

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

Thursday, May 27, 2004

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 Joe W. Bowser, and Commissioners Philip R. Cousin Jr., Becky M. Heron, and Mary D. Jacobs

Absent: None

Presider: Chairman Ellen W. Reckhow

Welcome

Chairman Reckhow welcomed the representatives of the Museum of Life and Science to the budget worksession.

Museum of Life and Science

Chairman Reckhow recognized Pam Meyer, Budget Director, to introduce the agenda item.

Pam Meyer took the opportunity to announce the revised schedule for today's budget worksession. The only change is from lunch time to the end of the day.

Chairman Reckhow commented she asked Pam Meyer to have the budget representatives here early, so if a presentation is less time consuming, the Commissioners could move on to complete the worksession schedule.

Pam Meyer introduced Debbie May, Chief Financial Officer and Interim CEO, of the Museum of life and Science for the budget presentation.

Debbie May began her presentation by introducing John Scott Williams, Board Member, for opening remarks. Vice-Chair Ann Moore was present to assist with the presentation. The Vice-Presidents of Exhibits and Education were also present to answer any questions about the various programs.

Mr. John Scott Williams said that he was pleased to be here. On behalf of the museum, I am here in place of our Board Chairman Chuck Watson who could not attend the budget worksession. I am pleased to speak about the museum and its role in achieving some important results in Durham. Along with the partnership of Durham County, it has made it possible for the museum to deliver a wide range of services in support of science education in the schools and community. Debbie May will tell you about what the museum has accomplished and the plans for the future.

Debbie May said she is focusing on two major programs at the museum. One is the Support of Science Education in Schools and the other is Support of Science Education in the Community.

Support of Science Education in Schools

Targets: K-12 Students
 Elementary and Middle School Teachers

The Museum provides a wealth of services to students, teachers, and families so they will have the resources they need to further the education of children in the natural and physical sciences.

Services include:

- Free admission to all publicly funded Durham school groups
- Museum classes
- Outreach classes
- Science Education Research Center
- Teacher Professional Development
- 21st Century activities
- Discovery in Motion Program
- Mentors Opening Doors: Experiential Links to Science (MODELS)

The results associated with these services address critical needs in youth science education follows:

- DPS students will have the science skills needed to succeed in science classes at school;
- Elementary and middle school educators will improve their knowledge of science, and comfort level when teaching science;
- Through collaborations, middle and elementary students will have increased after-school opportunities and high school students will have authentic work opportunities in the after school hours; and
- Youth Partners will increase their involvement in Museum science activities.

Support of Science Education in the Community

Targets: Visitors of all ages from Durham County and outside of Durham County.

The Museum provides a variety of services to people of all ages, with particular focus on children and families, to further their understanding of the natural and physical sciences.

Services include:

- Free Wednesday afternoons for Durham County residents
- Summer Science Camp
- Family Activities
- Scouting activities
- Off-site special community events
- Museum special events
- Exhibits

By providing these services, the Museum not only enhances the quality of life for Durham Residents, but contributes to a prosperous economy by playing a key role in the attraction of visitors to Durham County.

Debbie May shared with the Commissioners the upcoming events that the Museum will sponsor, such as:

- Special Traveling Exhibits
- Special Events
- Special Public Programs

Debbie May shared with the Commissioners the details of the new public program Health Investigator Series.

Debbie May also reviewed for the Commissioners the BioQuest permanent exhibit and other various exhibits that are being developed for the Museum.

Budget

Debbie May discussed the Museum budget as follows:

The budget that has been recommended by the County Manager is one that supports our occupancy cost and makes everything possible that I have talked about. The operating budget is something that is so essential to the Museum. The capital budget is equally essential for the various projects that have been on hold for such a long time because there has not been enough funding. We have a priority list of items that will be addressed if the funding is approved.

The total operating budget recommended by the County Manager for FY 2004-05 is \$993,059. The total budget for next year is approximately \$4,000,000.

The Board of County Commissioners asked several questions, Debbie May responded.

Chairman Reckhow thanked the Museum representatives for coming to the budget worksession.

