

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

Monday, February 23, 2009

3:00 P.M. CIP Special Session

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 Joe W. Bowser, Becky M. Heron, and Brenda A. Howerton

Absent: None

Presider: Chairman Page

Welcome

Chairman Page welcomed everyone to the February 23, 2009 CIP Special Session. He asked that Councillor Len O'Donnell and his staff from County Durham, England stand and be recognized.

Durham Public Schools CIP Update

Hugh Osteen, Assistant Superintendent of Operational Services, Durham Public Schools, gave the following presentation on the Schools Capital Improvement Plan:

Durham Public Schools
Capital Improvement Plan Discussion

Addition and Renovation Pictures

- Fayetteville Street Elementary
- Durham School of the Arts
- Lowe's Grove Middle
- C.C. Spaulding Elementary
- Spring Valley Elementary

2003 Bond Continues

- Shepard Middle School Expansion
- Club Blvd. Elementary School Addition
- Holton Renovations (with City & County)
- High School Athletics

Current Snapshot

- \$550M Long-Range Facilities Plan in 2006
- \$193M Bond Passed in 2007
- Other Projects—Lakewood YMCA, Lottery projects, etc

2007 Bond Projects

- New Elementary School “E” - Construction
- New Elementary School “F” - Land
- New Middle School “B” - Construction
- New High School “A” - Construction
- City of Medicine Academy - Construction

2007 School Construction Bond Referendum

- New Middle School “B”
- New High School “A” Schematic Studies
- New Elementary School “E”
- City of Medicine Academy Site Study

2007 Bond Projects

- Major Renovations at:
 - Club Blvd. Elementary School
 - Creekside Elementary School
 - E. K. Powe Elementary School
 - Mangum Elementary School
 - Parkwood Elementary School
 - R. N. Harris Elementary School
 - Y. E. Smith Elementary School
 - Durham School of the Arts
 - Neal Middle School
 - Hillside High School
 - Jordan High School
 - Lakeview School

Performance Measures

- 2001 Bond—\$51.8 Million
 - First Bond in 10 Years (1991)
 - 14 Original Projects
 - 5 Additional Projects Thru Savings
- 2003 Bond—\$105.3 Million
 - 42 Original Projects
 - Over 80% Funds Paid or Obligated
 - All Within Total Funding to Date
 - Final Stretch Underway
- 2007 Bond—\$193.4 Million
 - 25 Original Projects
 - 18 Projects Have Begun
 - Need To Expedite Projects and Funds During Favorable Bidding Period

- MBE Participation (as of 12/31/08)
 - 2001 Bond 15.11%
 - 2003 Bond 18.87%
 - 2007 Bond* 16.65% (*Design Phase Only)

Economy vs. Construction

- 2007 Bond Funding “In Place”
- Other Funding is Tighter
- Construction Costs are Down

What’s Next

- Implementation of Final 2003 and all 2007 Bond Projects
- Demographics Study (NCSU)
- Land Acquisition for Future
- Future Funding and Needs?
- 2006 LRFP \$550 M (10 Years +/-)
- 2007 Bond \$193 M (\$7M @ CMA)
- Today - \$364 M +/- in Remaining Documented Needs Through 2016 Plus Newly Identified Needs and Extended Period. (CMA was \$7M)
- Demographics Study January 2009
- DPS Updated Long-Range Facilities Plan
 - Consultant to begin this Spring
 - Review by BOE through Summer
 - Approval in Fall
- High Priority Needs Will Include At Least –
 - New Elementary “C” Construction
 - New High School “A” Expansion
 - New High School “B” Land
- High Priority Needs – Why?
 - Elementary “C” -
 - Demographics Study confirms that while a brief dip in enrollment in Grades 6-8 will move through the next few years, overall growth is steady and elementary growth remains strong
 - South Durham remains in need of capacity.
 - High School “A” Expansion -
 - With 800 Seats funded by the 2007 Bond and Riverside and Jordan have at least that many extra students now, this new school will be full upon opening.
 - Demographics Study supports current site search areas.
- High School “B” Land Acquisition -
 - The demographics study confirms the urgent need to land bank a site in eastern Durham for a future high school. Eastern Durham is the next high growth region.
 - This land purchase was originally in the 2007 Bond list but was cut by the BOCC.
- Funding Sources
 - Primarily General Obligation Bonds
 - Lottery Funds
 - Public School Building Capital Funds
 - Local Annual Capital Funds

