

**DURHAM CITY COUNCIL SPECIAL MEETING/BUDGET RETREAT
DURHAM, NORTH CAROLINA
THURSDAY, MARCH 2, 2023
8:30 A.M.**

The Durham City Council conducted a Special Meeting for the purpose of an in-person and virtual City Council Budget Retreat on the above date and time at the Department of Water Management, 1600 Mist Lake Drive, Conference Room 2002D, Durham, North Carolina at the above date and time with the following members present: Mayor Elaine O'Neal, Mayor Pro Tempore Mark-Anthony Middleton and Council Members Javiera Caballero, DeDreana Freeman, Monique Holsey-Hyman, Jillian Johnson and Leonardo Williams. Absent: None.

Also Present: City Manager Wanda Page, City Attorney Kim Rehberg, Budget and Management Services Director John Allore, Water Management Director Don Greely, Human Resources Director Robin Wynn, Deputy City Manager Bertha Johnson, Senior Community Engagement Manager Laura Biediger, City Engagement Consulting Manager Miles Spann, Finance Director Tim Flora, Business Services Analyst Trinae Schneider and City Clerk Diana Schreiber.

Mayor Elaine O'Neal called the meeting to order and welcomed everyone in attendance.

Budget and Management Director John Allore provided introductory remarks, outlined the flow of the meeting, and introduced the budget staff. Water Management Director Don Greely provided housekeeping rules about the facility.

SUBJECT: OPENING REMARKS

City Manager Page offered opening remarks and welcomed everyone in attendance to the budget retreat.

SUBJECT: FINANCIAL PROJECTIONS/BUDGET OUTLOOK

Director John Allore, Director of Budget and Management Services, provided a presentation to Council that addressed the following:

A recap of the previous fiscal year and the expenses of the total \$570.4 million budget; tax rates; FY 2022-2023 GF revenues and expenditures; property, sales, occupancy, power bill, and change for service tax revenues; planning development fees; annual customer costs for municipal services; value of inspection permits; outlook of the FY 2023-2024 budget; the budget development process, multiyear projections and revenue assumptions and the fund balance policy.

Council Member Freeman asked for guidance around debt pay down versus an investment versus hold steady and if there were metrics used to figure it out.

Director Allore responded requests were prioritized and recommendations were made about what was best.

Director Allore stated requests for CIP projects this year were double compared with last year.

Council Member Freeman questioned if the CIP projects remaining on the list, that didn't rise to the priority level, were addressed.

Director Allore stated departments were asked to come back and request again.

Council Member Freeman questioned if it was noted that the requests were asked again from prior years.

Director Allore responded yes.

Mayor Pro Tempore Middleton stated that he looked forward to the Financial Projections/Budget Outlook presentation; mentioned the importance of the gap and reassured residents that City Council was compelled to pass a balanced budget.

Mayor Pro Tempore Middleton asked if the 1.38 cents for debt on bond projects for dedicated housing was originally passed.

Director Allore responded yes.

Mayor Pro Tempore Middleton thanked Director Allore for the presentation and stated it was a good starting point to engage in discussions.

SUBJECT: RECRUITMENT AND RETENTION

Director Robin Wynn, Director of Human Resources, provided a presentation to Council that addressed the following:

Employee recruitment; 17.2% vacancy rate; 15% turnover rate; recruitment and retention survey results; cite wages; overtime and extended hours.

Council Member Caballero mentioned the basis of the living wage formula eventually needed to be increased to compete with the private sector.

Council Member Caballero proposed helping students pay for college if they committed to working for the City of Durham.

City Manager Page stated progress was made since minimum living wage started and was updated every July 1st.

City Manager Page also mentioned City government was not capable of paying for a student's education but offered silent bonuses.

Council Member Williams asked what the pool looked like for students coming out of colleges and universities.

Director Wynn responded job fairs were attended for recruitment but according to survey data, there was a decline in younger people interested in higher education which was creating a shortage.

Council Member Williams asked if the criteria were adjusted to meet the trend of the market.

Director Wynn replied yes.

Council Member Williams questioned where employees who were leaving the City of Durham were finding job opportunities.

Director Wynn responded most employees were leaving to go to private sector opportunities.

Council Member Holsey-Hyman thanked City Manager Page and Deputy City Manager Johnson for their involvement with internships.

Council Member Holsey-Hyman addressed issues with retention within the City of Durham Fire Department.

City Manager Page stated all the Public Safety employees received approximately 14% market adjustment to their salary in January 2022.

