

CITY-COUNTY MERGER

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**DURHAM CITY-COUNTY CONSOLIDATION –
CITIZEN TASK FORCE REVIEW FINAL REPORT
JANUARY 6, 2000**



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Durham City-County Consolidation Citizen Task Force Review Final Report

January 6, 2000



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Helping Government Serve The People

January 6, 2000

Hon. Joe W. Bowser
Co-Chairperson
Joint City/County Merger Steering Committee
County of Durham
200 East Main Street, 4th Floor
Durham, North Carolina 27701

Dear Mr. Bowser:

**Durham City-County Consolidation
Citizen Task Force Review Final Report**

Please find enclosed a report of findings and recommendations from the Citizen Task Forces on City-County Consolidation. The report contains ten sections. Four sections, including the first three sections and the last section on implementation issues, were prepared exclusively by DMG-MAXIMUS. Sections IV through IX, especially the findings and recommendations, represent the work of the Citizen Task Forces.

The enclosed report is only the first volume of three volumes of deliverables produced during the Citizen Task Force Review process. The second volume comprises supplemental reports prepared by individual Task Force members as well as other participants in the review process. The third volume includes all other project documentation, such as meeting minutes. We encourage the Steering Committee to review the supplemental reports, particularly those prepared by Citizen Task Force members. In some cases, the supplemental reports provide additional information or alternative views that could be invaluable to the Steering Committee.

We appreciated the opportunity to work with the citizens as well as City and County staff. Their contributions, as well as the assistance of Marcia Margotta, were instrumental to the outcome of this project. We hope that the information presented herein will assist the governing bodies in charting the most effective future course for the City and County.

If you have any questions, please contact me at 933-2618.

Sincerely yours,


Robert L. Melville

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Durham City-County Consolidation Citizen Task Force Review Final Report



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EXECUTIVE SUMMARY

In 1999, the governing bodies of Durham County (the County) and the City of Durham (the City) established a process for reviewing the possible consolidation of the City and County governments. They created a Joint City Council/County Commissioners Merger Steering Committee (the Merger Steering Committee) to oversee a citizen review process. This report contains the findings and recommendations of the citizen task forces appointed by the Merger Steering Committee to review the advisability of consolidation.

The City encompasses over 95 square miles and has a population of over 177,000. The County encompasses 299 square miles and has a population of over 218,000. Over 81 percent of the County's residents reside in the City. As the City's annexation of unincorporated County land approaches the Urban Growth Area (UGA) boundaries, the City could eventually account for up to 95 percent of the County's population.

The two entities employ similar forms of governance. The City employs the council-manager form and the County uses the Commission-Manager form. By 2001, the City Council will comprise seven members, including a mayor. All council members are elected on an at-large, non-partisan basis. The County Board of Commissioners comprises five members elected on an at-large, partisan basis.

The City and County offer a broad range of services. In most cases, there is little overlap in their delivery of services. The County's primary emphasis is on health and human services. Through the Sheriff, the County also provides law enforcement, correctional and civil process services. The City's primary focus is on public safety, but it also offers other municipal services, such as community development, parks, recreation, road maintenance, water and sewer treatment, solid waste management, utility and public transit services.

In many ways, the effective consolidation of Durham's city and county governments is well underway, if not inevitable. They share a common name and identity. Since 1988, they have implemented at least three functional mergers. As the City's borders approach the County's borders (or at least the UGA), citizens will find it increasingly difficult to distinguish the two entities.

The actual merger of two governments is another matter. There have only been 31 city-county mergers in the nation's history, and none in North Carolina. The City is more of a pure local government while the County is, in many ways, a quasi-state agency. There also are a host of challenging policy, legal and financial issues to be resolved.



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Still, over 16 million people live in consolidated city-county jurisdictions, and many residents of Virginia live in cities or counties which effectively function as consolidated city-county governments. According to the National Association of Counties, several communities are considering city-county consolidation.

Generally, those communities that have merged report that their consolidations have been successful, but usually in terms of intangible benefits. Such benefits include an enhanced public image, stronger economic development capabilities, more rational growth management, more convenient services, a more extensive public infrastructure and a healthier financial condition (e.g., improved debt ratings).

The Citizen Task Forces made numerous findings and recommendations regarding the potential merger of the City and County of Durham. Those findings are summarized in the table below by task force and presented in more detail in the report that follows.

Summary of Task Force Findings & Recommendations

Task Force	Key Findings & Recommendations
Administrative /General Government	<ul style="list-style-type: none"> • Merger is feasible & highly desirable (unanimous) • The merger process should include a detailed study of pay & benefit issues & an effective mechanism for obtaining community input
Human & Community Services	<ul style="list-style-type: none"> • Merger is feasible & desirable (unanimous), so long as the critical implementation issues are fully addressed • Merger will not impact health & human services, but will allow for county-wide community development, recreation & open space strategies
Public Works	<ul style="list-style-type: none"> • Merger is feasible & desirable (unanimous) • A functional public works merger is desirable in any event
Public Protection	<ul style="list-style-type: none"> • No consensus was reached as to the desirability of city-county merger • Merging law enforcement is feasible so long as the governments merge, staffing is adequate, compensation is equitable & services are unimpaired • The identity & independence of the volunteer districts should be preserved, but a fire commission should be created to set county-wide guidelines • Merger should not be submitted to the voters without further study & an extensive public information program
Taxation & Finance	<ul style="list-style-type: none"> • Merger using the service district model is feasible (unanimous) • The merger process should include a detailed cost-benefit study
Governmental Structure	<ul style="list-style-type: none"> • The new entity should employ the Council-Manager form • It also should have a 9-member council with the Mayor & 4 members elected on an at-large, non-partisan basis & the other 4 members elected on a residency district, partisan basis • All elected officials should have three-year non-staggered terms

Most task forces concluded that merger will require careful planning, and substantial effort, in order to attain its anticipated benefits. The citizen task forces identified a host of issues to be addressed by the City and County as they move forward with the merger process. Finally, they urged the governing bodies to develop effective public information and employee participation strategies.



Durham City-County Consolidation Citizen Task Force Review Final Report



I. INTRODUCTION

A. Background

In February, 1999, the governing bodies of Durham County (the County) and the City of Durham (the City) established a process for reviewing the possible consolidation of the City and County governments. They created a Joint City Council/County Commissioners Merger Steering Committee (the Merger Steering Committee) to oversee this process and report back to the governing bodies on the advisability of consolidation.

This is not the first time that city-county consolidation has been considered for Durham. In 1994, the City and County established a citizens task force to recommend a new governmental structure for a merged government. In 1961 and 1974, charter commissions developed city-county merger plans. To date, the issue of city-county consolidation has yet to gain voter approval.

This year, the elected officials of the City and County have taken a different approach to the merger issue. Instead of focusing primarily on the structure of the proposed government, City and County leaders decided to review the advisability and feasibility of merger as well. This report presents the findings of the first phase of that process. The merger issue could be submitted to the voters as early as November, 2000.

B. Project Scope & Objectives

The Merger Steering Committee, which comprises members of the City Council and County Commission, began its work in March, 1999. Its charge was as follows:

- Identify the merger issues to be analyzed and resolved;
- Determine resource requirements, establish a project budget and procure the services of external advisors as required;
- Develop a communications strategy, including public hearings, to obtain public input and keep citizens informed; and
- Establish citizen task forces to review merger issues and assess the feasibility or advisability of city-county consolidation for Durham.

This report contains the findings and recommendations of the citizen task forces on merger issues. These citizen groups were formed in July, 1999 to achieve two objectives: 1) to assess the overall desirability or feasibility of city-county consolidation and 2) to provide a conceptual framework for the new government should merger take place (i.e., a vision of the merged entity's governmental, financial and organizational structure).



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Upon receiving the citizen task force report on the feasibility or advisability of merger, the Merger Steering Committee could make a recommendation to the governing bodies as to whether or not to proceed with the merger process. If the governing bodies decide to terminate the process, there will remain little to do except perhaps to hold a public hearing to inform citizens as to the basis for the decision.

However, if the governing bodies decide to proceed with the merger process, a great deal of work will be required. A more in-depth analysis of potential merger costs and benefits, and merger implementation issues, could be undertaken. A formal Consolidation Study Commission will need to draft a formal charter for the new entity and submit the enabling legislation required under state law for such a merger.

The resolution establishing the Merger Steering Committee contemplated a possible merger referendum in November, 2000. The resolution presumed the completion of the new government's charter by May 15, 2000 which, in turn, would require formation of the Consolidation Study Commission and commencement of its work by January 15, 2000. The goal of this phase was to position the Merger Steering Committee to make a decision about proceeding with merger in time to commence the Consolidation Study Commission's work by January 15, 2000 (assuming a favorable merger decision).

C. Project Approach & Organization

Initially, the Merger Steering Committee established citizen task forces to review merger issues in seven functional or programmatic areas, as set forth below:

- Administrative/General Government
- Community Services & Development
- Health & Human Services
- Public Protection
- Public Works
- Taxation & Finance
- Governmental Structure

As set forth in their respective mission statements (see Appendix A), each task force was asked to reach a consensus regarding the feasibility and desirability of consolidating city and county governments. To reach that consensus, the task forces were also asked to develop an understanding of relevant operating departments, assess the compatibility and comparability of current systems and evaluate the costs and benefits of consolidation. In some cases (e.g., governmental structure), the task forces were asked to identify the potential form and structure of merged government.



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After establishing the citizen task forces (and after the task forces were underway), the Merger Steering Committee engaged a consultant to provide facilitation and research services for the citizen task forces. The consultant was directed to support the citizen task forces by providing timely and relevant information and enhancing their capacity to objectively assess the pros and cons of city-county merger.

This phase of Durham's merger process represented a joint effort between the citizen task forces and the consulting firm, during which the following tasks were performed:

- Review relevant studies (e.g., 1995 merger report), annual reports (e.g., budgets and financial reports) and materials (e.g., strategic and department plans);
- Interview key governmental officials and staff (e.g., managers, attorneys and department heads) and identify services most impacted by consolidation;
- Develop a profile of the affected government agencies, including revenues, expenditures, staffing levels and other key characteristics;
- Conduct a literature scan of prior city-county consolidations and telephone surveys to identify possible consolidation benefits, costs, risks and opportunities;
- Identify factors which could facilitate or impair consolidation (e.g., salary and benefit structures), potential implementation barriers, and any other consolidation opportunities, threats and issues for further analysis; and
- Present interim and final reports to the Merger Steering Committee.

In September, the consultant met with the task force chairs to clarify their goals, procedures and scope. The decisions made by the citizen task force chairs (and ratified by the Merger Steering Committee) included the following:

- Merge two task forces—Community Services & Development and Health & Human Services—into a single citizen task force;
- Reemphasize the focus of citizen task forces on assessing the desirability of merger and providing a conceptual vision of the merged government;
- Refine each task force's scope and reassign merger study issues as necessary to minimize any potential overlap among task forces;
- Authorize task force chairs to dismiss citizens as members of task forces after two unexcused absences (as defined by the chairpersons);
- Authorize task force chairs to designate small teams to perform fact-finding for selected issues and report back to the task forces; and
- Require all task force member communications and information requests to be channeled through the task force chairs and the City-County staff liaison.



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The task force chairs agreed that the Governmental Structure Task Force should continue to focus on government form and other structural matters. Regarding the other task forces, they agreed that they should assess the desirability of city-county consolidation in the context of the decision issues outlined in the table below.

Decision Issue for Assessment
No. 1 - What are the likely consequences if City-County consolidation does not go forward?
No. 2 - What (if any) significant potential advantages or opportunities does consolidation offer for your task force's key programs or issues?
No. 3 - What (if any) significant potential disadvantages or threats does consolidation offer for your task force's key programs or issues?
No. 4 - What other issues (e.g., legal, financial, community or implementation) should be addressed before submitting a consolidation proposal to the voters?
No. 5 - Considering all of the factors and information you have reviewed, is consolidation desirable for your task force's key programs or issues?
No. 6 - Does consolidation appear to offer sufficient potential net benefits for your task force's key programs to justify a more detailed feasibility analysis?

It was agreed that each task force would strive to obtain a consensus on Issue No. 5 and, if unable to do so, strive to obtain a consensus on Issue No. 6.

In assessing the overall desirability of city-county consolidation, the task force chairs decided to employ the assessment criteria and factors outlined in the table below.

Task Force Assessment Criteria & Factors

Criteria	Potential Assessment Factors
Public Confidence	<ul style="list-style-type: none"> Public image of & support for government Equity, diversity & responsiveness of government Degree of citizen & candidate participation Degree of accountability or buck passing
Service Delivery	<ul style="list-style-type: none"> Service planning & duplication Service delivery quality, responsiveness & effectiveness Service standards, levels, accessibility & equity Responsiveness of customer/client service
Fiscal Strength	<ul style="list-style-type: none"> Overall operating efficiency Capital asset utilization, duplication & condition Tax rates, other revenue structures & fiscal equity Impact on debt structure & financial condition
Regional Competitiveness	<ul style="list-style-type: none"> National/state image & regional prominence/leadership Impact on local business climate & corporate siting decisions Ability to attract federal and private investment
Transition Challenge	<ul style="list-style-type: none"> Stakeholder receptivity to structural change Existing degree of jurisdictional consolidation or cooperation Legal consolidation requirements or barriers



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Since it was determined that above assessment factors would not have the same degree of relevance for each task force area, it was further agreed that the task forces could use their discretion in applying them to their respective issues.

The task force chairs agreed to assign merger issues to the task forces as follows:

Assignment of Merger Study Issues by Task Force

Task Force Area	Potential Task Force Issues
Public Protection	<ul style="list-style-type: none"> • Law enforcement (e.g., police patrol practices & other special services) • Fire services (e.g., station utilization & voluntary fire districts) • Public safety communications & emergency medical services • Other (e.g., medical examiner, animal control) & emergency mgmt.)
Public Works	<ul style="list-style-type: none"> • Public works (e.g., public grounds landscaping, mowing & maintenance) • Transportation (e.g., road maintenance, street lighting & public transit) • Solid waste management (e.g., landfills) • Water & wastewater treatment
Community & Human Services	<ul style="list-style-type: none"> • Planning & development services • Housing & community development • Public health programs & related code enforcement programs • Parks & recreation & open space management • Human service, community relations & cultural programs
Taxation & Finance	<ul style="list-style-type: none"> • Service, revenue & cost structure (e.g., urban service districts) • Revenue management (e.g., tax rates & equity) • Debt management (e.g., debt capacity & financing capabilities) • Risk management programs & plans (e.g., Risk Reduction Fund) • Cost impact (e.g., impact of merger on operating & capital costs)
Administration/ General Government	<ul style="list-style-type: none"> • Corporate management (e.g., manager & internal audit) • Personnel management (e.g., contracts, compensation & EEO) • Asset management (e.g., facility & fleet utilization) • Procurement & contract management (including MBE/WBE issues) • Technology, systems & business processes (e.g., GIS) • Economic development & regional competitiveness
Government Structure	<ul style="list-style-type: none"> • Governance form (e.g., strong executive v. council-manager) • Council elections (e.g., partisan v. nonpartisan, odd v. even year, district v. at-large, number & type of districts, terms & term limits) • Council member number & compensation

The task force chairs determined that, while no quantifiable threshold would be used to define consensus for resolutions, each task force would strive to obtain the support of all task force members present and voting for each resolution, with any substantial dissent noted in the minutes. It was agreed that a simple majority, while adequate for interim resolutions (to focus deliberations), should not constitute consensus for final resolutions.



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II. CITY & COUNTY PROFILE

A. Overview of Durham

The City of Durham was incorporated in 1869 and separated from Orange County in 1881. Today, it is the fifth largest city in North Carolina, the county seat for Durham County and essentially the only city in Durham County¹. The City encompasses over 95 square miles and has a population of over 177,000².

The County was formed in 1881 from portions of land transferred from Orange and Wake counties. Today, it encompasses 299 square miles and has a population of over 218,000³. About 40 percent of the County's residents are members of minority groups. It also is noteworthy that about 75 percent of the prestigious Research Triangle Park (RTP) lies within the County.

The City is rapidly approaching the County in population. According to the City-County Planning Department (see table below), over 81 percent of the County's residents reside in the City. In 1990, only 75 percent of the County's population was within the City.

Durham's Population Estimates

	1990	1999	Change
Within City Limits	136,594	177,650	+30.0%
Outside City Limits	45,241	40,805	-9.8%
Total County	181,835	218,455	+20.1%

Note: 1990 data based on 1990 US Census & 1999 data based on Planning estimates.

The City's rate of growth was higher than that of the County's due primarily to the City's annexation of territory in the outlying areas of the County. North Carolina's annexation laws are among the most liberal in the nation. If the City's annexation of unincorporated County land continues at its current pace, and consumes the Urban Growth Area (UGA), the City could some day account for up to 95 percent of the County's population⁴.

B. Governmental Structure

The two entities employ similar forms of governance. The City employs the council-manager form and the County has used the Commission-Manager form since 1930. However, since many County employees report to independently-elected officials (e.g., the Sheriff) or quasi-state commissions (e.g., Social Services), the County Manager has less direct control over employees than does the City Manager.

¹ It should be noted that the Town of Chapel Hill incorporated a portion of Durham County and the City of Raleigh has agreed to annex a small portion of Durham County early next year.

² Durham City-County Planning Department estimates for 1999.

³ Durham City-County Planning Department estimates for 1999.

⁴ Based on interview with City-County Planning Department staff.



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The City Council comprises 13 members, including 12 council members and a mayor. All council members are elected at-large on a non-partisan basis, but six members must be residents of districts (i.e., residency districts). In 2001, the council will be reduced to seven members pursuant to a referendum approved by voters in 1998. The Mayor serves a two-year term, but other council members serve staggered four-year terms.

The County Board of Commissioners comprises five members. Commissioners serve two-year terms. Other independently elected officials include the Sheriff, Register of Deeds and Clerk of Courts. These three officials serve four-year terms. All county elected officials are elected at-large on a partisan basis.

The school board has seven members, with four elected from pure districts, two from consolidated districts and one at-large. They are chosen in non-partisan elections to four-year terms. The Soil and Water District, the only other local entity with elected officials, has one elected supervisor and three elected board members. These officials are also chosen in non-partisan elections to four-year terms.

C. Current Operations and Services

The City and County offer a full range of services. In most cases, there is little overlap in their delivery of services. However, for a variety of legal, political and historical reasons, there are some services for which the two entities have potentially duplicative capabilities.

The County's primary emphasis is in health and human services. While it leased Durham Regional Hospital to Duke University Health System in 1998, it continues to offer all mandated social, mental health and public health services. Through the Sheriff, the County provides law enforcement, correctional and civil process services. The County has a fire marshal, and approves budgets for independent fire districts. In addition, the County oversees the library system, supports certain cultural programs and approves the local property tax budget for the Durham Public Schools.

The City provides a diverse set of municipal services. While its primary focus is on public safety (e.g., police and fire services), it also offers comprehensive services in such areas as community development, parks and recreation, road maintenance, and solid waste management. It operates a public transit system and its own water and wastewater treatment facilities. The City also operates the Civic Center and Athletic Park and supports several cultural assets (e.g., Carolina Theater and Durham Arts Council).

The City and County operate comparably-sized programs. In FY99, the City had estimated expenditures of about \$178.1 million and 2,146 full-time equivalent employees (see table below)³. For the same fiscal year, the County spent about \$141.7 million with

³ Based on City of Durham FY00 Operating Budget and data from City Budget Director.



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1,819 full-time equivalent employees⁶. Both estimates exclude "unassigned" costs such as employee benefits, risk management, building renovations and debt service.

Summary Profile of City and County Services – FY99

Service Category	City Costs	County Costs	City FTEs	County FTEs
Legislative & Public Affairs	\$2,454	\$2,836	36	43
Corporate Management	18,600	10,054	205	99
Economic Development	3,405	428	9	2
Financial Management	15,293	6,073	86	85
Health & Human Services	1,035	74,016	8	882
Planning & Development	11,039	1,852	123	8
Parks & Recreation	9,807	59	115	0
Culture & Education	1,430	6,500	0	113
Public Safety	46,123	18,382	868	307
Judicial Administration	0	11,905	0	264
Public Works	2,957	0	50	0
Transportation	19,352	12	181	0
Solid Waste Management	19,079	1,240	126	8
Water & Wastewater Treatment	27,543	8,396	335	8
Total – All Programs	\$178,117	\$141,747	2,146	1,819

Note: The costs & FTE data above represent FY99 estimates from City & County FY00 budgets. All costs are presented in thousands. FTE = Full-Time Equivalent employee.

The City's most significant commitments, in terms of expenditures, are for public safety (26% of total costs), water and wastewater treatment (15%), transportation (11%) and solid waste management (11%). The County's biggest expenditures are for health and human services (52%), public safety (13%) and judicial administration (8%). Detailed profiles of these expenditures are presented by program area in [Appendix B](#).

The City and County do not duplicate many services. For example, in the County's most important service area, health and human services, the City plays a minor role. Conversely, in most traditional municipal services, like community development, recreation, street maintenance and lighting, and sanitation, the County offers limited services. The City is the sole water treatment provider in the County and, while both entities have wastewater treatment facilities, their service areas do not overlap.

Nevertheless, by reviewing the detailed service profiles in [Appendix B](#), it is possible to identify potential areas of service duplication between the City and County. These service areas, which are listed below, are programs or functions in which both the City and County possess significant (and potentially duplicative) capabilities:

⁶ Based on Durham County FY00 Operating Budget and data from County Budget Director. The County cost estimate excludes welfare pass-through benefits and school district costs.

⁷ The program/service categories used for this project, which do not necessarily reflect current City & County cost centers, are defined in more detail in [Appendix B](#).



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- Legislative and public affairs (e.g., council, legal and public information)
- Corporate management (e.g., general, human resource, procurement, facility, fleet and asset management)
- Financial management (e.g., finance, budget and risk management)
- Law enforcement (e.g., patrol, investigation and special operations)
- Solid waste management (excluding sanitation/refuse collection)
- Wastewater treatment

There also are some potentially duplicative capabilities between the City and the fire protection districts. This reference to potential duplication does not necessarily mean that such services are provided in an inefficient manner, only that they may offer opportunities for greater efficiency under a unified management structure. In some cases, the City and County possess capabilities that could be complementary under unified management.

D. Prior Local Consolidations

Introduction – In 1990, Durham's City and County school districts were merged. School district mergers can be extremely challenging. In fact, even those communities that have implemented city-county consolidations have usually left their school districts intact. In other words, Durham's leaders may have already confronted the toughest government restructuring required to unify the community—school merger.

Since 1988, the City and County have implemented three functional mergers using intergovernmental agreements. In 1988, the two governing bodies merged their respective tax collection and planning offices. Later, in 1993, the City and County consolidated their building inspection programs. These are discussed below.

City-County Tax Collector Merger – The tax collector consolidation took place in 1988 when the City transferred its tax collection staff to the County Tax Collector. At the time of the merger, the City and County had a combined tax collection staff of 20 full-time permanent positions and four temporary tax clerks, and a combined annual budget of \$847,000 (this amount included some funds for merger implementation).

In FY96, the County transferred the County Assessor's Office to the consolidated Tax Collector office. At the time of this transfer, the County Assessor had a FY97 budget of \$1,481,000 and 38 full-time equivalent (FTE) staff. In FY89, at the time of the tax collector merger, the County Assessor had a budget of \$811,000 and 38 staff. Thus, if the County Assessor's Office had been included in the 1988 merger, the combined office would have had 58 positions and a budget of \$1,658,000.



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In FY98, the Consolidated Tax Assessment and Collection Department incurred \$2,656,000 in costs and had 59 FTE positions. Thus, during a time when the County experienced significant population growth, it maintained staffing levels at pre-merger levels. However, overall property assessment and tax collection expenditures appear to have increased by 60 percent⁸.

According to staff, this functional merger had several advantages. First, it improved customer convenience and service, partly by streamlining the payment process. Second, the combined staff gave them the critical mass to increase specialization and became a more complete tax collector office. Third, they believe that total tax collection costs would have increased more dramatically without the merger. Since 60,000 of the County's 90,000 parcels are within the City, they reason that the City would have had to maintain a duplicative tax collection operation for two-thirds of the County's parcels.

Some difficulties were encountered during implementation. For example, the City staff did not want to move and employee benefit structures were different. However, the managers indicated that, by keeping staff informed every step of the way through the merger process, they were able to minimize these difficulties. Today, they regard their functional merger as a positive policy decision for the citizens of Durham.

City-County Planning Merger – The consolidated Durham City/County Planning Department was established in 1988. Pursuant to an inter-local agreement, a cost-sharing formula was established (the local option sales tax formula) and related boards and commissions (e.g., planning, adjustments and development review) were merged. The unified zoning ordinance was not completed until 1994.

At the time of the merger, the combined planning departments had annual operating costs of about \$1,621,000 and a staff of 41 full-time and 3 part-time positions. For FY90, the Consolidated City/County Planning Department had a budget of \$1,981,000 and authorized staffing of 44 full-time and 11 part-time positions. For purposes of comparison, in FY98 the Department's actual costs were \$4,476,000 and it had a staff of 40 FTEs⁹. While operating costs rose, staffing levels remained constant.

During this same period, the Department's workload escalated. The City's population rose by 30 percent and the County's by almost 15 percent. The number of dwelling units increased by 37 percent in the City and 18 percent in the County¹⁰. The Department completed the 2020 comprehensive plan and several other plans (e.g., several Small Area Plans, the Durham Open Space Master Plan and the New Hope Creek Corridor Preservation Plan). Three new advisory groups were established.

⁸ The FY98 expenditures were not adjusted for any extraordinary items (e.g., reassessment costs).

⁹ Durham County FY00 Operating Budget.

¹⁰ Durham City-County Planning Department estimates.



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Staff view their functional merger as a success. They believe that it enabled the Department to improve customer service for developers and neighborhood groups. Through merger, the County was able to quickly strengthen its planning capabilities without increasing its costs. A consolidated planning agency has also ensured greater continuity of planning policy, especially as the City has annexed land. Some cost savings were achieved, but they were probably not significant.

The merger has not been problem-free, however. With two governing boards, the joint planning agency must participate in far more meetings than would be required under a single governing body. Dual governance also has contributed to questions about accountability. Overall, despite some initial implementation problems, the overall transition reportedly went relatively well.

It should be noted that, despite its apparent success, the joint planning agency could be unbundled at any time. Serious growth management policy disputes (e.g., disagreements about proposed landfill sites in environmentally sensitive areas) or management disputes could engender a split. It is our understanding, for example, that disputes concerning the hiring and firing of planning directors contributed at least in part to the disbanding of joint planning departments in two North Carolina communities.

City-County Inspections Merger – The consolidated City-County Inspections Department was formed in 1993. The Director reports jointly to the City and County Managers, but employees are governed by City personnel policies.

At the time of merger (FY93), the two departments had a total of 49 FTE positions and combined operating expenditures of \$2,322,000. The FY94 budget for the new City-County Inspections Department authorized 45 full-time positions and expenditures of \$2,221,000. The FY94 budget included funds for a new voice mail system and the conversion of County manual records to the City's automated system.

In FY98, the joint Department incurred actual costs of \$2,347,000 and had a staff of 42 FTEs¹¹. In other words, during a time when the inspections workload increased, the joint Department actually reduced staff and operating costs (after adjusting for inflation). Current management is convinced that overall operating costs would have been higher had the two departments not merged.

However, the most important reported benefits of merger involved services. The new Department improved customer service through standard fees and rules, and the uniform county-wide application of state building codes. It expanded services (e.g., review all residential permits, perform more re-inspections and conduct all state-mandated public school inspections). It accelerated response times for inspection requests, improved overall inspection quality and automated all permits and records.

¹¹ City of Durham FY00 Operating Budget.



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Some hurdles had to be overcome during the merger implementation process. Staff morale was affected when, based on a pay equity study, County employee salaries were increased, but City salaries were not. Effective and continual staff communications helped alleviate many staff concerns. Until recently, the Department had to use two different budget processes (the County now incorporates City budget formats). Despite merged ordinances, the tendency of the governing bodies to adopt different provisions remains (e.g., different flag regulations).

E. Other Comments

Arguably, the effective (if not actual) consolidation of Durham's city and county governments is well underway. Several events and factors appear to be drawing the two entities more closely together, including the following:

- For all intents and purposes, the County has only one incorporated municipality (unlike many other urban counties that contain multiple cities) and is unlikely to have a new city formed within its boundaries¹²
- The City and County already share a common name and identity, and share common interests in competing for economic development opportunities
- The state's liberal annexation laws make it relatively easy for the City to annex developing areas in the unincorporated portions of the County
- When the County's residents implemented school district consolidation, they not only achieved what most communities view as the most difficult type of merger, they further intertwined the interests of urban and suburban neighborhoods
- From a governance and management perspective, the City and County already enjoy many similarities, including the council-manager form, professional public administration and strong financial capabilities
- Many functions are already consolidated or operating under unified management (e.g., planning, inspections, tax collections, animal control, emergency management and certain public safety communications)

As the City's borders (and population) approach the County's borders (or at least the UGA), citizens may find it increasingly difficult to distinguish the two entities. Perhaps, the real public policy issue pertaining to merger in Durham is not if the City and County will merge, but rather will the two governing bodies merge.

If effective consolidation is inevitable, perhaps the more interesting question is whether it should occur in an ad hoc fashion, without a vote, or in a planned, deliberative manner, based on a consensus of the community.

¹² One area in the County was annexed by Chapel Hill and another will be annexed by Raleigh.



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III. CITY-COUNTY CONSOLIDATION

A. Overview

Even the most casual observer of business trends cannot help but notice the rising tide of corporate mergers in the US. In every major industry, ranging from energy to entertainment, we have witnessed a dramatic alteration of the corporate landscape. In some instances, once fierce competitors have joined forces, while in others, companies have merged with companies in related (but not directly competitive) businesses.

Why this mega-merger trend? In the private sector, companies merge for a variety of reasons—to strengthen their production capabilities, to exploit marketing opportunities and synergism, to improve their competitive positions and even to attain certain efficiencies. While public sector mergers are often promoted for their potential cost savings, the reasons for merging public sector entities are at least as complicated as they are in the private sector. In fact, cost savings may be the least important reason for mergers.

B. History of City-County Mergers

City-County consolidations have been relatively rare. In 215 years of US history, only 31 cities and counties have united. The first such merger, between New Orleans Parish and the City of New Orleans, took place in 1805. Similar consolidations followed in Boston, Philadelphia, Denver, San Francisco and Honolulu. The nation's largest consolidation occurred when New York City was formed from the five boroughs in 1898.

After Honolulu's merger in 1907, no city-county merger occurred until after World War II. In 1947, the first so-called "modern" merger (so named because of its employment of tax or service districts and suburban exemptions) took place in Baton Rouge, Louisiana. Since then, there have been 23 city-county mergers.

During the 1960's and 1970's, there was a wave of successful mergers, some involving large communities. Three of the most publicized city-county mergers, those in Nashville-Davidson County, Tennessee, Jacksonville-Duval County, Florida and Indianapolis-Marion County, Indiana (Unigov), took place in the 1960's. The next decade witnessed successful mergers in such communities as Anchorage, Alaska and Lexington-Fayette County, Kentucky, but the pace clearly slowed.



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Since the 1970's, efforts to merge city and county governments have largely met with apathy and resistance, particularly outside of the Southeast. There were only two successful mergers during the 1980's, and both were in the Southeast (Houma, Louisiana and Lynchburg, Tennessee).

This decade, there have been only four successful city-county mergers, with one implemented outside the Southeast (Kansas City, Kansas) and three in the Southeast (Athens, Georgia, Lafayette, Louisiana and Augusta, Georgia). In 1996, after many months of work by two citizen commissions, and the development of a 347-page charter, elected officials in Charlotte and Mecklenburg County decided not to put the merger issue on the November, 1996 ballot.

According to the National Association of Counties (NACo), only about one-sixth of the city-county merger issues placed on the ballot since 1920 have been approved by voters. In the last decade, voters approved only four of 17 mergers, rejecting city-county mergers in such communities as Sacramento, California, Spokane, Washington, Des Moines, Iowa, and Tallahassee and Gainesville, Florida¹³. Even in many areas where mergers have been approved, like Athens and Augusta, voters defeated earlier attempts.

Today, over 16 million people live in consolidated city-county jurisdictions. While nearly 50 percent of these people live in New York City alone, many live in such small communities as Butte, Montana, Sitka, Alaska, and Carson City, Nevada. In addition, many residents of Virginia live in cities or counties which effectively function as consolidated city-county governments (e.g., Richmond or Henrico County). Only 27 states allow city-county consolidations.

NACo reports that several communities, in addition to Durham, are currently considering city-county consolidation. Those communities include Louisville, Kentucky, Albuquerque, New Mexico, Pueblo, Colorado and Macon, Georgia. Given the history of such efforts, however, these communities would be wise to proceed carefully.

C. Other Governmental Restructuring

Efforts to improve local government cooperation are likely to continue. Such cooperation can take many forms, however, ranging from functional mergers to full governmental consolidation. There has been an increased use of inter-local agreements among local governments to achieve some of the benefits of cooperation and consolidation.

¹³ National Association of Counties Research Brief on Consolidation, July, 1998.



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Functional consolidations usually entail an agreement between at least two local governments to coordinate services under unified management. Common examples of such functional mergers include police, fire, sanitation, transportation, water supply, wastewater management, street maintenance, facility management and fleet management. For example, Charlotte and Mecklenburg County consolidated police and animal control services under city management and consolidated parks, recreation and building inspection services under county management.

Broader regionalization initiatives, typically involving multiple local governments, also have become more common. Recent examples of regional service or asset districts include the Greater Vancouver Regional District, Allegheny Regional Asset District, Denver Regional Asset District, Portland Metropolitan Service District and Seattle Metro. A few communities have established regional revenue sharing districts (e.g., Louisville-Jefferson County income tax sharing compact, Rochester-Monroe County sales tax sharing plan and St. Louis County sales tax sharing plan).

Much depends on state legislation. In some states, legislatures have enacted statutes encouraging cities and counties to pursue merger opportunities (e.g., Georgia). Some states have laws enabling city-county mergers (e.g., North Carolina), while many other states do not have any legislation at all authorizing city-county mergers.

D. Merger Survey Results

Overview - DMG-MAXIMUS conducted a scan of previous city-county consolidations to identify any significant factors that could benefit Durham's consolidation deliberations. The surveyed communities included Nashville, Jacksonville, Indianapolis, Lexington (Kentucky), Baton Rouge, Kansas City (Kansas), Athens, Augusta, Columbus (Georgia), Lafayette and Anchorage.

We scanned relevant literature on city-county consolidations and contacted officials in some communities to obtain additional information. While each consolidation was unique in terms of political, financial and demographic factors, certain commonalities emerged from our survey that could prove helpful to Durham. Those observations are summarized below and presented in more detail in [Appendix C](#).

Merger rationale - The communities supported merger for a variety of reasons. The most compelling arguments advanced by merger proponents include the following:

- Neutralize a threat posed by municipal annexation or improve local control over growth management and other community "destiny" issues
- Improve the delivery of services, by expanding some services from urban to rural areas (e.g., sewer treatment), adopting uniform codes and service standards (e.g., building inspections) or providing "one-stop shopping" for services



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- Improve the efficiency of government, by reducing administrative costs or eliminating the duplication of services (e.g., a single property tax bill)
- Enhance the public image of government

Only two surveyed communities—Augusta and Athens—used merger to broaden their tax base (e.g., by extending a municipal tax to the county). Only one surveyed community, Augusta, supported merger in order to bail out a financially distressed city.

Short-term transition issues - City-county merger has often been sold to communities by stressing the potential cost savings associated with merger. However, such efficiencies and cost savings have rarely been sufficiently documented either before the referendum on a proposed merger or after the implementation of an approved merger.

Moreover, merger proponents often found that, in order to obtain the support of the employees to be merged, they had to make certain concessions that offset potential efficiencies with short-term transition costs. For example, most mergers have minimized lay-offs and held current employees harmless as to pay, benefits and rights. Staff reductions (if any) were made via attrition or early retirement plans.

Perhaps the most costly transition issue encountered by most mergers has been compensation equity. In order to hold employees harmless, many communities have sought to equalize pay and benefits. In some cases, they conducted pay equity studies. Where there were significant compensation differences, many merged governments found it necessary to increase the pay or benefits of some employees. When compensation has been equalized, it has been equalized at the higher level.

One of the most difficult challenges inherent in mergers is determining the appropriate political structure. Ironically, while many merger supporters desire greater efficiency, additive representation appears to be the norm. That is, most consolidated entities end up with larger legislative bodies than either the county or major city had before the merger. Perhaps the dominant lesson learned from prior merger campaigns is that successful merger plans tend to minimize the number of perceived political "losers."

Most mergers implemented since World War II have employed the Baton Rouge service district model. In order to minimize the initial costs of merger and ensure tax and service equity, most communities have created distinct service or tax districts for urban and rural areas. Merger plans using this approach provide for higher taxes and more services in urban service districts and lower taxes and fewer services in rural service districts.

Other transition issues identified by the surveyed communities included the following:

- Elected official authority, roles, responsibilities and policies
- Management authority, roles, responsibilities and policies



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- Cultural differences between the organizations to be merged (ranging from management philosophies to policing techniques)
- Employee communications and participation
- Employee relocation needs and costs, and related facility management issues
- System and equipment differences

Individuals contacted in other communities suggested that such issues are resolvable with careful planning. They indicate that the planning process should begin no later than the charter drafting phase and proceed through the transition. Their experience also suggests that it is easy to underestimate the costs and difficulty of a merger. A Kansas City official suggested that ample funds be set aside for unforeseen events.

Timing can be critical. For example, in a strong economy, attrition will occur more rapidly and potential merger benefits may be realized more quickly. Where the two governments plan massive capital investments (e.g., new facilities or systems), a consolidation can result capital cost avoidance. Conversely, where two governments have new facilities or systems, such benefits are less likely to be attained.

Long-term impact of merger – The scarcity of precise and reliable information makes it very difficult to assess the long-term impact of merger, at least in quantifiable terms. While some communities reported cost savings or tax cuts during the first five years after merger (e.g., Kansas City, Kansas, Nashville and Jacksonville), the evidence is anecdotal.

Considering the short-term costs associated with most mergers (e.g., pay equity costs), any net cost savings would likely be dependent on the attainment of long-term savings, such as staff reductions through attrition, capital cost reductions (through improved utilization) and other possible long-term cost savings (e.g., reduced interest rates through a higher bond rating for the merged government).

Given the dearth of empirical evidence, it is difficult to draw useful conclusions regarding quantifiable costs and benefits. Nevertheless, it is probably safe to surmise that any cost savings resulting from city-county merger are more likely to be gained over the long haul, and in growing communities. Where there is growth, the merged entity is not forced to reduce personnel to achieve savings.

Generally, the surveyed communities believe that their consolidations were successful, but usually in terms of intangible (if not indirect) benefits. Such benefits include an enhanced public image, stronger economic development and growth management capabilities, more convenient and effective services, a more extensive public infrastructure, and a healthier financial condition (e.g., improved debt ratings). One of the most common advantages cited is greater accountability and responsiveness (through the reduction of inter-governmental buck-passing and the attendant confusion).



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IV. CITIZEN TASK FORCE FINDINGS FOR ADMINISTRATIVE/GENERAL GOVERNMENT

A. Task Force Deliberations

The Citizen Task Force on Administrative/General Government, shortly after commencing its work, adopted an issues-driven approach for its analysis of merger issues. The issues it reviewed included general administration, human resources and economic development. General administration included corporate management, internal auditing, technology, asset management and equal opportunity.

To conduct fact-finding, the task force established small study teams who were asked to report back to the task force on their findings and recommendations. The task force then assessed the overall desirability of merger from the perspective of these issues and identified concerns that could require a more detailed cost-benefit analysis.

The fact-finding conducted by this task force was extensive. They conducted interviews of several City and County staff. For both entities, they interviewed the Managers, Human Resource directors and internal auditors. From the City, they interviewed the Assistant City Manager, MIS Manager, Asset Management Director, Acting Real Estate Manager Fleet Maintenance Manager and Equal Opportunity Director.

From the County, they interviewed the County Manager, Economic Development Director, General Services Director, IT Manager, Purchasing Director and Business Development Manager. They also met with the GIS Director and Chamber of Commerce staff. The teams also reviewed available reports such as budget documents.

B. Background Information

General Administration – Both the City and County have comparable legislative and public affairs programs. In FY99, the City spent \$2.5 million on legislative and public affairs (36 employees) while the County spent \$2.8 million (43 employees). The County has exclusive responsibility for the deed registry and election management functions.

The City and County have comparable corporate management structures. Both have council-manager governance forms with managers functioning as chief executive officers. However, the County government, unlike the City, is in some ways an extension of state government. Many County functions are supervised by appointed boards pursuant to state legislation¹⁴.

¹⁴ Mecklenburg and Wake counties have merged their social service, mental health and public health boards.



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The City appears to spend more on corporate management than the County. In FY99, the City spent \$18.6 million on corporate management functions (205 employees) while the County spent \$10.1 million (99 employees). This variance is due in part to different service structures and cost reporting methods (e.g., the County appears to report its fleet and asset management costs in a decentralized fashion).

The two entities have different technology platforms, strategies and responsibilities. The City uses UNYSIS Clearpath mainframe systems with Novell Netware and Windows NT servers, connected to a network of 900 desktop units. The City operates the new City-County geographic information systems (GIS). The City recently hired a new director and plans to draft a five-year strategic technology plan in the near future.

The County uses a network-based IBM ES 9000 system for Human Resources, Finance, Payroll, Purchasing, and other applications. The Library is on a separate hardware system. The Social Services and Tax offices use IBM AS 400 systems combined with servers. Reportedly, any application can be accessed from any desktop. Intra- and inter-departmental communications are operated by e-mail.

Both entities have significant assets to manage. The City manages 75 facilities, including City Hall, the Police headquarters building, parking garages and cemeteries. It also maintains 1,900 vehicles, 3,000 radios (some are county-owned), an 800 MHz radio system and three transmission towers. The Fleet Management Department, which operates on an internal service fund basis, has built up a substantial surplus. The City recently consolidated its Fleet Maintenance and Asset Management departments.

The County manages 45 facilities, including the Administrative Complex, General Services Complex, Youth Home Complex, Memorial Stadium, Main Library, Judicial Building, Sheriff stations and the Animal Shelter. The County owns 369 vehicles, 217 of which belong to the Sheriff's Office. The County does not have a centralized fleet repair department, but its General Services Department is responsible for other assets. Both the City and the County are conducting space utilization studies.

The City operates a central MWBE contracting and Affirmative Action program under the oversight of the MWBE Advisory Commission. The City has measurable objectives, a narrow operational definition of "minority" and active community involvement. The County, under County Manager oversight, assigns its MWBE contracting and equal employment opportunity functions to separate departments. The County uses a broad operational definition of "minority" and is updating its disparity study.

Human Resource Management - Both human resource management offices perform equivalent functions, including recruitment, selection, position control, compensation administration, employee relations and training. At first glance, their compensation



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structures and personnel policies appear relatively similar, but there are some important differences that need to be addressed during the merger process.

The City's salary levels are reportedly higher than County salary levels for many similar positions. The City adopted a hybrid traditional/broad band, market-based compensation plan in 1998. It eliminated "longevity" pay for employees hired after July of 1998 and provided a 2 percent market adjustment in 1999. This new policy could cost the City an estimated \$1.7 million per year through FY04¹⁵.

The County has a more traditional classification system. In response to market studies, it annually increases some starting salaries which, in turn, may reduce pay differentials between new and long-term employees. The County plans to provide internal equity adjustments for some employees. Implementation costs are unknown at this time.

The types of employee benefits provided by the City and County appear comparable. The City subsidizes health insurance benefits for families at a higher level than does the County¹⁶. The key elements of the two benefit programs are summarized below.

Summary of City and County Employee Benefits

Benefit	City	County
Retirement	<ul style="list-style-type: none"> State plan for all employees State Supplemental Retirement Income Plan for all employees City Special Separation Allowance for law enforcement officers 	<ul style="list-style-type: none"> State plan for all employees Supplemental Retirement Income Plan for all employees (e.g., ICMA) Separation allowance for law enforcement officers
Health & Dental Insurance	<ul style="list-style-type: none"> 2 fully insured point-of-service plan choices 	<ul style="list-style-type: none"> 2 fully insured point-of-service plan choices & 1 HMO plan
Vacation Leave	<ul style="list-style-type: none"> Earn at 12 days to 25 per year depending on longevity Maximum accrual of 30 days Excess converted yearly to sick leave 	<ul style="list-style-type: none"> Earn at 11.86 days to 25 days per year depending on longevity Maximum accrual of 30 days Excess converted yearly to sick leave
Sick Leave	<ul style="list-style-type: none"> Earn at 12 days per year No maximum accrual No sick leave paid at termination, but may be credited toward length of service for retirement 	<ul style="list-style-type: none"> Earn at 12 days per year No maximum accrual No sick leave paid at termination, but may be credited toward length of service for retirement

Retirement plans can be a major barrier to mergers. In Durham, however, both entities are under the Statewide Local Governmental Employees Retirement System (LGERS), a state-administered multiple-employer defined benefit pension plan. Both entities

¹⁵ Based on task force team interview with City staff. The City retained longevity pay for pre-1998 employees.

¹⁶ Based on documents obtained from County Human Resources Management Director.



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contribute at the state-determined rates (4.47% for law enforcement employees and 4.89% for other employees). Employees contribute 6 percent of covered salary.

Both the City and County offer the state-administered Supplemental Retirement Income Plan, a defined contribution pension plan, to law enforcement officers and other employees. The employers contribute 5 percent of salary and the employees make voluntary contributions. In addition, the City and County offer a Special Separation Allowance, a defined benefit plan for law enforcement officers.

The County provides a credit for a menu of benefits. Most County employees can purchase individual health, dental, life insurance, disability insurance and flexible spending accounts for day care and medical reimbursement with the credit or they may use their credit to purchase dependent coverage to the extent possible.

There are some significant differences between City and County employees pertaining to employee rights. The City's employees are considered to be "at will" employees (i.e., with some exceptions, they may be dismissed by their employer without explanation or legal penalty). In contrast, only about 23 percent of the County's employees are considered "at will" employees (the Sheriff's employees). The other County employees have a vested property right to employment either under the State Personnel Act or county ordinance.

Economic Development - The primary mission of the City and County Economic Development departments is to promote prosperity by helping the private sector initiate or expand businesses, and employ local citizens. However, their roles vary.

The City spent \$3,405,000 on economic development activities in FY99, mostly for economic revitalization and tourism activities. The City's Office of Economic and Employment Development (OEED) leads HUD-funded economic revitalization efforts in the City. It also administers the federal Job Training Partnership Act (JTPA) program for the City and County, and provides job training and development services to the County in connection with the federal Welfare to Work initiative. The Durham JobLink Center was established in 1998.

The County spent \$428,000 in FY99, primarily for regional promotion and development. The County has a contract with the Chamber of Commerce for industrial development. In recent years, the County negotiated business re-location or expansion incentive packages with such firms as Tivoli Systems, Freudenberg Nonwovens and Aisin AW, Ltd.

The City and County pursue many cooperative endeavors. The Durham Convention and Visitors Bureau is jointly funded and owned (the City has 42.5% equity and the County has 57.5%) and managed by a jointly-appointed board. The Durham Civic Center Authority is operated by City employees, but under a jointly-appointed board. The Civic Center also is jointly funded and owned (the County will own 50% equity by 2006).



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C. Task Force Findings & Recommendations

General Administration -- The Task Force found that, from the perspective of general administration, merger would be desirable. The City and County perform similar activities (e.g., finance, human resources, technology, asset management, purchasing and internal audit) with comparable capabilities. Under a merged government, and unified management, there would likely be opportunities for greater efficiencies.

The task force concluded that City-County consolidation offered several potential benefits for general administration. Some of the possible benefits are summarized below:

- Enhance overall public trust and confidence in their local government
- Reduce any duplication of services and overlapping positions (an estimated 140 positions perform essentially the same work for the two entities) over time
- Clarify the administration and accountability of merged activities and promote the cross-fertilization of best practices and innovative ideas
- Streamline the management of public facilities, coordinate security services and outsourcing, reduce leased building space needs and reduce facility costs
- Use a single vehicle maintenance facility, standardize maintenance procedures, reduce repair turn around time and prolong the lives of vehicles
- Adopt a uniform Countywide radio system and encourage the standardization of facility and equipment management procedures
- Offer an opportunity to adopt uniform equal opportunity guidelines, increase diversity training and community involvement, and improve racial relations

The task force concluded that merger, while offering several benefits, will require careful planning, and substantial effort, for the consolidated functions to run smoothly. Technology management is illustrative. The task force found that the two platforms are quite different. Most applications meet distinct needs. For instance, the County has social service and library applications and the City has public utility systems. Only the merged functions (e.g., planning, inspection and taxation) have common systems.

