

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

Thursday, June 14, 2018

9:00A.M. Budget Work Session

MINUTES

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

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

Presider: Chair Wendy Jacobs

Alcoholic Beverage Control Board

Rufus Sales, General Manager and George Miller, Attorney shared a presentation titled "*Durham County Alcoholic Beverage Control Board FY 2017-2018*".

Commissioner Reckhow stated after reviewing the annual report from last year, the percent of sales trended downward from 11.1 to 10.1 in 2017. She asked what attributed to the reduction in profit. Mr. Sales responded a loan was paid off from a building that was over \$500,000 and a larger truck was recently purchased. Commissioner Reckhow asked if the State benchmarked against other ABC centers and what was the profit range. Mr. Sales responded the State put a nine percent benchmark in place for a ABC center of their size. He continued to say the benchmark was the same, but he was not sure of the profit range. Commissioner Reckhow hoped that the Board would be careful in opening a new store downtown due to the rental prices.

Vice Chair Hill inquired about the five-armed law enforcement officers positions. Mr. Sales stated three were full-time and two were part-time. Vice Chair Hill asked how many cases were conducted by law enforcement last year. Mr. Sales stated he unsure; adding law enforcement provided numerous services including inspection twice a year for over 200 stores. He added he was unsure of the exact number of cases or calls.

Commissioner Howerton asked how did the profit sales impact the ABC stores. Mr. Rufus responded the permittees purchased from the ABC locations in their county.

Chair Jacobs expressed her concerns about the trends. She compared FY17-18 to FY18-19 budget and overall growth of 5.53 percent was projected; however, 3.21 percent was shown for this upcoming year. Chair Jacobs also mentioned the increase in capital improvement projects and questioned the rental of the downtown location and the population intended to serve. Mr. Sales

responded it was noted that the downtown area was underserved. Chair Jacobs asked for an explanation of the contracted services line item and the increase in personnel cost/pension. Mr. Sales stated there were various re-occurring contracts and software programming that was needed; he added the year 2015 saw the greatest increase in profit because majority of the stores were operated with part-time employees. Mr. Sales continued to say since then full-time staff was added. Chair Jacobs inquired about how the grant programs were evaluated. Mr. Sales stated the board members would visit the locations and submit reports on what was done to accomplish the goals.

Overall, Mr. Sales stated if the ABC stores met the projected revenue, they would give the County more than the 2.2 percent. Keith Lane, Director of Budget and Management stated he did not feel comfortable adding the projected amount without knowing for sure it would be provided. Chair Jacobs expressed her concern regarding the ABC board not being able to increase up to \$100,000 per year.

Commissioner Howerton questioned the large expense, asking how often those were made. Mr. Sales stated a larger truck was purchased for the warehouse and there had not been a purchase of that expense in the past ten years. Commissioner Howerton asked the ABC board when considering the downtown area to please avoid placing a store near low income communities.

Supporting Housing and Eviction Diversion

Commissioner Howerton asked staff to share what was being done to make sure those in “*tent city*” were being taken care of.

Ben Rose, Director of Social Services stated this was a team approach that involved outreach in the community and connections with services within the City and the County. He stated one challenge was helping people that did not want to be helped. Commissioner Howerton inquired about other opinions available in the event citizens did not want to go to a shelter. Lee Little, Supervisor of Aging and Adult Services responded the citizens needed to know there were additional services available and the criteria needed if they sought assistance from other providers. Commissioner Howerton asked how the process worked, what was the sustainability for people and expressed her concern about what happened after they received help. Reginald Johnson, Director of Durham Community Development added the legal community was able to provide assistance and City Council decided to allocate \$250,000 to attorneys and paralegal to assist with filing. Commissioner Howerton asked if the program would allow for at least three (3) months of assistance. Mr. Rose responded that has been done in the past; however, the challenge was people would experience rental increases and have a hard time filling the gap. Commissioner Howerton asked if something was being put in place to help maintain them. Mr. Little stated legal services would help the population that received eviction notices and fees. He added it was important for that population to have an advocate to help reduce the amount of fees accumulated.

Commissioner Reckhow stated she hoped there would be a focus on helping Durham residents. She suggested asking for a background check and stressed the importance of being good stewards in the community with the work being done.

Commissioner Howerton stated given this was a City/County project, where would the central location be held. Mr. Rose responded the two programs offered by the County would be maintained by the County. He added Alliance would be allocated there and the City functions would be held at the City.

Commissioner Carter expressed her appreciation for the work done by the City, County and Alliance. She stated she was supportive of the proposed request.

Chair Jacobs asked for clarification on the additional funding for Opening Doors and inquired about money potentially running low/out. Mr. Rose stated money was still available. Chair Jacobs asked if the money would be used during emergencies or for Opening Doors. Mr. Rose responded the funds would be allocated in Opening Doors but could be moved for emergency assistance if needed. Chair Jacobs stated the City was investing \$200,000 for legal aid services, she asked if they were providing additional funding for other services as well. Mr. Johnson stated there were no additional funds; he added the City was paying for two attorneys and one paralegal.

Community Schools Initiative

Nicholas Graber-Grace provided background information on the Community Alliance Public Education (CAPE) Program.

