

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

Tuesday, June 11, 2002

10:10 A.M. Budget 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 Joe W. Bowser, Philip R. Cousin Jr., and Becky M. Heron

Absent: None

Presider: Chairman Black

**Community Health Trust Fund**

The Community Health Trust Fund (CHTF) was established in FY 1998-99 as a result of the lease agreement for Durham Regional Hospital.

In the County Manager's recommended FY 2002-03 budget, an additional \$233,720 in General Fund dollars was included for total funding for the Volunteer Fire Departments/EMS services of \$735,831.

The table below reflects an alternative, which would use \$789,431 to fund the entire VFD/EMS recommendation and the Nonprofit Agency recommendations identified. These recommended nonprofit amounts (\$53,600) were also supported by General Fund dollars in the County Manager's recommended budget.

The alternative funding recommendation shown below of \$789,431 from the Community Health Trust Fund represents 71 percent of the net return on investments, versus the Manager's recommendation of \$502,111, which represents 45 percent of the net return on investments. With the alternative funding recommendation only 29 percent of the calendar 2001 earnings would remain in the CHTF in fiscal year 2003, a departure from the Board of Commissioners' policy which stated that 55 percent would remain invested in the fund.

	FY 2002 Adopted	FY 2003 Recommended	FY 2003 Alternative
Emergency Medical Services Department			
Education/Training Equipment	\$ 4,000		
Automotive Repair Equipment	2,199		
Lease Payment for Replacement Ambulance (new)	26,709		
Supply Clerk	40,022		
Pharmaceutical Supplies	10,489		
Emergency Medical Services Department Total	83,419	\$ 0	\$ 0
Volunteer Fire Departments (EMS related services)	735,831	502,111	735,831
Health Department			
TOPS Program	143,811		
Two School Nurses	91,439		
Health Department Total	235,250	0	0
Social Services			
Health Choice—Health Insurance Enrollment Fees	30,000		
Social Services Total	30,000	0	0
Nonprofit Agencies			
Senior PHARMAssist	30,000	0	28,500
Triangle Hospice	8,000	0	7,600
Watts School of Nursing Scholarships	17,500	0	17,500
Nonprofit Agencies Total	55,500	0	53,600
<b>Community Health Trust Fund Grand Total</b>	<b>\$1,140,000</b>	<b>\$ 502,111</b>	<b>\$ \$789,431</b>

Chairman Black asked Deputy County Manager Carolyn P. Titus to present the Community Health Trust Fund proposed budget.

Mr. Titus said a dramatic decrease has occurred in the interest earned for this fiscal year. According to the policy adopted by the Board, the expenditure for this year will be \$502,111 which is less than half of what was spent out of interest earnings last year.

The County Manager's recommendation is to spend the \$502,111 on the Volunteer Fire Departments (EMS related services). The \$502,111 does not cover the required \$735,831 for that service. The remaining items funded last year in the Community Health Trust Fund were handled in several different ways. The \$83,419 is for the EMS Department. Those expenditures were absorbed by existing dollars by the EMS Department. We are recommending that the same level of funding (\$735,831) be allocated for those Volunteer Fire Departments this year. The \$235,250 that goes towards the TOPS program and the two school nurses are in the Public Health Department budget. All of the TOPS positions, except one, are in the Public Health Department budget. The fourth position is in the Youth Coordinating Board budget.

The County Commissioners and staff had a lengthy discussion about the Community Health Trust Fund. Ms. Titus and County Manager Ruffin responded to questions and comments.

Chairman Black asked Ms. Titus to schedule an August worksession to further delineate the EMS system, costs, and allocations.

The Board of County Commissioners concurred to leave the \$233,720 in the General Fund budget.

Deputy County Manager Titus said Public Health Director Brian Letourneau was contacted about the TOPS program. Four positions are funded with the \$143,811; one position is vacant.

Commissioner Heron requested that the decision be withheld on the TOPS program until the final proposed budget is reviewed.

Commissioner Bowser thought the decision had been made that the TOPS program would not be funded since the original funding cycle had ended.

Ms. Titus said the Health Choice program in the Social Services Department had been eliminated this year. Funding for the current year was \$30,000. The expenditure could be eliminated since the State capped the Health Choice enrollment.

Vice-Chairman Reckhow said that correspondence should be sent to the Durham Delegation concerning the Health Choice program.

Governmental Affairs Director Deborah Craig-Ray said she would write the letter to the Durham Delegation.