Mr. Osteen, Superintendent Carl Harris, and Chief Operating Officer Hank Hurd, Durham Public Schools, addressed the following questions and concerns by the Board:

- School capacity
 - Vacant seats due to suspended/expelled students and dropouts
- Location of New High School “A”
- New buildings constructed from 2003 Bond
- Lakeview School
 - Renovations
 - Enrollment
- School locations and transportation costs
- Enrollment growth trends
- Use of alternative community-based programs for youth
- DPS long-range facilities plan
- Proffer payments from developers as related to new development
- New construction vs. renovation needs
- DPS-owned vacant land
 - Eno Valley
 - Hillside High School
- Creekside Elementary
 - District boundaries
 - Cost of mobile classrooms
- New High School “A”
 - Cost of construction
 - Student capacity
 - Possibility of constructing a 1600-capacity facility vs. an 800-capacity facility
- Source of funds for Lakewood YMCA
- Out-of-county students attending DPS
 - Impact of out-of-county students on school capacity
- Eastern Durham geographic
- New Tech High School
 - Mobile units
- Redistricting in Durham

Directives

1. Review efficient utilization of existing schools.
2. DPS to provide periodic updates on volunteer payments received from developers.
3. Provide a list of DPS-owned vacant land.
4. Explore pushing back Long Range Facilities Plan to 2020 or beyond to assist in minimizing CIP debt.
5. County Manager to work with DPS to consider making New High School “A” a 1600-capacity facility and research additional funding sources.
6. Schedule a site visit for Commissioners to tour Creekside Elementary.

Main Library Renovations

Glen Whisler, County Engineer, recognized Chris Brasier, SmithGroup, lead architect on the project, to give a presentation on the renovations.

Mr. Brasier introduced the following members of his team: Bill Ash, SmithGroup; Jeffrey A. Scherer, Meyer Scherer & Rockcastle Ltd; and Edward Lazon, Design Collaborative. He thanked the Library Board of Trustees for being instrumental in the Library renovations and recognized Board members present—Al Roberts, Chair, and Elsa Woods, Vice Chair.

Mr. Scherer gave the following PowerPoint presentation on Durham County Main Library Planning & Programming:

Project & Team Introduction

- Library Trends
 - Adult Services
 - Marketplace Library
 - Display Options
 - Clear Signage
 - Public Computers
 - Internet Access
 - Computer Labs
 - Study Rooms
 - Break-out Space
 - Conferencing
 - Large Meetings
 - Community Outreach
 - Casual Reading Areas
 - Well Lit
 - Comfortable
 - Children's Library
 - Fun Environment
 - Colorful
 - Special Graphics
 - Kid-Scale Furniture
 - Access to Computers
 - Creative Play
 - Teen Identity
 - Access to Technology
 - Connectivity/Mobility
 - Special Features
 - Retail
 - Book Sales
 - Friends Space
 - Convenient Service
 - Customer Focus
 - Self Check-Out
 - Alternative Media

- Digital/Audio Labs
- Community Resource
- Exhibit Display
- Café/Vending

Mr. Brasier discussed the following topics:

- Existing Conditions
 - The Building
 - Electrical Systems
 - Lighting | Exterior & Interior
 - Emergency Generator
 - Fire Alarm
 - Fire Protection
 - HVAC
 - Chilled & Hot Water
 - Plumbing
 - Perception of the Building
 - Location
 - Connectivity
 - Image/Visibility
 - Parking
 - Entry Security & Clarity
 - Interior Environment
 - Location
 - Existing Conditions

Mr. Ash gave a presentation and addressed questions by the Board regarding the following information:

