

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

Wednesday, May 29, 2002

7:00 P.M. Regular Session

**AGENDA**

1. **Opening of Regular Session**?Pledge of Allegiance

2. **Agenda Adjustments**

3. **Minutes**

May 6, 2002 Worksession

*Commissioner Cousin moved, seconded by Commissioner Heron, to approve the May 6, 2002 Worksession Minutes as submitted.*

*The motion carried unanimously.*

4. **Proclamation for Community Advisory Committee Appreciation Day**

A proclamation has been prepared to show appreciation to Durham County Nursing Home and Adult Care Home Community Advisory Committee members for their advocacy efforts on behalf of our county's long-term care residents. The Triangle J Area Agency on Aging Ombudsman Program provides training and ongoing technical assistance to these committees. Ms. Jill Passmore, Long-Term Care Ombudsman for the Triangle J Council of Governments, will make brief remarks about the work of these committees.

County Manager's Recommendation: Present the resolution to Ms. Passmore, along with the sincere congratulations of the entire organization.

5. **Durham County Website Redesign**

The Durham County Website has been redesigned to give it a fresh, crisp look. The new site was made operational earlier this month. In addition, users will notice the following improvements:

- •New Search Engine
- •Public Records Databases
- •Meeting & Events Calendar
- •Maps & Directions
- •Community Info Area
- •Services Guide

Staff will walk through a brief demonstration highlighting some new features of the Website.

Resource Person(s): Deborah Craig-Ray and Ian Worthington

County Manager's Recommendation: Commend staff for the countless hours spent completely redesigning and retooling the Durham County Website.

**Commissioner Heron moved, seconded by Commissioner Bowser, to excuse Vice-Chairman Reckhow from the June 3, 2002 Worksession.**

**The motion carried unanimously.**

**6. FY 2002-2003 Recommended Budget**

Durham County Manager Michael M. Ruffin will formally present the recommended budget for FY 2002-2003 to the Board of County Commissioners. This is in accordance with N.C.G.S. 159-12(b), the Local Government and Fiscal Control Act.

Resource Person(s): Michael M. Ruffin

County Manager's Recommendation: Receive his presentation.

**County Manager Michael M. Ruffin's recommended FY 2002-2003 budget follows:**

**May 29, 2002**

**The Honorable Members  
Durham County Board of Commissioners  
Durham County Administrative Complex  
200 East Main Street  
Durham, North Carolina 27701**

**Dear Durham County Commissioners:**

**The Recommended Budget for Fiscal Year 2003 is \$563.5 million. This represents a 7.24% increase over the current year's budget of \$525.5 million. As you know, that is the total budget, one that includes all twenty-two funds and one that because of interfund transfers is misleading. Most of your attention, and much of this budget message, will be devoted to revenue and expenditure recommendations that are reported in the general fund, the home fund for most of the county's services, which for next year has a recommended appropriation of \$476.1 million, 7.12% more than the current year's appropriation of \$444.5 million.**

**I guess the first question that begs an answer is why is the increase in the General Fund so high, especially in view of the troubling state situation that has been handed to us, not to mention substantial reductions in spending that have been requested from county departments and nonprofit organizations? The answer is not that difficult to understand. Keep in mind that 43% of our General Fund Budget includes "pass-through funds" in the Department of Social Services, money over which we have no control. Consequently, while the General Fund Budget for next year is \$31.6 million higher than the current year's budget, pass-through funds, largely dedicated for public assistance payments, are up \$34.3 million. In other words, if you take pass-through funds out of the picture, next year's General Fund Budget is 1% lower than the current year's General Fund Budget. (Many counties in North Carolina do not incorporate pass-through funds in their budgets because it exaggerates the bottom line) Don't lose sight of that fact because in spite of the burden that has been handed to us by the state, we have absorbed those increases in the General Fund and reduced spending by \$2.6 million.**

