

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

Monday, May 14, 2001

3:20 P.M. CIP Worksession

MINUTES

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

Present: Chairman MaryAnn E. Black, Vice-Chairman Ellen W. Reckhow, and Commissioners Joe W. Bowser, Philip R. Cousin Jr., and Becky M. Heron

Absent: None

Presider: Chairman Black

Justice Center

Chairman Black called on County Manager Mike Ruffin to make his presentation and comments.

The County Manager said, "I think a lot of what you do will depend on if you put the courthouse on the ballot and scale it back or not, and whether you decide to phase in the human services complex."

Mr. Ruffin responded to three questions the Commissioners raised at the April 20, 2001 CIP Worksession.

1. What is the difference in cost between COPs and GO Bonds for the New Justice Center and Human Services Complex and Parking projects?

➤ The County's financial consultants provided a comparison of the estimated costs over a 20-year period, which showed the following:

Project	GO Bonds Debt Service	COPs Debt Service	Difference (over 20 years)
Justice Center	\$69,032,433	\$69,456,614	\$424,181
Human Services Complex	\$99,235,988	\$99,845,760	\$609,722
Human Services Parking	\$32,844,874	\$33,046,964	\$201,821

- ◆ Interest rates based on current market conditions May 2001.
- ◆ LGC places greater restrictions on the amortization of GO Bond Issues over COPs; thus the County has more flexibility to customize the amortization schedule with COPs to fit into our overall debt structure.

- ◆ Spread between interest rates paid on COPs vs. GOs will vary depending on the nature of the project (essential or not), specific structural details of the bond issue, and market conditions.
- 2. *Explain the \$4 million additional expenditures estimated in Version 3 of the 10-Year CIP (this included a reduced scope of the Justice Center project).*
 - The reduced scope of the Justice Center resulted in reducing the square footage of the facility by 72,500 sq./ft. by moving the Sheriff's Office, Community Corrections (Probation and Parole), and the Criminal Justice Resource Center OUT of the new building. In order to accommodate these offices, all of the First Union Building (Judicial Building Annex), and one additional floor in the existing Judicial Building (previously not programmed) would need to be renovated. These two areas total approximately 33,000 sq./ft. The current cost estimate of \$94/sq./ft. for renovations (per the Master Plan) was inflated at 3% annually, out to FY 2008 when the renovations would be planned. This resulted in an estimate of \$121/sq./ft. for the estimated \$4 million cost.
- 3. *How much State revenue does the County receive from the Court System?*
 - Personnel in court facilities collect a fee and remit to the County. This fee is related to several costs assessed in each criminal and civil action. Proceeds from these fees are earmarked for maintaining and constructing adequate courtroom and other judicial facilities. Current FY to-date, \$494,00 has been collected. From FY 93 to FY 99, this fee generated an average of \$290,000 annually. Last fiscal year, the County realized \$555,000 from these fees.

The County Commissioners asked questions and made comments about the CIP throughout the presentation; the County Manager and staff responded.

Chairman Black asked County Manager Ruffin to summarize the comments made at this meeting so a vote could be taken on the justice center.

Mr. Ruffin said "the only change you have made on the courthouse is that you are going to place the entire amount for construction on the ballot in 2003. You will use General Obligation Bonds in the years we programmed (2004 and 2006) instead of Certificates of Participation. That is the change I hear you agreeing to in your discussion."

Chairman Black said the Board would vote on that later.

Human Service Complex

County Manager Ruffin said he did not think the entire human services complex could be completed in the first five years of the CIP unless some of the debt is shifted to the out years. We recommended a phase-in over a five-year period beginning in 2004 and 2005.

The Manager recommended COPS in lieu of GO Bonds. That does not effect your debt capacity if you should go with GO Bonds. A decision must be made as to when to place it on the ballot.

A recommendation was made to place the referendum on the ballot in 2005 and spend the proceeds in FY 2006.

Commissioner Reckhow moved, seconded by Commissioner Cousin, to proceed as outlined in the plan, which involves phasing of the human services complex and the justice center as outlined with the one change--put the construction dollars in General Obligation Bonds instead of Certificates of Participation and everything else for these two projects would be as laid out by the staff.

Pamela Meyer, Budget Director, stated that the Budget Department is not in a position to make some of those decisions between now and June 30, 2001. That is something we will have to get after the phasing and planning is done for the justice center. I don't see the point of re-running numbers right now because there are a lot of possibilities that will change, hopefully to our benefit. We wanted to make sure you understand our concern.

Ms. Meyer's remarks were noted and recorded as instructed by Chairman Black.

Chairman Black said it was also noted and recorded that staff would revisit the Board after deciding how to make the General Obligation Bonds work for the justice center instead of the Certificates of Participation, not in any way negatively impacting the County's AAA Bond rating. We don't want that to happen.

Commissioner Heron said that she wanted Chairman Black's statement to be a part of the motion.

Commissioner Cousin, who seconded the motion, agreed to have the friendly amendment added to the motion.

The motion carried unanimously.

Co-Location of Library Facilities

Ms. Dale Gaddis, Director of Libraries, presented to the Commissioners a progress report about co-location and relative discussions.

Ms. Gaddis reviewed the process that staff has gone through regarding site identification and communication with the schools and the Parks and Recreation Department. She distributed information to the Commissioners relative to site criteria for new facilities. The locations of possible library sites were discussed.

Ms. Gaddis discussed the five regions defined by the library system that provide services to the citizens of Durham County.

The Commissioners asked questions and made remarks about the library system to which Ms. Gaddis responded.

No official action was taken on this agenda item.

Wastewater Treatment Plant

Chairman Black asked Wendell Davis, Deputy County Manager, to speak to the tremendous amount of back money the City owes the County for sewer and other fees.

Ms. Davis presented the history of the sewer system as it relates to the City of Durham. He described in detail the current situation.

A lengthy discussion was held about the Wastewater Treatment Plant.

No official action was taken on this agenda item.

Closed Session

Commissioner Heron moved, seconded, by Commissioner Reckhow, to adjourn to closed session to instruct the staff in negotiating a price for the acquisition of real property as authorized by G.S.143-318.11(a)(5).

The motion carried unanimously.

Adjournment

Chairman Black adjourned the meeting at 5:00 p.m.

Respectfully submitted,

Garry E. Umstead, CMC
Clerk to the Board