- Design Concepts
 - Site
 - New Main Entry on Liberty
 - Re-Orient Parking & Access
 - Art Garden Opportunity
 - New Bookmobile enclosure
 - Entrance and Lobby
 - New Main Entry On Liberty
 - New front door and lobby
 - Single point of public entry
 - Visible and accessible
 - Architecture clearly identifies entrance
 - Vertical Circulation
 - Central stair and elevators removed, and the floor openings filled
 - Improves circulation
 - Addresses security concerns
 - Interior Layout
 - Selective demolition of interior walls
 - Moves toward open floor plan

- Building Area
 - Existing Area 65,000 gsf
 - L2 Additional Area 1,800 gsf
 - L3 Additional Area 1,800 gsf
 - Total 68,600 gsf
- Image
 - New Exterior Façade
 - New Image/Brand
 - Transparency & Light
- Skin
 - Existing
 - Punched Openings
 - Glass Walls
- Program Developments
 - Implementing the Strategic Plan
 - County Library System
 - Main 65,000 sf
 - North Regional 26,649 sf
 - East Regional 26,649 sf
 - South Regional 27,320 sf
(2010)
 - Southwest Regional 25,000 sf
(2010)
 - Stanford L. Warren 9,797 sf
 - McDougald Terrace 450 sf
 - Bragtown 1,000 sf
 - Parkwood 9,871 sf
 - Goals
 - Goal 1—The library is Customer-Centered and welcoming.
 - Goal 2—Prepare & support Children & Teens.
 - Goal 3—Provide access to Information Technology Resources.
 - Goal 4—Embrace and promote Durham’s Cultural Heritage.
 - Marketplace
 - Wider Aisles / Shorter Shelving Units
 - More face-out & special display
 - Customer service / kiosks, floating staff
 - Developed Lobby area / first impression
 - Children
 - Enlarged overall area from 8,000 to 10,604 gsf
 - Increase program space
 - Focus on collection
 - Additional computers and study space
 - Teens
 - Almost 3,000 gsf dedicated area
 - Teaming space, booth seating

- Study Rooms
 - Gaming / Digital Learning
 - Dedicated Computers
 - N.C. Room
 - 4,700 gsf
 - Friends
 - Dedicated Friends space
 - Friends ongoing book sale/retail near check-out
 - Spill-out space at exterior for book sales
 - Resources at Main

	Existing	Proposed Program
Public Computers	67	158
Total Public Seating	359	452
Table Seats	184	206
Lounge Seats	21	31
Children's Program Room	44	65
Meeting Room	110	150
Study Rooms	0	17
Exhibit Display Area	0	1
Vending/Café	0	1
 - Target Collections
 - Circulation
 - Zero Circulation
 - Proposed Collections
 - Program Organization
 - Floor Plans
 - High-Performance Building Policy—Target: LEED Certified
- Metrics & Measures
 - Book
 - VOLUMES PER CAPITA*

2007-2008	
<u>Library System</u>	<u>vol/capita</u>
DCL	2.1
NC Average	1.8
Mecklenburg	1.4
Wake	2.0
Guilford	1.3
Forsyth	1.9
 - CIRCULATION PER CAPITA*

2005-2006			
<u>Library System</u>	<u>Circulation</u>	<u>Population</u>	<u>circ/capita</u>
DCL	1,359,711	247,000	5.5
NC Average			5.6
2007-2008			
<u>Library System</u>	<u>Circulation</u>	<u>Population</u>	<u>circ/capita</u>
DCL	1,900,000	261,000	7.3
NC Average	5.9		

Mecklenburg Co	6,773,992	863,147	7.8
Wake Co	10,390,295	832,590	12.5
Guilford Co	1,515,202	364,032	4.2
Forsyth Co	1,913,042	338,667	5.6
Chapel Hill Municipality		911,084	54,904
	16.6		

*Data compiled by The State Library of North Carolina and the DCL

- Per Capita Statistics

Mr. Brasier presented the following information:

- Conceptual Schedule
 - Bond Referendum
 - Design/Documentation 12 Months
 - Bid/Negotiation 2 Months
 - Construction 14 Months
 - Occupy
- Conceptual Cost
 - 68,600 GSF \$14,247,382

Mr. Brasier, Mr. Ash, and Mr. Scherer addressed questions and concerns by the Board regarding the following:

- Café/Vending
 - Preventing citizens from carrying food and beverages throughout the library
 - Library maintenance due to food and beverages
- Individual study rooms
 - Security
- Existing public computers
- Space reserved for history displays
- Lower level entrance point
 - Handicap accessibility
- Parking
 - Handicap
 - Mothers with children

Directive

Library staff to look into ways to control food/beverage consumption outside of café/vending area.

