

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

Monday, June 5, 2000

9:00 A.M. Worksession

MINUTES

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

Present: Chairman MaryAnn E. Black, Vice-Chairman Ellen W. Reckhow, and Commissioners William V. Bell, Joe W. Bowser, and Becky M. Heron

Absent: None

Presider: Chairman Black

Interim County Manager Carolyn P. Titus made introductory remarks about the day-long worksession. She welcomed those in attendance from Durham Public Schools including Board of Education Chair Kathryn Meyers, board members, Superintendent Ann Denlinger, and administrative staff.

The staff from Durham Public Schools and the Departments of Human Resources, Planning, Inspections, and Social Services would give budget presentations.

A Closed Session would be held during the lunch break.

Durham Public Schools

Ms. Titus asked Claudia Odom, Budget Director, to give an introductory overview on the Durham Public Schools' budget and the Manager's recommendation.

The overview follows:

Program Description:

Effective July 1, 1992, Durham County's two public school systems merged forming the Durham Public Schools. All Durham County funding is from general funds; the supplemental taxing districts were discontinued with the merger.

Durham Public Schools were merged under legislation establishing minimum requirements for local funding based on the highest per pupil expenditure in the last five years of either school system prior to merger. Per pupil allocation used in the schools

funding formula is \$1,960. The amount of minimum funding is determined by multiplying the \$1,960 per pupil expense with the certified final ADM enrollment (Average Daily Membership) for the prior year. County funding for Durham Public Schools including current expense, capital outlay (excluding bond-funded projects), and debt service must be no less than the minimum funding required.

A comparison of the minimum funding required and the approved funding level is shown below.

Per pupil funding	\$1,960
Multiply by total FY 1998-99 ADM	\$28,866
Minimum funding, FY 2000-01	\$56,577,360

	FY 1999-2000	FY 2000-2001	FY 2000-2001
FUNDING	ADOPTED	REQUESTED	RECOMMENDED
General fund current expense	\$63,840,956	\$71,127,597	\$67,590,956
General fund capital outlay	<u>\$ 500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 500,000</u>
Total general fund	\$64,340,956	\$72,627,597	\$68,090,956
School debt service	\$16,864,806	\$16,470,460	\$16,470,460
TOTAL FUNDING	\$81,205,762	\$89,098,057	\$84,561,416

	1998-99 Actual Expenditures	1999-00 Original Budget	1999-00 12-Month Estimate	2000-01 Department Requested	2000-01 Manager Recommended
<i>Function:</i>					
<i>Education</i>					
Personnel	\$0	\$0	\$0	\$0	\$0
Operating	\$59,280,956	\$63,840,956	\$63,840,956	\$71,105,256	\$67,590,956
Capital	\$ 500,000	\$ 500,000	\$ 500,000	\$ 1,500,000	\$ 500,000
Total Expenditures	<u>\$59,780,956</u>	<u>\$64,340,956</u>	<u>\$64,340,956</u>	<u>\$72,605,256</u>	<u>\$68,090,956</u>
<i>Net Expenditures</i>	\$59,780,956	\$64,340,956	\$64,340,956	\$72,605,256	\$68,090,956
FTEs	0.000	0.000	0.000	0.000	0.000

The Manager's recommended budget is a 5.5 percent increase over last year's budget request. The current budget for FY 1999-00 is \$64,340,956 for current expense and capital outlay. In addition, the County funds an additional \$16,864,806 for debt service. The total FY 2000-01 recommended budget is listed above.

Ms. Odom presented comparative data of other school districts as requested by the Commissioners.

Ms. Titus asked the school staff to bring forward more detailed information pertaining to the budget request as well as performance information and new programs implemented this year.

Ms. Titus turned the program over to Dr. Denlinger.

Dr. Denlinger asked Ms. Meyers for her comments. She introduced the other school board members in attendance as follows:

Dr. Regina George Bowden
Rev. Philip R. Cousin Jr.
Ms. Gail Health
Ms. Phillis Scott
Mr. Arnold Spell

Ms. Meyers made comments about Durham Public Schools relative to the instructional program and operations.

Dr. Denlinger, Calvin Dobbins (Associate Superintendent), and David Lee (Executive Director) made the budget presentation to the County Commissioners.

The County Commissioners asked questions and made comments about the budget to which the school administrators responded.

Dr. Denlinger said the school system received requests for additional information on the Lakeview School project and the dropout reduction program.

Ms. Donna Smith, Assistant Superintendent for Student Services, talked about the two programs.

The County Commissioners continued to ask questions about the programs. School staff responded.

Chairman Black asked Interim County Manager Titus to note under the Lakeview School section of the Memorandum of Understanding for next year the statement about attendance, suspension rate, dropout rate, and the 4.6 percent dropout rate statewide.

Chairman Black asked the Superintendent to send to the Interim County Manager the cost savings of a 6½ percent salary increase compared to a 7 percent increase.

