

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

Monday, May 21, 2007

9:00 A.M. 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 Philip R. Cousin Jr. and Michael D. Page

Absent: Commissioner Lewis A. Cheek

Presider: Chairman Reckhow

Amendment to Stormwater Management Ordinance

County Attorney stated that the proposed amendment to the Durham County Stormwater Ordinance was approved by the Board at its meeting on May 14, 2007. As the entire Board was not present at the meeting, the ordinance amendment requires a second approval. Once the amendment is approved, it must then be approved by Department of Environmental Natural Resources (DENR) in order to be effective. There is a July 1, 2007 deadline to have the amendment approved by DENR, or the State regulations will take effect which will require stormwater approvals by DENR instead of the County.

Commissioner Cousin moved, seconded by Vice-Chairman Heron, to suspend the rules.

The motion carried with the following vote:

Ayes: Cousin, Heron, Page, and Reckhow
Noes: None
Absent: Cheek

Vice-Chairman Heron moved, seconded by Commissioner Cousin, to approve the ordinance amendment.

The motion carried with the following vote:

Ayes: Cousin, Heron, Page, and Reckhow
Noes: None
Absent: Cheek

Cultural Master Plan Interlocal Agreement Extension

Barker French, Chair, Cultural Master Plan Advisory Board, stated that the Durham Cultural Master Plan was approved by the Board of County Commissioners on August 23, 2004 and the City Council on August 16, 2004. An Interlocal Agreement for implementation of the Cultural Master Plan was approved on June 10, 2005 for a period of two years. The Plan is funded through a portion of the County's Occupancy Tax and is led by a jointly appointed Advisory Board. As directed in the Interlocal Agreement, all expenditures that are not included in the administrative budget, including the grants to community agencies, shall first be reviewed by the Advisory Board and then be presented to the Board of County Commissioners for approval before any payment from the Implementation Funds can be made. As directed by the Interlocal Agreement, the Cultural Master Plan Project Manager is employed by the City of Durham Office of Economic and Workforce Development with salary, benefits, and administrative expenses funded (through the Occupancy Tax funds) with an administrative budget approved by the Board of County Commissioners.

Mr. French informed the Board that the Cultural Master Plan Advisory Board and the City of Durham Office of Economic and Workforce Development recommend that the Interlocal Agreement be extended for an additional one year, expiring June 30, 2008. In order to facilitate the extension, it is recommended that:

- 1) the terms of current Cultural Master Plan Advisory Board members be extended to June 30, 2008. The Interlocal Agreement does not allow Board members to serve more than one term. The extension would allow for Advisory Board continuity without a more complicated revision of the Interlocal Agreement. It is anticipated that some Advisory Board members may choose to resign after two years. Their positions may be filled through the interim appointment provision of the Interlocal Agreement;
- 2) all unspent Cultural Master Plan funds carry forward through June 30, 2008. This would allow the Advisory Board and the project manager to continue to function, without the need for new County or City funding, in order to develop new initiatives and to administer and review ongoing projects already in progress. In August 2006, the Board of County Commissioners approved projects totaling \$251,000, from the \$350,680 project funding pool, in the first round projects authorization, with \$99,680 remaining for second round initiatives which will occur in FY 2007-08. It is estimated that from the 2-year budget for salary and administrative expenses, \$20,740 will remain as of June 30, 2007. The total remaining for allocation in FY 2007-08 is \$120,420. With a proposed administrative budget of \$71,724, this would leave \$48,696 for second round initiatives. It is requested that if cost savings on the first round initiatives occur, then any remaining first round initiative funds would be available to increase the second round initiative fund pool;
- 3) the Board of County Commissioners approve an administrative budget, as presented to the County Manager and City Manager, including project manager salary, benefits, and administrative expenses through June 30, 2008. The cost of this is \$71,724 from Occupancy Tax funds already allocated for the Cultural Master Plan;
- 4) all remaining funds, subject to Board of County Commissioners approval, as required by the Interlocal Agreement, would be available for project funding. This would

- include funds not yet allocated and any funds remaining from project funds already authorized by the Board of County Commissioners. Again, this amount is \$48,696 plus any unspent funds remaining from the first round initiatives authorization; and
- 5) the Board of County Commissioners approve an amendment to the Interlocal Agreement to institute these revisions.

Directive

Place Interlocal Agreement Extension on the May 29 Regular Session.

