

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

Monday, June 4, 2018

9:00 A.M. Worksession

MINUTES

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

Present: Chair Wendy Jacobs, Vice Chair James Hill and Commissioners Heidi Carter,
Brenda Howerton, and Ellen Reckhow

Presider: Chair Wendy Jacobs

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.

John Tarantino spoke about Brain Balance Achievement Centers and his skepticism of their practices.

Discussion Items:

18-0821 Update on Economic Development Policy: Presentation on Economic Development Components, Incentive Negotiations and Legal Parameters

The Board was requested to receive a presentation from Tyler Mulligan and Jonathan Morgan, Associate Professors with the University of North Carolina's School of Government, on Economic Development components, incentive negotiations and legal parameters that would serve as an update to the conversation at the February Board retreat. At the retreat, conversation on the County's Economic Development policy included discussion with the Board on strategies to enhance policy effectiveness, desired policy outcomes and questions about working within existing legal frameworks to accomplish the first two objectives.

To help understand where opportunities and challenges laid in terms of implementing potential policy changes, Mr. Mulligan and Mr. Morgan were invited to share their professional expertise on the subject. Mr. Mulligan was an Associate professor of Public Law and Government with the School of Government and had been there since 2007. Prior to that time, he worked with Womble Carlyle Sandridge & Rice, PLLC where he represented corporations and local governments in site location and economic development incentive matters. Jonathan Morgan was an Associate Professor of Public Administration and Government with UNC's School of Government since 2003. He previously worked for Regional Technology Strategies, Inc.—an economic and workforce development consulting firm—and served as Director of Economic Policy and Research for the NC Department of Commerce.

Mr. Mulligan and Mr. Morgan shared a presentation with the Board which covered the typical components of local government economic development programs, economic development incentive negotiations and law as well as the County role in economic development.

Regarding company recruitment and incentive negotiations, Commissioner Reckhow questioned whether cities had broader discretion under community development law. Mr. Mulligan stated that they did not unless they were helping the poor (e.g. targeting low-income entrepreneurs or persons). Commissioner Carter asked if it also counted towards fulfilling the “benefiting the poor” requirement if the incentive was going to a poor or low-income person who wanted to start a new business. Mr. Mulligan explained that the business incubator solution would be to provide low-income would-be entrepreneurs with education and other supportive, wrap-around services rather than a grant.

Chair Jacobs thanked Mr. Mulligan and Mr. Morgan for the overview and insight. She stated that there was a lot of prosperity happening in the community, but not all residents were experiencing it. She felt that this was the reason for the County’s motivation for wanting to review its Economic Development Policy. The County wanted to think more intentionally and broadly about what it was doing and what could be done.

Commissioner Carter and General Manager Jay Gibson discussed the division of labor that existed between the City and County in terms of economic development work which resulted from the Joint City-County Economic Development Strategic Plan (EDSP). Commissioner Reckhow concurred with Commissioner Carter in that it was possibly time to revisit the EDSP. Due to the Economic Development Officer position having been recently filled, Mr. Gibson requested that the Board allow staff to figure out what changes were needed in the EDSP, if any, before staff returned to the Board for input.

Related to MWBE goals, Commissioner Carter asked if the County was legally allowed to ask about workforce make-up (not just business ownership) or allowed to have an MWBE goal towards the workforce of a business. Mr. Mulligan explained that it was better to create opportunities to ensure that women and minorities were at the table, requiring goals could be legally problematic. Commissioner Carter questioned if the County could request information from a business about their workforce. Mr. Mulligan confirmed that the County could request data. Commissioner Carter wanted to know more about racial and social equity strategies. Mr. Morgan stated that he would forward her a blog post he wrote addressing the connection between economic development and equity.

Commissioner Howerton inquired about what the County could do to encourage companies to hire within the community. Mr. Mulligan listed the following examples of how to encourage local hiring without creating unconstitutional requirements:

- requiring that companies interview everyone who applied for a position via the JobLink Career Center
- requiring that companies interview all applicants that received a degree from the local community college

- ensuring that the community had access to education and workforce development programs that provided them with the skills and/or credentials needed to work in sectors of the economy that needed employees

Commissioner Reckhow asked whether it was legal to encourage a company to employ a base percentage of locals by giving them an incentive with the possibility of increasing the incentive if they hired more than the base. Mr. Mulligan did not recommend this approach.

