

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

Monday, June 7, 2010

9:00 A.M. Worksession

**MINUTES**

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

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

Absent: Chairman Michael D Page

Presider: Vice-Chairman Ellen W. Reckhow

**Citizen Comments**

Ralph McKinney spoke to the Commissioners about various issues.

James Daniel Shaw requested to address the Commissioners regarding the County Budget; however, he was not in attendance.

The following citizens expressed their concerns to the Board regarding Riddle Road:

Jerry McClain, 4000 Fayetteville Street, Durham 27713

Louanna Roberts, 1012 Chowan Avenue, Durham 27713

Thelma White, 1015 Jerome Road, Durham 27713

The Board asked the following:

- Would the trees be removed to make the trail visible from the highway?
- Is there an account on the number of accidents that have taken place at the intersection?
- Who should the Board appeal to regarding the traffic signal?

Joey Hopkins, PE Deputy Division Engineer, NCDOT Division 5, responded to questions and concerns regarding Riddle Road and Highway 55.

Mark Ahrendson, Director, Department of Transportation responded to Commissioner Heron's question regarding sidewalk completion on Cornwallis near Rogers Herr-Middle School.

The Board continued their discussions about speed limits and the traffic signals off of Highway 55 and Riddle Road.

Commissioner Bowser moved, seconded by Commissioner Howerton, to suspend the rules and allow a citizen to speak for three minutes.

The motion carried with the following vote:

Ayes: Bowser, Heron, Howerton, and Reckhow  
Noes: None  
Absent: Page

Teiji Kimball, 10910 S. Lowell Road, Bahama, NC 27503 spoke to the Commissioners about Little River Community Complex and the strategic five-year plan to reinvigorate the services provided.

Mr. Kimball replied to Commissioner Heron's question about the types of fundraisers that are being held to keep the center open and any type of support received from North Durham's Athletic Association. He clarified his statement about whether the City was providing the services or if the County was providing and reducing funding.

County Manager Ruffin answered Commissioner Howerton's question about how the funding is distributed.

#### Directives

1. Mr. Hopkins to include the number of accidents in the written response; consider the roads near the high schools.
2. Mark Ahrendson to review the need for sidewalks on Riddle Road, and entrance onto the trail.
3. Send a letter to the highway administrator and the Secretary of North Carolina Department of Transportation; copy the Senate, Durham County Representatives, and Chuck Watts, North Carolina Board of Transportation.
4. Mr. Kimball to meet with Commissioner Heron and Gail Souare; request to be on the Council for Senior Citizen's agenda; keep the Board apprised regarding the progress of negotiations.

#### **Chamber of Commerce Annual Report**

The Board received the annual report and business update from the Durham Chamber of Commerce. The Chamber provides the County with assistance in coordinating economic development initiatives and activities, including corporate and industrial recruitment.

Casey Steinbacher, CEO and President of Durham Chamber, highlighted the following:

- 2009 Economic Development Program Updates
- Who is The Chamber?
- Economic Development Is At the Center of Our Service

- Our Community
- Who Do We Serve?
- Economic Development—Core Service of the Durham Chamber of Commerce
- Chamber-Assistance Announcements 2009 (Chart)
- Other Significant Activity (Chart)
- Summary of Announcement Activity (Chart)
- 2009 Economic Development Announcement Investments by Industry Cluster
- 2009 Economic Development Announcement Job Creation by Industry Cluster
- Location Diversity
- Locations of Key Announcements (Map)
- Significant Announcements
- Economic Development Performance—Chamber Assisted Investment: 1993-2009 (Column Chart)
- Economic Development Performance—Chamber Assisted Job Creation: 1993-2009 (Column Chart)
- Comparative Unemployment Rates 2007 – 2010 (Column Chart)
- 2009 Results – Multiplier Effect
- Cluster Client Activity by Jobs (Chart)
- Cluster Client Activity by Investment (Chart)
- Existing Industry Program
- Accomplishments: Year 2
- The Chamber is Also Seeking New Economic Forms – Tech Oriented Entrepreneurialism
- Entrepreneurialism
- Who Do We Serve (The Community)
- Workforce Development
- Workforce Development Activities and Engagement:
- Middle School Career Expo
- Straight-Line Initiative
- Career Readiness Seminar for Graduating DPS Seniors
- Connecting Local Graduates to Jobs (NCCU, Duke, and DTCC)
- Public Policy
- Legislative Issues
- Legislative Breakfast
- Legislative Reception
- Observations
- Recommendations

Commissioner Bowser commended Ms. Steinbacher on her efforts.

