

THE BOARD OF COUNTY COMMISSIONERS
Special Breakfast Meeting With
THE DURHAM COUNTY LEGISLATIVE DELEGATION
DURHAM, NORTH CAROLINA

Monday, March 8, 1999

8:15 A.M.

MINUTES

Place: Durham Marriott at the Civic Center

Present: Chairman MaryAnn E. Black and Commissioners William V. Bell, Joe W. Bowser, Becky M. Heron, and Ellen W. Reckhow

Representatives Paul Luebke, H. M. Michaux Jr., and George W. Miller Jr.

Deborah Craig-Ray, Governmental Affairs Manager; David F. Thompson, County Manager; and Garry E. Umstead, Clerk to the Board

Presider: Chairman Black

Chairman Black opened the session and welcomed everyone.

Deborah-Craig-Ray, Public Information and Governmental Affairs Officer, distributed an agenda that grouped the legislative items into three categories. The agenda is as follows:

Priority Items

1. County Investment of Lease Payments
2. Compulsory School Attendance Age
3. Local Option Sales Tax
4. Gasoline Tax
5. Court-Ordered Care and Exceptional Needs Programs
6. Criminal Penalties for Cockfighting

Other Local and Statewide Legislation Sought by Durham County

1. Increased Flexibility in Financing Durham County School Construction
2. Criminal Penalties for Fraudulently Obtaining Ambulance Services
3. Development Plans
4. Service of Process in Zoning Code Violations
5. Local Health Department and Managed Care
6. Spay/Neuter Program
7. Redefinition of Northern Durham Loop
8. Create More Equitable Distribution of Highway Funds

Support of Statewide Initiatives—NCACC

1. Service of Process
2. Funding for Facilities for Judicial and Court Officials
3. Home Option for State/County Adult Special Assistance
4. Transfer and/or Discharge from Adult Care Homes
5. Counties' Share of State Tobacco Settlement

County Manager David F. Thompson and Deborah Craig-Ray facilitated a discussion on the priority items.

County Manager Thompson began the presentation by discussing the first priority item, "County Investment of Lease Payments."

A brief analysis of the first priority item follows:

1) COUNTY INVESTMENT OF LEASE PAYMENTS

Objective: Legislation authorizing Durham County to invest the proceeds of the Durham Regional Hospital pre-paid lease in investments authorized by state law for the State Treasurer in N.C.G.S. § 147-69.2.

Rationale: This legislation would allow the County to maximize these funds by capitalizing on the superior returns that can be attained through investment in the various instruments enumerated in N.C.G.S. § 147-69.2. The legislation would allow the Board to maintain close control over the funds, while still seeing greater returns. This increase in earnings would provide more funds for local health care needs.

Background Information: The proposed legislation shall apply only to monies held in the "Community Health Trust Fund". The Fund would be established by resolution of the Board prior to the effective date of the proposed legislation.

Forsyth County obtained similar legislation in 1997. The City of Winston-Salem also obtained similar legislation during the 1991 Legislative Session for the investment of the City's employee benefits and risk reserve funds.

Deborah Craig-Ray led the discussion on the remaining five priority items. The other items follows:

2) COMPULSORY SCHOOL ATTENDANCE AGE

Objective: Legislation authorizing the Board of County Commissioners and the Durham Public Schools Board of Education, by joint resolution, to raise from 16 to 18 the age at which a resident of the county may drop out of school before earning a qualifying degree.

The legislation would become effective on a date specified in the joint resolution after the passage of an adequate planning period.

Rationale: Children need to complete their education. Those who do not are greatly disadvantaged in becoming productive and active citizens in our community. Many dropouts eventually turn to the social services system for assistance because they don't have the skills and education to support themselves. Still other dropouts resort to criminal activity out of boredom or desperation and wind up in our criminal justice system, thereby creating additional burdens for our courts, jails and law enforcement agencies. The County and the School Board have an obligation to help children in Durham County succeed in life. Requiring our children to stay in school until age 18 will dramatically increase the number that earn a diploma and will significantly improve the level of education and skill of the entire population. Eventually these effects should greatly reduce the strain that the drop-out population places upon our human services and law enforcement agencies and should allow the County as a whole to attain an even higher level of prosperity.