In reference to a comment made by Mr. Morgan in which he mentioned that, on average, counties had about a dozen organizational partners that they worked with on economic development, Commissioner Reckhow questioned whether he recommended that Durham County create a kind of economic development council that met regularly to monitor the EDSP. Mr. Morgan stated that he witnessed other communities create an informal, umbrella group that periodically assembled the different stakeholders. He stated that the stakeholder meetings could be convened by one person in a systematic way on a regular basis to avoid creating a new organization.

Commissioner Reckhow stated that the last time the economic incentive policy was amended, companies could get extra incentives if they included childcare facilities in their development or by being environmentally friendly. She asked if these extra incentives that supported the County's values were allowed. Mr. Mulligan confirmed that those incentives were permissible because they were community benefits.

Vice Chair Hill advocated for the County requiring that companies interview all JobLink applicants. Regarding low-income entrepreneurs, Vice Chair Hill felt that a crucial factor to their success was access to capital.

Commissioner Howerton questioned if companies would be required to interview all JobLink applicants whether the applicants were qualified or not. Mr. Mulligan clarified that most negotiating Counties did not require that companies interview anyone that was not qualified. Commissioner Howerton wanted this distinction to be made clear to the community to avoid confusion.

Chair Jacobs requested that Mr. Morgan and Mr. Mulligan provide Andy Miracle, Economic Development Officer, with examples of incentive policies used by other counties that promoted local hiring, community benefits and livable wages. She thought that the conversation regarding this topic should be done with the City and suggested bringing it to a Joint City-County Committee meeting. She stated that having consistency between the City and County would help private businesses.

Chair Jacobs stated that the County needed to focus on the Durham ecosystem and why the Durham population was not being hired at nearby companies. Possible explanations included transportation issues, lack of skills, and so on. The other area that the County was weak on was minority businesses who did not have access to capital or the support they needed to scale-up their businesses.

Directives:

- **Mr. Morgan and Mr. Mulligan to provide Andy Miracle, Economic Development Officer, with examples of incentive policies used by other counties that promoted local hiring, community benefits and livable wages.**
- **Staff to add this conversation/item to a Joint City-County Committee meeting.**

18-0790 Durham-Chapel Hill-Carrboro-Metropolitan Planning Organization (DCHC-MPO) Quarterly Transit Update

Mo Devlin, DCHC-MPO Staff Working Group Coordinator, updated the Board on the transit plan and financial activity.

Due to ongoing legislative activity, the normally scheduled light rail update would be rescheduled for June 25th. In the future, the light rail and transit plan updates would be coordinated and presented at the same time.

Commissioner Reckhow wanted them to include the Durham-Orange Light Rail Transit in the one-page report because it was the biggest expenditure item, not including it hinted at not being transparent. Drew Cummings, Chief of Staff, stated that the item was added at the last minute, but he had already asked that future reports be better aligned and coordinated.

Page seven (7) of the Fiscal Year 2019 Draft Work Plan stated that there was a 41 percent increase in the use of Durham County ACCESS services. Chair Jacobs used this to point out that the County needed to get going on its Aging Plan. She added that the Work Plan mentioned that free fair for students was currently happening, but the GoTriangle would soon be offering free fare for all youth throughout the Triangle. She encouraged staff to highlight these in the one-page report.

Ms. Devlin stated that she did not know whether to add certain services to the one-page report as they were funded by other organizations. Chair Jacobs was in favor of listing all services offered by all organizations so that the public was made aware of everything. Chair Jacobs inquired as to how soon the one-page report would be revised so that the Board and staff could begin promoting it to the community. Ms. Devlin stated that she would have the revised report ready by Friday, June 8th. Commissioner Reckhow suggested that the County Manager attach the electronic one-page report to his Friday news piece.