**A breakdown of the budget for all funds is as follows:**

<b>Fund</b>	<b>Current FY2001-2002</b>	<b>FY2002-2003 Requested</b>	<b>FY2002-2003 Recommended</b>	<b>% Increase/ Decrease</b>
<b>101 ? General</b>	<b>\$444,451,730</b>	<b>\$475,881,897</b>	<b>\$476,107,380</b>	<b>7.12%</b>

102 - Self-Insurance	\$1,824,345	\$1,726,911	\$1,622,551	-11.06%
125 - Capital Finance Plan	\$27,326,365	\$32,079,749	\$33,159,930	21.35%
150 - Cafeteria Plan	\$7,210,463	\$7,361,594	\$7,282,818	1.00%
213 - Bethesda FD Fund	\$1,107,800	\$1,371,000	\$1,371,000	23.76%
214 - Lebanon FD Fund	\$517,134	\$568,348	\$568,348	9.90%
215 - Parkwood FD Fund	\$993,000	\$1,040,872	\$1,040,872	4.82%
216 - Redwood FD Fund	\$403,700	\$444,953	\$444,953	10.22%
217 - New Hope FD Fund	\$7,918	\$7,252	\$7,252	-8.41%
219 - Eno FD Fund	\$20,235	\$17,570	\$17,570	-13.17%
221 - Bahama FD Fund	\$337,375	\$351,988	\$351,988	4.33%
222 - Special Park District Fund	\$436,544	\$361,166	\$361,166	-17.27%
224 - Emerg. Services Tele. Sys.	\$1,562,922	\$1,079,569	\$1,079,569	-30.93%
225 - Special Butner Fund	\$6,102	\$7,072	\$7,072	15.90%
250 - Reappraisal Reserve Fund	\$161,997	\$100,000	\$100,000	-38.27%
304 - Debt Service Fund	\$25,800,328	\$29,733,763	\$29,733,763	15.25%
660 - Water and Sewer Fund	\$8,505,955	\$4,842,403	\$4,844,824	-43.04%
662 - W & S Debt Service Fund	\$980,162	\$3,631,473	\$3,631,473	270.50%
705 - Geo. R. Linder Mem. Fund	\$250	\$250	\$250	0.00%
708 - Comm. Health Trust Fund	\$1,140,000	\$502,111	\$502,111	-55.96%
770 - L.E.O. Ret. Trust Fund	\$71,600	\$64,231	\$64,231	-10.29%
868 - Equipment Leasing Fund	\$2,690,620	\$1,778,375	\$1,288,610	-52.11%
<b>Grand Total</b>	<b>\$525,556,545</b>	<b>\$562,952,547</b>	<b>\$563,587,731</b>	<b>7.24%</b>

*Last year, we told the voters in advance of the bond referendum that the approval of all five of the questions on the ballot would mean a 2½ cents increase in the property tax rate. What we didn't know was that Governor Easley would take \$6.8 million in promised reimbursements, equivalent to 3½ cents on our property tax rate. So don't be fooled for a moment. The Governor can brag all day long that his budget doesn't include a tax increase to help the State face a staggering \$2 billion shortfall, but the plain truth is if property taxes in this county are increased beyond the 2½ cents for bonded indebtedness, and my recommendation does include a modest increase of an additional 1½ cents, the reason for it squarely falls in the lap of Governor Easley. If the State restores our reimbursements, then no increase, beyond what we told the voters would be necessary for debt service, will be required to pay for any of the recommendations in my budget.*

*But that's not the only curve ball the State has thrown at us. Durham County's share of Medicaid is expected to increase by \$2.1 million next year. That represents a 22.8% increase from \$9.2 million this year to over \$11.3 million next year. The increase alone equals over 1 cent on next year's property tax rate. By the way, I can't think of anything in our budget more out of control than what we spend for Medicaid. Since 1999, Durham County's share of Medicaid has increased over 71% from \$6.6 million to \$11.3 million. The sad truth is what we spend on Medicaid is not up to us. Once again, it's a state decision, and North Carolina is one of only a handful of states in the country that requires counties to share in the cost of Medicaid. So while we are responsible for only 5.8 cents out of every Medicaid dollar spent, the 5.8 cents we are forced to spend isn't pocket change. It adds up to over \$11.3 million.*