Adult Care Home Website Demonstration

Sammy Haithcock, DSS Director, stated that the Durham County Department of Social Services has launched a new website to provide information to assist families when making choices regarding the placement of a loved one into a long-term facility.

In conjunction with Older Americans Month, effective May 1, the new website can be accessed through the Department's website at: <http://www.durhamcountync.gov/departments/dssv> and by clicking on the link to the Adult Care Home website. The website is designed to:

- 1) provide general information regarding the area of long-term care;
- 2) provide information on facilities in Durham County that may be helpful when selecting a home; and
- 3) refer to other resources that provide information regarding long-term care.

The website includes informational links about individual adult care facilities, including photos, contact information, maps to the facility and information on their compliance history. The links also include information on the type of facility, population served, number of beds, types of payments accepted, and the length of operation under the current owner. Compliance history includes Community Advisory Committee Reports, Corrective Actions, Complaints, and Negative Sanctions. The site has listings for 13 adult care homes, 22 family care facilities, and 12 nursing home facilities in Durham County. The website also includes licensing information and instructions to file a complaint. The programming was done by the site's host, NexGen Digital Documents Solutions, out of Durham.

Christopher Ivy, DSS Adult Services Supervisor, spoke on the involvement of the Adult Care Homes and Nursing Care Home Community Advisory Committees. He provided the following general information regarding the Long Term Care website:

- Information on facilities in Durham County
- Long-term Care resources
- Individual adult care facilities' information
- Photos
- Contact information
- Maps to the facility
- Compliance History
- Download and Adult Medicaid Mail-In Application

Mr. Ivy responded to questions asked by the Board.

Chairman Reckhow expressed appreciation for Mr. Ivy's effort regarding the Adult Care Home Website.

Vice-Chairman Heron requested that Mr. Ivy present this presentation at a future Regional Council on Aging meeting.

Directives

County Manager and Deborah Craig-Ray to add a link to the County's website that will link to the DSS website.

Revisions to Capital Improvements Program (CIP)

County Manager Mike Ruffin recapped the CIP presentation that was recommended to the Board during its March 5 Worksession. Special meetings were held to review the recommendation on March 19, March 29, and April 3 during which several changes were made to the County Manager's recommendation. Revisions were reviewed with the Board along with the accompanying revisions to the Capital Finance Plan.

Dr. Mark Hertzog, Principal, Hertzog Research LLC, reported the following findings relating to the citizen survey:

- Executive Summary
 - Projected Vote on All Bond Proposals
- Intention to Vote
- Durham Public Schools
 - Project Knowledge
 - Perceived Conditions
 - \$195 Million Bond
 - \$150 Million Bond
 - "No" Vote Reasons
- Durham Technical Community College Bond
 - Projected Vote on \$87 Million
- N.C. Museum of Life & Science Bond
 - Projected Vote on \$4.2 Million
- Durham County Stadium Bond
 - Projected Vote on \$4.0 Million
- Alternative Tax Proposals
- Methodology and Demographics
 - Gender
 - Race
 - Age Categories
 - Home Owned or Rented
 - Children in Home
 - Children in DPS System
 - Zip Code

The Board held discussions regarding the bond referenda survey.

George Quick, Finance Director, reviewed the changes for the Capital Finance Plan.

Directives

1. Have access to alternative resources.
2. Have DPS present a list of recommended projects along with the County Manager's recommendation at the June meetings from County Manager and DPS.

FY 2007-2008 Recommended Budget

Durham County Manager Michael M. Ruffin presented the recommended budget for FY 2007-2008 to the Board of County Commissioners as quoted below: (This is in accordance with N.C.G.S. 159-12(b), the Local Government and Fiscal Control Act.)