Commissioner Reckhow stated that the map in the Work Plan needed to include the following language: "these are the transit groups." She also stated that the Durham Raleigh Express should be spelled out in the one-page report and not be referred to as the "DRX."

Chair Jacobs requested that the free fare for all youth just be mentioned in the one-page report, it was not necessary to mention who was funding it.

Directives:

- **Mo Devlin, DCHC-MPO Staff Working Group Coordinator, to add the following points to the one-page report: Durham-Orange Light Rail Transit; free fare for all youth (it was not necessary to mention who was funding it)**

- **Mo Devlin to include "these are the transit groups" in the map in the Work Plan.**
- **Mo Devlin to spell out the Durham Raleigh Express in the one-page report instead of referring to it as the "DRX."**

18-0815 Discussion of the Durham County Public Art Policy Study Draft Document

Upon Commissioner Reckhow’s suggestion, this item was skipped for the sake of time.

18-0823 Approval of Contract with Child Care Services Association for Pre-K Expansion Management Contract

The Board was requested to approve the proposed contract with Child Care Services Association (CCSA) for Pre-K expansion management and to authorize the County Manager to execute it.

Durham County worked towards the expansion of high quality Pre-K for a long time. Eight new County-funded Pre-K classrooms opened in the fall of 2017. The County expected to reap the full benefits of those classrooms as well as additional new and converted classrooms by bringing on expert assistance to help the County manage this expansion. Converted classrooms were existing classrooms at public or private facilities that received NCPK, County, and/or other public subsidies and agreed to be a part of the Durham Pre-K expansion. The proposed expansion covered 13 new Pre-K classrooms and 25 conversion classrooms—including Whitted’s eight (8) classrooms—over the next two fiscal years.

The total cost of the Durham Pre-K expansion in Fiscal Year 2018-2019 was estimated to be \$2.15 million and \$3.75 million in Fiscal Year 2019-2020. The costs of expansion management and system building in those two years were approximately \$770,000 and \$815,000, respectively.

Increased reimbursements to providers were a central, procedural component of the Durham Pre-K expansion. These increases provided for many quality improvements in Durham Pre-K including: experienced and high-quality teachers (attracted through higher pay and improved benefits), teacher training/professional development, supplemental staff (e.g. ESL-certified staff), site modifications and improved instructional materials. The reimbursements also covered the cost of additional reporting requirements, as all participating providers were required to participate in intensive evaluation of this program.

The scope of work for the proposed contract included a detailed plan by which the CCSA proposed to carefully manage the expansion of Durham Pre-K over the next two fiscal years.

Chair Jacobs noted that for the coming budget year (2018-2019), the County was projecting only needing \$2.15 million and it was not the equivalent of one cent on the property tax. She wanted to revisit this during the budget discussions.

Chair Jacobs inquired as to how many families were on the waitlist. She wanted a waitlist status update from everyone involved in creating it.

Chair Jacobs discussed the Board’s interest in pushing for family-friendly policies and stated that it was exciting to provide child care, Pre-K professionals with a livable wage they deserved.

Commissioner Howerton wanted to know the structure of the CCSA's role. Linda Chappel, Child Care Services Association Senior Vice President, explained that the CCSA would be in a management role, but it was a collaborative structure that braided funding together from different sources so that the County's funding was used last. The CCSA would not be taking over other programs, but rather adding in a structure to assure that they were drawing down all resources possible while serving the maximum number of children. Ms. Chappel stated that the CCSA would pursue subcontracts with other agencies, but they would also work to bring resources together. Commissioner Howerton inquired as to who would oversee this program. Ms. Chappel stated that the programs and organizations that contracted with the CCSA for Durham Pre-K would have explicit accountability measures. The CCSA would provide extensive monitoring and accountability would be in the contracts and in all the deliverables.

Ms. Chappel presented a PowerPoint to the Board that touched on the highlights from the Scope of Work and the main program goals—improve classroom instruction, support family engagement and build local early childhood system's capacity for high quality.

