

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

Tuesday, May 23, 2006

9:00 A.M. Budget Worksession

MINUTES

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

Present: Chairman Ellen W. Reckhow, Vice-Chairman Becky M. Heron, and Commissioners Lewis A. Cheek, Philip R. Cousin Jr. (arrived at 9:15 a.m.), and Michael D. Page

Absent: None

Presider: Chairman Reckhow

Tax Base

Kim Simpson, Deputy Tax Administrator, gave an update on the tax base estimate for Fiscal Year 2006-07.

Chairman Reckhow thanked Ms. Simpson for the update; no directives were given.

Sales Tax

Pam Meyer, Budget Director, gave a presentation on Sales Tax Estimates of the 1 Cent Sales Tax – Article 39; ½ Cent Sales Tax – Article 40; ½ Cent Sales Tax – Article 42; and ½ Cent Sales Tax – Article 44; and Hold Harmless. She also presented the Budget for Sales Tax Interlocal with the City of Durham FY2003-04 to FY2005-06.

The Board asked questions of Ms. Myer.

Directive

Continue to monitor the distribution of sales tax.

Compensation Discussions

Marqueta Welton, Human Resources Director, provided a brief overview of the compensation classification study. She stated that Fox Lawson is now on schedule and will report to the BOCC in September 2006.

Tony Noel discussed the 2006-07 Compensation Recommendations as follows:

| Program | # Employees Impacted | Cost |
|---|----------------------|--------------|
| Continuation of Pay-for-Performance: Meets Expectations (3.25% increase) | | |
| Exceeds Expectations (1% additional increase) | 350 | \$ 1,197,484 |
| Longevity | 942 | \$ 567,201 |
| Probationary Increase (2.5% increase after 6 months review) | 270 (est) | \$ 120,198 |
| Classification and Compensation Study | | \$ 1,000,000 |
| Elected Officials | | \$ 15,000 |
| Total Employee Compensation Package Cost | | \$ 2,979,883 |

The board held a discussion about implementing penalties in future contracts.

Directives

1. Look at implementing a higher degree of specificity with future contracts; have administration access time sensitivity of future projects.
2. Place the contract policy on a future BOCC Worksession to discuss the legal aspects and expectations with future contracts.

Wellness Initiative

Debbie Davidson, Benefits Manager, provided the benefits information for fiscal year 2006-07.

Active Employees

- Health and Dental Insurance provided through NCACC will transition to CIGNA effective July 1, 2006
- This transaction will result in a reduction of rates for 2006 and a rate guarantee for 2007.

Benefits Recommendation

- Flex Credit - \$444.00 per month
- Hospital Gap - \$200,000

No increase in costs for the County

Retiree Population

- Retiree Life Insurance – 312
- Retiree Health Insurance – 233
- Retiree County Paid Health Insurance – 193

Retiree Benefits

- Health \$653,568
- Medicare Supplement \$378,065
- Life Insurance \$ 60,000
- Hospital Gap \$ 25,000

Total \$1,116,633

Wellness Initiative

- On site Health Clinic – Jan. 1, 2007
- Health Risk Assessment Tool – completed during Annual Enrollment
- Incentives for Employee Participation

Wellness Initiative Funding

- NCACC Signing Incentive \$ 10,000
- NCACC Wellness Grant \$ 8,000
- Sale of Prudential Stock \$150,000
- NCACC Rate Savings \$ 79,000
- Total \$247,000

Wellness Initiative – Costs

- Incentives – 6 months \$ 45,000
 - \$5.00 per month for HRA
- Cost of Clinic – 1 year \$221,000
- Total \$266,000

Wellness Initiative

- Funds currently identified will fund the initiative for 9 months

Wellness Initiative – Timeline

- August – RFP for Service Provider
- September – Awards Contract
- November – Annual Enrollment and Health Risk Assessment (HRA)
- January – Open On-Site Clinic

Commissioner Cousin commended the Human Resources Department for its diligence in keeping insurance costs reasonable.

Chairman Reckhow concurred with Commissioner Cousin’s comments.

Directives

1. Discuss the issuance of dental insurance cards with NCACC.
2. Discuss developing a new proposal for new employee retiree benefits at a future Worksession.
3. Breakdown the Wellness Initiative clinic cost (start-up cost and operational cost).

Engineering

Glen Whisler, County Engineer, presented the topics for fiscal year 2006-07 as follows:

- Wastewater Utility System
- Stormwater and Erosion Control
- Jordan Lake and Cape Fear Basin Water Quality Regulations

The Board asked questions of Mr. Whisler.

County Attorney Chuck Kitchen made comments about the revenue bonds and stormwater and erosion control.

Vice-Chairman Heron commended the Engineering Department on a job well done.

Mr. Whisler responded to a question regarding the Stanford L. Warren Library project. He stated that the delay is due to structural changes that had to be made to accommodate the ductwork for the heating and cooling equipment.

Directives

1. Bring to the Board any proposals relating to Stormwater and Erosion Control.

Sheriff's Department

Sheriff Worth Hill and Teresa McKinney presented the budget request for fiscal year 2006-07.

Ms. McKinney answered questions posed by the Board.

Directives

1. County Manager's staff to review the fund balance in the Sheriff's Office funds to assist with the equipment issues.
2. Pam Meyer to report to the Board on recommendations to resolve equipment issues.

Adjournment

There being no further business, Chairman Reckhow adjourned the meeting at 11:20 a.m.

Respectfully submitted,

Vonda C. Sessoms
Clerk to the Board