

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

Thursday, April 15, 2010

9:00 am 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

Presider: Chairman Page

Chairman Page called the meeting to order.

BUDGET DISCUSSIONS

The Chairman asked the Board members to identify dates for Budget Worksessions. The following dates were agreed on by all Commissioners:

Tuesday, May 25 – 9:00 am – 5:00 pm
Wednesday, May 26 – 9:00 am – noon
Monday, June 14 - 2:00 pm – 6:00 pm
Monday, June 14 - 7:00 pm (Public Hearing on budget)
Tuesday, June 15 - 9:00 am – 5:00 pm
Monday, June 21 - 9:00 am – noon
Monday, June 28 - 7:00 pm (Adoption of FY 2011 Budget)

County Manager Ruffin presented the following guidelines staff used in developing the FY 2011 budget.

- The recommended county-wide property tax rate shall not exceed \$73.81 (3 cents increase).
- The recommended appropriation from the County's undesignated fund balance shall not exceed an amount that would create an undesignated fund balance percentage of less than 15% as reported in the County's *Comprehensive Annual Financial Report (CAFR)* for Fiscal Year 2009.
- No funding recommendations may be forwarded that would reduce maintenance of effort requirements as imposed by the State of North Carolina.
- Funding recommendations for outside organizations shall not be at a level greater than the average percentage of reduction recommended for County departments.
- Consolidation and reorganization of county services shall be considered where costs can be reduced and/or efficiencies can be realized due to duplications of effort.
- No new services or increases to existing service levels shall be considered. Existing County services and services levels should be examined for continued need, effectiveness, costs, etc.

- Any strategies that would result in a reduction in force, layoffs or furloughs shall follow established policies and procedures

Commissioner Bowser questioned whether “no new services” was reasonable.

Commissioner Reckhow expressed concern about the schools’ budget. She indicated that the schools are different from line departments.

Commissioner Heron stated that we need to see what the schools are doing with their administrative staff before we make considerations.

The Manager recapped the following discussions from the February retreat:

- 1.35% increase in tax base
- No growth sales taxes
- \$1.9 million (18%) increase in health care benefits
- \$1.4 million in employer contribution for retirement (31.8% increase)
- \$10.6 million deficit (forecasted to grow by May 24)
- 3% overall reduction in spending requested

The Manager outlined the budget outlook as of April 15. There are no changes at this point in revenue forecasts. He shared the following points:

- No change in revenue forecasts
 - tax base – 1.35% increase
 - sales taxes – no increase
- 3% spending reductions from the July 1, approved budget received and under review
- 44.38 General Fund FTEs eliminated
- No raises for County employees
- 3 cents property tax increase for debt
- No increase in property tax rate for County departments, agencies, etc.
- 3% reduction for DPS and DTCC
- \$2 million deficit

Manager Ruffin reminded the Board that there is a lot of work to be done between now and the time the budget is presented.

Durham Public School Budget

The Manager shared graphs and demographics related to comments made during the Conversations with Commissioners about spending for Durham Public Schools.

Commissioner Bowser asked that Cumberland, Forsyth, New Hanover and Buncombe County spending per child be added to the data.

Orange County spends more money per pupil; however, they have a special tax. Other counties compared don’t have the tax base to make the investment. Durham County is still number one in the amount of money it spends per pupil.

Durham County is pretty closely aligned with State averages for poverty among Blacks and Hispanics. Vice Chairman Reckhow pointed out that better demographics could be used regarding poverty by using the percentage of the student population receiving free and reduced lunch. That data gives a snapshot of the children in the schools. Manager Ruffin will provide new data at the May 24 meeting.

The Manager explained the following scenarios for school budgeting:

- 3% reduction = no changes would be required. This is what the County is working with unless the Board directs otherwise;
- Flat funding = \$3 million (some counties are looking at this option).
- 3% increase = \$6 million

Options

The Manager discussed the following options and the consequences of each option.

- Fund balance not available for recurring costs. According to the Manager, this should not be an option. If the fund balance is used next year, what would be the plan for the following year?
- A 1 cent tax increase would generate \$3 million;
- A \$3 million decrease in general fund spending would mean 60 to 70 positions in Durham County government.

The Manager concluded his presentation with the statement that there is no tax increase being proposed by County administration.

The Chair asked for comments or questions from the Commissioners.

Commissioner Howerton questioned the County positions that may be at risk. The Manager responded that 10-12 positions are filled positions, and the rest are vacant. He reminded the Board that this is an estimate.

The Manager explained that 1 ½ cents would generate \$4.5 million for the schools.

Commissioner Heron reiterated that the schools should look at their top administrators' salaries and the Board should look at what the schools plan to do to cut other administrative costs.

Vice Chairman Reckhow discussed the stimulus funds. How are the schools going to use the additional stimulus funds this year to offset cuts?

There may be some administrative contracts that call for salary increases. Vice Chairman Reckhow thinks it is inappropriate and unfair for administrators to get increases when teachers and County employees will not receive increases. What is the plan to handle the contracts?

She also questioned whether the schools are making every effort to protect classrooms? She commented on the Reading Recovery program. She questioned why it took 14 years to determine that the program was not working.