*Unfortunately, that's not all the surprises that we had to overcome. A sluggish economy created a \$1.6 million shortfall in sales tax receipts this year, which required us to lower the recommended*

**increase for next year. So in spite of the opening of The Streets at Southpoint, sales tax revenues for next year are estimated at only \$1.3 million over last year's projections, much lower than we had hoped.**

**Investment earnings are also down, considerably. In fact, General Fund investments are 60% lower for next year, a decrease of almost \$1.3 million. But I've also had to shift some expenses from the Community Health Trust Fund to the General Fund because investment earnings are equally dismal, \$600,000 less than last year's projection.**

**Let me summarize the potential effects of these circumstances on our tax rate:**

- • **Loss of \$6.8 million in State Reimbursements: 3.5¢**
  - • **Increase of \$2.1 million for Medicaid: 1.1¢**
  - • **Decrease of \$1.3 million in General Fund Investment Earnings: 6/10 of 1¢**
  
  - • **Transfer of \$600,000 in expenses from Community Health Trust Fund to General Fund: 3/10 of 1¢**
- ➤ **Possible Impact on Tax Rate: 5.5¢**

**But I said "possible" because I know that neither you nor the taxpayers in this county will accept a 2½ cents increase to their tax rate for debt and another 5.5¢ for all the surprises that I have outlined. The stark reality, as you realized during your March 25<sup>th</sup> meeting with county department heads, was that significant reductions to next year's expenditure budget were going to be necessary. I feared then that we might be looking at layoffs, not to mention substantial reductions to services that have taken years to develop.**

**It's here that I believe a very important point needs to be made about our community. The truth is there are two "Durhams." One is very prosperous. Opportunities are plentiful. The hopes and dreams of our citizens can be found there. This year, for example, this "Durham" has seen announcements of more than \$376 million in new investment and almost 2,600 new jobs.**

**But then there's another "Durham"; one where our citizens struggle just to make ends meet; where the elderly worry about how their next prescription will be paid; one where drugs and crime threaten our families and neighborhoods; where children aren't receiving adequate medical care; and where good nutrition is not a guarantee. This year, in this "Durham", we have seen requests for public assistance (Medicaid, Food Stamps, Foster Care, etc.) increase by more than 5%.**

**I remembered as I began to review next year's budget requests that we serve both Durhams. The last thing I want to do is to burn a bridge between the two. So we have carefully examined the impact that service reductions may have on our ability to serve our community.**

**Earlier this year, I asked our department heads to reduce their spending requests for next year by 5% from the current year's original appropriation. They did a Yeomen's job, but as I am sure you recall, some of their reductions would have jeopardized service levels, or would have meant layoffs, neither of which was acceptable. So I made a decision early in the process to do everything possible to see that no employee lost his or her job.**

**Moreover, I did not want to jeopardize service levels that have taken years to get where they are. We have accomplished these aims, but not without some sacrifices. I reduced the appropriations for nonprofit organizations to 95% of the current year's appropriation. No new nonprofit applications have been recommended for funding, and those that were previously funded in the Community Health Trust Fund have been relocated to the General Fund due to less-than-adequate investment earnings. A summary of my recommendation is provided below.**

