
 - Durham's Spanish version of childcare application approved by the State for statewide distribution
- Education and Partnerships
 - Partnership Series: received a statewide NCACDSS Best Practice Award
 - *Investing in Human Capital Summit* in January raised community awareness about human needs and engaged leaders to identify strategies to close the hardship gap.
- Headlines Point to Increased Demand for Social Services

2008-2009 Challenges

- Hardship gap:
 - Thousands of Durham families do not have access to health care
 - Too many children go to school hungry, and adults who are elderly and/or disabled do not get enough nutrition to stay healthy
 - Parents leaving their children without care or in substandard care when they cannot pay for quality child care
 - Families lose their heat or homes because they cannot pay the rent or utility bills
- Lack of support and hope for our Youth:
 - School suspension rates are too high
 - Drop out rates are too high
 - Truancy rate is too high
- Recruiting and retaining staff and building cultural competency to meet the demand of a growing population
- Dramatic growth anticipated in aging population
 - Nutrition and Health care needs
 - Safety and Security
 - Development of a strong system of care
 - Advocacy for this growing population
 - The City of Medicine is a retirement magnet
- Development of Agency Human Capital
 - Management skills
 - Leadership and professional development
 - Succession planning
 - Stopping the "experience drain"
- County Manager's Recommended Budget
 - \$90,000 to take 14 clients off of the waitlist who are aging and in need of in-home assistance.
 - \$21,500 to put food on the table for 22 clients in the Meals on Wheels program.
 - \$21,500 to offset high gas prices to provide 3,700 trips to the doctor for Medicaid recipients.
 - \$24,510 to prevent homelessness by paying rent and utilities.

- \$15,600 to mentor, assist, and teach 13 teen parents
- \$20,000 to send 20 youth to summer camp
- \$6,119 to purchase technology that addresses language barriers to services
 - Simplify Call Center access to Spanish speaking representatives
 - Simultaneous interpreting equipment
- \$235,000 to purchase 10 vehicles.
- \$40,482 to maintain two security guards
- DMI Project \$270,000
- Bring document management to new program areas; Continue progress toward less paper. Preparation for new Human Services Complex; no room for file cabinets in new building
- Systems Administrator \$57,304
- Leadership Training \$12,000
- Request Beyond the County Manager's Recommended Budget
 - The number of Durham County residents is expected to grow more than 4% a year for the next five years.
 - Growth and demand for SA/In Home services is projected at 3.5% a year for the next five years
 - Growth and demand for In Home Aide services is projected at 13% for the next five years.
 - One In-Home Aide Social Worker—\$45,990
 - County Share = 52%—\$23,914
 - 2 SA/In Home Aide Social Workers—\$91,980
 - County Share= 49%—\$45,070
 - Investing in Agency Human Capital
- Summary of Requests
 - Proactive planning for growth in the aging population
 - Preparing for continued economic downturn that will increase demands for agency services
 - Providing support for youth to help them succeed in school and stop the cycle of poverty
 - Investing in agency human capital to serve our neighbors in need

Mr. Haithcock responded to questions pertaining to his presentation.

The Board held a lengthy discussion regarding ways to encourage DSS employees to work for the County at least one year.

Directives

1. Social Services to approach the City Council about offsetting water rates for impoverished citizens.
2. Revisit incentives to retain DSS employees.
3. County Manager to look into a new vehicle purchasing policy due to increasing gas prices.

Public Health

Brian Letourneau, Public Health Director, gave the following comments:

“Good morning Madame Chairman, Mister Vice Chairman, members of the Durham County Board of Commissioners, and County Manager Ruffin. I come before you as Durham County Health Director to present issues facing the Durham County Health Department as we approach the beginning of the 2008-2009 Fiscal Year. This is my 11th opportunity to present the needs of the Health Department and answer your questions about the public health issues facing Durham County.

I will briefly explain some of the programmatic challenges the department faces and will then ask Gayle Harris to present some information about our results based accountability efforts. We will then be pleased to answer any of your questions. Please feel free to interrupt us at any time during our comments if you need any clarification.

County Manager Mike Ruffin’s Fiscal Year 2008-2009 recommended budget for the Durham County Health Department is \$22,835,520. The recommended budget amount is 13.6% above the FY 07-08 approved budget of \$20,085,617. This is a difference of \$2,749,903. The principal reason for the increase is the Durham Connects project, which will add 10 new nurses to the budget. Scheduled pay plan adjustments make up the majority of the remainder of the difference with new county spending limited to small increases in information system spending for the Environmental Health and Dental Divisions. The estimated spending level for FY 07-08 is \$19,354,997. The majority of the decrease in anticipated spending is related to vacant nursing and nutrition positions that are difficult to recruit in a very competitive health care market.

A change in Medicare/Medicaid law now allows hospitals to bill for outpatient nutrition services, making recruiting nutritionists even more difficult. Their salaries are low in comparison to other public health professionals such as Health Educators and Public Health Nurses. The Health Department currently has 12 vacant Public Health Nursing positions and 3 vacant Nutritionist positions. We utilized lapsed salaries to hire agency staffing to fill these positions at 50% higher than permanent staff.

The single largest increase is related to “Durham Connects”, a new grant funded program, which will add 10 new nursing positions this year and 10 additional positions next year to ensure newborn visits become a reality for every baby born in Durham County regardless of family income. Factoring planned pay plan adjustments adds approximately \$575,000 to the new budget. Total impact of pay plan adjustments, equity adjustments, and planned salary increases is \$1,812,749, 65% of the requested increase in the Health Department’s FY 08-09 recommended budget.

