

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

Thursday, March 7, 2013

9:00 A.M. Worksession

MINUTES

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

Present: Chairman Fred Foster, Jr., Vice-Chair Brenda A. Howerton, and Commissioners Wendy Jacobs, Michael D. Page, and Ellen Reckhow

Absent: None

Presider: Chairman Fred Foster, Jr.

Citizen Comments

The Board of County Commissioners provided a 30-minute comment period to allow Durham County citizens an opportunity to speak. Citizens were requested to refrain from addressing issues related to personnel matters.

The following citizens signed up to speak:

Victoria Peterson spoke about jail issues, especially regarding women's conditions in the jail. She alleged that women were assaulted by detention staff, and that there was only one pod for women.

Captain Newborn, Next Level Veterans Outreach Campus, briefed the Board on the outreach efforts. He came before the Board to ask for financial assistance.

John Tarantino presented a musical presentation on the DATA bus system changes for routes 13, 16, and 17.

James Alston spoke in support the work of Next Level Veterans Outreach Campus.

2012 Crime Report

Sheriff Mike Andrews and Chief Deputy Don Ladd presented a five-year report on crime statistics in Durham County.

Sheriff Andrews assured the Board that he would look into Ms. Peterson's allegations.

Chief Ladd reported on the Uniform Crime Report for years 2008-2012. The average number of crimes during that time period is 1008.

Chief Ladd shared the 2012 implementations:

- Crime Tips E-Mails
- Sac/Narc Unit Sworn as OCDETF
- FBI Violent Crime Task Force
- Public Awareness
- Facebook / Twitter

A 2013 initiative is the CHOICES Program which is designed for at risk youth. It is a day long program involving at risk youth and their parents.

Commissioner Page commented that there seems to be a continuing trend between 18-30 year olds. He asked if any emphasis was being placed on that age group. Sheriff Andrew responded that the focus would be on at risk youth, and work its way up.

Commissioner Reckhow commended the Sheriff on the use of social media. She inquired about the number of neighborhoods in crime watch programs. Sheriff Andrews reported that there are 22 active programs at this time. The Department plans to revisit inactive communities.

Chief Ladd discussed the RAIDS online (Regional Analysis and Information) program. Citizens can sign up and be notified by email if there is criminal activity within a certain radius of the designated address.

Vice Chair Howerton stated that the NACo president spoke about re-entry for juveniles and support to counties regarding mental illness. The president stressed the need for officers to be trained to deal with mental illness. Sheriff Andrews responded that officers are currently going thru training to deal with mental illness. He added that 20 percent of the inmate population is classified with some type of mental illness.

Commissioner Jacobs encouraged others to “Like” the Sheriff’s Department on Facebook. She suggested that the County put out a press release about RAIDS online. She echoed Commissioner Page’s concerns about disconnected youth.

Sheriff Andrews expressed the desire to have crime prevention programs in the public high schools.

The Board thanked the Sheriff’s Office for the report.

Proposed Agriculture Building Green Roof

Mr. Eddie Culberson, Director Soil and Water Conservation Department, and Mr. Jacob Leech, Piedmont Conservation Council (PCC) Administrator discussed a proposal to install a green roof on the Durham Agriculture building.

Mr. Culberson highlighted advantages of the green roof. It would reduce potential downstream flooding and reduce pollutants. It would also improve the aesthetics from the building’s second

floor. Clusters of green roofs haven proven to decrease downtown temperatures. He will work with General Services to monitor energy in the building. The roof would be good thru 2027.

The project has secured \$50,000 in funding to conduct a site assessment and design through an Environmental Enhancement Grant (EEG) administered by the Department of Justice to conduct a site assessment. Conversations have taken place with other partners who would participate in the project. Mr. Culberson expounded on the partnership with Piedmont Conservation Council (PCC). The project would be installed and monitored at no cost to the County.

Board members expressed their excitement about the pilot project.

Mr. Culberson discussed his work with the PCC. He introduced Jacob Leech, PCC Administrator, to discuss an upcoming project--the FAB lab. The FAB lab sponsors education and innovation thru high end manufacturing equipment. Over the past year, a retired school bus was secured to act as a mobile FAB lab. The team has provided outreach to schools. A new location will be needed for the FAB lab after June of this year. The Board requested a tour of the lab once it is relocated.