Commissioner Howerton thanked Ms. Steinbacher and her team on their presentation. She made comments about the business community.

#### Directive

Ms. Steinbacher to work closely with County Manager Ruffin regarding economic strategic planning.

### **Downtown Durham Incorporated Annual Report**

Bill Kalkhof, President, Downtown Durham, Inc. briefed the Board on the following:

- Downtown Durham
- How to collectively keep downtown's momentum moving forward?
- Downtown Durham—Guiding Principles
- Key Economic Development Factors
- 2009 Venue & Festival Attendance
- Public Investment in Downtown Durham
- Private Investment in Downtown Durham
- Total Investment—Over \$1.2 Billion
- Downtown Durham Employee Growth (Chart)
- Dining & Shopping (Map)
- Office Space Lease Rates
- DDI Quarterly Deliverables—July 2009 – April 2010
- Economic Development
- Economic Development—Building Sales/Renovations
- Public Policy
- Marketing
- Appearance
- Miscellaneous
- Challenges
- Recommendations

Commissioner Bowser reiterated the need for additional hotel rooms downtown. He appreciated Mr. Kalkhof for bringing the issue before the Board.

The Board asked the following:

- The status on the conversion of the CCB SunTrust Building.
- What about the need for parking?
- What is the prediction for the hotel facility?

The Board thanked Mr. Kalkhof for his report

### **Workforce Development Board**

Kevin Dick, Director, Office of Economic and Workforce Development, recognized several speakers to make comments regarding the programs and services that have impacted Durham County in 2009.

Nicklaus McCoy, Senior Workforce Development Manager, discussed the following:

- Helping Businesses Find People ~ Helping People Find Careers”
- The Durham JobLink System--Challenges in 2009
- Overcoming Challenges in 2009
- Resource Development = \$590,707 in Additional \$\$ in 2009
- American Recovery & Reinvestment Act
- Value Added to the Community
- Programs for All Job Seekers
- Programs that Work (7/1/08 – 6/30/09)
- Programs for Youth
- Value Added to Local Businesses
- Opportunities in 2010

Donna Hembrick, Director of Career Service, made comments about the partnership

Commissioner Howerton thanked staff for an excellent report. She expressed appreciation for the examples given during the presentation.

The Board asked the following:

- Are ex-offenders being paid minimum wage?
- How does the County provide input regarding the direction for hiring?
- What is the diversity of the participants?
- Are you recruiting in the populations that are being served?
- Would the bill be retro this summer or next summer?
- How many young people are signing up for the summer-youth program?
- Is there a recruitment process or is there an open-door policy?
- What percentage of the students is recurring?

County Manager Ruffin informed the Commissioners about the summer-youth placement program; he thanked Mr. Dick for his assistance.

### **Directives**

1. Submit a report to the Board about what the administrative cost are versus the direct services to clients; breakdown cost by local, Federal, and State; include how much is being spent.
2. Bring a report to the Commissioners about recent performance measurements versus the state benchmarks.

**Presentation from Correct Care Solutions, LLC, Contractor for Medical Services Provided at the Durham County Detention Facility and the Youth Home**

Gayle B. Harris, Health Director, introduced this item. She stated that the Board requested to receive a presentation from Correct Care Solutions, LLC (CCS) that would provide an update on inmate medical services and an explanation of their FY '11 funding request, an increase of \$91,086. CCS made this request in the spirit of their most recent response to our request for proposals: "CCS would use Medical CPI as a basis for future increases although costs may also be affected by ADP fluctuations and changes in patient acuity." The medical CPI figures for 12 month periods ending December 2009 and January 2010 were 3.4% and 3.5% respectively. The CCS proposed price increase for FY 11 is based on 3.25%.

Ms. Harris added that if approved, the contract amount would increase from \$3,103,055 to \$3,194,141.

Patrick Cummiskey, Executive Vice President, CCS emphasized the following points regarding Correct Care Solutions:

- CCS Today
- Durham Patient Population
- Detention Center
- Key Components of Program
- Detention Center
- Youth Home
- Current Staffing (Chart)
- Key Services: Volume
- Monthly Averages – Events
- Special Needs Activity (30 day F/U)
- Monthly - # Follow-up Patients
- Total Pharmacy Costs
- Total HIV Medication Costs
- HIV in NC Jails
- Infirmary/Off-Site Activity (Monthly Averages)
- Total Medical Costs
- Per Inmate Per Day Costs: Total
- Medical Expense: Off-Site Costs
- Per Inmate Per Day Costs: Off-Site
- Off-Site Analysis FY 2010
- FY 2011 Revised Proposal

County Attorney Siler asked a question about the 2010 Mental Health Assessment.

