

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

Monday, February 21, 2011

9:00 A.M.

2011-2012 Budget Retreat

MINUTES

Place: Ivy Community Room, 4222 Fayetteville Road, Durham, NC

Present: Chairman Michael D. Page, Vice-Chairman Ellen W. Reckhow, and Commissioners Joe W. Bowser, and Becky M. Heron

Absent: Commissioner Brenda A. Howerton

Presider: Chairman Page

Welcome and Introductions

Chairman Page welcomed everyone to the 2011-2012 Budget Retreat. He recognized County Manager Mike Ruffin.

Manager Ruffin welcomed Kevin Leonard, Director of Government Relations with the North Carolina Association of County Commissioners. Mr. Leonard highlighted the current events going on in the General Assembly:

- Budget – The budget continues to shift more responsibility to counties;
- Health Care Legislation – North Carolina will not participate in the US Healthcare program;
- Regulatory Reform;
- Annexation – There is a current De-Annexation bill in two cities;
- Charter Schools – this will have an impact on budgets since the cap has been removed;
- SB 13 – Amend Current Budget Act – The General Assembly would like to change the budget act. It would remove funds set aside for job creation. The Governor is likely to veto this legislation.

He pointed out other budget issues that would impact counties:

- Possibly losing lottery funds;
- Counties could be forced to raise taxes;
- School buses and Workers' Compensation for public school employees could become County responsibilities.

Ethics bill (H961)

- Each employee's complete employment history (promotions, transfers, salary adjustments, disciplinary actions such as suspension or demotion, etc.) became a public record effective October, 2010;
- There is still deliberation about this being a personal liberty issue. Could rights be violated? Could an employee sue the county?

Retirement

- The employer rate for Local Government Employees' retirement is projected to be 6.88 percent;
- There is discussion about increasing the employee contribution;
- The State Treasurer is looking at changes for the retirement policy, requiring age 55 as a minimum retirement age.

Note: Kevin Leonard's complete presentation will be made a part of the official record.

Financial State of the County

George Quick, Finance Director; Pam Meyer, Director of Budget and Management Services, and Kim Simpson, Tax Administrator gave an overview of the County's financial state.

Mr. Quick stated that he will be making recommendations for changes in the County's Finance Policy. The county needs to continue to be rated AAA in order to enjoy the low interest rates it has used for loans.

Interest Rate SWAP

Savings have increased since the modified SWAP in 2009. Mr. Quick will propose changes to the SWAP policy at the April Work session.

Budget Update

Pam Meyer, Budget Director, reported that sales tax for five months thru November was \$35,671,778. Taxes from Christmas sales will be announced March 10. All County departments have been asked to look at cuts for the 2011-12 Budget in the amount of approximately 2 percent.

Tax Update

Kim Simpson, Tax Administrator, reported tax base decreases. The most significant is in the area of motor vehicles (down \$30 million this year).

Directive: Drill down values in industrial and economic development over the next month and present at the April Work session (Reckhow)

Collections in real property have increased this year (.9431 percent). The Tax Administrator recommended a 2014 revaluation on real property.

Economic Outlook

Dr. Michael Walden, Economist with North Carolina State University shared his views of the economy. According to Dr. Walden, the economic base is expanding. We have recovered what we lost during the recession. Nationally, 1/3 value of house values was lost. Big job losses have ended, but the job recovery will be slow.

North Carolina lost 300,000 jobs during the recession. However, 20,000 jobs were added last year. Health care jobs did not drop during the recession. The job market and home sales in Durham are better than the State.

Durham Public Schools Strategic Plan Presentation

Dr. Eric Becoats; DPS School Board Chair Minnie Forte-Brown; Vice Chair Heidi Carter; School Board Members Nancy Cox, Natalie Beyer, Leigh Bordley, Nancy Cox, and Omega Parker joined the retreat at lunch.

Dr. Becoats presented his Strategic Plan for Durham Public Schools to the County. Dr. Tyrone Baines facilitated a discussion after the presentation. There was discussion regarding the need to reach the Pre-K group. Approximately 78 percent of our children are not receiving Pre-K opportunities. Commissioners recommended educating the community, coordinating services, looking at Best Practices in the State, and using Title I money upfront.

A View from the Voters – Poll Results

Deborah Craig-Ray, Assistant County Manager, shared results from a poll taken by Campaign Research + Strategy to determine the perceptions and attitudes of residents who live in Durham County. 403 telephone surveys were conducted with registered voters of Durham County.

Results

- 60% rated the performance of the Durham County Commission as just average;
- 81% rated Durham County libraries as very favorable;
- 55% rated county taxes as too high;
- 46% rated County government as having too much waste and unnecessary projects;
- 50% rated elected officials at the State level as doing enough to bring jobs and investment to Durham County;
- 24% rated schools/education as the number one challenge for Durham County;
- 88% rated creating more jobs and public schools as the most important issues;
- 52% supported a 1/2 cent tax for public transportation improvements;
- 66% supported a 1/4 cent tax dedicated to helping Durham Public Schools;
- 60% supported the Board's decision to raise taxes in 2010-11 to save teaching jobs in Durham Public Schools;
- 60% would support a similar increase to save teaching jobs this coming year;

Note: A copy of the full poll will be made a part of the official record.

A View from County Department Heads

Dr. Tyrone Baines facilitated a discussion of a panel of department heads (Gerri Robinson, DSS; Willie Covington, Register of Deeds; Gudrun Parmer, Criminal Justice Resource Center; Gayle Harris, Public Health Director; and Kim Simpson, Tax Administrator).

The Directors shared concerns about employees working second jobs which affected energy and productivity; employees qualifying for public assistance; not keeping up with private income levels and elevation of staff; employees not able to pay property taxes which jeopardized employment with the County; client base increasing while positions were being cut; salaries too low to fill positions; the fear of more turnover once the economy improves; and morale.

Human Resources Manager, Elaine Hyman, reiterated the frustration she experienced when employees came to her office seeking an appeal because they were unable to pay their taxes and faced termination. Administration will look into this policy further.

Chairman Page thanked the panel. He indicated that he was an advocate of a pay increase for employees. He commented that it may be time to cut other services. He also expressed concern about the length of time it takes to fill positions, especially DSS.

School Board Vice Chair Carter thanked the County for their support of the schools. She asked about the possibility of levying a school tax.

Commissioner Bowser stressed the need to educate the public about the needs of the schools and the community. Vice Chair Reckhow suggested increasing the distribution of the BOCC meeting summaries.

Vice Chair Reckhow stated that she hoped the County would be able to give salary increases this year.

Chairman Page thanked everyone for coming and participating in the retreat.

Adjournment

There being no further business, Chairman Page adjourned the meeting at 3:40 pm.

Respectfully Submitted,



V. Michelle Parker-Evans
Clerk to the Board