<b>Organization</b>	<b>Requested</b>	<b>Recommended</b>
<i>Eno River Association</i>	<i>\$ 15,000</i>	<i>\$ 12,350</i>
<i>Council for Senior Citizens</i>	<i>\$ 125,000</i>	<i>\$ 118,750</i>
<i>Durham Crisis Response Center</i>	<i>\$ 50,000</i>	<i>\$ 46,730</i>
<i>Literacy Council</i>	<i>\$ 25,000</i>	<i>\$ 14,250</i>
<i>Family Counseling Services</i>	<i>\$ 15,000</i>	<i>\$ 14,250</i>
<i>Genesis Home</i>	<i>\$ 30,000</i>	<i>\$ 19,000</i>
<i>Meals on Wheels</i>	<i>\$ 20,000</i>	<i>\$ 9,500</i>
<i>Planned Parenthood</i>	<i>\$ 4,420</i>	<i>\$ 4,420</i>
<i>Radio Reading Services</i>	<i>\$ 4,500</i>	<i>\$ 3,536</i>
<i>Senior Aides</i>	<i>\$ 28,500</i>	<i>\$ 28,500</i>
<i>Senior PHARMAssist</i>	<i>\$ 120,000</i>	<i>\$ 85,500</i>
<i>Triangle Hospice</i>	<i>\$ 7,600</i>	<i>\$ 7,600</i>
<i>Urban Ministries Community Shelter</i>	<i>\$ 150,000</i>	<i>\$ 142,500</i>
<i>Women-In-Action</i>	<i>\$ 30,875</i>	<i>\$ 30,875</i>
<i>Communities In Schools</i>	<i>\$ 9,500</i>	<i>\$ 9,500</i>
<i>Middle School After School</i>	<i>\$ 85,500</i>	<i>\$ 85,500</i>
<i>Child Advocacy Commission</i>	<i>\$ 31,500</i>	<i>\$ 29,925</i>
<i>Child Care Services Association</i>	<i>\$ 28,215</i>	<i>\$ 28,215</i>
<i>Child and Parent Support Services</i>	<i>\$ 8,807</i>	<i>\$ 8,807</i>
<i>Durham Companion</i>	<i>\$ 6,500</i>	<i>\$ 4,750</i>
<i>Infants and Young Children with Special Needs</i>	<i>\$ 10,000</i>	<i>\$ 9,999</i>
<i>Teen Court and Restitution</i>	<i>\$ 30,000</i>	<i>\$ 30,000</i>
<i>Operation Breakthrough</i>	<i>\$ 175,125</i>	<i>\$ 97,375</i>
<i>Project Graduation</i>	<i>\$ 5,700</i>	<i>\$ 5,700</i>
<b>TOTAL</b>	<b>\$1,016,742*</b>	<b>\$ 847,532</b>

*\* Total does not reflect actual amount requested. \$1,648,132 was requested from 35 non-profit organizations. Only 24 non-profit organizations were recommended for funding.*

*I have also recommended that offices of the Youth Coordinating Board be closed. The \$173,000 savings will be used to save other youth programs that are in jeopardy due to state reductions. For example, the Criminal Justice Resource Center will lose its funding this October for the Juvenile Day Reporting Center, a program that has won statewide acclaim for its effectiveness. Part of the savings from closing the offices of the Youth Coordinating Board will be used to continue this program. In addition, a life skills program for youth in North-East Central Durham will be continued with the savings. Additional staff support for the Juvenile Crime Prevention Council has also been recommended.*

*While no layoffs are proposed, I have recommended the elimination of 37.27 vacant positions, which will save \$1.5 million. I do not believe service levels will be jeopardized by this reduction, but would hasten to add that over the last two years, 82.55 positions have been eliminated from our workforce. This is the greatest sacrifice that I believe our departments have sustained.*

*I have to say, though, I think the Durham Public School System stepped up to the line this year and did their part to help with our budget crisis, too. We couldn't have had better cooperation from them. The only increase they requested was \$314,500 for the first-year installment on the Hillside Improvement Plan, which I have recommended.*

*Obviously, there is very little in the way of new initiatives in next year's budget, but there are a few I want to discuss:*

- • **County-Wide Security**
- • **Technology Replacement**
- • **Employee Compensation**