Carolyn Titus, Deputy County Manager responded to Commissioner Heron's question about reimbursement for out-of-county youth at the youth home

Vice-Chairman Reckhow expressed concerns with the full cost of the facilities.

Mr. Cummiskey expounded on the QD level of the patients. He also noted that the monthly averages, in the presentation, for the infirmary/off-site activity were not accurate.

The Board held discussions about the total costs as it relates to inmate.

Mr. Cummiskey responded to several questions posed by the Board.

#### Directives

1. Mr. Cummiskey to consider working out an approach with Judge Bushfan to have coverage during the weekend to handle emergencies.
2. Consider ways to keep cost down.
3. Consider a meeting with Bill Pulley, Chief Lobbyist for Hospitals, to determine the opposition; discuss the sales tax breaks as it relates to hospitals.
4. Submit a report to the Board regarding what the County pays for admission versus what someone would pay on regular insurance, Medicaid, and worker's compensation.
5. Send the Commissioners the revised cost to determine how it compares.

#### **Capital Project Amendment No. 10CPA000015 – Appropriation of \$2,500,000 to the ERP (Enterprise Resource Planning) Upgrade Project (42001910DC135)**

Wendell Davis, Deputy County Manager, introduced this item. He stated that in 2004 Durham County implemented new business software – SAP/ERP – which, at that time, replaced the obsolete AMS System. The System went live in October of 2005. The software is highly integrated and affords the County the ability to carry out all of its financial, budgeting, human resources and purchasing transactions to included payroll, paying vendors, managing debt, applicant tracking, personnel evaluations and managing grants - to name a few of the functionalities. In planning for the necessary upgrades which is typical for business software, the county planned for the SAP/ERP Software upgrade in the Adopted 2010/19 Capital Improvements Program (CIP) and the project is scheduled to begin July 1, 2010.

The Board is requested to approve the upgrade of the hardware and software for the existing Enterprise Resource Planning (ERP) solution ensuring continued, cost-effective vendor support which would improve the overall SAP environment and leverage Durham County's position to implement and enhance additional modules. The upgrade would place us back on a timeline that keeps the County in the lowest cost maintenance support category with SAP and structure our environment to provide additional services.

Mr. Davis highlighted that the projected funding is \$2,500,000.00 which includes consulting resources, hardware, and the required software necessary to complete the upgrade. This project is a part of the current FY 2010-2019 Capital Improvement Plan and funding for this

project would come from bank financing occurring later in the fiscal year. General Fund dollars would fund purchases made before loan funds are available through an interfund loan not to exceed that amount and would be reimbursed/repaid once the COPS financing funds become available.

George Quick, Durham County Finance Director, explained the meaning of interfund loan per Commissioner Howerton's request. He replied to Commissioner Bowser's concerns with governments or big businesses borrowing money to pay for short term.

County Manager Ruffin responded to Commissioner Bowser's questions regarding projects that have been included in the pay as you go category.

Directive

Place on the June 14 agenda.

**Proposed Budget Amendment for Durham Convention Center (FY 2009-10)**

Drew Cummings, Assistant County Manager, introduced this item stating that the Durham Convention Center is jointly owned by the City and County of Durham, and operated by Shaner Hotel Group Properties Two Limited Partnership, (Shaner) the firm which also operates the Marriott hotel attached to the Convention Center.

The City and County receive revenues from the Convention Center and share equally in operating costs (including a management fee) pursuant to an Interlocal Agreement. The City and County also split the cost of maintaining the facility as well as any major capital upgrades. We are currently in the design phase of a 2<sup>nd</sup> phase of capital upgrades which, along with design and pre-construction costs, total \$6.5 million.

In FY08-09, the budget for the Convention Center operations was at just about \$1 million but, partly due to the economy, ended up being approximately \$1.33 million. The City, County, and Shaner split that additional \$330,000 deficit three ways, and the County approved a budget amendment of \$110,000 on May 4, 2009.