County Manager's FY 2008 Budget Presentation

Recommended Budget for Fiscal Year 2007-2008

“Thank you Madame Chairman, members of the Board, and good afternoon to those of you who are here today, either in the audience or joining us by way of Cable Television or live-streaming of this meeting over the Internet. Today's meeting is convened solely for the staff to present the recommended budget to the Board of Commissioners. North Carolina General Statutes require that, on or before June 1, the Manager present his recommended budget for the next fiscal year to the Board of Commissioners. This afternoon, the Board has set aside some time for me to present a budget on which my staff, department heads, and scores of County employees have been working since early in the calendar year. In truth, some of this work began last fall, which underscores that the budget preparation process is almost a year-long effort. Before I begin, I want to thank my immediate staff for all their work: Deputy County Managers Wendell Davis and Carolyn Titus, and Assistant County Managers Deborah Craig-Ray and Heidi York. Each of these individuals is assigned important tasks during the budget process and you will be hearing from them as you review next year's budget. There are two other individuals in my office, who while behind the scenes have very important roles: Wil Glenn, our Public Information Specialist, who assisted with some of today's presentation, and Vera Alston, who handles all of my budget appointments and carefully proofs my presentation and message. Also, many thanks to George Quick, our Finance Director and Susan Fox, our Deputy Finance Director, for the invaluable advice they provide about County finances all year long, and especially during the budget preparation process. Thank you all.

Budget and Management Services

I also want to introduce our budget staff and recognize them for the important work they do. As Assistant County Manager for Communications, one of Deborah Craig-Ray's responsibilities is to conduct periodic “customer service” surveys for all of our internal service departments: Budget, Finance, Human Resources, Internal Audit, General Services, and Information Technology. Of course, County employees are the customers

served by these departments, but this feedback helps us to ensure how pleased these customers are with the level of service they are getting. The survey we conducted in March for the Budget Office garnered feedback about overall customer service, the budget preparation process, operations and communication, and feedback about special projects like the CIP. The Budget Office received high marks. For example, 91% of the survey respondents strongly agreed that they received both courteous service and prompt response to emails and phone messages. In her transmittal memorandum to me, Deborah stated, "Survey responses indicate the Budget Department is performing quite well with some of the highest positive ratings I've observed in any of the surveys conducted to date." I know you see the quality of their work when the budget comes to you. I'm very proud of them. They are a great team and work as well as any group we've ever had in our budget office. Please stand if you don't mind: Pam Meyer, Budget Director; Keith Lane, Senior Budget Analyst; and Budget Analysts: Kim Connally, Kevin Etheridge, Gene Hodges, and Minora Sharpe.

Obviously, we deal with complex issues that involve sophisticated financial models, so this is not an easy recommendation to put together, but they certainly make it look easy. Thank you all for the outstanding work you do.

Today's Message

Our County's budget is much more than numbers. Behind the numbers, community-wide goals are being emphasized, and outstanding services are being provided by employees who care and believe that what they do matters. So in today's presentation, I want to briefly update you on the progress we are making in our results-based accountability initiative, review some of the national and state recognitions we have garnered over the last year, recognize some of our employees whose stories will emphasize the life-saving, life-changing roles they play in delivering County services, review the goals of this budget, and of course, look at the numbers.

Community Outcomes

Several years ago, this Board and the Durham City Council jointly agreed on eight community-wide outcomes that are inevitably addressed in both our County and City budgets. Every service we provide touches on one, and in some cases several, of these outcomes. If our community is to genuinely prosper, these are outcomes that the public must not just read but see and experience throughout our community. That's why we have citizen groups who have helped us develop indicators to measure how we're doing.

2nd Annual Progress Report

And each year since 2005, we reported on that progress. This fall, we will release our 3rd report. I like the annual report because it engenders the transparency that a process like this must have. We are making progress, and the reports show it, as well as the fact that a lot of work must be done every year to continue to make the progress we are seeing.

Results Based Accountability – First Panel

In that regard, this year, we took an important step – one that I am recommending be continued next year. Each of the workgroups that are developing and monitoring the indicators realize that short- and long-term strategies need to be implemented to register

the progress we expect to see from year to year. This year, the City and County awarded 13 mini-grants totaling approximately \$112,000 – incentive money around implementation strategies designed to show short-term improvement in several indicators. We have been pleased by what we have seen so far, and therefore, are recommending continuation of our mini-grant program.

Results Based Accountability – Second Panel

The citizen workgroups who assemble around these community-wide outcomes work very hard. They have pointed out the need for new members who can bring new ideas and a fresh look at what they are doing. This is a major goal next year for our process and we are looking forward to the new faces that will be joining this effort.

Awards and Recognitions

Durham County is known across the country for the services we provide. In fact, we are frequently visited by other counties and agencies seeking to learn more about the services we provide. This year, we received three national recognitions that emphasize the reputation we enjoy.