There are organizational and operational differences as well. There are some differences among business processes that affect system requirements. The City tends to perform more functions internally (e.g., system maintenance) than does the County. There are some differences in staff education and experience. Fortunately, there do not appear to be any long-term vendor commitments (e.g., for hardware) that could hinder merger.

The task force determined that merging the two technology platforms will probably require the new entity to use current systems for the foreseeable future. Where the applications are shared (e.g., financial), the governing body will have to select one of the two existing systems. This will require data input modifications for one of the groups



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merging, but this is not likely to be a major problem. The task force does not recommend merging such applications, but rather installing new systems over time.

Other potential challenges identified by the task force in connection with merging general administrative functions include the following:

- The appointed boards supervising County functions may need to be reexamined in the context of the merged entity's administrative policies and practices
- Merger, and the attendant integration of potentially incompatible systems and processes, could temporarily disrupt services and confuse employees
- Where existing administrative policies and philosophies vary (e.g., accounting, purchasing and grants management), uniformity will be required
- The County and City have different EE/EA participation goals¹⁷ and results¹⁸
- If not carefully planned, merger could disproportionately displace minority positions and impair future advancement for protected business classes

The task force recommended a detailed implementation plan for merger, including a realistic timetable and relocation plan, and the tasks set forth below:

- Review possible legislative changes to consolidate current boards so long as this effort does not distract from the merger plan
- Standardize current administrative policies and procedures (e.g., charts of account, fixed assets and purchasing) and eliminate any contradictory practices
- Review organizational alternatives (e.g., reorganize the County's General Services Department and reassign the radio communications function to IT)
- Develop a long-term technology plan for replacing hardware and upgrading and developing information systems
- Conduct a comprehensive asset inventory, review buildings and leases, define maintenance needs and identify opportunities for eliminating unnecessary assets
- Update asset liability insurance policies, vehicle and other asset titles, radio system, equipment and software licenses, and maintenance contracts
- Explore outsourcing opportunities (e.g., cemetery and parking management)

A majority of the small study team concluded that a cost-benefit analysis should be conducted to determine the likely financial impact of a merger. The study should address organizational, staffing, technological and space needs.

Human Resource Management – The task force found that merger could improve human resource management practices. It agreed that the merged organization should offer the following possible advantages:

¹⁷ The County's MWBE goal is 15% and the City's goals are 15% for MBE and 10% for WBE.

¹⁸ The County's participation is 11% and the City's is 15% for MBE and 7% for WBE.



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- Improve public confidence in government
- Eliminate confusion resulting from the duplication of services (e.g., position advertising, recruitment and compliance monitoring)
- Eliminate morale problems stemming from different salary levels, benefit policies (e.g., longevity pay), and working conditions (e.g., hours) for similar job classifications in the County and City
- Enhance services by taking advantage of each entity's best practices (e.g., City's employee development program)
- Yield opportunities to eliminate marginal or duplicative services

Further, the task force found that City employees might prefer the County's flexible benefits program, just as County employees might prefer the City's pay plan. Conversely, merger could engender anxieties among employees about job loss, demotion or other uncertainties regarding personnel policies. The task force believes that historical attrition rates (12% for the County and 7% for the City) should enable the merged entity to accommodate any position reductions achieved through merger.

The task force identified several issues that could hinder the ultimate success of the proposed merger. Some of those issues are listed below:

- Some City and County employees have different "property rights" as to employment (some are "at will" employees and some have vested property rights under the State Personnel Act or local ordinance)
- City salary levels appear higher than County pay levels
- City and County health insurance benefit packages may vary materially
- If not managed properly, moving to the highest pay and benefit levels could significantly increase operating costs for the merged entity

Ordinarily, organizational "turf" issues can complicate merger transitions. Based on its discussion with the two Human Resource managers, however, the task force concluded that such problems should be minimal in Durham.

Nevertheless, the human resource issues inherent with this merger will be significant. Employee anxieties about job changes, compensation or benefit reductions, or demotions could undermine morale and the merger transition. To ensure that these issues are effectively managed, the task force made several recommendations, including:

- Adopt a policy of no reduction in force initially, with any future merger-related position reduction handled through normal attrition
- Hold all employees harmless as to pay and benefits initially, but adopt an "equal pay for equal work" strategy and "points-based" pay and class system to determine future compensation and benefit levels



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- Keep employees well informed on the reasons for merger and actively engage them in designing the new organization and its new personnel policies
- Conduct periodic employee opinion surveys

The task force concluded that the experience of the human resource staff in planning the consolidation of the Planning, Tax, and Inspections departments will prove helpful.

The task force also recommended a more detailed analysis of the current compensation systems and of other alternatives. This study should address such issues as pay structure, pay equity, compensation administration, employment "property rights" and due process requirements. A Citizens' Oversight Committee should be considered to help provide personnel guidance through the merger transition.

Economic Development – The task force concluded that the economic development activities of the City and County can be merged with little difficulty. While the two entities' current economic development activities are well-coordinated, a single governing board should further promote a cohesive approach to economic development.

The task force offered several recommendations for strengthening the economic development activities of the consolidated City-County government:

- Reexamine and update the mission of the new Economic Development Department and develop more specific and measurable performance objectives
- Contract with the Greater Durham Chamber of Commerce for industrial recruitment, development and negotiation (as the County does now)
- Remove the Real Estate Management function from economic development, and place it in a more appropriate unit such as Asset Management
- Review all job training efforts of the city and the county (e.g., City Employment and Training, County Social Services Work First, Communities in Schools and Durham Technical College programs)
- Absorb the job training function, including Durham Technical College training, as part of a seamless, practical training system focused on actual industrial and commercial needs and new (or anticipated) job openings
- Continue liaison activities with the Planning Department regarding Small Area Development Plans and the related zoning requirements

The merged government, through investments in its economic development program, should be well-positioned to compete within the metropolitan area and region.



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Citizen Task Force on Administrative/General Government – Resolution

WHEREAS, the Citizen Task Force on Administrative/General Government completed its evaluation on the desirability of consolidating Durham City and County governments in the areas of:

- Asset Management and Fleet Maintenance;
- City Manager and County Manager;
- Economic and Regional Competitiveness/Employment Development;
- Equal Opportunity and Equity Assurance and Procurement and Minority/Women Business
- Enterprise Development;
- Internal Audit;
- Information Services, Management Information, and Geographic Information Systems; and,
- Human Resources.

WHEREAS, it was concluded that the City Asset Management and Fleet Maintenance functions can be separated prior to City-County Merger. We recommend a merged Real Property/Asset Management function and a reassignment of other existing functions in the current Asset Management/General Services structure. This includes, but is not limited to, vehicle fleet management, solid waste, pest control, mail room, parking lot management and communications systems; and

WHEREAS, it was determined that the City and County Managers' Offices can readily be merged given time for planning and implementing those few policies that currently differ; and

WHEREAS, it was decided that Economic and Regional Competitiveness/Employment Development functions can effectively be merged as one department, while maintaining the separate functions that permit revenue streams to remain open, and achieving greater effectiveness for the workforce; and

WHEREAS, it was concluded that with respect to Equal Opportunity and Equity Assurance, notwithstanding operational differences, the Durham City and County Governments place a high priority on promoting equal opportunity and equity assurance for all personnel without regard to race, color, religion, national origin, handicap, age, or other such factors. The City and County Equal Opportunity and Equity Assurance Departments should be merged and the merged governing body should adopt a strong policy that clearly and unequivocally states its commitment to integrity, fairness, and equal opportunity/equity assurance in all matters of governmental, personnel, procurement, and Minority and Women-Owned Business Enterprise policies; and

WHEREAS, the City and County Internal Audit functions are largely identical and merger of the City and County Internal Audit functions would stimulate a cross-fertilization of ideas, we strongly emphasize that a merged Internal Audit function, if enhanced and properly publicized, will greatly solidify governmental integrity and increase the public's trust in a merged government; and

WHEREAS, Information Services, Management Information, and Geographic Information Systems Departments can easily be merged even though most of the computer systems are currently separated by application, and those that overlap can be handled by selecting one of the two current systems through choice of policies; and

WHEREAS, it was concluded that merging Human Resource functions can improve operations, reduce confusion, boost public confidence, and may improve morale by considering pay and benefits differences; and



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Citizen Task Force on Administrative/General Government - Resolution (cont.)

WHEREAS, it was determined that merger should result in no employee job loss but that any personnel elimination happen through normal attrition, and that prior to merging, a more detailed study is needed to review the issues of market rate pay, equalization pay, longevity pay, and benefits; and, a proposal developed to resolve the differences in employee classification and compensation ranges; and,

WHEREAS, it is recommended that community input be sought in further discussion of the many issues raised in this resolution and accompanying reports; and,

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Administrative/General Government does hereby unanimously recommend that merger of the entities studied herein, is feasible and highly desirable and urges the Steering Committee to move forward with the consolidation of the Durham City and County governments.



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V. CITIZEN TASK FORCE FINDINGS FOR HUMAN & COMMUNITY SERVICES

A. Task Force Deliberations

The Citizen Task Force on Human and Community Services was initially two task forces-- Community Services & Development and Health & Human Services. After their initial meetings, the two groups concluded that there was sufficient areas of common interest for them to merge into one group, the Citizen Task Force on Human and Community Services.

This task force conducted its review of merger issues using an issues-driven approach. The issues it decided to review encompassed three broad areas--planning and community development, health and human services, and parks, recreational and cultural programs. In turn, planning and community development include the issues of planning, inspections and housing and community development. Health and human services included social services, mental health, public health and human relations.

To conduct fact-finding, the task force established small study teams who were asked to report back to the task force on their findings and recommendations. The task force then assessed the overall desirability of merger from the perspective of these issues. The group also identified concerns that could require a more detailed cost-benefit analysis or should be addressed in greater detail during merger implementation.

The fact-finding teams conducted interviews of several City and County staff. At the merged agencies, they interviewed the Interim Director of City/County Planning (as well as some planning staff) and Director of City/County Inspections. At the City, they interviewed the Housing and Community Development Director, Human Relations Director, Parks & Recreation Director and Asset Management Manager.

At the County, they interviewed the Social Services Director, the Durham Center's Area Director and Deputy Area Director, Public Health Director and County Ranger. They also interviewed the County Libraries Director and Executive Director of the Triangle Opera.

B. Background Information

Planning & Development Services - The City and County, pursuant to an inter-local agreement, operate a joint Planning Department, as well as a joint Building Inspections unit. The City and County Planning departments and Planning Boards and Commissions were merged in 1988, and City and County Inspections were merged in 1993. Over time, the zoning and subdivision ordinances were consolidated as well.



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The City spent \$11.0 million on planning and development functions in FY99, including \$2.6 million for planning and zoning (38 FTEs), \$2.5 million for building inspections (45 FTEs), and \$6.1 million for housing and community development (40 FTEs). The City's Housing and Community Development Department administers \$1.8 million in Community Development Block Grant (CDBG) funds, \$2.2 million in HOME grants and \$2.4 million in HUD lead-based paint abatement funds. It also supervises code enforcement.

The County spent \$1.8 million on planning and development functions in FY99, but only \$401,000 on its own operations. The Durham County Center of Cooperative Extension is a cooperative venture of the County, NCSU and federal government. The Durham Soil and Water Conservation District, a state subdivision, provides technical assistance on federal and state regulations. The County does not have minimum housing codes or a housing program.

Health & Human Services – The County is the primary provider of health and human services and the City's role is very limited. The County spent \$74.0 million on health and human services in FY99, including \$41.8 million for social services (405 FTEs)¹⁹, \$20.0 million for mental health services (264 FTEs), and \$10.3 million for public health services (207 FTEs). It spent \$1.7 million on other programs.

The County Department of Social Services, a quasi-state agency, administers state and federal programs such as TANF, Food Stamps, Medicaid, Day Care, Job Opportunities Basic Skills (JOBS), Work First, Family Planning and Adult Services. The County spent \$169,000 on the Youth Coordinating Board, a joint activity created to coordinate youth grant funding. The City funds several non-profit social services agencies.

The County operates the Durham Center, the lead agency for mental health, developmental disabilities and substance abuse (MH/DD/SA) services in Durham. The Durham Center is governed by a 20-member Area Board appointed by the Board of County Commissioners. The Area Director reports to the Area Board, not the Board of Commissioners. The City transferred the Durham Community Prevention Partnership (DCPP), a \$1.4 million demonstration project, to the County to help ensure the program's continuation.

The County Public Health Department manages public health programs for all county residents (e.g., communicable disease control, maternal and child health services, public health nursing, dental health, laboratories and vital records). It also regulates sanitation in food-handling establishments, operates rodent and insect control programs, monitors solid waste disposal and conducts occupational disease programs. The County's General Services Department provides mosquito control services.

¹⁹ The FY99 Social Service costs exclude the \$120.3 million public assistance pass-through



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The City administers a Human Relations program with 8 staff, spending about \$570,000 in FY99²⁰. It also has a 15-member board appointed by council. Its mission is to improve relationships between different races and cultures. This office contracts with HUD²¹ and the EEOC²² to administer and hear equal opportunity and housing complaints. EEOC investigations generate \$500 each in fees and HUD cases generate \$1,700 each. The County does not have a Commission, but the City has indicated a willingness to expand its services to the County.

Parks, Recreation & Cultural Services - The City offers an array of recreational programs and the County administers the library system, but their areas of emphasis are quite different. In short, the County focuses on nature trails and land preservation while the City focuses on community-based parks and recreational activities.

The City spent \$11.2 million on parks, recreation and cultural services in FY99, including \$5.1 million for parks and recreation (92 FTEs), \$2.4 million for the Civic Center, \$2.3 million for the Ballpark (22 FTEs), and \$1.4 million for cultural programs. Its Parks & Recreation Department offers a range of recreational resources, including three recreation centers, five pools, 70 tennis courts, 63 parks and playgrounds, and ten miles of trails. The City also is responsible for the West Point on the Eno Park, a 40-acre park with trails, gardens and facilities, Little River Lake and Lake Michie.

The County spent \$6.6 million on parks, recreation and cultural services in FY99, including \$5.2 million for library services (113 FTEs), \$1.2 million for other cultural programs and \$3,000 for open space and forest protection services. The County Library system includes the Main Library and five branch libraries. The County recently initiated an open space program, the first of its kind for Durham, with some 200 acres of open space along river corridors and plans to set aside 300 more acres of open space.

The County does not have an agency to provide recreational facilities and services for the unincorporated portions of the County. Instead, residents of these areas must rely on nonprofit community organizations like the Northern Junior Athletic Association and Little River Community Complex for these services. These two groups serve over 600 pre-school and elementary age children with no public financial support.

Both entities fund cultural programs. The City, for example, helps fund the Carolina Theater and Durham Arts and the County provides assistance to the Museum of Life and Science. The City helped fund the Museum's new Butterfly House. The two entities jointly fund the Civic Center. There are several other cultural organizations, such as the Triangle Opera, funded by either the City or County. Some are regular budget line items for the City or County while others are application-based.

²⁰ FY99 estimates as reported in City's FY00 Budget.

²¹ The federal Housing and Urban Development (HUD) Department.

²² The federal Equal Employment Opportunity Commission (EEOC).



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C. Task Force Findings & Recommendations

Introduction - Generally, the task force concluded that city-county merger would be beneficial. However, it identified several concerns to be addressed first. The task force's findings and recommendations are discussed below by service area.

Planning & Development Services - In reviewing the previously-merged departments, the task force concluded that consolidation has been beneficial. The planning and inspection mergers improved services, streamlined processes, reduced personnel costs and facilitated development. Bringing the planning and inspection functions under a single governing board would only reinforce these advantages. The lessons learned from these functional mergers also could prove helpful.

The task force concluded that the merger could benefit community development programs. A comprehensive countywide ordinance, including provisions for commercial buildings, could strengthen enforcement. Unified management could enhance services. For instance, the Community Life Court would likely benefit from better cooperation between departments. In the few areas where there is potential overlap, such as weeding lots and removing junk cars, some efficiencies might be gained.

Any extension of municipal services (e.g., housing code enforcement) to the unincorporated areas could increase overall operating costs, depending on how it is implemented. The task force recommended some strategies for facilitating the merger implementation.

- Review existing ordinances
- Adopt uniform housing codes and enforcement procedures
- Define service and staffing needs for unincorporated areas
- Obtain citizen input and provide information on housing conditions
- Identify opportunities for obtaining more block grant money
- Review plans for spending authorized, but unissued bonds

With proper planning, the merger is not expected to adversely affect current services. The experiences of the planning and inspection mergers indicate that personnel issues could be effectively managed with sufficient employee involvement.

Health & Human Services - The task force determined that City-County consolidation would not materially affect health and human services. It noted that merger could help improve departmental linkages (e.g., among Social Services, Police, Housing and Recreation for latch key children) and thereby improve services (e.g., improve investigation of abuse and neglect). Merger also could enhance access to external funding.



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According to the task force, city-county merger could provide an opportunity for the new governing body to revisit its approach to human services. Such opportunities might include "one-stop shopping" and a more efficient strategy for locating facilities for health and human services. Classifying all employees (city, county and state) under the same personnel regulations might improve management capabilities. In any event, the task force did not identify any downside potential for merger.

The task force recommended that, under merger, the City's Human Relations program be extended to the County. With the proper enabling legislation, the new governing body could establish a county-wide program. This would require additional personnel, but the increase in program costs would be offset by additional fees. A county-wide program would provide unincorporated County residents more convenient hearing centers and faster response times.

The task force recommended several measures for facilitating the merger of health and human services under a single governing board.

- Centralize the grants management program
- Reclassify all current positions under a single personnel system
- Review and update all service contracts (e.g., transportation)
- Review and update all operating protocols and procedures
- Obtain legislative authority to process EEOC and HUD cases and establish local ordinances and guidelines for a county-wide Human Relations Commission
- Survey RTP companies regarding the impact of merger
- Develop mechanisms for working with the Hispanic community
- Keep staff fully informed of, and involved with, all changes

Perhaps the most difficult implementation issue will involve the legal status of the state programs and the employees that operate them. Legal counsel will be required to ensure that these programs are merged in an appropriate manner.

Parks, Recreation & Cultural Services – The task force concluded that a merged government would be desirable for several reasons. It found that merger could enhance the new entity's ability to increase outreach activities, form community-based partnerships, serve previously under-served communities and improve customer service.

It found that some agencies believe that unified leadership could benefit arts organizations. Other agencies apparently believe that merger could improve their access to new or shared technology. Finally, the task force expressed the hope that, while merger could initially increase costs, it could eventually streamline business processes, and that any savings would be reinvested into additional services.



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The task force recommended merging the City Parks and Recreation Department with the County Open Space Commission programs. Concurrent with the merger, the task force agreed that parks and recreation services should be expanded to meet the needs of residents and communities in the unincorporated areas of the County. Other suggestions included:

- Reexamine and strengthen the missions of the Parks and Recreation Department and Open Space Commission
- Develop a plan for extending urban services and recreational facilities to rural communities, including an equitable financing plan
- Review the Orange County Environment and Resource Conservation Model and assess its value for Durham's open space programs
- Identify and pursue partnerships with businesses and local organizations to increase the access of citizens to recreational activities and facilities
- Review current contracts (e.g., the Marriott) and update as necessary to accommodate the merger
- Review capital assets, budgets and maintenance issues, and update capital maintenance and improvement plans to ensure adequate future funding
- Establish a centralized grants administration capability and streamline the process by which nonprofit organizations seek funding

The task force expressed some concerns about merger. For example, it urged the new governing body to reinforce the current focus of County Open Space programs on such issues as nature preserves, farm land protection, and wetland protection and preservation. It also indicated that funding and Advisory Board structures might be affected. In total, however, it decided that such factors could be addressed with good planning.



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Citizen Task Force on Community & Human Services – Resolution

WHEREAS, the Citizen Task Force on Human and Community Services completed its evaluation on the desirability of consolidating Durham City and County governments in the areas of:

- Human Relations;
- Housing and Community Development;
- Open Space;
- Parks and Recreation;
- Social Services;
- Planning and Zoning;
- Inspections;
- Mental Health, Developmental Disabilities, and Substance Abuse;
- Public Health; and,
- Cultural Affairs.

WHEREAS, the individual task force reports must be reviewed to fully understand the many questions and opportunities presented by merger; key critical factors are highlighted in the body of this resolution; and

WHEREAS, it was determined that merger would eliminate the current City Human Relations Department and Commission necessitating new local legislative authority and local ordinances for continuation of these services to all citizens of Durham County; and

WHEREAS, it was determined that merger will require the development of a County-wide community development and housing strategy and minimum housing codes to serve all citizens of Durham County in an equal manner through the Department of Housing and Community Development; and

WHEREAS, it was found that merger will necessitate the development of a combined urban and rural land use policy to serve the Open Space needs for all citizens in Durham County; and,

WHEREAS, the City Parks and Recreation Department can be merged with the County Open Space Commission, with an expanded scope to include all residents of Durham County, form partnerships with community organizations and schools to greatly enhance the capacity of both groups and provide services in underserved regions and communities of Durham City and County; and

WHEREAS, it was found that merger would have no major impact on the delivery of Social Services provided to all citizens of Durham County; and

WHEREAS, it was found that merger would have no major impact on the current City/County-wide Planning and Zoning services offered to all citizens of Durham County; and

WHEREAS, it was decided that merger would have no major impact on the current combined City/County Inspections Department except for the implementation of federal Americans with Disabilities Act guidelines established for all citizens of Durham County; and

WHEREAS, it was found that merger would have no major impact on the current City/County-wide delivery of Mental Health, Developmental Disability, and Substance Abuse services provided to all citizens of Durham County; and

WHEREAS, it was found that merger would have no major impact on the current City/County-wide delivery of Public Health services provided to all citizens of Durham County; and



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Citizen Task Force on Community & Human Services – Resolution (cont.)

WHEREAS, it was found that merger would have no impact on the development and delivery of Cultural Affairs services offered to all citizens of Durham County;

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Human and Community Services does hereby unanimously declare that merger for the services considered herein, is both feasible and desirable, pursuant to resolution of critical concerns raised in accompanying reports.



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VI. CITIZEN TASK FORCE FINDINGS FOR PUBLIC PROTECTION

A. Task Force Deliberations

The Citizen Task Force on Public Protection focused its merger impact discussions and analysis on law enforcement, fire protection, emergency medical services and public safety communications. It also discussed miscellaneous issues, such as animal control.

During the course of its deliberations, the task force heard presentations, and received other information, from City and County officials, including the Sheriff, Police Chief, Fire Chief, Fire Marshal, EMS Director, County Attorney and 911 Director. It also received relevant information from the consultant, regarding such matters as law enforcement liability claims, Police-Sheriff staff salary comparisons and the costs of a fully paid countywide fire department. It reviewed relevant materials such as financial data and organization charts. Since this task force included many representatives of public safety agencies, it also possessed substantial relevant expertise.

The task force explored alternatives for consolidating the two law enforcement agencies and discussed the potential impact of such a merger. The task force considered the potential long-term efficiencies that could be achieved by consolidation, as well as the initial costs associated with merger (e.g., the costs of pay parity for Sheriff deputies).

The task force also discussed the differences in immunity policies between the two agencies and identified certain public safety communication issues and other issues to be resolved irrespective of merger. Finally, while they did not reach a consensus in support of merging city and county governments, they did discuss the manner in which the merger of law enforcement functions could occur.

Regarding fire protection, the group reviewed existing problems with response areas as well as the looming fiscal threat of annexation to the volunteer districts' tax base. The group expressed a strong commitment to independent volunteer districts, and agreed that the cost of a fully paid county-wide fire department would be prohibitive.

The task force did, however, acknowledge the need for formalization of the current informal system of coordination. They reviewed a wide range of county-wide fire protection models, including a fully paid firefighter force, a single department with volunteer departments, and a centralized approach (e.g., where one paid firefighter is stationed in each rural volunteer station 24 hours a day and the City Fire Chief directs overall fire suppression and training efforts). Another model included enhanced coordination and cooperation while retaining the volunteer fire departments.



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B. Background Information

Law enforcement – Both the City and County provide law enforcement services, but the City's law enforcement operation is substantially larger than that of the County. Through normal budgeting procedures, and the Office of the State Medical Examiner at the University of North Carolina (UNC) Hospital, medical examination services are provided to law enforcement agencies.

The City Police Department, with 541 employees and four stations, spent about \$28.2 million in FY99. Uniform Patrol represents the Department's largest single program. The Department also provides a full complement of special support units (e.g., investigation, K-9, Community Service, School Resource, Domestic Violence and park rangers). The Department has 426 vehicles and purchases 46 new vehicles each year for patrol officers.

The Sheriff's law enforcement program, with 181 employees (139 sworn officers) and five stations, spent about \$6.6 million in FY99²³. The Sheriff's Office, which is certified by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA), also provides a variety of support services. The office has 160 vehicles.

Fire Protection & EMS -- With 12 fire stations and 236 fire employees, the City spent \$11.9 million on fire in FY99 (EMS resources are discussed below). The City reports that 85 to 95 percent of its fire calls are responded to in under 5 minutes²⁴. It also responds to calls outside the City based on need.

The County has a fire marshal, but most fire services in the unincorporated County are provided by eight independent fire protection districts (two are in Orange County and one in Person County). The tax rates and costs vary by district (see table below)²⁵.

Independent Fire Protection Districts

District	Tax Rate		Costs
	FY98	FY99	
Bahama	.0600	.0600	\$192
Bethesda	.0300	.0550	855
Eno	.0600	.0520	15
Lebanon	.0700	.0800	496
New Hope	.0600	.0520	7
Parkwood	.0700	.0800	710
Redwood	.0755	.0755	385

²³ According to the County Budget Office, the Sheriff's law enforcement program includes 139 employees in criminal law enforcement functions and 43 employees in civil process and judicial support functions.

²⁴ Obtained from City's FY00 Budget.

²⁵ The tax rates were obtained from the County's Home Page and the FY99 costs were provided by the County Fire Marshal. Eno and New Hope rates are set by Orange County. Moriah & Bunter also provide coverage.



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The budgets and service levels vary among the districts. The ISO ratings for commercial and residential fire insurance also vary among the districts due to differences in geography, service levels, infrastructure (e.g., fire hydrants) and other factors.

Together, the voluntary fire protection districts have 12 fire stations and about 225 personnel. All have mutual aid agreements and all respond out of their districts as the need dictates. The County, with 12 employees, spent \$588,000 on fire services in FY99²⁶. The County Fire Marshal, with overall responsibility for fire services in the County, serves as primary contact for volunteer fire districts, coordinates training, conducts inspections and performs arson investigations.

The County Emergency Medical Services Department, which became a County department in 1998, serves as the primary provider of ambulance services in the County. In FY99, the County spent about \$4.4 million on EMS and had 95 EMS employees. The City and volunteer fire departments also provide EMS first responder services.

EMS vehicles are deployed from four stations within the City limits and from each of the volunteer fire stations. The City stations provide around-the-clock EMT-P services and non-emergency transport services. Parkwood provides EMT-P services 24 hours per day. The other volunteer fire districts are provided around-the-clock coverage using a blend of County EMS and fire district resources.

Other Public Safety Services - The Durham Emergency Communications Center, with 54 employees, serves as Durham Metro's public safety answering point (PSAP), receives all 911 calls for the City and County, and dispatches calls via its 800 MHz radio system. The 911 Center receives about 70 percent of its funds from the City and 30 percent from the County. In FY99, the City spent \$3.6 million on emergency communications and the County spent \$688,000²⁷.

The 911 Center receives calls for service and provides communications services for the City's Police and Fire Departments, the County's Fire Marshal, Emergency Management and EMS departments and the volunteer fire departments. It receives calls for service for the Sheriff's Office and transfers those calls to the Sheriff's Office, which provides its own communications services. The Sheriff also receives emergency calls. The City police and fire, volunteer fire departments, EMS and Highway Patrol employ an 800 MHz radio system, but the Sheriff uses its own 400 MHz radio system.

Under an inter-local agreement, the Durham City/County Emergency Management Agency is administered by the County and funded equally by the City and County. The Emergency Operations Center is fully operational. The City and County spent a total of

²⁶ Based on County's FY00 Budget. Excludes Emergency Management costs and staff.

²⁷ Per County Budget Office, while the City reported costs of \$3.6 million, \$1.4 million of this amount was funded by the County. Thus, the City actually spent \$2.2 million and the County spent nearly \$2.1 million.



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\$386,000 in FY99. The Animal Control Department, which is funded by the County, spent \$913,000 in FY99 with 15 employees²⁸.

Judicial Administration – The Sheriff is the exclusive provider of these services in Durham County. The Sheriff also operates the County Jail, a secure detention facility. The County spent \$11.9 million in FY99 and the Sheriff staffed these programs with 264 employees. The jail accounts for 82 percent of these expenditures. The County operates a separate County Youth Home facility.

C. Task Force Findings & Recommendations

Overall – The task force did not arrive at a consensus as to the potential feasibility or desirability of overall city-county merger. However, it did reach a consensus on the need for further study and the involvement of stakeholders before placing the merger issue on the ballot, as well as several other important issues as described below.

Law enforcement – The task force found that there are certain legal and political constraints pertaining to law enforcement merger. For example, the elected Sheriff is a constitutional officer and, while the office's duties can be modified, the office cannot be eliminated²⁹. The political leadership of the police department is the elected governing body and the political leadership of the Sheriff's Office is the elected Sheriff, funded through an elected governing body.

The task force concluded that, while long-term efficiencies could probably be achieved by consolidation, the cost of providing services would most likely increase in the short-term. The task force estimated that it would cost \$700,000 to \$900,000 annually for the Sheriff's deputies to achieve pay parity with police officers. This estimate was based on certain assumptions such as equal time in grade and service among current deputies and police officers and did not factor in the probability of pay increases for deputies regardless of merger. This estimate, as well as other potential costs³⁰ and benefits, should be validated as part of a detailed cost-benefit study.

In assessing the relative pros and cons of law enforcement merger, the task force found that merger offered some potential advantages, including less citizen confusion (with one agency), enhanced law enforcement coordination, compatible communications systems, increased patrol efficiency, enhanced intelligence coordination for tracking criminal activities and trends, and an opportunity for long-term efficiencies.

The task force also found that the merger of law enforcement functions posed some potential disadvantages to the community as well. Those potential disadvantages include

²⁸ Estimate based on FY00 County Budget.

²⁹ The enabling legislation for merger would have to establish a County police force separate from the Sheriff.

³⁰ Other costs could include the costs of making radios, uniforms, computers and vehicles compatible.



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the initial salary costs required to achieve pay parity between the two departments, and the loss of complementary capabilities associated with having two departments available to serve the community. In addition, under the Police merger model (see Alternative 1 described below), there could be greater difficulty in recruiting and retaining deputies. Finally, the failure to resolve the implementation issues associated with law enforcement merger (discussed below) could also make merger disadvantageous.

The task force found several obstacles associated with merger implementation that must be addressed. For example, the pay parity issue discussed above is a serious implementation issue. There is the challenge of integrating different law enforcement cultures and technologies between the Sheriff's Office and police department. There could be problems associated with different cultural and law enforcement expectations between City and unincorporated County residents. There also are police officer perceptions about job security under the Sheriff model (Alternative 2).

In the short-term, merger would likely heighten pay parity concerns and require the governing body to increase Sheriff deputy salaries. The task force found that cost reductions, if any, would be achieved over the long-term through a unified command structure, joint procurement and other economies of scale. Under a county-wide Police model (see Alternative 1 below), concerns were expressed about resource deployment (e.g., the possibility of leaving outlying areas thinly patrolled while concentrating resources on urban crisis situations). The Sheriff's Office has avoided this resource deployment issue through a disciplined patrol methodology.

The task force considered the impact of merger on personnel. For example, it found a perception that police officer job security could be threatened if officers were reassigned from the City personnel system to an elected Sheriff. This threat could be mitigated if the Sheriff established a personnel system that offered greater protection to employees. However, there are a number of legal issues to be addressed in order to accomplish this. Conversely, the Sheriff could experience difficulty in recruiting deputies under Alternative 1 since it would no longer have the ability to rotate deputies from civil assignments to patrol.

The task force approved two basic merger alternatives for further consideration:

- Alternative 1 - a County Police Department with all law enforcement functions under the governing body and a Sheriff's Office responsible for corrections, judicial services, service of process, and possibly school resource officers (SRO) and juvenile services; or
- Alternative 2 - A Sheriff's Office (providing all law enforcement services for the City and County) with three bureaus, each commanded by chief deputies (bureaus for law enforcement, judicial services and detention services)



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Since the task force did not have a strong preference for either of the two alternatives, it recommended an in-depth study of both. It also identified other issues to be addressed as part of a subsequent analysis, including job security concerns for police officers (under the Sheriff model), recruitment difficulties for the Sheriff (under the police model), cultural differences, dispatching and deployment methodologies, technology compatibility (field and communications), and the extent to which municipal police services should be extended to the County.

Fire Protection & EMS – The task force found that both the City and County respond to citizens with appropriate levels of service using experienced firefighters. It acknowledged that a high level of cooperation exists among the volunteer fire departments and between those departments and the City. Their discussions with regard to potential operational improvements focused on how to provide a more formal structure to build on the progress already achieved.

The task force determined that maintaining the integrity and autonomy of the volunteer fire departments was essential, but that additional countywide coordination would be beneficial. It concluded that the existing fire protective system could be improved by optimizing response capabilities with current assets, enhancing service in existing areas and providing funding equity for all fire districts.

The task force concluded that the status quo posed certain threats. If annexation continues at its current pace, the current tax base for the independent fire districts will erode. Eventually, the residents of those districts will be forced to increase taxes in order to maintain current levels of service. Even if merger does not proceed, the task force determined that a thoughtful plan will be needed to reduce these fiscal pressures.

The task force agreed that fire suppression services could be more efficient if the nearest available appropriate vehicles responded to calls without regard to City/District boundaries. It also considered other benefits of consolidation, such as better resource deployment, enhanced training and enhanced teamwork between city and county departments. The task force concluded that the costs of providing a fully paid county-wide fire department would be prohibitive³¹.

While there was general agreement that it would be desirable to more effectively consolidate the operational capabilities of the fire protection services in the County, there remained deep-seated concern about the fate of volunteer fire departments. Finally, the group agreed that City-County merger would not be disadvantageous so long as:

- The City and volunteer fire departments have comparable service and response capabilities (even though response times vary due to distances involved)

³¹ A preliminary estimate of up to \$13 million in incremental annual costs was based on several assumptions that would need to be independently verified if a fully paid county-wide fire protection model were to be considered.



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- The volunteer fire departments maintain their identity and independence as to funding and asset ownership (even though operational capabilities are coordinated and optimized)
- A governing fire commission is formed to establish operational and policy guidance for all fire protection services provided in Durham County
- The City and volunteer fire departments optimize their coordinated fire protection response capabilities using current assets and funding is commensurate with services provided under consolidation

The County Fire Commission should comprise the Durham County Fire Marshal and city and county fire chiefs. The Fire Marshal should chair the commission. Such a commission should be formed regardless of whether the city-county merger occurs. The task force also concluded that no organizational change is required for EMS since EMS operations have already been merged into a single system and EMS services are well coordinated between the City and County.

Other Public Safety Services – The task force reviewed the potential impact of merger on the 911 Center. While the 911 center is already unified, its operation at the City Police station under City administration may discourage the Sheriff from using the same radio system used by other agencies.

The group considered the possibility of a free-standing 911 operation with its own board, but did not reach consensus on this issue. There appears to be some tension between the need for the centralized receipt of calls and the need of individual agencies to maintain control in dispatching their respective resources.

The task force found that the 911 Center has some problems with non-emergency calls, especially at night from other City and County departments (e.g., Social Services, Street Maintenance and Animal Control departments). These calls can delay the answering of emergency calls. An estimated 80 percent of these 140,000 non-emergency calls could be diverted (the equivalent of at least one FTE dispatcher).

The task force identified other significant public safety communications problems, including the Sheriff's use of a different communications system than the system used by the County EMS, City and volunteer fire departments and City Police Department and communications problems in selected areas of the County. The group agreed that a unified communications system would be beneficial for law enforcement and fire services.



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As a result, the task force determined that the following communications problems should be resolved regardless of whether or not the City and County merge:

- Build a compatible radio network (especially as current radio systems are upgraded) allowing direct car-to-car radio communications between the Sheriff's patrol deputies and other public safety departments in the City and County
- Improve the City Police Department's mainframe computer software as well as field or remote communications capabilities (i.e., bring the mobile data terminals on line)
- Eliminate or modify the requirement that 911 dispatchers handle administrative calls for other City and County departments
- Improve the ability of law enforcement commanders to dispatch officers in a controlled way to prevent excess response to certain calls

The task force considered the impact of merger with regard to animal control and recommended that the issue of placing animal control under the Sheriff be given further consideration in the follow-on merger study effort.



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Citizen Task Force on Public Protection – Resolution

WHEREAS, the Citizen Task Force on Public Protection has completed its assessment of the desirability of consolidating Durham City and County governments in the areas of law enforcement, fire protection, emergency medical services, and public safety communications; and

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Public Protection does hereby find that it is feasible to consolidate law enforcement functions, provided that:

- The City and County governments also merge, and
- Merger be accompanied by adequate staffing to meet county-wide law enforcement requirements, and
- Equitable salaries and benefits accompany merger; and, other benefits, such as the take home policy for vehicles, be treated equitably, and
- The current levels of services are maintained or improved in all areas of the county with no appreciable increase in costs to the taxpayers, and

Further, with regard to the possible law enforcement merger, the Citizen Task Force on Public Protection does also hereby find and recommend that:

- Any merger of law enforcement functions employ one of the following two models—1) a sheriff's office comprising a judicial services division (courts, service of process, and possibly school resource officers and juvenile services and a county police department with all law enforcement functions, or 2) a sheriff's office comprising bureaus for law enforcement, judicial services and detention services; and
- Any merger of law enforcement functions ensure unified command, that is, avoid any structure that would split patrol functions from other law enforcement functions (e.g., investigation, and organized crime and vice units); and
- Merger should not affect services that have already fully merged; and
- The issue of placing animal control under the sheriff be given further consideration.

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Public Protection does hereby find that, with regard to fire protection:

- The current capabilities of all fire departments in the county are comparable with respect to services provided and responding to calls for service (recognizing that response times vary due to distance); and
- The volunteer fire departments should maintain their identity and independence (including funding and equipment ownership) even as operational capabilities are better coordinated and optimized; and
- A governing fire commission should be formed comprising the city and county fire chiefs, and chaired by the County Fire Marshal, to establish operational and policy guidance for all fire protection services in the County (regardless of whether the city-county merger occurs); and
- The volunteer fire departments and City Fire Department should optimize their county-wide fire protection response capabilities using current assets and ensure that funding is commensurate with services provided under consolidation (regardless of whether the city-county merger occurs).

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Public Protection does hereby find and recommend that no merger plan be submitted to the voters without a more detailed study carefully considering all issues involved and without an extensive program to educate all citizens on the issues, the manner in which merger will occur, and how it will impact them.





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VII. CITIZEN TASK FORCE FINDINGS FOR PUBLIC WORKS

A. Task Force Deliberations

The Citizen Task Force on Public Works selected several issues for analysis. In the area of public works and transportation, it reviewed the impact of merger on transportation, engineering, street maintenance and roadway appearance. In the area of environmental management, it reviewed the impact of merger on water and wastewater, solid waste, storm water and erosion control.

During the course of its deliberations, the task force reviewed numerous documents and heard presentations from City and County officials, including the County Engineer and the City Transportation Director. Some members of the task force interviewed City and County staff, such as the Director of Environmental Resources and reported back to the task force. It also received relevant information from the consultant.

With respect to the provision of public services to unincorporated areas, the task force discussed concerns about the manner in which municipal services should be extended to outlying areas as development continues. Concerns were expressed that services be effectively planned and reviewed with residents of unincorporated areas, and that such services be balanced with needs, and further that any revenue increases be matched with the increased delivery of services. Concerns about the impact of consolidation on current service agreements and the RTP were also discussed.

B. Background Information

Public Works & Transportation – The City offers more extensive public works and transportation services than does the County. The City's Public Works Department³² performs traffic engineering, development review, street light maintenance and taxi cab permit services, and supervises public transit, paratransit and parking facility operations. It also provides staff for the area's Metropolitan Planning Organization (MPO).

Some highlights concerning the City's services are listed below:

- The Street Maintenance Division³³ maintains 588 miles of streets and is reimbursed by the State for the costs of maintaining state highways in the City
- The Street Maintenance Division also maintains sidewalks, dirt streets, alleys and stormwater run-off and drainage facilities in the City

³² The Transportation Division of the Public Works Department.

³³ The Street Maintenance Division is part of the Public Works Department.



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- The Roadway Appearance Division provides street cleaning and right-of-way mowing and debris removal and urban forestry services for the City
- Piedmont Electric Membership Corporation and Duke Power install and maintain street lights in the City
- The Transit Service added 3 routes in 1998, extended service on 5 routes, increased frequency on 4 routes and improved night service on 11 routes
- The City owns and operates four off-street parking garages and 13 parking lots in the central business district
- The Engineering Division provides engineering, design, surveying and construction inspection services for public and private development projects, as well as street, water and sewer design services

The County Engineer performs engineering design work and construction inspections for County infrastructure projects. The County does not provide street maintenance or roadway appearance services. Rather, the State Transportation Department maintains roads in the unincorporated area. The County provides transit services to human service agencies via contract with the City. The City, in turn, provides the services through a vendor.

The City spends far more on public works and transportation services than does the County. In FY99, the City spent over \$2.9 million on public works and \$19.3 million on transportation services. The City has about 50 employees in public works functions and 181 employees in transportation services³⁴. In contrast, the County reports nominal expenditures for these programs³⁵.

Environmental Management – While the City and County both offer environmental management services, the City's services and capabilities are more extensive. The City's environmental management services are provided by the City's Public Works, Sanitation and Environmental Resources departments as outlined below:

- The Public Works Water and Sewer Maintenance Division maintains 851 miles of water and wastewater lines and its Streets Maintenance Division maintains 389 miles of storm sewers³⁶, as well as meters, rights-of-way and fire hydrants
- The Sanitation Department collects residential garbage, yard waste and bulk waste as well as waste from stationary commercial containers
- The Environmental Resource Department operates a transfer station, rubble landfill and yard waste composting facility, manages a recycling contract for and administers the household hazardous waste collection program
- The Public Works Storm Water Services Division provides storm water billing, education and pollution control and responds to drainage complaints

³⁴ These estimates are based on the City's FY00 Budget (see Appendix B).

³⁵ Some County costs are reported in other programs (e.g., road signage and non-profit transportation agencies).

³⁶ Data obtained from City's FY99 CAFR.



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- The Environmental Resources Department operates two water treatment plants⁷¹ for most of the County as well as two wastewater treatment plants and booster stations and lift stations for the City

The City has about 61,100 water customers. The City, which is developing its first strategic plan for water and sewer, does not plan to market its excess capacity after 2003. In 1997, the City's unlined landfill closed and the City began transporting solid waste from the City transfer station to a lined landfill in Virginia.

The County's environmental management services are provided by the County's General Services, Sanitation and Environmental Resources departments as outlined below:

- The General Services Department manages four residential container sites located in the Bahama, Rougemont, Parkwood and Redwood areas
- The Soil and Water Conservation District and County Engineering's Sedimentation and Erosion Control Division administers soil erosion control programs and reviews soil erosion plans for the entire County
- The County Engineer reviews design work for County wastewater extension projects and oversees a contracted wastewater treatment plant for City and County lines (the Triangle Wastewater Treatment Plant)

The County does not currently have a stormwater program, but may have to develop a program in the near future.

The City spends more on environmental management services than does the County. In FY99, the City spent about \$19 million on solid waste management and \$26 million on water and wastewater treatment services. The City has 126 employees in solid waste activities and 304 employees in water and wastewater. In FY99, the County spent about \$1.2 million on solid waste management activities and \$8.4 million on wastewater treatment services.

C. Task Force Findings & Recommendations

Introduction – The task force determined that it would be feasible to merge the City and County governments so long as public works services continue to be provided at current levels, and such services are not extended to the unincorporated areas except as part of a long-term growth management strategy. Its findings and recommendations are presented below by service area.

⁷¹ These plants have a combined capacity of 52 million gallons per day (MGD).



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Transportation – The task force concluded that city-county consolidation would be advantageous for transportation. It would simplify paratransit coordination and oversight, facilitate metropolitan transportation planning in the unincorporated area, and help make transportation planning an integral part of the development review process.

Under a merged government, the task force determined that the City's Public Transportation Division should assume all traffic engineering, transportation development review and planning responsibilities for the unincorporated area of the County. Further, it recommended shifting responsibility for taxi inspections and permits to law enforcement.

Task force members identified issues that should be addressed during the merger process. Once such issue involves the tax impact of merger on property owners in the unincorporated areas, such as the RTP.

Engineering – The task force concluded that consolidation would benefit engineering by improving functional alignment and economy of scale, and enhancing development review services and engineering coordination. It believes that City and County engineering operations should be merged.

The task force recommends that the County's Engineering Department Project Management Division be merged with the City's Project Management operations now under Asset Management. In addition, the task force suggests that the governing body consider merging the County General Services Building and Grounds Maintenance Division with the Building and Grounds Maintenance operations now under the City Asset Management Department, and consider placing City Asset Management under the City/County Public Works Department.

Street Maintenance & Roadway Appearance – The task force concluded that a City-County merger would facilitate the expansion of street maintenance and roadway appearance services throughout the County as annexation continues and the need for such services arises in currently unincorporated areas. It would be necessary for the newly merged government to assure the State's continued maintenance of roadways in the currently unincorporated areas as is currently done.

Water and Wastewater – The task force determined that merger would offer several advantages, including improved engineering capabilities (with larger combined staff), combined billing, more efficient purchasing (economy of scale), and improved communications. It also found that merger would enhance opportunities for optimizing wastewater treatment resources and improving water quality planning.



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The task force recommended that City and County wastewater treatment operations be merged and City water and wastewater line maintenance responsibilities be assigned to the department responsible for water and wastewater treatment. It further recommended that wastewater treatment plants, City Water and Sewer Maintenance Division, County Utility Division and water and wastewater assessments be assigned to the Environmental Resources Department, and that Finance Department retain meter reading.

Solid Waste - The task force determined that consolidation would improve the coordination of solid waste controls throughout the County, simplify the organizational structure and reduce span of control for the City/County Manager. It recommended that the solid waste management efforts of the City and County be consolidated.

It recommended that the appropriate governing body transfer the two County Solid Waste Management divisions from the County General Services Department to City Sanitation. It also suggested that the appropriate governing body transfer the transfer station, rubble fill, and household hazardous waste and recycling programs from the City Environmental Resources Department to City Sanitation and place City Sanitation under the City Public Works Department, thereby reducing City-County management span of control.

Stormwater - It is the task force's contention that merger would enable existing expertise to be used for extending stormwater services into the unincorporated area as these services become necessary, either by annexation or federal and state requirements. It urged establishing a county-wide Stormwater Services Division, which would include the current City Public Works Stormwater Division and sufficient resources to provide county-wide stormwater services to meet state and federal requirements.

Erosion Control - The task force believes that city-county consolidation would facilitate erosion control coordination with City departments and simplify the overall organizational structure. It recommended placing the Sedimentation and Erosion Control Division of County Engineering under the combined City-County Community Development Department.



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Citizen Task Force on Public Works - Resolution

WHEREAS, the Citizen Task Force on Public Works completed its assessment of the desirability of consolidating Durham City and County governments in the areas of public works, transportation and environmental management services; and

WHEREAS, the Citizen Task Force on Public Works conducted a review of current City and County public works departments and divisions, and assessed the compatibility and comparability of the current systems; and

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Public Works does hereby unanimously find that it is feasible and desirable to consolidate Durham City and County governments relative to public works, transportation and environmental management services.