New spending recommended in the County Manager's FY 08-09 includes the following:

- Grant funded Social Worker position in Maternal Health for the Health Check program
- Dental and Environmental Health software
- Miscellaneous expenses in Local Public Health Preparedness

New county spending totaling \$139,610 is limited to software for Dental and Environmental Health and \$12,000 operational funds for Local Public Health Preparedness. Total recommended new county spending is \$151,610.

The Durham County Health Department continues to face many challenges that now and in the future can significantly affect the health of Durham. The department continues to prepare for Pandemic Influenza and has expanded its disaster planning to an all hazards approach. This has stretched the Health Department's ability to prepare appropriately its staff in their response roles while providing current levels of service. We have conducted a number of planning and educational programs throughout the year to sharpen our skills in preparation for the next disaster.

Our infant mortality rate continues to be below the statewide average but is beginning to edge upward. This is concerning because we have made great strides in reducing the rate over the past 10 years. "Durham Connects" may help in holding the rate and perhaps decreasing it. We remain hopeful that programming such as Healthy Smiles, Healthy Kids, and Durham Connects can significantly impact both infant mortality and low birth weight incidence rates. Infectious diseases continue to stress the Department's resources. We have just begun treating a multi drug resistant TB patient and the contacts to this case, 12 in Durham not including staff. Fifty additional contacts are being managed by the Orange County Health Department.

Recruitment and retention has improved nominally in the Divisions that employ nurses as a result of a significant salary restructuring. We currently have 12 vacant Public Health Nurse positions and 3 Nutritionist positions. We are challenged in hiring Nutritionists for several reasons. One, we are being compared to programs that offer only WIC and do not require registration or certification for employment. Our nutritionists are both registered and certified in order to offer a higher level of nutrition service that are on a par with public health nurses. We must recognize that the value of this level of service is growing. A change in federal Medicare law now allows hospitals to bill for outpatient nutrition services. Hospitals are now actively competing against us for certified/registered nutritionists in order to generate additional revenue. Each vacancy causes grant and fee for service dollars to fail to reach the community. These resources are lost when the Department experiences the delays in recruiting that commonly occur. These resources are vital to our community and should be shepherded wisely. As I have suggested for the past three years, aggressive recruiting strategies must be developed that venture beyond our geographic boundaries. We must provide appropriate incentives for professional

level candidates to come to Durham and seriously consider our employment opportunities.

The unemployed and underemployed of Durham continue to face challenges in their attempt to access health care. Durham's Access to Specialty Care project will aid nearly 2,000 low-income individuals to receive care from specialists in the Duke system after referral from their primary care providers. Durham County has significantly contributed to this project that has the potential to considerably improve the lives of these individuals.

The economic problems we face, such as recession and gas prices approaching \$4 per gallon, have exacerbated the problems faced by low-income individuals and families, including our own staff. Poverty, unemployment, underemployment, lack of health insurance, illegal immigration status, ignorance, and inflexibility of the system all contribute to the barriers our low-income residents face as they attempt to gain access to our health care system.

Some challenges faced by the Nutrition Division in the coming year include the following:

We struggle to provide adequate interpreter services for our growing Hispanic clientele, as has been the case for several years. Once again, hiring bilingual staff would make our operation much more efficient, cutting in half the time it takes to provide a clinical service that now requires an interpreter. To accomplish this requires the ability to recruit qualified, documented bilingual staff in areas beyond our county and state borders.

Childhood obesity continues to be problematic. Nutrition referrals for overweight children with medical complications are increasing. Twenty-seven percent of WIC children are overweight according to 2006 data and in 2007, 65% of the individuals surveyed for our Community Health Assessment reported being overweight or obese. This is extraordinary and is contributing to the straining of our medical system due to heart disease, diabetes, hypertension, and related illnesses.

The challenges facing the Community Health Division are related to staffing and the evolving needs of our community. I will describe only two of the myriad of opportunities for improving the Division and the services it provides:

1. Maintaining adequate staffing levels: Although salaries are a factor in this, the compensation adjustment for PHN's last year has helped alleviate this problem to some extent. The bigger problem is the inefficiency of the entire hiring process. Positions that are particularly hard to fill are PHN positions and clerical positions.
2. Meeting the changing health needs in the community. In particular, there is an increased aging population who are healthy enough to stay in their homes or in Assisted Living, but need various types of health support to continue to be

as independent as possible and to have a high quality of life. At the same time, due in part to the growing immigrant population, there is an increased demand on both our Family Planning and Maternal Health projects. (For example, in Maternity Clinic, there will be a projected increase in clinic visits of 8% over the previous years, and 10% over the past 2 years).

In the Nutritionist Division there are significant challenges that hinder our ability to meet the growing demands of our population:

1. High Turnover

- We have had long-standing issues with lack of nutritionist applicants, inability to hire experienced staff due to equity issues, and staff turnover. Since August 2007, we have experienced seven nutritionist resignations & three additional resignations are expected this summer. The majority of nutritionists who leave the Health Department have worked with us less than three years. We are losing revenue from two state grants, one federal contract, one Durham's Partnership for Children grant, and Medicaid reimbursement. Unless hiring is successful, by late summer, we will not have Nutrition staff for:
 - 8 of 15 eligible schools that will impact pediatric obesity;
 - dental outreach and education that will impact school readiness and obesity prevention;
 - clinical nutrition for high-risk pregnant women that will impact low birth weight infants and infant mortality rates; and
 - a faith-based wellness project in 13 African American churches that will impact diabetes, hypertension, obesity rates.

