

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

Tuesday, May 24, 2005

12:30 P.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 Becky M. Heron, and Commissioners Lewis A. Cheek, Philip R. Cousin Jr., and Michael D. Page

Absent: None

Presider: Chairman Reckhow

Opening of Worksession

Chairman Reckhow called the meeting to order and welcomed everyone to the May 24, 2005 Budget Worksession. She informed the Board that the June 13 Worksession would begin at 4:00 p.m. instead of 2:00 p.m.

DISCUSSIONS REGARDING REVENUE BUDGET

Fund Balance

George Quick, Finance Director, reported that every year, once the County Manager's Recommended Budget has been presented, the Finance Department comes before the Board to discuss the status of the Fund Balance and its projections as a result of the recommendations made by the County Manager.

Susan Fox-Kirk, Deputy Finance Director, presented the Fund Balance to the Board.

Questions/Discussions

1. Designated for Debt Service
2. Finance Policy
3. Percentage requirement by the Local Government Commission (LGC)—must maintain at least an overall 8% of unreserved funds
4. Using the fund balance to reduce taxes

Current Taxes	FY2005 Estimate	FY2006 Requested	FY2006 Recommended
General Fund	\$142,870,000	\$142,269,918	\$150,354,579
Cap. Finance Fund	\$17,800,000	\$21,295,025	\$19,647,025
TOTAL	\$160,670,000	\$163,564,943	\$170,001,604

5. Unreserved—Designated for Mental Health appropriation
 - a. When does Mental Health officially become a County department? It was postponed to allow for full implementation of the transition. Once the Board decides to make Mental Health a department in lieu of an authority, it becomes effective the following July 1.
6. System of Care

Directives

1. Follow-up on Mental Health designated funds appropriation. County Manager will bring back a recommendation to the Board.

Community Health Trust Fund

Finance Director George Quick gave an overview of the Community Health Trust Fund (CHTF). The CHTF was established in fiscal year 1998-1999 as a result of the lease

agreement with Durham Regional Hospital. Early in 2004, Lincoln Community Health Center (LCHC) presented the Board with a five-year capital expenditure projection. In fiscal year 2004-2005, funding of \$280,328 was set aside to address the high priority needs; however, \$122,213 will be unspent by fiscal year end. It is recommended that these funds be rebudgeted in FY 2006 to complete the LCHC CIP needs, with an additional appropriation of \$60,899. In addition, it is recommended that additional CHTF monies totaling \$1,218,679 be appropriated to fund the VFD/EMS Services request.

The Trust Fund must be used to support health related programs. Earnings for FY 2005-06, within the Board approved policy of using 45% of interest/appreciation would be \$132,664. The original balance in the Trust Fund was \$23,000,000, with a balance of \$27,934,000 as of December 31, 2004.

The Manager's budget recommends an additional appropriation of \$1,279,578 of CHTF funds to fully fund the remaining LCHC CIP needs, and the VFD/EMS Services needs.

	Community Health Trust Fund Support	Total Recommended FY 2005-06
VFD/EMS Services	\$1,218,679	\$1,218,679
Lincoln Community Health Center CIP	\$315,776	\$315,776
	\$1,534,455	\$1,534,455

Questions/Discussions

1. The possibility of expending funds for non-health needs
2. Current health services needs

Directives

1. FY06 fund appropriation of \$1,279,578 to be placed on the June 13, 2005 Regular Session agenda.
2. George Quick will forward copies of the Health Trust Fund policy to each Commissioner.

Tax Base

Tax Administrator Ken Joyner gave an overview of the tax base. The Board asked questions of Mr. Joyner; no directives were given.

DISCUSSIONS REGARDING FEE INCREASES

Wastewater Treatment Plant (WWTP)

County Engineer Glen Whisler presented fee increases for the Wastewater Treatment Plant to the Board. Subsequent to questions by the Commissioners, no directives were given.

EMS Fees

Mickey Tezai, EMS Director, reviewed EMS fee increases with the Board.

