

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

Thursday, March 12, 2009

3:30 P.M. Special Session (continued from March 5, 2009)

MINUTES

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

Present: Chairman Michael D. Page, Vice-Chairman Ellen W. Reckhow, and Commissioners Becky M. Heron, Brenda A. Howerton, and Joe Bowser.

Absent: None

Presider: Chairman Page

Revisions to the Manager's Recommended FY2010-2019 Capital Improvement Program (CIP)

County Manager Mike Ruffin introduced this item. He stated that on February 2, 2009, a recommended 10-year plan was presented to the Board of County Commissioners for the FY2010-2019 CIP. The Board received presentations on various CIP projects at its meetings on February 2, 16, and 23. As a result of these review sessions, revisions have been made to the FY2010-2019 CIP and would be presented for review and approval by the Board. He gave the following presentation:

Durham County 2010-2019
Revised Recommended Capital Improvement Program (CIP)

Original Recommendation vs. Revised Recommendation

Original	\$1,093,558,051
Revised	\$ 789,625,855
Difference	\$ 303,932,196

What Questions/Concerns Were Raised

- County Storage Facility
- Detention Center Annex
- North Carolina Museum of Life and Science Projects
- Durham Public Schools Projects
- Open Space & Farmland Acquisition
- Revenue From Property Sales
- Financial concerns related to 10-year Recommended CIP

How have we responded?

- County Storage Facility
 - Alternative sites are being investigated
 - Project has dropped from \$5.8 million to \$3.1 million
- Detention Center Annex
 - Now looking at remote site away from downtown
 - Project estimate has dropped from \$154.2 million to \$75.2 million in first 10 years. Potential of an additional \$25 million in FY 2020
- North Carolina Museum of Life and Science
 - Projects are now renovations to existing facilities only.
 - Project estimates have dropped from \$20.4 million to \$13.8 million (4 projects in all)
- Durham Public Schools
 - Moved 2015 Bond Referendum out beyond Fiscal Year 2019
 - This lowers DPS CIP amount by \$245 million over the next 10 years
- Open Space & Farmland Acquisition
 - Increased 2011 Bond Referendum to \$20 million, an increase of \$10 million
- Lowe's Grove Property
 - Proceeds from sale of property, \$1.8 million, added to Capital Finance Plan as a revenue
- Carmichael Building
 - Estimated proceeds from sale of property, \$6.3 million, added to Capital Finance Plan as a revenue
- Financial Information
 - Changes to the Recommended CIP have improved per capita debt calculations
 - Durham County compares closer to peer AAA-rated counties

2011 Bond Referendum	
Durham Public Schools	\$132,308,364
Main Library Renovations	\$ 14,751,126
Open Space & Farmland Acquisition	\$ 20,000,000
NCMLS Deferred Maintenance, Renovations, & Refurbishments	\$ 5,666,967
NCMLS Exhibit & Classroom Refurbishment	\$ 1,443,478
<u>Total</u>	<u>\$174,169,935</u>

Capital Finance Model (2010-2014) Chart
 Capital Finance Model (2015-2019) Chart
 Capital Finance Model (2010-2011) Chart
 Per Capita Debt Category for Ten-Year Capital Budget

Effect of Changes

“This revised plan goes a long way toward blending the capital needs with future outstanding levels of debt at acceptable and affordable levels. Timing of project start and completion also plays a major role in the levels of funding needed and the adjustments made to the 2010-2019 plan should continue to be studied and amended, as appropriate, for future capital plans. A strategy of bringing more pay as you do sources into the capital plan should be followed as a means to properly balance the combined sources for capital investment. The revised capital plan provides the basis to continue to closely monitor the County’s future financial and debt statistics and to remain in line with the sound financial policies of the County.”

Next Step

- Finalize the Recommended CIP and add to the March 12, 2009 regular session agenda for approval

Keith Lane, Senior Budget Analyst, provided an explanation regarding the percentage growth between 2010-2011. He discussed the sales tax information for 2008 and clarified the amount for the capital finance fund. He conferred with the County’s contribution amounts.

County Manager Ruffin provided points about how to pursue the County’s revenue. He informed the Board that a tax rate increase would not be necessary to support the first year of the 10-year CIP, if it is adopted.

County Manager Ruffin addressed Commissioner Bowser’s concerns relating to Durham County’s per capita debt being higher than other counties, the community health trust fund, and providing service to the community.

Mike Turner, General Services Director, responded to Chairman Page’s concerns in terms of future projections.

The Board asked the following questions:

- Would the debt be paid on the Carmichael Building?
- Would a backup plan be needed as it relates to the lottery funds?
- What is the total cents dedicated to capital financing?
- What is the additional \$25 million referencing in the plan for FY 2020?
- How much funds for Durham Public Schools would be used to improve existing facilities?
- Would the County receive funds from the federal stimulus package to improve the facilities?

County Manager responded to the Commissioners questions.

The Board continued discussions about other sources of revenue that would stop the flowing debt.

Directives

1. Communicate with Legislatures regarding Durham Public School's building funds.
2. Review options to determine if the Main Street parking deck is needed.
3. Review joint possibilities to save money.
4. Consider options to use County inmates on general service projects.
5. Review a cost effective approach as it relates to the detention center.
6. Place on the March 23 Regular Session agenda for approval.

Agenda Revisions

Commissioner Heron raised issues about numerous revisions that are sent to Board members for Commissioner meetings. She mentioned the amount of pressure that is placed on staff to submit the revisions to the Board in a timely manner.

County Manager Ruffin provided an explanation for recent revisions that have come to the Board.

Chairman Page suggested that staff and others be cognizant as it relates to agenda amendments.

Adjournment

There being no further business, Chairman Page adjourned the Worksession at 5:58 p.m.

Respectfully Submitted,

Angela McIver
Clerk to the Board's office