2. As mentioned earlier, Pediatric obesity continues to be problematic:

- Rates of overweight and obesity among all age groups are high;
- Four of the 10 leading causes of death in the US are related to obesity such as coronary heart disease, type 2 diabetes, stroke, and several forms of cancer. Overweight & obesity increases the severity of disease associated with hypertension, arthritis, and musculoskeletal problems;
- We may be raising the first generation of children in history to have a shorter life expectancy than their parents due to obesity-related health problems;
- Obese children can develop type 2 diabetes, high blood lipids, hypertension, asthma, sleep apnea, early maturation, and orthopedic problems; and
- \$24 billion dollars are spent by North Carolinians on healthcare costs related to the lack of physical activity.

The Division of Health Education continues to provide educational presentations that promote behavior modification or change, as well as screenings for HIV and syphilis. The Division continues to face challenges in achieving significant behavior modifications/changes in sexually transmitted infections and teenage pregnancies.

1. Sexually Transmitted Infections

The increased rates of sexually transmitted infections pose challenges not only to our risk reduction education efforts, but also to clinical services that provide diagnosis and treatment. Gonorrhea cases continue to steadily climb in Durham, to 812 cases in 2007, up from 559 cases in 2003. Educational effort needs to increase in order to alert the public of the dangers of untreated STDs. This effort is expected to increase the number of individuals reporting to the clinic seeking diagnosis and treatment.

2. Teenage Pregnancy

Durham County continues to experience one of the highest rates of teenage pregnancies in the State of North Carolina. The 2006 teenage pregnancy statistics for Durham County indicate the following: 541 pregnancies ages 10-19. Rates continue to be higher in African American and Latino youth than in Caucasian youth. The disparities in teenage pregnancies among the different ethnic/racial groups pose special challenges for educational as well as clinical services. As the number of the Latino immigrants continues to rise in the coming years, it is very likely that the number of Latino teenage pregnancies will also increase. This in turn will create the need for expanded educational and clinical services for primary and secondary teenage pregnancy prevention efforts.

The need for bilingual health educators, clinicians and educational materials has significantly increased over the past years. It is projected this trend will continue in the future.

General Health Services Division

1. Management of TB has become even more complicated as we have begun treating our first case of Multiple Drug Resistant TB. The rigor of the treatment regimen is difficult for patients to endure and the risk of transmitting this extraordinarily difficult disease is of great concern. Twelve community contacts as well as our own staff must be constantly monitored for indications of infection. Some will need prophylactic treatment that is extremely staff intensive.
2. The Division is challenged by the expansion of the NC Electronic Disease Surveillance System that now includes all reportable communicable diseases with the exception of HIV and Syphilis.
3. The overwhelming influx of CDC and State recommendations puts a tremendous burden on staff that is already overextended. Staff recruitment is an issue that continues to impact service delivery.

Local Public Health Preparedness

1. With the decrease in federal funding to states, our funding is at risk. We still do not know at what level, if at all, we will be funded for this important program area. Two team positions are grant funded by the state through federal funds from the Department of Homeland Security.
2. Maintaining Incident Command System training and continuity of response between agencies presents a challenge.

Environmental Health Division

1. The primary challenges facing Environmental Health in the 2009 budget year is preparing for and incorporating an array of technological initiatives. Environmental Health will begin to utilize the Custom Data Processing (CDP) program, a web based application, which will streamline Division functions, increase customer service and greatly improve data management. When tablet laptops and portable printers become available, the entire staff will move from paper based system to one that will be essentially paperless.
2. Public Health as a whole will be in the process of digitizing existing records through a contract with One Source Document Management Solutions. Environmental Health has extensive records that will be included in this contract. A goal in the next two years is to connect these records (once digitized) with the CDP program for a more seamless process.
3. The Water and Waste Section within Environmental Health has begun to utilize GPS technology to accurately locate specified locations on permits. City IT has been helping us to establish programming in these units to meet these needs. A goal in the next two years is to also connect these GPS records with the CDP program.
4. The Division must continue to provide our mandated program coverage as well as participating in a variety of special projects. For example, the Health Department's role in emergency preparedness requires that all Divisions dedicate employee time to ICS training, fit testing and training exercises.

Dental Division

1. The information system implementation in the Dental Division should enable the program to become more efficient in scheduling and processing children and pregnant women through the clinic.
2. We have engaged the N.C. School of Dentistry in providing dental residents and students in our clinic. We hope to increase the number of children seen both in the clinic and on the Tooth Ferry through more efficient staff utilization.

What I have described to you is but a small sample of the responsibilities and duties the Health Department provides on a daily basis. The vast array of services we provide are far too numerous to describe in this setting. The challenges are significant but our commitment is strong to make Durham the community of health, not just the City of Medicine.

Gayle Harris will now present some information related to our Results Based Accountability efforts. Gayle has played the key role in the County and Health Departments' efforts to focus on community health outcomes as measures of success in addressing demanding community health issues."

Gail Harris, Assistant Public Health Director, gave the following presentation:

Performance Indicators
FY '08-'09 Budget

- Mission Statement
- Organizational Structure
- The Department is comprised of eight divisions:
 - Administration
 - Community Health
 - Dental
 - Emergency Preparedness and Regulatory Compliance
 - Environmental Health,
 - General Health Services Clinic,
 - Health Education, and
 - Nutrition
- Organizational Goals:
 - Promote optimal health and wellness of children
 - Decrease premature death rates
 - Prevent and control communicable disease
 - Maximize organization productivity
- Performance Measures
 - Nutrition Division: Community Nutrition
 - Nutrition Division: Clinical Nutrition
 - Nutrition Division: Healthy Smiles, Healthy Kids
 - Health Education
 - Dental Services
 - General Health Services Clinic: STD Control
 - General Health Services Clinic: TB Control
 - Community Health: Family Care Coordination
 - Community Health: Family Planning
 - Community Health: Maternal Health - Clinic
 - Community Health: Maternal Health - Baby Love
 - Community Health: Child Health
 - Community Health: Jail Health

- Community Health: School Health
- Community Health: Neighborhood Nursing
- Community Health: Durham Connects
- Environmental Health: General Inspections
- Environmental Health: Food and Lodging
- Environmental Health: Food and Lodging
- Environmental Health: Water and Waste

Mr. Letourneau and Ms. Harris answered questions by the Board.