Proposed EMS Rate Increases-FY 2006					
Category	Trips	Cost/Trip-04	Charge/Trip-05	Proposed Charge/Trip-06	Increase
ALS1-E	5,414	\$721	\$425	\$475	\$50
ALS1-NE	3,446	\$721	\$425	\$475	\$50
ALS2	58	\$721	\$475	\$525	\$50
BLS	4,093	\$721	\$375	\$400	\$25
Mileage	52,346		\$6.00	\$7.00	\$1.00
NOTE: FY 06 trips/revenue based on FY '05 projected					

Category	Trips	Proj. Rev/05	Proj.Rev.Increase 06/Gross	Proj.Rev.Increase 06/Net	
ALS1-E	5,414	\$2,301,120	\$270,700	\$135,350	
ALS1-NE	3,446	\$1,464,720	\$172,300	\$86,150	
ALS2	58	\$27,930	\$2,900	\$1,450	
BLS	4,093	\$1,534,950	\$102,325	\$51,163	
Mileage	52,346	\$314,076	\$52,346	\$26,173	
	Total	\$5,642,796	\$600,571	\$300,286	
FY 06 net revenue based on anticipated 50% collection rate, (gross charges less bad debt and contractual adjustments)					

Questions/Discussion

1. Acronyms—BLS (Basic Life Support), ALS1-E (Advanced Life Support-Emergency), ALS1-NE (Advanced Life Support-Non-emergency), & ALS2 (Advanced Life Support – for life threatening situations)
2. What determines if Durham County EMS or Johnston Ambulance service responds to an emergency call? The nature of the call.
3. Cost/Trip vs. Charge/Trip
 - a. Charge differentials for specific populations (out-of-towners, persons with or without medical insurance, etc.)

Directives

1. Mr. Tezai will look into increasing fees to compensate for raising costs of gas and salaries and for special events coverage.

Planning

Frank Duke, Planning Director, made the following presentation to the Board:

Fee Change Summary

- Re-review fees become Mandatory unless waived by Planning Director – Recover staff costs for applications exceeding 2 reviews
 - Landscape inspections increase \$100 each repeat visit
- Fee Increases:
 - Rezoning: \$100 increase for Single Family projects over 20 acres, PUDs over 30 acres; \$125 for larger Residential projects, Office, Commercial, Industrial and Research projects
- Fee Increases:
 - Major Use Permits: \$175 increase for TIAs; \$50 for Use Permits
 - Site Plans: \$25 increase for Administrative, \$125 for Simplified, \$250 for Minor, \$300 for Major
 - Subdivisions: \$900 increase for Prelim Plats, \$15 for Final Plats
 - Other: \$150 for common signage plan; \$100 increase, plan amendments; \$25 increase, street renaming
- Fee Decreases:
 - Copies: \$0.17 per page decrease
 - Home Occupations: \$25 decrease
 - Zoning/Business Verification Letter: \$15 decrease
 - Street Closing Sign Surcharge: \$100 decrease

Questions/Discussions

1. Noncompliance fine (penalty)

Directives

1. Mr. Duke will continue consulting with the County Attorney and present a noncompliance penalty to the Joint City-County Planning Committee.

Library

Philip Cherry, Library Director, distributed an updated Fines/Fees Schedule to the Board. He enlightened the Board on changes to the FY05-06 Proposed Fees. Priscilla Lewis, Branch Services Division Manager, presented information regarding the staffing request for the new East Regional Branch library.

Questions/Discussions

1. Fees for meeting rooms reservations
2. Out-of-county fees
3. Number of proposed positions for library—26
4. Utilization of library during different seasons—May and during the Christmas holiday is when utilization decreases slightly.
5. Justification for an additional position at Stanford L. Warren Library

Directives

1. Mr. Cherry to consider increasing the fee for food-related reservations of meeting rooms.
2. Staff will provide additional background on staffing research and justification for library page positions.
3. Staff will bring back responses to Commissioner Cheek's questions:
 - a. How did Library administrators arrive at the number of staff members presented in the budget request? Why are so many library pages included in the staffing proposal?
 - b. Will the East Regional be fully utilized from the first day of operations?
Could staffing be phased in as ramp-up occurs?
 - c. Could staff be moved from other locations to the new facility after the opening in direct response to shifting patron-usage patterns?

Vehicle Loan

George Quick, Finance Director, discussed the vehicle loan and the vehicle replacement schedule with the Board. The replacement schedule lists all vehicles to be purchased and any assets that have a normal life of at least four years and a cost of at least \$15,000. Mr. Quick stated that assuming no interest is involved, the County will be able to achieve the number of required vehicles, use them for about 25 percent of what it has cost the County in the past, and pay for it over the four-year period.