Results-Based Accountability

Heidi N. Duer, Assistant to the County Manager for Special Projects, said the biggest change the Commissioners will see in this budget is the inclusion of the performance measurements. In fact, you have an entire separate supplemental document that contains the responses to the set of seven questions that all of the county departments have responded to. The seven questions are tools that will help the departments analyze their service and to help us understand what their programs do. Essentially, it helps us know what we are getting for the dollar invested and what results are the programs generating. The seven questions that you will find in the supplemental document are as follows:

- Who are our customers?
- How can we measure if our customers are better off?
- How can we measure if we are delivering service well?
- How are we doing on the most important of these measures?
- Who are the partners who have a role to play in doing better?
- What works, what could work to do better than baseline?
- What do we propose to do?

Each department manager was asked to select two to four programs and services and then answer the seven questions to help develop the performance measures around that specific program. We asked them to make sure that the program they chose was essential to the mission of their department. Due to the space limitations of the budget document, we included question numbers 2, 3, and 4. That is performance measures about clients' results, service delivery, and baseline data. In the budget document, we ask non-profits to help us further the results of accountability at the community level by identifying which outcome area their service could help further. This is a work in progress.

CFP/Debt Service

Pam Meyer said she and Keith Lane, Senior Budget Analyst, talked to the Commissioners about the biggest part of the revenue such as property taxes, sales taxes, occupancy taxes, and how that feeds into the Capital Finance Plan (CFP). We have a graph that will help you understand how all the revenues need to support the capital plan and the debt service flow.

Pam Meyer began her presentation by reviewing for the Commissioners the property tax revenue comparison followed by the sales tax and occupancy tax. I plan to take the Commissioners through the comparisons of the assessed values that we had last fiscal year versus this fiscal year. We have increase from about \$19.7 billion of assessed value to \$20.6 billion. The recommended tax rate is a .03 increase at 79.3 cents. We have been able to increase the collection rate. The statute allows us to have the rate set at the same level that was collected in the prior year. We are able to increase the collection rate from 97.0 % to 97.5 % this year due to the efforts of the Tax Administration office. We anticipate we will be able to bring in \$159.8 million worth of property tax from the proposed levy. The next piece of taxes we budget is called prior year taxes. These taxes are the on going efforts of the Tax Collection Department to collect unpaid prior years taxes. This year it was budgeted a \$3 million. The Tax Collection Department is of the opinion they can collect \$2.6 million in prior year taxes next year. The department has exceeded collection the \$3 million in unpaid prior year taxes.

The Commissioners asked several questions about the revenue. Staff responded to the questions.

Vice-Chairman Joe Bowser wanted to know how the 15% administrative fee collected from the finds and forfeitures paid to the Durham Public Schools are accounted for on the County's financial record. He asked Pam Meyer to research the question for him.

Chairman Reckhow also wanted to know the answer to the Vice-Chairman's question.

George Quick said that several weeks ago he attended the Big Ten Meeting of the Finance Officers of North Carolina.

One of the concerns that was raised, while we represent the five counties and the five major cities was the method that the state uses to account for the collection and distribution of the ½ cents sales tax are some what archaic and the concern was raised that we are not getting our proper share of those dollars. The revenues the ten largest cities and counties are getting appear to be rather flat although the economy is getting better. We are in the process of getting some help in going back to see how the distribution is being made to be sure we are getting our proper allocation. The greatest impact is among the five largest cities and counties.

Chairman Reckhow instructed George Quick and Chuck Kitchen to draft a letter for her signature concerning the sales tax distribution to send to the North Carolina Association of Counties and the President of the Association.

A lengthy discussion was held about the sales tax revenue.

Capital Improvement Plan Debt Funding FY 2004-2005

Keith Lane, Senior Budget Analyst, presented the Capital Improvement Plan Debt Funding to the Board of County Commissioners.

Keith Lane showed the relationship of each one of the funds to the Capital Improvement Plan Debt Funding. He used a chart for his explanation using the various funds as follows:

- General Fund
- Capital Financing Plan Fund
- Capital Project Fund (County Contribution)
- Other Capital Project Funds
- Debt Service Fund
- Existing Debt
- New Debt

The Commissioners asked several questions that were answered by the staff.

Chairman Reckhow said she thought it was important for the Commissioners to have the revenue picture early in the budget process.

Volunteer Fire Departments

County Manager Mike Ruffin said that the administration learned yesterday an error was made in the Parkwood request. The fire tax budget and EMS budget requests were combined.