Chairman Reckhow thanked Mr. Letourneau and Ms. Harris for the thorough presentation and their hard work. She particularly thanked Ms. Harris for the excellent leadership on the RBA Health Committee on Project Access and on the youth health-risk behavior study and follow up.

Mental Health

County Manager Ruffin spoke to the impact on the Fund Balance as it relates to Mental Health. He stated that the Fund Balance had increased over the years due to Mental Health's appropriation not being completely spent.

Ellen Holliman, Director of The Durham Center, introduced the following staff members: Michelle Zechmann, Director of Community Programs; Robert Robinson, Deputy Director; Bob Hufham, Interim Director for Quality Management; and Kelly Goodfellow, Finance Officer, The Durham Center. She gave introductory remarks on The Durham Center.

Ms. Zechmann discussed accomplishments of The Durham Center as follows:

Overview

Fiscal Year 2008

- Accomplishments
 - Implementation of Evidence-Based Practices
 - Prevented or removed 147 consumers from homelessness through the Independent Living Initiative
 - Secured an additional 44 affordable housing units through the Housing Department Funds and a new Tax Credit Project
 - Saved \$500,574 in public funding by securing sample and patient assistance medications for indigent consumers
 - 108 Child and Family Teams attended the System of Care-Care Review process for technical assistance or planning around out-of-home placement
 - Trained an additional 54 officers/deputies in Crisis Intervention Team techniques
 - Expanded the Integrated Dual-Disorder Team with the following outcomes:
 - 78.8% drop in hospitalizations/ER visits

- Reduced institutionalization events by at least 37% after one year
- Added six new substance abuse services
- Extensive planning for transition to enhanced Durham Center Access facility (late July)

Ms. Holliman discussed the following challenges that The Durham Center may encounter:

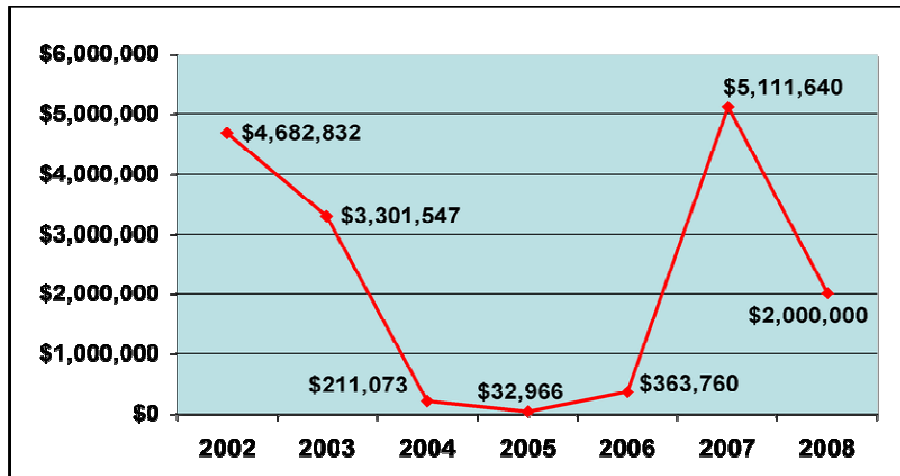
- Challenges
 - Many providers responding to Requests for Proposals are not qualified.
 - Insufficient workforce.
 - Financial instability of agencies.
 - Start up costs are significant; few funding sources available.
 - Medicaid services are authorized through Value Options.
 - Too many providers for some services.

Ms. Zechmann discussed the following:
Fiscal Year 2009

- Results Based Accountability
 - Children served by The Durham Center's providers are ready for succeeding in school.
 - Increase the number of children and families that are receiving Child and Family Teams through contracted providers.
 - Assure children and adolescents receive services in their homes.
 - Increase the number of children ages 0-5 served in evidence-based practices.
 - The Durham Center's consumers are healthy.
 - The Durham Center will contract with providers to continually enhance the quality of services.
 - Increase community awareness of mental health, developmental disabilities, and substance abuse services.
 - Improve access to crisis and community evidence-based and best practice services.
 - The Durham Center will manage MH/DD/SA services to meet contract and performance expectations.
 - The Durham Center's consumers have access to adequate, safe, affordable housing.
 - Increase the number of individuals that are receiving housing assistance.

Ms. Holliman presented the following:

- Focus Areas
 - National Accreditation
 - Implement a new Management Information System
 - Prepare to implement Utilization Review for Medicaid services
- Fund Balance Chart



Ms. Holliman and staff entertained questions by the Board.

Ms. Holliman announced that the grand opening of the Crisis Access Center will be held on Monday, July 28, at 11:00 a.m.

Directive

Deborah Craig-Ray to communicate to the Durham Delegation the Board's support for Senator Martin Nesbitt's bill relating to Mental Health.

County Manager noted the following handouts placed at each Commissioner's station:

- (Per a request by Chairman Reckhow) Memorandum from Heidi York, Assistant County Manager, listing expenditures made towards implementation of the Cultural Arts Master Plan;
- a consolidated listing of FY09 Nonprofit Agencies funded by the City; and
- a spreadsheet showing the Nonprofit recommendations by the City and County Managers.