Further, the Citizen Task Force on Public Works does hereby find and recommend that:

- That the Durham City and County Public Works departments be merged, whether or not the City and County governments are merged, and
- That current City and County levels of service be maintained, not expanded.



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VIII. CITIZEN TASK FORCE FINDINGS FOR TAXATION & FINANCE

A. Task Force Deliberations

The Citizen Task Force on Taxation & Finance, after hearing presentations from City and County finance and budget managers, and reviewing several documents (e.g., annual financial and budget reports), adopted an issues-driven framework for their analysis. As summarized by the table below, five major issues were selected for further study.

Financial Merger Issues & Analytical Questions

Merger Issue	Illustrative Analytical Questions
Service district structure	<ul style="list-style-type: none"> • How should services be allocated to service districts? • How should future revenues be allocated to service districts? • How should outstanding debt be allocated to service districts?
Revenue structure & financial management practices	<ul style="list-style-type: none"> • Will merger result in any material changes to tax rates or other revenues (or any tax inequities) in the former city or unincorporated county? • To what extent will merger offer opportunities for streamlining financial, treasury, accounting & budget management practices & processes?
Risk management	<ul style="list-style-type: none"> • How will current risk management programs be impacted by merger? • How should the City's risk retention fund be structured? • Are there any potential insurance cost savings associated with merger?
Financial condition & debt capacity	<ul style="list-style-type: none"> • To what extent will merger affect debt capacity & financial condition? • Are there any financial liabilities or risks that could undermine merger? • How should the City's authorized, but non-issued bonds be handled?
Cost structure	<ul style="list-style-type: none"> • Will merger result in any major cost increases or reductions? • Will merger enable the avoidance of any major planned capital costs? • Are there any significant transition costs associated with merger?

Small study teams were then established to conduct fact-finding and report back to the task force on their findings and recommendations. The task force then assessed the overall desirability of merger from the perspective of these financial issues and identified additional issues that could require a more detailed cost-benefit analysis.

Service Districts – The task force adopted a possible service district model (see [Appendix D](#)). It considered the extent to which current City services should be extended to the entire county or General Service District (GSD). While it appeared that most current City services should be allocated to the City of Durham Urban Service District (USD), the task force recognized that there are some potential exceptions to this rule.

Cost Structure - For the purpose of assessing the impact of merger on costs, the task force assumed that the City, County and the Research Triangle region will continue to experience growth for the foreseeable horizon. Since government services will likely increase in the aggregate to serve a growing population, they reviewed the cost impact of merger in relative terms, that is, in terms of its impact on unit costs.



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Debt Capacity & Financial Condition – The task force considered the potential impact of merger on the debt capacity and financial condition of the City and County. The review team contacted Moody's Investors Services to assess the potential impact of merger on the new entity's debt ratings. The review team also analyzed such issues as debt capacity, fund balance policy, the disposition of the City's authorized but unissued debt and opportunities for refinancing existing debt.

B. Background Information

Service Districts – The North Carolina Consolidated City-County Act provides for the creation of urban service districts. The governing board may establish urban service districts coterminous with the boundaries of any city within the county, including the abolished city³⁸ or define an urban service district in other areas³⁹. Further, the governing board may expand an urban service district by annexation if the area to be annexed has a population density of at least one person per acre and an assessed valuation of at least \$1,000 per resident, or at least 60 percent of the area is developed⁴⁰.

If the merger plan establishes service districts, it must also allocate existing service responsibilities, future revenues and current obligations to the new service districts. This can be a daunting challenge. To illustrate, the portion of RTP within Durham County essentially functions today as a service district. It receives services from several sources as outlined below.

- The City provides water
- The County provides law enforcement, fire marshal, emergency management and wastewater treatment services, as well as other county-wide services
- The Bethesda and Parkwood fire protection districts provide fire protection and emergency medical services
- The State Department of Transportation provides roadway maintenance
- The Durham-Wake Counties Research and Production Service District provides roadside landscaping, pedestrian path development and maintenance
- The Triangle Transit Authority provides bus service
- Private entities (e.g., the Research Triangle Foundation and private for-profit firms) provide right-of-way mowing and solid waste collection services

Thus, the RTP receives the same types and levels of service from Durham County that other parts of unincorporated Durham County receive, except that it also receives potable water from the City of Durham. Should it be designated as a USD?

³⁸ North Carolina GS §160B-4.

³⁹ Under North Carolina GS §160B-6, the area must have at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and require added services.

⁴⁰ North Carolina GS §160B-7.



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Another difficult issue is the allocation of debt. For example, the City has some authorized but unissued debt. In 1998, City had \$126.7 million in authorized, but unissued bonds, including \$35.2 million for streets, \$23.6 million for housing, \$20.6 million for parks and recreation facilities, \$10.7 million for sanitary sewers, \$5.2 million for transit, \$4.9 million for art and museum facilities and \$1.9 million for urban trails.

Revenue Structure – The property tax remains the single most important revenue source for the City and County. The City's tax rate is \$0.68 per \$100 of assessed valuation and the County's tax rate is \$0.9297. The County may levy this tax on *Group I* functions (i.e., social services, schools, courts, jails, elections and debt) without restriction as to the tax rate or amount. The state constitution requires the property tax rate to be uniform except where counties establish service districts and levy a property tax within the district additional to the county-wide property tax for *Group II* functions⁴¹.

Sales taxes represent the second most important revenue source. The current rate is 6 percent of the sale or lease of retail goods and services, except food consumed at home (taxed at 2%), with two-thirds of the revenue allocated to the state and the remaining third to counties. The local sales tax comprises three separate taxes—the Article 39 one-cent tax, Article 40 half-cent tax and Article 42 half-cent tax. The sales tax is paid by purchasers, collected by businesses and paid to the State.

After deducting collection costs, the State returns the Article 39 tax to the county of collection and allocates Article 40 and 42 taxes among counties on a per capita basis. The county then distributes the sales tax it receives from the State using one of two local option formulae—per capita or ad valorem. In Durham County, the City would receive about 45 percent of the revenues using the per capita formula, but only 32 percent of the revenues under the ad valorem formula.

Other local taxes include the intangibles tax, which is distributed to counties and cities based on ad valorem tax levies. The hotel/motel occupancy tax, a 5 percent tax on hotel and motel rentals, generates funds for the City, County and Convention and Visitors Bureau⁴². Counties and cities may levy a fee on franchised cable television firms up to 5 percent of gross receipts and a motor vehicle license tax (up to \$5 per vehicle per year). The County may impose a tax on the privilege of keeping pets (e.g., \$5 per animal).

As indicated by the revenue matrix in Appendix D, both entities receive substantial intergovernmental revenues. The County receives federal and state funds for social services. The City, receives state shared intergovernmental revenues such as the utility

⁴¹ Per Article V, Section 2(4) and County Service District Act of 1973, GS Chapter 153A, Article 16.

⁴² In Durham, the City receives 25.5%, the County 34.5% and the Convention and Visitors Bureau 40%.



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franchise tax, a state tax on gross utility receipts distributed to cities⁴³, and the gasoline tax (Powell Bill), the portion of the of state gasoline tax distributed to cities⁴⁴.

Other intergovernmental revenues received by cities and counties include:

- Beer and wine tax - state tax on malt beverages and unfortified wines distributed to cities based on population
- Alcoholic beverage control (ABC) tax - state tax on ABC operations (10% of ABC profits in County)
- Tax exemption reimbursement - State pays 15 percent of the property taxes lost due to the Homestead Exemption
- Inventory tax credit - State reimbursement for repeal of business inventory taxes (80% distributed on ad valorem basis and 20% based on per capita basis)

Other revenue sources include licenses and permits, charges for services, fines and forfeitures, investment and rental income and other revenues (e.g., sale of surplus equipment and transfers from reserves).

Debt Capacity & Financial Condition - The City and County enjoy excellent debt ratings and financial conditions. The County is one of four counties in the state and one of 50 local jurisdictions in the US with a AAA rating. At June 30, 1998, the County had \$261.5 million in debt, primarily in general obligation bonds, and no authorized, but unissued bonds. The County has never issued revenue bonds. Its undesignated general fund balance was \$21.3 million in FY98, but its enterprise fund had a retained deficit balance of \$16.6 million due to losses on the transfer of water and sewer lines to the City.

The City is one of 25 cities in the US with Standard & Poors' AAA rating⁴⁵. Its revenue bond ratings include a AA from S&P and Fitch/IBCA and an Aa1 from Moody's. At June 30, 1998, the City had \$374.1 million in outstanding long-term debt, primarily in general obligation bonds. As indicated above, the City also had \$126.7 million in authorized, but unissued bonds. From 1994 to 1998, the City's undesignated general fund balance rose from \$6.5 million to \$18.5 million.

The City's fund balance policy is to maintain the balance at 12 percent of adjusted general fund appropriations with an optional level of 15 percent and excess balances transferred to capital projects. It should be noted, however, that the general fund projection for FY01 anticipates a \$3.5 million revenue gap (this gap is generally filled before the preliminary budget is submitted to the council). The City also faces the potential depletion of its risk retention and parking control funds by FY04.

⁴³ Equal to 3% of gross receipts from local business conducted within the city.

⁴⁴ This source is derived from \$0.0175 per gallon plus 6.5% of net proceeds of Highway Trust Fund, distributed based on population and road mileage and earmarked for street maintenance and traffic control.

⁴⁵ The City has a AAA rating from Fitch IBCA and an Aa1 rating from Moody's for general obligation bonds.



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Risk Management – The City and County have substantially different risk management policies and programs. The County's program is decentralized, but the County Attorney assumed overall responsibility for it in 1998. The County is largely self-insured for general, auto and dental coverage, but purchases health insurance. It stopped carrying general liability insurance due to high costs, but does carry excess insurance. It also carries medical malpractice insurance for its clinics and public health programs.

The County has uniform standards for claims, a \$2.8 million risk reserve and pending claims of \$71,000. According to the County Attorney, the County invokes sovereign immunity at all times. The County has a limited risk self-insured program for worker's compensation which is funded on a current claims basis. It has an excess insurance policy for individual claims greater than \$250,000 per employee.

The City's program is centralized under the Finance Department. The City retains some risk for general, auto, workers compensation, health and dental coverage. However, the City purchases commercial insurance for claims in excess of coverage provided by its risk-related internal service funds. The worker's compensation program appears generous (e.g., the City continues an employee's full salary for nine months).

The City employs a case-by-case approach in reviewing claims, invoking immunity on a limited basis. The City had pending claims of \$10.4 million at June 30, 1998, but this actuarial estimate was lowered to about \$6 million for 1999. Most pending claims involve worker's compensation. The City's Risk Retention Fund had negative retained earnings of \$10.7 million at June 30, 1998. However, the debt ratings for its certificates of participation are good (e.g., AAA/A+ from S & P).

C. Task Force Findings & Recommendations

Service Districts – The task force determined that the urban service model contemplated by statute should be employed to facilitate a city-county merger. It concluded that, at a minimum, this model would require the creation of a General Services District (GSD) for the entire county and an Urban Service District (USD) for the former City of Durham. The underlying principle for this model would be to preserve the current levels of service in the City and County and existing special districts upon merger.

The actual number of urban service districts and other service districts required under a merged government could vary considerably. For the purpose of facilitating its work, the task force reviewed several potential service districts which are set forth in Appendix D. Other possible service districts could include the Research Triangle Park, the part of the former City of Durham in Orange County and the portion of the Town of Chapel Hill within Durham County. Such options require further analysis.



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Rather than allocate specific services, revenues and obligations to service districts, the task force adopted a flexible strategy that would allow for the City of Durham USD (and the geographic scope of current urban services) to expand via annexation over time. In addition, this model would be flexible enough to enable voters to approve the extension of some current City services to the GSD upon merger, if that were the policy.

Revenue Structure – Assuming the use of the service district model, the task force concluded that there would likely be no material revenue increases or decreases, tax equity changes or other structural revenue changes as a result of merger. The task force also identified concerns about the impact of merger on annexation powers.

Merger does not appear to pose significant threats to intergovernmental revenues. The group noted that the City has established a grants office, increased grants and is exploring a grants foundation. The County has a decentralized grant process, but is considering changes. Unified grants management, regardless of governmental merger, could minimize competition, improve controls and enhance revenues.

Merger may provide only minor opportunities to streamline financial management practices. Taxes are already collected by a merged office. Due to different systems, there could be significant costs associated with merging financial information systems. Pooling investments appears to offer only limited revenue enhancement potential.

Members discussed the impact of merger on the City's annexation powers. They also discussed the dilemmas faced by the incorporated and contiguous unincorporated areas when development triggers potential annexation. Some citizens in unincorporated areas do not want municipal services (e.g., water and sewer) and even those that do want a higher level of service also want to ensure that higher taxes bring better services. Such issues need to be addressed by the merger legislation.

The task force also recommended that all revenue sources available to other cities and counties in North Carolina be available to Durham's new government. Any enabling legislation for a merged entity should assure our access to all available revenue sources (e.g., prepared food tax, real estate transfer fees and development impact fees).

Cost Structure – Based on the report of the cost structure team, the task force arrived at several findings pertaining to the potential impact of merger on costs:

- Costs will increase as urban services are extended to unincorporated areas, but the cost effects of such extensions should be evaluated as part of the merger decision
- The designation of a service district for RTP will not materially increase costs, but may help increase revenues and decrease costs by centralizing services to RTP
- The establishment of any service district will not *in itself* (apart from other merger transition costs) materially increase or decrease costs



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- Merger may effect cost reductions in such areas as legislative affairs, legal support, records management, general administration and financial management
- To the extent that police patrol functions are merged, there *could* be cost reductions in administrative areas (e.g., unified technology and fleet management)
- Merger may effect cost savings in solid waste management and wastewater treatment, especially as the systems upgrade, and, where services are extended to outlying areas, any cost increases may be mitigated by fees
- Programs or departments already unified (e.g., planning, zoning, inspections, emergency management and animal control) could experience some efficiencies due to the elimination of *transmission loss*⁴⁶
- The expansion of City services (e.g., human relations, recreation, community development and transportation) to the GSD could result in aggregate cost increases, but some increases could be mitigated by additional fees and grants
- For most services, merger would affect capital cost expenditures only if services were extended to new areas, but for facilities, fleet, equipment and technology, merger could result in short-term costs and long-term economies of scale
- There will likely be substantial transition costs, including legal, planning, human resource, technology, training, relocation, renovation and public information costs

In public safety, the task force concluded that additional analysis is needed to determine the service delivery model and potential costs and benefits. For example, merger could increase costs for police patrol (e.g., through higher services and compensation).

The task force found potential for greater efficiency with combined operations even though there is no significant overlap of services. A merged entity could eventually reduce *unit costs* in any current *back office* function (e.g., human resource, procurement, technology, facility, fleet, asset and audit management). Moreover, a merged entity would be likely to be more efficient (and less costly) due to the reduction of *transmission loss*.

Debt Capacity & Financial Condition - The task force concluded that merger would not jeopardize the excellent debt ratings enjoyed by the City and County. In fact, the group received a favorable impression from Moody's regarding unified government.

The task force also concluded that the debt capacity of the two governments would not be adversely affected by merger. In fact, it is believed that the statutory debt limit could be effectively doubled through merger. In any event, the new entity will need to adopt new policies pertaining to debt management and fund balances. In addition, the task force believes that existing debt instruments should be reviewed to determine whether they contain any covenants, call provisions or other terms that would be triggered by merger.

⁴⁶ Defined herein as the duplication of effort in responding to two bodies of elected officials.



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Risk Management – The task force found that there are several key differences between City and County risk management programs, including the following:

- City services tend to generate more claims than do County activities, especially for worker's compensation (the City workforce may be less *desk-bound*)
- The City offers a more generous worker's compensation reimbursement policy (e.g., an income supplement in addition to the statutory reimbursement)
- City has a more centralized and structured safety program than the County
- The County may enjoy broader immunity than the City for some functions (e.g., sovereign immunity and statutory limits for the Sheriff), but the City does not always invoke governmental immunity even when it is available
- The County appears to take a consistently hard line on claims in contrast to the City's more lenient, "case-by-case" policy
- The City has a deficit in its risk retention fund, while the County designates funds for risk management in its general fund

As a result of these findings, the task force made several recommendations, including those outlined below:

- The merged entity should establish uniform policies as to risk management, worker's compensation and immunity at the time the charter is drafted
- The City and County should pool their property and general liability insurance programs to generate potential savings
- The new entity should establish a uniform, formal safety program with accredited and experienced safety officers, regular safety inspections and training classes and a rigorous loss prevention program
- The deficit in the City's Risk Retention Fund should be allocated to, and financed by, the urban service district for the existing City

The task force spent a lot of time discussing the issue of immunity. As there is no case law on merged governments, there remain some legal questions as to the effects of merger on risk management programs (e.g., the possibility of greater immunity available to counties or the policy of using immunity to limit claims and lawsuits). It was agreed that this issue merits further legal and financial analysis.



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Citizen Task Force on Taxation & Finance – Resolution

WHEREAS, the population of the City and County of Durham is likely to sustain its current growth rate throughout the next five to ten years, and;

WHEREAS, the Citizen Task Force on Taxation and Finance has reviewed the effects of the proposed merger on revenue sources, the cost structure of the existing entities and the potential cost structure of the merged entity, and financial management practices;

WHEREAS, a merged government including the City and County of Durham would likely achieve a net cost saving through better coordination and cooperation in activities such as: combined capital acquisition programs; economic development activities; financial management activities; general administrative activities; policy making, governance and legislative activities; and utilities operations activities; and the merged government may achieve a net cost saving through better coordination and cooperation of its law enforcement uniform patrol and investigative units and fire departments; and

WHEREAS, the Citizen Task Force on Taxation and Finance has found that both governments have excellent bond ratings and that a unified Durham would likely maintain the higher of the two ratings and no worse than the marginally lower rating of the City; and the statutory debt limits for counties and cities are set by state law, counties are allowed an 8% limit to provide for schools, and cities are allowed a 8% limit, the combined statutory debt limit for a unified Durham should not be adversely affected; and

WHEREAS, the Citizen Task Force on Taxation and Finance has reviewed the area of risk management and concluded that the City's and County's risk management programs and policies differ significantly and the pooling of City and County insurance purchases would result in cost savings, and that merger of the risk management functions of the City and County is feasible; and

WHEREAS, the Citizen Task Force on Taxation and Finance carefully reviewed the current services, revenues and obligations managed by the City (hereinafter referred to as "municipal") and current services, revenues and obligations managed by the County (hereinafter referred to as "county") as set forth in their financial and budget reports; and concluded that any proposal to merge the City and County governments should account and make provision for all services, revenues and obligations, long- and short-term, for which both entities now assume responsibility; and

WHEREAS, Service Districts are an established, legal means by which to collect different tax rates and distribute different levels of government service, and most mergers successfully implemented in recent decades have employed service districts to account for differences in service levels and taxation between urban areas, unincorporated, rural areas and other areas with distinct service needs; and

WHEREAS, the Citizen Task Force on Taxation and Finance has concluded that the merger of the governing bodies should be implemented in a manner that will minimize potential disruptions to current service delivery obligations and methods, ensure service and tax equity throughout the County and allow for the well-planned extension of services to outlying areas consistent with sound principles of growth management; and

WHEREAS, the Citizen Task Force on Taxation and Finance has found that the City of Durham has authorized, but as yet unissued bonds, and that a merged government would have the options (for all or any part of these bonds) to issue them as part of the urban service district debt or let them age and not be used; and



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Citizen Task Force on Taxation & Finance - Resolution (cont.)

NOW, THEREFORE BE IT RESOLVED, that the Citizen Task Force on Taxation and Finance does hereby find that there are no objective financial factors that would undermine the effectiveness of merger, and that the merging of City and County governments is feasible and justifies further study.

Further, the Citizen Task Force on Taxation and Finance does hereby find and recommend that:

- All existing departmental functions be analyzed for possible inclusion in new and/or merged departments, and existing statutory functions be retained with no diminution of authority to the new entity; and
- The major capital acquisition programs of each entity be thoroughly reviewed and analyzed to eliminate potential redundancies and maximize effective usage in the merged entity; and
- The governing body of the merged entity set its operating debt policy at the highest possible level for maintaining the top debt rating and determine an appropriate fund balance policy; and
- The immunity to be enjoyed by the merged entity should be subject to a careful review, and the merged entity should establish uniform policies regarding claims management, worker's compensation, and safety programs; and
- A detailed cost-benefit analysis of merger be conducted using prudent long-term projections and historical information on other merged entities and actual Durham County and City costs; and
- The merger plan include adequate estimates of transition costs and provide a timetable for implementation to reduce to the extent possible short-term and long-term costs of merger.

Further, the Citizen Task Force on Taxation and Finance does hereby find and recommend that the merger plan employ a service district model and that this model be sufficiently flexible to not only accommodate differences in service needs in different parts of the county, but also to allow for the subsequent extension of certain services from the urban areas to outlying areas as requested by citizens in those outlying areas and deemed appropriate by the governing body, provided that any such changes in services or taxes will continue to ensure an equitable alignment of services with taxes. Further, it recommends that:

- The boundaries of the Urban Service Districts be analyzed to assure a matching of revenues with services;
- The merged entity retain all municipal annexation powers;
- The merged entity have access to the same range of revenue sources available to other cities and counties in North Carolina; and
- The City's authorized, but unissued bonds be issued as part of the appropriate urban service district debt.



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IX. CITIZEN TASK FORCE FINDINGS FOR GOVERNMENTAL STRUCTURE

A. Task Force Deliberations

The Citizen Task Force on Governmental Structure was the largest of the citizen task forces and the one with the most distinctive assignment—to craft a governance structure for the proposed consolidated city-county government. In other words, this group was asked to assume the merger of the present City and County governments and reach consensus on the governmental form and election process of the merged entity.

The task force met and quickly came to agreement on a general agenda that defined a time table and the issues to be addressed. The goal of the group was to come up with a plan that would represent the community as a whole, have broad community support, and promote merger.

From the very beginning, the group agreed to take votes on individual issues. The group agreed that during the final discussion and decision-making, everything would be on the table. The group realized that, in the end, there would need to be compromise on everyone's part and require changes to the individual decisions that had been made along the way.

At its third meeting, the group agreed to guiding principles. These guidelines included conducting meetings in an open, honest, and inclusive way, and to encourage healthy and vigorous debate. Throughout its deliberations, the task force worked diligently to respect these principles and develop a governmental structure that reconciled the potentially conflicting interests of various members of the task force and community.

One task force member visited Lexington, Kentucky and reported on that community's experience with city-county merger. In summary, that merger, while not realizing any major immediate cost savings, did quickly realize other benefits (e.g., improvements in leadership, services, ISO ratings and overall efficiency). The initial structure had a weak mayor form and 15 member-council (3 at-large and 12 single-member district seats), but a subsequent charter reform initiative adopted a strong mayor form. Reportedly, community leaders there would prefer a smaller council, but believe that a 15-member board was key to voter approval.

Over the course of several meetings in July, August and September, the task force discussed several alternatives for the most critical elements of a governmental structure for the consolidated government. These elements included the following:



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- Different governance forms, including the enhanced mayor and city manager forms
- The name, role, powers, duties and expectations of the new entity's chief elected official, including the pros and cons of increasing the mayor's authority
- The size of the council and type of representation (e.g., pure and residency districts, at-large elections and hybrid models)
- Alternative term proposals for elected officials, including term lengths of 2, 3 and 4 years, staggered or concurrent terms, term limits (e.g., 3 consecutive terms)
- Alternative election process characteristics (e.g., partisan or non-partisan elections, primaries, odd- or even-year election cycles and preferential voting)
- Publicly financed campaigns for local elections

The task force, in trying to determine the appropriate number of council districts, considered relevant legal restrictions. It even reviewed alternative district models to assess the feasibility of a six-district plan that would ensure satisfactory minority representation, maintain the integrity of precincts and make districts as geographically compact as possible.

B. Background Information

1995 Citizen Merger Study – Durham's 1994-95 City-County Consolidation study focused primarily on structural issues (e.g., form of government, council number and compensation, election method and timing and term length). The final report, which represented the work of many citizens, had several findings and recommendations.

The citizens group concluded that the state enabling legislation would require the City to merge into the County and dissolve. It recommended a consolidated city-county government with a Council-Manager form and a 11-member council. It also recommended partisan elections with ten members elected from five districts (two representing each district) and one member (the mayor) elected at-large.

Current Voter Registration Profile - According to the Board of Elections, there are 144,426 registered voters in the County, of which about 62 percent are Democratic and 64 percent are White, and 119,674 registered voters in the City, of which about 63 percent are Democratic and 59 percent are White.

The County has 69 distinct precincts and sub-precincts (townships)⁴⁷. A map of the current electoral precincts is presented in Appendix E. A summary of data obtained from the Board of Elections (Appendix E), shows the number of registered voters by precinct, party affiliation, gender and race⁴⁸. The data is organized into 13 geographical sub-areas.

⁴⁷ There are actually 54 precincts, but 15 precincts have been subdivided into sub-precincts as the City annexed territory in the unincorporated county.

⁴⁸ Board of Elections Voter Registration Data, December, 1998.



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State and Federal Requirements – The election process designed for the merged entity must comply with applicable federal and state election law. Federal election law includes the National Voter Registration Act of 1993, Voting Rights Act of 1965 and Equal Protection Clause of 14th Amendment. More specifically, Section 2 of the Voting Rights Act prohibits any election process from abridging the voting rights of minorities.

For example, in North Carolina, most counties have at-large boards, but where minority representation is perceived as unsatisfactory, the threat of a Section 2 suit may compel a county to adopt a district system. The traditional approach in such cases was to draw one or two districts with African-American majorities and then draw the remaining districts. However, since the *Shaw v. Hunt* ruling in 1996, local governments must be careful to ensure that their districts are not drawn so as to violate the Equal Protection Clause.

Unlike many other states, North Carolina accords cities and counties substantial latitude in determining the manner in which city and county legislators are to be elected. Moreover, it appears that a consolidated City-County may use any method available to either cities or counties under North Carolina law.

The available election methods may be summarized as follows:

- At-large – candidates and voters may reside anywhere in the county
- At-large with district residency – candidates must reside within the district that they will represent, but voters may reside anywhere in the county (voters need not reside within a particular district to vote for the candidate from that district)
- Pure district – candidates must reside within the district that they will represent and voters may only vote for candidates residing within the same district
- Combination – a blend of at-large, at-large with district residency, at-large with district or a hybrid district nomination and at-large election

According to the UNC Institute of Government, counties use a wide variety of methods for electing their commissioners (see table below)⁴⁹. Efforts to increase minority representation have increased the employment of district systems, as well as larger boards⁵⁰.

Local Election Methods (by Percent of Jurisdictions)

Election Method	County	City
At-large	43%	27%
At-large with district residency	24%	9%
Pure district (district only)	10%	18%
Combination or hybrid	23%	46%

Note: City data is limited to cities with at least 25,000 residents.

⁴⁹ *County Government in North Carolina*, 4th Edition, 1999, edited by Bell and Wicker, UNC Institute of Government.

⁵⁰ *County Government in North Carolina*, 4th Edition, 1999.



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A survey conducted by the UNC Institute of Government indicated that the state's largest 22 cities (cities with 25,000 or more population) tend to use the at-large election method less frequently than do counties (see table above)³¹. The state's largest cities tend to rely on hybrid election methods far more than do counties. That is, they employ combined at-large and district systems with greater frequency. In contrast, smaller cities in North Carolina typically use at-large systems.

Most counties in North Carolina use five-member commissions while most large cities use larger boards. The table below summarizes data for cities and counties from the UNC Institute of Government³².

Board Size (by Percent of Cities & Counties)

Board size	Cities (Percent)	Counties (Percent)
Three members	0%	6%
Four members	4%	0%
Five members	9%	59%
Six members	9%	3%
Seven members	14%	27%
Over seven members	32%	5%

Note: City data is limited to cities with at least 25,000 residents.

Cities in North Carolina also appear to employ even-numbered boards far more often than do counties. This may be due in part to the varying roles of mayors in some cities.

Current Local Election Process - The County Board of Elections supervises voter registration and local elections in Durham County. Local elections are conducted for four entities—the City, County, School District and Soil and Water District. According to the Board of Elections, each local election costs from \$50,000 to \$65,000.

The City, effective in 2001, will elect a seven-member council, including the mayor. All seven members will continue to be elected at-large, with three elected from residency districts. All council members have four-year terms, except the mayor who has a two-year term. All City elections are non-partisan.

The County elects five commissioners, as well as the Register of Deeds and Sheriff. All county elected officials are selected on a partisan, at-large basis. The commissioners have two-year terms, but the other elected officials have four-year terms. The Soil and Water District has four elected officials, each with four-year terms and all selected on a

³¹ *Municipal Government in North Carolina*, 2nd Edition, 1996, edited by Lawrence and Wicker, UNC Institute of Government.

³² *County Government in North Carolina*, 4th Edition, 1999, and *Municipal Government in North Carolina*, 2nd Edition, 1996, UNC Institute of Government.



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non-partisan basis. The County and Soil and Water District elections are held in even years, with the primary in May and the general election in November.

The school board elects seven members to four-year terms, with four members from pure districts, two from consolidated districts and one elected at-large. School board elections are non-partisan and held on the first Tuesday in May in even years. Run-off elections are held four Tuesdays later (either the last Tuesday in May or first one in June) if necessary.

C. Task Force Findings & Recommendations

From July 29, 1999 to September 23, 1999, the Citizen Task Force on Governmental Structure deliberated the issues outlined above. The discussions the group held were wide ranging and sometimes heated. The range of debate was extremely broad and included things from having the Chief Elected Official enjoy the powers of a strong mayor form of big city government to publicly-financed campaigns and term limits.

In every instance, group members expressed their opinions, listened to the others, and compromised in an effort to achieve the stated goal of devising a plan that would have broad community representation and support. They adopted several preliminary resolutions which are outlined below:

- Retain the present form of government in the city and county, that is the Council-Manager form (unanimous)
- Elect the mayor on an at-large basis and keep the powers presently enjoyed by the City's mayor (17-7 majority)
- Adopt a nine-member council (1 opposed) with six at-large residency district members, two at-large members, and an at-large mayoral position (2 opposed)
- Employ four-year terms for mayor (unanimous) and council (2 opposed) and staggered terms for all elected officials (unanimous)
- Approve an election process with odd-year elections (16-3 majority), non-partisan races (16-9 majority) and primaries (unanimous)
- Reject term limits (11-11 vote), proportional voting and publicly-financed campaigns (2 yes votes)

The most heated debate was whether to have partisan or non-partisan elections. This resulted in a 16-9 vote for non-partisan elections from the group. There was a general consensus this issue in particular would be re-visited in the final discussion where it would be evaluated in terms of its overall effect. In the end, the group voted for a plan that overturned virtually all of the individual components that had previously passed.



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The Citizen Task Force on Governmental Structure met on October 14, October 28 and November 11, 1999 to review the individual structural elements in terms of their overall effect. They assessed the extent to which these elements, as a whole, would ensure adequate representation of the entire community, the widest possible consensus from the task force and the broadest possible community support for merger.

As part of this discussion, the task force reviewed and debated numerous alternative proposals, including an "in-place" structure that would retain virtually all aspects of the current City and County structures. In an effort to reach a consensus, the group revisited its preliminary resolutions, and reconsidered different hybrids and versions of partisan and non-partisan races, odd- and even-year election cycles, at-large, residency district and pure district seats, nominating districts, and three- and four-year terms.

In the end, the Citizen Task Force on Governmental Structure voted to approve a nine-member council serving three-year terms with four members and the mayor elected in at-large, non-partisan elections, and four members elected from residency wards in at-large partisan elections. All elections would be held in November and a charter review would be conducted within five years to review the governmental structure. The formal resolution is set forth on the following pages.

There were some background ideas that shaped the final plan and allowed the inclusion of seemingly disparate elements like partisan and non-partisan races. The primary issue that the group came up against is the very diverse elections that occur in the City and County. The voters elect city council members in odd years in non-partisan races from both at-large and residential wards. In even years, voters elect the commissioners in at-large partisan races. This means that in Durham there are elections held every year with races in almost every conceivable permutation. The average citizen is expected to understand, vote, and pay for all these races. It seemed impossible for the group to come up with any plan that would be more complex than what currently exists. The group's final plan is in fact less complicated and reduces the number of elections.

An element of the final plan that may strike some as unfamiliar is the three-year term. This term length represents the greatest compromise the group made on this most contentious issue--voter turnout and which particular political group benefits. Odd-year elections were favored by those who felt they would be most likely to be elected when races were focused on local issues. Even-year elections were favored by those who felt they had the best chance to be elected with high voter turnout.



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The first suggestion for bridging this impasse was to hold the election in May of even years with the school board election. All local issues could be discussed and decided on at once when turnout was higher than in odd year elections. This idea was turned down because of the feeling that voter turnout would still be lower than in even-year November elections. The final decision of three-year terms split future elections - first an even-year election and then an odd-year election--equally fair to each political group.

Another unusual component of the final plan is the concurrent terms which, at first glance, may seem to risk the stability that staggered terms are intended to ensure. The major underlying factor that determined the concurrent terms was the decision to have four members each from at-large and residency ward races. That meant if terms were staggered only two at-large members and two ward members would be up for election. Add to that the question of how to divide three-year terms and it was felt to be too complicated and expensive to make staggered terms worthwhile.

The group also realized how very unlikely it was that the entire board would turn over at once and that this was a risk already taken every two years in the county commissioners election. Finally, no one could remember when all the county commissioners had turned over in a single election. Coincidentally, many local boards and commissions are appointed to three-year terms.

The final vote had only one opposed, the vast majority of the group went out prepared to support and promote the plan. Finally, the group realized that their plan might present unforeseen problems when actually implemented. So, as a final component of their proposal, they recommended that the structure and election process be reviewed and fine-tuned in five years.



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Citizen Task Force on Governmental Structure - Resolution

WHEREAS, the Citizen Task Force on Governmental Structure was asked to assume the merger of the present City and County of Durham and to reach consensus on a detailed plan including the governmental form, election, size and powers of the merger governing body;

WHEREAS, the Citizen Task Force on Governmental Structure met on July 29, 1999 to discuss the different forms of government including an elected administration headed by a mayor with enhanced powers and voted to retain the present form of government in the city and county the Council/Manager form; and

WHEREAS, the Citizen Task Force on Governmental Structure met on August 12, 1999 to discuss name, role, responsibilities, duties and expectations of the Chief Elected Official (mayor) including increasing the authority of the mayor and voted to elect the mayor at large and keep the powers presently enjoyed by the city mayor (17-7); and

WHEREAS, the Citizen Task Force on Governmental Structure met on August 26, 1999 to discuss term lengths of 2, 3 and 4 years; whether to have staggered or non-staggered terms; limits of 3 consecutive terms; and whether to have publicly financed campaigns and voted against term limits (11-11) and publicly financed campaigns (2 yes, rest opposed) but approved four year staggered terms (unanimously); and

WHEREAS, the Citizen Task Force on Governmental Structure met on September 9, 1999 to discuss election of the merged government including partisan or non-partisan elections, primaries, holding elections in odd or even years, and preference voting and voted to reject proportional voting but approved odd year elections (16-3), primaries (unanimous), and non-partisan races (16-9); and

WHEREAS, the Citizen Task Force on Governmental Structure met on September 23, 1999 to discuss the number of board members and how to elect them including various types of districts (pure ward, residency districts and at-large), the legal restrictions on different types of districts, and the number of districts easiest to draw in Durham and voted to have a 9 member board (only 1 opposed) with 6 members from residency districts elected at large, 2 members and the mayor elected at-large (only 2 opposed); and

WHEREAS, the Citizen Task Force on Governmental Structure met on October 14, 1999, October 28, 1999 and November 11, 1999 to review the individual elements that had passed in terms of their overall effect and whether as a whole they achieved the goals of adequate representation of the entire community, garnered the widest possible support and consensus from the task force and ensured the broadest possible community support for merger; and

WHEREAS, the Citizen Task Force on Governmental Structure discussed six separate proposed plans that included virtually every conceivable format of partisan/non-partisan races; odd/even year elections; at-large, residency districts, pure wards, and nominating districts; 3 and 4 year terms; elections in May or November and voted to have a nine member board serving three year concurrent terms with four members and the mayor elected at-large in a non-partisan race; four members elected from residency wards in a partisan race at-large; elections held in November; Mayor having the power to appoint all sub-committee chairs and the Mayor Pro Tem; and to have a 'constitutional convention' held in five years to fine tune the governmental structure (20 for, 1 opposed, 3 abstain);



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Citizen Task Force on Governmental Structure - Resolution (cont.)

NOW, THEREFORE BE IT RESOLVED that the Citizen Task Force On Governmental Structure recommends a plan with the following elements:

- Primary elections;
- Nine member board serving three year concurrent terms;
- Four members and the mayor elected at-large in a non-partisan election;
- Four members elected from residency wards at-large in a partisan election;
- Elections held in November;
- The mayor would appoint all sub-committee chairs and the Mayor Pro Tem; and
- A 'constitutional convention' to be held in five years to fine tune the governmental structure;

It is further recommended that a study be done to review compensation from comparable governing bodies throughout the Southeast to determine the appropriate salary for the merged board before the first election.





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X. MERGER IMPLEMENTATION ISSUES

A. Statutory Requirements

The Constitution of North Carolina expressly authorizes city-county mergers and empowers the General Assembly to enable counties and cities to establish service districts (USDs)⁵⁵. About 30 years ago, the General Assembly enacted legislation to facilitate city-county consolidations—the Consolidated City-County Act.

The North Carolina Consolidated City-County Act provides a broad legal framework for city-county mergers. Under its provisions, the largest municipality in the county is abolished and its powers, duties and rights are consolidated with those of the county⁵⁶. The Act contemplates the survival of the county as the combined city-county government, and the dissolution of the merged city, but it suggests that the consolidated city-county will have the powers of a county and, within an USD, a city as well⁵⁷.

In order to facilitate mergers, the act provides for the creation of USDs. The governing board of the new entity may establish USDs to provide services or facilities to a greater extent than those provided for the entire consolidated city-county⁵⁸. If the governing board establishes USDs, it must establish one coterminous with the boundaries of the abolished city⁵⁹ and may define added USDs where no municipality previously existed⁶⁰.

The act calls for the voters, General Assembly and State Treasurer to participate in the merger process. A merger may be approved by the General Assembly, with or without voter approval, and must receive legislative approval in any event. However, voters may have to approve any debt transfer from the defunct entity to the consolidated entity and the Local Government Commission may have to review debt assumed by the new entity and determine the right of the new entity to issue authorized, but unissued debt⁶¹.

Once the merger has been consummated, the new governing board, after meeting certain annexation standards and public notice requirements, may expand, consolidate or abolish USDs. However, the merged entity must provide any new or expanded services to a new, extended or consolidated USD within one year⁶².

⁵⁵ Under the North Carolina Constitution, Art. VII, §3, any merged city-county government shall be deemed both a county and city. Under Art. V, § 2(4), the General Assembly may authorize any county, city or town to define areas and levy taxes within those areas to provide services or facilities to a greater extent than those provided for the entire jurisdiction.

⁵⁶ North Carolina GS §160B-2

⁵⁷ North Carolina GS §160B-2.1.

⁵⁸ North Carolina GS §160B-3.

⁵⁹ North Carolina GS §160B-4.

⁶⁰ Under North Carolina GS §160B-6, the area must have at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and require added services.

⁶¹ North Carolina GS §160B-20 is actually special legislation for New Hanover County.

⁶² North Carolina GS §160B-9.



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The new governing board may expand an USD by annexation if the area to be annexed has a population density of at least one person per acre and an assessed valuation of at least \$1,000 per resident, or if at least 60 percent of the area is already developed⁶¹. It may consolidate USDs where they are contiguous and provide (or plan to provide) similar services⁶². The governing board may also abolish an USD, with this action taking effect at fiscal year end⁶³.

B. Potential Implementation Issues

During this phase of Durham's merger study process, numerous legal issues were identified that should be addressed as soon as possible. Since no city-county mergers have taken place under this state's merger statute, it has never been tested. Since there is limited legal precedent in North Carolina, issues arising from the implementation of Durham's merger could be subject to significant legal uncertainty. Some of the potential legal issues are summarized below.

What will be the legal form of the new entity? Will the new entity be deemed a county or city, or both? The enabling legislation for consolidation appears to contemplate the dissolution of the municipal corporation, but it may be in the interest of Durham's consolidated government to be deemed both a city and county. Merged entities in other states have drafted their charters to accomplish this end. The Charter Commission should address this issue.

According to some sources such as the Institute of Government at UNC, the City-County Consolidation Act may not "accommodate" the Orange County portion of the City of Durham. The Act appears to be based on the premise that the County is the new entity and urban service districts are designed to be used by Counties within their boundaries. Thus, the enabling legislation for Durham's merger will have to address this issue.

The new entity's legal form has potentially profound implications. Regarding liability, it is the County's position that some County officials enjoy broader immunity than City officials. For instance, the County Attorney holds that the Sheriff is only liable up to his statutory bond (\$25,000) for each incident and some County officials (e.g., State instrumentalities) cannot be sued in federal court (e.g., for §1983 actions). The immunity issue should be explored in greater detail before a merger charter is drafted.

Another implication of the legal form issue is annexation. For example, will the merged entity be able to annex across county lines? To the extent that the City envisions future growth opportunities in another county, it will need to preserve the City's authority to

⁶¹ North Carolina GS §160B-7.

⁶² North Carolina GS §160B-8.

⁶³ North Carolina GS §160B-10.



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annex across county borders. If the new entity is deemed a county (but not a city), it could be legally prohibited from annexing land in another county.

It is also unclear to what extent current City's powers could be exercised by the merged entity. For example, the City is authorized to maintain roads and streets and condemn property for public purposes outside of its corporate limits, even in certain areas in other counties. Will the merged entity have the ability to exercise such municipal powers?

Ideally, the new entity should possess any powers not expressly prohibited by the state. However, the applicability of Dillon's Rule remains unclear in North Carolina, especially as to consolidated city-county governments. Thus, at a minimum, Durham's charter (and merger enabling statute) should grant the new entity the broadest possible powers currently enjoyed by North Carolina cities and counties.

The current city-county consolidation laws provide for USDs. Since there has not been a merger under this statute, there is limited precedent for implementing such districts in North Carolina. There also are conflicting views about limits that apply to cities and counties. As such, there are several potential legal questions pertaining to USDs.

For example, will a USD be able to annex outside the County? How should current service districts (e.g., the Research Triangle Park) be handled? What opportunities will arise for residents to challenge the equity of taxes and services in their areas? Does current law prohibit the annexation of USD territory by another city? How will merger affect the annexation agreement with Raleigh? The merger charter drafting process should address these issues as thoroughly as possible.

The County Attorney also has raised the issue of federal income tax deductibility for property taxes paid to USDs. While we are not aware of any instances in which the Internal Revenue Service (IRS) has challenged the deductibility of property taxes paid to USDs, it is at least possible that such taxes could be construed by the IRS as taxes for local benefits rather than as "taxes imposed on interests in real property and levied for the general public welfare."⁶⁴

The deductibility of property taxes paid to USDs will depend in part on the IRS' interpretation and application of its own criteria. At first glance, if the USD is defined as a community and the property tax is levied at a like rate within the USD to meet community or general governmental needs, it would appear that any property tax

⁶⁴ Per IRS regulation §1.164-3, real property taxes are "taxes imposed on interests in real property and levied for the general public welfare." Per §1.164-4, "The real property taxes deductible are those levied for the general public welfare by the proper taxing authorities at a like rate against all property in the territory over which such authorities have jurisdiction." Further, under §1.164-4, "So-called taxes for local benefits referred to in paragraph (g) of §1.164-2 more properly assessments, paid for local benefits such as street, sidewalks and other like improvements, imposed because of and measured by some benefit inuring directly to the property against which the assessment is levied are not deductible as taxes. A tax is considered assessed against local benefits when the property subject to the tax is limited to property benefited."



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allocated to that USD would be deductible.⁶⁵ Nevertheless, this issue merits the analysis of a qualified tax attorney and further discussions with qualified professional associations (e.g., National Association of Counties and Government Finance Officers Association).

There are numerous other legal issues that should be addressed before the merger charter is completed. What is the authority of the Charter Commission in drafting the charter and enabling legislation and calling for a vote on merger? How will merger affect the employment status of County employees assigned to quasi-state programs? What will be the merged entity's statutory debt ceiling? To what extent will existing contracts and other obligations of the dissolved entity need to be restructured? It will be important not only to address these issues, but also determine to what extent general legislation will be required to resolve them.

The citizen task forces identified a host of other implementation issues to be addressed by the City and County as they move forward with the merger process. Some of those issues are set forth below.

- Should the RTP be part of a USD? What are the potential implications of this decision? Will the consolidated City-County government be able to expand an USD within the RTP after merger?
- Should the City de-annex the portion of the City of Durham in Orange County before the merger or through the merger act? Should the State be asked to de-annex the Chapel Hill portion of Durham County?
- How will future capital investment requirements be affected by merger? Will the State continue to maintain County roads for the foreseeable future? Will any bond covenants pose problems for merger?
- Which revenues will the combined entity be able to generate? Will it be able to levy all taxes or fees currently available to other cities and counties under state law (e.g., impact fees)? Will the County's status as a non-urban grantee be jeopardized? How will water and sewer rates be affected by merger?
- How will federal or state service mandates be affected by merger? For example, will the County have to create a stormwater program due to merger?
- How should current boards and commissions, and the terms of elected officials, be handled for both the transition period and thereafter?

The transition issues must be clearly identified and thoroughly reviewed during the charter development process. If merger is approved, it will be a major undertaking to

⁶⁵ Per 1993 GAO report, "Tax Administration, Overstated Real Estate Tax Deductions Need to Be Reduced," a charge is "deductible as a tax if it is based on the assessed value of the property; is made uniformly on property throughout the community; and is used for general community or governmental purposes (e.g., for public schools)." In contrast, a charge is not deductible if "it is for an improvement that increases the property value (e.g., building a new sidewalk in front of the property). However, "a special assessment is deductible only if it is used to maintain an existing public facility (e.g., cost ... to repair a sidewalk)."



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harmonize the existing codes, policies and procedures. Any local acts will have to be consolidated in such a manner that merger does not reduce any existing powers.

C. Implementation Strategies

Policy Strategies – The policy and legal analysis work required in connection with resolving merger issues and drafting the merger charter will be extensive. To avoid significant disruptions during the merger process, the governing bodies should establish a legal team with external legal advisors coordinated under the direction of an independent and recognized expert in North Carolina merger law (e.g., UNC Institute of Government). Input from City and County administrations and legal staff should also be provided to the Charter Commission.

The Charter Commission will have to address a wide variety of political and legal issues. These issues include the powers, rights and duties of elected officials, appointed boards and management, equal opportunity goals and other critical administrative policies. It also will have to flesh out the details of the political structure, such as the timing of any primary elections and the boundaries of voter districts. The final political structure will have to be reviewed in the context of applicable federal voting rights law.

Service District Strategies – Assuming that the merger plan employs the service district approach, the charter commission will need to determine which, if any, City services, revenues and debt should be allocated to the GSD (i.e., the county as a whole). This task is so challenging that it will probably merit a special task force.

From a practical matter, the charter commission will not have to worry about County services, revenues and debt because, by definition, these will be assigned to the GSD. If rural fire protection services continue to be provided by the volunteer fire districts for the near term, then the taxes for those districts will not need to be realigned.

The charter commission should address the extent to which any current city services should be extended to the GSD (entire county). Most current City services will probably be allocated to a USD (the old city after merger). However, there are some potential exceptions to this rule that should be considered.

The most obvious exception concerns any corporate and legislative functions performed by the City (e.g., Council, Manager, Legal, Finance or Personnel). Under a merged entity, these services would likely be defined as entity-wide (county-wide) services, and thereby be assigned to the GSD. Other possible exceptions include the following:

- Law enforcement
- Fire services
- Economic development



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- Human relations
- Housing and community development
- Parks and recreation
- Civic Center
- Durham Bulls Athletic Park
- Solid waste management
- Water supply and wastewater treatment

At a minimum, the charter commission should adopt a flexible strategy that will allow for some current city services to be allocated to the GSD on the first day of merger, and the City of Durham USD (and the geographic scope of current urban services) to be expanded via over time as urban growth continues.