Joint resolution between the Board of County Commissioners and the Board of Education is needed because neither board can make this happen by itself. The Board of Education will need to make changes in curriculum, facilities, degree qualifications, and establish programs to address any unique needs of the population of students that would have ordinarily dropped out of school. These changes will likely require funding or other forms of participation by the County Commissioners or its funded agencies. In addition, it may take a few years to implement these changes, so it is critical that the two boards work closely together to plan and prepare. Thus, the joint resolution should allot sufficient time for planning and establish an effective date that is far enough out to accommodate this process.

Background Information: North Carolina General Statute § 115C-378 currently requires that all children in the State must attend school until age 16. The proposed legislation would allow Durham County to establish a more rigorous standard than the standard imposed by the State. Mecklenburg County is seeking similar legislation to allow the Mecklenburg Board to raise the mandatory attendance age to 18.

According to statistics released by ECS Information Clearinghouse in March 1997, North Carolina is one of 30 states that has compulsory school attendance to age 16. Nine states have compulsory attendance to age 17, and the remaining eleven states have compulsory attendance to age 18. The 1995 Digest of Education Statistics had reported these figures as thirty-three, eight, and nine states, respectively, as of March 1993. Thus, in a three-year time period, three states--Indiana, Mississippi, and New Mexico--statutorily changed the compulsory school attendance age.

3) LOCAL OPTION SALES TAX

Objective: Legislation authorizing Durham County to hold a county-wide referendum to enact an additional one-cent local option sales tax on non-food items. The enactment of this new tax would be made in conjunction with the County's elimination of the current two percent local sales tax on food.

Rationale: The proposed legislation would create a much-needed revenue source for the continued improvement, expansion, and addition of schools and other county infrastructure, and this shared tax would also provide additional monies for cities to improve roads and streets and implement other transportation enhancements. As an example, Durham Public Schools has requested CIP funds in excess of \$189 million for the ten-year period from 1999 to 2009. Other county agencies have also requested that the County expend more than \$176 million for the construction of courts, libraries, and other public buildings in Durham. The proposal would also reduce the regressiveness of the local sales tax by removing all local taxes levied on food purchased for home consumption.

Background Information: See Table 1 below. All amounts are projected figures for the 1998-99 Fiscal Year provided by the Budget and Management Services Department of Durham County.

	Currently levied 2¢ local sales taxes	Proposed additional 1¢ tax
Total amount generated	\$28,694,445	\$16,079,535
Amount of total attributable to food sales	\$ 3,959,834	\$ 2,218,976
Net w/o tax on food	\$24,734,671	\$13,860,559

Total net gain of enacting the proposed tax while eliminating existing taxes on food would be \$9,900,725.

4) GASOLINE TAX

Objective: Enabling legislation to allow the Board of County Commissioners to hold a county-wide referendum to enact a local gasoline tax, the proceeds of which will be used for transportation enhancements, and giving the County the authority to hold a bond referendum for transportation enhancements in the future.

Rationale: The tremendous population growth of the last decade coupled with the explosion in population that is anticipated for the next decade has left the County with critical needs for transportation improvements. By enacting a local gasoline tax, the

County will have the revenue to collaborate with the City of Durham to improve Durham's roads and streets. In addition, the County could provide much needed improvements and additions to sidewalks and bikeways throughout the County to accommodate rapidly growing pedestrian and bicycle traffic. Finally, these revenues could also be directed toward the improvement of the great number of subdivision and residential streets that are being established outside municipal limits.