The Vice Chairman expressed concern about the supply issue. The lack of supplies compromises instruction. The Board should look at that issue. She suggested that maybe we could collect recycled County paper and send to the districts.

County Manager Ruffin will bring forth a plan on school supplies.

Another concern for Vice Chair Reckhow was the one size fits all approach. She stated that circumstances may need to be considered to be willing to have an open mind after other questions are answered.

Commissioner Heron asked how much money was coming from the courthouse. The Manager will get the information and report back to the Board.

Commissioner Howerton addressed nonprofits. She posed the question "How do you begin to evaluate to see which ones are effective and which ones are not?"

The Manager responded that Administration is looking at some performance measures and some indicators and deliverables on nonprofits.

Commissioner Bowser stated that there are special circumstances relating to the Department of Social Services (DSS). There is a direct relationship between what DSS does and the school system. Children need certain support to be ready for school. He asked that everyone keep DSS in mind when talking about special circumstances.

Regarding the Reading Recovery program, the schools are still receiving funding for the program. Where did the target money go? The Board needs a clear answer.

Commissioner Bowser also stated that there needs to be a willingness on the school system's part to do everything they can to reduce costs but continue to provide services. He pointed out one area of concern. The top officials receive \$1,000/month in travel allowances.

The Manager responded that the schools used the savings from the Reading Recovery program to cover deficits. The school is trying to deal with two years' budget instead of one year.

Chairman Page asked for a list of reductions Durham Public Schools has made from the top. All the Board members concurred.

Regarding nonprofits, Chairman Page stated that the County needs to look at what the City is doing in terms of capacity building. Nonprofits are given three years to show progress and then funding is terminated.

Chairman Page indicated that he has a real problem with nonprofit administrators getting high salaries and the County employees not receiving any increases. Mr. Ruffin stated that administration is sensitive to the subject of salaries. He asked is there a distinction that should be made in services vs. salaries.

Chairman Page commented that he hopes we can focus on taking care of our employees next year. He also stated that we must protect the classroom. There should be a Countywide look as

to what is not working in the schools. He commended Durham Technical Community College on reaching out to the community. Little River and northern Durham County must be looked at to see how we can continue to build all communities. There are some things the County can do right away, but all communities should be looked at for revitalization.

Chairman Page concluded his comments by indicating that the fund balance is not recommended, the cuts of 60-70 positions was not an option unless they are totally obsolete; and the \$3 million general fund decrease was not an option.

Commissioner Howerton stated that we are in a great place to begin to look at a strategic plan.

Manager Ruffin summarized the discussion. He will not bring a tax rate increase for the schools. He will bring a strategy to deal with school supplies and technology. Staff will not recommend any low performing nonprofits. Salaries for the nonprofits as well as performance of the nonprofits will be priority items. The only tax increase at this time will be for debt only.

Commissioner Heron commented that the public should be made aware that bonds are not free money.

Chairman Page asked when the Board could expect answers to the questions on the school system. The Manager will transmit the questions to Mr. Hurd. The School Board will meet with the Commissioners on May 24. The Board would like to have the responses as soon as possible.

ETHICS WEBINAR

The Commissioners, County Attorney, County Manager, Deputy County Managers, and Clerk to the Board participated in a two-hour webinar training on Ethics as required by Chapter 160A-83 of the General Statutes which reads:

[Session Law 2009-403](#) enacts a new statute, G.S. 160A-83, which requires all North Carolina cities, counties, local boards of education, unified governments, sanitary districts, and consolidated city-counties to adopt a resolution or policy containing a code of ethics to guide actions by the governing board members in the performance of their official duties as members of that governing board. It must be adopted on or before January 1, 2011.

The resolution or policy is required to address at least five key responsibilities of board members, responsibilities that reflect concern for ethical principles as well as for the effects of the board members' decisions on others.

The five areas to be addressed follow. (Emphasis and comments added by Professor A. Fleming Bell, II.)

1. The need *to obey all applicable laws* regarding official actions taken as a board member.
Comment: For example, the member must honor his or her oath of office, in which the member swore to uphold the constitution and laws.
2. The need *to uphold the integrity and independence* of the board member's office.
Comment: Among other things, this principle requires board members to make decisions that are based on the public good and not on their desires or considerations of special interest.
3. The need *to avoid impropriety* in the exercise of the board member's official duties.
Comment: Recall that board members are to act as “especially responsible citizens,” who are to honor the public trust” as they carry out their duties. Their official actions should be above reproach.
4. The need to *faithfully perform* the duties of the office.
Comment: A public official who acts faithfully is one whom others can trust and respect.
5. The need *to conduct the affairs of the governing board in an open and public manner*, including complying with all applicable laws governing open meetings and public records.
Comment: A public official who is honest, fair, and caring, and honors the public trust will honor the spirit as well as the letter of the law. He or she will see openness or transparency is an important part of that responsibility.

The Clerk certified that each commissioner participated in the required training. The signed copies will remain on file in the Clerk’s Office.

Adjournment

There being no further business, Chairman Page adjourned the meeting at 2:20 p.m.

Respectfully submitted,

Michelle Parker-Evans
Clerk to the Board