CIP Financial Overview

Doug Carter, Financial Advisory, gave the following PowerPoint presentation:

- Presentation Outline
- Introduction and Purpose
- Summary

- Selected Comparative Analysis – Five Largest NC Counties with at least One Triple A Credit Rating
- Summary of the Durham County Five- and Ten-Year CIP and Comparisons
- Blending the Capital Plan with Other Elements of the Credit Rating Process
 - Define the Major Elements of Credit Rating Analysis
 - Area Economy
 - Management of the County
 - Debt Structure and Policies
 - Financial Management of the County
- Summary
 - The Economy of the County is Strong and Future Trends are Indicative of Increasing Economic Strength (Beyond Current Economic Conditions)
 - Underlying Current Statistical Indicators Place the County in a Good Credit Position
 - Financial Management is Sound and Consistent for Highly Rated Credits
 - Current Debt Position is Low to Moderate and Provides Capacity for the Future
 - Current Capital Program is Comprehensive and Significant in Size
 - Future Debt Issuance to Implement the Capital Program must be Monitored Closely and Potentially Altered by Size and Timing in order to Produce Statistical and Other Measures Consistent with Highest Credit Ratings
 - Ongoing Financial and Debt Policy Development and Evaluation is Crucial Given County Needs and Changing Economic and Financial System Environments
- Selected Comparative Statistics
 - Current Property Tax Rates
 - Current Appraised Values
 - Current Per Capita Appraised Values
 - Current Outstanding Debt
 - Current Debt to Appraised Value
 - Current Debt Per Capita
 - Current Median Household Income
- Durham County CIP
 - Five-Year Capital Improvement Program
 - Ten-Year Capital Improvement Program
- CIP Comparatives
 - Comparative Ten-Year General Capital Improvement Program
 - Per Capita Amounts by Category for Ten Year Capital Budget
- Credit Rating Discussion
 - Blending the Capital Plan with Elements of Credit Rating: Define the Major Elements of the Credit Rating Analysis
 - Economic Activity—The economy of the County and how it has grown and changed over the years is of great importance in the rating process. The positive changes and strong growth in the Durham County economy have positive impacts on credit ratings.
 - Area Economy
 - Overall Economy
 - Employment/Employer Data Provides an Economic Profile
 - Largest Employers and Their Business

- Diversity of Employment
 - Cyclical Nature of Employers
 - Unemployment Both Current and Trends from the Past
 - Largest Taxpayers and Their Credit Strength
 - Area Economic Indicators and Demographics
 - Retail Sales
 - Building Permits
 - Visitor Activity
 - Other Measures of Economic Activity
 - Area Wealth and Means For Government to Access Resources
 - Resident Socioeconomic Factors
 - Per Capita Income
 - Median Family Income
 - Overall Community Wealth and the Ability to Produce Tax Resources
 - No Single Measure Defines
 - Full Value Per Capita Often the Most Important Factor
 - Blend of Business and Value of Taxable Sources Defines Overall Community/Government Health
 - Historic Growth in the Overall Economy and Potential for Continued Expansion
 - Economic Profile for Both Past and Future
 - Future Economic Trends Including Potential for Broadening Diversity of Business and Potential for Growth in Community Wealth is Key
- A Blend of Economic Factors Provides the Overall Economic Profile for the County
 - County Management—Management is the measure of how the County performs its business plan, the underlying cost of the plan, and success of the various programs operated and managed by the management team. It is also a guide to how the major policy decisions of the County Commission are implemented in an efficient manner.
 - Management of the County
 - Organization is a Very Important Element
 - Division of Responsibility And Communication Within the Management Team
 - Professional Qualifications and the Depth And Breadth of the Staff
 - Breadth of Authority to Manage – State/Local Statutory Authority for Management and Relationship with the Governing Board Give a Picture of the “Power” Of The Management Structure
 - Management Strategies and Practice are Important Elements to Demonstrate the Foregoing Factors
 - Sound Management Strategies and Plans are Essential Including Budget, Financial, Tax Collection, and other County Operations
 - Debt Practices and how the Borrowing System Works
 - Economic Development Strategies and the County’s Role In Encouraging Development of the Economy