Commissioner Reckhow and Ms. Chappel discussed how the conversion classes would be picked, what the CCSA would be looking for and how they would decide which classes needed more support. Ms. Chappel stated that they would first look at the supply and demand report to figure out where the needs were. They would identify which current providers were at the appropriate readiness level to meet the higher standards—the CCSA would develop a rubric to know where a program was in terms of readiness. Ms. Chappel explained that all the standards that the CCSA was looking for would be clear to ensure there was an opportunity for every program to consider participating, they would not exclusively serve high-performing classrooms. Commissioner Reckhow wanted, as part of the evaluation, to see how classes were moved from one level to another—this is what she considered conversion to be about.

Commissioner Reckhow asked if the CCSA would use kindergarten teachers to inform their work so that students were deemed ready to enter kindergarten. Ms. Chappel stated that Durham Public Schools committed to look at the transition to kindergarten. She stated that the CCSA was most interested in reciprocity so that teachers knew how ready children were when matriculating into kindergarten as well as following-up afterwards to learn about any challenges they encountered. She stated that the biggest issue was ensuring that, as children matriculated into kindergarten, they had good information to share with the schools about their Pre-K experience. The CCSA would work with Durham Public Schools.

Commissioner Howerton wanted to be careful that they did not end up not providing resources for the schools that had the least.

Commissioner Carter and Ms. Chappel discussed the proposed monthly fees for Durham Pre-K.

Drew Cummings, Chief of Staff, announced that this item would be on the agenda for the Regular Session on June 25, 2018—attached would be the detailed scope of work, the budget and the timeline.

Directives:

- **Staff to provide the Board with a waitlist status update (from everyone involved in creating the waitlist) and information as to how many families were on the waitlist.**
- **The CCSA to include how conversion classes were raised from one level to another as part of the evaluation.**

18-0828 MOU for Community Use of Renovated WG Pearson Building

The Board of County Commissioners contributed \$4.25 million towards the nearly \$11 million purchase and renovation costs for the old WG Pearson building to receive new life as the headquarters of Student U. Part of the Public Private Partnership (PPP) agreement stipulated an MOU describing public/community use of certain parts of the building at certain times. Student U provided periodic updates on their community engagement process and the progression of their own thinking on this question. The proposed MOU represented the culmination of that thinking and was proposed as a legal addendum to the PPP.

Student U agreed through this MOU to provide regular updates on their program metrics as well as community use of this facility. They hoped to make their first presentation to the County about the impact and utilization of the building in the fall of 2019, about a year after the renovated building was in full operation

Chair Jacobs asked that the presentation be skipped for the sake of time and to allow Student U to answer questions. Commissioner Howerton asked whether action needed to be taken for this item. Alexandra Zagbayou, Executive Director of Student U, stated that no decisions would be made based on this document, its presentation was solely for updating the Board.

Commissioner Reckhow asked how Student U would commit to doing outreach to the surrounding neighborhoods. Ms. Zagbayou stated that the plan was to have many multi-use spaces and tenants. A criterion that applicants had to abide by to become tenants was to commit to serve the community around the building. Student U would also hire a full-time WG Pearson Coordinator who would be tasked with ensuring that the activities happening in the building were in line with the desires and needs of the community. To help the Coordinator, there would also be a Local Neighborhood Council made up of community neighbors and partner organizations.

Commissioner Reckhow wanted an example of how Student U would negotiate that tenants serve the surrounding community. Ms. Zagbayou clarified that, since that priority was made clear in the tenant application process, Student U expected the applicants to describe how they intended to serve the surrounding community.

Chair Jacobs requested a memo from Student U with information as to who was using the building before the Fall 2019 update. Commissioner Howerton suggested that the memo be submitted to the Board around the beginning of 2019.

Directives: Student U to provide the Board with a memo with information as to who was using the building and how everything was functioning. The memo was requested around the beginning of 2019.

18-0837 Update on the Retail Leasing Plan for Admin Building II

The Board was requested to receive the Admin II retail plan update and endorse the Guiding Principles and Request for Qualifications and Proposal (RFQ/P) leasing process for the Admin II retail component so that work could proceed in a timely manner. The County was in the process of renovating the Administration Building at 201 East Main Street. Board direction on the programming and conceptual design was given in August 2015 with multiple updates since then. This renovation included two 3,000 square foot retail spaces on the first floor of the building that would be leased to private retail businesses for operating restaurants and activating the streetscape along this stretch of Main Street.