City Manager explained area public safety competitors who were recruiting raised their salaries once the City of Durham increased theirs.

City Manager Page expressed supporting employees beyond salary and quality of life.

Council Member Freeman echoed the comments made by City Manager Page and stated the step-plan was phenomenal.

Council Member Freeman expressed the benefits of being more inclusive in the hiring process.

Director Wynn provided information about the First City Job Fair for the City of Durham on March 20th at the Durham Convention Center.

Mayor O'Neal thanked Director Wynn for her presentation.

SUBJECT: ½ PENNY EQUITABLE AND GREEN INFRASTRUCTURE UPDATE:

Deputy City Manager Bertha Johnson outlined the flow of the presentation and introduced the staff who were scheduled to present.

Senior Community Engagement Manager Laura Biediger and City Engagement Consulting Manager Miles Spann of the Department of Neighborhood Improvement Services provided a presentation to Council that addressed the following:

Equitable community engagement; conversations with participants; demographics of participants; communities of the participants; community top concerns; community fear and solutions on how to move forward.

Business Services Analyst Trinae Schneider of the City Manager's Office provided a presentation to Council that addressed the following:

Internal engagement; analysis planned/potential projects in EGI Communities; resident project priorities; estimated costs and next steps for the following projects: sidewalks; pedestrian safety, access, and traffic calming; enhanced and equitable green spaces and street paving.

Mayor Pro Tempore Middleton asked how much overlap was between categories for projects.

Deputy City Manager Johnson answered there was overlap but the projects were categorized based on comments received.

Mayor Pro Tempore Middle asked if the categories came from comments and conversations with residents.

Deputy City Manager Johnson responded comments came from residents and were then placed in categories.

Council Member Williams questioned how common concerns were addressed with Durham Housing Authority properties.

Deputy City Manager Page stated the City shared information about projects with residents.

Senior Manager Biediger expressed expectations were set that promises were not made by staff and instead, concerns were shared with leadership.

Business Services Analyst Schneider explained they were meeting to talk about the next steps and how to respond to various concerns that were received from community engagement.

Consulting Manager Spann expressed the importance of the City's relationships with the communities.

Council Member Johnson communicated interest in the lessons learned from engagement around community leaders; asked how residents were communicated with and spoke to the increased value in improving outreach in neighborhoods.

Senior Manager Biediger stated that the communication was very thorough about the positive impacts and potential negative impacts of city funding decisions; and that staff made sure resources were available to residents to stay in the community.

Council Member Caballero expressed her appreciation of seeing interviews in Spanish; and looked forward to youth engagement. She also stated when projects were prioritized, charts were helpful to see the overlap with regular CIPs and the gaps.

Mayor Pro Tempore Middleton celebrated NIS for its presentation and thanked the community engagement team for their hard work around equity.

SUBJECT: CIP/DEBT MODEL/REFERENDUM

Director John Allore, Director of Budget and Management Services, acknowledged and thanked the Budget and Management Services staff and introduced Director Tim Flora, Director of Finance, who tag-teamed the presentation.

Director John Allore provided a presentation that addressed the following:

2024 CIP process; CIP project view the included 124 active projects, 12 projects on hold, 5 projects delayed and 98 projects completed since 2010; general fund FY 2024 project requests; enterprise fund: new CIP requests and FY 2024 fleet requests.

Director Tim Flora provided a presentation that addressed the following:

Debt update; debt as a percent of overall CIP funding; 57% debt in general CIP project ordinance; 68% debt in water CIP project ordinance; governmental activities and business-type activities outstanding debt; total debt of \$662.8 million; governmental pending debt issuances, known future principal and interest, and trending principal and interest with BAN; debt fund capacity; determining debt/funding capacity; assumptions

for debt modeling; general obligation bond referendum; identification of GO bond projects; City of Durham bond referendum history and GO bond referendum 2024 calendar.

City Manager Page thanked Director Flora for his presentation and congratulated him on being employed with the City of Durham for 1 year.

Mayor O'Neal echoed City Manager Page's comments and expressed her focus on infrastructure.

Mayor O'Neal requested feedback on more financing in parks and affordable housing.

Director Flora responded it was doable but due to staff capacity and the ability to get it through was difficult.

Mayor Pro Tempore mentioned receiving enough time to educate and make concrete decisions on what was being asked and identifying projects.

Mayor Pro Tempore expressed the possibility of raising taxes or utilize a bond to fund debt.

Mayor Pro Tempore asked for technical answers related to if there was a significant difference of cash available for new projects if the debt was floated.