We actually shorted the fire department from their request by \$54,000. The request should have been \$54,000 more. We will add that to the add and delete schedule and make the difference up. We know how the error was made. It was a misunderstanding in the way the numbers were presented.

Jeff Batten, Durham County Fire Marshal, was recognized by County Manager Ruffin to make the fire marshal's presentation.

Jeff Batten said he will be presenting an overview of the requested tax rates and associated budgets for the county fire departments. The fire chiefs, board members, and presidents of the various fire departments were present to assist with the presentation and answer questions. Assistant Fire Chief Robert Andrews was also present. He is serving as President of the Chiefs' Association.

Fire Marshal Jeff Batten quoted the various tax rates requested by each department as follows:

- | | |
|----------------------------|-------|
| • Bethesda Fire Department | .0650 |
| • Lebanon Fire Department | .0670 |
| • Parkwood Fire Department | .1100 |
| • Redwood Fire Department | .0825 |

- New Hope Fire Department .0650
- Eno Fire Department .0640
- Bahama Fire Department .0600

Fire Marshal Batten said he received an email from Chief Bryant at Redwood Fire Department saying that their Board took action at the board meeting on Tuesday night to enter into a program similar to what Bethesda Fire Department and Lebanon Fire Department have with County employees. A proposal will be brought to the Board of County Commissioners for its consideration.

County Manager Mike Ruffin said for the years he has been here the five volunteer departments have expressed concern about an inequity between what we are paying for EMS. The various departments are of the opinion that they are shouldering part of the cost for EMS out of their fire district funds. We have agreed over the course of the last two years to begin to work with them to resolve that. The County is very close to having the concern resolved to their satisfaction. The pending issue we are working through is how we purchase ambulances and how the departments get their materials and supplies from the County. It is not a done deal. We have made great progress over the last year.

Durham County Fire Marshal Batten agreed with the County Manager's assessment of the concern and progress made this year.

The Commissioners asked several questions about the budget requests.

VFD/Health Care Trust Fund

County Manager Mike Ruffin said the administration recommended the \$1,310,000 appropriation which was consistent with the two or three months ago presentation the Finance Director made to you about earnings. Clearly, every year earnings can differ. This year's earnings enabled us to address the issue the Volunteer Fire Departments raised about paramedic level of support services. We were able to program the purchase of two ambulances for Bethesda and Redwood Fire Departments for \$108,000. Durham County had about \$280,000 we were able to use to install a new chiller at Lincoln Community Health Center. The second need Lincoln Community Health Center had was to upgrade their security system. That is the Health Trust Fund budget for next year and it is in keeping with what George Quick reported to you in terms of year end earnings for last year.

Commissioner Heron wanted to know if the Health Care Trust fund is staying within the policy established by Durham County.

County Manager Ruffin said it is within the policy guidelines.

Emergency Management

Durham County Fire Marshal Jeff Batten made his presentation to the Board of County Commissioners. He said he would be discussing the activities of the Emergency Management services and highlight some of the upcoming projects for this year. This budget does not include any expansion items or capital requests for the third straight year.

The Division of Emergency Management assists businesses, county and city departments, and the citizens in developing emergency plans. Other responsibilities are maintaining emergency shelter files, training personnel to operate shelters, maintaining resource files, and ensuring readiness of the Emergency Operations Center.

The Emergency Operations Center has been activated eleven times during the pass year due to flooding, hurricanes, tropical storms, and winter weather. The Department has been in numerous searches for missing people. We have been involved in 187 emergency responses ranging from house fires to hazardous materials incidents.

Mark W. Schell, Assistant Fire Marshal, was recognized by Fire Marshal Batten to go over one of the performance measures for the department. He highlighted the Special Needs Shelter program.

The Commissioners asked several questions about the program.

Emergency Medical Services (EMS)

Mickey Tezai, Director of Emergency Medical Services, was recognized by Chairman Ellen W. Reckhow to present the Emergency Medical Services budget for FY 2004-2005.