In determining how future revenues should be allocated to the recommended service districts, the ultimate objective is to avoid increasing taxes for any segment of the community (at least not without a corresponding increase in services). Revenues must be matched with service responsibilities as closely as possible. Thus, if a particular service (e.g., street maintenance) is to be allocated to a USD, then any associated revenues (e.g., NCDOT Powell Bill revenues) should be matched with that particular service and assigned to that USD.

This matching process is relatively easy for revenues which are "earmarked" or closely associated with a particular activity (e.g., animal taxes, development permits, gasoline taxes, most grants and most service charges). It is more difficult for revenues of general applicability (e.g., property and sales taxes). To allocate all revenues to service districts, the charter commission should start with revenues that are most easily matched (e.g., earmarked revenues), allocate those revenues to service districts, and then "back into" an allocation of the most general (and significant) revenue source (i.e., the property tax).

As with services, the challenge involving revenues will be how to allocate what are currently City revenues. All of the County revenues should be assigned to the GSD. To the extent that current City services are assigned to the City of Durham USD, all other City revenues, including the City general property tax, should also be allocated to the same USD. Possible exceptions might include the following:

- Fire protection district taxes and the portion of city property taxes equal to the fire department budget (if fire protection is made a county-wide function)
- Occupancy taxes (if economic development is made a county-wide program)
- Development permits and fees (to support the continuation of a county-wide planning and inspection program)
- JTPA or Workforce Investment Grant grants (if job training becomes a county-wide program)



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- HUD grants (if housing & community development programs are extended to the unincorporated part of the county)
- Recreation fees (if a county-wide recreation program is established)
- Civic Center and Durham Athletic Park fees
- Water supply and wastewater treatment service charges

The charter commission also should make allowances for any City revenues that are earmarked for municipal services and cannot be allocated to the County (e.g., stormwater revenues) as well as any grants received by the City that would be adversely affected if the grant revenues were allocated to the County (which has different demographics).

Outstanding debt should be allocated⁶⁶ to the service districts using the same approach used in allocating revenues. However, since debt represents prior obligations, and revenues represent future income streams, the charter commission may opt to assign City debt to the City USD even where the related revenues are allocated to the GSD⁶⁷. For example, even if the parks and recreation program becomes a county-wide program, and recreation fees are allocated to the GSD, the City's general obligation debt for parks and recreation may be for facilities in the City and, as a result, should continue to be assigned to the USD.

All existing County debt should be assigned to the GSD (most of it is for schools). Generally, as a matter of policy, debt issued by the City should probably not be allocated to the entire County unless the services, programs or facilities supported by that debt are reassigned from the City to the GSD. Examples of City obligations that could eventually be assigned to the GSD include the following:

- General obligation bonds for the water and sewer, solid waste management and Civic Center funds
- Water and sewer fund revenue bonds
- Certificates of Participation for the Durham Bulls Athletic Park
- Notes payable to the State for the North Durham Water Reclamation Facility
- Notes payable to the County for water and sewer assets

The charter commission also must address the City's authorized but unissued debt (\$126.7 million in 1998). This debt, since it has not yet been issued, could be allocated in the same way as revenues (i.e., match it with service assignments), subject to voter approval.

⁶⁶ Generally, in allocating debt, it is more precise to allocate the revenues required to retire the debt.

⁶⁷ Of course, any revenues dedicated to repaying the debt would have to be assigned to the City of Durham USD.



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Another interesting issue to be addressed by the charter commission involves the RTP. Should it be part of the GSD or its own service district? Under current state law, the governing board may establish an urban service district where no municipality existed if the area has at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and requires added services.

Theoretically, the RTP could be designated a urban service district (or included with another) because it requires a somewhat higher level of service. However, since it is unclear whether the RTP would satisfy the current statutory criteria for urban service districts, the enabling legislation for the merger would probably have to specifically authorize the designation of RTP as an urban service district.

Financial Strategies – There are a host of financial issues to be addressed as part of the merger process. Those issues include revenue, grants, contract, debt, treasury and risk management concerns. The City and County should establish a financial planning team comprising their fiscal staff, as well as external financial advisors and representatives of the Local Government Commission. The financial planning team should develop a detailed financial transition plan for the merged entity.

Operational Strategies – The governing bodies should establish operational transition teams including City and County employees. There should be an operational planning team comprising key managers to oversee transition activities. There also should be transition teams for each major service or program area (e.g., economic development or technology management) to ensure the effective continuity of policies and practices. Transition teams also will be required for areas of serious concern for employees (e.g., pay and classification structure, benefits and space planning).

The operational planning teams should work with citizens or other stakeholders to identify any municipal services that citizens want to extend to the unincorporated areas at the time of merger. They also should be directed to identify and plan functional consolidations that should take place regardless of city-county merger. Functions that could be merged via inter-local contracts might include public safety training, fire facility and equipment planning, procurement and deployment, engineering, technology management, grants management and treasury management.

Public Information Strategies – An effectively planned and adequately staffed public communications strategy will be required if the merger process moves forward. This strategy could entail several components, including public hearings, citizen forums, focus groups, newsletters and surveys. It should ensure that the public is kept informed of key developments and decisions at each juncture of the merger process.



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A series of forums should be held while the charter commission conducts its work. These forums should be structured to inform community groups about the likely advantages of merger and the challenges associated with implementation. The first forum, involving leaders of the citizen task forces, could be held after the completion of Phase 1. A second forum, organized by a professional facilitator, could be held to present the results of any Phase 2 studies to interested community groups.

A third forum could involve leaders from other communities with merged governments, perhaps as part of a teleconference. The most comparable and useful communities would be Lexington-Fayette County, Kansas City-Wyandotte County, Augusta-Richmond County, Lafayette-Lafayette Parish and any comparable county in Virginia. In addition, elected officials might consider conducting site visits to such communities as well as some areas that have rejected merger (e.g., Spokane, Washington, Des Moines, Iowa, and Tallahassee and Gainesville, Florida).

Before the charter commission is appointed, the governing bodies should establish a formal, structured process to obtain input from stakeholders on specific issues that could help shape the charter document. For example, input on the issue of how law enforcement functions should be allocated between the City police department and the County sheriff could be helpful. Other input mechanisms could be tailored to the needs of selected constituencies (e.g., rural areas or the Hispanic community). A special effort should be made to address the potential concerns of minority groups and to ensure that the merger plan does not adversely affect minority voting rights.





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**Appendix A
Citizen Task Force Charges**

SCOPE OF WORK

CITIZEN TASK FORCE - COMMUNITY SERVICES & DEVELOPMENT

PURPOSE:

Determine and investigate the feasibility, including effectiveness and efficiency, of government consolidation issues as they relate to community services and development.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of community service and development departments/divisions.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Assess the compatibility and comparability of the current systems, processes, administration and service impacts for community service and development departments/divisions.
5. Develop reports that evaluate the costs and benefits of government consolidation issues as they relate to community services and development, including efficiency, effectiveness, equity, accessibility and accountability.
6. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Community Services and Development will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK
CITIZEN TASK FORCE -
HEALTH & HUMAN SERVICES

PURPOSE:

Determine and investigate the feasibility, including effectiveness and efficiency, of government consolidation issues as they relate to health and human services.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of health and human services departments/divisions.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Develop written and oral reports that evaluate the costs and benefits of government consolidation issues as they relate to health and human services, including efficiency, effectiveness, equity, accessibility, accountability and service impacts.
5. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Health and Human Services will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK

CITIZEN TASK FORCE - ADMINISTRATION/GENERAL GOVERNMENT

PURPOSE:

Determine and investigate the feasibility, including effectiveness and efficiency, of government consolidation issues as they relate to administration and general government.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of government administration departments/divisions.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Assess the compatibility and comparability of the current systems, processes, and service impacts for administrative departments/divisions.
5. Develop reports that evaluate the costs and benefits of government consolidation issues as they relate to government administration, including efficiency, effectiveness, equity, accessibility and accountability.
6. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Administration and General Government will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK

CITIZEN TASK FORCE - PUBLIC WORKS

PURPOSE:

Determine and investigate the feasibility, including effectiveness and efficiency, of government consolidation issues as they relate to public works.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of public works departments/divisions.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Assess the compatibility and comparability of the current systems, processes, administration and service impacts for public works departments/divisions.
5. Develop reports that evaluate the costs and benefits of government consolidation issues as they relate to public works, including efficiency, effectiveness, equity, accessibility and accountability.
6. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Public Works will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK

CITIZEN TASK FORCE - PUBLIC SAFETY

PURPOSE:

Determine and investigate the feasibility, including effectiveness and efficiency, of government consolidation issues as they relate to public safety.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of public safety departments/divisions.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Assess the compatibility and comparability of the current systems, processes, administration and service impacts for public safety departments/divisions.
5. Develop reports that evaluate the costs and benefits of government consolidation issues as they relate to public safety, including efficiency, effectiveness, equity, accessibility and accountability.
6. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Public Safety will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK

CITIZEN TASK FORCE – TAXATION & FINANCE

PURPOSE:

Investigate and analyze the effect of re-drawing tax district boundaries and urban service districts for the purposes of a consolidated city/county government.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of tax service districts, government finance and budgeting.
3. Requests for necessary or needed information regarding city or county departments should be acquired through the project facilitator.
4. Develop written and oral reports that evaluate government consolidation issues as they relate to taxation and finance, including tax projections and service delivery.
5. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Taxation will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.

SCOPE OF WORK

CITIZEN TASK FORCE - GOVERNMENTAL STRUCTURE

PURPOSE:

Determine and investigate the structure and form of consolidated government that would best serve the Durham community.

SCOPE OF WORK:

1. As soon as possible, preferably within the first meeting, the members will designate a chairperson, a vice-chairperson, and a secretary. The chairperson will be the liaison between the task force and the Project Facilitator and be responsible for calling each meeting to order. The vice-chairperson assumes the role of chairperson in the absence of the chairperson. The secretary will record the minutes of each meeting and maintain all pertinent documents.
2. Develop an understanding of city/county consolidated government structures.
3. Requests for necessary or needed information regarding city or county governmental structures can be acquired through the Project Facilitator and Jake Wicker from the Institute of Government.
4. Using the "Report of City/County Merger Task Force" dated January 30, 1995 as a guide, assess and evaluate the recommendations regarding the structure and form of government that would best serve the Durham community.
5. If necessary, offer alternatives to the 1995 report for consideration by the Steering Committee.
6. Attempt to reach a consensus regarding the feasibility/desirability of consolidating Durham City and County governments.

ACCOUNTABILITY AND TIME FRAME:

The Citizen Task Force on Governmental Structure will make monthly reports to the Project Facilitator and Steering Committee regarding progress and any resource needs. The Citizen Task Force will meet on the _____ of each month beginning in June and concluding by November 15th, 1999. Each meeting should last no longer than 2 hours. If more time is needed, an extra meeting can be proposed and a majority vote will dictate the scheduling of such a meeting.





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**Appendix B
Task Force Service Profiles**

**City of Durham and Durham County
Task Force Profile of General Government & Administrative Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Legislative & Public Affairs						
Council / Commission	Policy making & oversight	\$623	\$365	13	3	
Legal Support	Legal counsel & representation Property tax foreclosure	890	855	9	17	
Records / County Clerk	Records management Business license processing	615	248	9	3	
Register of Deeds	Land transaction registration Public record registration	0	839	0	13	
Elections Bd.	Voter registration & elections	0	529	0	7	
Public Info	Public communications	326	0	5	0	
Totals		\$2,454	\$2,836	36	43	
Corporate Management						
City Manager / County Adm.	General management	\$978	\$756	9	8	
Human Resources	Employee recruiting & training Salary & benefits administration	3,423	1,016	19	16	
EEO	M/WBE monitoring Employee diversity monitoring	377	0	6	0	
Purchasing	Procurement management	375	466	5	8	
Information Technology	Application & network services GIS, imaging & duplication services Mailroom & courier services	3,596	3,191	40	36	
Facility Management	Facility & grounds maintenance Cemetery management (City only)	4,397	4,625	52	31	
Fleet & Asset Management	Fleet maintenance & replacement Radio leasing & maintenance	5,111	0	69	0	
Internal Audit	Internal audit & consulting	343	0	5	0	
Totals		\$18,600	\$10,054	205	99	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The County Law Office has a property tax enforcement/foreclosure unit.
- The County's Information Technology costs include General Services mailroom costs.
- The County's Facility Management costs include General Services administration & pest control costs.
- The County's real property management function is under Economic Development while the City's real property management function is under Fleet & Asset Management.
- The County budgeted \$133,000 to establish an internal audit program in FY00. Its FY99 costs were \$123,000, but they were reported in another budget center.

**City of Durham and Durham County
Task Force Profile of Economic & Financial Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Economic Development						
Marketing	Regional promotion & development	\$0	\$428	0	2	
Economic Revitalization	Economic development initiatives Employment & training assistance	821	0	9	0	√
Tourism	Fund convention & visitors services	2,977	0	0	0	√
Totals		\$3,405	\$428	9	2	
Financial Management						
Tax Administration	Property appraisal & assessment Property reappraisal Property tax collection Revenue (e.g., user fee) collection	\$0	\$3,098	0	60	√
Finance	Accounting & financial reporting Customer service billing Treasury management Debt management	4,738	1,157	70	17	
Budget	Budget management Strategic planning	650	349	8	6	
Risk Management	Employee safety administration Claims administration Risk/liability financing	9,710	1,469	5	2	
Grants Office	Grants management	195	0	3	0	
Totals		\$15,293	\$6,073	86	85	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The City's Office of Economic and Employment Development (OED) includes a joint Employment & Training Division which administers federal, state & local job programs on behalf of the City & County (e.g., Durham JobLink Center, summer jobs program & \$720,000 Welfare to Work grant).
- The City and County, pursuant to an inter-local agreement, operate the independent Durham Convention and Visitors Bureau which, in turn, is funded by occupancy taxes.
- The Tax Administration Office assesses City & County property & collects City & County property & privilege license taxes. It also collects fire & special district taxes, special assessments, hotel/motel occupancy taxes, parking fees, County user fees & animal fees.
- The City's Finance Department has a customer billing unit for collecting water & sewer bills.
- The City maintains a self-insured risk management fund, as well as self-insured dental insurance & mental health plans.
- The City maintains a self-insured workers compensation program & carries an excess commercial general liability policy & commercial coverage for other risks. In FY97, the County replaced its self-insured health benefit plan with a fully-insured plan, but retained a self-insured dental plan.
- The City Grants Office administers numerous grants including Weed & Seed (\$225,000), Domestic Violence (\$896,000), Cops Policing (\$750,000), Lead-Based Paint Hazard Control (\$3,307,000), FEMA (\$1,800,000) and state crime commission (\$639,500). In contrast, the County's grants management function is distributed among the various operating departments.

**City of Durham and Durham County
Task Force Profile of Health & Human Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Public Health	Communicable disease monitoring Screenings & immunizations Child wellness & nutrition Health education	\$0	\$10,292	0	207	
Social Services	Adult social services Adult economic assistance Child protective services Child placement & support Work First family assistance Work First employment services Child care services Child support enforcement Special community initiatives	0	41,841	0	405	
Mental Health	Substance abuse services Mental health screenings Adult outpatient treatment Dev. disability services Case management service	0	20,027	0	264	
Human Relations	Anti-discrimination law enforcement Civil rights education & training	570	0	8	0	
Youth Coordinating Board	Public youth service & grant application coordination	0	169	0	4	✓
Other Human Services	Fund non-profit organizations Fund paratransit & child services Veteran assistance services	465	1,687	0	2	
Totals		\$1,035	\$74,016	8	882	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employees. DC = County.

Comments:

- The County's General Services Department also provides mosquito control services.
- The FY99 Social Service costs exclude the \$120.305 million public assistance pass-through.
- The Durham Center, the County's public mental health, developmental disabilities and substance abuse authority under state law, is governed by a 20-member Area Board appointed by the BoCC. Its Area Director reports to the Area Board, not the BoCC.
- The City plans to provide \$93,000 in funding for the Durham Community Prevention Partnership demonstration project which is operated by County Mental Health Department.
- The County's social services operating budget includes about \$120 million in pass-through payments.
- The Youth Coordinating Board, which was created in response to the City/County Violence Prevention Committee to improve coordination of youth grant funding, is funded by City and County.
- The County contracts with the City to use the City's paratransit contractor (Laidlaw Transit), but the County receives grant funding for vehicles and services as a nonurban grantee.
- The City funds several non-profit agencies, including Downtown Durham, Durham Affordable Housing, Hayti Development Corporation, Durham Striders, and West End Community Center.

**City of Durham and Durham County
Task Force Profile of Planning & Development Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Planning & Zoning	Land use & neighborhood planning Floodplain & watershed protection Historical preservation Open space planning & maintenance Trail acquisition & development	\$2,468	\$915	38	0	✓
Inspections	Development reviews & inspections Permit processing	2,482	536	45	0	✓
Housing & Community Development	Housing production Code enforcement Community development Lead-based paint abatement	6,089	0	40	0	
Cooperative Extension	Agricultural educational services Community Service Center	0	273	0	5	
Soil & Water Conservation	Environmental educational services Water quality technical assistance	0	128	0	3	
Totals		\$11,039	\$1,852	123	8	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The City and County, pursuant to an inter-local agreement, operate a joint Planning Department, as well as a joint Building Inspections unit.
- The City's Housing & Community Development Department administers \$1.8 million in Community Development Block Grant (CDBG) funds and \$2.2 million in HOME grants and secured \$2.4 million from HUD for lead-based paint abatement.
- The Durham County Center of NC Cooperative Extension is a cooperative venture of the County, NCSU and federal government.
- The Durham Soil and Water Conservation District, a state subdivision, provides technical assistance on federal & state regulations (e.g., Agricultural Cost Share, Neuse River Basin, Federal Conservation Reserve, Environmental Quality Incentive, Animal Waste Management System & Farm Bills).
- The County and City jointly operate the civic center complex. The County is gradually increasing its equity share until it reaches 50%. The City refinanced the bonds in FY93.

**City of Durham and Durham County
Task Force Profile of Parks, Recreation & Cultural Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Parks & Recreation						
Parks & Recreation	Recreation center operations Athletic program support Pools & aquatic activities Targeted recreation programs Festival & special event support City Lakes & Heritage Parks	\$5,099	\$0	92	0	
Civic Center	Civic Center operations	2,386	0	1	0	
Athletic Park	Ballpark operations & maintenance County Memorial Stadium	2,322	0	22	0	
Open Space & Forestry Mgt.	Open space management Fund state forest protection services	0	53	0	0	
Totals		\$9,807	\$53	115	0	
Culture & Education						
Library	Main Library operations Library extension services	\$0	\$5,222	0	113	
Other Cultural	Fund Carolina Theater, Durham Arts Council & St. Joseph's (City) Fund Civic Center & Museum of Life & Science (County) Fund non-profit organizations (both)	1,430	1,203	0	0	
Other Educational	Fund non-profit educational organizations	0	75	0	0	
Totals		\$1,430	\$6,500	0	113	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The City Parks & Recreation Department offers a range of recreational services, including after-school programs & targeted programs for senior citizens, youth & special populations.
- The City Parks & Recreation Department offers a range of recreational facilities, including 3 recreation centers, 5 pool facilities, 70 tennis courts, 63 parks & playgrounds, 10 miles of trails.
- While the City operates the Civic Center, the County, pursuant to an interlocal agreement with the City, funds 50% of the operating deficit and will hold a 50% equity interest by 2006.
- The City subsidizes the Ballpark Fund (\$1.8 million of \$2.3 million budget in FY99).
- The County funds 40% of the State's Division of Forest Resources field office. That office's 2 rangers provide educational programs to help protect 100,000 acres of forest in the County.
- The County Library system includes the Main Library, 3 branch libraries & other smaller sites.

**City of Durham and Durham County
Task Force Profile of Public Protection Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Public Safety						
Law enforcement	Uniform patrol & investigations Special operations Training & auxiliary support	\$28,199	\$6,639	541	139	
Sheriff - Civil process & jud. support	Uniform patrol & investigations Inmate transport & court security Civil process	0	2,176	0	43	
Examiner	Medical examinations/autopsies	0	55	0	0	
Fire	Fire suppression HM & tactical rescue services Fire code enforcement Community fire education	11,974	3,214	236	12	
EMS	Emergency medical services Alternative medical transportation	1,837	4,425	36	95	
Emergency Comm's	Emerg. comm's & enhanced 911 Emerg. technology/MDT support	3,586	688	54	0	√
Emergency Management	Emergency planning Emergency operations	114	272	0	3	√
Animal Control	Animal shelter operations Animal control code enforcement	0	913	0	15	√
Other	NECD target sweep initiative Fund non-profit agencies	413	0	1	0	
Totals		\$46,123	\$18,382	868	307	
Judicial Administration						
Courts	Court facility & staff funding	\$0	\$532	0	0	
County Jail	Detention facility administration Inmate work program administration	0	9,777	0	234	
Resource Ctr.	Community-based offender services	0	863	0	15	
Youth Home	Juvenile detention services	0	733	0	15	
Totals		\$0	\$11,905	0	264	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The City Police Department has 4 stations & the County Sheriff has 5 stations.
- There are 12 fire stations in the City and 12 in the County.
- Durham County is served by the County Fire Marshall & 7 volunteer fire districts which are supported by property tax levies. In addition, the County provides general fund revenues to Lebanon (\$224,000).
- The Durham Emergency Communications Center serves as Durham Metro's public safety answering point (PSAP), receives all 911 calls for City & County & dispatches calls via 800 MHz radio system.
- The County Emergency Medical Services Department serves as primary provider of ambulance service in the County. First responder service in City is provided by City Fire Department.
- Under an interlocal agreement, the Durham City/County Emergency Management Agency is administered by the County and funded equally by the City and County.

**City of Durham and Durham County
Task Force Profile of Public Works & Transportation Services**

Program/ Department	Key Services	FY99 Costs City	FY99 Costs DC	FY99 FTEs City	FY99 FTEs DC	Joint
Public Works						
Administration	Public works administration	\$234	\$0	5	0	
Engineering	Engineering design services Construction inspection services Infrastructure mapping Development plan reviews	1,510	0	29	0	
Roadway Appearance	Street, gutter & curb cleaning Right-of-way mowing & cleaning Tree planting & maintenance	1,213	0	16	0	
Totals		\$2,957	\$0	50	0	
Transportation						
Street Maintenance	Street resurfacing & maintenance Alley & sidewalk maintenance ROW stormwater maintenance	\$6,539	\$0	102	0	
Transportation Services	Transportation planning Traffic engineering & control Taxicab & parking control Street lighting	3,797	12	47	0	
Transit Services	Public transit system operations Paratransit services	6,478	0	6	0	
Parking Services	Parking facility operations Parking facility maintenance	2,538	0	26	0	
Totals		\$19,352	12	181	0	

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets and City Public Works and Transportation data obtained from City Budget Office. All costs are presented in thousands. FTE = Full-Time Equivalent employee. DC = County.

Comments:

- The City maintains 588 miles of streets and the State reimburses the City for the costs of maintaining state highways in the City. The State maintains roads on behalf of the County.
- The City develops the Transit Improvement Program for MPO.
- Piedmont Electric Membership Corporation & Duke Power install & maintain street lights.
- The County funds certain non-profit transportation agencies.
- The County's General Services Department manages the County's road signage program.

**City of Durham and Durham County
Task Force Profile of Environmental Management Services**

Program	Department	Key Services				FY99 Costs	FY99 Costs	DC	City	FY99 FTEs	DC FTEs	Total
		Administration	Sanitation	Solid Waste	Disposal & Management							
Solid Waste Management												
Administration		Solid waste administration	\$514	\$0	5	0				0		
Sanitation		Curbside refuse collection Yard waste collection Commercial dumpster collection	9,242	0	106	0				0		
Solid Waste		Transfer station operations Household HW administration Landfill & compost operations Solid waste recycling	9,323	1,240	15	8						
Water & Wastewater Treatment												
Administration		Public utilities administration	\$772	0	7	0				0		
Plant Maint. & Engineering		Laboratory services Water station maintenance Wastewater lift station maintenance	4,131	0	52	0				0		
Environmental Engineering		Water & sewer engineering Sedimentation & erosion control	1,488	276	31	5						
Water Supply		Water treatment plant operations Water supply & treatment	4,290	0	40	0				0		
Wastewater Treatment		Wastewater treatment Household HW monitoring	5,607	8,092	40	3						
Water & Sewer		Water & sewer main trunk line Inspection, cleaning & repairing	5,854	0	123	0				0		
Maintenance		Fire hydrant maintenance										
Storm Water Management		Storm water infrastructure mapping Cleaning, maintenance & repair Storm water quality monitoring	5,401	0	42	0						
Totals												
			\$19,079	\$1,240	126	8						
			\$27,543	\$8,396	335	8						

Note: Costs & FTEs are FY99 estimates from City & County FY00 budgets. All costs are presented in thousands.
FTE = Full-Time Equivalent employee. DC = County.

Comments:

- Some of the City's environmental functions are provided by the Public Works Department (e.g., water & sewer maintenance, water & sewer engineering and storm water management).
- The City's Solid Waste Department provides weekly curbside & yard waste collections. Other services include cardboard collection and bulk item pick-up. The City provides weekly curbside recycling for 53,000 households & drop-off center service for 36 multi-family complexes.
- The County's General Services Department manages the County's solid waste program. The County has 4 residential container sites. There is a City-County landfill.
- City storm water duties are divided between the Storm Water & General funds.
- The City operates 2 water treatment facilities with a combined 52 MGD capacity, 2 water supply reservoirs & pumping facilities, 4 off-site water storage tanks & 2 water booster pumping stations.
- The City operates 2 state-of-art tertiary wastewater treatment facilities (North Durham & South Durham Water Reclamation facilities) with a combined 20 MGD capacity.
- The County operates the Triangle Wastewater Treatment Plant & county wastewater collection system.



DURHAM



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CITY OF MEDICINE

**Durham City-County Consolidation
Citizen Task Force Review Final Report**

**Appendix C
Profiles of Recent City-County Mergers**

Profiles of Recent City-County Mergers

	Metro Nashville- Davidson County	Jacksonville- Duval County	Indianapolis-Marion County (Unigov)
Population (1990)	County - 517,800 (75% white) City - 488,400 (73% white)	County - 700,800 (72% white) City - 635,200 (70% white)	County - 812,800 (77% white) City - 731,300 (75% white)
Population (Merger)	County - 399,700 (62% white) City - 170,900 (81% white)	County - 455,400 (77% white) City - 201,000 (59% white)	County - 793,800 (83% white) City - 744,600 (82% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1958 • Approved (56%) in 1962 • Implemented in 1963 	<ul style="list-style-type: none"> • Approved (65%) in 1967 • Implemented in 1968 	<ul style="list-style-type: none"> • Enacted by legislature in 1968 • Implemented in 1970
Causal Factors	<ul style="list-style-type: none"> • City annexed 42 square miles (82,000 residents) & enacted suburban wheel tax • Poor water & sewer system 	<ul style="list-style-type: none"> • 80% of city's waste untreated • 180 suburban utilities in poor condition & with high rates • 2/3 of properties not taxed 	<ul style="list-style-type: none"> • Perceived duplication of services & other inefficiencies • Leadership by Mayor Lugar
Merger Plan	<ul style="list-style-type: none"> • Merged City of Nashville & Davidson County • Retained 6 suburban cities • Retained 6 elected officers (i.e., assessor, collector, clerk, DA, public defender & sheriff) 	<ul style="list-style-type: none"> • Merged Jacksonville, Duval County & 3 special districts • Retained 4 suburban cities • Retained 4 elected officers (i.e., appraiser, collector, elections supervisor & sheriff) 	<ul style="list-style-type: none"> • Expanded Indianapolis' borders to Marion County line • Retained 4 cities, 9 townships & several special districts • Retained 9 elected officers (e.g., auditor, assessor, clerk, DA, treasurer & sheriff) • Established 5 departments
Government Structure	<ul style="list-style-type: none"> • Strong Mayor-Council form with 41-member council • Mayor has veto power 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 19-member council • Mayor has veto power • Mayor appoints manager • Council appoints auditor 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 29-member council • Mayor has veto power • Mayor appoints department heads subject to council vote
Elections	<ul style="list-style-type: none"> • Non-partisan elections • Mayor elected at-large • Council elected by district (35) & at-large (5) • Staggered 4-year terms 	<ul style="list-style-type: none"> • Partisan elections • Mayor elected at-large • Council elected by district (14) & at-large (5) • Staggered 4-year terms with 2-term (consecutive) limit 	<ul style="list-style-type: none"> • Partisan, odd-year elections • Mayor elected at-large • Council elected by district (25) & at-large (4) • Staggered 4-year terms
Service Districts	<ul style="list-style-type: none"> • GSD for county & USD for Nashville (higher tax rate) • Tax rates for USD set by 3 member Urban Council • USD first expanded in 1972 	<ul style="list-style-type: none"> • GSD for county & 5 USDs for cities (higher tax rates) 	<ul style="list-style-type: none"> • Police, Fire & Solid Waste service districts; taxes vary • Sheriff & volunteer fire departments serve GSD
Transition Issues	<ul style="list-style-type: none"> • Several legal challenges • Established new pension plan • Police & Sheriff merger 	<ul style="list-style-type: none"> • Gave new entity all new look • Protected all employee rights & benefits 	<ul style="list-style-type: none"> • Confusing array of service districts & tax rates • Reduced staff via attrition
Merger Outcome	<ul style="list-style-type: none"> • Retained all employees • Enhanced services & growth • Cut costs by 15% by 1968 • Operated well for 36 years 	<ul style="list-style-type: none"> • Reduced property taxes by 29% in first 3 years & general taxes in each of first 9 years • Undertook massive CIP 	<ul style="list-style-type: none"> • Limited merger • Increased city population by 50% & enhanced city's image • Greater federal aid
Other Comments	<ul style="list-style-type: none"> • Entity is both city & county • Council, while unwieldy, was lean compared to prior city (21) & county (55) boards 	<ul style="list-style-type: none"> • Received All-American City designation 	<ul style="list-style-type: none"> • Economic development efforts increased job growth • City continues to enjoy good government reputation

Note: GSD = General Services District & USD = Urban Services District. Unless otherwise noted, entities with strong mayor form designate mayor as chief executive officer with power to appoint & dismiss department heads, subject to legislative approval. All council districts are single-member districts unless otherwise noted. CAC = Chief Administrative Officer.

Profiles of Recent City-County Mergers

	Baton Rouge- East Baton Rouge Parish	Lexington-Fayette Urban County, KY	Kansas City- Wyandotte County, KS
Population (1990)	County - 380,100 (63% white) City - 219,500 (53% white)	County - 232,600 (84% white) City - 225,400 (84% white)	County - 162,000 (___% white) City - _____ (___% white)
Population (Merger)	County - 158,200 (67% white) City - 125,600 (72% white)	County - 174,300 (88% white) City - 108,100 (83% white)	County - 160,000 (___% white) City - 147,000 (___% white)
Merger History	<ul style="list-style-type: none"> Approved (___%) in 1947 Implemented in 1949 	<ul style="list-style-type: none"> Approved (70% vote) in 1973 Implemented in 1974 	<ul style="list-style-type: none"> Approved (60% vote) in 1996 Implemented in 1997
Causal Factors	<ul style="list-style-type: none"> Growing, unincorporated areas lacked quality services 	<ul style="list-style-type: none"> Response to growth Desire to reduce costs 	<ul style="list-style-type: none"> Grass-roots desire to improve efficiency & public image
Merger Plan	<ul style="list-style-type: none"> Merged City of Baton Rouge & East Baton Rouge Parish Retained suburban cities Retained appointed Parish Attorney 	<ul style="list-style-type: none"> Merged City & County Retained elected sheriff, but transferred all law enforcement duties to Police Chief Established 7 departments Expanded police & fire services to entire county 	<ul style="list-style-type: none"> Merged City & County Eliminated elected Treasurer, Clerk, Public Administrator & Surveyor Retained elected DA, sheriff (as chief law enforcement official) & Register of Deeds
Government Structure	<ul style="list-style-type: none"> Strong Mayor-Council form with 12-member council Mayor has veto power Mayor appoints & removes department heads 	<ul style="list-style-type: none"> Strong Mayor-Council form with 15-member council Mayor presides over council with veto & tie-breaking vote Mayor appoints department heads & board members Council appoints CAO 	<ul style="list-style-type: none"> Strong Mayor-Council form with 11-member commission Mayor presides over comm. with veto & tie-breaking vote Mayor appoints manager subject to council approval Manager appoints dep't heads, but reports to Mayor
Elections	<ul style="list-style-type: none"> Mayor elected at-large Council elected by district Staggered 4-year terms with 3-term limit 	<ul style="list-style-type: none"> Non-partisan, odd-year cycle Mayor elected at-large to 4-year term with 3-term limit Council elected by district (12) & at-large (3) 12-year Council term limits 	<ul style="list-style-type: none"> Non-partisan, odd-year cycle Mayor elected at-large Council elected by district (8) & at-large (2) (2 nominated from multi-area districts) Staggered 4-year terms
Service Districts	<ul style="list-style-type: none"> USD for Baton Rouge City & Industrial & Rural districts for areas with fewer services Taxpayers in Rural District may petition to joint USD 	<ul style="list-style-type: none"> GSD for county, full USD for Lexington & partial USD for unincorporated area Distinct ad valorem tax rate for each service district 	<ul style="list-style-type: none"> Designated entire county as an "urban area" Established 2 special service districts for city & county
Transition Issues	<ul style="list-style-type: none"> Metro Council being challenged on Voting Rights & 14th/15th Amendment issues 	<ul style="list-style-type: none"> New entity assumed all debts of county & city Protected all employee rights Established new pension plan 	<ul style="list-style-type: none"> Communications for 1,600 city & 700 county employees Just completed pay study to ensure equity (no decreases)
Merger Outcome	<ul style="list-style-type: none"> Unknown 	<ul style="list-style-type: none"> Retained all employees Established new civil service 	<ul style="list-style-type: none"> Improved services & image Cut taxes by 11%
Other Comments	<ul style="list-style-type: none"> 1st city-county merger in 40 years & 1st with tax districts & suburban opt out 	<ul style="list-style-type: none"> Only merged government in Kentucky 	<ul style="list-style-type: none"> Judges appoint auditor & ethics commission

Note: GSD = General Services District & USD = Urban Services District. Unless otherwise noted, entities with strong mayor form designate mayor as chief executive officer with power to appoint & dismiss department heads, subject to legislative approval. All council districts are single-member districts unless otherwise noted. CAO = Chief Administrative Officer.

Profiles of Recent City-County Mergers

	Columbus- Muscookee County, GA	Athens- Clarke County, GA	Augusta- Richmond County, GA
Population (1990)	County - 186,400 (59% white) City - 178,700 (57% white)	County - 88,200 (70% white) City - 45,700 (65% white)	County - 202,400 (57% white) City - 44,600 (42% white)
Population (Merger)	County - 167,400 (74% white) City - 154,100 (74% white)	County - 88,200 (70% white) City - 45,700 (65% white)	County - 202,400 (57% white) City - 44,600 (42% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1962 • Approved (80%) in 1969 • Implemented in 1971 	<ul style="list-style-type: none"> • Rejected in 1969, 1972, 1982 • Approved (60% vote) in 1990 • Implemented in 1991 	<ul style="list-style-type: none"> • Rejected in 1971, 1972, 1976 • Approved in 1988 & 1995 • Implemented in 1996
Causal Factors	<ul style="list-style-type: none"> • City annexations • Service & tax duplication • Frequent city-county disputes 	<ul style="list-style-type: none"> • Citizen concerns about costs, growth & quality of life • Chamber of Commerce 	<ul style="list-style-type: none"> • City financial crisis • Service delivery problems • Frequent city-county disputes
Merger Plan	<ul style="list-style-type: none"> • Merged City of Columbus & Muscookee County • Retained Bibb City & Ft. Benning • Retained elected tax commissioner & sheriff • Established 9 departments 	<ul style="list-style-type: none"> • Merged City of Athens & Clarke County • Retained 2 suburban cities • Retained elected collector, clerk of courts & sheriff (for jail, security & process only) 	<ul style="list-style-type: none"> • Merged Augusta, Richmond County & City of Hephzibah • Retained Town of Blythe • Merged police services (with ejected sheriff as chief LEO) • Merged fire services (with City Fire Chief as director)
Government Structure	<ul style="list-style-type: none"> • Manager-Council form with 11-member council • Mayor appoints manager with council approval • Mayor has no veto power, but may cast tie-breaking vote 	<ul style="list-style-type: none"> • Manager-Council form with 11-member commission • Mayor has veto power & nominates attorney & auditor • Manager hired by commission • Commission confirms auditor 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 10-member council • Mayor has no veto power, but may cast tie-breaking vote • Mayor cannot fire manager without council assent
Elections	<ul style="list-style-type: none"> • Even-year elections • Mayor elected at-large • Council elected by district (6) & at-large (4) • Staggered 4-year terms with 2-term (consecutive) limit 	<ul style="list-style-type: none"> • Partisan, even-year elections (initially non-partisan) • Mayor elected at-large • Council elected by district (8) & multi-area district (2) • Staggered 4-year terms with 2-term limit (consecutive) 	<ul style="list-style-type: none"> • Non-partisan, odd-year elections (Mayor is even-year) • Mayor elected at-large • Council elected by district (8) & multi-area district (2) • Staggered 4-year terms with 2-term (consecutive) limit
Service Districts	<ul style="list-style-type: none"> • GSD for county & USD for area with more services • USD may have higher taxes • Public hearing for USD 	<ul style="list-style-type: none"> • GSD for county & USD for Athens (higher tax rate) • Tax rates vary by service level 	<ul style="list-style-type: none"> • USD for cities & suburban SD for unincorporated area • Variable tax rates • No new services initially
Transition Issues	<ul style="list-style-type: none"> • Preserved employee rights • Established new pension plan • Sheriff later transferred patrol functions to Police, but retained investigation 	<ul style="list-style-type: none"> • Different management cultures • Preserved employee rights • Incurred significant transition costs due to pay equity pledge 	<ul style="list-style-type: none"> • US Justice withheld approval • Conducted pay equity study • Equalize pay & benefits • Equalize franchise fees • New tax districts for City debt
Merger Outcome	<ul style="list-style-type: none"> • Improved minority representation on council • Single property tax bill 	<ul style="list-style-type: none"> • Retained all employees • Avoided net cost increase despite pay equalization costs 	<ul style="list-style-type: none"> • Retained all employees • Upgraded service & debt rating • Avoided tax increase
Other Comments	<ul style="list-style-type: none"> • Entity is both a city & county • If conflict, GSD is county & USD is city 	<ul style="list-style-type: none"> • Entity is both a city & county • Police retained accreditation • 5-year charter review process 	<ul style="list-style-type: none"> • Entity is both a city & county • Charter amendment process • Created 2nd largest city in state

Note: GSD = General Services District & USD = Urban Services District. Unless otherwise noted, entities with strong mayor form designate mayor as chief executive officer with power to appoint & dismiss department heads, subject to legislative approval. All council districts are single-member districts unless otherwise noted. CAO = Chief Administrative Officer.

Profiles of Recent City-County Mergers

	Anchorage-Greater Anchorage Borough, AL	Houma- Terrebonne Parish, LA	Lafayette- Lafayette Parish, LA
Population (1990)	County - 226,300 (___% white) City - _____ (___% white)	Parish - 97,000 (77% white) City - _____ (___% white)	Parish - 164,800 (___% white) City - _____ (___% white)
Population (Merger)	County - (___% white) City - (___% white)	Parish - _____ (___% white) City - _____ (___% white)	Parish - 164,800 (___% white) City - _____ (___% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1971 • Approved (60%) in 1975 • Implemented in 1975 	<ul style="list-style-type: none"> • Approved in 1981 (54%) • Implemented in 1984 	<ul style="list-style-type: none"> • Approved in 1992 (64%) • Implemented in 1996
Causal Factors	<ul style="list-style-type: none"> • Service demands in outlying areas (e.g., boroughs) 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Demands for greater efficiency & responsiveness • Desire for more unified community voice
Merger Plan	<ul style="list-style-type: none"> • Merged city with 5 boroughs • Boroughs retained governing boards with limited powers 	<ul style="list-style-type: none"> • Merged City & Parish • Retained city as legal entity • Home rule charter 	<ul style="list-style-type: none"> • Merged Lafayette City & Parish, but retained other municipalities • Home rule charter
Government Structure	<ul style="list-style-type: none"> • Strong Mayor-Assembly form • 11-member Assembly with 2 from each borough & 1 from downtown district 	<ul style="list-style-type: none"> • Strong President-Council form with 13-member council • President is CEO with line item veto power 	<ul style="list-style-type: none"> • Strong President-Council form with 10-member council • Retained separate police & Sheriff patrol functions
Elections	<ul style="list-style-type: none"> • Non-partisan elections • Mayor elected at-large • Assembly elected by district • Staggered 3-year terms • 2-term limit for mayor & 3-term limit for Assembly 	<ul style="list-style-type: none"> • President elected at-large • Council elected by district • 4-year terms • 2 consecutive term limit for President 	<ul style="list-style-type: none"> • President elected at-large • Council elected by district (9) • 4-year terms
Service Districts	<ul style="list-style-type: none"> • 6 service districts 	<ul style="list-style-type: none"> • USD for Houma for police & fire services 	<ul style="list-style-type: none"> •
Transition Issues	<ul style="list-style-type: none"> • Road service areas • Police protection • Borough governance 	<ul style="list-style-type: none"> • Justice Dept. approval • New personnel system • New financial system 	<ul style="list-style-type: none"> • Charter challenged by voter
Merger Outcome	<ul style="list-style-type: none"> • Improved service delivery • Greater efficiency 	<ul style="list-style-type: none"> • Retained current employees 	<ul style="list-style-type: none"> •
Other Comments	<ul style="list-style-type: none"> • No sheriff, only state troopers & local police officers 	<ul style="list-style-type: none"> • Houma is only city in parish • State constitution prohibits charter commission from modifying Sheriff's duties 	<ul style="list-style-type: none"> • City is 60% of parish • Sheriff is a constitutional officer

Note: GSD = General Services District & USD = Urban Services District. Unless otherwise noted, entities with strong mayor form designate mayor as chief executive officer with power to appoint & dismiss department heads, subject to legislative approval. All council districts are single-member districts unless otherwise noted. CAO = Chief Administrative Officer.