The Board previously described the most desirable type of potential tenant, but there were additional financial considerations that the County needed to factor in to achieve the best tenant fit for these highly visible spaces. The process that would help the County achieve its objectives was to use a set of Guiding Principles that spelled out the County's objectives for the new restaurant spaces. The Guiding Principles were:

- Activation of East Main Street
- Strong business plan and solid financials
- Diverse and small business participation
- Quality products at affordable prices
- Uniqueness in the market

Since the County sought to achieve additional community goals (as described in the Guiding Principles) that were not typically considered in a standard leasing scenario, the County planned to secure restaurant tenants through a two-step RFQ/P process rather than traditional leasing with a broker. The RFQ/P process would include the input of Downtown Durham, Inc. (DDI) and the MSH Consultant Group, a restaurant consulting firm retained to assist the County. Potential restaurateurs who desired technical assistance in drafting their proposals could receive assistance from The Institute—the County's Minority and Women-owned Business Enterprise (MWBE) Consultant—as well as from the North Carolina Small Business and Technology Development Center (NC SBTDC) at North Carolina Central University, an extension service of the University of North Carolina System. Both groups agreed to assist with business and financial planning for small and medium sized businesses that might be interested in the leased spaces. The RFQ/P process would provide an opportunity for the County to choose the best fit for these highly visible spaces. Selected tenants and draft lease terms would be brought back to the Board for approval according the schedule in the attached memo.

Chair Jacobs wanted Guiding Principle number three (3) to include local businesses as well. General Manager Jay Gibson stated that, according to Senior Assistant County Attorney Willie Darby, the Guiding Principles were drafted in the way that was legally permitted.

Commissioner Reckhow was concerned that the proposer could propose a base lease rate. Nancy Mitchell, Senior Real Estate Officer, stated that staff had a lot of discussion about this and explained that this method was chosen because staff wanted to know whether the proposed lease rate was appropriate for the quantity and quality of business the business was proposing. Commissioner Reckhow wanted to be careful so as not to subsidize a business and undercut similar nearby businesses. Jane Korest, Open Space & Real Estate Manager, pointed out that

even if a business proposed a too-low lease rate, the County still had the option to reject the proposal.

Chair Jacobs was glad that this item had been thoroughly contemplated by staff. She stated that it was important to think about this with diversity and equity in mind.

18-0829 Board Directive Updates

The Board was requested to review follow-up on directives issued to staff at previous board meetings. County staff continued to draft the follow-up items during meetings and confirm them in the days following the meeting. The time required to complete follow-up items varied, but staff noted the current status and expected time frame in all cases.

The Board could not access the directives via the link in the agenda. Chair Jacobs guided them to where they were located on OneDrive.

Chair Jacobs pointed out that the Board had previously asked for a report, deliverables and a work plan from MBK Durham and the Public Allies. The directive in the spreadsheet on OneDrive stated that the Board would not receive the information until the end of June, but Chair Jacobs wanted it before the passing of the County budget. General Manager Deborah Craig-Ray stated that she had recently returned from being on medical leave and was unable to meet with Edmond Lewis, MBK Durham Director, before this meeting. She stated that she would listen to the tape and make sure all concerns were addressed. Commissioner Reckhow added that there was some discussion about a mini-grant program that Mr. Lewis planned on running that the Board needed information on.

Commissioner Reckhow proposed that there be a summary of directives given at the end of each discussion to help staff capture them all. She wanted all directives to be finalized and added to the spreadsheet a week after the meeting in which they were given.

Directive: General Manager Deborah Craig-Ray to follow up with the directives concerning MBK Durham and the Public Allies as well as provide the Board with more information regarding a mini-grant program that Edmond Lewis, MBK Durham Director, planned on running.

18-0847 Commissioners' Comments

The Board was requested to allow each Commissioner three minutes to report on conferences or make comments regarding issues that may be of interest or concern to the Board.