Questions/Discussions

1. Vehicles with low mileage—some have maintenance problems and a Library vehicle is being transferred.
2. Financing and deals on Ford Crown Victorias.

Sales Tax

Pam Meyer, Budget Director, gave a presentation on Sales Tax Comparisons of the 1 Cent Sales Tax – Article 39, ½ Cent Sales Tax – Article 40, ½ Cent Sales Tax – Article 42, and ½ Cent Sales Tax – Article 44. She also presented Budget to Actual Variance – FY98-99 to FY05-06 to the Board.

Questions/Discussions

1. How much funding has been received due to the revised Interlocal Cooperation Agreement with the City dated July 1, 2003 (beginning of FY03-04)? Article 44 funding split with the City for FY04 generated \$1,026,721. Article 44 funding split with the City for FY05 YTD is \$436,417 (through March receipts). Overall collections vs. budget for City Interlocal the last few years are as follows:

	Budget	Actual
FY 2002-2003	\$1,050,000	\$1,578,230
FY 2003-2004	\$2,633,552	\$3,060,226
FY 2004-2005*	\$3,000,000	\$2,094,834
FY 2005-2006	\$3,200,000	N/A

*FY2005 actuals represent collections through March receipts only.

No directives were given.

Capital Finance Plan

Budget Director Pam Meyer presented the Capital Finance Plan to the Board. Concurrent with the 1986 bond referendum described in the debt service cost center, the Durham County Board of Commissioners established a capital financing plan for the purpose of funding all major capital projects taken by the County. Revenues dedicated to the capital financing plan by the Board of Commissioners are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds, these monies will be spent to retire debt associated with certificates of participation, as well as to fund pay-as-you-go (County contribution) projects. Effective July 1, 1990, up to 20 percent of the fund's proceeds (computation limited to the first five cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is ten percent for FY05-06 in an effort to fund capital facility improvements. The long-range capital financing plan and related policies are below:

Dedicated Revenue	2005-2006
Property Taxes (9.47 cents)	\$19,647,025
½ Cents Sales Taxes	\$14,447,605
Hotel Occupancy Taxes	\$1,950,820
Interest Earnings	\$49,904
Misc. Rev. (American Tobacco)	\$423,243
Fund Balance	\$2,590,000
Total Resources	\$39,108,597

Proposed Expenditures	2005-2006
Transfer to Debt Service	\$35,877,347
Transfer to General Fund	\$0
County Contribution*	\$3,231,250
Total Expenditures	\$39,108,597

*Projects funded with County Contribution

<i>New Justice Center:</i>	<i>\$2,800,000</i>
<i>HeadStart Relocation/YMCA:</i>	<i>\$181,250</i>
<i>Sheriff Detention Center Annex:</i>	<i>\$200,000</i>
<i>Sheriff – Finger Printing:</i>	<i>\$50,000</i>

For FY05-06, the portion of the countywide tax rate dedicated to the Capital Financing Plan is 9.47 cents, up 0.66 cents from 8.81 cents in FY04-05. This increase is due to additional debt service related to:

1. The second phase of the American Tobacco project slated to start in FY 2005-06.
2. Short term financing for replacement of 1/3 of county computer, Voice over IP telecommunications, an 800mhz radio system upgrade, and county vehicle and equipment replacement.

Keith Lane, Senior Budget Analyst, reviewed the Capital Improvement Plan Debt Funding diagram with the Board. The diagram showed the relationship among the following funds:

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

Questions/Discussions

1. General Fund Revenues – changes and reductions
 - a. Sales and Other taxes—other licenses and permits
 - b. Intergovernmental—Finance
 - c. Intergovernmental—Sheriff

- d. Intergovernmental—Public Health
- e. Intergovernmental—Mental Health
- f. Enterprise Fees
- g. Miscellaneous Income—Register of Deeds
- h. Miscellaneous Income—General Services
- i. Miscellaneous Income—Social Services

Directives

1. Staff to bring back explanations for question 1, items a – i.

Adjournment

Being no further business, Chairman Reckhow adjourned the meeting at 4:16 p.m.

Respectfully submitted,

Yvonne R. Gordon
Deputy Clerk to the Board