Mr. Cummings added that this year (FY09-10), Shaner again proposed a \$1 million operating budget, which the City and County agreed to. Unfortunately, again partly due to a continually depressed economy, the operating cost has exceeded the budget, this time in the amount of \$350,000.

Per the management agreement with Shaner, the matter was brought before the Convention Center Authority. The Authority recommended that 50% (rather than 33%) of this deficit be paid by Shaner and the City and County split the remaining 50%. Further negotiations on this issue and the issue of the contract extension led us to an agreement with Shaner where they would pay 41.7% (\$146,000) and the City and County would each pay (\$102,000) (29.1% each). Thus, staff is requesting a budget amendment in the amount of \$102,000.



The Board held discussions about operative subsidies.

Mr. Cummings responded to questions posed by the Board.

Directive

Place on June 14 BOCC agenda.

**Proposed 6-Month Contract Extension for Convention Center Management Agreement**

Drew Cummings, Assistant County Manager, presented this item. He stated that the Durham Convention Center is jointly owned by the City and County of Durham, and operated by Shaner Hotel Group Properties Two Limited Partnership (Shaner), the firm which also operates the Marriott hotel attached to the Convention Center.

The current five-yr. management contract expires June 30, 2010 (the end of the current fiscal year). City and County staff have been in discussions with Shaner about a new agreement for much of the past year but have not reached a point where a new management agreement would be ready by July 1, 2010. City/County staff are therefore requesting approval of an extension of the current management contract for six months (through December 31, 2010) to complete negotiations for a new management contract.

Whereas the current management agreement has left open the question of how additional /unbudgeted deficits are handled, the extension would be a flat-rate/not-to-exceed amount of \$102,700 per month for a total of \$616,200 during the 6 month extension.

Mr. Cummings announced that during the second half of FY10-11, the Convention Center would mostly be closed for an extensive, second set of renovations (totaling roughly \$5.3 million) that should position it to be a much more competitive and thus revenue-producing asset here in Durham. The total amount budgeted for the operation of the Convention Center during FY10-11 includes the six month extension cost as well as money for ongoing utility and sales and marketing costs to book events for when the facility re-opens.

Vice-Chairman Reckhow asked the following:

- How is the County's hotel/motel occupancy tax collected?
- Is there a way to determine how much was generated?

Compare revenue versus a similar size hotel to try to get a sense of what the extra bonus is being associated with the convention center...

Directives

1. Bring back to the Board information regarding room occupancy and what type of profit is being earned at the hotel.
2. Compare revenues with similar-sized hotels to gain a sense of the additional benefits associated with the Convention Center.
3. Place on the June 14 consent agenda.

### **Vehicle and Equipment Replacement Financing**

George Quick, Finance Director introduced this item. He stated that on April 23, 2010 Durham County issued RFP No. 10-028 for the Financing of Vehicles, Equipment, Computers and Telecommunications System Upgrades. The County received seven bids for the financing of these items. The Bids ranged from a high of 2.99 % to a low of 1.42 %. The low bid was submitted by Wells Fargo Bank, N. A. (Wachovia). The financing would be in the amount of \$5,711,640, for thirty-six months with quarterly payments beginning in FY2011. The financing would be collateralized by the items being purchased. The transaction would need to close before June 30, 2010.

Commissioner Bowser moved, seconded by Commissioner Howerton, to suspend the rules.

The motion carried with the following vote:

Ayes: Bowser, Heron, Howerton, and Reckhow  
Noes: None  
Absent: Page

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Commissioner Bowser moved, seconded by Commissioner Howerton, to approve the financing with Wells Fargo Bank, N. A. and authorize the Manager to execute the appropriate documents to close the transaction.

The motion carried with the following vote:

Ayes: Bowser, Heron, Howerton, and Reckhow  
Noes: None  
Absent: Page

### **Review of May BOCC Directives**

Laura Jensen, Assistant to the County Manager, presented this item. She stated that it was requested that at each month's Worksession, the Board of County Commissioners have the opportunity to review the previous month's directives for staff and make comments as necessary.

Vice-Chairman Reckhow asked about the update on Whitted School property. She offered a suggestion regarding completed items.

Commissioner Howerton asked about the 10-Year Plan to End Homelessness.

Directive

Follow up with City Manager regarding the Whitted School property.

**Adjournment**

There being no further business, Vice-Chairman Reckhow adjourned the meeting at 2:34 p.m.

Respectfully Submitted,

Angela M. Pinnix  
Clerk to the Board's office