County Manager's Biennial Recommended Durham County FY2014-2023 Capital Improvement Program (CIP) and Capital Budget Discussion by Douglas Carter (County's Financial Advisor)

County Manager Ruffin introduced the item. Mr. George Quick, Finance Director, introduced Mr. Doug Carter, President of DEC Associates, Inc. Mr. Quick stated that DEC has served Durham County's financial advisor since 2008. Mr. Carter also serves as financial advisor to six of the Big Ten counties and municipalities.

Mr. Carter shared a PowerPoint presentation with the Board. He gave a comparative overview for years 2010, 2012, and 2014. The dollar size and per capita changed dramatically during that time, much of it resulting from the new economy. Durham County has done an excellent job in dealing with the changing times, according to Mr. Carter. He used the four other AAA large urban counties in the State for comparatives—Wake, Mecklenburg, Guilford, and Forsyth.

Mr. Carter discussed the County's 5-year CIP (2014-2019). The total of the project is \$264 million. For the 10-year period, the total is \$417 million, which includes a bond referendum. That number is a drop, but still contains a diverse set of projects.

Durham County has been a good manager of funds, according to Mr. Carter. Durham County has also followed its policies. Economic activity has been very good for Durham County. The debt model is an extremely important tool. Durham County excels in meeting budget expectations—does not overspend.

Mr. Carter provided the following summary:

- The County economy is strong and long-term economic growth trends are excellent
- Financial management is sound and compares well to highly rated credits

- Current Capital Program is comprehensive, significant in size, although decreasing in recent years
- Current Debt position, including debt anticipated in CIP, is largest amount that should be undertaken without increased revenues dedicated/collected for debt repayment
- Future Debt issuance to implement the Capital Program must be monitored and altered by size and timing, as needed, if highest credit ratings is the goal, significant new debt capacity potentially available after 2022
- Ongoing financial and debt policy development and evaluation is crucial given County needs and changing economic and financial environments
- Establishment of a dedicated capital/debt service fund with separate dedicated revenues should be considered as means to manage future capital and debt service needs and affordability.

Commissioner Reckhow questioned whether Mr. Carter was an advocate of looking at multi-year operating budgeting. Mr. Carter responded in the affirmative; however, he did not recommend this for North Carolina.

Commissioner Reckhow mentioned the implications of annual maintenance for new construction.

Commissioner Jacobs asked for recommendations and best practices on how to increase revenues. Mr. Carter responded that diversity was the key. He gave examples: additional sales taxes for defined purposes, use of prepared food and beverage taxes, and occupancy taxes. North Carolina is very controlled by statutes.

Vice Chair Howerton thanked Mr. Carter for the report. She inquired about the consequences of tax exempt status on municipal bonds being repealed. On everything issued in the past, if tax exemption is repealed and not grandfathered, Durham County would not suffer the consequences, according to Mr. Carter. It would impact future debt. He encouraged the Board to use resources such as NACo to stress the need for the tax exemption.

Manager Ruffin discussed the Biennial review of the 10-year Capital Improvement Plan. The Capital Finance plan is reviewed annually as part of the budget process.

FY2014-23 CIP Key Focus Areas include:

- Funding for ongoing maintenance of existing capital facilities
 - Durham Public Schools
 - Museum of Life and Science
 - County Buildings and Equipment
- Planning for jail expansion needs
- Main Library renovation

There has not been a bond referendum in seven years. The Manager will recommend a bond referendum with the upcoming 2014 plan.

He recommended that the Board pay close attention to the first five years because the projects will be refreshed every two years.

New capital projects include:

- Facility/HVAC Replacement
- Parking Resurfacing
- Roof Replacement
- IT-Audio/Video Replacement
- EMS-Station #4 (Holloway Street renovation)
- Sheriff-Main Jail Renovation
- Timberlake Rail Trail
- Stormwater Retrofit
- DSS Building Demolition
- Durham Public Schools*
- NCMLS Deferred Maintenance and Exhibit Refurbishment

Existing projects that will be updated include:

- Judicial Building Renovation
- Admin. Bldg. Refurb
- County Stadium Improvements
- Downtown Parking Deck (needed at a later date)
- IT-Replacement Schedule
- IT-Telecommunications System
- IT-Major Laserfisher Upgrade
- Sheriff-Detention Center Annex
- Open Space Land Acquisition
- New Hope Creek/Hollow Rock Preserve
- Collection System Rehabilitation (Enterprise)
- Reused Waste Water Facility (Enterprise)
- Sludge Energy Program (Enterprise)

The Enterprise fund is paid by rate payers of the Triangle Wastewater Treatment Plant, and not from the general fund.