Directives

1. Put on a future Joint City-County Committee meeting agenda a discussion regarding the City and County funding the same nonprofits.
2. Add "Compensation/Benefits/Retiree Benefits" discussion to June 12 Budget Worksession agenda.

Sales Tax & Property Tax Estimates

Pam Meyer, Director of Budget and Management, distributed and discussed handouts that showed charts comparing tax values and sales taxes.

Ms. Meyer and Kim Simpson, Tax Administrator, addressed questions by the Commissioners regarding tax values.

Ms. Meyer and the Board discussed the following handout regarding occupancy taxes:

6% distribution	3%		2%		1%		1% Equivalent
	42.50%	57.50%					
	City	County	Durham CVB	Performing Arts Center	Museum of Life & Science	Total	
FY2007 Actuals	\$1,819,345.06	\$2,461,466.88	\$2,853,874.64	\$1,400,000	\$5,349.31	\$8,540,035.89	\$1,423,339.32

Directive

Budget staff to consider budgeting monies out of the occupancy tax to offset debt.

SWAP Fund & Community Health Trust Fund

The Community Health Trust Fund (CHTF) was established in fiscal year 1998-1999 as a result of a lease agreement with Duke University Health System (DUHS). Revenue from the trust fund must be used to support health-related programs. The original balance in the Trust Fund was \$23,000,000, with a remaining market value balance of \$19,806,307 as of March 2008.

Starting in FY2009, DUHS will pay Durham County \$3.2 million in lease payments, which are recognized in this fund. The County has identified \$4,898,128 in health-related costs for FY2009 in the General Fund eligible for CHTF dollars. This amount, less the \$3.2 million from DUHS is \$1,698,128 and will be funded from existing CHTF dollars. In addition, DUHS will provide \$100,000 for Substance Abuse treatment, which is budgeted in The Durham Center in the General Fund.

For FY 2008-09, CHTF dollars are being used to support five health-related issues: 1) VFD/EMS Paramedic Services, 2) EMS Services, 3) Mental Health, 4) Public Health, and 5) Social Services. The full request from the VFD for EMS Paramedic Service and EMS Services are detailed in the Public Safety section of this document.

The Durham Center (Mental Health) budget includes \$66,623 for the System of Care for Children and \$166,663 in support for substance abuse and Adults System of Care needs, while Social Services will also budget \$50,000 for Adults System of Care needs.

The Public Health request will support Local Public Health Preparedness and the Medical Reserve Corps initiative. It will also provide the match for the K. B. Reynolds Grant for the Healthy Smiles, Healthy Kids program. A request is also being made to purchase software/equipment in Environmental Health and the Dental divisions that will greatly improve efficiency and productivity. The County's support for Project Access is being funded. This program will provide previously unavailable specialty medical care for the uninsured in Durham County.

Finance Director George Quick reviewed the following chart with the Board:

HEALTH TRUST FUND
 As of April 30, 2008

	BALANCE 4/40/08	PERFORMANCE YTG	INDEX	INCEPTION TO DATE	INDEX
FIXED INCOME					
US Trust	\$11,584,901	8.32%	7.58%	6.93%	5.93%
EQUITIES					
Wedge	\$8,619,316	6.77%	4.68%	8.22%	0.79%
Grand Total	\$20,204,217				

Allocations

Health & Human Services Building	\$10,000,000
FY 2009 budget	<u>\$1,698,128</u>
Total	\$11,698,128

Mr. Quick distributed and discussed a handout containing data on the SWAP Fund.

Mr. Quick informed the Board of a resolution to approve a Bank of America loan, a short-term funding for school construction. Bond anticipation notes will be issued during the first two years until 2010. In 2010, General Obligation bonds will be issued that were approved in the referendum in 2007.

Project Access

Gayle Harris, Vice Chair, Project Access Board of Directors, introduced Dr. Andy Barada, Chair, and Sally Wilson, Project Access Board of Directors.

Dr. Barada made the following PowerPoint presentation:

Project Access of Durham County

- PADC will link eligible uninsured patients to needed specialty care, diagnostic services, ancillary services, hospital care, pharmacy services and prescription medications, disease management, and care coordination services.
- PADC will initially focus on medical needs of Lincoln Community Health Center patients, particularly the need for specialty medical care treatment, and plans to expand later to include other primary care, dental, and behavioral health providers.
- The program will serve uninsured residents of Durham County (6 months minimum residency) who also meet minimum financial requirements (<200% of federal poverty guideline, currently \$42,400 for a family of four); not covered by Medicaid, NC Health Choice or Medicare.
- Durham first year, PADC will serve patients with LCHC as primary care home.

Project Access Start-Up

- Durham County Commissioners awarded \$112,594 to PADC for March 1 – June 30, 2008.
- Accomplishments to date:
 - Formed Board of Directors
 - Submitted IRS application for 501(c)(3) status
 - Hired Executive Director, hiring additional staff
 - Setting up offices (received donated furniture and offices from DRH/Duke, along with cost of renovations, which will be completed by July)
 - Setting up procedures and systems

Project Access Board of Directors

- Board of Directors consists of 28 members representing its broad base of support
 - Community groups
 - Providers
 - County representatives
 - Other constituencies

Project Access Specialty Care Commitments

- Durham's community physicians committed to provide over 800 episodes of care from specialty physicians (double their original commitment).
- Duke physicians committed to provide 2,000 episodes of care.
- Duke, Durham Regional, and NC Specialty Hospitals committed to provide hospital and ancillary support services to PADC.
- LabCorp committed to provide lab services.