Council Member Caballero expressed being cognizant of staff capacity due to vacancy rates and other components and was also aware of the urgency in the community; and mentioned being hesitant to wait until Election 2024.

Council Member Johnson agreed that infrastructure bonds were the right direction for the City; mentioned another housing bond was needed; and asked how much money was reasonable to bond out if the debt fund was increased to 12 cents including any capacity already established.

Director Flora stated it depended on the length of time needed to take out the debt.

Council Member Johnson mentioned enrollment was good for bonds and residents of Durham had voted for bonds over the past 5 years.

Council Member Freeman asked for clarity if the EGI items were for the bond or outside the bond.

Director Flora responded outside the bond.

Council Member Freeman questioned if paying down debt or investing was being pushed.

City Manager Page stated the City was a debt paying entity and debt was paid over long periods of time because invested assets lasted a long time.

Mayor Pro Tempore Middleton expressed understanding the urgency and stated the benefits from bonds were strategic and long term.

Council Member Holsey-Hyman thanked Mayor Pro Tempore Middleton for his comments.

Mayor O'Neal asked for suggestions on a process of moving forward by determining the scope and financial strategies to address community demand.

Council Member Williams asked if there were other mechanisms to expand sales tax.

City Manager Page stated departments who managed facilities, parks and streets presented requests of approximately \$100 million of new investments for the next budget year.

City Manager Page mentioned the dollar figure for projects were increasing; stated there had to be tax increases to cover the debt; and indicated that only certain kinds of regular revenue sources were received by municipal government.

Council Member Williams asked how more contributions expanded from tools that already existed.

City Manager Page stated that sales tax grew when more people purchased good and services in the City; and more taxes were paid when there were higher prices.

SUBJECT: CITY COUNCIL BUDGET REQUESTS

Director John Allore presented opening remarks and provide context of the City Council budget requests and introduced Alana Keegan and Hilary Pollan, Facilitators of TJCOG.

Facilitators Alana Keegan and Hilary Pollan provided a presentation to Council that addressed the FY2023-24 City Council budget requests.

All Council Members introduced some of their budget requests and categorized each request by colors green (move ahead into budget cycle), yellow (questions exist, do not yet move ahead) or red (do not move ahead, end of discussion) for their thoughts on the consideration of the City Manager's budget.

Following the discussion, Council Members consented to holding a Special Meeting to review City Council requests indicated as 'yellow'.

Item 1- Annual Mentoring Month

Yellow

Item 2 – Calendar Year End Bonus to City Employees

Yellow

Item 3 – City of Durham Mentoring Alliance Collaborative Pilot Program

Yellow

Item 4 – Community Conversations Re-Boot

Yellow

Item 5 – Community Design Lab Pilot

Yellow

Item 6 – Durham Convention Center Feasibility Study

Green

Item 7 – Durham Symphony Orchestra

Yellow

Item 8 - Durham Vocational Apprenticeship Pilot

Green

Item 9 – Employee Ownership Technical Support Pilot Program

Yellow

Item 10 – Expand Bull City United Program

Green

Item 11 – Expansion of HEART Program

Green

Item 12 – Expansion of services for HEART Program/Case Management Fellow-Up Referral Unit after Crisis

Green

Item 13 – Grassroots Violence Prevention Efforts

Yellow

Item 14- Guaranteed Income

Green

Item 15- Homeownership Education Pilot

Yellow

Item 16 – Immigrant Legal Defense Fund

Green

Item 17- Immigrant Refugee Affairs Department; expand 1 to 3 person team

Green

Item 18-Taskforce to Study Status of Black Men and Boys in Durham

Green

Item 19- Vision Zero Coordinator

Green

Item 20- Welcome to Durham Signage Feasibility Study

Green

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Item 21- CIP-Fayetteville Street Planning Group

Yellow

Item 22- Hayti Reborn Justice Movement

Yellow

Item 23- Marshall Plan

Green

Item 24- ULI Fayetteville Street Corridor study

Yellow

Item 25 – Homeless Services Advisory Committee

Yellow

Director Allore thanked the facilitators for their presentation.

SUBJECT: CLOSING REMARKS

City Manager Page thanked staff and City Council for helping kick-off of the budget retreat.

City Manager Page highlighted the changes made to the incorporation of equity throughout the budgetary process.

SUBJECT: ADJOURNMENT- 4:00 PM

Javon Pratt
Assistant City Clerk

Diana Schreiber
City Clerk