**Durham City-County Consolidation
Citizen Task Force Review Final Report**

**Appendix C
Profiles of Recent City-County Mergers**

Profiles of Recent City-County Mergers

	Metro Nashville- Davidson County	Jacksonville- Duval County	Indianapolis-Marion County (Unlgov)
Population (1990)	County - 517,800 (75% white) City - 488,400 (73% white)	County - 700,800 (72% white) City - 635,200 (70% white)	County - 812,800 (77% white) City - 731,300 (75% white)
Population (Merger)	County - 399,700 (62% white) City - 170,900 (81% white)	County - 455,400 (77% white) City - 201,000 (59% white)	County - 793,800 (83% white) City - 744,600 (82% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1958 • Approved (56%) in 1962 • Implemented in 1963 	<ul style="list-style-type: none"> • Approved (65%) in 1967 • Implemented in 1968 	<ul style="list-style-type: none"> • Enacted by legislature in 1968 • Implemented in 1970
Causal Factors	<ul style="list-style-type: none"> • City annexed 42 square miles (82,000 residents) & enacted suburban wheel tax • Poor water & sewer system 	<ul style="list-style-type: none"> • 80% of city's waste untreated • 180 suburban utilities in poor condition & with high rates • 2/3 of properties not taxed 	<ul style="list-style-type: none"> • Perceived duplication of services & other inefficiencies • Leadership by Mayor Lugar
Merger Plan	<ul style="list-style-type: none"> • Merged City of Nashville & Davidson County • Retained 6 suburban cities • Retained 6 elected officers (i.e., assessor, collector, clerk, DA, public defender & sheriff) 	<ul style="list-style-type: none"> • Merged Jacksonville, Duval County & 3 special districts • Retained 4 suburban cities • Retained 4 elected officers (i.e., appraiser, collector, elections supervisor & sheriff) 	<ul style="list-style-type: none"> • Expanded Indianapolis' borders to Marion County line • Retained 4 cities, 9 townships & several special districts • Retained 9 elected officers (e.g., auditor, assessor, clerk, DA, treasurer & sheriff) • Established 5 departments
Government Structure	<ul style="list-style-type: none"> • Strong Mayor-Council form with 41-member council • Mayor has veto power 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 19-member council • Mayor has veto power • Mayor appoints manager • Council appoints auditor 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 29-member council • Mayor has veto power • Mayor appoints department heads subject to council vote
Elections	<ul style="list-style-type: none"> • Non-partisan elections • Mayor elected at-large • Council elected by district (35) & at-large (5) • Staggered 4-year terms 	<ul style="list-style-type: none"> • Partisan elections • Mayor elected at-large • Council elected by district (14) & at-large (5) • Staggered 4-year terms with 2-term (consecutive) limit 	<ul style="list-style-type: none"> • Partisan, odd-year elections • Mayor elected at-large • Council elected by district (25) & at-large (4) • Staggered 4-year terms
Service Districts	<ul style="list-style-type: none"> • GSD for county & USD for Nashville (higher tax rate) • Tax rates for USD set by 3-member Urban Council • USD first expanded in 1972 	<ul style="list-style-type: none"> • GSD for county & 5 USDs for cities (higher tax rates) 	<ul style="list-style-type: none"> • Police, Fire & Solid Waste service districts; taxes vary. • Sheriff & volunteer fire departments serve GSD
Transition Issues	<ul style="list-style-type: none"> • Several legal challenges • Established new pension plan • Police & Sheriff merger 	<ul style="list-style-type: none"> • Gave new entity all new look • Protected all employee rights & benefits 	<ul style="list-style-type: none"> • Confusing array of service districts & tax rates • Reduced staff via attrition
Merger Outcome	<ul style="list-style-type: none"> • Retained all employees • Enhanced services & growth • Cut costs by 15% by 1968 • Operated well for 36 years 	<ul style="list-style-type: none"> • Reduced property taxes by 29% in first 3 years & general taxes in each of first 9 years • Undertook massive CIP 	<ul style="list-style-type: none"> • Limited merger • Increased city population by 50% & enhanced city's image • Greater federal aid
Other Comments	<ul style="list-style-type: none"> • Entity is both city & county • Council, while unwieldy, was lean compared to prior city (21) & county (55) boards 	<ul style="list-style-type: none"> • Received All-American City designation 	<ul style="list-style-type: none"> • Economic development efforts increased job growth • City continues to enjoy good government reputation

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Profiles of Recent City-County Mergers

	Baton Rouge- East Baton Rouge Parish	Lexington-Fayette Urban County, KY	Kansas City- Wyandotte County, KS
Population (1990)	County - 380,100 (63% white) City - 219,500 (53% white)	County - 232,600 (84% white) City - 225,400 (84% white)	County - 162,600 (___% white) City - _____ (___% white)
Population (Merger)	County - 158,200 (67% white) City - 125,600 (72% white)	County - 174,300 (88% white) City - 108,100 (83% white)	County - 160,000 (___% white) City - 147,000 (___% white)
Merger History	<ul style="list-style-type: none"> Approved (___%) in 1947 Implemented in 1949 	<ul style="list-style-type: none"> Approved (70% vote) in 1973 Implemented in 1974 	<ul style="list-style-type: none"> Approved (60% vote) in 1996 Implemented in 1997
Causal Factors	<ul style="list-style-type: none"> Growing, unincorporated areas lacked quality services 	<ul style="list-style-type: none"> Response to growth Desire to reduce costs 	<ul style="list-style-type: none"> Grass-roots desire to improve efficiency & public image
Merger Plan	<ul style="list-style-type: none"> Merged City of Baton Rouge & East Baton Rouge Parish Retained suburban cities Retained appointed Parish Attorney 	<ul style="list-style-type: none"> Merged City & County Retained elected sheriff, but transferred all law enforcement duties to Police Chief Established 7 departments Expanded police & fire services to entire county 	<ul style="list-style-type: none"> Merged City & County Eliminated elected Treasurer, Clerk, Public Administrator & Surveyor Retained elected DA, sheriff (as chief law enforcement official) & Register of Deeds
Government Structure	<ul style="list-style-type: none"> Strong Mayor-Council form with 12-member council Mayor has veto power Mayor appoints & removes department heads 	<ul style="list-style-type: none"> Strong Mayor-Council form with 15-member council Mayor presides over council with veto & tie-breaking vote Mayor appoints department heads & board members Council appoints CAO 	<ul style="list-style-type: none"> Strong Mayor-Council form with 11-member commission Mayor presides over comm. with veto & tie-breaking vote Mayor appoints manager subject to council approval Manager appoints dep't heads, but reports to Mayor
Elections	<ul style="list-style-type: none"> Mayor elected at-large Council elected by district Staggered 4-year terms with 3-term limit 	<ul style="list-style-type: none"> Non-partisan, odd-year cycle Mayor elected at-large to 4-year term with 3-term limit Council elected by district (12) & at-large (3) 12-year Council term limits 	<ul style="list-style-type: none"> Non-partisan, odd-year cycle Mayor elected at-large Council elected by district (8) & at-large (2 nominated from multi-area districts) Staggered 4-year terms
Service Districts	<ul style="list-style-type: none"> USD for Baton Rouge City & Industrial & Rural districts for areas with fewer services Taxpayers in Rural District may petition to joint USD 	<ul style="list-style-type: none"> GSD for county, full USD for Lexington & partial USD for unincorporated area Distinct ad valorem tax rate for each service district 	<ul style="list-style-type: none"> Designated entire county as an "urban area" Established 2 special service districts for city & county
Transition Issues	<ul style="list-style-type: none"> Metro Council being challenged on Voting Rights & 14th/15th Amendment issues 	<ul style="list-style-type: none"> New entity assumed all debts of county & city Protected all employee rights Established new pension plan 	<ul style="list-style-type: none"> Communications for 1,600 city & 700 county employees Just completed pay study to ensure equity (no decreases)
Merger Outcome	<ul style="list-style-type: none"> Unknown 	<ul style="list-style-type: none"> Retained all employees Established new civil service 	<ul style="list-style-type: none"> Improved services & image Cut taxes by 11%
Other Comments	<ul style="list-style-type: none"> 1st city-county merger in 40 years & 1st with tax districts & suburban opt out 	<ul style="list-style-type: none"> Only merged government in Kentucky 	<ul style="list-style-type: none"> Judges appoint auditor & ethics commission

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Profiles of Recent City-County Mergers

	Columbus- Muscogee County, GA	Athens- Clarke County, GA	Augusta- Richmond County, GA
Population (1990)	County - 186,400 (59% white) City - 178,700 (57% white)	County - 88,200 (70% white) City - 45,700 (65% white)	County - 202,400 (57% white) City - 44,600 (42% white)
Population (Merger)	County - 167,400 (74% white) City - 154,100 (74% white)	County - 88,200 (70% white) City - 45,700 (65% white)	County - 202,400 (57% white) City - 44,600 (42% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1962 • Approved (80%) in 1969 • Implemented in 1971 	<ul style="list-style-type: none"> • Rejected in 1969, 1972, 1982 • Approved (60% vote) in 1990 • Implemented in 1991 	<ul style="list-style-type: none"> • Rejected in 1971, 1972, 1976 • Approved in 1988 & 1995 • Implemented in 1996
Causal Factors	<ul style="list-style-type: none"> • City annexations • Service & tax duplication • Frequent city-county disputes 	<ul style="list-style-type: none"> • Citizen concerns about costs, growth & quality of life • Chamber of Commerce 	<ul style="list-style-type: none"> • City financial crisis • Service delivery problems • Frequent city-county disputes
Merger Plan	<ul style="list-style-type: none"> • Merged City of Columbus & Muscogee County • Retained Bibb City & Ft. Benning • Retained elected tax commissioner & sheriff • Established 9 departments 	<ul style="list-style-type: none"> • Merged City of Athens & Clarke County • Retained 2 suburban cities • Retained elected collector, clerk of courts & sheriff (for jail, security & process only) 	<ul style="list-style-type: none"> • Merged Augusta, Richmond County & City of Hephzibah • Retained Town of Blythe • Merged police services (with elected sheriff as chief LEO) • Merged fire services (with City Fire Chief as director)
Government Structure	<ul style="list-style-type: none"> • Manager-Council form with 11-member council • Mayor appoints manager with council approval • Mayor has no veto power, but may cast tie-breaking vote 	<ul style="list-style-type: none"> • Manager-Council form with 11-member commission • Mayor has veto power & nominates attorney & auditor • Manager hired by commission • Commission confirms auditor 	<ul style="list-style-type: none"> • Strong Mayor-Council form with 10-member council • Mayor has no veto power, but may cast tie-breaking vote • Mayor cannot fire manager without council assent
Elections	<ul style="list-style-type: none"> • Even-year elections • Mayor elected at-large • Council elected by district (6) & at-large (4) • Staggered 4-year terms with 2-term (consecutive) limit 	<ul style="list-style-type: none"> • Partisan, even-year elections (initially non-partisan) • Mayor elected at-large • Council elected by district (8) & multi-area district (2) • Staggered 4-year terms with 2-term limit (consecutive) 	<ul style="list-style-type: none"> • Non-partisan, odd-year elections (Mayor is even-year) • Mayor elected at-large • Council elected by district (8) & multi-area district (2) • Staggered 4-year terms with 2-term (consecutive) limit
Service Districts	<ul style="list-style-type: none"> • GSD for county & USD for area with more services • USD may have higher taxes • Public hearing for USD 	<ul style="list-style-type: none"> • GSD for county & USD for Athens (higher tax rate) • Tax rates vary by service level 	<ul style="list-style-type: none"> • USD for cities & suburban SD for unincorporated area • Variable tax rates • No new services initially
Transition Issues	<ul style="list-style-type: none"> • Preserved employee rights • Established new pension plan • Sheriff later transferred patrol functions to Police, but retained investigation 	<ul style="list-style-type: none"> • Different management cultures • Preserved employee rights • Incurred significant transition costs due to pay equity pledge 	<ul style="list-style-type: none"> • US Justice withheld approval • Conducted pay equity study • Equalize pay & benefits • Equalize franchise fees • New tax districts for City debt
Merger Outcome	<ul style="list-style-type: none"> • Improved minority representation on council • Single property tax bill 	<ul style="list-style-type: none"> • Retained all employees • Avoided net cost increase despite pay equalization costs 	<ul style="list-style-type: none"> • Retained all employees • Upgraded service & debt rating • Avoided tax increase
Other Comments	<ul style="list-style-type: none"> • Entity is both a city & county • If conflict, GSD is county & USD is city 	<ul style="list-style-type: none"> • Entity is both a city & county • Police retained accreditation • 5-year charter review process 	<ul style="list-style-type: none"> • Entity is both a city & county • Charter amendment process • Created 2nd largest city in state

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Profiles of Recent City-County Mergers

	Anchorage-Greater Anchorage Borough, AL	Houma- Terrebonne Parish, LA	Lafayette- Lafayette Parish, LA
Population (1990)	County - 226,300 (___% white) City - _____ (___% white)	Parish - 97,000 (77% white) City - _____ (___% white)	Parish - 164,800 (___% white) City - _____ (___% white)
Population (Merger)	County - (___% white) City - (___% white)	Parish - _____ (___% white) City - _____ (___% white)	Parish - 164,800 (___% white) City - _____ (___% white)
Merger History	<ul style="list-style-type: none"> • Rejected in 1971 • Approved (60%) in 1975 • Implemented in 1975 	<ul style="list-style-type: none"> • Approved in 1981 (54%) • Implemented in 1984 	<ul style="list-style-type: none"> • Approved in 1992 (64%) • Implemented in 1996
Causal Factors	<ul style="list-style-type: none"> • Service demands in outlying areas (e.g., boroughs) 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Demands for greater efficiency & responsiveness • Desire for more unified community voice
Merger Plan	<ul style="list-style-type: none"> • Merged city with 5 boroughs • Boroughs retained governing boards with limited powers 	<ul style="list-style-type: none"> • Merged City & Parish • Retained city as legal entity • Home rule charter 	<ul style="list-style-type: none"> • Merged Lafayette City & Parish, but retained other municipalities • Home rule charter
Government Structure	<ul style="list-style-type: none"> • Strong Mayor-Assembly form • 11-member Assembly with 2 from each borough & 1 from downtown district 	<ul style="list-style-type: none"> • Strong President-Council form with 15-member council • President is CEO with line item veto power 	<ul style="list-style-type: none"> • Strong President-Council form with 10-member council • Retained separate police & Sheriff patrol functions
Elections	<ul style="list-style-type: none"> • Non-partisan elections • Mayor elected at-large • Assembly elected by district • Staggered 3-year terms • 2-term limit for mayor & 3-term limit for Assembly 	<ul style="list-style-type: none"> • President elected at-large • Council elected by district • 4-year terms • 2 consecutive term limit for President 	<ul style="list-style-type: none"> • President elected at-large • Council elected by district (9) • 4-year terms
Service Districts	<ul style="list-style-type: none"> • 6 service districts 	<ul style="list-style-type: none"> • USD for Houma for police & fire services 	<ul style="list-style-type: none"> •
Transition Issues	<ul style="list-style-type: none"> • Road service areas • Police protection • Borough governance 	<ul style="list-style-type: none"> • Justice Dept. approval • New personnel system • New financial system 	<ul style="list-style-type: none"> • Charter challenged by voter
Merger Outcome	<ul style="list-style-type: none"> • Improved service delivery • Greater efficiency 	<ul style="list-style-type: none"> • Retained current employees 	<ul style="list-style-type: none"> •
Other Comments	<ul style="list-style-type: none"> • No sheriff, only state troopers & local police officers 	<ul style="list-style-type: none"> • Houma is only city in parish • State constitution prohibits charter commission from modifying Sheriff's duties 	<ul style="list-style-type: none"> • City is 60% of parish • Sheriff is a constitutional officer

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**Appendix D
Service District Matrices**

Preliminary Service District Matrices
Matrix of Potential Service Districts

General Service District	Entire county	Legislative & public affairs Corporate management Econ. development (regional) Financial management Health & human services (including human relations) Cooperative extension Soil & water conservation Civic Center & Athletic Park Open space & forestry mgmt. Cultural & educational Medical examiner Emergency medical services Emergency communications Emergency management Animal control Judicial administration Judicial support (Sheriff) Water supply Wastewater treatment	Allocate current county taxes to GSD? Allocate service charges for self-supporting enterprise funds (e.g., water & sewer) to GSD or USD No. 2? Allocate debt for Civic Center & Athletic Park to GSD or USD No. 2?
Urban Service District No. 1	Entire County except Town of Chapel Hill	Planning & zoning Building inspections Solid waste disposal Solid waste management	Exclude part of former City of Durham in Orange County
Urban Service District No. 2	Former City of Durham (incorporated part of Durham County, excluding Town of Chapel Hill)	Econ. development (urban) Housing & community development Parks & recreation Law enforcement (urban) NECD target sweep initiative Fire services (urban) Public works (urban) Transportation (urban) Sanitation Storm water management	
Urban Service District No. 3	Entire County except former City of Durham & Town of Chapel Hill	Law enforcement (rural) Fire services (rural)	
Urban Service District No. 4	Part of former City of Durham in Orange County	All services performed by former City of Durham allocated to GSD or USD No. 1	
Urban Service District No. 5	Research Triangle Park	To be determined	Determine current service needs & levels
Urban Service District No. 6	Town of Chapel Hill within Durham County	To be determined	Determine current service needs & levels

Note: Possible service allocation decisions are highlighted in bold. Education & community college programs would be allocated to the GSD.

Preliminary Service District Matrices
Matrix of Revenues by Government

	City	County	
General Government Fund Revenues			
Real property tax			
• General property tax	Different rate allowed for USD	\$54,943	\$124,159
• Special district taxes	Primarily fire district taxes	0	2,613
Subtotal		54,943	126,772
Sales tax (local option)	Allocate per capita or ad valorem	19,934	27,113
Other local taxes:			
• Intangibles tax	Allocate on ad valorem basis	1,459	3,069
• Occupancy taxes	City receives 25.5%	1,210	3,535
• Animal taxes	County tax only	0	247
Subtotal		2,669	6,851
Licenses & permits			
• Development permits	Construction-related permits	2,432	1,301
• Cable TV franchise fees	Cable franchise administrative fees	913	311
• Other license & permit fees	Mostly business license fees	944	36
Subtotal		4,290	1,648
Intergovernmental revenues			
• Federal & state grants	See grants matrix (Exhibit 1)	6,419	44,959
• Utility franchise tax	City receives 3% of gross receipts	5,504	0
• Gasoline tax	75% per capita & 25% per mile	4,695	0
• Beer & wine tax	Per capita distribution	652	154
• Alcoholic Beverage Control tax	City receives 20% of profits	39	0
• Tax exemption reimbursement	15% of Homestead exemption	68	0
• Inventory tax credit	80% ad valorem & 20% per capita	2,047	0
• Other agencies	City receives funds from County	1,722	3,141
Subtotal		21,153	48,254
Service charges			
• General government fees	Deed & tax collection fees	0	3,709
• Development fees	Planning & inspection fees	1,389	0
• Public protection fees	EMS & fire inspection fees	2,181	2,221
• Recreation fees	Program activity fees	1,267	0
• Health & welfare fees	Mental & public health fees	0	4,881
• Other charges	Cemetery & library fees	380	703
Subtotal		5,217	11,514
Investment & rental		3,330	4,291
Other revenue	Asset sales & cafeteria plan revenues	6,385	6,530
Totals		\$117,921	\$232,974

Note: Data obtained from FY98 CAFRs. All revenues presented in thousands. The County's federal & state grant revenues exclude the public assistance pass-through (\$121.6 million). The County's intergovernmental revenues from other agencies (\$3,141,000) included a wide variety of funding sources (e.g., FEMA).

Preliminary Service District Matrices

Matrix of Revenues (cont.)

Revenue Source/Item	Comments	City	County
Enterprise fund revenues			
Service charges	Mostly water & sewer charges	\$55,812	\$2,116
Taxes	Taxes allocated to Civic Center	837	0
Intergovernmental	Mostly transit grants	2,579	0
Investment & rental	Mostly utility fund earnings	3,678	1,005
Other revenue	Mostly utility impact or tap fees	5,199	2,283
Interest & fiscal charges	Proportionate distribution	(11,574)	(1,279)
Totals		\$56,430	\$4,125
Internal service fund revenues			
Service charges	Charges for various funds.	\$12,267	\$632
Investment & rental		2,717	70
Other revenue		(32)	0
Interest & fiscal charges		(1,931)	0
Totals		\$13,021	\$702

Note: Data obtained from FY98 CAFRs. All revenues presented in thousands. While it is customary to distinguish enterprise fund operating revenues (e.g., service charges) from non-operating revenues (e.g., investment), all enterprise fund revenues are shown above without regard to this distinction.

Estimated Percent of Federal & State Grant Revenues by Source

Revenue Source/Item	Comments	City	County
Federal			
Social services (HHS & Agric.)	County is conduit for TANF, Medicaid & food stamps)	1.4%	74.2%
Job development & training (Labor)	Pass-through JTPA grant	3.0%	0.0%
Mental health (HHS)		0.0%	19.7%
Housing & development (HUD)	Direct Entitlement & Home Investment Partnership grants	16.1%	0.0%
Law enforcement (Justice)	Direct Domestic Violence & Law Enforcement Block grants	4.1%	0.0%
Transportation (DOT FTA)	Direct operating & capital grants for transit system (\$9 & \$104)	42.8%	0.0%
Public health		0.0%	3.8%
Other		0.2%	2.3%
Subtotal - Federal		67.6%	100.0%
State			
Transportation (NCDOT)	Portion of Powell Bill earmarked for streets	31.6%	
Other	City receives some drug grants	0.8%	
Subtotal - State		32.4%	
Totals		100.0%	

Note: City grant percentages derived from FY98 Single Audit Report. City receives small direct human services grant for Durham Community Coalition. Since we did not obtain a complete distribution of County grant revenues by source, all County grant revenues are shown as federal grant revenues.



Preliminary Service District Matrices
Schedule of Durham County Obligations

Debt Description	Year Issued	Year Matures	Amount
General Government Funds			
General Obligation Bonds			
Public improvements (mostly school facilities)	1992	2011	\$58,905
Public improvements (mostly school facilities)	1992	2010	45,238
Civic Center	1993	2004	13,279
Public improvements (miscellaneous)	1993	2013	20,010
Public improvements (miscellaneous)	1994	2013	22,415
Subtotal			159,847
Contracts Payable			
COP - Hospital & Visitors Bureau	1994	2017	\$27,535
COP - Detention Center Refunding	1997	2014	37,665
Other financing contracts	Unknown	Unknown	7,022
Subtotal			72,222
Other Obligations			
Capital lease obligations			217
Earned vacation pay			3,114
Industrial Utility Extension obligations			1,414
Subtotal			4,745
Total - Government Fund Debt			
Enterprise Funds			
General Obligation Bonds			
Water & sewer facilities and other improvements	1992	2012	\$10,470
Water & sewer facilities and other improvements	1992	2010	11,187
Water & sewer facilities and other improvements	1993	2004	1,121
Water & sewer facilities and other improvements	1993	2013	1,690
Subtotal			24,468
Other Obligations			
Industrial Utility Extension obligations			279
Total - Enterprise Fund Debt			
Total County Long-Term Debt			
			\$261,561



**Durham City-County Consolidation
Citizen Task Force Review Final Report**

**Appendix E
Voter Precinct Maps & Data**

Preliminary Service District Matrices

Schedule of City of Durham Obligations

Instrument/Debt Type	Year	Term	Balance
General Government Funds			
General Obligation Bonds			
Streets	Unknown	Unknown	\$19,265
Housing & development	Unknown	Unknown	18,834
Parks & recreation	Unknown	Unknown	7,524
Public protection	Unknown	Unknown	2,301
Subtotal			47,924
Mortgage Revenue Bonds			
Urban redevelopment (Durham Hosiery Mill project)	Unknown	Unknown	5,300
Contracts Payable			
COPs Fire Station #2 & Public Works Center	1991/1996	Unknown	5,120
Police HQ refunding	1996	Unknown	2,905
COPs Multi-purpose	1991/1997	Unknown	8,449
Subtotal			16,474
Other Obligations			
Earned vacation pay			259
Capital lease obligations & notes payable			4,288
Subtotal			4,547
Total - Government Fund Debt			74,246
Enterprise Funds			
General Obligation Bonds			
Water & sewer fund	Unknown	Unknown	\$108,590
Solid waste management fund	Unknown	Unknown	24,334
Civic Center fund	Unknown	Unknown	7,174
Transit fund	Unknown	Unknown	563
Subtotal			140,661
Revenue Bonds			
Water & sewer revenue bonds	1994	2016	14,520
Water & sewer revenue bonds	1998	2018	16,765
Subtotal			31,285
Contracts Payable			
COP - parking facilities	1991	2011	9,265
COP - Ballpark Fund	1992	2014	9,475
Subtotal			18,740
Other Obligations			
Accrued compensated absences			1,057
Notes payable to NCDOT (ROW & construction notes)			263
Notes payable to NC (N. Durham Water Reclam. Facility)			12,000
Notes payable to Durham County (water & sewer assets)			29,448
Subtotal			42,687
Total - Enterprise Fund Debt			\$233,453
Internal Service Funds			
Contracts Payable			
COP - Claims & risk management	1993	2007	20,800
COP - Claims & risk management	1993	2007	10,300
COP - Central radio, central fleet & fire fleet			10,131
Subtotal			41,231
Other Obligations - Accrued compensated absences			416
Total - Internal Service Fund Debt			\$41,647
Total City Long-Term Debt			\$349,346

Note: While overall debt numbers were obtained from FY98 CAFR documents, the allocation of general obligation debt to specific instruments or programs was in some cases estimated based on budget data.



DURHAM

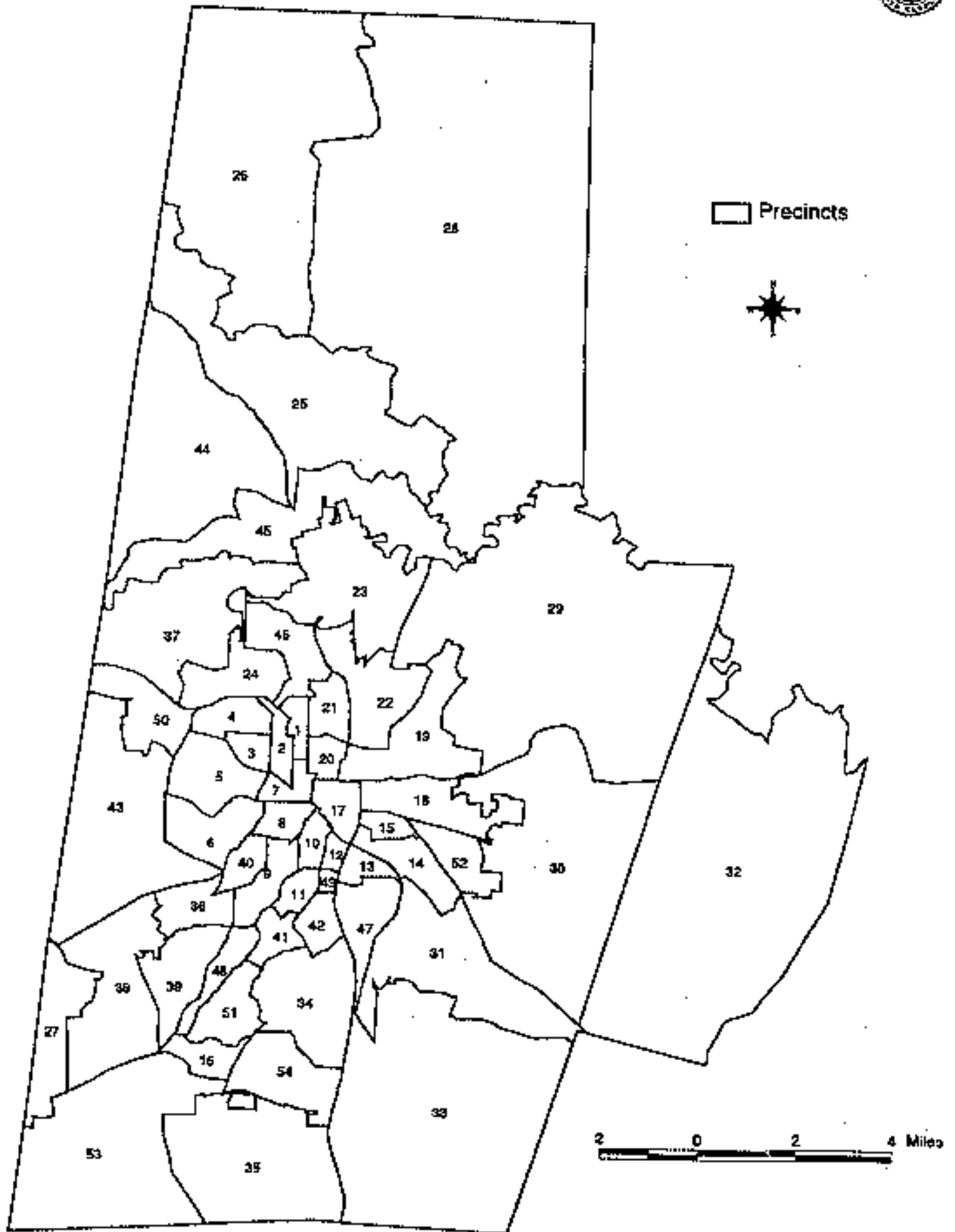


1869
CITY OF MEDICINE

**Durham City-County Consolidation
Citizen Task Force Review Final Report**

**Appendix E
Voter Precinct Maps & Data**

Durham County Electoral Precincts



Disclaimer Note: This map is not a legally binding document. The boundaries depicted here are drawn to as precise a degree of accuracy as is currently possible but may contain some degree of error. For official rulings on matters concerning election precincts please consult Board of Elections staff.

Durham City-County Voter Registration Data - December, 1998

Area/Precinct	Dem	GOP	Other	White	Black	Ind.	Asian	Other	Total
Durham City - Northwest	7,298	3,870	1,856	10,917	1,842	15	132	118	13,024
(24, 37-1, 44-1, 45-1, 46)	56%	30%	14%	84%	14%	0%	1%	1%	
Durham City - Northeast	6,956	1,830	1,322	4,940	4,931	15	77	145	10,108
(21, 22, 23-1, 25-1, 28-1)	69%	18%	13%	49%	49%	0%	1%	1%	
Durham City - Downtown West	8,970	1,775	2,395	8,497	3,951	28	286	378	13,140
(1, 2, 3, 4, 7, 17, 20)	68%	14%	18%	65%	30%	0%	2%	3%	
Durham City - Downtown East	9,679	2,184	1,743	5,572	7,729	17	86	202	13,606
(14, 15, 18, 19, 30-1, 31-1, 52)	71%	16%	13%	41%	57%	0%	1%	1%	
Durham City - Central West	8,479	2,176	2,768	8,344	4,288	23	390	378	13,423
(5, 6, 8, 9, 40)	63%	16%	21%	62%	32%	0%	3%	3%	
Durham City - Central East	12,228	388	1,136	145	13,322	15	52	218	13,752
(10, 11, 12, 13, 41, 42, 47, 49)	89%	3%	8%	1%	97%	0%	0%	2%	
Durham City - Southwest	7,398	4,700	3,193	12,715	2,035	17	332	192	15,291
(16, 27-1, 38-1, 39, 48, 53, 1)	48%	31%	21%	83%	13%	0%	2%	1%	
Durham City - Southeast	8,485	3,959	3,160	10,546	4,704	30	322	202	15,604
(33-1, 34, 35-1, 51, 54-1)	54%	25%	20%	66%	30%	0%	2%	1%	
Durham City - West	6,252	3,113	2,361	9,327	1,937	11	256	195	11,226
(36, 43-1, 50)	53%	27%	20%	80%	17%	0%	2%	2%	
County Precincts	6,186	4,178	1,480	10,282	1,384	8	79	91	11,844
Durham County - North	(23, 25-3, 26, 28, 37, 44, 45)	52%	35%	12%	87%	12%	0%	1%	
Durham County - East	4,463	2,717	1,023	6,991	1,093	11	37	71	8,203
(29, 30, 31, 32)	54%	33%	12%	85%	13%	0%	0%	1%	
Durham County - South	909	406	256	1,188	330	2	28	23	1,571
(33, 35, 53, 54)	58%	26%	16%	76%	21%	0%	2%	1%	
Durham County - West	1,616	929	589	2,795	201	4	82	52	3,134
(27, 38, 43)	52%	30%	19%	89%	6%	0%	3%	2%	
Total Registered Voters									
Durham City	75,745	23,995	19,934	70,803	44,739	171	1,933	2,028	119,674
Durham County (unincorp.)	13,174	8,230	3,348	21,256	3,008	25	226	237	24,752
Total City-County Registration	88,919	32,225	23,282	92,059	47,747	196	2,159	2,265	144,426
Composite Percentages									
Durham City	63%	20%	17%	59%	37%	0%	2%	2%	
Durham County (unincorp.)	53%	33%	14%	86%	12%	0%	1%	1%	
Durham County (Total)	62%	22%	16%	64%	33%	0%	1%	2%	

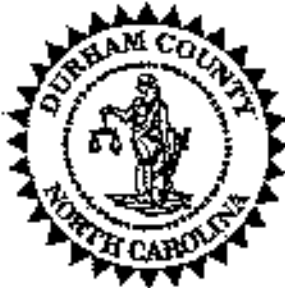
Updated September 17, 1999 - Page 1

Durham City-County Voter Registration Data - December, 1998

Precinct No./Site	Area	Dem	REP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total
Durham City - Northwest												
24 Hillside Lrg. Cr.	N. of I-85, W. of 501	2,094	1,080	512	1,321	2,165	2,969	661	2	26		
37-1 Cole Mill Rd. Church	N. of I-85, W. of 501	1,955	1,204	526	1,748	1,937	3,457	147	4	47	28	3,686
44-1 Carrington MS	N. of I-85, W. of 501	83	39	28	69	81	94	55	0	0	0	150
5-1 East Valley Holt Gym	N. of I-85, W. of 501	1,123	394	219	910	1,026	1,762	149	4	12	9	1,936
46 Johnson Comm. Cr.	N. of I-85, W. of 501	2,043	957	471	1,519	2,048	2,635	830	5	47	50	3,567
		7,298	3,870	1,856	5,767	7,257	10,917	1,842	13	132	118	13,024
		56%	30%	14%	44%	56%	84%	14%	0%	1%	1%	
Durham City - Northeast												
21 Club Blvd. School	N. of I-85, W. of 501	1,229	397	295	727	1,134	1,544	316	4	20	37	1,921
22 VFW Post 2740	N. of I-85, E. of 501	2,789	367	425	1,370	2,206	960	2,546	5	23	42	3,576
23-1 Hornehead Hls Gym	N. of I-85, E. of 501	2,783	827	511	1,717	2,404	2,002	2,029	5	26	59	4,121
25-1 Northern High School	N. of I-85, E. of 501	23	11	4	16	22	30	0	0	0	1	38
28-1 Mangum School	N. of I-85, E. of 501	132	233	87	219	233	406	33	1	8	6	412
		6,956	1,830	1,322	4,109	5,999	4,940	4,931	15	77	145	10,108
		69%	18%	13%	41%	59%	49%	49%	0%	1%	1%	
Durham City - Downtown West												
1 Broaden Middle School	N. of I-47, E. of 55	816	261	187	533	733	954	271	3	12	24	1,264
2 Wams Street School	N. of I-47, E. of 55	1,729	835	750	1,385	1,529	1,878	740	10	151	135	2,914
3 Peace School	N. of I-47, E. of 55	1,043	216	312	702	871	1,283	112	2	29	45	1,573
4 NC Science & Math	N. of I-47, E. of 55	1,050	285	195	688	843	1,440	56	1	10	34	1,571
7 Durham Magnet Cr.	N. of I-47, E. of 55	1,173	229	434	871	945	1,389	314	3	43	67	1,816
17 Main Library	N. of I-47, E. of 55	1,710	102	192	823	1,181	145	1,810	7	8	33	2,004
20 Agricultural Bldg	N. of I-47, E. of 55	1,417	246	345	917	1,121	1,210	648	2	33	45	2,038
		8,970	1,775	2,395	5,919	7,221	8,497	3,951	28	286	378	13,140
		66%	14%	18%	45%	55%	65%	30%	0%	2%	3%	
Durham City - Downtown East												
14 Smith School	Between 70 & 55	1,610	244	206	834	1,246	433	1,462	2	6	57	2,060
15 Mt. Calvary Gym	Between 70 & 55	982	237	147	530	736	347	887	2	7	13	1,366
18 Holloway St. School	Between 70 & 55	3,298	476	479	1,700	2,550	1,036	3,141	3	25	48	4,253
19 Amer. Legion Post 7	All-85 & 70	1,553	411	411	1,048	1,327	1,320	991	5	36	23	2,375
30-1 Oak Grove School	NE. of 70	373	181	121	339	336	394	268	1	5	7	675
31-1 Bethesda Rerican Club	Between 70 & 147	938	547	257	815	927	1,490	223	3	10	16	1,742
52 Evangel Church	NE. of 70	925	188	122	460	775	452	757	1	7	18	1,235
		9,679	2,184	1,743	5,709	7,697	5,472	7,729	17	86	202	11,006
		71%	16%	13%	42%	58%	41%	57%	0%	1%	1%	
Durham City - Central West												
5 Patterson Rec Cr.	Between 147 & Cornwallis	2,653	943	1,516	2,481	2,633	3,175	1,411	6	237	235	4,114
6 Lakewood School	Between 147 & Cornwallis	1,379	256	308	934	1,039	1,257	648	2	32	34	1,973
8 Morehead School	Between 147 & Cornwallis	1,550	168	271	803	1,166	741	1,147	2	24	55	1,965
9 Forest Hills Club Hse.	Between 147 & Cornwallis	1,729	479	348	1,082	1,464	1,753	727	7	25	34	2,546
40 Rogers Hse. MS	Between 147 & Cornwallis	1,356	340	315	822	999	1,418	355	6	22	20	1,821
		8,479	2,176	2,768	6,122	7,301	8,344	4,288	23	390	378	13,423
		63%	16%	21%	46%	54%	62%	32%	0%	3%	3%	
Durham City - Central East												
10 Spaulding School	S. of 147	1,223	42	127	561	831	29	1,334	3	7	19	1,397
11 Weaver St. Com. Cr.	At Weaver & Cornwallis	1,644	50	123	683	1,134	17	1,764	1	3	32	1,817
12 Pearson School	At 55 & 147	1,398	40	134	417	995	14	1,372	1	3	22	1,412
13 Barton School	At 55 & 147	1,192	50	126	453	900	11	1,324	2	4	27	1,368
41 White Rock Church	At Cook & Cornwallis	1,363	42	76	589	892	8	1,450	0	5	18	1,481
42 Shepherd Middle School	At 55 & Riddle	1,090	74	85	516	603	10	1,171	1	4	23	1,209
47 Holmes Se. Rec. Cr.	At 55 & Riddle	1,732	65	340	1,095	2,006	11	3,064	6	20	50	3,151
49 Shepard Mem. Library	At 55 & Cooper	2,746	65	340	1,095	2,006	11	3,064	6	20	50	3,151
		12,228	388	1,136	5,083	8,667	145	13,322	15	52	218	13,792
		89%	3%	3%	37%	63%	1%	97%	0%	0%	2%	

Durham City-County Voter Registration Data - December, 1998

Precinct No./Site	Area	Dem	GOP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total	
Durham City - Southwest													
16	Holy InAnn Church	At 54 & Fayetteville	1,027	757	512	1,056	1,240	1,969	245	1	28	21	2,296
27-1	Gibbons Middle School	W. of I-40	298	177	116	244	247	516	42	0	11	12	591
38-1	Hope Valley Church	At 54 & Garrett	1,915	1,220	912	1,904	2,143	3,202	662	4	134	65	4,047
39	Parish Hall	At Garrett & Hapel Hill	1,691	872	398	1,401	1,580	2,447	431	4	43	36	2,961
46	Christ the King Church	City	1,015	476	310	774	1,027	1,325	419	4	27	26	1,801
53-1	Triangle Church	Southwest corner	1,432	1,198	945	1,611	1,984	3,246	236	2	79	32	3,592
			7,294	4,700	3,193	6,990	8,301	12,715	2,095	17	332	192	15,291
			48%	31%	21%	46%	54%	83%	13%	0%	2%	1%	
Durham City - Southeast													
33-1	Nelson Conson, Cir.	Southeast corner	289	188	120	296	301	487	86	2	20	12	597
34	Pearsestown School	At Cornwallis & 55	2,930	699	721	1,912	2,438	1,768	2,451	6	67	58	4,350
35-1	Self Discovery Cr.	S. of I-40	1,711	894	582	1,854	1,733	2,451	620	12	63	41	3,187
51	Southwest ES	At Cook & Fayetteville	1,840	1,243	900	1,765	1,258	3,304	555	6	109	49	4,023
54-1	Christus Victor Church	At I-40 & 55	1,623	935	437	1,534	1,913	2,336	992	4	73	42	3,447
			8,463	3,959	3,190	6,961	6,643	10,346	4,704	30	322	202	15,604
			34%	25%	20%	45%	55%	66%	30%	0%	2%	1%	
Durham City - West													
16	Southwest Library	At Chapel Hill & 15-501	2,426	933	901	1,897	2,363	2,723	1,273	5	92	67	4,260
43-1	Forest View ES	W. of 15-501	1,916	1,087	606	1,574	2,035	3,377	114	1	63	54	3,609
50	McManus Church	W. of 15-501	1,910	1,093	454	1,822	2,095	3,227	450	5	101	74	3,557
			6,232	3,113	2,361	5,293	6,433	9,327	1,937	11	256	195	11,726
			153%	27%	20%	45%	55%	80%	17%	0%	2%	2%	
Durham County - North													
23-2	Homestead Hts Gym	N. of I-85	409	38	34	210	271	64	410	0	0	7	481
25-3	Northern High School	N. of I-85	1,511	1,099	344	1,422	1,532	2,757	169	2	25	21	2,954
26	Bahama-Rogeroot FS	N. of I-85	610	406	115	530	601	992	121	2	8	2	1,133
28-4	Mangum School	N. of I-85	912	640	223	844	931	1,583	172	1	9	10	1,775
37-2	Cole Mill Rd. Church	N. of I-85	15	10	5	17	15	28	1	0	1	0	30
44-3	Carrington MS	N. of I-85	2,056	1,503	611	2,006	2,164	3,700	402	2	30	36	4,170
45-3	Eno Valley-Hoh Gym	N. of I-85	673	482	148	626	667	1,178	105	1	6	15	1,303
			6,188	4,178	1,480	5,663	6,179	10,282	1,384	8	79	91	11,844
			32%	35%	32%	48%	52%	87%	12%	0%	1%	1%	
Durham County - East													
29	Gorman Baritan Club	Bisected by I-85	1,636	991	318	1,349	1,396	2,637	273	5	10	20	2,945
30-5	Oak Grove School	NE of 70	1,860	1,099	471	1,556	1,874	2,690	722	5	20	33	3,430
31-5	Bethesda Baritan Club	Bisected by 147	300	150	73	227	296	492	26	0	2	3	523
32	Neal Middle School	Far east county	667	471	161	600	708	1,212	72	1	5	15	1,303
			4,663	2,717	1,023	3,732	4,471	6,991	1,093	11	37	71	8,209
			54%	33%	12%	45%	55%	85%	13%	0%	0%	1%	
Durham County - South													
33-7	Nelson Conson, Cir.	Southeast corner	100	50	19	52	87	159	10	0	0	0	169
35-7	Self Discovery Cr.	S. of I-40	683	320	204	567	640	865	280	1	22	18	1,207
53-7	Triangle Church	Southwest corner	118	28	28	81	93	129	36	0	4	5	176
54-3	Christus Victor Church	At I-40 & 35	8	8	5	13	8	15	4	0	2	0	21
			909	406	256	743	828	1,188	350	2	28	23	1,571
			58%	26%	16%	47%	53%	76%	21%	0%	2%	1%	
Durham County - West													
27-7	Gibbons Middle School	W. of I-40	1,019	706	441	982	1,164	1,921	150	2	60	33	2,166
38-7	Hope Valley Church	At 54 & Garrett	144	52	30	112	114	199	15	0	4	8	226
43-7	Forest View ES	W. of 15-501	433	171	118	355	387	675	34	2	18	11	743
			1,616	929	589	1,449	1,665	2,795	201	4	82	52	3,134
			52%	30%	19%	46%	54%	89%	6%	0%	3%	2%	
Summary													
Precinct No./Site	Area	Dem	GOP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total	
Registered Voters													
Durham City		15,343	23,590	19,924	51,855	67,719	70,803	44,759	171	1,933	2,028	119,674	
Durham County (unincorp.)		13,174	8,290	3,348	17,589	13,163	21,256	1,008	25	226	237	24,759	
Total City-County Registrars		28,517	31,880	23,272	69,444	80,882	92,059	45,767	196	2,159	2,265	144,433	
Composite Percentages													
Durham City		63%	20%	17%	43%	57%	59%	37%	0%	2%	2%		
Durham County (unincorp.)		53%	33%	14%	47%	53%	86%	12%	0%	1%	1%		
Durham County (total)		62%	22%	16%	44%	56%	64%	35%	0%	1%	2%		



**Durham City-County Consolidation
Citizen Task Force Review Final Report**

**Appendix F
Minority Reports**

Merged-City County Governing Body Proposal

by

F. V. (Pete) Allison, Jr.

I am still convinced that any merged government for Durham County will actually cost the taxpayers MORE than the present governmental setup. I am equally concerned that the major push for merger government is the disenfranchisement of minority groups in the electorate, in particular, African-American citizens. I am very apprehensive that merger may be used a disguise to erase the hard fought gains African-Americans have made since the eradication of segregation.

Anticipating that the above concerns will be thoroughly addressed before any merger will occur, I am proposing the following governmental structure for a merged government.

AT LARGE

Seven (7) Members
Partisan
Even Years
Two (2) Year Terms

PURE WARDS

Five (5) Members
Two (2) Predominantly Black
Two (2) Predominantly White
One (1) Even
PARTISAN Four (4) Year Terms EVEN YEARS

MAYOR

Partisan
Two (2) Year Team

Even Years

COMMENTARY

1. All elected offices will be partisan. This will allow for there to be some platform or discernable set of principles by which the PUBLIC may define the candidates. The candidates will be linked to the party of their registration. Unless articulated otherwise, the candidates will be deemed to be advocates for the policies of their party. This will allow the candidates to more clearly and effectively articulate their messages. This will also avoid the current situation where due to political action committee endorsements, the candidates do not have to commit to any specific policies or issues.

2. The elections should be held on even year with the effective terms as noted. This requirement allows for the most participation by the electorate. Historically, more voters come to the polls during the State and National elections than on odd year balloting. This provision also allows the political parties to have more influence in local elections, since turnout for their respective candidates will be greater. For example, it would not be difficult to imagine that because of a strong Republican candidate for President, the Republican party could win a majority of seats on the merged governing board.

Equally important is the fact that the taxpayers will be saved the additional cost of paying for an off year election. Currently the cost of off year elections is \$50,000. This cost will be totally eliminated by having elections at the same time Members of the General Assembly are elected, i.e., on even years.

3. Five pure ward representatives. This provision allows for a closer relationship between the governing board and the particular geographic areas of the county. Due to the fact that these representatives will reside and be elected from their respective wards, citizens in these wards would have a stronger and clearer voice on issues that effect their areas of the county. The representatives would bring to the governing board the priority of issues of Durham's diverse population groups.

4. The proposed racial divisions would fairly reflect the voting divisions in the community.

5. Seven-at-Large Representatives. This provision allows for a governing board that will not be split due to factionalism due to regional interests in one section of

the county. Seven at large members will encourage and facilitate a more diverse field of candidates and allow success for candidates from non-traditional constituencies.

6. Mayor. The governing board needs a Mayor to break all ties and to appoint the chairpersons of various subcommittees. A Mayor is also necessary to represent the County as its chief executive in dealing with governmental, business, and professional organizations. He should be elected in a partisan election to allow the voters to more clearly identify his general philosophy. His election on even years will save the money and have a greater number of the electorate participate in his election.

Government Structure Minority Report

T.E. Austin

December 2, 1999

The structure and electoral process of a merged government for Durham County have been given considerable scrutiny over the last few months. The committee has tried to reach a consensus on the size, shape and functionality of these elected officials. How these officials will be elected has dominated many discussions. Committee members have used as their guide City Council, the Board of County Commissioners or something new. Combining these diverse groups into a whole has been daunting.

I propose a simple solution. This proposal uses aspects of both bodies but should be easily understood by people who have not been involved in this process.

The new group would be called the "County Council." The government form would be council-manager. There would be a Mayor and eight Council Members. All would be elected at large, with the Mayor serving a two year term and Council Members serving staggered four year terms. The election would be partisan; held in even years; and involve the Mayor and four Council Members. The Mayor would appoint all sub-committee chairs and the Mayor *Pro Tem*.

SUPPLEMENTAL REPORTS

Submitted by Lee Mortimer (December 15, 1999)

The task force report reflects some good compromise agreements for a merged government structure. There are certain areas that I believe could strengthen our recommendations. They include the following:

1. Enhanced authority for the mayor
2. Realistic salaries for mayor and governing board
3. Public financing for elections

Enhanced authority for the mayor

A stated objective of merger is to give Durham a stronger, more coherent voice in dealing with other local governments in the region. One way to optimize that voice is to give the mayor some additional authority in dealing with day-to-day governing. Such a proposal received favorable discussion by the 1994 merger task force, as well as in the local press.

To provide leadership and accountability in an inherently more complex merged government, the mayor needs to be more than a figurehead. The proposal I submitted for an "Enhanced Mayor" represents an incremental increase by one vote in the mayor's authority, compared to the current mayor. It would not elevate the mayor to the status of "strong mayor." An enhanced mayor could:

(a) Appoint/remove the manager

The mayor can appoint or remove the manager. The governing board can disapprove the appointment by a majority, plus one vote

The board can appoint or remove the manager by a majority, plus one vote

(b) Appoint boards and commissions

The mayor can appoint boards and commissions. The board can disapprove appointments by a majority, plus one vote

The board can appoint boards and commissions by a majority, plus one vote

(c) Veto governing board decisions

The mayor can veto decisions made by the board. The board can override the mayor's veto by a majority, plus one vote.

Nothing in the proposed arrangement would preclude the mayor and the governing board from jointly discharging their responsibilities.

Realistic salaries for mayor and governing board

Because a merged government will be more complex than city and county governments, more will be expected from a merged governing board. The task force has not given much attention to salaries for the governing board members, though the issue got some attention in recent city elections. During the 1994 task force, a recommendation for higher salaries gained tentative approval, but was deleted in a close vote at the final meeting.

The recommendation then was for a \$40,000 annual salary for the mayor and \$25,000 for board members. One task force member in 1994 suggested that the money be considered either as salary for the member, or as funding for the member to hire staff to assist with the projected additional workload. Serious consideration should be given to providing realistic salary levels that (1) match the challenges inherent in a merged government, and (2) enable people to run for office who are not wealthy or retired.

Public financing for elections

Also during the 1994 merger study, a recommendation was tentatively approved for "limited public financing for candidates who agree to a spending cap." Again, that recommendation was deleted at the final task force meeting. But as campaign costs continue to soar, the need for some form of alternative campaign financing has become even greater today.

Publicly financed campaigns have gained broad public acceptance--as a way of leveling the playing field for average citizens to compete with candidates financed by special-interest money. An eight-state public opinion poll conducted by the Ellman Group found 66 percent support in North Carolina for publicly financed campaigns. To date, four states have passed such "Clean Elections" measures.

Durham's own state Sen. Wib Gulley, supported by 56 other General Assembly co-sponsors, is the leading advocate of the Clean Elections Act for state elections. Recently, the city of Boulder, Colorado, adopted a local public financing program. Chapel Hill has an ordinance limiting contributions to local campaigns. And the incoming mayor of Cary, Glen Lang, has made enacting public financing a priority for his administration.

Under most proposals, candidates who demonstrate broad voter support and agree to strictly limit their spending would be eligible to receive public financing. In view of the momentum for campaign finance reform at all levels, some form of public financing should be considered for a Durham merged government. More information is available in a booklet entitled "Local Campaign Finance Reform," published by the National Civic League.

ELECTING A MERGED GOVERNMENT

This proposal for electing a merged government is organized in three modules. It could be adopted in whole or in part, one module at a time.

The assumptions of the proposal are a nine-member board (including a mayor), elected for four-year terms in staggered election cycles.

Certain refinements might be proposed if the board size were increased to 11 members, or if the nine-member board were elected for concurrent terms, rather than staggered terms.

NOMINATING DISTRICTS (*Module 1*)

Nominating districts provide a bonafide district focus but still allow "everybody to vote for everybody." Eight nominating districts could be drawn (corresponding to eight board members, exclusive of the mayor). Candidates file for election the same as they do in city council wards. Two candidates are nominated in each district. Only the residents of the district vote in the primary to select the district nominees.

In the general election, the nominees from each district join the nominees from other districts in a "group" at-large election. Voting proceeds the same as in the general election for county commissioners, except that four members rather than five are being elected. The group-election method is how we elect most of our local government representatives today.

Note: Candidates could be required to be residents of a nominating district. But that's really not necessary because voters who reside in the district should be capable of deciding who they want their nominees to be.

With no legal requirement for population equivalence, there is considerable flexibility for drawing districts that reflect geography, neighborhoods, economic status, urban/non-urban differences, and racial balance. Within those parameters, the districts should be kept as close as possible in population.

PARTISAN/Non-PARTISAN COMBINATION (*Module 2*)

The problem with current partisan elections is that the only option for candidates who don't run as Democrats is to run as Republicans. In a combination partisan/non-partisan election, candidates could file and run as Democrat, Republican, or "Non-Partisan." As with current partisan

elections, combination elections would likely attract a full slate of Democratic nominees. But moderate to conservative candidates, who don't want to run as Democrats, could choose to run as Republican or as Non-Partisan.

One candidate is nominated in each category. The top candidate in the Democratic, Republican, or Non-Partisan primary would be the nominee for that category. Thus, up to three candidates could be nominated in a district, with up to three nominees possible for mayor. There could also be up to three sets of primaries—though with the expanded opportunities for candidates to run, fewer primaries may actually be needed.

The addition of the Non-Partisan category won't automatically add more candidates to the election. What it will add is flexibility for moderate to conservative candidates who have felt at a disadvantage when the Republican label is their only option for running. It may turn out that more names appear on the ballot with "NP" beside them than with "R".