National Awards

Durham County was selected as one of two counties in the country to pilot an ENERGY STAR project to assist local governments in benchmarking utilities in their facilities. We are also very proud of the national recognition we receive each year from the Government Finance Officers Association. This annual recognition is not guaranteed and comes only from producing a high-quality product for the public. This year, Durham County was awarded the Certificate of Achievement in Excellence in Financial Reporting for our FY 2006 Comprehensive Annual Financial Report, as well as the Distinguished Budget Presentation Award for Fiscal Year 2007 Budget. As you know, most of the work on these two documents take place in our Finance and Budget Departments led by George Quick, Finance Director, and Pam Myer, Budget Director.

State Awards

We are also a frequent recipient of state awards. For example:

- The Durham Center received the Substance Abuse Visionary of Excellence award for “LME Leadership” by the Alcohol/Drug Council of North Carolina, and the Ketner Productivity Award from the NCACC for Rapid Response Homes (Rapid Response Homes are foster care homes that are available for immediate use. The homes provide treatment, structure and supervision to children up to 18 years of age with serious emotional disturbances).
- The City-County Planning Department received the 2006 Marvin Collins Outstanding Planning Award from the North Carolina Chapter of the American Planning Association. The award recognized the Durham City-County Comprehensive Plan for its promotion of Smart Growth Principles.
- Our Health Department received a “2007 Child Health Best Practice Award” from the NC Division of Public Health, Women’s and Children’s for effective community partnerships in the Dental Nutrition Program.
- And finally, our Department of Social Services received the Outstanding Program

Award from the NCACC for its Latino Ombudsman Program. This program was designed to help increase the department's capacity to serve Spanish-speaking clients in a respectful, culturally and linguistically appropriate manner. The department also received two best practices awards from the North Carolina Association of County Directors of Social Services. The first Best Practice Award was for "Innovations in Service to Customers for the Teen MAPP: Focus on Fostering/Adopting Teenagers". (MAPP stands for Model Approach for Parenting and Partnership.) This program was designed to familiarize families with community resources that were available relating to adolescent issues and involved collaboration with a number of city, county, and state agencies. The second Best Practice Award was for "Cost Saving Measures and/or Improvements in Efficiency for our Case Documentation Project with Transcription Relief Services". This project was designed to relieve the DSS Child Welfare and Adult Services Staff members of the time-consuming task of hand-writing or typing their own case documentation, thus allowing them to spend more time performing other equally important responsibilities.

Individual Awards

As always, the following individuals brought great distinction to the County this year for the outstanding work they have registered:

- Vivian Harris of The Durham Center received the 'Lifetime Career Award' from the NC Council of Community Programs for her 24 years of service with The Durham Center.
- Tax Administrator Ken Joyner received the 'Presidential Award' from the NC Tax Assessor's Association for his service to the Association.
- Pratt Simmons was named the NC Zoning Enforcement Official of the Year by the NC Association of Zoning Officials.
- And as you may recall, Kim Simpson received the 'William A. Campbell Award' from the NC Tax Collector's Association for her service to the Association.

What We Do Matters

Every two weeks for the last seven years, I have welcomed new employees to Durham County and I emphasize to them that they are joining a workforce that is not just showing up every day for a pay check. What we do matters! I impress upon them the privilege of being part of an organization that is literally saving, changing, and touching lives through the services we provide. 'If you're here for just a pay check,' I tell them, 'You will not be very happy because what you do here is important, and the expectation placed on you is very high.' I emphasize how much I believe that through a personal story that involved my dad. When I was 16 years old, my family fell on hard times for a short period of time, and my father needed help. I drove him to the Department of Social Services to apply for food stamps. He was so ashamed. Here was a proud man who had to ask for financial help – something he had never had to do. What I witnessed that day was a gifted Social Services employee who recognized a much greater need in my dad's life than food stamps. She helped him secure the food stamps he needed, but more importantly, she took the time to help him deal with his shame. My dad left her office that day – the same proud man that she greeted. I will never forget what that County

employee did for my dad that day, and I tell our new employees to point out that what they do and how they do it matters. We have that same spirit in the hearts of our employees, and I want to take a little time to recognize several of them as examples of the life-saving, life-changing work in the services we provide. The budget process should not be just a time to debate the numbers, but to celebrate the importance of what we do.