*The obvious message we send with the approval of each of these is the high value we place on our employees. This is clearly their year. They deserve a safe working environment and state-of-the-art technology. Again, we are reducing our workforce, and again, we are asking our employees to do more with less. They are working harder, more efficiently, and the truth is the sacrifices they have been more than willing to make are what has enabled me to include a more appropriate compensation package for them in next year's budget.*

*We currently spend a little over \$400,000 for security in order to provide our employees with a safe working environment. But the level of security in most of our facilities is not acceptable. Some of our facilities have no security. It's been a chronic problem that needs to be resolved. An additional \$550,000 has been recommended and will insure that our employees feel safe from the time they arrive for work until they go home.*

*Last year, you were advised that many of the desktop computers used by our employees to provide county services were rapidly aging. Indeed, over 400 systems currently used are all but worn out and using an operating system that will not work with much of the newer software. I asked our staff to look at how we could begin to replace our older technology and give our employees the resources they need to work*

*more efficiently. We have recommended a replacement program that will enable us to replace every worn-out system we own over the next three years. We have conducted a cost-benefit analysis of leasing versus purchasing and have found that leasing the technology is a competitive option that will enable us to develop a routine replacement program for aging systems. The first-year cost for the program is \$250,000.*

*The vast majority of the compensation plan I am recommending is just like last year's compensation plan. There are, however, a few very important exceptions. For example, I have recommended the reinstatement of the employee longevity plan that was abandoned in 1993. This a major issue with our employees, evidenced by the fact that hundreds of them signed a petition earlier this year asking you to reinstate it. Your approval of the longevity pay program will cost \$268,000 and reward 864 employees for sticking with us through the good and the bad.*

*But there's another pay initiative that I want you to consider for next year, one that will resolve a striking inequity in our pay system and help us to reduce an alarmingly high turnover rate. Each year, employees receive an evaluation against a work plan that they developed in consultation with their supervisors. If they performed satisfactorily, which we refer to as "Meets Expectations", they receive either a 2½ % raise, or a 5% raise, depending on where they are located on the salary range. The inequity here is that employees in the same position, performing equally well are compensated differently. Ironically, those who receive the 2½% raise are the seasoned, more experienced employees, which isn't very fair. They are also the lower paid employees. In fact, 691 of the 1,002 employees who will only receive a 2½% increase make less than \$40,000 per year. I recommend that all employees who meet expectations receive a 5% increase.*

*It is not expensive to eliminate this inequity. But I wonder what the costs will be if we do not address it. I recently had dinner with a group from Eli Lilly and Company during a recruitment visit. One of their managers told me that their corporate goal is to maintain a turnover rate of no more than 5%. "It costs money," he admitted, "but it's sure worth it."*

*I believe he's right. The only way we're going to hold on to well-trained, experienced employees is to compensate them competitively. The research bears that out as well. A 1997 study by the Saratoga Institute surveyed 45 companies regarding employee retention. 82% reported that compensation was the critical cause of turnover and have already begun implementing more competitive compensation programs as a remedy.*

*Other research clearly shows that businesses with strong compensation programs have the highest retention rates and better productivity.*

*Our turnover rate usually hovers around 20%, and I believe there's a direct correlation between that high rate and how we compensate our employees. The truth is we are already paying a high price for our turnover rate. The Sheriff's Office, for example, told me that it costs \$44,172 to train a new deputy. You only have to lose 19 deputies and you'll pay more to train the new ones than you'll spend on the additions I have recommended to the compensation plan. Even more surprising is what we spend to train new social workers. Again, for example, in Child Protective Services, where we have 30 social workers, we spend \$5,261 to train a new social worker. Last year, we experienced 100% turnover in that division. Can you imagine how much we will spend cumulatively to replace deputies, social workers, detention officers, paramedics, accountants, nurses, etc.? The cost is staggering.*