CIP Financing includes General Obligation Bonds (voter approved); Limited Obligation Bonds (LOBs, not voted); – previously named Certificates of Participation (COPS); Bank Financing and County Contribution.

The Manager will recommend a bond referendum for 2014 for Durham Public Schools, Museum of Life and Science refurb; and Open Space and Farmland acquisition for a total of \$125.45 million. 70 percent of the money for Durham Public Schools is for life cycle renovations and 30 percent is for technology upgrades and land banking for new schools, including two (2) elementary schools in the long range plan.

Manager Ruffin stated that he would propose a 5 cents increase in the property tax rate in FY 14 for debt management. We currently have a tax rate of 74.44 percent. 5.94 cents is currently pledged for debt. Mr. Ruffin indicated that the 5.94 was too low. Durham County voters approved over 16 cents for bond referenda. The taxes have only been increased by $\frac{3}{4}$ of 1 cent. It has been our philosophy to not raise taxes if it was not needed. If the 5 cents was approved, the tax rate would remain level until 2018. In 2023, the amount of property tax projected would decrease. He surmised that the 5 cents would put us in a very sound financial place.

The debt plan has to change due to the completion of projects and moving to principal and interest payments vs. just paying on the interest. Without the 5 cents increase, the tax rate will jump in FY15 to 11.53 cents.

Manger Ruffin pointed out some CIP positives:

Long term interest rates at historic lows

- Short term interest rates less than 1%
- Cost of buildings (Human Services and Courthouse) lower than early estimates
- School capital spending goes farther than expected
- \$9million for technology
- \$31 million for various existing school renovations
- This makes near term future bond referendum smaller or allows it to be farther out
- Jail population growth has slowed
- Have been able to hold off property tax rate increases.
- During the largest capital program ever, our County Triple A rating has been maintained due to sound financial planning by BOCC and administration

CIP challenges include:

- Timing of three big projects coming together
 - – 2007 GO Bond (Primarily DPS)
 - – New Courthouse
 - – Human Services Complex
- Flat or slow growth in dedicated revenues for debt service
- Permanent financing for large projects will put pressure on dedicated revenue
- Managing capital and operating cost within constraints of revenue growth and other ability to pay

Commissioners requested the following information regarding the CIP:

- the number of school children in each County and the CIP per capita spending for schools and future growth;
- more information about current school enrollment figures vs. capacity in schools, including a review of square footage in elementary, middle and high schools for per capita costs;
- the cost of Wake County's new detention center;
- the cost per square foot for the judicial building renovation;
- potential for cost savings if the County used cloud storage in lieu of servers;
- would it be possible for the school bond to wait until 2015 instead of 2014;
- update on Little River;
- why is there a projection for two more elementary schools based on current enrollments?

Closed Session

Chairman Foster read the following statutes regarding Closed Session:

- 1) The Board is requested to adjourn to closed session pursuant to G.S. 143.318.11(a)(3) to consult with an attorney in order to preserve the attorney-client privilege.
- 2) The Board of Commissioners is requested to adjourn to closed session to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee, pursuant to G.S. § 143-318.11(a)(6).

Commissioner Reckhow moved, seconded by Vice Chair Howerton to adjourn to Closed Session.

The motion carried unanimously.

Emerging Issues Report

Commissioner Reckhow reported on the Emerging Issues conference she attended on February 11-12, 2013, at the Raleigh Convention Center. The theme of the conference was “Manufacturing Works.”

Commissioner Reckhow highlighted discussions about manufacturing. One of the key drivers of manufacturing growth will be workforce skills. Manufacturers will need to have increased technical competence, critical thinking skills, and specialized training.

“Tech shops” were discussed. Tech shops are large spaces like warehouses or gyms where start up inventors and entrepreneurs can make things. The concept is similar to the “smoffice” strategy used for small business start ups in downtown Durham.

In summary, Commissioner Reckhow stressed the need for everyone to work together to look at some processes to get K-12 educators, community colleges, and the Workforce Development Board to think about the continuum to prepare young people for the future.

Review of BOCC Directives

Ms. Ellen Whelan-Wuest, Assistant to the County Manager, was present to answer questions regarding the directives covering October-December, 2012, and February, 2013.