Mickey Tezai said like all the other County Departments, we are talking about a basic maintenance budget for next year. We are concentrating on two or three major issues plus the performance measurements this year. The number one issue that we have finally settled is the salary issue. We will be monitoring the salary situation very closely. The one thing that we are most proud of is the revenue situation that has improved significantly during the last three years. We are to the point now we are seeing some benefits from the adjustments we have made. Our software programs and our billing process have some work that needs to be done by July and August. Durham County's EMS Department is the second department in the state to take advantage of the Debt Setoff program. This program will be a significant improvement to our efforts.

The Capital Replacement program is being addressed in the form of two remounts on ambulance vehicles.

The Budget Department has moved our scheduled Capital Improvement program issue of our southwest need for an additional station into the next fiscal year. We are continuing to negotiate with Duke Health Systems for a plot of land in the area. Duke Health Systems is working with us to find a site for a building.

The Performance Accountability measures are continuing to concentrate on the two primary ones. The first is to provide more than adequate response time. The second accountability measure is injury prevention of children.

The EMS Department has moved into the new site on Milton Road. The new site was occupied in October of 2003. After they moved to Milton Road, we were able to complete 99% of the renovation to our No. 1 station on Durham Regional Hospital campus.

Mickey Tezai said EMS has made some significant strides this year and we hope to continue our progress.

The Commissioners asked several questions about the EMS budget

Durham County Sheriff Department.

Sheriff Worth Hill made introductory remarks about the FY 2004-05 Budget request. He commented on the Results-Based Accountability program. The Office of Sheriff is committed to Results-Based Accountability. The Department is of the opinion that the program is an effective management tool that assesses the services we provide. It is an effective communication tool to educate and to inform the citizens of the level of services provided. The staff has worked during the past year to initiate the development of consistent performance measures in the tracking of data to support these measures. The initial assessments were prepared for each service with our agency. The three we have chosen to present at this time are all mandated services by the Sheriff's Office.

The three Performance Accountability Measures chosen are as follows:

- Civil Process (Law Enforcement)
- Detainee/Inmate Transports (Agency –Wide)
- Detention Center Security (Jail)

Sheriff Hill said there are several things we budgeted since we needed them. However, I can live with the recommendation that County Manager Ruffin has approved for the Office of Sheriff except one. The biggest concern I have is the Detention Center.

Sheriff Hill recognized Marcia Margotta from the Sheriff Department to present the Civil Process and Detainee/Inmate Transport performance accountability measures.

Marcia Margotta began with the Civil Process Performance Accountability presentation by using the following slides:

- Mission Statement
- Effectiveness

- Comparative data

Marcia Margotta discussed the Transport of Inmates Performance Accountability by using the following slides:

- Mission Statement
- Number of Transports by Division
- Agency Transports - Mileage and Cost

The last performance accountability to be discussed was detention security using the following slides:

- Detention Security – Mission Statement
- Amount Over Budgeted Salaries vs. Budgeted Positions
- Detention OT vs. ADP
- Detention Officers vs. Averaged Daily Population
- Budgeted Detention Officer Positions vs. Reported Assaults

The Commissioners asked several questions and made comments about the budget presentation.

Sheriff Hill reviewed for the Commissioners the FY 2004-05 Priorities for the department. The three priorities are as follows:

- Detention Officer Positions
- Salary Increase for Sworn Officers
- Replacement Vehicles

Sheriff Hill explained in detail the following areas of the Sheriff Department operations:

- Detention Staffing
- Amount Over Budgeted Salaries vs. Budgeted Positions
- Detention Center Overtime vs. Average Daily Population
- Detention Officers vs. Average Daily Population
- Budgeted Detention Officer Positions vs. Reported Assaults

Sheriff Hill requested 20 detention officer positions and County Manager Ruffin recommended 4 detention officers. The Sheriff said that due to the population increase all 12 pods need to be open.

Chairman Reckhow asked County Manager Ruffin to explain his recommendation for the Sheriff's Office budget.

County Manager Michael Ruffin explained to the Commissioners his recommendations for the sheriff's budget relative to the detention officers' overtime and the need for additional officers.

A lengthy discussion was held by the County Commissioners and the Sheriff Department personnel about the budget requests and the operations and conditions in the detention center.

County Manager Ruffin said he is hearing from several of the Commissioners and heard earlier from Sheriff Hill that he requested ten detention officers and got four. The six officers would cost \$211,000. The Commissioners have asked the administration to go back and look at the Sheriff's budget to see if possible any of the overtime could be used to help defray the cost of six officers. As you move through the budget you may have other savings. We will go back and look at the revenue line items and see if we can bring something back that is consistent with what we have heard today.