*I can't say that my compensation plan is the "cure-all" for our turnover problem. There are other factors that we must address as well. But I can say that your approval of it will be a big step in the right direction. In fact, I can't think of any one action you could take that will do more to improve employee morale, and I can't think of a better year to do that than a year in which we are asking our employees to do more than ever before. It may be politically correct to ask our employees to take it on the chin this year, but as a manager in an organization with a 20% turnover rate, it makes no sense at all.*

*Finally, our employees are very concerned about their health care plan. Just like every other organization, the cost for health care is spiraling out of control. Continued increases with no increase in benefit dollars will force many of our employees to forfeit coverage for their families. We already know that 198 employees elected no health care coverage this year. Many of them have coverage through other plans where their spouses work, but some of them have opted out of our plan because they can no longer afford it. I worry that the list may grow, especially after our Human Resources Department told me that we could expect an increase of 20% or more next year for health insurance. That's why I am recommending a 21% increase in benefit dollars next year, from \$165 per pay period to \$200. It will go a long way to help them cope with the increases that are sure to come.*

*As always, our highest priority in this year's budget is to maintain the excellent financial position that we enjoy. I guarantee you that cities and counties across the state will tap into their fund balances in order to avoid massive cuts or increases in the property tax rate. We cannot consider such a strategy because we plan to enter the bond market again in 2004 and bond-rating bureaus do not like to see shrinking reserves. While we always use some of our reserves to balance our budget, we do not expect to spend one dollar of the \$6.3 million that is recommended for appropriation. The reasons for this are that we conservatively estimate revenues and aggressively monitor our expenditure budget throughout the fiscal year. I thought you might appreciate a five-year history of our fund balance.*

		<b>Audited FY Ending 6/30/97</b>	<b>Audited FY Ending 6/30/98</b>	<b>Audited FY Ending 6/30/99</b>	<b>Audited FY Ending 6/30/00</b>	<b>Audited FY Ending 6/30/01</b>
<b>Reserved</b>	<b>Fund</b>	15,794,621	18,780,073	19,714,437	21,947,865	17,714,703
<b>Balance</b>						
<b>Designated</b>	<b>Fund</b>	5,373,763	6,558,924	7,825,829	14,473,211	12,573,772
<b>Balance</b>						

<b>Undesignated Fund Balance</b>	<u>17,045,036</u>	<u>21,285,993</u>	<u>24,816,155</u>	<u>14,147,109</u>	<u>14,937,310</u>
<b>Total Fund Balance</b>	<b>38,213,420</b>	<b>46,624,990</b>	<b>52,356,421</b>	<b>50,568,185</b>	<b>45,225,785</b>

<b>Total Expenditures</b>	<b>201,563,389</b>	<b>219,694,926</b>	<b>233,284,037</b>	<b>260,568,011</b>	<b>251,945,142</b>
<b>LGC Recommended 8% Minimum</b>	<b>16,125,071</b>	<b>17,575,594</b>	<b>18,662,723</b>	<b>20,845,441</b>	<b>20,155,611</b>
<b>Fund Balance Applied Toward 8%</b>	<b>22,418,799</b>	<b>27,844,917</b>	<b>32,641,984</b>	<b>28,620,320</b>	<b>27,511,082</b>
<b>Expressed As A % Of Expenditures</b>	<b>11.12%</b>	<b>12.67%</b>	<b>13.99%</b>	<b>10.98%</b>	<b>10.92%</b>

*I have already mentioned that my budget recommendation will require a tax rate increase of 4 cents from 72.9 cents to 76.9 cents. That computes to an increase of \$64.78 on the average home in Durham County, which is valued at \$161,944. For those who don't own the average home, the difference is as follows.*

- • \$100,000: \$40.00
- • \$130,000: \$52.00
- • \$200,000: \$80.00
- • \$400,000: \$160.00

