

REVISED

(See changes to Items 6, 7, and 8)

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

Monday, June 7, 2010

9:00 A.M. Worksession

AGENDA

1. **Citizen Comments**

25 min.

- a. Five citizens have requested to address the Board of County Commissioners regarding Riddle Road;
- b. James Daniel Shaw has requested to address the Commissioners regarding the County Budget;
- c. Ralph McKinney has requested to address the Commissioners regarding concerns.

2. **Chamber of Commerce Annual Report**

20 min.

The Board is requested to receive the annual report and business update from the Durham Chamber of Commerce. The Chamber provides the county with assistance in coordinating economic development initiatives and activities, including corporate and industrial recruitment.

A presentation will be made regarding the economic development activity to date, including recruitment of industry clusters, expansion of existing businesses, new capital investment, and new jobs created. In additions, the Chamber will present future trends on the horizon for Durham, and recommendations on how the Chamber and County can continue to work together.

Resource Person(s): Anthony J. Pugliese, CPA, Chairman, Durham Chamber of Commerce Board of Directors, and Casey Steinbacher, CEO and President of Durham Chamber

County Manager's Recommendation: The Manager recommends that the Board receive the presentation.

3. **Downtown Durham Incorporated Annual Report**

20 min.

The Board is requested to receive the annual report from the Downtown Durham, Inc.

Resource Person(s): Bill Kalkhof, President, Downtown Durham, Inc.

County Manager's Recommendation: The Manager recommends that the Board receive the annual report of Downtown Durham Incorporated.

4. **Workforce Development Board**

20 min.

The Board is requested to receive the annual report from the Workforce Development Board.

Resource Person(s): Kevin Dick, Director of Economic and Workforce Development, City of Durham

County Manager's Recommendation: The Manager recommends that the Board receive the report.

5. **Presentation from Correct Care Solutions, LLC, Contractor for Medical Services Provided at the Durham County Detention Facility and the Youth Home**

30 min.

The Board is requested to receive a presentation from Correct Care Solutions, LLC (CCS) that will provide an update on inmate medical services and an explanation of their FY '11 funding request, an increase of \$91,086. CCS has made this request in the spirit of their most recent response to our request for proposals: "... CCS will use Medical CPI as a basis for future increases although costs may also be affected by ADP fluctuations and changes in patient acuity." The medical CPI figures for 12 month periods ending December 2009 and January 2010 were 3.4% and 3.5% respectively. The CCS proposed price increase for FY 11 is based on 3.25%.

If approved, the contract amount would increase from \$3,103,055 to \$3,194,141.

Resource Person(s): Patrick Cummiskey, Executive Vice President, CCS; Gayle B. Harris, Health Director

County Manager's Recommendation: The County Manager recommends that the Board receive the presentation from CCS and provide guidance to staff.

6. **Capital Project Amendment No. 10CPA000015 – Appropriation of \$2,500,000 to the ERP (Enterprise Resource Planning) Upgrade Project (42001910DC135)**

15 min.

In 2004 Durham County implemented new business software – SAP/ERP – which, at that time, replaced the obsolete AMS System. The System went live in October of 2005. The software is highly integrated and affords the County the ability to carry out all of its financial, budgeting, human resources and purchasing transactions to included payroll, paying vendors, managing debt, applicant tracking, personnel evaluations and managing grants - to name a few of the functionalities. In planning for the necessary upgrades which is typical for business software, the county planned for the SAP/ERP Software upgrade in the Adopted 2010/19 Capital Improvements Program (CIP) and the project is scheduled to begin July 1, 2010.

Therefore the Board is being requested to approve the upgrade of the hardware and software for the existing Enterprise Resource Planning (ERP) solution ensuring continued, cost-effective vendor support which will improve the overall SAP environment and leverage Durham County's position to implement and enhance additional modules. The upgrade will place us back on a timeline that keeps the County in the lowest cost maintenance support category with SAP and structure our environment to provide additional services.

The projected funding is \$2,500,000.00 which includes consulting resources, hardware, and the required software necessary to complete the upgrade. This project is a part of the current FY 2010-2019 Capital Improvement Plan and funding for this project will come from bank financing occurring later in the fiscal year. General Fund dollars will fund purchases made before loan funds are available through an interfund loan not to exceed that amount and will be reimbursed/repaid once the COPS financing funds become available.

Resource Person(s): Barbara Torian, Shared Services Director, Wendell Davis, Deputy County Manager, George Quick, Finance Director

County Manager's Recommendation: The County Manager recommends that the Board receive the presentation on the SAP/ERP Upgrade and place the item on the June 14, 2010 Agenda to approve Capital Project Amendment No. 10CPA000015 appropriating \$2,500,000 to the new capital project, ERP (Enterprise Resource Planning) Upgrade Project (42001910DC135). Funding for the project will come from an interfund loan from the General Fund to be reimbursed once the bank financing loan is secured.