Sheriff's Office

Early one Sunday morning in July of last year, Lt. C.R. Vaughn left the North Satellite Station to resume his routine patrol. He observed a vehicle with flashers traveling south on Highway 501 at a high rate of speed. Lt. Vaughn pulled the vehicle over the driver indicated his wife was in labor and they were on their way to Durham Regional Hospital. Lt. Vaughn instructed them to follow him and began to escort the couple to the hospital to ensure their safe arrival. As he approached Northern High School, he noticed in his rear-view mirror that the vehicle had turned off into a church parking lot. Realizing there might be a problem, he turned around and notified communications for an ambulance. When he reached the vehicle, he encountered a panic-stricken, soon-to-be father who didn't know what to do. The baby was coming. Deputy Jeff Smith, who was nearby also arrived to offer assistance if needed. The two of them partnered to calm the father, talked with the expectant mother, and provided the necessary coaching to assist the father in the delivery of his first child. EMS arrived shortly and transported mother and child to the hospital. Both would be just fine. Lt. Vaughn and Deputy Smith are here with us today. Would you mind standing? Thank you for what you do for our citizens each and every day you're on the job!

Public Health

A young woman who was 33 weeks pregnant came to the Health Department OB Clinic at the Lincoln Community Health Center for a routine prenatal visit. She was interviewed and asked the routine questions, one of which was, 'Have you had any contractions?' She answered 'no'; but as the exam continued, a clinic midwife became concerned and again asked the patient if she was having contractions. Again, the answer was 'no', but this time the patient mentioned pain, which prompted the midwife to perform a non-stress test. As the strap was being placed around the patient's waist, the patient told the midwife. 'I think my water just broke.' It wasn't water the midwife found, but bright red blood. The patient was experiencing a placenta abruption, a life-threatening situation for both the patient and her baby. The clinic called 911 and Duke Labor and Delivery, and clinic staff accompanied the patient on the ambulance. Working together as a clinic staff, what could have been a tragedy was avoided. The baby was delivered and the mother fully recovered. With us today is Joyce Jones, OB Clinic Supervisor. Ms. Jones would you stand? Thank you for what you do for our citizens each and every day you're on the job.

Human Resources

Many of our employees are not in direct services but I remind them that they are a part of the life-saving, life-changing services we provide by the support they provide to those who provide direct services. What these employees do matters, too! For example, several years ago, a County employee approached me at Northgate mall. He was angry and afraid. He had cancer and was surprised by how much of his hospital and doctor's

bills he was being asked to pay. He expressed surprise that his healthcare benefit wasn't what he thought it was. 'Have you talked with Debbi Davidson,' I asked him. I immediately gave him Debbi's telephone number and encouraged him to give her a call. 'She will help you,' I told him. And help him Debbi did. He didn't know that the County provided gap insurance for situations like his. So much of what he was being asked to pay was simply a matter of completing some paperwork. Debbi helped him save hundreds of dollars. I saw him much later and learned his cancer was in remission. He's no longer with the County. He's retired and doing quite well. Debbi please stand. Debbi will be leaving us in June. She and Tom, her husband, are relocating to the Atlanta area. Debbi, as a County employee, thank you for what you do and have done for us each and every day you're on the job. You will be sorely missed. Our loss is Gwinnett County's gain.

Criminal Justice Resource Center

Prior to coming to the Criminal Resource Center, two clients – I'll refer to them as 'L' and 'T' – had lost custody of their three children, their home to foreclosure, and their driver's licenses. They could not keep steady jobs. L was ordered by the court to the Criminal Justice Resource Center's Day Reporting Center. She was actively using crack cocaine and was sent to the STARR Program. STARR stands for Substance abuse Treatment And Recidivism Reduction. While she was in the STARR program, her husband, T, was also ordered to the Day Reporting Center. They began treatment at CJRC at the same time; however, neither one was able to stop using drugs. Eventually, T went to live at CJRC's halfway house for men. His wife went to detox and then to a halfway house for women. L and T finally stayed clean, became active members in Narcotics Anonymous, and obtained employment. They both completed the Day Reporting Center's Intensive Outpatient Program and Cognitive Behavioral Interventions. Eventually, they regained custody of their children, and their driving privileges were reinstated. Today, L is the office manager at a local business where she has worked for seven years. Her husband returned to his profession as a plumber and is now a supervisor. They have since purchased a home. The Criminal Justice Resource Center didn't just help them get clean; they helped them get their lives back. Long story short: L and T are productive, tax-paying citizens. No one employee can take complete credit for successes like this one. It requires a team of employees. So representing that team today is one of the substance abuse counselors who is a part of stories like this one. Larry McGill, please stand. Thank you for what you do each and every day you're on the job.