Project Access Start-Up Budget Accounting (Chart)

Project Access: Year One—Overview

- Patients in need of specialty consults will be referred from LCHC to Project Access.
 - DSS will check eligibility for Medicaid & NC Health Choice at LCHC main clinic.
 - One enrollment coordinator will be at LCHC to assist patients with PADC.
 - Eligible patients will sign PADC agreement and receive identification card.
- PADC staff will coordinate with LCHC, specialty clinics, and LATCH to:
 - Make appointments
 - Provide transportation, as needed
 - Arrange interpretation and translation, as needed
 - Assist with obtaining medications
 - Educate and support patients in following treatment plan and management of chronic diseases
- Patients will receive all specialty consults free of charge

Project Access: Year One—Specialist Commitments

- PADC exceeded recruitment goal of commitment to 2,400 additional specialty referrals/year
- PADC estimates value of specialty care of \$12,000,000 and will collect claims data via Physician WebLink

Project Access: Year One—Pharmacy

- Inpatient prescription medications will be filled by Lincoln Pharmacy and Duke Outpatient Pharmacy
- PADC Medical Committee is developing formulary for:
 - Prescription medications utilizing 340B pricing
 - Drug manufacturer's patient assistance programs (PAP)
- County proposal includes request for \$100,000 to:
 - Fund additional part-time staff person at LCHC to help fill out PAP applications
 - Purchase medications on expanded formulary
- Prescription medications will require standard LCHC co-pay

Project Access: Year One—Care & Management

- PADC plans to contract with Duke Community and Family Medicine through the LATCH program to provide disease management and care management services to PADC patients.
- The Duke Endowment conducted a site visit with PADC on April 1, 2008. Following this visit, PADC was asked to re-submit its grant application to TDE's newly formed Care + Share NC, which will meet in early June to make award decisions. The application requested three-year support of LATCH, including \$299,760 for the first year.

Project Access: Year One—Transportation

- PADC received a grant award of \$75,000/year over three years from BCBS of North Carolina Foundation to provide transportation for PADC patients.
- PADC will work with LATCH to ensure all PADC patients have transportation to their specialty consults.
- PADC is exploring all transportation options, including providing bus passes and subcontracting with private vendor initially and with Red Cross over time.

Project Access: Year One—Staffing

- PADC will be staff by 4.0 FTE
 - 1.0 FTE Executive Director
 - 2.0 FTE Enrollment Specialists
 - 1.0 FTE Administrative Assistant

Budget: July 2008-June 2009 (Chart)

Budget Request

- July 2008 – June 2009
 - County: \$400,000

- The Duke Endowment / Care + Share NC: \$299,760
- BCBSNC Foundation: \$75,000
- Other/To Be Raise: \$58,300
- Total support needed: \$833,060

Measuring Success

- PADC will evaluate and report semi-annually on progress, according to four categories
- Quantitative measures
- Service measures
- Financial and budget measures
- Care management & disease management measures

Dr. Barada and Ms. Harris replied to questions by the Commissioners.

Chairman Reckhow thanked Dr. Barada and Ms. Harris for their hard work and asked that thanks be conveyed to the Project Access partners.

Emergency Medical Services

EMS Director Mike Smith requested that the Board increase EMS fees for FY08-09, as EMS has not had a fee increase since FY05-06. He discussed the numbers as follows:

RATE STRUCTURE COMPARISON

	BLS w/ Mileage	ALS #1 w/ Mileage	ALS #2 w/ Mileage	Extra Attendant	Special Event Coverage	Waiting Time	Treatment
	\$ / mile load	\$ / mile load	\$ / mile load	All Transports	3 Hr Minimum	per 30 minutes after initial 30	No transport
Rate Structure FY2005/06	\$400 \$7/mile	\$475 \$7/mile	\$525 \$7/mile	\$25	\$100 per hour	\$75 per 30 minutes	250
Proposed Rate Structure FY2008/09	\$450 \$8/mile	\$500 \$8/mile	\$550 \$8/mile	\$25	\$125 per hour	\$75 per 30 minutes	\$250
	MILEAGE CALCULATED IN OR OUTSIDE COUNTY						

General Services/Animal Control

Mike Turner, General Services Director, presented the following information regarding Animal Control:

Rabies Vaccination Increase year to year

	July 2004-June 2005	July 2005-June 2006	July 2006- June 2007	July 2007-April 2008
Vacc. given	641	736	799	1050

	\$5,128	\$5,888	\$6,392	\$8,400
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Rabies Vaccination Cost Analysis

Animal Control currently vaccinates all dogs and cats at the cost of \$8.00 per shot. This fee has been in place for over five years with no increases.

The breakdown in the cost to vaccinate a dog or cat follows:

In House Vaccination: \$9.17
 Field Vaccination: \$20.67

These costs include the following: labor, vaccine, syringe, needle, sharps disposal, tag, reminder postcard, postage, and gasoline. It does not include wear and tear on animal control trucks or extra equipment needed to field vaccinate safely.

For Purpose of Comparison
 Random Check of Veterinarian Costs for 1-Year Rabies Shots in the Durham Area
 Call made on May 21, 2008

Academy Vet Hospital	1-year rabies vaccination and office call \$24
Bahama Road Animal Hospital	1-year rabies vaccination and office call \$28
Banfield Animal Hospital	1-year rabies vaccination during certain hours \$17, any other time \$52
Colony Park Animal Hospital	1-year rabies vaccination dog: \$18 cat: \$23
Cornwallis Road Animal Hospital	1-year rabies vaccination and office call \$43
Eno Vet Hospital	1-year rabies vaccination \$17
Falconbridge Animal Hospital	1-year rabies vaccination and office call \$73.50
North Paw Animal Hospital	1-year rabies vaccination and office call Dog: \$54 Cat: \$53.50
Park Vet Hospital	1-year rabies vaccination and office call Dog: \$30.50 Cat: \$35.50
Roxboro Road Veterinarian	1-year rabies vaccination and office call \$56

Capital Finance Model

Keith Lane, Senior Budget Analyst, presented the FY 2008-2009 Capital Improvement Plan Debt Funding and Model.