CUMULATIVE VOTING *(Module 3)*

In assessing the disadvantage Republicans and conservatives feel, it's important to understand that the real problem is not partisan elections; it's winner-take-all elections. For example, in 1992 Democrats and Republicans both ran full slates of candidates for five county commissioner seats. No Republican won a seat on the board, even though the five Republican candidates together garnered 37 percent of the total vote.

Cumulative voting offers a simple means to rectify that discrepancy. In county elections, voters can cast up to five votes for commissioner candidates. If cumulative voting were used, voters would have the same five votes. But their votes would be divided among whatever candidates they selected. For example, if a voter chose two candidates, each candidate would receive 2-1/2 votes. The allocation is done automatically by the voting equipment without the voter even perceiving a difference in how they vote.

If Republicans had cumulated their votes in 1992 for, say, two candidates, they would surely have won one seat and possibly two seats. Cumulative voting can be used by any minority group of voters (Republicans, African-Americans, non-city residents, etc.) to win a fair share of representation and elect their candidates of choice.

PROPOSAL FOR IN-PLACE MERGER

In-place merger means merging the City and County governing boards without changing the structure of those governing boards. This is how it would work: Five members would continue to be elected in partisan, at-large races, every two years on even years, like the present county commission. Three representatives would be elected at-large from residency wards, and four representatives elected purely at-large, like the City Council, after the reduction takes place. The difference between the present system and this system would be that all representatives would serve on the same board instead of separate boards. In other words, Durham would have a 12 member board made-up of 5 partisan representatives elected at large, 3 non-partisan representatives elected at-large from residency wards, and 4 non-partisan representatives elected at-large generally.

What about tie votes? I suggest that a tie vote be called a "no" vote. What about the Mayor vs. Chairman problem? This makes little difference to me. I would like to see a Mayor for the county elected by all of the people, but if it would make the system work, I personally would support a Chairman system in which the Chair is elected by the members of the board. The practical effect would not be significant, since we presently do not have a strong, or enhanced Mayor system and the Mayor only gets one vote. How would ward lines be determined? I suggest that the three wards being drawn for the City just have their lines extended to the existing County line. Won't there be racial vote dilution if the entire population of the County is allowed to vote for the at-large non-partisan representatives? Probably not, since the additional non-minority population is only about 5% and the continued existence of the five partisan representatives should reassure the minority population that it will have the same opportunity to elect minorities to the merged council.

There may have to be some tinkering around the edges to make all of this work. For example, the extension of the ward lines to the County limits. Also, the Mayor presently serves a two-year term while everyone else on the City Council serves a 4 year term. If we choose not to have the Mayor's seat be the titular head of the merged board, then that seat probably should be converted into a regular 4 year term. However, this problem disappears if the Mayor is the "chair" of the new merged board. That seat can continue to be a two-year non-partisan seat. The point is that small tinkering around the edges can be done without completely overturning the system and everyone can feel that their interests are being protected, even if they are not being enhanced.

One further suggestion is that this idea be advanced with the understanding that the merged city and county of Durham will have a local constitutional convention five years after the merger is completed for the purpose of examining the system of government to decide whether it ought to be changed.

Some will complain that this proposal is not bold enough. To them I say that boldness is not the point. Merger is the point, and the fact of merger should be bold enough. Some will say that this system will be too confusing. To them I say that it is no more confusing than the system we have now, because it is essentially identical to the system we have now. The difference is that all 12 local government representatives will have to speak with one voice on behalf of one community, the administration will receive policy directives from one source, and the destructive divisions between the City and the County which are exploited ruthlessly by our regional competitors will be eliminated.

**DURHAM CITY-COUNTY CONSOLIDATION
VOLUME II**

**SUPPLEMENTAL REPORTS SUBMITTED BY CITIZEN
TASK FORCE MEMBERS DECEMBER 21, 1999**



**Durham City-County Consolidation
Volume II -- Supplemental Reports**



**Durham City-County Consolidation
Volume II**

**Supplemental Reports
Submitted By Citizen Task Force Members**

December 21, 1999

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Durham City/County Merger

Revised November 8, 1999

Administrative/General Government
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Asset Management Group/ General Services

City of Durham	Durham County
<p>Description of Key Asset Management Group Functions</p> <ul style="list-style-type: none"> • Provide courteous, professional, and excellent quality customer service • Most efficient, competitively priced quality services or real estate, project management, parking and cemetery management, facility and equipment preventative maintenance, responsive maintenance and repair. • Organization of five divisions <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Setups and clean-ups for special events • Manage four parking decks and four surface lots which includes contract services • Operate and maintain two cemeteries (-480 annual lot sales and -450 burials, 130 acres) • DATA Bus System and Garbage service are contracted (vehicles are not included) • Inspection of taxicabs (diagnose and recommend - make no repairs) • City's 800 Mg Hz system includes service to many County owned including schools, firemen, 911 <p>Strengths</p> <ul style="list-style-type: none"> • Customer Service Standards • Diversity Plan • Development of Space Utilization and Standards • Cross-train employees <p>Weaknesses</p> <ul style="list-style-type: none"> • Strict number for square footage of buildings owned and/or leased unknown (for reporting, there are 75 core buildings) 	<p>Description of Key General Services Functions</p> <ul style="list-style-type: none"> • Provide quality maintenance services to citizens in a safe and cost effective manner • Six organizations: Administration, Public Buildings, Solid Waste, Pest Control and Mail Room <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Real estate leasing, disposition of surplus properties (except for school), and foreclosures is handled through the Purchasing Department • Merging of Fleet Maintenance is under review • Research under way for new operations software - opportunity to coordinate with city's system • Most public building security is outsourced • Pest Control Services for 45 county facilities, ABC stores, EMS facilities, and drainage ditches (some services performed by inmates) • Operation of Mail Room services <p>Strengths</p> <ul style="list-style-type: none"> • Preferred employment of Work First applicants • Utilize Teen Court and Restitution Program in the Solid Waste and Litter Control programs. • A number of operations are (appropriately) outsourced • Development of Space Utilization and Standards <p>Weaknesses</p> <ul style="list-style-type: none"> • Each organization contracts fleet maintenance separately • Multiple radio frequency systems are utilized and maintained by various organizations
<p>FY 99 Costs - \$14,368,295 * see note FY 99 Full-time Equivalent Employees - 154</p>	<p>FY 99 Costs - \$4,699,117 * see note FY 99 Full-time Equivalent Employees - 64</p>

*NOTE: For the City, DMG list separate categories: Facility Mgmt/Fleet & Asset Mgmt and finds different numbers: \$4,397,000/ \$3,111,000

For the County, DMG list only Facility Mgmt: \$4,625,000

*number is not inclusive of General Services, but does not include the Purchasing Dept. number for surplus property operations

Durham City/County Merger

Administrative/General Government Citizen Subcommittee Assessment Criteria and Factors (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

Describe how merging Asset Management Group and General Services functions could improve operations. Development of one department responsible for public owned/leased real property - buildings and vehicles, Possibility to coordinate radio frequency systems, and operations software for building and maintenance functions which could yield savings.
Possibility that some contract/outsourced operations may be coordinated and result in some savings.

Describe how merging Asset Management Group and General Services functions could hinder operations. Reorganization of County's efficiently operation General Services Department could cause some temporary employee disruption/confusion as various organizations are relocated within a new structure.

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be identified before submitting a merger proposal to the voters.

Obviously, on the County side, the decision regarding the Sheriff's Department will have to be addressed (this is under study by a separate Sub-committee)

I would suspect that the myriad of lease documents would need to be consolidated, and that numerous vehicles may require sorting out.

Decision regarding contracted/outsourced services would require review and possible coordination.

Describe how capital assets of the merged functional areas will be used.

A great deal of office equipment and operations service equipment would have to be assessed for duplications and deficiencies. Some equipment and computer functions may not "merge" but require replacement.

Buildings and leased spaces will require review for utilization as well as any deferred maintenance. This will be aided by the fact that both the City and the County are currently having space utilization studies performed.

Describe how merging Asset Management Group and General Services functions could hinder operations.

All of the meshing of equipment and personnel may not be smooth as various problems will emerge as the natural course of effectively pushing together two "households" with all the array of systems and habits which are not necessarily compatible but can become so ????

Regional Competitiveness (If applicable)

What impact would merging City/County Asset Management Group and General Services Departments have on the local business climate?

There may result some impact through a possible lessening of leased building space.

Impact would result should the County's vehicle maintenance outsource system be brought into the City's in-house operation.

Coordination of some contract security services may be better coordinated and improved.

Durham City/County Merger
Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Transition Challenges

Describe receptiveness of City/County Asset Management Group and General Services personnel to move forward with the merger.

Managers for each of the departments offered no objections to the concept.

How will City/County employees and departments that use Asset Management Group and General Services be positively impacted by a merger?

The prospect for better building space utilization, standards and maintenance is accepted to be a positive impact for employees.

Sorting out of the various radio frequency systems would probably be a positive impact.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

If consolidation means merger, yes. Our task force finds that, following sorting out of several operations and reconsolidating the real property components, a merged Real Property/Asset Management Group would be desirable.

Reassignment of all other existing functions should be considered. And, in our view, a number of functions should be analyzed as candidates for outsourcing.

Consideration should be given to divide the County's General Services Department among other areas as follows:

- Administration/Human Resources combined with City department(s)
- Solid waste to be combined with the City's department
- Pest Control as part of General Services maintenance or considered for outsourcing
- Mail Room to remain as part of a General Services or Administrative department

The City's 800 MHz function as a communication function might best be aligned with Management Information System Department

Examine the prospect of outsourcing the City's cemetery property and parking systems functions.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

Yes - understanding that Phase II will provide the cost benefit analysis.

What issues would you recommend be explored in Phase II?

Information source(s):

City of Durham, Asset Management: William H. Dinguid, Director of Asset Management
Betty J. Pittard, Acting Real Estate Manager
560-4195

Durham County: Michael O. Turner, Director of General Services
560-0430

Report Submitted by: Annette G. Montgomery, Brandon Poole, and Betsy Robb

REPORT TO MEMBERS OF THE ADMINISTRATION/GENERAL MANAGEMENT
SUBCOMMITTEE ON THE MERGER OF CITY AND COUNTY GOVERNMENTS

RE: SUB-SUBCOMMITTEE REPORT ON ASSET MANAGEMENT

Our sub-subcommittee has reviewed the documents provided for Fleet and Asset Management for the city and the county's apparent equivalent, General Services. As could be expected, General Services includes functions which, in our view, do not properly fit within an asset management area. We recognize the asset management to include especially real property, including real estate, both real and built and vehicles. We have also thought of this merged function as a Department of Real Property.

Conclusions

Primary Mission: Both departments recognize the need to provide courteous, quality services to customers in a timely, safe and cost-effective manner.

There should be little to no difficulty in merging the essential functions of the two departments.

Several functions should be re-assigned to other departments. And, in our view, a number of functions should be analyzed as candidates for outsourcing.

Recommendations

Move to recommend that these two departments be merged with exceptions discussed below.

That the county's General Services Department be divided among other areas as follows:

Administration/Human Resources combined with city department(s)
Solid Waste to be combined with the city's department as a public works function
Pest Control as part of General Services maintenance or considered for outsourcing
Mail Room to remain as part of a General Services or Administration Department.

That the city's 800 MHz function as a communications function might best be aligned with a Management Information System Department

~~That the city examine the prospect of outsourcing the cemetery property and parking systems~~

Charge the newly merged department with highest quality of operations and maintenance of the community's assets of real property, grounds and vehicles. These services are to be offered in a courteous, safe, timely and cost effective manner.

**Durham City/County Merger
Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors**

Rev 11/04/99

Human Resources

City of Durham	Durham County
<p>Description of Key HR Services</p> <ul style="list-style-type: none"> • Recruitment and Selection • Position Control • Compensation • Benefits • Employee Relations • Training • Records Management • Separations <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Human Relations (Compliance, Community Relations, Education and Training) \$572,000 budget, 8 FTEs • Career Development Center <p>Strengths</p> <ul style="list-style-type: none"> • Compensation (banding) • Career Development Center <p>Weaknesses</p> <ul style="list-style-type: none"> • 	<p>Description of Key HR Services</p> <ul style="list-style-type: none"> • Recruitment and Selection • Position Control • Compensation • Benefits • Employee Relations • Training • Records Management • Separations <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • State mandated programs and personnel require operating essentially two HR systems <p>Strengths</p> <ul style="list-style-type: none"> • Benefits menu <p>Weaknesses</p> <ul style="list-style-type: none"> •
<p>FY 99 Costs - \$3,422,931 (excl Human Relations)(includes citywide dental, mental health, and prescription costs, not other benefits) (1)</p>	<p>FY 99 Costs - \$1,015,736 (1)</p>
<p>FY 99 FTEs - 19.5 (2) (IX 14)</p>	<p>FY 99 FTEs - 16 (2) (IX)</p>
<p>Service Delivery Describe duplication and overlap of service delivery. Newsletters (city newsletter handled by Public Affairs Dept), position advertising, compliance, mild overlap in all other functions (set up, take down functions).</p> <p>Describe how merging HR functions could improve operations. Eliminate confusion resulting from duplication of services (position advertising, newsletters, compliance, others) Elimination morale problems stemming from pay and benefit differences, longevity pay, work hours for same general classifications, etc Taking advantage of best practices (employee development in City, compensation program of City) Taking advantage of the opportunity to eliminate low performing or low value/add programs and services. Improved public confidence (elimination of differences, oneness which is different from other regional communities).</p> <p>Describe how merging HR functions could hinder operations. Ordinarily in mergers, turf issues complicate transitions. Both HR managers, however, do not anticipate any problems here and stated they work cooperatively now and would continue to do so.</p>	

Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Market rate salary adjustment for the County - County has plans to provide a market rate salary adjustment for employees in Oct '99.
- Equalization pay issue of County - County has established a plan to provide fairness to pay scales (this resulted from recent effort to raise starting salaries which resulted in smaller differential in pay over time for long term employees). This was to be funded in Feb '00.
- Total of 1 & 2 is approximately \$1.3 million. (3)
- City has eliminated "longevity" (granted after 5 years of employment) pay as of July 1998. Employees hired prior to '98 are grandfathered, so payout will continue for employees hired in 1995, 1996, 1997, and 1998. This will cost an additional \$1.7 million in 1999/00 budget (includes FICA, medicare, retirement, 401(k) costs) and could be expected to add similar amount each year through 2003/04 budget year. (4)
- Pay and benefits moving to the higher of the two entities (appears City compensation higher, benefits near equal)(City subsidized cost of health insurance benefit at higher level than county. An effort should be made to establish "point" system to determine current and future total compensation and benefit packages. This should help eliminate moving to the highest compensation and highest benefit.
- Employees should be well educated on the reason for merger, the value merger holds for the community, and options for them.
- Value to the taxpayer must be demonstrated. The goal is to improve the value of government and government services. There are success stories in the US which should be understood and certain aspects brought into the discussion here. Durham has a reputation as a high service and high cost community. Shouldn't we make an effort to be a high value community? i.e. high service for moderate or low cost? This can be done from a headcount perspective by handling position reductions through attrition. Both HR managers indicated the success of merger will be contingent on employee support. A policy of no reduction in force initially, with any future reduction handled through attrition is the proper direction to take.
- The HR managers have identified approximately 140 positions (5) that overlap (both entities doing essentially the same kind of work). This does not represent, in any way, the total number of positions that may be captured due to eliminating double work.
- There is a major difference in employment status. County employees have "property rights" to employment, city employees are "hired/fired at will" although they are afforded due process. It is felt merger will cause a major policy shift for city employees due to this.

Describe how capital assets of the merged functional areas will be used.

In the case of Human Resources, capital assets are limited to computer equipment, desks, chairs, and file cabinets. It is expected that merger of the HR departments will result in no workforce reduction initially, perhaps a small reduction in force over time, so there may be the possibility of the elimination of some small amount of capital assets.

Describe how merging HR functions could hinder operations.

Ordinarily in mergers, turf issues complicate transitions. Both HR managers, however, do not anticipate any problems here and stated they work cooperatively now and would continue to do so. The experience of participating in the consolidation of Planning, Tax, and Inspections departments has helped here. Employee fear of job loss, job change, possible compensation or benefit reduction, or demotion may create a morale situation that could undermine the transition. This must be managed carefully.

Regional Competitiveness (if applicable)

What impact would merging City/County HR Departments have on the local business climate?

Merging HR functions would have little direct impact on the business climate. Indirectly, a merged HR function left with a "best practices" culture would improve the operations of the entity. Improved recruitment and hiring, employee training and development, policy development, etc. should result in improved delivery of services throughout the organization. As a consequence, a reputation of high quality government services will not be lost on the broad community and would have a positive benefit on the business climate.

Transition Challenges

Describe receptiveness of City/County HR personnel to move forward with the merger.

Both HR managers indicated if merger were approved, each would work to manage the transition just as they have with other departmental mergers (inspections, planning, tax for example).

It is assumed that the city employees might view a full flex benefits program as a plus, as county employees might view the City's compensation system (process and amounts) as a plus. On the other hand, fear of job loss, job change, demotion, or negative pay/benefits arrangement would likely be viewed as negative.

We recommend any position eliminated through this process be managed through normal attrition. (attrition rates 12.7% for County (6) and 7% for City (7) (although city HR dept has only lost 2 positions in 2 1/2 years). These rates should more than adequately manage any position losses.

Also worth noting is the difficulty associated with operating potentially three systems through the transition (County's, City's, New). This includes, but is not limited to HR, Finance, MIS, etc.

How will City/County employees and departments that use HR be positively impacted by a merger?

The merged organization should provide a higher level of service (eliminating duplications, eliminating inconsistencies, employing best practices, eliminating low value programs/services).

The HR department should be responsible for any employee opinion survey work done, and as a consequence, should have a vital role in determining how well the new organization does or does not work. The HR managers indicated they would not be opposed to an employee opinion survey, however they felt another entity may be better suited to conduct the survey and to compile and analyze the results.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Yes. From an HR standpoint, both City and County HR Departments have many of the same responsibilities, so merging many of these functions should be relatively easy. There are a few examples of very different programs or services (Career Development Center for City, compensation program of City, employment difference between "property rights" of county and "hire/fire at will" of city) that will require a more in depth analysis and understanding to successfully consolidate. In the longer run, eliminating duplicated services, eliminating inconsistencies, eliminating low value programs/services, and taking full advantage of "best practices" will result in a better, more effective and efficient HR department.

Major recommendations:

Pay and benefits movement should initially result in no employee receiving less in total pay and benefits. It is strongly felt we should move toward an "equal pay for equal work" approach. Additionally, and without having gone into detail, it appears the City has a better compensation system (pay and process) and the County a more desirable flex benefits package (although the cost of benefits is thought to be essentially the same). A more detailed analysis should be conducted of the current state compensation and benefits of both. If necessary, an effort should be made to establish "point" system to determine current and future total compensation and benefit packages. This should help eliminate moving to the highest compensation and highest benefits, resulting in all receiving more than they are currently receiving in pay and benefits.

Any position eliminated through the merger process should be managed through normal attrition (attrition rates are 12.7% for County (6) and 7% for City (7) (although city HR dept has only lost 2 positions in 2 1/2 years)). These rates should more than adequately manage any position losses.

The issues of market rate pay and equalization pay (County) and longevity pay (City) must be resolved as well as the difference in compensation administration (banding (city) vs multiple classifications (county)). Also, "property rights" employment vs "hired/fired at will" must be resolved.

A Citizens' Oversight Committee should be considered to help provide advise and guidance only through the transition. Authority over management should rest with elected board.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

Yes. While we believe enough is known to justify merger (similarities, benefits, prior review of merger), a more detailed review is essential to understand better the overall cost implications and organization challenges of a merged system. This review will also provide the additional data necessary to help shape the vision for the merged system.

- (1) Durham City and Durham County Fiscal 99/00 Budget Document - HR Department
- (2) Durham City and Durham County Fiscal 99/00 Budget Document - HR Department and discussion with HR managers to reflect adjustments to budget since approval
- (3) Estimate of \$1.3M provided by HR Manager of the County during interview
- (4) Estimate of \$1.7M provided by HR Manager of the City during interview
- (5) Estimate of number of positions provided by both managers during interview
- (6) Durham County Workforce Overview '99
- (7) Provided by HR Manager of the City

Submitted by: Alicia Morris, Tom Huryz (since resigned), Scott Gardner, Thelma White

Durham City/County Merger

Revised November 3, 1999

Administrative/General Government
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: City and County Managers' Offices

City of Durham	Durham County
<p>Description of Key: City and County Managers' Offices</p> <ul style="list-style-type: none"> The city operates what some would call the hard functions of government which include most infrastructure operations like roads, inspections, public works, and solid waste collection. 	<p>Description of Key: City and County Managers' Offices</p> <ul style="list-style-type: none"> The county operates what some would call soft functions of government which include most human services like mental health, youth, social services, public health, and library.
<ul style="list-style-type: none"> There will be no change to the above functions or services to the citizens due to a merger. The personnel employed in the immediate offices of the respective managers appears to be in line with a well managed private company 	
<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> The internal operations of government like information technology, internal audit, human resources, assistance to the elected bodies, finance, purchasing, and human resources would be subject to merger integration. From the standpoint of the management of government, the most important issues seem to be that: <ul style="list-style-type: none"> Merger of people and functions be well planned; Policies regarding hiring and firing of personnel be reviewed, and clear personnel policy on these points be established by the new political body (see HR report); The functions of what is now county government that are supervised by appointed boards need to be reviewed for possible NC state legislation changes to combine or eliminate the boards to achieve smooth government operations. It should be noted that both Mecklenburg and Wake counties have merged boards, and as an example, Wake has merged all of their human services into one board. But, we would recommend that in the beginning of the merger that no boards be changed from the present situation; Grants are managed differently in the city and county with a different philosophy, and one of the two should prevail. Department managers should be specialists in their professional area, therefore apply for grants, or a "grants" function should be used; Public safety needs to be carefully examined to be certain that the public is secure with any changes made. 	
<p>FY 99 Costs (City)- \$ 978,000</p>	<p>FY 99 Costs (County)- \$ 756,000</p>
<p>FY 99 Full-time Equivalent Employees - 9</p>	<p>FY 99 Full-time Equivalent Employees - 8</p>

*NOTE: Information was gathered prior to implementation of Merger Analysis Template

Durham City/County Merger

Administrative/General Government Citizen Subcommittee Assessment Criteria and Factors (Continued)

Department/Program: City and County Managers' Offices (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

- In looking over the immediate functions of the CEO offices, there is as would be expected a similarity even though the titles are different.
 - There is a function of direct assistance to the elected body. This would be continued and combined.
 - The manager has staff to accomplish normal support plus special high level assistants to undertake special projects, eg. Internal consultant, internal auditors.
 - Since there are several very important departments serving the people, it is necessary to have assistant managers to supervise the department managers.
 - At the present time, both operate as CEOs and are, in fact, managers. If the new government structure were to include a "strong" elected official, it would reduce the managers' position to that of administrators. It should be noted that in previous Durham votes on merger there was a preference for a manager/council form of government.
- In combining the government agencies and departments care must be taken to observe the intent of NC statutes regarding the fact that the county government, as it now stands, is an extension of the state government. It is recognized that these statutes can be changed by legislation introduced by the local representatives of the city and county residents.

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

Describe how capital assets of the merged functional areas will be used.

Describe how merging City and County Managers' Offices functions could hinder operations.

Durham City/County Merger
Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Department/Program: City and County Managers' Offices (Continued)

Regional Competitiveness (If applicable)

What impact would merging City and County Managers' Offices have on the local business climate?

Transition Challenges

Describe receptiveness of City and County Managers' Offices personnel to move forward with the merger.

How will City/County employees and departments that use City and County Managers' Offices be positively impacted by a merger?

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes
- Most of the departments and functions operated by the city and the county are different and already separate, and would continue to operate as they are under any government merger, but under one manager.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

What issues would you recommend be explored in Phase II?

Meeting Details

- Attending for the merger committee: Anita Hammond, Annette Montgomery, and Jack Steer
- City Manager, Lamont Euwell
- County Manager, David Thompson
- Held at the city manager's office at 15:30, October 1, 1999

Durham City/County Merger

Revised November 8, 1999

**Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Information Technology

City of Durham	Durham County
<p>Description of Key: Information Technology</p> <ul style="list-style-type: none"> • • • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • GIS, a new system constructed jointly by the City and County to service all agencies in both governments is basically a merged system. <ul style="list-style-type: none"> • It is operated by the city IT department, and both the city and county share the costs about evenly. • IT Policy in both departments is that of a service function providing quality service to its clients who are the agencies and departments of the city and/or county. • Hardware differs in each department. <ul style="list-style-type: none"> • The city uses UNYSIS Clearpath mainframe systems with 28 servers and connected to 900 desktop units. <p>Strengths</p> <ul style="list-style-type: none"> • • • • • <p>Weaknesses</p> <ul style="list-style-type: none"> • • • • 	<p>Description of Key: Information Technology</p> <ul style="list-style-type: none"> • • • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • The county uses a network based IBM ES 9000 system for Human Resources, Finance, Payroll, Purchasing, and other applications. The Library system is on a separate hardware system, a RISC 6000. The Social Services and tax departments use IBM AS 400 systems combined with NY Servers. Mr. Dixon states that any application can be accessed from any desktop. (Presumably with access coding). • While hardware differs, both systems can communicate with the other. • Intra- and inter- departmental communications are operated by e-mail in both departments. <p>Strengths</p> <ul style="list-style-type: none"> • • • • • <p>Weaknesses</p> <ul style="list-style-type: none"> • • • •
FY 99 Costs - \$3,596,00	FY 99 Costs - \$3,191,000
FY 99 Full-time Equivalent Employees - 40	FY 99 Full-time Equivalent Employees - 36

*NOTE: Information was gathered prior to implementation of Merger Analysis Template

Durham City/County Merger

Administrative/General Government Citizen Subcommittee Assessment Criteria and Factors (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

- It would be a major cost to simply require one system to be dropped in favor of the other.
- On the other hand, it was agreed that:
 - most of the applications are quite separate, and being run only by either the county (libraries and social services),
 - or the city (public utilities and inspections),
 - or they are already merged functions (planning and taxation).

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Administration departments are operated in each government. These include: purchasing, human resources, finance, payroll, and a few other lesser functions.
 - merging these functions would mean operating one or the other systems for servicing the merged functions. We do not recommend merging the systems, but rather installing new systems over time.
 - the least costly method discussed is to simply state that one of the two current systems will be used for each of these department which will then require data input modification for one of the groups merging - not likely to be a major problem.
- The city does all application programming in-house; whereas the county takes a least cost approach resulting in some in-house and some contracted application programming.
- For some systems, Purchasing contracts was an example used, different political policies are in place. We assume that over time with a new merged political body, there would also be one set of policies governing purchasing contracts. This may or may not require revision of computer programs.
- The charts of accounts are different, and again policies will need to be made standard regarding what constitutes fixed assets for example. Once the merged political body decides on the policies, the accountants will need to review charts of account to merge them most cost effectively.

Describe how capital assets of the merged functional areas will be used.

Describe how merging _____ functions could hinder operations.

Durham City/County Merger

Administrative/General Government Citizen Subcommittee Assessment Criteria and Factors (Continued)

Regional Competitiveness (If applicable)

What impact would merging City/County _____ Departments have on the local business climate?

Transition Challenges

Describe receptiveness of City/County _____ personnel to move forward with the merger.

How will City/County employees and departments that use _____ be positively impacted by a merger?

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes
- It is possible to merge the IT functions with good planning.
- To do so will require standard policies.
- To make the merged function as efficient and effective as possible will require a sound systems development plan covering several years, maybe as many as eight.
- It was concluded that there were no apparent difficulties among staff personnel between the two departments, only technical differences in education and experience. This would most likely require some cross training.
- In developing an E-Commerce approach to their clients which both departments are developing, and the one stop shopping approach to outside clients will require the policies to be combined, the business functions to be described, and a strong implementation plan to be followed.
- There are no long-term vendor commitments for hardware, etc. but here again maintenance contracts are let by the county, but the city does it in-house.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

What issues would you recommend be explored in Phase II?

Durham City/County Merger

**Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors (Continued)**

Meeting Details

- Meeting held in the County IT Manager's office on Thursday, September 23, 1999 at 1:00 p.m..
- Those present for the County, Perry Dixon, IT Manager.
- Those present for the City, Patterson, Assistant City Manager, Jim Brown, MIS Manager, and Michiyo Wagner, GIS Director. There is no IT Manager as of this date, but one has been hired to start September 27.
- Report Submitted By: Jack Stear

Durham City/County Merger
Administrative/General Management Subcommittee on Merger

Revised November 8, 1999

Department/Program: Economic Development

City of Durham	Durham County
Description of Key: Economic Development <ul style="list-style-type: none"> • • • • • 	Description of Key: Economic Development <ul style="list-style-type: none"> • • • • •
Unique Aspects of Operations <ul style="list-style-type: none"> • • • • • 	Unique Aspects of Operations <ul style="list-style-type: none"> • • • • •
Strengths <ul style="list-style-type: none"> • • • • • 	Strengths <ul style="list-style-type: none"> • • • • •
Weaknesses <ul style="list-style-type: none"> • • • • • • 	Weaknesses <ul style="list-style-type: none"> • • • • • •
FY 99 Costs - \$ 3,405,000	FY 99 Costs - \$ 428,000
FY 99 Full-time Equivalent Employees - 9	FY 99 Full-time Equivalent Employees - 2

*NOTE: Information was gathered prior to implementation of Merger Analysis Template

**Durham City/County Merger
Administrative/General Management Subcommittee on Merger**

Department/Program: Economic Development (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

- The primary mission of both the City and County Economic Development Departments is the enhancements of prosperity through assistance to the private sector in their goals to initiate new, or expand existing businesses, employing local citizens to fulfill the expansion. In having a look at the missions of both departments we noted many similarities, but also some phraseology that seems to ask of the existing departments accomplishments that are difficult to reach. We recommend that the mission of a merged department be made more direct in terms of what it can be expected to accomplish.

Describe how merging Economic Development functions could improve operations.

- The basic economic development activities of both departments will be able to be merged with little or no difficulty. There are funds that are received as revenue that are tied to specific results oriented functions, and we assume that these functions need to remain identified as separate operations to receive funds even though they would all report to one manager.
- The job training function of the city department can be easily absorbed into the merged department, and enhanced by guiding the training towards specific industrial and commercial requirements actually requested. This approach can be extended to inclusion of Durham Technical College training to make a seamless, practical approach to employing the maximum number of local citizens in actual new job openings.

Describe how merging Economic Development could hinder operations.

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be identified before submitting a merger proposal to the voters.

Describe how capital assets of the merged functional areas will be used.

Describe how merging Economic Development functions could hinder operations.

Durham City/County Merger
Administrative/General Management Subcommittee on Merger

Department/Program: Economic Development (Continued)

Regional Competitiveness (If applicable)

What impact would merging City/County Economic Development Departments have on the local business climate?

Transition Challenges

Describe receptiveness of City/County Economic Development personnel to move forward with the merger.

How will City/County employees and departments that use Economic Development be positively impacted by a merger?

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Remove the "Real Estate Management" function from economic development, and placing it in a more appropriate function such as "Asset Management".
- Review the entire job training effort of both the city and the county for smooth inclusion in the new Economic Development Department. This would include:
 - Current industry development requests directed to Durham Technical College;
 - Job training programs operated by the City Employment and Training Divisions;
 - Work First training run by the County Social Services Department, and
 - A link to the Communities in Schools program operated by the Durham Public Schools.
- Charge the merged department with the following key responsibilities:
 - Continue the sound, effective, efficient, and community unifying contract with the Greater Durham Chamber of Commerce to conduct the basic industrial recruitment, development, and negotiation for the new Economic Development Department.
 - Keeping abreast of and writing proposals for all federal and state funds that contribute to the mission and goals of the merged department.
- Create a liaison and advisory function to influence and cooperate with the Planning Department regarding Small Area Development Plans and the zoning within them.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- In conducting the actual merger function, careful attention will need to be paid to the mission, goals and specifically, the results expected for the funds and persons expended.

Meeting Details

- Two meetings were held to acquire the necessary information on Economic Development (one with Chamber of Commerce and the second with Ted Abernathy from the City and David F. Thompson from the County)
- Those present for the Chamber of Commerce: Tom White & Patrick Byker
- Those present for the City: Ted Abernathy, Assistant City Manager, Economic Development
- Those present for the County: David F. Thompson, County Manager
- Report Submitted By: Jack Steer with assistance from Earl Powell, Annette Montgomery, and Haywood Davis

Durham City/County Merger

Administrative/General Government
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Internal Audit

City of Durham	Durham County
<p>Description of Key Internal Audit Services</p> <ul style="list-style-type: none"> • Financial Audits • Performance Audits • Compliance Audits • Contract Compliance • Technical Assistance • Combinations of the above <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Serves as "watchdog" of public finances and operations which can be instrumental in increasing the public trust. <p>Strengths</p> <ul style="list-style-type: none"> • See Above. <p>Weaknesses</p> <ul style="list-style-type: none"> • Need for personnel to be certified information specialists. 	<p>Description of Key Internal Audit Services</p> <ul style="list-style-type: none"> • Financial Audits • Performance Audits • Compliance Audits • Contract Compliance • Technical Assistance • Combinations of the above <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Serves as "watchdog" of public finances and operations which can be instrumental in increasing the public trust. <p>Strengths</p> <ul style="list-style-type: none"> • See Above. <p>Weaknesses</p> <ul style="list-style-type: none"> • Need for personnel to be certified information specialists.
<p>FY 99 Costs - \$245,762</p>	<p>FY 99 Costs - \$133,155</p>
<p>FY 99 Full-time Equivalent Employees - 4</p>	<p>FY 99 Full-time Equivalent Employees - 2</p>
<p>Service Delivery Describe duplication and overlap of service delivery. As noted above, the City & County Internal Audit Departments virtually mirror each other.</p> <p>Describe how merging Internal Audit functions could improve operations. Merger will eliminate any duplication of services, clarify administration and functions. It will also allow cross-fertilization of ideas.</p> <p>Describe how merging Internal Audit functions could hinder operations. It does not appear that merger, beyond the time involved getting a merged department up & running, will hinder operations.</p>	

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

A detailed game plan for the implementation of merger, including a realistic expectation of the time necessary to physically merge and then have the department up and running, must be in place.

Describe how capital assets of the merged functional areas will be used.

The capital assets are primarily office equipment. If any duplicate equipment is unnecessary, it can be utilized in other departments.

Describe how merging Internal Audit functions could hinder operations.

Policies & procedures must be reviewed and contradictory areas, if any must be eliminated. A failure to do so could create confusion. Other than this issue, it does not appear that merger beyond the time involved getting a consolidated department up & running, will hinder operations.

Regional Competitiveness (if applicable)

What impact would merging City/County Internal Audit Departments have on the local business climate?

Provide greater public trust/confidence.

Transition Challenges

Describe receptiveness of City/County Internal Audit personnel to move forward with the merger.

Personnel are receptive.

How will City/County employees and departments that use Internal Audit be positively impacted by a merger?

Potential for cross fertilization of ideas is a plus. Utilizing the best practices of the two departments should result in a more effective merged department, particularly if technical needs are addressed simultaneously.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Yes, for the reasons stated previously.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

Yes. Our preliminary study of the possible consolidation of the Internal Audit Departments indicates that merger is desirable and can probably be accomplished with minimal disruption.

What issues would you recommend be explored in Phase II?

A cost benefit analysis should be conducted to determine the actual financial impact of a merger whose intent is to provide efficient, effective and equitable government. Staffing needs. Technological needs. Space needs. Merged Department organizational chart.

October 18, 1999

MEMO TO: Administrative/ General Government Citizen Subcommittee On Merger
MEMO FR: Susan Austin, Bob Jentsch- (Task Force On Internal Audit- City/ County & Internal Consulting- City)
MEMO RE: Assignment: Interview Agency Directors & Gather Facts; Use FY 99 Budget

Internal Audit- City

Glenda A Foree, Director 4 Employees Total \$- \$245,762

The mission of the Internal Audit Department is to provide reviews of all systems related to City government to ensure that the City government's mission is adhered to and that related actions are in compliance with applicable laws and regulations; and by initiating actions or making recommendations in the best interest of City government.

Internal Audit- County

Charlie E. Hobgood, Director 2 Employees Total \$- \$133,155

The mission of Internal Audit is to determine that the various County departments, programs, activities and operations are:

- Carrying out activities and programs authorized or required by the Board of County Commissioners, the County Manager, State or federal regulations, or other authoritative sources;
- Conducting these programs and using resources in an economical and efficient manner;
- Conducting these programs as planned to yield results which are consistent with established goals and objectives;
- Identifying, measuring, classifying and reporting financial and operating events in an accurate and timely manner in accordance with effective internal controls and authoritative pronouncements;
- Safeguarding assets.

Internal Consulting- City

Harmon E. Crutchfield, 1 Employee Total \$- \$108,564
Internal Consultant

The mission of Internal Consulting is to manage, oversee and coordinate reengineering efforts of the City, providing the necessary leadership to help evaluate, redesign and transform the City's systems to achieve effective and efficient service delivery.

The following information is from a combined interview with Ms. Foree and Mr. Hobgood on September 23, 1999:

The work of both offices includes:

- Financial audits
- Performance Audits (similar to management studies)
- Compliance audits (with rules and regulations)
- Contract compliance
- Technical assistance/ internal consulting
- Combinations of the above

Audits are triggered by:

- The City or County Manager
- Department or Division requests
- The internal auditors
- The City Council or County Commissioners

The following information is from an interview with Mr. Crutchfield on October 5, 1999:

The work of the Internal Consultant includes:

- Management studies
- Ad hoc tasks as assigned by the City Manager
- Team building to facilitate operational improvements

Observations:

- No apparent reason not to merge
- The City and County functions are largely identical
- Merger would stimulate a cross fertilization of ideas
- Internal Audit functions could merge- absent a City/ County merger
- An enhanced and publicized audit function could solidify governmental integrity and increase public trust
- Internal audits and studies can create an environment for change and encourage organizations to be proactive

Durham City/County Merger

Revised November 9, 1999

**Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Fleet Management

City of Durham	Durham County
<p>Description of Key <u>fleet management</u> Services</p> <ul style="list-style-type: none"> • All repair and maintenance on 1900 city owned vehicles except body work, parts and transmissions • Service and repair to 3000 radios and 3 transmission towers. Many of these radios are the property of the county. • Responsible for taxicab inspections but no repair or maintenance on cabs <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Employees work day or night shift in order to service and/or repair sanitation and other solid waste vehicles when such vehicles are not in use. • Employees: 37 vehicle staff • 7 radio staff • City operates an 800 mg system <p>Strengths</p> <ul style="list-style-type: none"> • Department operates on a "fee for service" basis, billing proper department for its vehicle. Fleet Management is not a budgetary item but operates in the black, has a positive cash flow and has built up a \$2,000,000 surplus • Maintenance is consistent and vehicle repair time is shorter than if they were contracted out. <p>Weaknesses</p> <ul style="list-style-type: none"> • • • 	<p>Description of Key <u>vehicle and radio repair</u> Services</p> <ul style="list-style-type: none"> • No existing repair department • County owns a total of 369 vehicles. 217 of these belong to the Sheriff's Department and are not addressed in this report. Therefore, we are dealing with 152 vehicles • Each county department is responsible for contracting out maintenance and repair service for its vehicles • General Services Department owns 25 radios plus 1 base unit and this equipment is maintained by independent vendors <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • County operates a 400 mg. System and leases 1 tower <p>Strengths</p> <ul style="list-style-type: none"> • • • • <p>Weaknesses</p> <ul style="list-style-type: none"> • • • •
FY 99 Costs - \$ 5,111,000 (Reported by DMG)	FY 99 Costs -
FY 99 Full-time Equivalent Employees -44	FY 99 Full-time Equivalent Employees - 0
<p>Service Delivery Describe duplication and overlap of service delivery. None exists</p> <p>Describe how merging _____ functions could improve operations. Vehicles could have repair and maintenance in one facility. Consistency in operation and oversight would prolong life of vehicles.</p> <p>Describe how merging _____ functions could hinder operations. There would seem to be no obvious hindrance.</p>	

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

Liability insurance issues would need to be addressed
Transfer of titles to vehicles may need to be effected.
Transfer of licenses of radios may need to be affected.

Describe how capital assets of the merged functional areas will be used.
The present facility would be able to handle the increased number of vehicles (if we are discounting the Sheriff's autos) with the addition of a space on the side of the present building for tires. This addition is needed now, even without merging systems. There is adequate ground space on the site for such an addition.
Usage of vehicles would presumably remain the same.

Describe how merging fleet _____ functions could hinder operations.
During transition times there would be a need to build a database to include any new vehicles added to the present City fleet. A maintenance history would need to be established and entered into the system.

Regional Competitiveness (if applicable)

What impact would merging City/County _____ Departments have on the local business climate?

The current use of private vendors by the County would cease. Several automobile repair shops would experience the loss of revenue.

Transition Challenges

Describe receptiveness of City/County _____ personnel to move forward with the merger.

City Fleet Maintenance Director is receptive to the idea of merger for the long run
An estimate of an additional 5 employees would be necessary

How will City/County employees and departments that use _____ be positively impacted by a merger?

More employees may be needed
Additional facilities may be needed

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Yes

Standardizing radio systems throughout Durham County would be a plus

Consistent maintenance checks would prolong the life of vehicles

Turn around time on repairs would be reduced resulting in increased operating efficiency

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

Yes

Throughout discussion of Fleet Maintenance it should be noted that in the City the merging of this Department with Asset Management is moving forward. By the time this merger issue goes to a referendum, these Departments will have effectively combined and this report should be studied in conjunction with the consideration of Asset Management. It will then be a Division rather than a Department.

What issues would you recommend be explored in Phase II?

Those cited in *Evaluation* section above.

Investigation of liability insurance coverage.

Contact info: For the City – Kent Cash, Fleet Maintenance Department Head
For the County – Michael Turner, Director of General Services

Report Submitted by: Betsy Robb

Durham City/County Merger

**Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: *Equal Opportunity/Equity Assurance*

City of Durham	Durham County
<p>Description of Key Services</p> <ul style="list-style-type: none"> • Implements MWBE contracting and Affirmative Action program • Monitors each dept.'s employment patterns to ensure non-discrimination in areas of recruitment, certification, data bank maintenance, business development, project identification/coordination/monitoring and reporting <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Oversight by MWBE Advisory Comm. • Has Delivery Initiative • Direct Contact with area businesses • Uses narrow operational definition of Minority <p>Strengths</p> <ul style="list-style-type: none"> • Strong communication mechanism • Community stakeholder involvement • Diversity Initiative • Reciprocal certification of contractors • Specific measurable goals and objectives <p>Weaknesses</p> <ul style="list-style-type: none"> • Updated disparity study needed • Assess current situation 	<p>Description of Key Services</p> <ul style="list-style-type: none"> • Maintains and promotes equal employment opportunity through DHS dept. • MWBE contracting assigned to Purchasing Dept. <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Oversight by County Manager • No designated EO/EA dept. • Shared EO/EA responsibilities • Uses broader operational definition of Minority <p>Strengths</p> <ul style="list-style-type: none"> • Updated Disparity Study in progress • Reciprocal certification of contractors <p>Weaknesses</p> <ul style="list-style-type: none"> • Implementation/monitoring plan not well-defined • Overlapping areas of responsibility • Disparity study to determine existing level of compliance needed
<p>FY 99 Costs - 423,414</p>	<p>FY 99 Costs - Unable to determine due to overlap duties</p>
<p>FY 99 Full-time Equivalent Employees - 6</p>	<p>FY 99 Full-time Equivalent Employees - 1</p>
<p>Service Delivery Describe duplication and overlap of service delivery.</p> <p>Budgeting; purchasing; contracting for services; monitoring of government ordinances/statutes; processing of compliance data; workforce documents/disparity study</p>	

NOTE: The following statement clarifies the terminology "philosophy of and commitment to Equal Opportunity/Equity Assurance which appears numerous times throughout this report:

The merged governing bodies should draw from the Mission Statements of the City and County EO/EA Departments and adopt a strong policy that clearly and unequivocally embodies a strong commitment to integrity, fairness, equality of opportunity and equity assurance in all matters of governmental and personnel policies

Contact Info: City - Cora Cole McFadden, Director of EO/EA
 County - Sandra Phillips, Director of Purchasing
 Jan Bryant Berry, Business Development Manager

*Various City and County staff were interviewed, but prefer to remain anonymous.

Submitted by: Anita Hammond

Durham City/County Merger
Administrative/General Government
Citizen Subcommittee Assessment Criteria and Factors
continued.....

Describe how merging EO/EA functions could improve operations.

Much will depend on commitment to and philosophy of equity assurance adopted by new merged government and administration;
Could eliminate duplication of service delivery
Could result in an overall cost reduction
Could provide increased opportunities for diversity training for all employees
Could provide for increased community involvement
Could improve communication between all department heads/employees
Could eliminate burden of overlapping functions of present county staff
Could provide for improved delivery of services to both employees and contractors
Could provide one set of guidelines for all employees
Could provide window of opportunity for improvement of quality of life for all employees and business clients
Could ultimately result in improved racial/ethnic relations

Describe how merging EO/EA functions could hinder operations.

If philosophy of and commitment to equity assurance adopted by the new govt is not designed to meet needs and expectations of entire workforce;
Poor planning for transition;
Political divisiveness on issues of diversity and equity;
Fear of loss of jobs, business opportunities and opportunities for advancement by those who have historically experienced discrimination in these areas(see attachment #2)
Fear that positions for minority workforce will follow pattern and level of displacement and replacement experienced in connection with recent school merger

Operations

Describe operational issues(i.e., legal, financial, community or implementation)that should be addressed before submitting a merger proposal to voters
New Disparity Study needs to be conducted by city also to assess current status of equity issues and legal compliance or standing. Last study was completed in 1993

Philosophy of and commitment to equity assurance to be adopted by new govt. needs to be determined

Degree to which a strong EO/EA program can be designed to protect Durham County and City from costly discrimination lawsuits needs to be assessed(See attachments #1,#3)

Projected loss of positions, if any, must be openly and forthrightly addressed

Political climate and its potential impact on the climate of receptiveness for merging these functions must be assessed

DURHAM CITY/COUNTY MERGER

ADMINISTRATIVE/GENERAL GOVERNMENT CITIZEN SUBCOMMITTEE ASSESSMENT CRITERIA AND FACTORS continued...

Describe how capital assets of the merged functional areas will be used.

To help defray cost of disparity study; for increased diversity training for businesses and employees; for orientation to and dissemination of new guidelines to businesses, employees and general public; for preparation of compliance data; for additional proactive measures to avoid costly discrimination lawsuits

Regional Competitiveness (if applicable)

What impact would merging City/County EO/EA Departments have on the local business climate?

Depends on philosophy of equity adopted by new government

Unified procedures for entire county should lessen confusion and provide all businesses with same protocol and delivery guidelines

Diversity training could be made available to all businesses

(Local business leaders might be invited to provide some input on this matter)

Transition Challenges

Describe receptiveness of City/County EO/EA personnel to move forward with the merger.

There seems to be the usual apprehension and uncertainty which naturally accompanies change

Much depends upon the philosophy of equity adopted by new government.

Many fear there will be job loss in their departments while others feel they will not be affected

Some worry that equity program will be weakened

How will City/County employees and departments that use EO/EA be positively impacted by a merger?

Could increase morale among all employees depending upon philosophy embraced by new governmental structure and administration

Could eliminate overlap in functions and duties of some department heads, particularly in the county govt.

Could increase opportunities for diversity training

Could provide stronger, more unified structure, coordination, monitoring and evaluation for all departments and lessen operational confusion

DURHAM CITY/COUNTY MERGER

ADMINISTRATIVE/GENERAL GOVERNMENT CITIZEN SUBCOMMITTEE ASSESSMENT CRITERIA AND FACTORS continued...

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Consolidation is desirable for the area of EO/EA if there is assurance that the degree of commitment to equity and diversity in the workplace now provided all of Durham's citizens, (particularly those who have been historically discriminated against in the workplace and in opportunities for economic development) will be maintained and improved as we move into the 21st century.

Since the county has little structure to its equity program and does not maintain a separate department for implementation, the degree of overlapping should be minimized.