Commissioner Reckhow asked what was available to cover the administrative cost. Mr. Graber-Grace responded 10 percent was available. He added they raised funds from a variety of sources and two positions were requested by Durham Public Schools (DPS) which were approximately \$60,000 per position. Commissioner Reckhow asked how the conversations were with the City and Duke regarding raising funds. Mr. Graber-Grace responded it was clear that the City and Duke were interested parties; however, the City was not sure about funding the school positions. He added they would work with stakeholders if all funding was not available by the County. Commissioner Reckhow asked if the positions were going to be placed at any low performing schools. Mr. Graber-Grace responded he was not sure, adding the sole criteria for selection was not just low performing. He continued to say the key was locating a school with a need and implementing the project with effectiveness. Commissioner Reckhow stated she liked the concept, supported the development and thought an element of the continuum was a connection to other schools. She hoped as the program expanded, they would look at low performing schools. Commissioner Reckhow asked if they thought about measures. Anna Grant responded in terms of success measures, they proposed an executive committee. Commissioner Reckhow expressed her hesitation because it was outside of the normal process. She questioned the application standards. Keith Lane, Director of Budget and Management responded they would have to develop a contract reporting the needs. He added another possibility would be to fund DPS and allow them to fund the entire CAPE project. Mr. Lane stated a downside would be DPS having expectations as well and the County.

Vice Chair Hill stated there were concerns in the community and questioned how it would affect instruction. Ms. Grant responded this would be in collaboration with DPS and a conversation to create a streamline process to include the community school initiative would take place.

Commissioner Carter expressed her excitement about the initiative. She stated the County should do as much as possible to provide social services to the schools and appreciated Mr. Graber-Grace and Ms. Grant for being responsive to this need.

Chair Jacobs stated she was very inspired by the passion and excitement of the community. She stated the County did not have the money to fund all programs but were looking at ways to work together to make things happen. Chair Jacobs added this was a low-cost approach to funding the scope of the issue. She added this request was not common as it was not a part of the non-profit request and it was not a traditional non-profit organization. Chair Jacobs suggested developing a Memorandum of Understanding (MOU) related to this item stating it was a temporary model for Durham County with DPS being the lead housing unit for this area. Mr. Lane stated his team were not experts in education contracts but would refer to the Attorney's Office for assistance.

Directive:

- **Chair Jacobs suggested developing a Memorandum of Understanding (MOU) related to this item stating it was a temporary model for Durham County with DPS being the lead housing unit for this area.**

Cradle to Career and Aging Plan

Keith Lane, Director of Budget and Management stated there were placeholders and money allocated once the plan was in place for the two areas. Wendell Davis, County Manager stated staff would get back with the Board in the Fall for an update.

Commissioner Reckhow asked was there an estimate of cost. Mr. Lane responded several options were available. Commissioner Reckhow stated another forceful approach would be to plan for transportation and Comprehensive Planning as a guide for planning in the future. Chair Jacobs added this was very important as Durham was one of few counties that did not have an Aging Plan.

Commissioner Carter asked why was this not in the budget. County Manager Davis responded because the proposal came afterwards, Gayle Harris, General Manager was working on the information needed to move it along. Chair Jacobs asked Mr. Lane to provide an estimated dollar amount. Mr. Lane stated they were averaging around \$75,000.

Chair Jacobs asked how the County was working to move Cradle to Career forward. County Manager Davis responded a series of conversations with other organization had taken place, but no one took ownership at this time.

Food Non-Profits

Keith Lane, Director of Budget and Management stated information was sent via email to the Board which included a summary document stating \$200,000 was budgeted in the recommended budget. He added \$90,000 of that was for six non-profits for food insecurity.

Commissioner Reckhow stated this was a great summary. She added although Catholic Charities needed \$50,000, they were allocated \$10,000. Mr. Lane added three or the six were getting no-profit funding from other areas.

Other

Chair Jacobs stated she was happy to see scenarios on how the County could decrease the tax rate to 1.9 percent. She added we needed to get a handle on benefits and reclassifications. Commissioner Reckhow stated it looked as though the one percent rate was the most consistent with what the Board agreed to.

Keith Lane, Director of Budget and Management reviewed the data on the different tax rate options.

Commissioner Howerton inquired about the recommendation based off the Comprehensive Study and asked would it have the County competitive in the market. Mr. Lane responded the recommendation was an additional four million dollars. Commissioner Reckhow added \$1.7 million would cover services areas and asked for more information so it could be funded in the FY19-20 budget. Commissioner Howerton mentioned she was concerned about losing employees if nothing was done at all. Mr. Lane stated if you approved the changed in column four of the chart, half of the study would be covered in the FY18-19 budget.

The Board asked questions surrounding the My Brother's Keeper (MBK) request. Deborah Craig-Ray responded information about MBK and the allies request were placed in the Commissioners' mailboxes.

Commissioner Carter stated she was not opposed to higher tax rates this year, she was more inclined to go along with the Manager's recommendation. She was also in favor of the Eviction Diversion Funding and referred judgement of the Board of what to spend on the Comprehensive Study. She stated she was unclear about the \$200,000 for Cradle to Career or funding for the Early Childhood Taskforce and was in agreeance with everything in the one percent column of the tax chart.

Vice Chair Hill stated he was inclined to the lower tax rate. Commissioner Howerton recommended adding the money back into MBK.

Chair Jacobs echoed Commissioner Carter's points, adding whatever the average increase received for employees was the same amount the Board should receive. Commissioner Reckhow asked if the \$55,000 for MBK was not spent, could be used in other areas. Mr. Lane responded yes, it could be moved into non-departmental.

Financial Feasibility Findings Presentation

Commissioner Reckhow questioned the restriction on housing funds. Chair Jacobs asked Lowell Siler, County Attorney to investigate how much of the restricted funds could be used for housing subsidies.

Vice-Chair Hill stated he liked the C2 approach most specifically the 80-90 percent AMI.

Discussion was held about the different scenarios and County Manager Davis stated he would run those options by the finance team.

Directive:

- **Chair Jacobs asked Lowell Siler, County Attorney to investigate how much of the restricted funds could be used for housing subsidies.**

Respectfully Submitted,



Monica W. Toomer
Deputy Clerk to the Board