Emergency Medical Services

This story was brought to my attention by Commissioner Heron and I couldn't think of a more fitting way than to pay tribute to our EMS system during National EMS Week. It was featured in the May 12 edition of the Durham News, a companion publication to the Saturday edition of The News & Observer. On an early March morning just a few months ago, Medic 42, carrying EMS Paramedic Robert Stabbe and Bethesda First Responder Nick Bryant, and a Bethesda Fire Unit carrying First Responders Bill Ashley, Garrett Hoernlein, and Cameron Andrews were dispatched to a 'chest pain' call in eastern Durham County. A 65-year old female was complaining of severe chest pain with pain radiating down her left arm. She was given oxygen, nitro glycerin, and aspirin for what

was believed to be an acute coronary event. She was placed on a cardiac monitor and a 12-lead EKG was administered. The pain and pressure lessened, and the patient was prepared for transport to the hospital and moved to an ambulance where Durham County Medic Rob Stabbe continued to treat her with morphine for both pain and anxiety. Suddenly, the patient had a seizure and went into full cardiac arrest. Defibrillation was performed and CPR was initiated by Paramedic Stabbe and Bill Ashley, a Bethesda Volunteer Department First Responder. Nick Bryant, a Bethesda First Responder, who was driving the ambulance, contacted Redwood Volunteer First Responders who were nearby and had just cleared a call. He requested their assistance, and the two units met on Wake Forest Highway where Redwood First Responders Robert Andrews and Joel Dempsey jumped into the ambulance to assist with CPR. The patient was intubated and drugs were given to treat her for ventricular fibrillation. Her pulse returned along with a normal sinus rhythm, and she had a good blood pressure. She arrived at the hospital and was discharged several days later. What a great example of how our EMS and Volunteer Fire Departments work to save lives. And they are all here today – three County employees – Rob Stabbe, Bill Ashley, and Garrett Hoernlein – along with two employees from the Redwood Volunteer Fire Department – Robert Andrews and Joel Dempsey – and two employees from the Bethesda Volunteer Fire Department – Nick Bryant and Cameron Andrews. Gentleman – thank you for what you do each and every day you're on the job.

Social Services

One more example of the life-saving, life-changing differences we make in the lives of our citizens. May is Older Americans Month, and this story is a fitting tribute to how we serve our older citizens. Sometimes family members take advantage of their own relatives; when this happens, Adult Protective Services employees in our Department of Social Services work to intervene. Such was the case with Mrs. P. In her late eighties, Mrs. P. lived alone in the only home she and her deceased husband had ever known. She was shocked to learn in the spring of 2005 that her lender was going to foreclose on her home. She had no idea why. Robert Wallace, one of our social workers, upon learning of the situation, began to negotiate with the lender to avoid this drastic action. When the lender refused to cooperate, Bob stepped in and with the help of the local clerk of court, obtained a delay in the execution of the foreclosure. This bought time for him to fully determine what needed to be done to ensure that Mrs. P could remain in her own home. During the investigation, it was learned that a relative had convinced Mrs. P to grant power of attorney and proceeded to take out loans against her home, as well as a vehicle owned by Mrs. P., all to the tune of over \$83,000. In addition, this relative had emptied her bank account of more than \$20,000. Due to Robert's efforts, Mrs. P. has been able to remain in her home, where she, as she states it, 'wants to live out her life'. The financial restructuring continues, and everything is not totally resolved. However, the mortgage company has reworked the loan to fall within Mrs. P's ability to pay. She has been reinstated in her health plan, having dropped the coverage along the way. The relative is in prison, and Mrs. P remains in her home. Thanks to Robert Wallace. Bob, please stand. Thank you for what you do each and every day you're on the job.

What we do matters!

What we do is making a difference in the lives of our citizens. These stories are outward

and visible signs of what you will see in next year's budgets. Frankly, everything we do in our budget is all about making life better for our citizens.

Budget Goals

Before I review some of some of the specific recommendations with you, let me say that budgets represent a roadmap for accomplishing long-standing goals for our county. This is the seventh budget that my administration has prepared, and each and every one of them has always emphasized the goals you see on the panel.