County Manager Ruffin reported that he was meeting with Mr. Henry McCoy as a follow up from the February Worksession.

Commissioner Reckhow inquired about a follow up with the SBI Crime lab to determine how many hours per week or month are dedicated to Durham. Manager Ruffin responded that he was working on that.

Vice Chair Howerton directed the Manager to follow up on the comments made regarding women in the jail. The Manager agreed to follow up with the Sheriff and report back to the Board.

Commissioner Reckhow commented on the discussion on group homes and the registration process. She was concerned about the memo from Steve Medlin, City-County Planning Director, which indicated that the City Attorney's Office raised questions about a registration process.

Attorney Lowell Siler remarked that this office was researching the matter at this time. Part of the issue may be whether it is a family care or group home. The titles are used interchangeably. He explained that family care homes are designed to assist people with disabilities and to help them integrate back in the community. Those individual must be treated as if they were living in a single family residence.

Commissioner Page was excused.

Chairman Foster questioned the directive about establishing rents for seniors. Assistant County Manager Deborah Craig-Ray responded that the item was pulled for further study would include working with city officials on affordable housing and taking it before JCCPC for input.

Chairman Foster asked for an update on the recommendation to fund three chemists, specifically the salary/reimbursement costs. Ms. Emily Leik will prepare a memo to the Board in response to this item.

Discussion on Amendments to County Economic Development Policy

Deputy County Manager, Marqueta Welton; Deputy County Attorney, Carol Hammett; and Chamber of Commerce Director, Casey Steinbacher presented information on the County's current economic policy. Ms. Welton stated that the objective of the presentation was to have a discussion to provide clear feedback for staff to draft a new policy regarding incentives.

Ms. Hammett discussed the legal considerations and statutes governing the County's policy. She read N.C.G.S. § 158-7.1 - Local Development.

The statute authorizes cash grants and allows for developing land, extending utilities, and site preparation. The development must increase property value, sales and occupancy taxes, alleviate fiscal distress, and must serve the public interest by providing public benefits.

Community development and public-private partnerships are also tools a county can use. Residential projects are not covered under 158.7.1. The County is limited in residential projects, and they are only permitted thru community development for low and moderate income.

Retention of companies would need to set specific standards. It would need to be completely clear that there is some true and actual statement that the threat is true.

Chairman Foster asked whether the County could specifically tie jobs for ex-offenders to incentives. Attorney Hammett responded that it would have to be considered on a case by case basis for negotiation.

Ms. Welton remarked that staff is looking at ways to accomplish the objective—one possibility is to “sweeten the pot” if companies hire ex-offenders or Job Link applicants. She added that the issue was a common goal among all commissioners. She stated that if an incentive is based on jobs, the Board could say that for each employee hired who is an ex-offender, the County would give “x” amount.

Commissioner Jacobs commented that it was important to balance so the policy was actually an incentive and not a disincentive.

Ms. Casey Steinbacher, Chamber of Commerce Director, shared statistics regarding Durham County’s involvement in economic development. Over the last four years, \$3.1 billion in new investment was announced. 156 new projects and 10,400 jobs were added. Of that, Durham County gave 1.5% of the \$3.1 billion; and was involved in 3% of the new projects and 6% of the jobs.

Ms. Steinbacher pointed out that Durham is seeing a larger number of projects with smaller dollar values and jobs. She added that incentives are becoming more important for new companies.

Commissioner Reckhow commented that about ½ half of the jobs are filled with Durham County residents, and the rest of the jobs are people coming to Durham. She stressed the need to partner with schools and have more apprenticeships so that Durham residents are skilled for the jobs.

Commissioner Reckhow suggested to County Manager Ruffin that under Strategic Goal 1, it would be good to pull together some stakeholders around the issue of how do we better connect. Ms. Steinbacher interjected the need to have a clear understanding of the demand side and skill sets needed before we can connect.

Vice Chair Howerton mentioned industrial development and the amount of land available. She didn’t see where we could bring in companies to provide 500-1000 jobs.

Ms. Welton stated that one of the Board’s common interests was lowering the number of jobs from 200. The Board discussed the issue. Ms. Steinbacher reported that the average number of jobs over the past two years was between 50 and 75. Vice Chair Howerton stated that the numbers needed to be lowered to attract companies.

Commissioner Reckhow was comfortable with 50 jobs, but warned that additional staff would be required to handle the requests if the number was too low.