- Working with Other Governmental Entities, Both Overlapping Governments and Regulators
- Debt Structures and Policies—Several elements or factors are used to evaluate the debt issued and the overall debt position of the County.
 - General Government
 - For General Government Debt the Nature or Collateral of the Debt is Considered
 - General Obligation Debt Pledges the Taxing Power
 - Special Obligation Debt Pledges a Specific, but not Unlimited, Source of Repayment
 - Certificates of Participation (COPs) Pledges the Underlying Asset Being Acquired and Promises to Pay from any Lawful Source of the County, Subject to Annual Appropriation
 - Debt of Overlapping Government(s) is Part of Total Debt
 - Common Debt Factors/Indicators
 - Debt Structure, Including Term of Debt Repayment
 - Mix of Fixed Rate Debt and Variable-Rate Debt
 - Outstanding Debt as a Percent of Full Value of Property
 - Per Capita Debt
 - Ability to Pay Indicators
 - Growth in Assessed Values
 - Revaluation Ability and Value Changes Historically and Projected
 - Per Capita Assessed Value of Property
 - Other Revenues Dedicated to Repayment, Their History, And Growth
 - Use of Debt and pay-as-you-go Sources to Fund the Capital Program
 - Blending both Borrowed and Pay-As-You-Go
 - Levels of Pay-As-You-Go Often Rises as the Level of the Capital Program Increases
 - Evaluating Cost of Operations for Capital Program Projects
 - Adopted Debt Policies
 - Policies Adopted by the County Should Establish Certain Benchmarks for use of Debt, Structure, and Affordability Standards
- Financial Management of the County—Overall financial management brings together the financial stability of the County as a result of overall management, the economy, and debt factors. It is a reflection of the financial results, as well as, performance of sound financial management.
 - Financial Planning
 - Development and Use of Both Long- and Short-Term Financial Plans
 - Financial Projections and the use of Future Oriented Planning
 - Separation of Resources Between Operating, Capital, And Fund Equity

- Planning Should Incorporate the Establishment of Financial Goals and Policies that Provide for Sound Financial Footing and Provide a Basis to Reach to Multiple Financial Needs as they arise
- Selected Financial Benchmarks
 - Level of Retained Fund Balance
 - Actual Financial Performance Measured to the Annual Budget
 - Composition of Balance Sheet Assets and Liabilities, as well as Cash Position and Policies for Invested Cash
 - Other Financial Indicators, such as Composition and Diversity of Revenues, Growth Patterns for the Major Revenues, Primary Expenditure Areas and Their Growth and Change, use of One-Time Revenues to Balance the Budget and Others.
- Financial Policies
 - Adoption of Comprehensive Financial Policies Either Adopted by the County Commission or Management Policies

Mr. Carter entertained questions by the Commissioners pertaining to the following:

- Per capita amounts for ten-year capital budget amongst comparable counties
- Fund balance
- Long-Range Facilities Plan

County Manager Mike Ruffin informed the Commissioners that he and staff would meet to review their comments on the CIP. Subsequently, a report would be sent out in the Commissioners' mail on Friday, February 27; detailed information would be presented at the March 2 Worksession.

The County Manager and the Board held a discussion regarding projected expenditures for education and how to minimize cost.

George Quick, Finance Director, gave a brief report on the County's revenue history.

Adjournment

There being no further business, Chairman Page adjourned the meeting at 6:05 p.m.

Respectfully submitted,

Yvonne R. Jones
Deputy Clerk to the Board