Goals of the FY07-08 Budget – First panel

- Maintain Durham County's strong financial position
- Maintain County services at current levels
- Continue to hold property tax rates as low as possible
- Provide adequate funding for Durham Public Schools and Durham Tech

Goals of the FY07-08 Budget – Second Panel

- Provide employees with the technology to carry out their duties
- Provide adequate funding for planned capital improvements
- Continue to partner with non-profit agencies for important County services

Proposed FY 2008 Budget

Now to the numbers and specific recommendations.

Fiscal Year 2007-2008 Recommended Budget

For all 21 funds that comprise our budget, I have recommended a \$760.8 million appropriation. \$642.9 million of that appropriation is found in the General Fund, which serves as the home fund for most of the County services we deliver.

General Fund Revenue Excluding DSS Pass Through

Here's a pie chart that details how the recommended appropriations are received and allocated by function. By the way, pass-through funds, largely federal dollars for Medicaid and Food Stamps, have been excluded so as not to distort how local funds are being allocated. Notice that 68 cents of every dollar we receive next year will come from property taxes or sales taxes. Out of all the revenue we receive, you only control one of them – the property tax. I'll have more to say about that later.

General Fund Expenditures Excluding DSS Pass Through

Here's how recommended expenditures are allocated by function for next year. Education and Human Services will get the majority of the funds we appropriate – almost 65 cents of every dollar we plan to spend. Public Safety, Sheriff, EMS, and Fire Marshall, excluding fire districts, will receive almost 13 cents of every dollar we spend.

Budget Highlights – First Panel

Picking highlights is risky business. It leaves the impression that everything that isn't mentioned isn't important. Nothing could be farther from the truth. So keep that in mind as we review the next panel.

Budget Highlights – Second Panel

I'll say more later; but our property tax rate cannot sustain the levels of increases we're seeing for Medicaid and the Durham Public Schools. We're responsible for about 5 cents on every Medicaid dollar we spend. \$13.7 million next year is a lot of nickels and a 29% increase over this year's appropriation. I've also recommended \$98.4 million for current expense and capital outlay for the Durham Public Schools – an 8.8-percent increase. I've also recommended a 12.3-percent (\$4.6 million) increase for Durham Tech. This increase reflects increased cost for a campus that is rapidly expanding in both students and square footage. Also, \$1.25 million has been recommended for the final leg of the pay strategy – which means that County employees will be paid at market rates based on a 2006 pay study. This has been a significant step and is already helping us to recruit and retain employees. This last phase will enable us to shift our focus to pay plan maintenance. Thank you for the commitment you have shown to our employees. Finally, we anticipate a 10-percent (\$452,880) increase in health insurance cost next year.

Budget Highlights – Third Panel

The remaining highlights of next year's budget are not big-ticket items but are very important. For example, next year is the 2nd year of our substance abuse initiative and \$210,924 has been recommended for the development of an Intensive Outpatient Treatment Program through The Durham Center. Also, I have recommended \$166,623 in additional funding for the adult and child system of care initiatives.

Facts about School Funding

I am going to move fairly quickly through the next 9 panels, all of which concern school funding.

DPS Budget Request

I thought we received an honest, straight-forward budget request from the Board of Education; however, it requested more than \$8.5 million more than the current appropriation. Almost 72% of the increase is either for Charter Schools, for which DPS projects an increase of 772 students, or for salary and benefit increases currently under consideration by the legislature.

DPS Budget Highlights

I have recommended an 8.84% increase in funding for the school system – an \$8 million increase for both current and capital outlay. In short, I only reduced the requested increase by a little more than \$500,000.

FY07-08 Property Tax Expenditures

Here's a graph we've shown for several years at the request of Commissioner Cousin. If every dollar of funding for the school system had to come from property taxes (and one could argue that this is not the case), it would take over 62 cents from every property tax dollar we collect.

School Funding – Regional Neighbors

I thought you might find this information of some interest. Obviously, Wake County,

due to a substantially lower tax rate and a rapidly growing school system, would spend almost 80 cents of every property tax dollar for its school system.

2006-2007 Per Pupil Funding

Again, we're second only to Orange County, but Chatham County has made substantial gains in per pupil funding over the last few years.

School Funding – 10 Most Populous Counties

Durham ranks first among NC's 10 most populous counties.

School Funding: Counties with Highest Funding Levels

We rank right where we have been for the last several years – #3 among NC's 100 counties.

School Funding: Demographically Similar Systems

This is the second year we've used this comparison. I asked Dr. Denlinger last year to identify systems that had similar demographics to Durham. Again, we rank #1 this year in per pupil funding compared to Mecklenburg and Forsyth counties.