Chairman Reckhow said that would be a good idea. The County Manager and the Sheriff should meet to see what can be done with his budget request and revenue.

Commissioner Heron said that we should look at lapsed salaries to see if that could help the budget for next year.

Finance Department

George K. Quick, Finance Director, said the purpose of this presentation is to bring the Commissioners up-to-date and let you know where we expect the finances to end for the fiscal year and the impact the preliminary budget the County Manager proposed will have on the finances at the end of the year. The numbers that the County Manager used in his presentation in the preliminary budget was based on data as of April 8, 2004. The numbers I am going to talk from are numbers prepared from data as of May 14, 2004. The comparison of the figures is essentially the bottom line we are projecting as a fund balance of \$12.2 while the County Manager projected in his report \$12.32. The basic difference is the timing between April 8, 2004 and May 14, 2004. The difference is insufficient as to where we are going. Since that time, we have talked and refined the data to the extent we have made some changes and came up with new numbers which show some growth in our reduced level in our undesignated portion of our fund balance.

George Quick took the Commissioners through the fund balance process. Due to the changes and growth of our revenues we are projecting that we will have \$2.1 growth in the undesignated portion of our fund balance which takes us back to the \$12.2 level which is down about 33 bases points from where we were last year. The fund balance remains very stable. The growth in the undesignated portion of the fund balance goes back to conserving funds and the conservative manner in which we have projected our budget. Twelve is a good number. It compares favorable with our counterparts. The North Carolina Municipal Advisory Council reevaluated Durham County from a financial stand point and they upgraded us from 89 to 90. The 90 grade puts us in the triple A

rating as opposed to the double A rating. The bond rating agencies have Durham County at the triple A rating.

County Manager Michael Ruffin said the 89 rating being raised to a 90 is a really big deal. Durham County does not spend fund balance because of our lapsed salaries being budgeted. Fund balance is not spent due to conservative revenue estimate.

The Commissioners asked questions and made comments about the financial figures to which staff responded.

Motion to Excuse Commissioner Heron

Commissioner Heron said she would have to be excused at 1:00 p.m. to go to Raleigh for a meeting with the Department of Transportation concerning highway funding for next year.

No official action was taken on this request.

Durham County Public Library.

Chairman Reckhow recognized Philip Cherry to give the Board of County Commissioners an overview of the proposed library budget. A question and answer period followed.

Philip Cherry, Director of Libraries, began his presentation by saying the library family, Board of Trustees, staff and other members of the extended family, including The Friends of the Library and the Library Foundation, worked this year to identify priorities for the budget process.

The seven major priorities are as follows:

- Securing the permanent status of the Hispanic Services Coordinator
- Add custodial staff to the main library
- Increase the internal technology support for library services.
- Improve the present of security at the Main Library
- Increase the funding for collection development
- Restore the travel and training budget
- Increase the marketing efforts

Library Director Philip Cherry discussed the three priorities of the Results-Based Accountability project as follow:

- Insure children are ready for and succeeding in school
- Durham enjoys a high performance workforce
- Insuring that all Durham citizens and communities are safe

Philip Cherry said with the priorities in mind, the Board of Trustees submitted their proposed budget to the County Manager for his consideration. The Library Director discussed in detail the proposed library budget that was presented. He also discussed how the Results-Based Accountability Project and the budget request worked together in the budget process.

The Board of County Commissioners asked questions about the library budget. The staff responded to the questions.

Chairman Reckhow asked Michael Turner to review his current year's budget to see if he can find money to have someone clean the women's restroom on the first floor in the Main Library.

Chairman Reckhow thanked Philip Cherry for presenting the budget and for his hard work to move the library programs forward.

Philip Cherry introduced the library staff members present at the Commissioners' meeting in support the library budget.

Next Budget Worksession

Chairman Reckhow said the Commissioners will reconvene for a budget review on June 1, 2004. The agenda will be prepared to have a break so the Commissioners can go to Holton School for the tour.

Adjournment

Chairman Reckhow adjourned the budget worksession at 1:16 p. m.

*Note: Vice-Chairman Bowser did not attend the afternoon worksession.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board