Deputy County Manager Titus said the Nonprofit Agencies in the Community Health Trust Fund were funded by County dollars at a 5 percent reduction for the upcoming year. The Watts School of Nursing Scholarships Fund will remain at \$17,500. Funding will come from the operational budget. Senior PHARMAssist was allocated at \$28,500. Triangle Hospice was not funded.

Chairman Black advised Ms. Titus that the Community Health Trust Fund policy should not be changed but an exception should be prepared for next year so that more than 45 percent could be paid out in the upcoming year.

Commissioner Heron recommended that a statement be incorporated into the policy to protect the original investment in the Community Health Trust Fund.

Vice Chairman Reckhow suggested that the Board revisit the projections and decide what absolute cap the figure should be.

Deputy County Manager Titus reviewed the following staff directives for clarity:

- (1) Fund the \$502,111 for VFD/EMS from the CHTF.
- (2) Fund the \$233,720 for VFD/EMS from the General Fund.
- (3) Fund Senior PHARMAssist in the amount of \$28,500 from the CHTF.
- (4) Fund the two school nurses in the Public Health Department budget (\$91,439).
- (5) Fund the Watts School of Nursing Scholarship from the CHTF (\$17,500).

The pay out for the Community Health Trust Fund for next year amounts to 49 percent.

In Fiscal Year 2002-2003, the CHTF will be used to partially support the recommended funding for the Volunteer Fire Departments/EMS related services, the Senior PHARMAssist program, and the second- and final-year funding for the Watts School of Nursing Scholarship program. The trust fund has been used to support health-related programs. Due to interest and investment earnings being lower than in previous years, only \$548,111 will be available in Fiscal Year 2002-2003. It will be necessary to offset the remainder of the approved funds (\$290,720) from other General Fund revenues this year.

	<b>Community Health Trust Fund Support</b>	<b>General Fund Support</b>	<b>Total Approved FY2002-03</b>
VFD/EMS Services	\$502,111	\$233,720	\$735,831
Senior PHARMAssist	\$28,500	\$57,000	\$85,500
Watts School of Nursing Scholarship Program	\$17,500	\$0	\$17,500
Totals	<b>\$548,111</b>	\$290,720	\$838,828

**Nonprofit Organizations**

County Manager Ruffin reduced the appropriations for nonprofit organizations to 95 percent or the current year's appropriation. No new nonprofit applications were recommended for funding, and those previously funded in the Community Health Trust Fund have been relocated to the General Fund due to less-than-adequate investment earnings.

The following chart details the nonprofit allocations:

<b>ORGANIZATION</b>	<b>Requested</b>	<b>Recommended</b>
Eno River Association	\$ 15,000	\$ 12,350
Council for Senior Citizens	\$ 125,000	\$ 118,750
Durham Crisis Response Center	\$ 50,000	\$ 46,730
Literacy Council	\$ 25,000	\$ 30,750
Family Counseling Services	\$ 15,000	\$ 14,250
Genesis Home	\$ 30,000	\$ 19,000
Meals on Wheels	\$ 20,000	\$ 9,500
Planned Parenthood	\$ 4,420	\$ 4,420
Radio Reading Services	\$ 4,500	\$ 3,536
Senior Aides	\$ 28,500	\$ 28,500
Senior PHARMAssist	\$ 120,000	\$ 85,500
Triangle Hospice	\$ 7,600	\$ -0-
Urban Ministries Community Shelter	\$ 150,000	\$ 142,500
Women-In-Action	\$ 30,875	\$ 30,875
Communities In Schools	\$ 9,500	\$ 9,500
Middle School After School	\$ 85,500	\$ 85,500

Child Advocacy Commission	\$ 31,500	\$ 29,925
Child Care Services Association	\$ 28,215	\$ 28,215
Child and Parent Support Services	\$ 8,807	\$ 8,807
Durham Companion	\$ 6,500	\$ 4,750
Infants and Young Children with Special Needs	\$ 10,000	\$ 9,999
Teen Court and Restitution	\$ 30,000	\$ 30,000
Operation Breakthrough	\$ 175,125	\$ 97,375
Project Graduation	\$ 5,700	\$ 5,700
<b>TOTAL</b>	<b>\$ 1,016,742</b>	<b>\$ 856,432</b>

The total does not reflect the actual requested amount. \$1,648,132 was requested from 35 nonprofit organizations. Only 24 nonprofit organizations were recommended for funding.

Commissioner Cousin wanted the record to reflect that he shares Commissioner Bowser's sentiments regarding Operation Breakthrough, and his heart also goes out to Meals on Wheels and Urban Ministries during this awful season of limited revenue.