Does Consolidation offer sufficient potential net benefits for your task force to justify a more detailed Phase II analysis? (Explain)

Yes.

The following issues should be explored during phase II:

Projected cost analysis

Final determination on which philosophy toward equity will be adopted by new government

Determination of which operational definition of minority will be adopted, the county's or the city's. Open dialogue among community stakeholders should be sought on this issue.

Clarity on the degree of downsizing of the workforce that is projected, how it will be done and who will be affected are key issues that must be decided forthrightly. Many look at the current level of diversity in the workforce of the merged school district, particularly at the administrative and managerial levels and are apprehensive, at best, regarding a potential government merger.

Fears, whatever the nature of them may be, need to be alleviated as early in the process as possible.

**ACTUAL PERFORMANCE VS PROPOSED PERFORMANCE IN AREAS OF
CONTRACTING AND COST
COSTS**

COUNTY

Difficult to ascertain costs of total EE/EA initiatives due to overlapping functions of individuals involved with implementation. Total dollar figure for MWBE Participation in formal bidding was \$449,570.83 out of a total bidding figure of \$4,201,596.50

CITY

1999-2000 Appropriation \$423,414 (17.14% increase over 1998-99)

MWBE CONTRACTING PERFORMANCE

COUNTY

(1999-2000)

Goal

Actual Performance

Total MWBE Participation 15%

10.70%

Total WBE Participation 10%

No breakout noted

(Combined with total MWBE participation)

Steady increase shown over last 3 years (1996-1998) 3%- 9.38%-10.70%

Majority participation for 1998-99, approx. 80%

CITY

(1999-2000)

MBE Participation

20%

15%

WBE Participation

10%

7%

MBE participation improved from 7% in 1996-97 to 15% in 1998-99, an increase of 9% over past 3 years.

Majority participation for 1998-99 was 82%

Graphs Enclosed in appendix to report



Black Grove Fresh in
Daphin Church is families
RELIGION 70

TRIBUNE

A Consolidated Media Group Newspaper

016 DOLLAR

SUNDAY, AUGUST 29, 1989

THE TRIANGLE'S CHOICE FOR THE BLACK VOICE

Contractors: NCDOT shows discriminatory pattern

The plaintiffs seek an injunction of federal funds in the state for discriminatory programs.

Substantially all of the prime contracts awarded by NCDOT in the past five years have been awarded to businesses owned by Caucasian persons," said the lawsuit filed in Greensboro federal court Aug. 4.

The lawsuit seeks unapportioned federal funds for the state and an order from the court that NCDOT has violated federal anti-discrimination laws.

DOT attorney Bill Jones said last Friday the department was reviewing the lawsuit and there was no public comment on these issues.

Frank Emory, a Charlotte attorney and member of the state transportation board, said the lawsuit was filed for



Engles face tough roadball
question: SPORTS 10

VOLUME 2 NO. 23

OCT 19 1989

THE NEWS LINK

Available to you
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NEWS AT THE
1124-25

5A

DOT discriminates against minority contractors, suit says

Continued from page 1A



Emory

Sabat, owner of Wagon Supply Co., and the Carolina Associated Minority Contractors of Raleigh.

"I have waited for this opportunity for many years. We will finally get our day in court and the justice we deserve."

"We believe that the practices and the policies established are unlawful, they are purposeful. It is noted in reports," said attorney Jonathan Kelly of Durham.

"DOT receives \$400 million in federal funds for its \$2 billion annual budget. Kelly said the federal money is supposed to be spent in accordance with rules established by federal civil rights laws.

Waden said in a statement from his law firm that he had "worked

for this opportunity for many years. We will finally get our day in court and the justice we deserve."

The lawsuit contends that only white contractors will use only white subcontractors on highway jobs, a practice it said DOT knows about but doesn't stop. Minority contractors who earned 5 percent of state highway contracts in 1981, now receive 1.25 percent, according to Tom Waden, president of the N.C. Black Chamber of Commerce and a NAACP executive officer.

DOT inspectors also apply different standards to work performed by black contractors and subcontractors, the lawsuit said.

"Work performed by Caucasian contractors that does not meet contract and NCDOT specifications is allowed to pass inspection, but work performed by plaintiffs and other African American contractors which meet contract and NCDOT specifications is routinely failed," the lawsuit said.

White contractors, not named in the lawsuit, were accused of practices the complaint said

- were known to and tolerated by DOT officials:
- Refusing a subcontract bid from a black firm even though it was lower than others.
- Telling black-owned firms not to bother making a bid.
- Forcing black firms to do work below their cost and conspiring with suppliers to delay delivery to force minority firms off a job.
- Issuing one check to several black subcontractors, but issuing individual checks to white subcontractors and refusing to pay black-owned firms promptly.
- Telling white subcontractors the amount of bids from black subcontractors.

Emory said he has pushed for policies that give historically underutilized businesses, or HUBs, the opportunity to compete for state business. If the state isn't in compliance, he said, changes should be made.

"I don't know what all the practices are" as it relates to DOT's contract process, Emory said. "I'd be very interested in how this plays out. I want us to do this the right way so everybody has a

Attachment #1

OCT 19 1999

10-2-99

NATION

THE HERALD-SUN, DURHAM, NORTH CAROLINA

Study: Race still playing big role in success

The five-year project in four major U.S. cities finds stereotypes remain pervasive in hiring practices

BY ROBIN ESTRIN
Associated Press

BOSTON — Race continues to play a powerful role in the chances for success in America, from job opportunities to housing, according to a sweeping five-year study of Boston, Atlanta, Detroit and Los Angeles.

The Multi-City Study of Urban Inequality, released Friday, found that racial stereotypes and attitudes heavily influence the labor market, with blacks landing at the very bottom.

The mammoth, seven-volume survey was sponsored by the Russell Sage Foundation, a private center that researches social policy, and the Harvard University Multidisciplinary Program in Inequality and Social Policy. It looked at 9,000 households and 3,500 employers in the four cities.

The 50 researchers found race is deeply entrenched in the country's cultural landscape

— perhaps even more than many Americans realize or are willing to admit.

"I think this study tells you not only that some of these perceptions are true, but it tells us in more detail where inequality is being generated," said Alice O'Connor, a historian at the University of California at Berkeley who wrote the introduction to the report.

Initiated in the early 1990s, the project attempted to understand the patterns of racial inequality in modern, metropolitan areas and how race has been affected by economic changes.

According to the study, race has a pervasive influence at many levels, manifesting itself in everything from highly segregated housing to labor markets that prefer hiring some racial groups over others. Stereotyping is often at play, particularly when it comes to where people want to live and whom they will hire, O'Connor said.

Blacks "continually end up at the bottom in terms of preferences for neighbors as well as when employers talk about hiring preferences," she said.

While the study found that minorities are

doing better in the strong economy of the 1990s, it found that they are making less money, working fewer hours than their white counterparts. It also found that they had a significant barrier to landing a job.

In Detroit, for example, it took unskilled unemployed whites an average of 91 hours to generate a job offer. It took blacks 167 hours. "Clearly there is a heavy burden that minority face in the job market," said Katherine Newland, an urban studies professor at Harvard's Kennedy School of Government. "Minorities are working, but they're diverging in their good fortune from whites."

Both the household surveys, conducted by telephone between 1992 and 1994, and the employer interviews identified pervasive stereotypes, particularly regarding blacks.

Blacks, many of those surveyed said, are more likely to be on welfare, more likely to commit crimes and harder to get along with than other groups.

In the work force, where native-born blacks are losing jobs to recent immigrants, employers indicated blacks rank low on their hiring preference charts.

Attachment #2

Attachment #3



PHOTO BY NORVELL BROWN

...cause of death among blacks 25-44 years old. The event was sponsored by the Durham County Health Dept. and Community Partners.

OCT 19 1999

Dealers driven to bias?

Former employees file suit
against Jordan Nissan, Lincoln

By Angela Burrus
THE TRIANGLE TRIBUNE

DURHAM — Four former black employees of Michael Jordan's RPM Nissan and Lincoln-Mercury hope a lawsuit against the dealerships will unravel the racial prejudices they have witnessed for the last six years.

"We're not out to destroy anybody," former RPM Lincoln-Mercury sales consultant Otto Meeks Jr. said. "We just want the truth and the facts to prevail."

Meeks, along with former sales consultants Harrison Hunter and Milton Jenkins, filed a complaint against Lincoln-Mercury in August alleging the dealership discriminated against black employees and staff. According to the lawsuit, the dealership did not employ any blacks in management positions despite having a majority-black sales force. However, Lincoln-Mercury assured the three there is an opportunity for advancement.

"We were promised more opportunities," Meeks said. "However, that would never come true. Between 1996 and '98, I saw several promotions being handed out."

The suit stated that between 1994 and July 1998, Lincoln-Mercury promoted five white sales consultants while none were offered to black sales representatives.

"It is very demoralizing when you out-sold your counterparts and watch one of them get promoted in front of you," Hunter said.

The suit added that the three frequently discussed with the general manager and president. See BLACK on page 2A.

constitutional rights. People complain a lot but when the opportunity comes to cast their votes, no one shows. I would love a better vot-

Stith, whose slogan was "bring the community to develop safe"

Black employees sue Durham dealership

Continued from page 1A
their desire to be promoted as specific positions arose" as well as the dealership giving them no explanation when they did not promote them or other black consultants.

"Everybody deserves an equal chance," Jenkins said. "But they (management) had a way of twisting the truth to fit in their rationale."

Former sales representative Anthony Burgess said he would file a similar suit against Nissan.

"I turned down four or five other dealerships because I wanted to get there — because of Michael Jordan being the attraction," Burgess said.

Although the four would not elaborate on examples, each of them said they witnessed discrimination against the dealership's black customers.

The suits allege agents and employees quoted higher prices on automobiles, accessories and interest rates unlike those quoted by banks to black customers. It also alleges that white representatives used racially derogatory comments as "That's a hoag" and "I know that's a black dude's car (when referring to cars in need of repairs)."

In addition, management and employees allegedly funneled calls to white sales consultants while withholding them from black employees. The practice was confronted in a sales meeting when a black sales representative complained. The suit stated the management's response was "Why don't you quit? This is not a democracy, it's a dictatorship."

This is an industry-wide prob-

lem, but I think it is time for it to be addressed," Burgess said. "Too often people take a backroad because of what could occur in their lives because of taking a stand. But you've got to stand and read between the lines. It's the right thing to do."

"You've got a dealership in a minority setting, but it was never represented properly the entire time I was there. It should have been with it being a minority-owned business with Michael Jordan's name."

Although the plaintiffs seek back pay as well as prejudgment interest and damages for all employment benefits they were deprived of, they also want to expose prejudices that still exist.

"We want the outcome to be one that will tell the truth," Jenkins said. "And alert the public of what's going on. But the big question is 'why?'"

Representatives from both dealerships were unable for comment, but they've denied the allegations.

"The last thing we would want is to discriminate against black

sales consultants, black managers or black customers, in any way, shape or form," said Dave Butler, an RPM sales manager. "I've never seen anything like that here. If anything, it's been

the opposite."

RPM Nissan general Ray Vrscek added the allegations were not true and that employees do not have

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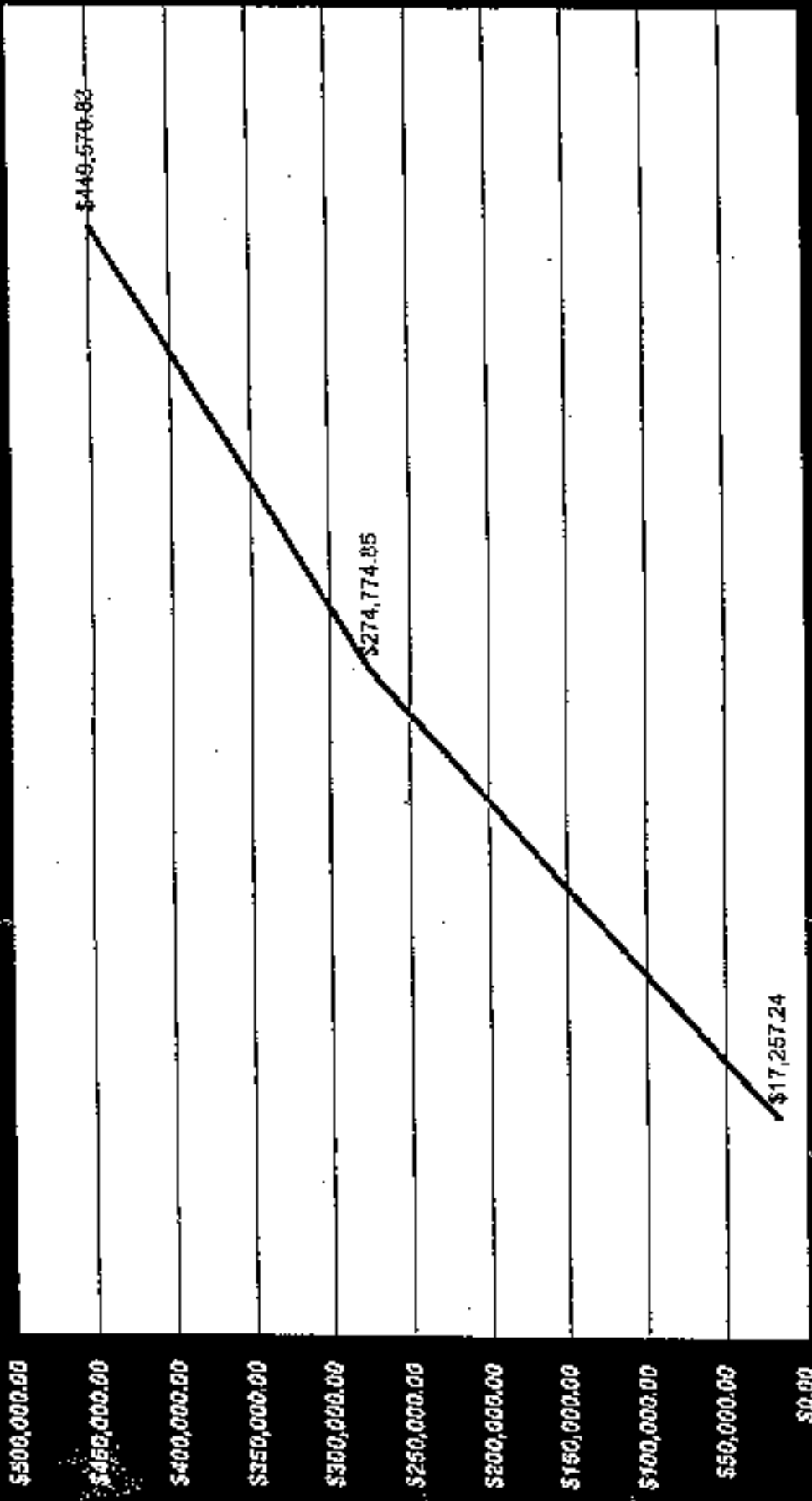
Infl Prot

Protect your
ups and downs
the new Ser
the U.S. Treas
And 1 Bond
most financial
1-800-4US



County

TOTAL DOLLAR MWBE PARTICIPATION FOR FY 1996, 1997 & 1998



1998 \$ PARTICIPATION

1997 \$ PARTICIPATION

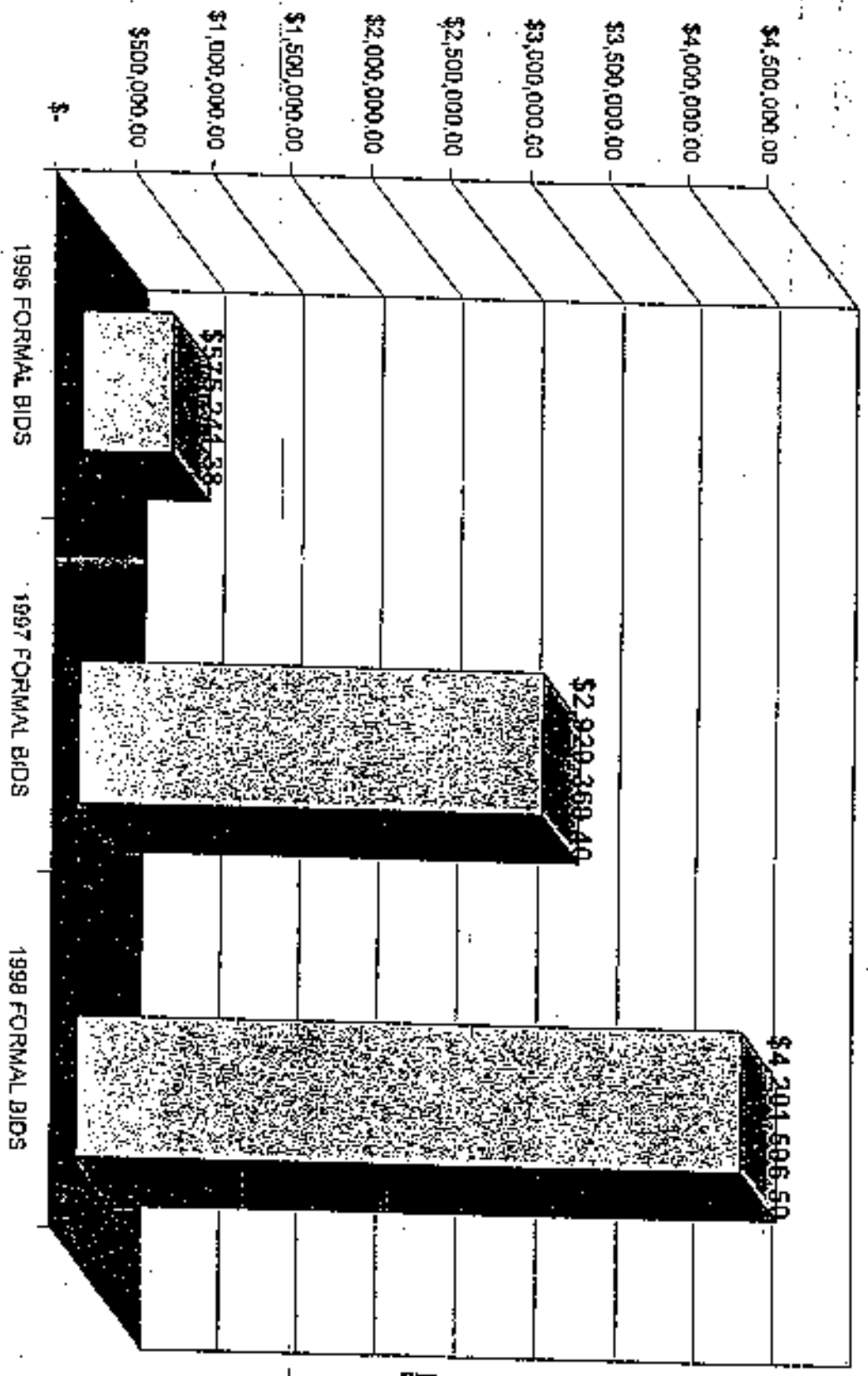
1996 \$ PARTICIPATION

Series1

Planning

OCT 19 1999

TOTAL DOLLAR AMOUNT FOR BID YEARS 96, 97 & 98



□ Series1

M/WBE Contracting Activity

(Fiscal years 1996-1997 to the Present)

Total Dollars Spent	1996-1997	1997-1998	1998-1999
50,000,000.00	90%		
45,000,000.00			
40,000,000.00			
35,000,000.00			
30,000,000.00			
25,000,000.00			
20,000,000.00			
15,000,000.00			
10,000,000.00			
5,000,000.00			
0.00			

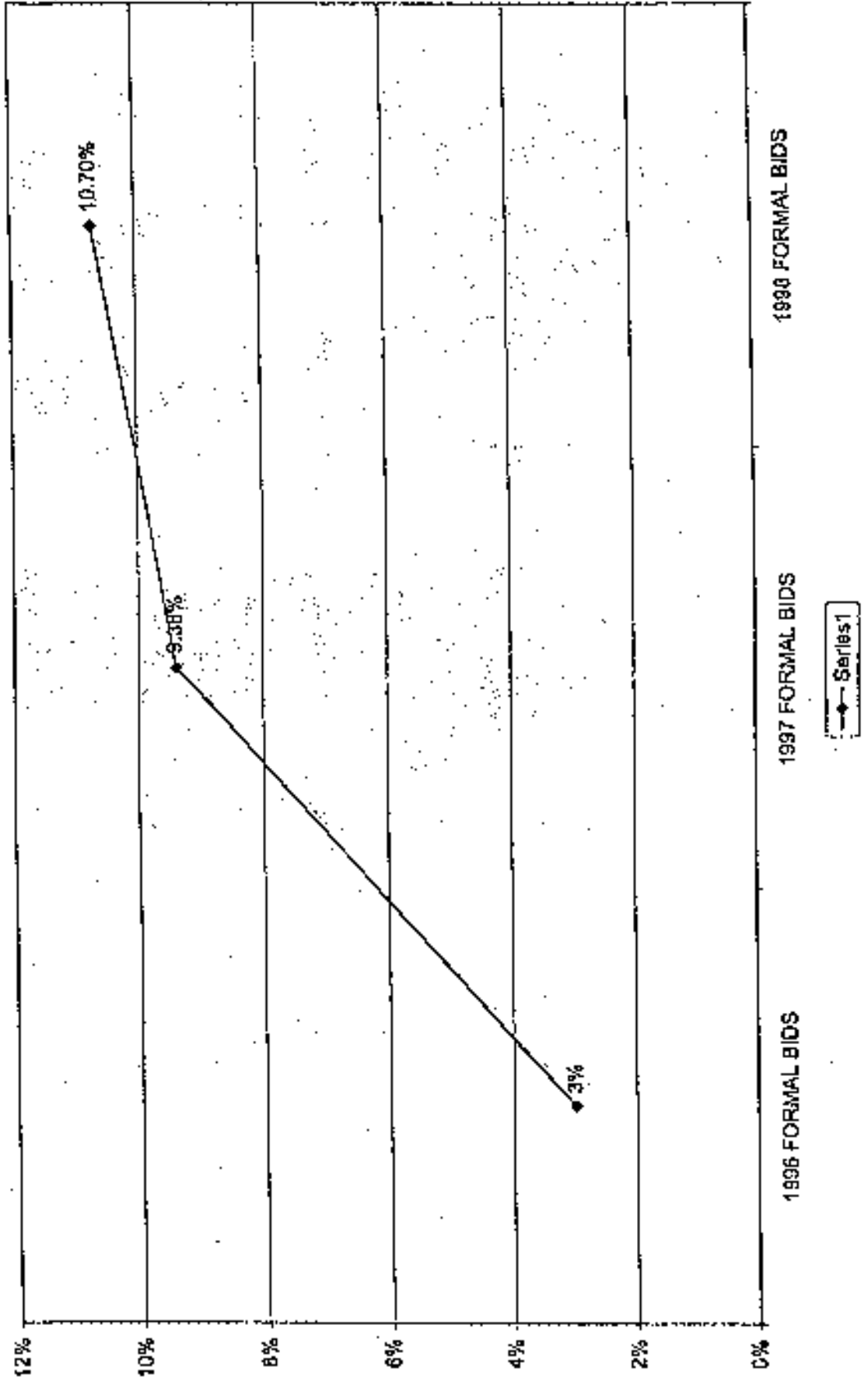
1996-1997 1997-1998 1998-1999

Three multi-million dollar contracts totaling \$22.3 million were let by the City in FY 96-97

City

LAUNDRY

MWBE Participation In Formal Bids



copy

M/WBE Total Contracting Activity (FY 1998-1999)

\$30,000,000.00		
\$25,000,000.00		
\$20,000,000.00		
\$15,000,000.00		
\$10,000,000.00		
\$5,000,000.00		
\$-	<p>WBE</p> <p>3%</p>	

Total dollars spent: **\$39,769,507.00**
 AAJ: **27,814,850.00**
 MBE: **4,974,705.00**
 WBE: **1,100,392.00**

Construction
(FY 1998-1999)

City

		MAJ 82%
\$9,000,000.00		
\$8,000,000.00		
\$7,000,000.00		
\$6,000,000.00		
\$5,000,000.00		
\$4,000,000.00		
\$3,000,000.00		
\$2,000,000.00		
\$1,000,000.00		
\$-		

Total dollars spent: \$10,856,232.00
MAJ: 8,854,445.00
MIB: 1,404,189.00
WBE: 577,598.00

Wing

**Professional Services
(FY 1998-1999)**

\$9,000,000.00											
\$8,000,000.00											
\$7,000,000.00											
\$6,000,000.00											
\$5,000,000.00											
\$4,000,000.00											
\$3,000,000.00											
\$2,000,000.00											
\$1,000,000.00											
\$0.00											

Total dollars spent: \$11,860,000.00
 MAJE: 8,073,447.00
 MBE: 3,302,008.00
 WBE: 487,475.00

Administrative/General Government Citizen Merger Subcommittee
Equal Opportunity/Equity Assurance Sub Committee Report
Submitted by Anita W. Hammond
September 21, 1999

Objective of Report: To briefly analyze and compare the Durham County and City Equal Opportunity Programs

Mission Statements:

County:

It is the policy of Durham County to adhere strictly to the merit principle in all personnel transactions; to foster, maintain, and promote equal employment opportunity; and to administer all services provided without regard to race, color, religion, sex, national origin, handicap, age, or any other non-merit factor except where religion or sex are bona fide occupational qualifications for employment and are required by business necessity. The county is committed to this program and is aware that with its implementation it will receive positive benefits through the greater utilization and development of previously underutilized human resources.

City:

The Equal Opportunity/Equity Assurance Department is committed to assisting all departments with the creation of a work place environment in which employee potential is maximized and differences are understood; where firms desiring to do business with the city can do so in an inclusive environment, and services to our internal and external customers are accessible and delivered in an equitable manner.

Governing Ordinances.

County: MWBE Ordinance adopted in 1994 establishes good faith effort goals for MWBE utilization. Goal is 15% and for WBE, participation goal is 10%. Ordinance covers all aspects of county's contracting programs.

City: MWBE Ordinance covers recruitment, certification, database maintenance, business development, contracting, an advisory committee, project identification, project coordination, monitoring and reporting

Oversight County: County Manager delegates authority to Affirmative Action Officer; Shared responsibility for implementation by all Dept. heads, supervisors and employees

City: Oversight by MWBE Advisory Committee; A Director, 1 Sr. EO/EA Specialist, 3 Additional EO/EA Specialists

Program Implementation: County: Program is results-oriented; utilizes specific established goals/timetables; Regular monitoring and evaluation based on goals and established guidelines

City: specific goals and established timetables through actual contacts with business organizations, city, state and federal govt. entities; Diversity orientation included for employees and supervisors. Regular monitoring and evaluation based on goals and established timelines

Operating Budget Information difficult to determine for county due to overlapping functions Information for City in progress

1



Affirmative Action Summary

Employees by Race, Sex, Category

Month/Year Run Is For: 08/1999

Category	Total	Whites		Black		Other		White		Black		Other		Total %	
		Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Administrators/Officials	80	36	18	2	15	12	0	39%	33%						
Office Clerical	185	11	12	4	38	119	1	74%	85%						
Para-Professionals	20	9	4	0	2	5	0	45%	35%						
Professionals	230	72	46	3	40	60	2	48%	48%						
Protective Services	536	306	168	7	40	23	1	35%	12%						
Service Maintenance	203	39	215	8	4	17	0	85%	7%						
Skilled Crafts	109	82	101	3	0	3	0	57%	2%						
Technicians	289	185	34	2	30	18	0	26%	17%						
Grand Total	1814	740	609	39	175	257	4	50%	24%						
Minority Grand Totals			638			261									
Total Percentages		0.400	0.336	0.016	0.085	0.142	0.002								
Minority Percentage			0.352			0.144									

DURHAM COUNTY PERSONNEL DEPARTMENT
 CEO ACTIVE PAYROLL EMPLOYEES REPORT AS OF 12/31/88

DATE: 01/20/89
 PROGRAM: DDB1450

TOTALS BY COUNTY

CAT	TOTALS BY COUNTY																				
	A	AM	AF	B	BM	BF	M	HM	HE	I	IN	JF	O	OM	OF	W	WM	NF	X	YM	ZF
A TOT:	23			7	3	4										16	11	5			
A 40%:	1			30	13	17										20	48	22			
B TOT:	20			5	3	2										15	11	4			
B 40%:	25			16	10											78	55	20			
C TOT:	727	6	2	4	364	65	299	4	2	2						359	86	257			
C 40%:	41	1	1	50	8	41										48	13	35			
D TOT:	422	2	2	178	36	142	3	2	1							239	70	168			
D 40%:	58	1	1	42	9	34										57	17	140			
E TOT:	218			83	30	53	3	2	1	1						131	95	36			
E 40%:	13			38	14	24	1	1	1	1						50	43	16			
F TOT:	73			43	10	33										30	22	8			
F 40%:	39			39	14	45										41	30	13			
G TOT:	360	1		229	134	189	2	2								37	33	4			
G 40%:	21			62	37	25	1	1								44	38	6			
H TOT:	96			53	40	19										46	40	6			
H 40%:	26			18	1	17										15	3	12			
I TOT:	34			50	3	50										44	9	39			
I 40%:	2			8	1	7										11	1	10			
J TOT:	59			40	5	35										55	5	50			
J 40%:	332	5	1	4	205	12	101	2	2							140	12	108			
K TOT:	18			62	5	36										36	4	33			
K 40%:	169	3	2	82	6	76										84	6	78			
L TOT:	51	2	2	49	4	45										50	4	46			
L 40%:	8			5	1	4										3	3				
M TOT:	3			60	13	40										30	38				
M 40%:	5			4	1	3										3	2				
N TOT:	75			67	17	50										33	33				
N 40%:	54			35	22	13										19	15	4			
O TOT:	3			65	41	24										35	28	7			
O 40%:	37			15	10	5										12	10	2			
P TOT:	50			56	37	19										44	37	7			
P 40%:																					

UN TOT: 0

Category Legend:
 A-Officials and Administrators
 B-Professionals
 C-Technicians
 D-Protective Services
 E-Paraprofessionals
 F-Office and Clerical
 G-Skilled Craft Workers
 H-Service Maintenance

●

Human & Comm Services

●

●

Durham City/County Merger

Revised November 10, 1999

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Open Space

City of Durham	Durham County
<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • Open Space from the City perspective is intended to provide for people recreational and programming needs. • City emphasis has traditionally been on parks, green way trails, and active recreational programming. • Bond funding used as a revenue source • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • People programming focus • • <p>Strengths</p> <ul style="list-style-type: none"> • • <p>Weaknesses</p> <ul style="list-style-type: none"> • Maintenance cost • • • 	<p>Description of Key <u>Open Space</u> Services</p> <ul style="list-style-type: none"> • Open Space from the County perspective is intended to provide for the enjoyment of our natural resources and the environment. • County emphasis covers large areas such as open space along river corridors (nature preserves) • There is more of an Open Space emphasis from the County • County has a matching grant program • Open Space in general crosses City and County boundaries • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Emphasis on volunteers • Emphasis on natural resources or the environment • • <p>Strengths</p> <ul style="list-style-type: none"> • Citizen involvement • Limited dollars have been stretched to achieve goals • • <p>Weaknesses</p> <ul style="list-style-type: none"> • Land management function still being developed although the County is hiring a staff person. • The position is approved but not advertised. • •
<p>FY 99 Costs -</p>	<p>FY 99 Costs -</p>
<p>FY 99 Full-time Equivalent Employees -</p>	<p>FY 99 Full-time Equivalent Employees -</p>

Service Delivery

Describe duplication and overlap of service delivery.

Already crosses City and County boundaries.

There is the potential for some land management duplication.

Describe how merging Open Space functions could improve operations.

- Might be able to do better open space planning
- City park rangers could assist with nature preserve patrol or patrol needs.
- County has a volunteer coordinator whose efforts could be used within the City parks.

Describe how merging Open Space functions could hinder operations.

- City park focus has been on recreation and programming rather than preservation as in the County. How will money be allocated to the County if functions are merged?
- County Open Space programs do not fit neatly within a municipal park and recreation department. As an example, will there be a loss of County focus in such areas as nature preserves, farm land protection, and wetland protection and preservation?

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

City and County emphasis are different such as nature preserves versus traditional parks and green ways. How will funding be handled? Will there be a loss of emphasis on farm land and wetland protection?

Describe how capital assets of the merged functional areas will be used.

County has some 200 acres of open space that could soon increase to 300 acres. What becomes of the City and County funding methods after merger?

Describe how merging Open Space functions could hinder operations.

The City and County will continue to have different emphasis.
Open Space protection should receive equal attention during a merged structure.

Regional Competitiveness (if applicable)

What impact would merging City/County Open Space Departments have on the local business climate?

N/A.

Transition Challenges

Describe receptiveness of City/County __Open Space__ personnel to move forward with the merger.

Supportive of concept but critical issues needs to be resolved.
Depends on how issues are resolved.

How will City/County employees and departments that use __Open Space__ be impacted by a merger?
N/A

Evaluation:

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Within the bounds of maintaining the distinct goals that are currently being served.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

Yes

What issues would you recommend be explored in Phase II?

- Where is the best fit for Open Space programs within a merged structure?
- Review the Orange County Environment and Resource Conservation Model to see if it has value for Durham.
- Give consideration to an Environmental Resource Department that combines aspects of both City and County Open Space needs.

Contact Person: Jane Korest, Planner and Guillo Rodriguez, Planner
City/County Planning, 560-4137

Bill Colville, County Ranger
Forest Protection, 560-0562

Submitted By: Larry Holt

Durham City/County Merger

Revised November 10, 1999

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Health Department

City of Durham	Durham County
<p>Description of Key Services All services are provided by the County through the Health Department</p> <p>Unique Aspects of Operations</p> <p>Strengths</p> <p>Weaknesses</p>	<p>Description of Key Public Health Services Child and adolescent health services Maternal health services Communicable disease Vital records Health inspections/permits Community health education</p> <p>Unique Aspects of Operations Provides all services for city and county residents</p> <p>Strengths</p> <p>Weaknesses</p>
<p>FY 99 Costs -</p>	<p>FY 99 Costs - \$10,291,752 (estimated)</p>
<p>FY 99 Full-time Equivalent Employees - 0 (none)</p>	<p>FY 99 Full-time Equivalent Employees - 219 FTE</p>
<p>Service Delivery Describe duplication and overlap of service delivery. There is no duplication or overlap of services because the health department provides all services for city and county residents Describe how merging <u>Public health</u> functions could improve operations. Merger would not affect the operations of the health department</p> <p>Describe how merging <u>Public health</u> functions could hinder operations. Merger would not affect the operations of the health department</p>	

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

Most federal funding received by the health department comes through the County government. There is one HUD grant for lead abatement that is channeled through the City government, but the employee that it funds is a county employee. The health director does not think that there will be any difficulty in retaining this funding if merger occurs. Otherwise, there will be no change in public health services, so there are no major issues that need to be addressed prior to merger.

Describe how capital assets of the merged functional areas will be used.

No change in the use of capital assets would be necessary.

Describe how merging _____ public health _____ functions could hinder operations.

Merger would not affect the operations of the health department.

Regional Competitiveness (if applicable)

What impact would merging City/County public health Departments have on the local business climate?

Because the functions of the health department are merged, City/County merger would not change the current relationship between the health department and the business community. In particular, no change in the relationship between the health department and Research Triangle Park businesses should occur.

Transition Challenges

Describe receptiveness of City/County Public Health personnel to move forward with the merger.

There is no concern among the personnel of the health department. They do not believe that merger will affect the activities of the health department.

How will City/County employees and departments that use the Health Department be positively impacted by a merger?

There will be no change in public health services, so merger will not impact people that use these services.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Consolidation of the City and County governments should not affect the functions of the health department. From this standpoint, consolidation is neither desirable nor undesirable.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

It does not appear that consolidation will offer any benefit to the operations and services offered by the health department. At the same time, consolidation should not be a detriment either.

What issues would you recommend be explored in Phase II?

To ensure that federal funding received through the city would not be at risk.

Contact info: Brian Letourneau, Director of Public Health
560-7650

Submitted by: Michael Royster
(W) 966-8900
(H) 402-9751

Durham City/County Merger

Submitted November 3, 1999

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: The Durham Center ML/DD/SA Services for the Public

City of Durham	Durham County
<p>Description of Key: NA Services</p> <ul style="list-style-type: none"> All services to city residents provided by DC. 	<p>Description of Key: Durham Center Services</p> <ul style="list-style-type: none"> Responsible by law for all public related to: <ul style="list-style-type: none"> Mental Health Dev. Disabilities Substance Abuse
<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> 	<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> Has two city employees covering SA grant. Area Director has contract with Board (he is not County employee).
<p>Strengths</p> <ul style="list-style-type: none"> 	<p>Strengths</p> <ul style="list-style-type: none"> Strong management with statewide respect.
<p>Weaknesses</p> <ul style="list-style-type: none"> 	<p>Weaknesses</p> <ul style="list-style-type: none"> Located in many different buildings in various locations around the city which makes it difficult for some customers.
<p>FY 99 Costs -</p>	<p>FY 99 Costs - \$20,043,747</p>
<p>FY 99 Full-time Equivalent Employees - 8</p>	<p>FY 99 Full-time Equivalent Employees - 266.79</p>

Service Delivery

Describe duplication and overlap of service delivery.

- None. The DC, by NC statute, is responsible for all public services related to MH, DD and SA.

Describe how merging Durham Center functions could improve operations.

- Contract with city for DD after school programs does not have \$1,000,000 insurance coverage as is usually required because City self-insures.
- Might be able to locate all services in one location, close to DSS and PHJ.

Describe how merging Durham Center functions could hinder operations.

- See no downside.

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- No major operational issues. Question about current requirement to rent space in city parking deck for some of the current DC locations (can these \$\$ be saved?) Will DC have to pay water/sewer charges if City no longer recognized by State?
- Hopefully, current contract with Access Transportation will be adjusted. City has current contract with this organization and rates are too excessive for effective utilization by DC patients in need of transportation help.

Describe how capital assets of the merged functional areas will be used.

- All capital assets currently County owned.

Describe how merging Durham Center functions could hinder operations.

- Would not hinder current operations.

Regional Competitiveness (If applicable)

What impact would merging City/County Durham Center have on the local business climate?

- None.

Transition Challenges

Describe receptiveness of City/County Durham Center personnel to move forward with the merger.

- All currently work for the County, except for Area Director who has contract directly with the Area Mental Health Board. This Board is appointed by CC.

How will City/County employees and departments that use Durham Center be positively impacted by a merger?

- No change anticipated.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes. See no difference.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- No. Facts are what they are and services are already for all residents in Durham County. Further analysis of this would be a waste of taxpayer \$\$.

What issues would you recommend be explored in Phase II?

- If decision is made to look at the Durham Center in a more detailed way, suggest focus be on locating all services in one location to make it easier for citizens to access all services and for management control.

Contact info: From the Durham Center (MH/DD/SA) -

Dr. Steven Ashby, Area Director and

Dr. Carolyn Davis, Deputy Area Director - Program Services

Report Submitted by: Terry McCabe

Durham City/County Merger

Revised November 12, 1999

**Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: CULTURAL AFFAIRS (Civic Center)

City of Durham	Durham County
<p>Description of Key CIVIC CENTER Services</p> <ul style="list-style-type: none"> • Management of civic center facility • Approve expenditure for capital items; • Budget oversight • Evaluate risks • Civic center managed by its own board • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • City as fiscal agent (i.e. "purse strings" for Civic Center) <p>Strengths</p> <ul style="list-style-type: none"> • Asset Mgmt. is capable of more overwhelming issues (beyond the civic center) • Thru Asset Mgmt., the Civic Center has access to the best pricing for goods and services <p>Weaknesses</p> <ul style="list-style-type: none"> • Actual Civic Center mgmt (Marriott Hotel) is closer to sales and marketing • Actual Civic Center mgmt. has the on-sight approach 	<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • NA • • • • • • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • • • <p>Strengths</p> <ul style="list-style-type: none"> • • • • <p>Weaknesses</p> <ul style="list-style-type: none"> • • • •
FY 99 Costs - \$2,386,000	FY 99 Costs -
FY 99 Full-time Equivalent Employees - 1	FY 99 Full-time Equivalent Employees -
<p>Service Delivery Describe duplication and overlap of service delivery. Other areas that Asset Mgmt. administers are: the ballpark contract with the Durham Bulls, city cemeteries, parking facilities, and the civic center facilities</p> <p>Describe how merging _____ functions could improve operations. - Merger could increase capability to respond to Civic Center demands (i.e. pest control)</p> <p>Describe how merging _____ functions could hinder operations. Merger would initially cost more money, but ultimately should be able to save in costs (i.e. In General Services because of reduced overlap in services and consolidation of administrative staff); foresee that only Planning, Water Resources, and Inspections will be divisions to make money from merger</p>	

Durham City/County Merger

Human & Community Services

Citizen Subcommittee Assessment Criteria and Factors (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

Legal issues reviewed (i.e. with host hotel, the Marriott) concerning any affect merger might have on operations; there should be no territorial issues (i.e. with the Marriott over services and responsibilities); review budgets, same as with other facilities; review maintenance issues (currently, only 2% of dollars available are allocated for maintenance, which is very low. This results in an infrastructure breakdown).

Describe how capital assets of the merged functional areas will be used.

- Will use of capital assets be changed with merger? There won't be enough funding to go around (increased competition for funds with combined city and county services); Additional staff and resources provide dilution of services, which is bad (too many people available...)

Describe how merging _____ functions could hinder operations.

NA

Regional Competitiveness (if applicable)

What impact would merging City/County _____ Departments have on the local business climate?

- Positive impact: only one government to deal with; streamlining of processes; improved customer service
- "One-Stop-Shopping" for services
- Reduce public meetings

Transition Challenges

Describe receptiveness of City/County _____ personnel to move forward with the merger.

- Depends on work demands (mentoring, diversity plan)

How will City/County employees and departments that use _____ be positively impacted by a merger?

Will depend on the level of support necessary for administration of facilities; will take time to determine the personnel overlap and a reshuffling of personnel

Durham City/County Merger

Human & Community Services

Citizen Subcommittee Assessment Criteria and Factors (Continued)

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

Many divisions of Asset Management have already been merged and have experienced merger issues. Merger does generate more resources and better competition for funding. Over the long term, merger is desirable.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

NA

What issues would you recommend be explored in Phase II?

FLAG: City department closer in "mind-state" to consolidation; County less "sophisticated" than City in Handling issues

Contact person: Bill Duiguid, City Asset Management
560-4195

Report by: Sarah Heinemeier, Vice-Chair
Community Services & Development/Health & Human Services Subcommittee

Durham City/County Merger

Submitted October 20, 1999

Human & Community Development
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: CULTURAL AFFAIRS (Public Library)

City of Durham	Durham County
<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • • • • • • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • • • <p>Strengths</p> <ul style="list-style-type: none"> • <p>Weaknesses</p>	<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • Provide circulation/reference services • Access to information and reference services • Children's programming and services • Promote love of reading • Access to technology (i.e. internet) • Meeting facilities <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Resources, collections and expert assistance • Access to free meeting spaces <p>Strengths</p> <ul style="list-style-type: none"> • Staff (i.e. trained children librarians) • Vast collections • Locations throughout County <p>Weaknesses</p> <ul style="list-style-type: none"> • Facilities - no location in Eastern part of County • Quality
FY 99 Costs -	FY 99 Costs - Budget= \$5,425,850
FY 99 Full-time Equivalent Employees -	FY 99 Full-time Equivalent Employees -
<p>Service Delivery</p> <p>Describe duplication and overlap (<i>expanding</i>) of service delivery.</p> <ul style="list-style-type: none"> - Provides opportunities for more outreach, which can lead to collaboration with Parks & Rec Dept. - Organizational improvements for partnership <p>Describe how merging _____ functions could improve operations.</p> <ul style="list-style-type: none"> - To some degree, merger will help partnering (emphasis on partnership) - Merger will assist Library with gaining CITY technology <p>Describe how merging _____ functions could hinder operations.</p> <ul style="list-style-type: none"> - Possible hindrances: competition for funds increases and Advisory Board structure might be affected 	

Durham City/County Merger

Human & Community Development

Citizen Subcommittee Assessment Criteria and Factors (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Most impact of merger occurs administratively
- Design of more streamlined administration

Describe how capital assets of the merged functional areas will be used.

- already serving entire County - already plan and program for both City and County residents
- open opportunities to work with City Capital plans

Describe how merging _____ functions could hinder operations.

NA

Durham City/County Merger
Human & Community Development
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Regional Competitiveness (If applicable)

What impact would merging City/County _____ Departments have on the local business climate?

NA

Transition Challenges

Describe receptiveness of City/County _____ personnel to move forward with the merger.

NA

How will City/County employees and departments that use _____ be positively impacted by a merger?

NA

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Merger would be desirable; no major negatives

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

NA

What issues would you recommend be explored in Phase II?

NA

Contact Person: Dale Gaddis, Director of Durham County Libraries
560-0163

Submitted by: Sarah Heinemeier
687-0567

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: CULTURAL AFFAIRS (Triangle Opera)

City of Durham	Durham County
<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • Professional regional opera organization • Produces high quality entertainment • Opera America Member • Provides educational outreach • Significant Cultural Impact • Objective: to maximize "bang for buck" • Guild Structure • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Biggest presenting organization in Durham • Locally produced shows > lots of community support • Regional Talent • <p>Strengths</p> <ul style="list-style-type: none"> • <see Unique Aspects above> • Loyal following • Increased budget 500% over last 2 years • Budget of over \$500,000 <p>Weaknesses</p> <ul style="list-style-type: none"> • Difficulty in making/securing government and corporate ties 	<p>Description of Key _____ Services</p> <ul style="list-style-type: none"> • NOT APPLICABLE • • • • • • • • <p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • • • • <p>Strengths</p> <ul style="list-style-type: none"> • • • • <p>Weaknesses</p> <ul style="list-style-type: none"> • •
<p>FY 99 Costs - \$5,000 annually renewed CITY grant</p>	<p>FY 99 Costs - NA</p>
<p>FY 99 Full-time Equivalent Employees - NA</p>	<p>FY 99 Full-time Equivalent Employees - NA</p>
<p>Service Delivery Describe affect of service delivery.</p> <p>Merger would not affect the organization - very marginal grant from CITY. annually renewed</p> <p>Describe how merging _____ functions could improve operations.</p> <p>A change in the local government structure could be more receptive to professional arts organizations, in general; to receive grants/funding. organizations would not have to go through Durham Arts Council</p> <p>Describe how merging _____ functions could hinder operations.</p> <p>NA</p>	

Durham City/County Merger

Human & Community Services

Citizen Subcommittee Assessment Criteria and Factors (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- more knowledge about arts would be handled
- more communication, more active participation
- use of South Square site for Sandford Institute

Describe how capital assets of the merged functional areas will be used.

NA

Describe how merging _____ functions could hinder operations.

NA

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Regional Competitiveness (If applicable)

What impact would merging City/County _____ Departments have on the local business climate?

NA

Transition Challenges

Describe receptiveness of City/County _____ personnel to move forward with the merger.

NA

How will City/County employees and departments that use _____ be positively impacted by a merger?

NA

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors (Continued)

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Consolidation of City and County governments is desirable for Triangle Opera for more centralized grant administration
- if merger proceeds, new unified government should have a new organizational body to handle grants administration

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

NA

What issues would you recommend be explored in Phase II?

- Potential governing body for support of arts organizations in the merger government

Contact Person: David O'Dell, Triangle Opera
919-493-7880

Submitted by: Sarah Heinemeier
687-0567

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Inspections

City of Durham	Durham County
Description of Key: Inspections Services <ul style="list-style-type: none"> • City and County Inspections were merged in 1993. 	Description of Key: Inspections Services <ul style="list-style-type: none"> • City and County Inspections were merged in 1993.
Unique Aspects of Operations <ul style="list-style-type: none"> • 	Unique Aspects of Operations <ul style="list-style-type: none"> •
Strengths <ul style="list-style-type: none"> • Code interpretation unified. • Funding divided by workload. 	Strengths <ul style="list-style-type: none"> •
Weaknesses <ul style="list-style-type: none"> • None noted. 	Weaknesses <ul style="list-style-type: none"> •
FY 99 Costs -	FY 99 Costs -
FY 99 Full-time Equivalent Employees - 8	FY 99 Full-time Equivalent Employees -
<p><i>Service Delivery</i></p> <p>Describe duplication and overlap of service delivery.</p> <ul style="list-style-type: none"> • N/A <p>Describe how merging Inspections functions could improve operations.</p> <ul style="list-style-type: none"> • Better routing of inspections. Reduced need for director and other personnel. <p>Describe how merging Inspections functions could hinder operations.</p> <ul style="list-style-type: none"> • N/A 	

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Inspections (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- N/A

Describe how capital assets of the merged functional areas will be used.