Budget staff and the Board discussed the following figures:

Approved General Funds Fund Balance expected to be spend
 Total: \$3,406,900

\$245,000 unspent FY06-07—Approved Civic Center funds budgeted to move to a capital project in 07-08 (expected to be spent)

\$324,900 sale of Eligibility Building, funds from 06-07, used to support capital finance plan for 07-08 (expected to be spent)

\$2,960,850 for Capital Finance Plan needs, used support debt service payments (approximately \$2,000,000 of this is expected to be spent)

\$837,000 for General Fund DPS current capital outlay offset, this will be a direct transfer to the General Fund (expected to be spent)

Fund 101 Mid-Year Additions (expected to be spent)

- \$100,000 security deposit to DPS for City of Medicine
- \$945,000 technology funds for ROD
- \$2,300,000 Mental Health Designated FB Appropriated for Oakley Building
- \$3,345,000=Total Fund 101 additions

Fund 125 Mid-Year Additions (expected to be spent)

- \$115,000 Animal Control Building Project
- \$438,897 Detention Center Improvement Project
- \$1,475,000 New Justice Center Land Purchase
- \$2,028,897 = Total Fund 125 additions

Total General Funds Fund Balance expected to be spent = \$8,780,797

Revenues

- Two half-cent sales taxes (Article 40 and 42) are collected in the General Fund and transferred to the Capital Financing fund to support capital debt service - \$19,227,212.
- Property tax needed for Capital Financing fund increased from 5.39 cents to 5.43 cents, but was actually an increase of \$3,135,541 from FY 2007-08. A revenue neutral rate would have been 4.3 cents.
- Lottery and Public School Building Fund support dropped from \$4 million FY 2007-08 to \$2 million in FY 2008-09, partially due to state Medicaid changes that scooped up 60% of the FY 2007-08 collection for State use.
- SWAP fund earnings are transferring \$250,000 directly to the Debt Service Fund to support debt service payments.
- Interest earned from other Capital funds (previously issued debt) to support current debt service payments - \$2,243,750. This amount will begin to decrease as Durham County uses more time responsive debt issuance mechanisms.
- \$550,000 allotted to County Contribution for open space land acquisition.

Expenditures

Existing Debt

- Debt service payments from the last issuance of the 2003 GO Bond referendum start in FY 2008-09 at \$2,510,983 (all of this final issuance, \$34,000,000 was for Durham Public Schools).

- Debt service payments from the 2007 2/3rds GO Bond start in FY 2008-09 at \$908,173 (\$6,650,000 of this issuance of \$12,000,000 was for Durham Public Schools).

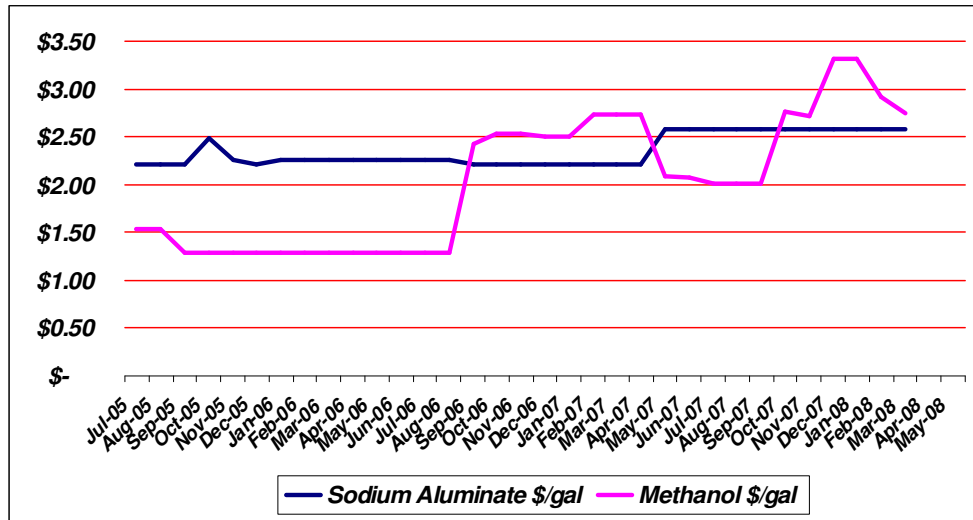
New Debt

- Bank financing and interim financing for GO Bonds and COPS related projects are projected to create new debt service in FY 2008-09 of \$2,589,491.
 - Interim financing (GO Bond related) is approximately \$33 million for FY 2008-09
 - Interim financing (COPS related) is approximately \$64 million for FY 2008-09
 - Bank financing will support FY 2007-08 vehicle financing, FY 2008-09 IT computer equipment schedule, and IP Telephony System upgrades