Commissioner Howerton and Chair Jacobs discussed communications from the North Carolina Association of County Commissioners (NCACC) regarding two (2) legislative bills and whether the NCACC requested feedback from commissioners.

Commissioner Howerton requested that the Board save the date for an event that was planned to occur on September 17, 2018 from 9:00 a.m. to 12:30 p.m. A reception would follow later in the day from 5:00 to 7:00 p.m.

Consent Agenda

The Board was requested to review Consent Agenda items for the November Regular Session meetings. Staff was present to address questions the Board had regarding the items. The following consent agenda items were reviewed:

18-0849 Contract Amendment for Inmate Meal Preparation and Food Services at the Durham County Detention Facility

Chair Jacobs asked if the food service provider at the Detention Center also offered a meal preparation certification program for detainees as was agreed upon in the contract. David McNulty, Finance Manager for the Sheriff's Office, confirmed that the program was part of the contract, but was not being currently implemented. There were detainees working within the kitchen facilities, but there was no formalized certification program. Mr. McNulty stated that he would have Colonel Prignano follow-up with the Board about the implementation.

18-0816 Request to Reallocate \$10,000 to Durham Center for Senior Life

Chair Jacobs pointed out that the Board was asked to suspend the rules and make a motion to approve this item. Ben Rose, Director of Social Services, stated that staff requested for the Board to suspend the rules to adopt the Home Care Community Block Grant, but it was no longer necessary.

No comments were made regarding the following items:

18-0743 Request to Award Contract for Sole Source Purchase of COOP Plan and Data Repository

18-0774 Approval of the Contract for the Installation of a Fire Alarm Replacement at the Criminal Justice Resource Center in the Amount of \$89,512

18-0797 Approval of Interlocal Agreement between the County of Durham and the City of Durham for the International City/County Management Association (ICMA) Local Government Management Fellowship Position

18-0801 Execution of the Moving Services Contract with Cameron & Cameron, Inc. for the Administrative Building II Renovation (former Judicial Building) Project No.: DC073

18-0806 Public Hearing on the Fiscal Year 2018-2019 County Manager's Recommended Budget

18-0814 Budget Ordinance Amendment No. 18BCC000038 - Lebanon Fire Tax District Fund Balance Appropriation in the amount of \$36,425

18-0817 Award of Chemical Purchase Contracts for the Triangle Wastewater Treatment Plant, Invitation for Bid (IFB) 18-030

18-0818 Sole Source Service Contract with Source Technologies for Pump Station Odor Control

18-0819 Department of Social Services Home and Community Care Block Grant (HCCBG) Plan for Fiscal Year 2018-2019

18-0831 Capital Project Amendment No. 18CPA000010 for the new Rougemont Community Water System (RCWS) pH Control System Capital Project and Budget Ordinance Amendment No.

18BCC000039 Transferring \$107,175 from the Capital Financing Plan Fund to the PAYGO Fund to Fund the RCWS pH Control System Project

18-0833 Budget Ordinance Amendment No. 18BCC000040 - Approve Amendment to the Benefits Plan Fund Budget of \$3,350,000

18-0836 Contract Renewal of Dell SecureWorks with Terms from July 1, 2018 to August 31, 2019 Using Fiscal Year (FY) 2019 Operational Funds.

18-0840 Budget Ordinance Amendment No. 18BCC000041 - Social Services Budget Reduction of \$16.3 Million Dollars for Fiscal Year 2017-18 Child Care Subsidy

18-0841 Durham County Juvenile Crime Prevention Council Appointment

18-0851 Budget Ordinance Amendment No. 18BCC000042 - Approval of Fund Balance Appropriation from Parkwood Fire Tax District, Bethesda Fire Tax District, Bethesda Service Tax District, and Durham County Fire and Rescue Service Tax District and Transfer \$698,483 to General Fund to Support Durham County Fire and Rescue Fund Center Expenditures

Adjournment

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

The motion carried unanimously.

Respectfully submitted,



*Tania De Los Santos
Administrative Assistant*