

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

Monday, February 20, 2012

9:00 A.M. Budget Retreat

MINUTES

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

Present: Chairman Michael D. Page, Vice-Chair Ellen W. Reckhow, and Commissioners Joe W. Bowser, Brenda A. Howerton, and Pam Karriker

Absent: None

Welcome and Introductions

Manager Ruffin welcomed everyone to the 2012-2013 Budget Retreat. Commissioners Bowser, Howerton and Karriker made opening remarks.

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

- Video Sweepstakes – counties need to figure out a revenue stream if video sweepstakes are approved;
- Fracking – There was discussion about the item. It will be discussed at an upcoming Worksession. Commissioner Bowser was concerned about the impact on Durham's limited water supply;
- Charter Schools – will be discussed in short session;
- County Assembly Day – he encouraged the Commissioners to attend;
- Legislators – 30% guaranteed new faces in 2013-14 due to retirement or seeking other offices;
- Lottery sales are up;
- Baseline sales tax appears to be trending upward.

General Assembly Update

- S433 Bill is in the House (Health Committee). This Bill would give human services flexibility – counties would have the option to consolidate human service functions. Mental Health is not included in the Bill;
- There are currently over 65 legislative committees meeting.

Justice Reinvestment Act (H642)

- State inmates are housed in County jails;
- 1915(b)(c) waiver (H916) – gives statewide expansion;
- Counties will be held harmless for cost overruns;
- The Governance structure is to be studied

LGERS Retirement

- The County's contribution rate is going down to 6.74%;
- There will be a holiday on death benefits.

Fracking

- Information collection stage;
- Currently illegal under NC statute.

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 discussed the FY11 Growth in Fund Balance (\$15,886,425). Revenues were collected from the sale of real property and the sale of a Public Health program service.

The County received \$5 million more in sales tax than budgeted

For FY 2013, the County will begin to pay \$4 million out of the fund balance for debt on the Health and Human Services Complex and the new judicial building. He will discuss some fixed rate financing with the Board. Debt service will go up more than \$9 million next year.

Tax Update

Kim Simpson, Tax Administrator, reported that 2011 saw less than one million bankruptcies. So far, in 2012, there have been 1.2 million.

Ms. Simpson discussed an initiative where aggressive audit programs were conducted for businesses which have increased collections.

Directive: Present a breakout of the \$5 million overage - (Reckhow)

Budget Update

Pam Meyer, Budget Director, reported that sales taxes for five months are stronger this year. Changes in sales tax and property taxes will be a focus for the budget. The County is facing a \$10 million shortfall.

Chairman Page commented that nonprofits need to be looked at more firmly this year.

A Conversation with Department Heads

Mike Andrews, Sheriff, shared upcoming challenges. Once the move to the new judicial building takes place, there will be 11 floors vs. 6 floors in the current building. There will be 20 courtrooms vs. 12 courtrooms now, and a parking deck to monitor. The Sheriff's Department is working with the Police Department on gang initiatives. He will need more resources.

Mike Smith, EMS Director, shared that his Office receives approximately 2200 calls per month. He needs more resources and vehicles. There are lots of retirement facilities in Durham, therefore, the number of service requests have increased. It is difficult to find qualified staff. Hospital capacity is a problem. There are also Medicaid issues.

Gudrun Parmer, Director of Criminal Justice Resource Center, discussed the loss of grants which have been in place since 1995. Funding will go away for the Day Reporting Center. There was discussion among the group regarding offender employment. The Board emphasized the need for Durham County to serve as champions in the community to hire offenders.

Gail Perry, Interim Director of DSS, noted that the TANF grant would be cut 20 percent this year. There are guardianship issues. Medicaid transportation was also an issue.

Following lunch, Manager Ruffin introduced Anita Brown-Graham, Director of Emerging Issues, with North Carolina State University.

Dr. Brown-Graham shared an enlightening presentation on Generation Z (today's 9-21 year olds).

She noted that they would be the first generation to grow up "always connected." They are tech savvy, globally aware, and diverse. Gen Zs will have to be engaged by allowing them to continue to work through technology.

The group applauded the presentation.

Strategic Plan

The remainder of the afternoon was spent discussing the strategic plan and participating in group exercises. Michael Davis, Assistant to the County Manager led the discussion.

Michael Palmer, Consultant, shared some closing thoughts on the strategic plan:

- Citizen participation should increase with the strategic plan
- The Plan should create more opportunities for small groups
- Go low enough in the organization when soliciting information
- What does a support role look like for Durham County?
- Take a piece of the strategic plan and inform the community at BOCC meetings
- Find creative ways through all kinds of communication efforts
- Structuring time will be important. Most of the Plan calls for increases vs. decreases.

Adjournment

There being no further business, Chairman Page thanked everyone for coming, and adjourned the meeting.

Respectfully Submitted,



V. Michelle Parker-Evans
Clerk to the Board