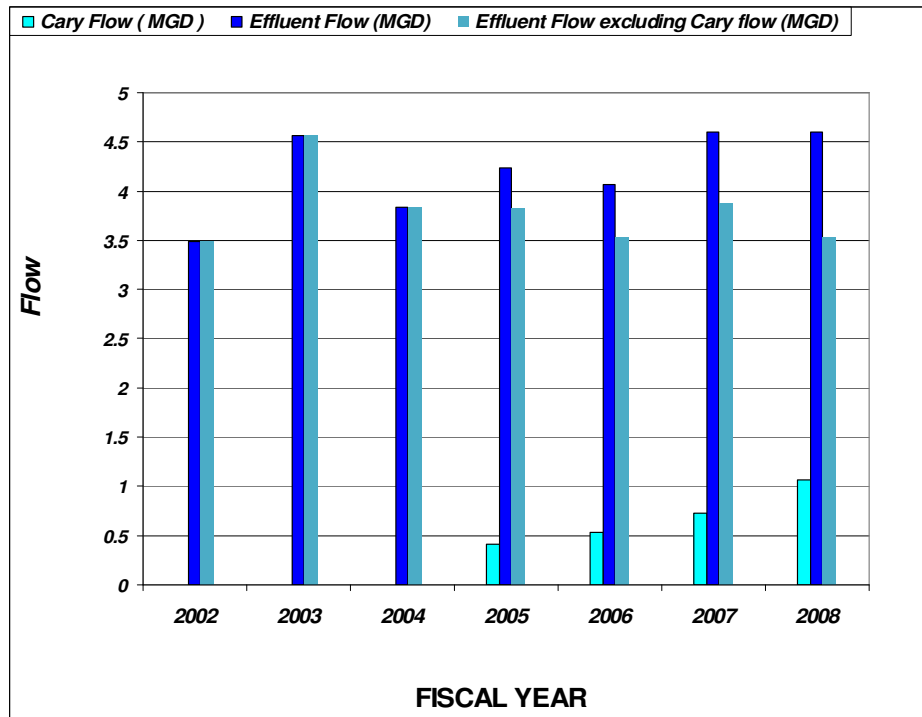
Enterprise Fund/Sewer Utility

County Engineer Glen Whisler distributed information on the FY08-09 solid waste cost projections and Durham County's 15-year "Solid Waste Permit Fee" history. He gave the following PowerPoint presentation:

- Utility Division Wastewater Fee Increases
 - Triangle Wastewater Treatment Plant treats wastewater from southeast Durham County, Durham City, and Town of Cary (temporarily).
 - Two primary revenue sources, monthly user fees and capital recovery fees.
- Proposed Fee Increases
 - Usage rate increase by 10%.
 - Capital Recovery charges increase by 4%.
 - Plan Review and Inspection fees increased to cover cost of service.
 - Surcharge for Total Kjeldahl Nitrogen (TKN) increase by 50%.
 - Pretreatment charges updated to current costs for sample analysis.
- Why are sewer rates being increased?
 - Costs of treatment have increased.
 - Reduced flowrates from Non-Cary customers.
 - Accelerated removal of sludge from lagoon.
 - To provide funding for CIP projects.
 - To ensure the bond coverage ratios are met without impacting effluent quality.
- Chemical Costs



- Power Costs
 - Duke Energy has predicted a 5% increase in power rate in September.
 - Increased power cost as UV output had to be increased to ensure lower fecal coliform limit met for Reuse standards.
- Non-Cary Usage Decreasing



- Recent trend reduced flow rates from non-Cary customers.
 - During the drought RTP industries learned to conserve water and to reuse their minimally contaminated process water in their cooling towers. Spring 2008 discharge rates are lower than typical.
- Accelerated Sludge Removal
 - Minimal sludge removal was completed in FY 2006 and FY 2007.
 - In FY2008, removed 1 years worth of sludge production, (\$500,000).

- Excessive sludge levels result in operational problems and violation risk.
- Need to remove \$750,000 of sludge in FY 2009 to gain sufficient storage for efficient operation.
- Funding for CIP Projects
 - In Spring 2009, TWWTP Phase III (sludge dewatering project) and reuse project funding will be in place.
 - Funds for the initial payment of the long term financing will be due in late FY2009.
- Ensure Bond Coverage Met
 - The existing bonds require the annual revenues to exceed the expenses of TWWTP and bond coverage.
 - For the last two years, maintenance expenditures in the last quarter of the fiscal year have been limited to only critical repairs to ensure this requirement is met. We want to avoid deferred maintenance.
 - Sufficient revenues should be generated to allow maintenance as necessary and ensure projects such as the Sewer Rehabilitation project can be fully funded.
- Other Fee Changes
 - Capital Recovery Charges – 4 % to cover inflation
 - Inspection Fees – increased from \$1 to \$2 per linear foot to provide greater cost recovery.
 - Plan Review Fee – Increased to \$300 for 1st submittal and \$150 for resubmittal.
 - TKN surcharge increased by 50% to cover methanol cost increase.
 - Revised sample analysis charges to reflect actual costs. Removed from SUO.
- Comparison to Other Sewer Rates

Community	Current Rate (per ccf)	Proposed Rate (per ccf)	% Increase
Durham County	\$2.75	\$3.02	10
Durham City (inside/outside)	\$3.28/6.56	\$3.28/6.56	Raised Billing Charge by \$2.53 per account per month
Raleigh (inside/outside)	\$1.58/3.16	~\$1.81/3.63	~15
Cary	\$3.92	~\$4.00	~2
OWASA	\$2.73	~\$3.40	~25

- Example Monthly Bill Increases

User Type	Monthly Use (gal)	Current Bill	New Bill

Family	6,000	\$ 22.05	\$ 24.22
Commercial	30,000	\$ 110.26	\$ 121.10
Large Industrial	750,000	\$ 2,757.34	\$ 3,028.06

Mr. Whisler answered questions posed by the Board.

Adjournment

Chairman Reckhow announced that the Board will meet tomorrow at 9:00 a.m. in the Commissioners' Chambers for another budget worksession. She directed staff to ensure that presenters arrive on time to discuss their items.

There being no further business, Chairman Reckhow adjourned the meeting at 12:18 p.m.

Respectfully Submitted,

Yvonne R. Gordon
Deputy Clerk to the Board