Manager Ruffin stated that there was a beginning trend by the City to condition its incentives on County participation. He suggested that might be a conversation at a joint City-County Committee meeting.

Assessed value was an area where there was a difference of opinion among the Board, according to Ms. Welton. The Board supported lowering the threshold, but there was no consensus on the amount. The current value is \$50 million. \$40 million may be above some of the projects that come before the County.

Commissioner Reckhow thought \$40 million was a good number. She commented that it was a staffing issue. She worried if the number was too low, existing companies could resent the difference. The projects should be economically sound before the County provides the incentive.

Commissioner Jacobs added that it was important for the Board to take a step back to reflect on the future. She liked the idea of being more flexible and being able to serve more businesses with lower amounts. She was concerned that no one would meet the goals if the value amount was \$40 million.

The Chamber would be happy to work with Durham Technical Community College to make sure Durham residents are trained with the skill sets to provide opportunities.

Commissioners Howerton and Reckhow agreed that \$30 million was a reasonable number.

Chairman Foster clarified that he did not want to go down on the numbers at all. He was not in favor of providing incentives.

Ms. Welton assured the Board that for all the projects incentivized, the County received revenues multiple times over.

Commissioner Reckhow mentioned that the County's policy was not on the website. She added that we lose people when we don't put the information on the website for transparency. She cited Buncombe and Wake counties, and the assurances in their policies that they would receive revenue within a set time.

Ms. Welton will provide all commissioners with a spreadsheet to show what the County receives back.

Commissioner Reckhow recommended going lower than Wake County's threshold. However, she reiterated the need not to go too low.

Vice Chair Howerton was excused.

Ms. Steinbacher explained that Wake County recently changed its economic development plan to go less than \$100 million when the jobs netted a substantial percentage.

Ms. Steinbacher reiterated that when people come to the Triangle, they make a decision based on real estate. The developers view the "Triangle" as one entity. Durham County will get a percentage of the jobs even when the developers select Wake County.

The Board's consensus was \$30 million in assessed value.

Ms. Steinbacher reiterated the point about clarity of the policy. The Chamber needs help when trying to explain the policy. Mr. Ruffin stated that it was important that the Board honor what Ms. Steinbacher tells potential developers.

Ms. Welton stated that she is being questioned about what happens when a company substantially meets, but does not fully meet the numbers—what is the Board's view?

Commissioner Jacobs replied that there should be some flexibility on a case by case basis. Currently, there is 10 percent flexibility.

Ms. Welton asked for guidance on designated strategic economic areas. Commissioner Jacobs was in favor of eliminating the downtown corridor. She mentioned the number of hotel projects the County incentivized to assist in fulfilling the need for additional hotel space downtown. She felt Northeast Central Durham, the Fayetteville Street corridor, and transit oriented locations were important areas to place focus.

Commissioner Reckhow would prefer to not have a strategic area, rather rate projects on their merit. She hoped the transit areas would have their own incentives. She suggested taking the transit oriented districts out of the policy.

The Board's consensus was to repeal the strategic areas.

Ms. Welton indicated that the current policy does not speak to incentivizing downtown hotel development. She asked for direction from the Board on that issue. One question was how close to the Convention Center would a hotel project need to be for Board consideration of an incentive.

Attorney Hammett remarked that with the two hotels that were incentivized downtown, the Board was able to utilize the community development statute as well because they were historic sites and full renovations. The projects met all the criteria for the incentives.

Manager Ruffin did not feel that there was a good argument for incentivizing downtown hotels if they were not inside the Morgan Street loop.

Ms. Welton suggested that the Board could look at the city center as a parameter for hotel incentives. Commissioner Reckhow desired to just use best judgment. Ms. Welton responded that determining a parameter would give clarity.

Manager Ruffin was concerned about expending staff resources on projects that the Board was likely not to consider, especially if there were no set parameters.

Staff will provide a map that shows one quarter mile around the city center. The Board discussed possible opportunities.

Ms. Welton will clarify the number of hotel rooms needed for the downtown convention center.

Commissioner Reckhow suggested adding “establishing an apprenticeship program” as an extra incentive to potential businesses. The Board concurred.

Ms. Welton thanked the Board and will bring back a draft policy.

Adjournment

Commissioner Reckhow moved, seconded by Commissioner Jacobs that the meeting be adjourned.

The motion carried unanimously.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Michelle", followed by a long horizontal line extending to the right.

Michelle Parker-Evans
Clerk to the Board