School Funding: Similar Sized Student Populations

Number one here as well. By the way, Union and Cabarrus Counties will likely pass us in student population in the next five years.

Nonprofit Funding

No comments on this panel.

Nonprofit Funding – Panel 2

This year, we received 47 applications and have recommended that 32 of them be funded at a cost of \$988,564. Six of these applications did not receive funding in the current year.

Recommended Nonprofit Funding – Panel 1

County Manager Ruffin read the agencies' names.

Recommended Nonprofit Funding – Panel 2

County Manager Ruffin read the agencies' names.

New Positions – Panel 1

As I mentioned earlier, I have recommended 10.76 new positions. 3.76 of these are grant-funded. If approved, this will increase our FTE to 1872.24.

New Positions – Panel 2

The recommended new positions are located in these departments.

Tax Base

I'll give you a moment to study this panel. Our tax base grew slightly more than 3% - respectable. But the growth in revenue at the current tax rate of 80.9 cents would

generate \$6.6 million, almost \$2 million less than the entire increase requested by the Durham Public Schools.

Tax Rate

It's not hard to connect the dots. I made an observation in my transmittal letter to you that bear repeating: The growth in our tax base cannot sustain the levels of increases we're seeing in Medicaid (29%) and School Funding (8.84%) without an increase in the property tax rate. Next year, I am proposing a 4.8% increase in the tax rate from 80.9 cents to 84.8 cents. On a \$150,000 home, this will mean an additional \$4.88 per month, or \$58.20 per year.

Other County Recommended Tax Increases

Most of the larger counties will release their budgets this week. Here's a synopsis of the tax rate increases in the counties we know. We're the second lowest of these six.

The point to be made here is none of NC larger counties can sustain the increases we're seeing in Medicaid and schools. The legislature needs to act quickly to resolve this issue and give NC's counties the tools they need to raise the money required for today's needs. It's not fair to place the full burden for school funding on property tax payers. We just can't be expected to rely on a tool developed in the 17th century for 21st century needs.

Tax Rates for Volunteer Fire Districts

Seven volunteer fire districts serve our county. Three of these districts, Bethesda, Lebanon and Redwood, have requested increases in their property tax rates. Bethesda is requesting a 2-cent increase, Lebanon is requesting a 2½-cent increase, and Redwood is requesting a 1-cent increase.

Tax Rate for Special Park District

The Service District Advisory Committee met on Friday, May 18, and requested an increase in its tax rate from 1.87 cents to 3.74 cents.

General Fund Balance

We project a modest increase in our general fund balance from 13.67% to 14.15%. This represents a 3.5% increase. (Notice the increase in the fund balance for our Debt Service Fund.) We now have sufficient reserves for the unexpected capital need that could emerge in any one year.

Public Hearing on FY07-08 Budget

The public hearing on the recommended budget will be held at the Board's first regular meeting in June – June 11 at 7 p.m. here in the Commissioners' Chambers.

Budget Hearings

Hearings on various budget recommendations will be held on Tuesday, Wednesday, and Thursday of this week from 9 a.m. to 12 noon. Hearings will resume on June 12 from 10 a.m. to 4 p.m. and, if necessary, on June 18 from 9 a.m. to 4 p.m. All hearings will be held right here in the Commissioners' Chambers.

Budget Adoption

The Budget is scheduled to be adopted at the Board's last regular meeting June 25th. The meeting is at 7 pm here in Commission Chambers.

For Further Information

Finally, there are a number of locations where the public can review the recommended budget. Effective tomorrow morning, copies of the recommended budget will be available in the reference section at all of our public libraries and in the offices of the Clerk to the Board and County Manager, both of which are located in this building and on this floor – the second floor. Today's message and presentation will also be made available tomorrow morning on the County's website – www.durhamcountync.gov.

Thank you for setting time aside for me to present next year's budget. I look forward to working with you in the weeks ahead."

Chairman Reckhow thanked the County Manager for his budget presentation.

Commissioner Page expressed gratitude to the County Manager for highlighting and recognizing County employees regarding the impact they have on the Durham community.

Adjournment

There being no further business, Chairman Reckhow adjourned the meeting at 5:43 p.m.

Respectfully Submitted,

Angela M. McIver
Staff Specialist
Clerk to the Board's office