7. **Proposed Budget Amendment for Durham Convention Center (FY 2009-10)**

15 min.

The Durham Convention Center is jointly owned by the City and County of Durham, and operated by Shaner Hotel Group Properties Two Limited Partnership, (Shaner) the firm which also operates the Marriott hotel attached to the Convention Center.

The City and County receive revenues from the Convention Center and share equally in operating costs (including a management fee) pursuant to an Interlocal Agreement. The City and County also split the cost of maintaining the facility as well as any major capital upgrades. We are currently in the design phase of a 2nd phase of capital upgrades which, along with design and pre-construction costs, total \$6.5 million.

In FY08-09, the budget for the Convention Center operations was at just about \$1 million but, partly due to the economy, ended up being approximately \$1.33 million. The City, County, and Shaner split that additional \$330,000 deficit three ways, and the County approved a budget amendment of \$110,000 on May 4, 2009.

This year (FY09-10), Shaner again proposed a \$1 million operating budget, which the City and County agreed to. Unfortunately, again partly due to a continually depressed

economy, the operating cost has exceeded the budget, this time in the amount of \$350,000.

~~Per the management agreement with Shaner, the matter was brought before the Convention Center Authority. For various reasons, the Authority recommends that 50% (rather than 33%) of this deficit be paid by Shaner and the City and County split the remaining 50%. Thus, staff, upon the recommendation of the Convention Center Authority requests a budget amendment in the amount of \$87,500.~~

Per the management agreement with Shaner, the matter was brought before the Convention Center Authority. The Authority recommended that 50% (rather than 33%) of this deficit be paid by Shaner and the City and County split the remaining 50%. Further negotiations on this issue and the issue of the contract extension led us to an agreement with Shaner where they would pay 41.7% (\$146,000) and the City and County would each pay (\$102,000) (29.1% each). Thus, staff is requesting a budget amendment in the amount of \$102,000.

Resource Person(s): Drew Cummings, Assistant County Manager

County Manager's Recommendation: The County Manager recommends that the Commissioners discuss this matter and, if in agreement, bring the budget amendment back on June 14th for approval.

8. **Proposed 6-Month Contract Extension for Convention Center Management Agreement**

15 min.

The Durham Convention Center is jointly owned by the City and County of Durham, and operated by Shaner Hotel Group Properties Two Limited Partnership (Shaner), the firm which also operates the Marriott hotel attached to the Convention Center.

The current 5-yr. management contract expires June 30, 2010 (the end of the current fiscal year). City and County staff have been in discussions with Shaner about a new agreement for much of the past year but have not reached a point where a new management agreement will be ready by July 1, 2010. City/County staff are therefore requesting approval of an extension of the current management contract for six months (through Dec.31, 2010) to complete negotiations for a new management contract.

Whereas the current management agreement has left open the question of how additional /unbudgeted deficits are handled, the extension would be a flat-rate/not-to-exceed amount of \$ 102,700 per month for a total of \$ 616,200 during the 6 month extension.

During the second half of FY10-11, the Convention Center will mostly be closed for an extensive, second set of renovations (totaling roughly \$5.3 million) that should position it to be a much more competitive and thus revenue-producing asset here in Durham.

The total amount budgeted for the operation of the Convention Center during FY10-11 includes the six month extension cost as well as money for ongoing utility and sales and marketing costs to book events for when the facility re-opens.

Resource Person(s): Drew Cummings, Assistant County Manager

County Manager's Recommendation: The County Manager recommends that the Commissioners discuss this matter and, if in agreement, bring back the contract extension on June 14th for approval.

9. **Vehicle and Equipment Replacement Financing**

15 min.

On April 23, 2010 Durham County issued RFP No. 10-028 for the Financing of Vehicles, Equipment, Computers and Telecommunications System Upgrades. The County received seven bids for the financing of these items. The Bids ranged from a high of 2.99 % to a low of 1.42 %. The low bid was submitted by Wells Fargo Bank, N. A. (Wachovia). The financing will be in the amount of \$5,711,640, for thirty-six months with quarterly payments beginning in FY2011. The financing will be collateralized by the items being purchased. The transaction will need to close before June 30, 2010.

Resource Person(s): George Quick, Finance Director

County Manager's Recommendation: The County Manager recommends that the BOCC approve the financing with Wells Fargo Bank, N. A. and authorize the Manager to execute the appropriate documents to close the transaction.

10. **Review of May BOCC Directives**

10 min.

It was requested that at each month's worksession, the Board of County Commissioners have the opportunity to review the previous month's directives for staff and make comments as necessary.

Resource Person(s): Mike Ruffin, County Manager; Laura Jensen, Assistant to the County Manager

County Manager's Recommendation: The Manager recommends that the Board review the May BOCC directives and make comments to staff as necessary.

3 hrs. 15 min.