*A summary of our projected tax base is provided below. The overall growth rate is actually stronger than the 2% as shown. However, last year's budgeted tax base of \$19.6 billion fell far short of projections and is now estimated at \$19.1 billion. When you adjust the projected to the actual for the current fiscal year, next year's estimate represents a 4.5% increase.*

	<u>FY2002</u> (Budgeted)	<u>FY2002</u> (Actual)	<u>FY2003</u> (Projected)	% Increase from FY2002 Budgeted
<b>Real Property</b>	\$ 15,400,000,000	\$ 14,779,229,012	\$ 15,380,000,000	-0.1%
<b>Auto Value</b>	\$ 1,458,567,832	\$ 1,458,186,587	\$ 1,494,641,252	2%
<b>Personal Value</b>	\$ 2,271,021,511	\$ 2,335,992,632	\$ 2,545,000,000	12%
<b>Public Service</b>	\$ 522,916,268	\$ 605,403,652	\$ 623,565,762	19%
<b>Total</b>	\$ 19,652,505,611	\$ 19,178,811,883	\$ 20,043,207,014	2%

*There are other property tax rates about which our citizens are concerned. Durham County has seven volunteer fire departments, each of which have property tax rates that this year ranged from 4.4 cents to 9 cents. No increases in fire tax rates are either requested or recommended. The following is a summary of tax rates for those Fire Districts serving Durham County.*

<b>Fire Districts</b>	<b>FY2002 Tax Rate</b>	<b>FY2003 Requested Tax Rate</b>	<b>FY2003 Recommended Tax Rate</b>
<b>Bethesda</b>	.0550	.0550	.0550
<b>Lebanon</b>	.0590	.0590	.0590



<i>Parkwood</i>	<i>.0900</i>	<i>.0900</i>	<i>.0900</i>
<i>Redwood</i>	<i>.0750</i>	<i>.0750</i>	<i>.0750</i>
<i>New Hope</i>	<i>.0500</i>	<i>.0500</i>	<i>.0500</i>
<i>Eno</i>	<i>.0440</i>	<i>.0440</i>	<i>.0440</i>
<i>Bahama</i>	<i>.0600</i>	<i>.0600</i>	<i>.0600</i>

*It should be noted that the Eno and New Hope Fire Districts serve Orange and Durham counties. The agreements between the two boards of county commissioners calls for the Orange County Board of Commissioners to set the rate and provides that the Durham County Board will approve the same rate for the Durham County portion of the districts.*

*Finally, I have recommended a 5% increase in the sewer rate and increases to other related fees for customers served by the Triangle Wastewater Treatment Plant. This increase to the sewer rate is necessary to pay for additional debt service to be issued this year to upgrade the treatment process and is substantially lower than the increase we earlier predicted. A \$5 increase in the solid waste management fee, from \$60 to \$65, has also been recommended, as well as several modest fee increases for sedimentation and erosion control.*

**Conclusion**

*This is the 24<sup>th</sup> budget that I have had the privilege to present as a city or county manager. It is by far the most difficult one that I have ever had to put together. I think you are going to find it may be one of the most difficult budgets that any of you has faced as a county commissioner.*

*Your staff has worked very hard just to get to today. We will work equally hard with you tomorrow and throughout the month of June as you review what we have put together. It is now your budget, so please do not hesitate to contact us if you need any additional information.*

*With highest regards, I am*

*Sincerely,*

**Michael M. Ruffin**  
**County Manager**

**7. Consent Agenda**

- a. a. Budget Ordinance Amendment No. 02BCC000060?Refunding Bonds 2002 (approve the budget amendment for the 2002 Refunding Bond Issue);
- b. b. Property Tax Releases and Refunds for Fiscal Year 01-02 (accept the property tax release and refund report as presented and authorize the Tax Assessor to adjust the tax records as outlined by the report);
- c. c. Soil and Water Conservation District Board Appointment to the Farmland Preservation Board (accept the Soil and Water District Board?s nomination of Ms. Brenda Howerton as its representative to the Farmland Preservation Board);
- d. d. Soil and Water Conservation District Board Appointment to the Environmental Affairs Board (accept the Soil and Water District Board?s nomination of Mr. Ray Eurquhart as its representative to the Environmental Affairs Board);
- e. e. Offer to Purchase County Property (2705 Crest Street, Unit No. 4?Building #2) (pursue the upset bid process at this time. A resolution to offer the property in an ?upset bid" sale is included in this package. The Board has the authority to accept or reject any offer at the conclusion of the upset bid process); and