Chairman Black asked Ms. Titus to speak to the anticipated growth of 4 percent. The school system has requested an 8 percent increase, therefore, a tax increase would be necessary to give the school system an additional 4 percent increase.

Ms. Odom said the 4 percent growth rate referred to by Chairman Black is what we have budgeted and projected for our property tax growth rate. Looking at the overall budget, we have grown conservatively in the area of our sales taxes. We have tried to keep our departmental budget growth rate between 3 and 4 percent. Several departments have exceeded the 4 percent. The increase built into the schools' budget is 5.5 percent. The requested growth rate for the schools was 12.8 percent.

Ms. Titus stated that staff would obtain the charter schools' financial information from the state and the Local Government Commission.

Chairman Black said arrangements would be made for representatives from the charter schools to attend a Commissioner worksession to answer Commissioner questions about the charter schools.

No official action was taken on the schools' budget during the worksession.

Funding decisions will be made at a later time.

Planning Department

Ms. Odom said there is a \$12,437 reduction in the budget that should occur as a result of reconciliation to the revenues.

Norm Standerfer, City-County Planning Director, was asked to focus on his departmental revenue changes, most specifically the requested proposed fee changes.

Mr. Standerfer gave the Commissioners an overview of the proposed fee schedule and cost recovery program.

The Commissioners asked questions and made comments about the Planning Department to which staff responded.

A lengthy discussion was held about the County Open Space Planner position relative to funding and job requirements.

Interim County Manager Titus said a number of issues have been raised that require additional work. The first is the equalization of funding issue and the role and responsibilities of the department as it pertains to cities and counties. Our goal is to have an Open Space Planner position and fund that on bond funds in the Planning Department. The bottom line is to make certain the Commissioners are comfortable with the fee schedule.

No official action was taken on this agenda item.

Human Resources

Ms. Odom gave the Commissioners a brief summary of the proposed compensation plan.

Interim County Manager Titus recommended a 2.5 percent market adjustment at a cost of \$1.2 million plus an adjustment for positions behind the market beyond the 2.5 percent at a cost of \$93,336. The Pay for Performance Plan would still be in effect.

Tony Noel, Human Resources Manager, presented the compensation plan and the process and methodology used to examine the department externally relating to the market and internally relating to compression and equity.

The compensation recommendation for FY 2000-2001 follows:

- 2.5 percent market adjustment
- continuation of pay-for performance
- implementation of benchmark study

The Commissioners asked questions and made remarks about the compensation pay plan to which the Interim County Manager and Human Resources staff responded.

Ms. Titus spoke about the compensation plan and the reasons for her recommendation.

Commissioner Heron requested a list of the positions and salaries that are above the market. Twenty-three percent of the employees are above the market.

A lengthy discussion by the Commissioners and staff members followed.

Chairman Black asked if a quick market survey of the department heads could be prepared in the next two hours.

The information would be available tomorrow at the June 6, 2000 Worksession.

No official action was taken on this agenda item.

Closed Session

Commissioner Heron moved, seconded by Commissioner Bowser, to adjourn to closed session pursuant to G.S. § 143-318.11(a)(3) in order to consult with an attorney and to preserve the attorney-client privilege regarding a claim concerning Duke and Durham County Hospital Corporation.

The motion carried unanimously.

Excuse Commissioner

Commissioner Heron moved, seconded by Vice-Chairman Reckhow, to excuse Commissioner Bell from the June 12, 2000 Regular Session.

The motion carried unanimously.

Reconvene Into Open Session

Chairman Black said a press release would be given to the reporters later this afternoon. The press release is being prepared.

City-County Inspection Department

Mr. Gene Bradham, Director of Inspections, was asked to come to the worksession in order to share his revenue projections for FY 2000-01. The fee schedule includes a permit fee increase. An increase has not occurred in 12 years.

Highlights of the permit fee increase follow:

- Date of last increase (1988)
- Proposal represents a 21.8 percent increase
- Proposal keeps Durham within 10 percent of fees of surrounding jurisdictions
- Includes \$5 charge per permit to cover random concrete testing
- Notification methods

The Commissioners asked questions and made comments about the Inspection Department's budget. Staff responded.

No official action was taken on this agenda item.

Department of Social Services

Mr. Daniel C. Hudgins, Director of Social Services, made a budget presentation to the County Commissioners for FY 2000-01.

The primary outcomes of the Department of Social Services follow:

- Protection of Vulnerable Adults and Children (under the supervision of Gail Perry) and
- Enhanced Family Self Sufficiency (under the supervision of Arnold Dennis)

The Commissioners asked questions and made comments about the Social Services budget to which Dan Hudgins and his staff responded.

Commissioner Bowser requested the total salaries of the seven Social Services employees in the Durham Public Schools system.

No official action was taken on the Department of Social Services' budget at this worksession.

Adjournment

Chairman Black adjourned the worksession at approximately 5:00 p.m.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board