### **Closed Session**

Attorney Chuck Kitchen said the purpose of the Closed Session is pursuant to N.C.G.S. 143-318-11(a)(4) to discuss matters related to the location or expansion of businesses and industries in the area served by the public body and N.C.G.S. 143-318-11(a)(6) to consider the qualification, competence and performance, character, and fitness of a public official.

Commissioner Heron moved, seconded by Commissioner Bowser, to adjourn into Closed Session.

The motion carried unanimously.

### **Durham Public Schools**

Representatives of Durham Public Schools follow:

- (1) Dr. Ann T. Denlinger, Superintendent, Durham Public Schools
- (2) Calvin Dobbins, Associate Superintendent for Administrative Services
- (3) Dr. Janice Davis, Assistant Superintendent for Curriculum Instruction
- (4) Dr. Bert L'Homme, Associate Superintendent for Instructional Services

Chairman Black welcomed the school administrators to the budget worksession.

Chairman Black thanked Dr. Denlinger and her staff for coming to the County Manager with a workable budget for the Commissioners. We really appreciate that.

Chairman Black called on Commissioner Cousin for opening comments since he is the liaison to the Board of Education.

Commissioner Cousin said it is always a pleasure to meet with members of the school administration. I want to thank the school administration for giving us a workable budget. I am thankful that the County Manager and Superintendent did all the work prior to bringing it to us. I don't have any questions about the budget at all. I am excited to know that differences will be made at Hillside High School because of the plan that is going to be funded.

Dr. Denlinger commented that it has been a pleasure working with County Manager Ruffin on the budget. It has been nice that the two of us were able to develop a budget that is workable for the Board of County Commissioners. We enjoy meeting with you because you have always been so supportive of the school system.

Dr. Denlinger began the presentation by giving the Commissioners an introduction and overview of the Hillside High School plan. She informed the Commissioners that the budget for the plan is \$659,000 over a two-year period. The budgeted amount for year one is \$314,500; the amount for year two is \$344,500.

Dr. Denlinger asked Mr. Dobbins to give the Board of County Commissioners a report on the workings of the committee.

Dr. Davis highlighted the plan for the County Commissioners.

Dr. Denlinger said that the administration would respond to questions after the presentations.

The Commissioners asked questions and made remarks to which the school administrators responded.

Vice-Chairman Reckhow stated that the Commissioners must review last year's Memorandum of Understanding and determine possible changes. This will help during the budget process. Within the next couple of months, the Board should approve the Memorandum of Understanding.

No official action was taken on Durham Public School presentations.

### **Triangle Wastewater Treatment Plant FY2003 Budget Hearing Presentation**

County Manager Ruffin made opening remarks about the "very good report" to be made relative to the Triangle Wastewater Treatment Plant. An opportunity will be presented to save Durham County \$10 million off of the treatment plant cost. This plan would provide stable rates over the near term. It is a win/win deal.

Deputy County Manager Wendell Davis said the presentation on the Wastewater Treatment Plant will focus on the following three issues that are related to the FY 2003 budget submittal:

- Brief Update on TWWTP Improvement Project
- Agreement with Cary for Wastewater Treatment
- Rate/Fee Study

Glen E. Whisler, P. E., County Engineer, reviewed these issues for the County Commissioners.

#### TWWTP Improvements Project Update

- Phase I
  - Headworks
  - Influent Pump Station
  - Effluent Pump Station
  - Ultraviolet Disinfection
  - Post Aeration
  - Construction began March, 2002
  - Completion scheduled for April, 2003
- Phase II
  - BNR—Biological Nutrient Removal—Five-Stage Process
  - Clarifiers
  - Filters
  - Design complete
  - Funding acquisition in progress
  - Expect State to issue Authorization To Construct in June, 2002
  - Advertise for Bids July, 2002
  - Approximate 24-Month Construction Period Following Contract Award
- Phase III
  - Sludge Handling Facilities
  - Requires Completion of Phase II Prior to Construction
  - Planning/Design Proceeding with the Evaluation of Alternatives
- NPDES Permit
  - County has received NPDES permit (May 28, 2002)
  - Permit requires Nitrogen removal beginning January 1, 2005

#### Agreement with Cary for Wastewater Treatment

Summary of the major points of the agreement:

- Durham County will provide 4 MGD of capacity at the Triangle Wastewater Treatment Plant from plant start-up (expected to be about September 1, 2004) through June 30, 2011. Provided for extensions if agreed upon by both parties.
- Cary will construct and pay for the conveyance facilities required to convey wastewater to the Triangle Wastewater Treatment Plant including a flow monitoring and sampling station. Includes provision for Durham County to purchase at estimated cost of \$258,000 when agreement ends.
- Durham County will operate and maintain the gravity portion of the conveyance system including the flow monitoring and sampling station.
- Cary will pay capital charge payments including the proportional share (based on the 4 MGD of capacity) of depreciation, interest on debt, return on investment, and a 10 percent opportunity cost. Estimated total of Capital Charge Payments is \$10,407,234.
- Cary will pay operating and maintenance charges, for treatment and conveyance based on actual costs plus a 15% markup, for the actual flows sent to Durham County by Cary each month. Estimated payment of O&M charges total \$10,333,571.

The Commissioners asked questions and made comments about the Triangle Wastewater Treatment Plant to which Mr. Whistler and Attorney Kitchen responded.

DURHAM COUNTY UTILITY FEE SCHEDULE (Proposed)  
EFFECTIVE OCTOBER 1, 2002

1. Monthly Service Fees For County Customers With City Water

\$2.15 per hundred cubic feet

2. Monthly Service Fees For County Customers Without City Water

<u>Number of Bedrooms</u>	<u>Monthly Charge</u>
1 or 2	\$ 11.65
3	\$ 26.22
4 or more	\$ 44.43

3. Plan Review Fee

\$65.00 per submittal

4. Inspection/Management Fee

\$1.00 per linear foot

5. Re-Inspection Fee

\$100 per re-inspection



6. Lateral Fee

\$1,500 per service

7. Capital Recovery Charges

<u>Customer Type</u>	<u>Charge</u>	<u>Parameter</u>
Single Family (Minimum 2 Bedrooms)	\$ 457	Each
Single Family (Each Bedroom Above 2)	\$ 228	per Bedroom
Multi-Family (Apartments, Duplexes, Condominiums) (Minimum 2 Bedrooms per Unit)	457	Each
Multi-Family (Apartments, Duplexes, Condominiums) (Each Bedroom Above 2)	\$ 228	per Bedroom
Multi-Family (Motels, Hotels)	\$ 228	per Room
Multi-Family (Motels, Hotels with Cooking Facilities in Room)	\$ 333	per Room
Nursing/Rest Home	\$ 114	per Bed
Nursing/Rest Home with Laundry	\$ 228	per Bed
Office - per Shift	\$ 47	per Person
Factory - per Shift	\$ 47	per Person
Factory with Showers - per Shift	\$ 67	per Person
Store, Shopping Center, Mall	\$ 228	per 1000 Square Feet
With Food Service	ADD \$ 76	per Seat
Restaurant	GREATER \$ 76	per Seat
OF	OR \$ 76	per 15 Square Feet of Dining Area
Restaurant - 24 Hour Service	\$ 96	per Seat
Restaurant - Single Service (Exclusive of Fast Food)	\$ 47	per Seat
School - Day - With Cafeteria, Gym, Showers	\$ 28	per Student
School - Day - With Cafeteria Only	\$ 23	per Student
School - Day - With Neither Cafeteria Nor Showers	\$ 20	per Student
School - Boarding	\$114	per Person
Church (Not Including Food Service, Day Care, Camps)	\$ 5	per Seat
Miscellaneous (Based on Average Daily Flow of Facilities Not Described Above)	\$ 1.901	per Gallon

Mr. Lex Warmath, Vice President, Raftelis Financial Consultants, said that his company had been asked to prepare an across-the-board wastewater utility rate study for Durham County. Mr. Warmath presented and discussed the following:

Rate Study  
Details of Rate Model for Recommended Alternative  
Rate Comparison for Various Alternatives  
Current Fee Schedule  
Proposed Fee Schedule

The Commissioners asked questions and made comments about the utility rate/fee study to which Mr. Whisler, Attorney Kitchen, and County Manager Ruffin responded.

Chairman Black directed the County Manager and staff to move forward with the Triangle Wastewater Treatment Plant improvement project, the Cary wastewater treatment agreement, and the rate/fee study.

Deputy County Manager Davis said he would prepare the agenda action form for the June 24, 2002 Regular Session for approval.

### **June 18, 2002 Budget Worksession**

The Budget Worksession will begin at 9:00 a.m. to receive miscellaneous reports from staff.

### **Adjournment**

Chairman Black adjourned the meeting at 3:40 p.m.

Respectfully submitted,

Garry E. Umstead, CMC  
Clerk to the Board