- f. Request to Reject Bid(s) and Dispose of County Property at Private Sale (1015 Carolina Avenue?rear) (reject the prior bid(s) submitted and terminate the upset bid process, authorize a private sale to former owner John D. Adams at a negotiated price of \$3,728, and authorize the preparation of a nonwarranty deed for the chairman?s signature. This action is consistent with the Board?s policy of recovering the County?s investment and returns the property to the tax rolls).

***Vice-Chairman Reckhow moved, seconded by Commissioner Cousin, to approve the consent agenda items.***

***The motion carried unanimously.***

8. **Public Hearing--To Consider an Amendment to the Zoning Ordinance [TC 129-02] Concerning Changes to the Temporary Use Section of the Zoning Ordinance [Zoning Ordinance Section 14] [to allow for carnivals to operate for up to ten days rather than eight days]**

This item is to consider amending the zoning ordinance to allow carnivals to operate for a maximum of 10 days rather than the current limit of 8 days. The Joint City County Planning Committee [JCCPC] initiated this proposal at its February meeting on behalf of a nonprofit organization. The JCCPC recommends approval of this amendment. The Zoning Committee of the Planning Commission recommends approval. The City Council adopted this amendment in March.

A nonprofit group that hosted a carnival in the City in early April requested that the carnival run for one week plus the two weekends. The Temporary Use section of the Zoning Ordinance [Section 14] limited carnivals to a maximum of eight days. The amendment to extend that time to ten days was passed by the City in time for the carnival to be scheduled as planned. This amendment is now being presented to the Board of County Commissioners for approval.

Resource Person(s): Bonnie Estes, Assistant Planning Director

County Manager's Recommendation: The Manager?s recommendation is that the Board adopt the ordinance amendment at the conclusion of the public hearing.

***A motion was made to approve zoning ordinance amendment TC 129-02.***

9. **Site Plan Approval for NC 55/Sedwick Development (D01-757)**

RL Horvath Associates Inc., on behalf of Ticon Inc., has submitted a site plan for 12,000 square feet of office space, 66 apartment units, 180 motor vehicle spaces, and 21 bicycle parking spaces on a ±25.213-acre site, zoned NC, RD, I-2 and F/J-B Watershed Overlay. The property is located on both sides of NC 55 south of Sedwick Road. (Tax references 541A-02-8, 9, 11C; PIN 0737-01-17-4494, 8370, 3959; County Atlas Page 97, Blocks A-1 & A-2). Governing Body approval is required for site plans for buildings greater than 25,000 square feet. The development does not meet the thresholds for a Traffic Impact Analysis.

Resource Person(s): Teri Danner, Senior Planner, and Steve Medlin, Planning Supervisor

County Manager's Recommendation: The Manager?s recommendation is that the Board receive the presentation on the site plan and approve.

***Vice-Chairman Reckhow made a motion, seconded by Commissioner Bowser, to defer action on this item, direct staff to rewrite its staff report, and ask the developer to consider reducing the number of parking spaces.***

*The motion carried unanimously.*

**10. Closed Session**

The Board of Commissioners is requested to adjourn to closed session pursuant to G.S. 143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the county and to consider the performance of a public officer pursuant to G.S. 143-318.11(a)(6).

*Commissioner Cousin moved, seconded by Commissioner Bowser, to adjourn into closed session.*

*No action was taken as a result of the closed session.*