Background Information: The proceeds from the gasoline tax would help to secure the bonds. The County would work closely with the City on those transportation enhancements that specifically involve the City's authority to build roads and streets. The City of Durham Transportation Department estimates that each one cent levied as a gasoline tax will generate approximately \$1 million in revenue. According to the North Carolina Petroleum Marketers Association, a one-cent local gasoline tax (by the gallon) would raise an estimated \$1,101,900 in Durham County. The State Tax Research Division had the highest revenue projection for a gasoline tax—\$1,250,000. However, the State does not track gasoline consumption on a county-by-county basis, so this is simply an estimate based on Durham's percentage of the State's total population.

5) COURT-ORDERED CARE AND EXCEPTIONAL NEEDS PROGRAMS

Objective: Legislation establishing a Legislative Study Committee to examine the expense to North Carolina counties of providing court-ordered care and exceptional needs programs.

Rationale: Local governments now provide care and services for more than 90 percent of the persons who used to be or who would have been cared for by state and federally-funded institutions prior to deinstitutionalization. As local governments have assumed greater and greater responsibility for providing this care, however, the State and Federal governments have contributed fewer and fewer financial resources toward this task. The end result is that the onus of providing court-ordered care and exceptional needs programs now falls heavily on local governments. Through the research and findings of a Legislative Study Committee, we could determine just how much of the burden is falling on local governments and identify more equitable alternatives for providing these critical services.

Background Information: The N.C. Center for Public Policy Research has conducted an extensive study of these issues. The Center found that a disproportionate share of special needs funds go to the fifteen state residential institutions that serve children and youth with mental health and emotional problems, juvenile offenders, and children with speech, hearing, and vision impairments, and that the majority of clients are served in community-based programs. For instance, in the mental health system, the Center found that 43 percent of the funding is spent on state institutions serving 7 percent of the clients. However, community mental health programs—while serving 93 percent of clients—receive only 57 percent of the \$1.4 billion spent for mental health services through the

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. Similarly, in youth services, the Center found that 45 percent of the funding goes to training schools serving less than 4 percent of the youth. The Center found similar funding imbalances in the areas of services to the blind and to the deaf.

The Center is also promoting the establishment of a legislative commission. Specifically, the Center recommends that the proposed commission examine three questions: (1) whether the amount of dollars flowing to state institutions is appropriate relative to the number of children with special needs served there; (2) whether there are ways to measure the effectiveness of both residential and community programs with a three-year trial period so that future funds can be directed to the most effective programs, whether residential or community-based; and (3) whether there are ways to further reduce the waiting list for persons with developmental disabilities.

Durham County human service agencies are now convening to pull together the actual net cost to the County of providing court-ordered care for children, since budgets have been greatly exceeded this fiscal year. Also, Durham County is currently involved in litigation pending before the State Supreme Court that deals with the trial court's authority to order the Durham County Department of Social Services to pay for a professional tutor for a child that had been placed in DSS custody. Arguments in the case are set for March 8, 1999.

6) CRIMINAL PENALTIES FOR COCKFIGHTING

Objective: Legislation that amends N.C.G.S. § 14-362 to provide that a second offense of cockfighting would result in a Class I felony.

Rationale: Cockfighting is intertwined with a number of other criminal activities--among them, gambling and prostitution. By stiffening the penalties with respect to this one crime, we may have a deterrent effect on these other criminal behaviors, as well.

Background Information: This proposal has been sponsored by the North Carolina Association of County Commissioners and is included in the NCACC 1999-2000 Legislative Goals Package.

A general discussion was held on each of the priority items by the Legislative Delegation, County Commissioners, County Manager, and staff.

Four-year terms for the County Commissioners was discussed briefly due to the fact that Representative George Miller raised a question about the matter.

The Commissioners had brief comments about four-year terms.

No official action was taken at this meeting.

The last two categories of legislative proposals were not discussed during the breakfast meeting, but information was given to the legislative delegation about the categories.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board