- Continue using as at present.

Describe how merging Inspections functions could hinder operations.

- N/A

Regional Competitiveness (If applicable)

What impact would merging City/County Inspections have on the local business climate?

- No additional impact

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Inspections (Continued)

Transition Challenges

Describe receptiveness of City/County Inspections personnel to move forward with the merger.

- They are enthusiastic about how process has worked.

How will City/County employees and departments that use Inspections be positively impacted by a merger?

- It has reduced or eliminated overlap.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes. Merger of inspections has worked well. Economy of scale has enabled reduction of personnel.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- Yes. Unmerged departments can gain from inspections experience.

What issues would you recommend be explored in Phase II?

- Relationship to new government structure.

Contact Person: Gene Bradham, Director of City/County Inspections, 560-4144

Submitted By: Wayne Cash

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Planning and Zoning

City of Durham	Durham County
<p>Description of Key: Planning and Zoning Services</p> <ul style="list-style-type: none"> • City and County Planning Departments were merged in 1988. • Planning Boards and Commissions were also merged. 	<p>Description of Key: Planning and Zoning Services</p> <ul style="list-style-type: none"> • City and County Planning Departments were merged in 1988. • Planning Boards and Commissions were also merged.
<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Supports large number of boards and commissions. 	<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> •
<p>Strengths</p> <ul style="list-style-type: none"> • Subdivision ordinances aligned. • Zoning ordinances aligned. 	<p>Strengths</p> <ul style="list-style-type: none"> •
<p>Weaknesses</p> <ul style="list-style-type: none"> • Responds to two managers and sets of elected officials whose goals sometimes differ. 	<p>Weaknesses</p> <ul style="list-style-type: none"> •
<p>FY 99 Costs -</p>	<p>FY 99 Costs -</p>
<p>FY 99 Full-time Equivalent Employees - 8</p>	<p>FY 99 Full-time Equivalent Employees -</p>
<p>Service Delivery</p> <p>Describe duplication and overlap of service delivery.</p> <ul style="list-style-type: none"> • N/A <p>Describe how merging Planning and Zoning functions could improve operations.</p> <ul style="list-style-type: none"> • These functions have already improved. Personnel reduced over 10 years by approximately 20% <p>Describe how merging Planning and Zoning functions could hinder operations.</p> <ul style="list-style-type: none"> • None noted. 	

Durham City/County Merger

**Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Planning and Zoning (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- N/A

Describe how capital assets of the merged functional areas will be used.

- Continue using as at present.

Describe how merging Planning and Zoning functions could hinder operations.

- N/A

Regional Competitiveness (If applicable)

What impact would merging City/County Planning and Zoning have on the local business climate?

- Merging the departments and aligning ordinances has made construction and development easier.

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Planning and Zoning (Continued)

Transition Challenges

Describe receptiveness of City/County Planning and Zoning personnel to move forward with the merger.

- Eleven years of merged operation has seen few personnel problems. Many employees have been in the department during that time and before.

How will City/County employees and departments that use Planning and Zoning be positively impacted by a merger?

- Little change from present anticipated.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes. Working for two matters would be eliminated.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- Yes. This department would need little attention in Phase II.

What issues would you recommend be explored in Phase II?

- Relationship to new government structure.

Contact Person: Dick Hails, Interim Director of City/County Planning

Submitted by: Wayne Cash

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Housing and Community Development

City of Durham	Durham County
<p>Description of Key: Department of Housing and Community Development</p> <ul style="list-style-type: none"> • Home ownership. • Transitional Housing. • Helps developers take care of rental properties. • Rehabilitation of houses. • Relocation of people. • Community outreach. • Support for shelters. 	<p>Description of Key: Department of Housing and Community Development</p> <ul style="list-style-type: none"> • County has department that collects junk vehicles. • Funds shelters. • Littering and dumping laws in place. • No Department of Housing.
<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Code enforcement. • Weeding of lots. • Removal of junk cars. • Inspection of unsafe buildings. 	<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> •
<p>Strengths</p> <ul style="list-style-type: none"> • Has grants and \$41 million in bonds. • Will try anything once. • Does not abandon projects even if it is not working. • Has funds. 	<p>Strengths</p> <ul style="list-style-type: none"> •
<p>Weaknesses</p> <ul style="list-style-type: none"> • Has grown so quickly the group has not become a true team. Meshing the group of employees is difficult. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • No minimum housing codes.
<p>FY 99 Costs (Operating Budget) - \$1,641,000</p>	<p>FY 99 Costs -</p>
<p>FY 99 Full-time Equivalent Employees - 40</p>	<p>FY 99 Full-time Equivalent Employees -</p>

Durham City/County Merger
Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Housing and Community Development (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

- Weeding lots and removing junk cars.
- No formal agreements with the county.
- Costs the city approximately \$500 to clean up a lot and remove cars.

Describe how merging Department of Housing and Community Development functions could improve operations.

- Propose new ordinance for commercial buildings.
- Must have State enabling legislation.
- Better utilization of funds spent for weeding etc.
- County would have minimum housing codes.

Describe how merging Department of Housing and Community Development functions could hinder operations.

- If the County adopted ordinances it would increase workload.
- Would require education of people in the county.
- Would need approximately two additional people.

Durham City/County Merger

Human & Community Services Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Housing and Community Development (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Education of citizens.
- Review of ordinances.
- Finances already determined by the city and county combined.
- Would be eligible for more block grant money-county could apply.
- There would be an issue of how bond money would be affected.
- Issues of leadership and representation from the county would need to be addressed.

Describe how capital assets of the merged functional areas will be used.

- Little change. Would need to increase in a few areas to cover the county, i.e. inspectors, cars, etc

Describe how merging Department of Housing and Community Development functions could hinder operations.

- Would not hinder operations.

Regional Competitiveness (If applicable)

What impact would merging City/County Department of Housing and Community Development have on the local business climate?

- Would anticipate no differences.
- In the county there are department heads that do not report to the county manager. All in the city report to the city manager.

Transition Challenges

Describe receptiveness of City/County Department of Housing and Community Development personnel to move forward with the merger.

- Would need clear lines of reporting and authority. Cannot serve two masters. Would need one governing board.

How will City/County employees and departments that use Department of Housing and Community Development be positively impacted by a merger?

- Would be positively impacted, especially the Community Life Court. If everyone working with a particular family were reporting to the same people, there would be better communication and cooperation between departments. If one group was involved with a house such as housing codes, saw abuse, etc., all issues could be addressed at the same time without delay and overlap.

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes. Better ordinances would give better authority. There could be a decrease in the amount of time for the enforcement of laws.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- Yes. County and City need to have the same housing codes, inspections and enforcement.

What issues would you recommend be explored in Phase II?

- Establishment of the same codes, ordinances, etc.

Contact Person: Kendall Abernathy, Director of Housing & Community Development
City of Durham

Submitted by: Janette Warsaw and Norman Brown

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Human Relations Commission

City of Durham	Durham County
<p>Description of Key: Human Relations Services</p> <ul style="list-style-type: none"> • Functions to improve relationships in the city of Durham by serving as an arm of the government for EEOC and Housing complaints. • Development of community programs to improve relationships between races and different cultures. 	<p>Description of Key: Human Relations Services</p> <ul style="list-style-type: none"> • No similar Commission in the County. • No local legislation for EEOC. • No local ordinances.
<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> • Contracts with HUD and EEOC. • All complaints come through the commission. • Community outreach. 	<p>Unique Aspects of Operations</p> <ul style="list-style-type: none"> •
<p>Strengths</p> <ul style="list-style-type: none"> • Have a core group of trained investigators. • Short turn around time for the resolution of cases. 	<p>Strengths</p> <ul style="list-style-type: none"> •
<p>Weaknesses</p> <ul style="list-style-type: none"> • There is a gap in services, primarily in the area of the Hispanic population. 	<p>Weaknesses</p> <ul style="list-style-type: none"> •
<p>FY 99 Costs -</p>	<p>FY 99 Costs -</p>
<p>FY 99 Full-time Equivalent Employees - 8</p>	<p>FY 99 Full-time Equivalent Employees -</p>

Service Delivery

Describe duplication and overlap of service delivery.

- There would be no duplication of services since the County does not have a Commission. Would require additional personnel to expand to the County. Currently, the Commission does not handle cases for City employees because of the possibility of conflict of interest.

Describe how merging Human Relations functions could improve operations.

- Would provide for centralized operations.
- Would be able to serve all the citizens of Durham if ordinances issued and legislative authority obtained.

Describe how merging Human Relations functions could hinder operations.

- Would have to go back to the state legislature for authority for the entire county.
- Failure to expand staff might slow down the processing of complaints. City resolves complaints in less than 100 days, others 18 months.

Durham City/County Merger

**Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Human Relations Commission (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Staff.
- Timeframe for completion of cases.
- Mechanism for working with the Hispanic community.
- County needs to obtain legislative authority to process EEOC and HUD cases
- County needs to establish local ordinances and guidelines for a Commission.
- Would need additional people to work in the area of cultural, human relations.

Describe how capital assets of the merged functional areas will be used.

- No capital assets.

Describe how merging Human Relations functions could hinder operations.

- Would not hinder operations

Durham City/County Merger

Human & Community Services Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Human Relations Commission (Continued)

Regional Competitiveness (If applicable)

What impact would merging City/County Human Relations Departments have on the local business climate?

- Would have no impact. There would be no change in the right of the citizen to file. End results (resolution) would be more timely.
- The Commission is a buffer between the citizens and political arena. Provides checks and balances.

Transition Challenges

Describe receptiveness of City/County Human Relations personnel to move forward with the merger.

- Positive. An offer has already been made to expand to the county.

How will City/County employees and departments that use Human Relations be positively impacted by a merger?

- Clients would not be required to travel to Greensboro, etc. to file a case. This would likely increase the cases.
- Processing time for cases would improve from 18 months to a target of 100 days.
- If a decision is made to allow the Department to handle city; county personnel, it would provide local government employees a quicker resolution with trained investigators and mediators.
- There would be some economics in expeditious resolution of cases.

Durham City/County Merger

**Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Human Relations Commission (Continued)

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes.
- More timely resolution of complaints would be positive. The ability to handle all cases would improve service to a large group of people. There would be increases in revenue as a result of increased cases. (EEOC cases are investigated as a cost of \$500 each and HUD at a cost of \$1700).
- Better projection of cost and revenue anticipated.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- Yes. Would improve services for all and improve community relationships.

What issues would you recommend be explored in Phase II?

- Cost of services.
- Ordinances.
- Survey of the responsiveness of RTP companies to the local handling of cases.
- Local legislation.
- Clarification of whether the County has the authority to handle HUD cases.

Contact Person: Chester Jenkins, Director of Human Relations Department, City of Durham

Submitted by: Janette Warsaw and Terry McCabe

**DURHAM HUMAN RELATIONS DEPARTMENT
 ADDITIONAL REQUIREMENTS UNDER CITY/COUNTY MERGER
 PREPARED BY CHESTER L. JENKINS**

I. Additional Estimated Formal Charges Annually

# of Employment Charges	69*
# of Housing Charges	1**
# of Public Accommodations Charges	1
Total Charges	71 (45% above current level)

II. Additional Estimated Informal Complaints Annually

# of Supportive Services	200 (25% above current level)
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III. Additional Community Relations Requirements Annually

Outreach Activities	25% above current level
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IV. Estimated Additional Educational and Training Requirements Annually

Outreach Activities	35% above current level
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* Based on EEOC figure of 207 complaints filed in Durham County (outside City limits) in last three federal fiscal years.

** Based on HUD figure of 3 complaints filed in Durham County (outside City limits) in last three federal fiscal years.

ESTIMATED ADDITIONAL PERSONNEL AND OPERATING EXPENSES

I. Charge Processing	1 Staff Person
II. Supportive Services	0 Staff Persons
III. Community Relations/Education and Training	<u>1 Staff Person</u>
Total Personnel	2 Staff Persons
Additional Personnel Cost	\$ 90,000
Additional Operating Cost	<u>\$ 35,000</u>
Total Additional Cost	\$125,000

Human & Community Services
 Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Social Services

City of Durham	Durham County
Description of Key: Department of Social Services <ul style="list-style-type: none"> No city agency. All issues are handled through the county. 	Description of Key: Department of Social Services <ul style="list-style-type: none"> Housing (\$500,000) housing grant. Program for hardship (electricity; water). Child care. Abuse and neglect
Unique Aspects of Operations <ul style="list-style-type: none"> 	Unique Aspects of Operations <ul style="list-style-type: none"> Positive relationships with sister agencies. The degree to which DSS partners with other agencies
Strengths <ul style="list-style-type: none"> 	Strengths <ul style="list-style-type: none"> Commitment to the mission. Poverty reduction. Welfare to work program. Brings in resources for others to administer.
Weaknesses <ul style="list-style-type: none"> 	Weaknesses <ul style="list-style-type: none"> Prevention of problems with youth. Need closer relationship with police housing and recreation to better serve the latch key children.
FY 99 Costs -	FY 99 Costs -
FY 99 Full-time Equivalent Employees -	FY 99 Full-time Equivalent Employees -

Contact Person: Daniel Hudgins, Director Department of Social Services

Submitted By: Janette Warsaw and Norman Brown

Durham City/County Merger

**Human & Community Services
Citizen Subcommittee Assessment Criteria and Factors**

Department/Program: Department of Social Services (Continued)

Service Delivery

Describe duplication and overlap of service delivery.

- Does not change the statute or Board relationships

Describe how merging Department of Social Services functions could improve operations.

- Would assist in getting more funding.
- Would show clearer lines of authority.
- Mission would be clearer.
- Would assist in better investigation of abuse and neglect.

Describe how merging Department of Social Services functions could hinder operations.

- Local involvement and control would make it better. Needs to have citizen input. Must have a formal process for citizen involvement.

Durham City/County Merger

Human & Community Services Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Social Services (Continued)

Operations

Describe operational issues (i.e., legal, financial, community, or implementation) that should be addressed before submitting a merger proposal to the voters.

- Protocols must be in place. There are no operational issues. There are already some agreements with the city.
- There would be minor issues to work out.

Describe how capital assets of the merged functional areas will be used.

- Majority of funds now come from the state and federal government.
- Capital assets are totally funded by the county. Administration funds have matching funds from the county.

Describe how merging Department of Social Services functions could hinder operations.

- Would not hinder operations in any way. Merger would be a positive for this agency.

Regional Competitiveness (If applicable)

What impact would merging City/County Department of Social Services have on the local business climate?

- Would enhance the economic impact and business climate.

Durham City/County Merger

Human & Community Services Citizen Subcommittee Assessment Criteria and Factors

Department/Program: Department of Social Services (Continued)

Transition Challenges

Describe receptiveness of City/County Department of Social Services personnel to move forward with the merger.

- Depends on the education of the staff before any changes are made. A larger issue is the merging of Human Services. There would be anxiety among the employees, however, they would accept the change if presented well.

How will City/County employees and departments that use Department of Social Services be positively impacted by a merger?

- The Department of Social Services is governed by State employment. All employees (city, county and state) would be classified under the same regulations

Evaluation

Considering all the factors and information you have reviewed, is consolidation desirable for your task force? (Explain)

- Yes. Would give the agency the ability to receive more funds. Consolidated services would assist the public in knowing where to go for services. Would eliminate the necessity for clients to go to several agencies.

Does consolidation offer sufficient potential net benefit for your task force to justify a more detailed Phase II analysis? (Explain)

- Yes. Communication would be enhanced.

What issues would you recommend be explored in Phase II?

- Consolidation of housing and grants to best serve the citizens. Reclassification of jobs (city, county and state) to one set of classifications.

FROM :

560-0080

FAX NO. :

Sep. 11 1999 84:49PM PG 2

Merged-City County Governing Body Proposal

by

F. V. (Pete) Allison, Jr.

I am still convinced that any merged government for Durham County will actually cost the taxpayers MORE than the present governmental setup. I am equally concerned that the major push for merger government is the disenfranchisement of minority groups in the electorate, in particular, African-American citizens. I am very apprehensive that merger may be used a disguise to erase the hard fought gains African-Americans have made since the eradication of segregation.

Anticipating that the above concerns will be thoroughly addressed before any merger will occur, I am proposing the following governmental structure for a merged government.

AT LARGE

Seven (7) Members

Partisan

Even Years

Two (2) Year Terms

PURE WARDS

Five (5) Members

Two (2) Predominantly Black

Two (2) Predominantly White

One (1) Even

PARTISAN Four (4) Year Teams EVEN YEARS

MAYOR

Partisan

Two (2) Year Team

Even Years

COMMENTARY

1. All elected offices will be partisan. This will allow for there to be some platform or discernable set of principles by which the PUBLIC may define the candidates. The candidates will be linked to the party of their registration. Unless articulated otherwise, the candidates will be deemed to be advocates for the policies of their party. This will allow the candidates to more clearly and effectively articulate their messages. This will also avoid the current situation where due to political action committee endorsements, the candidates do not have to commit to any specific policies or issues.

2. The elections should be held on even year with the effective terms as noted. This requirement allows for the most participation by the electorate. Historically, more voters come to the polls during the State and National elections than on odd year balloting. This provision also allows the political parties to have more influence in local elections, since turnout for their respective candidates will be greater. For example, it would not be difficult to imagine that because of a strong Republican candidate for President, the Republican party could win a majority of seats on the merged governing board.

Equally important is the fact that the taxpayers will be saved the additional cost of paying for an off year election. Currently the cost of off year elections is \$50,000. This cost will be totally eliminated by having elections at the same time Members of the General Assembly are elected, i.e., on even years.

3. Five pure ward representatives. This provision allows for a closer relationship between the governing board and the particular geographic areas of the county. Due to the fact that these representatives will reside and be elected from their respective wards, citizens in these wards would have a stronger and clearer voice on issues that effect their areas of the county. The representatives would bring to the governing board the priority of issues of Durham's diverse population groups.

4. The proposed racial divisions would fairly reflect the voting divisions in the community.

5. Seven-at-Large Representatives. This provision allows for a governing board that will not be split due to factionalism due to regional interests in one section of

the county. Seven at large members will encourage and facilitate a more diverse field of candidates and allow success for candidates from non-traditional constituencies.

6. Mayor. The governing board needs a Mayor to break all ties and to appoint the chairpersons of various subcommittees. A Mayor is also necessary to represent the County as its chief executive in dealing with governmental, business, and professional organizations. He should be elected in a partisan election to allow the voters to more clearly identify his general philosophy. His election on even years will save the money and have a greater number of the electorate participate in his election.

Government Structure

Government Structure Minority Report

T.E. Austin

December 2, 1999

The structure and electoral process of a merged government for Durham County have been given considerable scrutiny over the last few months. The committee has tried to reach a consensus on the size, shape and functionality of these elected officials. How these officials will be elected has dominated many discussions. Committee members have used as their guide City Council, the Board of County Commissioners or something new. Combining these diverse groups into a whole has been daunting.

I propose a simple solution. This proposal uses aspects of both bodies but should be easily understood by people who have not been involved in this process.

The new group would be called the "County Council." The government form would be council-manager. There would be a Mayor and eight Council Members. All would be elected at large, with the Mayor serving a two year term and Council Members serving staggered four year terms. The election would be partisan; held in even years; and involve the Mayor and four Council Members. The Mayor would appoint all sub-committee chairs and the Mayor *Pro Tem*.

SUPPLEMENTAL REPORTS

Submitted by Lee Mortimer (December 15, 1999)

The task force report reflects some good compromise agreements for a merged government structure. There are certain areas that I believe could strengthen our recommendations. They include the following:

1. Enhanced authority for the mayor
2. Realistic salaries for mayor and governing board
3. Public financing for elections

Enhanced authority for the mayor

A stated objective of merger is to give Durham a stronger, more coherent voice in dealing with other local governments in the region. One way to optimize that voice is to give the mayor some additional authority in dealing with day-to-day governing. Such a proposal received favorable discussion by the 1994 merger task force, as well as in the local press.

To provide leadership and accountability in an inherently more complex merged government, the mayor needs to be more than a figurehead. The proposal I submitted for an "Enhanced Mayor" represents an incremental increase by one vote in the mayor's authority, compared to the current mayor. It would not elevate the mayor to the status of "strong mayor." An enhanced mayor could:

(a) Appoint/remove the manager

The mayor can appoint or remove the manager. The governing board can disapprove the appointment by a majority, plus one vote

The board can appoint or remove the manager by a majority, plus one vote

(b) Appoint boards and commissions

The mayor can appoint boards and commissions. The board can disapprove appointments by a majority, plus one vote

The board can appoint boards and commissions by a majority, plus one vote

(c) Veto governing board decisions

The mayor can veto decisions made by the board. The board can override the mayor's veto by a majority, plus one vote.

Nothing in the proposed arrangement would preclude the mayor and the governing board from jointly discharging their responsibilities.

Realistic salaries for mayor and governing board

Because a merged government will be more complex than city and county governments, more will be expected from a merged governing board. The task force has not given much attention to salaries for the governing board members, though the issue got some attention in recent city elections. During the 1994 task force, a recommendation for higher salaries gained tentative approval, but was deleted in a close vote at the final meeting.

The recommendation then was for a \$40,000 annual salary for the mayor and \$25,000 for board members. One task force member in 1994 suggested that the money be considered either as salary for the member, or as funding for the member to hire staff to assist with the projected additional workload. Serious consideration should be given to providing realistic salary levels that (1) match the challenges inherent in a merged government, and (2) enable people to run for office who are not wealthy or retired.

Public financing for elections

Also during the 1994 merger study, a recommendation was tentatively approved for "limited public financing for candidates who agree to a spending cap." Again, that recommendation was deleted at the final task force meeting. But as campaign costs continue to soar, the need for some form of alternative campaign financing has become even greater today.

Publicly financed campaigns have gained broad public acceptance--as a way of leveling the playing field for average citizens to compete with candidates financed by special-interest money. An eight-state public opinion poll conducted by the Ellman Group found 66 percent support in North Carolina for publicly financed campaigns. To date, four states have passed such "Clean Elections" measures.

Durham's own state Sen. Wib Gulley, supported by 56 other General Assembly co-sponsors, is the leading advocate of the Clean Elections Act for state elections. Recently, the city of Boulder, Colorado, adopted a local public financing program. Chapel Hill has an ordinance limiting contributions to local campaigns. And the incoming mayor of Cary, Glen Lang, has made enacting public financing a priority for his administration.

Under most proposals, candidates who demonstrate broad voter support and agree to strictly limit their spending would be eligible to receive public financing. In view of the momentum for campaign finance reform at all levels, some form of public financing should be considered for a Durham merged government. More information is available in a booklet entitled "Local Campaign Finance Reform," published by the National Civic League.

ELECTING A MERGED GOVERNMENT

This proposal for electing a merged government is organized in three modules. It could be adopted in whole or in part, one module at a time.

The assumptions of the proposal are a nine-member board (including a mayor), elected for four-year terms in staggered election cycles.

Certain refinements might be proposed if the board size were increased to 11 members, or if the nine-member board were elected for concurrent terms, rather than staggered terms.

NOMINATING DISTRICTS (*Module 1*)

Nominating districts provide a bonafide district focus but still allow "everybody to vote for everybody." Eight nominating districts could be drawn (corresponding to eight board members, exclusive of the mayor). Candidates file for election the same as they do in city council wards. Two candidates are nominated in each district. Only the residents of the district vote in the primary to select the district nominees.

In the general election, the nominees from each district join the nominees from other districts in a "group" at-large election. Voting proceeds the same as in the general election for county commissioners, except that four members rather than five are being elected. The group-election method is how we elect most of our local government representatives today.

Note: Candidates could be required to be residents of a nominating district. But that's really not necessary because voters who reside in the district should be capable of deciding who they want their nominees to be.

With no legal requirement for population equivalence, there is considerable flexibility for drawing districts that reflect geography, neighborhoods, economic status, urban/non-urban differences, and racial balance. Within those parameters, the districts should be kept as close as possible in population.

PARTISAN/Non-PARTISAN COMBINATION (*Module 2*)

The problem with current partisan elections is that the only option for candidates who don't run as Democrats is to run as Republicans. In a combination partisan/non-partisan election, candidates could file and run as Democrat, Republican, or "Non-Partisan." As with current partisan

elections, combination elections would likely attract a full slate of Democratic nominees. But moderate to conservative candidates, who don't want to run as Democrats, could choose to run as Republican or as Non-Partisan.

One candidate is nominated in each category. The top candidate in the Democratic, Republican, or Non-Partisan primary would be the nominee for that category. Thus, up to three candidates could be nominated in a district, with up to three nominees possible for mayor. There could also be up to three sets of primaries—though with the expanded opportunities for candidates to run, fewer primaries may actually be needed.

The addition of the Non-Partisan category won't automatically add more candidates to the election. What it will add is flexibility for moderate to conservative candidates who have felt at a disadvantage when the Republican label is their only option for running. It may turn out that more names appear on the ballot with "NP" beside them than with "R".

CUMULATIVE VOTING *(Module 3)*

In assessing the disadvantage Republicans and conservatives feel, it's important to understand that the real problem is not partisan elections; it's winner-take-all elections. For example, in 1992 Democrats and Republicans both ran full slates of candidates for five county commissioner seats. No Republican won a seat on the board, even though the five Republican candidates together garnered 37 percent of the total vote.

Cumulative voting offers a simple means to rectify that discrepancy. In county elections, voters can cast up to five votes for commissioner candidates. If cumulative voting were used, voters would have the same five votes. But their votes would be divided among whatever candidates they selected. For example, if a voter chose two candidates, each candidate would receive 2-1/2 votes. The allocation is done automatically by the voting equipment without the voter even perceiving a difference in how they vote.

If Republicans had cumulated their votes in 1992 for, say, two candidates, they would surely have won one seat and possibly two seats. Cumulative voting can be used by any minority group of voters (Republicans, African-Americans, non-city residents, etc.) to win a fair share of representation and elect their candidates of choice.

PROPOSAL FOR IN-PLACE MERGER

In-place merger means merging the City and County governing boards without changing the structure of those governing boards. This is how it would work: Five members would continue to be elected in partisan, at-large races, every two years on even years, like the present county commission. Three representatives would be elected at-large from residency wards, and four representatives elected purely at-large, like the City Council, after the reduction takes place. The difference between the present system and this system would be that all representatives would serve on the same board instead of separate boards. In other words, Durham would have a 12 member board made-up of 5 partisan representatives elected at large, 3 non-partisan representatives elected at-large from residency wards, and 4 non-partisan representatives elected at-large generally.

What about tie votes? I suggest that a tie vote be called a "no" vote. What about the Mayor vs. Chairman problem? This makes little difference to me. I would like to see a Mayor for the county elected by all of the people, but if it would make the system work, I personally would support a Chairman system in which the Chair is elected by the members of the board. The practical effect would not be significant, since we presently do not have a strong, or enhanced Mayor system and the Mayor only gets one vote. How would ward lines be determined? I suggest that the three wards being drawn for the City just have their lines extended to the existing County line. Won't there be racial vote dilution if the entire population of the County is allowed to vote for the at-large non-partisan representatives? Probably not, since the additional non-minority population is only about 5% and the continued existence of the five partisan representatives should reassure the minority population that it will have the same opportunity to elect minorities to the merged council.

There may have to be some tinkering around the edges to make all of this work. For example, the extension of the ward lines to the County limits. Also, the Mayor presently serves a two-year term while everyone else on the City Council serves a 4 year term. If we choose not to have the Mayor's seat be the titular head of the merged board, then that seat probably should be converted into a regular 4 year term. However, this problem disappears if the Mayor is the "chair" of the new merged board. That seat can continue to be a two-year non-partisan seat. The point is that small tinkering around the edges can be done without completely overturning the system and everyone can feel that their interests are being protected, even if they are not being enhanced.

One further suggestion is that this idea be advanced with the understanding that the merged city and county of Durham will have a local constitutional convention five years after the merger is completed for the purpose of examining the system of government to decide whether it ought to be changed.

Some will complain that this proposal is not bold enough. To them I say that boldness is not the point. Merger is the point, and the fact of merger should be bold enough. Some will say that this system will be too confusing. To them I say that it is no more confusing than the system we have now, because it is essentially identical to the system we have now. The difference is that all 12 local government representatives will have to speak with one voice on behalf of one community, the administration will receive policy directives from one source, and the destructive divisions between the City and the County which are exploited ruthlessly by our regional competitors will be eliminated.

Sent ref
to members on
9/20/99
m

MEMORANDUM

To: Government Structure Task Force
 From: Bob Melville, DMG-MAXIMUS
 Date: September 17, 1999
 Re: Request for Information

Overview - In preparation for your next meeting, Jarvis Martin requested certain information pertaining to local electoral districts, number of board members and Durham's population. Below I have summarized the information that we were able to obtain.

Election method - Unlike many other states, North Carolina accords cities and counties substantial latitude in determining the manner in which city and county legislators are to be elected. Moreover, it appears that a consolidated City-County may use any method available to either cities or counties under North Carolina law.

The available election methods may be summarized as follows:

- At-large - candidates and voters may reside anywhere in the county
- At-large with district residency - candidates must reside within the district that they will represent, but voters may reside anywhere in the county (voters need not reside within a particular district to vote for the candidate that will represent that district)
- District - candidates must reside within the district that they will represent and voters may only vote for candidates residing within the same district
- Combination - a blend of at-large, at-large with district residency, at-large with district or a hybrid district nomination and at-large election

According to *County Government in North Carolina*, 4th Edition, 1999, edited by Bell and Wicker, and published by the UNC Institute of Government, counties use a wide variety of methods for electing their commissioners (see table below).

County Election Methods (by Percent of Counties)

Election Method	Percent
At-large	43%
At-large with district residency	24%
District only	10%
Combination or hybrid	23%

Apparently, efforts to increase minority representation on county boards have increased the employment of district systems, as well as larger boards¹.

¹ *County Government in North Carolina*, 4th Edition, 1999.

In *Municipal Government in North Carolina*, 2nd Edition, 1996, edited by Lawrence and Wicker, and published by the UNC Institute of Government, a survey indicated that the state's largest 22 cities (cities with 25,000 or more population) tend to use the at-large election method less frequently than do counties (see table below).

Municipal Election Methods (by Percent of Cities)

Election Method	Percent
At-large	27%
At-large with district residency	9%
District only	18%
Combination or hybrid	46%

The state's largest cities tend to rely on hybrid election methods far more than do counties. That is, they employ combined at-large and district systems with greater frequency. In contrast, smaller cities in North Carolina typically use at-large systems.

Number of board members – Most counties in North Carolina use five-member commissions while most large cities use larger boards. The table below summarizes data for cities and counties from the two textbooks cited above.

Board Size (by Percent of Cities & Counties)

Board size	Cities (Percent)	Counties (Percent)
Three members	0%	6%
Four members	4%	0%
Five members	9%	59%
Six members	9%	3%
Seven members	14%	27%
Over seven members	32%	5%

Note: City data is limited to cities with at least 25,000 residents.

Cities in North Carolina also appear to employ even-numbered boards far more often than do counties. This may be due in part to the varying roles of mayors in some cities.

Population data – Marcia Margotta asked the City-County Planning Department for their most recent demographic data for the County and City. They provided us with the population data summarized in the table below.

Durham's Population Estimates

Area	1990	1999	Change
Within City Limits	136,594	177,650	+30.0%
Outside City Limits	45,241	40,805	-9.8%
Total County	181,835	218,455	+20.1%

Note: 1990 data based on 1990 US Census & 1999 data based on Planning estimates.

They provided us with dwelling unit estimates for 1999, but they did not provide any data on the distribution of population data by racial or ethnic group.

However, Marcia was able to obtain detailed voter registration data from the Board of Elections which could prove useful to your deliberations. According to the Board of Elections, there are 144,426 registered voters in the County, of which about 62% are Democratic and 64% are White, and 119,674 registered voters in the City, of which about 63% are Democratic and 59% are White.

Attached you will find a summary of the data we obtained from the Board of Elections. This data, which is derived from computer print-outs dated December, 1998, shows the number of registered voters by precinct, party affiliation, gender and race. Since there are 69 distinct precincts and townships (sub-precincts), we have organized the precincts and townships into 13 geographical sub-areas for your convenience.

Let me know if you have any questions.

Durham City-County Voter Registration Data - December, 1998

Precinct No./Site	Area	Dem	GOP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total	
Durham City - Northeast													
24	HELANDER LANE CH.	N. of I-85, W. of 501	2,024	1,080	512	1,321	2,165	2,959	661	2	26	28	3,680
37-1	COLE M.D. CHURCH	N. of I-85, W. of 501	1,977	1,204	526	1,748	1,937	3,457	181	4	47	30	3,685
44-1	CARRINGTON M.S.	N. of I-85, W. of 501	83	39	28	69	81	94	53	0	0	1	150
45-1	ENO VALLEY HALL GYM	N. of I-85, W. of 501	1,128	594	219	915	1,026	1,762	149	4	12	9	1,936
46	JOHNSON COTTAGE CH.	N. of I-85, W. of 501	2,063	957	571	1,519	2,049	2,675	320	5	47	50	3,547
			7,298	3,870	1,856	3,767	7,257	10,917	1,262	15	132	118	13,024
			56%	30%	34%	44%	56%	84%	14%	0%	1%	1%	
Durham City - Northeast													
21	CUB DRUG SCHOOL	N. of I-85, W. of 501	1,229	377	295	737	1,154	1,564	316	4	20	37	1,921
22	VFW POST 2740	N. of I-85, E. of 501	2,789	362	425	1,770	2,206	960	2,546	5	23	42	3,576
23-1	HOMEROOD HALL GYM	N. of I-85, E. of 501	2,783	827	511	1,717	2,404	2,002	2,029	5	26	59	4,121
25-1	NORTHERN HIGH SCHOOL	N. of I-85, E. of 501	23	11	4	16	22	30	7	0	0	1	38
24-1	MARYGLEN SCHOOL	N. of I-85, E. of 501	132	233	87	219	213	404	33	1	8	6	452
			4,956	1,830	1,322	4,109	5,999	4,940	4,931	15	77	145	10,108
			69%	34%	33%	47%	59%	49%	49%	0%	1%	1%	
Durham City - Southside West													
1	BURGESS MIDDLE SCHOOL	N. of 147, E. of 55	816	261	187	533	731	954	271	3	12	24	1,264
2	WYNN STREET SCHOOL	N. of 147, E. of 55	1,729	435	750	1,785	1,529	1,878	760	10	151	135	2,914
3	PAVE SCHOOL	N. of 147, E. of 55	1,065	216	312	702	871	1,385	412	2	29	45	1,773
4	NC SCIENCE & MATH	N. of 147, E. of 55	1,050	286	195	688	843	1,440	56	1	30	24	1,771
7	DURHAM HIGH CH.	N. of 147, E. of 55	1,173	229	414	871	945	1,389	314	3	43	67	1,810
17	MAIN LIBRARY	N. of 147, E. of 55	1,710	102	192	823	1,181	141	1,310	7	8	38	2,045
23	AGRICULTURAL BLDG.	N. of 147, E. of 55	1,467	246	345	917	1,121	1,310	644	2	33	45	2,074
			8,970	1,774	2,395	3,919	7,321	8,497	3,954	28	286	338	13,460
			68%	34%	38%	47%	55%	65%	30%	0%	2%	1%	
Durham City - Downtown East													
14	SMITH SCHOOL	BETWEEN 70 & 55	1,510	244	306	814	1,246	573	1,462	2	4	57	2,062
15	Mrs CALVARY GYM	BETWEEN 70 & 55	942	157	147	530	736	347	887	2	7	23	1,266
16	HOLLOWAY ST. SCHOOL	BISected by 70	3,298	476	479	1,703	2,550	1,036	2,141	3	25	48	4,251
19	AMER. LEGION POST 7	At I-85 & 70	1,573	411	411	1,048	1,320	1,320	991	5	26	13	2,375
30-1	CHICK GROVE SCHOOL	NE of 70	373	161	121	339	336	394	268	1	5	7	675
31-1	ST. ANNE'S RUMBLE CLUB	BETWEEN 70 & 147	928	347	157	815	927	1,490	223	3	10	18	1,742
32	EVANGEL CHURCH	NE of 70	925	188	122	460	775	457	757	1	7	18	1,214
			6,679	2,184	1,143	5,709	7,997	5,172	7,729	17	60	202	13,206
			71%	36%	31%	42%	58%	43%	37%	0%	1%	1%	
Durham City - Capital West													
3	PATTERSON REC. CTR.	BETW. 147 & CORNWALLIS	2,655	343	1,518	2,441	2,633	3,074	1,411	6	287	235	5,114
6	LAKELAND SCHOOL	BETW. 147 & CORNWALLIS	1,399	266	308	924	1,009	1,257	646	2	32	34	1,973
8	MORNING STAR SCHOOL	BETW. 147 & CORNWALLIS	1,540	418	271	803	1,166	741	1,347	2	24	55	1,909
9	FOREN HILLS CLUB HSE.	BETW. 147 & CORNWALLIS	1,719	429	348	1,042	1,469	1,753	727	7	25	34	2,513
40	ROBERTSON REC. MS	BETW. 147 & CORNWALLIS	1,156	340	325	822	999	1,418	355	8	22	20	1,831
			8,479	2,176	2,768	6,122	7,301	8,344	4,288	23	390	378	13,425
			69%	36%	31%	46%	56%	62%	32%	0%	3%	3%	
Durham City - Central East													
10	SPALDING SCHOOL	S. of 147	1,221	42	127	561	831	29	1,334	3	7	19	1,392
11	WEAVER ST. COMM. CH.	At WEAVER & CORNWALLIS	1,644	50	123	483	1,134	17	1,766	1	3	32	1,817
12	FRANCO SCHOOL	At 55 & 147	1,238	40	134	413	959	14	1,372	1	1	22	1,423
13	BURNS SCHOOL	At 55 & 147	1,192	30	126	466	900	11	1,324	2	4	27	1,348
41	WHITE ROCK CHURCH	At 55 & CORNWALLIS	1,361	42	74	369	892	8	1,450	0	5	12	1,471
42	STANFORD MIDDLE SCHOOL	At 55 & BIDDLE	1,090	34	85	516	693	10	1,271	1	4	23	1,309
47	HOLMES ST. REC. CTR.	At 55 & BIDDLE	1,732	63	125	760	1,162	45	1,843	1	6	27	1,922
48	STANFORD MIDDLE LIBRARY	At 55 & COOPER	2,746	65	340	1,095	2,056	11	3,066	6	20	30	3,151
			12,228	385	1,136	5,055	8,667	145	13,322	15	52	281	15,752
			89%	3%	8%	37%	63%	1%	97%	0%	0%	2%	

Durham City-County Voter Registration Data - December, 1998

Precinct No./Site	Area	Dem	REP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total
Durham City - Southwest												
25 Holy Infant Church	At 56 & Fayetteville	1,027	797	312	1,056	1,240	1,969	245	3	58	21	2,296
27-1 Gibbons Middle School	W. of I-40	298	177	116	244	347	575	42	0	11	17	591
38-1 Hope Valley Church	At 54 & Garrett	1,915	1,220	912	1,904	2,143	3,202	662	4	114	65	4,047
39 Parish Hall	At Craven & Maple Hill	1,081	872	338	1,401	1,560	2,443	431	4	47	36	2,961
48 Christ the King Church	City	1,015	476	310	714	1,027	1,323	419	4	27	25	1,801
53-1 Triangle Church	Southwest corner	1,432	1,198	945	1,612	1,984	3,246	256	3	79	32	3,505
		2,998	4,700	3,193	6,990	8,301	12,715	2,095	17	332	192	15,291
		48%	31%	21%	46%	54%	83%	13%	0%	2%	1%	
Durham City - Southeast												
33-1 Nelson Comm. Cr.	Southeast corner	289	143	120	296	301	477	86	2	10	12	597
34 Peacehaven School	At Comptroler & S5	2,930	699	721	1,912	2,431	1,758	2,451	8	67	58	4,356
35-1 Self Discovery Cr.	S. of I-40	1,721	894	532	1,454	1,753	2,451	620	12	63	41	3,197
51 Southview ES	At Cook & Fayetteville	1,880	1,243	900	1,763	2,258	3,304	555	6	109	49	4,023
54-1 Christmas Victor Church	At I-40 & S5	1,675	935	837	1,534	1,913	2,336	992	4	73	42	3,447
		8,435	3,959	3,160	6,961	8,643	10,346	4,704	30	322	202	15,604
		54%	25%	20%	45%	55%	66%	30%	0%	2%	1%	
Durham City - West												
36 Southwest Library	At Chapel Hill & I-5-501	2,426	933	401	1,897	2,363	2,723	1,373	5	92	67	4,260
43-1 Forest View ES	W. of I-5-501	1,916	1,067	606	1,574	2,025	2,377	114	1	63	54	3,609
50 McManus Church	W. of I-5-501	1,910	1,093	354	1,827	2,035	3,227	450	5	101	74	3,857
		6,252	3,113	2,361	5,293	6,433	9,327	1,937	11	258	195	11,726
		53%	27%	20%	45%	55%	60%	17%	0%	2%	2%	
Durham County - North												
23-2 McCormick Hts Gym	N. of I-85	409	33	34	210	271	64	410	0	0	7	481
25-1 Northern High School	N. of I-85	1,511	1,099	344	1,422	1,512	2,757	269	2	25	21	3,554
26 Bahama-Roughmond FS	N. of I-85	670	406	115	520	601	992	127	2	8	2	1,331
28-4 Mangum School	N. of I-85	913	640	213	114	931	1,383	173	1	9	10	1,775
37-2 Cole Mill R.C. Church	N. of I-85	15	10	5	17	13	29	1	0	1	0	30
44-3 Carnegie MS	N. of I-85	2,058	1,503	611	2,006	2,164	3,700	402	2	30	24	4,170
45-3 Eno Valley-Holt Gym	N. of I-85	673	482	148	636	667	1,178	303	2	6	15	1,303
		6,866	4,178	1,440	5,643	6,178	10,242	1,364	8	79	91	11,849
		52%	35%	17%	48%	51%	67%	12%	0%	1%	1%	
Durham County - East												
29 Germantown Club	Bisected by I-85	1,836	991	318	1,349	1,496	2,611	273	5	10	20	2,945
30-5 Oak Grove School	NE. of 70	1,860	1,099	471	1,528	1,874	2,650	721	5	20	33	3,410
31-5 Bethesda Pk. Club	Bisected by I-87	300	130	73	227	296	492	26	0	2	3	523
32 Neal Middle School	Far east corner	667	477	161	600	705	1,212	72	1	5	15	1,395
		4,463	2,717	1,023	3,732	4,371	6,991	1,092	11	37	71	8,203
		54%	33%	12%	47%	53%	65%	15%	0%	0%	1%	
Durham County - South												
33-7 Nelson Comm. Cr.	Southeast corner	108	50	19	82	87	154	10	0	0	0	169
35-7 Self Discovery Cr.	S. of I-40	683	320	200	567	640	825	280	2	22	13	1,207
53-7 Triangle Church	Southwest corner	114	23	28	81	95	129	26	0	4	5	176
54-3 Christmas Victor Church	At I-40 & S5	3	8	5	13	8	15	4	0	2	0	21
		909	406	256	743	821	1,184	390	2	28	23	1,571
		51%	26%	18%	47%	53%	76%	21%	0%	2%	1%	
Durham County - West												
27-7 Gibson Middle School	W. of I-40	1,018	706	443	982	1,184	1,921	150	2	60	33	2,166
34-7 Hope Valley Church	At 54 & Garrett	144	52	30	112	114	199	15	0	4	8	226
43-1 Forest View ES	W. of I-5-501	453	171	118	325	387	475	26	2	18	11	742
		1,616	829	589	1,449	1,685	2,395	201	4	82	52	3,134
		52%	30%	19%	46%	54%	69%	6%	0%	3%	2%	
Summary												
Precinct No./Site	Area	Dem	REP	Other	Male	Female	White	Black	Ind.	Asian	Other	Total
Registered Voters												
Durham City		75,743	23,993	19,934	51,955	61,316	76,803	44,738	171	1,923	2,028	119,674
Durham County (unincorp.)		13,176	8,210	3,348	11,589	13,163	21,256	3,008	25	226	237	24,752
Total City-County Registration		88,919	32,203	23,282	63,544	80,882	98,059	47,747	196	2,150	2,265	144,426
Composite Percentages												
Durham City		63%	20%	17%	43%	57%	59%	37%	0%	3%	2%	
Durham County (unincorp.)		53%	33%	14%	47%	53%	86%	12%	0%	1%	1%	
Durham County (Total)		62%	22%	16%	46%	54%	64%	32%	0%	1%	2%	

Durham Task Force
July 5, 1994

Questions Concerning the Consolidated City-County Act

David Lawrence
Institute of Government

At the meeting of June 21, several members asked questions about the interpretation of the Consolidated City-County Act and its application to Durham city and county. I promised to review those questions and respond before the next meeting. This memorandum is that response. As you will see, the answer to the first question renders some of these issues moot.

1. How would the extension of the city of Durham into Orange county affect the application of the Consolidated City-County Act and its use of an urban services district?

None of the earlier annexation proposals involved a city that extended into a second county, and so the legislation has not had to confront that problem. Upon review, I don't think the current legislation will accommodate the Orange county portion of Durham.

The ability of a consolidated government to define urban service districts rests on a specific provision of the State constitution, Article V, section 2(4). That provision permits the General Assembly to enact laws that permit a county or a city to define districts and levy additional taxes in those districts to provide additional services. I don't think it would permit a county to define such a district in another county, however, or levy taxes in that other county. Therefore, because the Consolidated City-County Act is based on the notion that the consolidated government is a county, it doesn't permit an extension of the urban services district into a second county.

This doesn't mean that the Orange county portion of the city of Durham could not be included in the consolidation. Rather it means that some other legal theory will have to be developed to characterize the consolidated government and legislation will have to be written and enacted that is based on that theory. I can think of at least two alternative theories that could be used. One would be to leave both the city and the county in existence as corporate entities, with the city extending into Orange county. These two corporate entities would have a single governing board and a single administration, and the governing board would adopt one tax for the county and a second for the city. The other would characterize the consolidated government as a city, rather than a county, and then have this city provide county services in the area of Durham county. This larger city could then create an urban services district in the area of the former, smaller city, including in the area in Orange county. The details of either approach would need to be worked out

if consolidation proceeds in Durham, and, as noted, legislation will need to be drafted to implement the approach. I don't think any of this would be noticeable to the general public.

2. Is it possible for a city to annex territory in an urban services district?

I don't find any prohibition on annexation of urban service district territory by another city, although that is obviously inconsistent with the whole idea of such a district. Because legislation will have to be drafted to deal with the Orange county portion of the city of Durham, that legislation could also take care of this problem.

3. How would the Research Triangle Park fit into the consolidation?

The Research Triangle Park has been constituted a County Research and Production Service District, pursuant to General Statute 153A-311 through 317. Such a district is comparable to an urban services district under city-county consolidation, in that the county may levy in the district a tax additional to the countywide tax, to provide additional services within the district. Creation of a consolidated government would not have any automatic effect on this special district, and it could continue to operate as it has.

The enabling legislation for the research and production district was enacted by chapter 435 of the 1985 Session Laws. Section 2 of that act prohibits annexation by any city of the territory within Research Triangle Park. The effect of consolidation on that prohibition will depend in part on the alternative basis for consolidation that is developed to deal with the Orange county portion of the city of Durham and on the legislation implementing that new theory of consolidation.

Forms of Government and Governing Board Structures

----- Two Additional Examples

David Lawrence
Institute of Government

Durham and Durham County 1961

Form of Government

County: County manager system

City: City manager system

Proposal: The proposal basically followed the city manager model, with the manager making all employee appointments without board approval. The board did appoint the attorney and clerk.

The chairman of the governing board was to preside at governing board meetings and had a right to vote on all matters before the board.

Governing Board Structure

County: Five members elected at large to two-year terms.

City: Twelve council members elected to four-year staggered terms. Six were elected at large without regard to residence, and six were elected from districts but were voted on at large. Elections were nonpartisan, and the mayor had the right to vote on all matters before the board.

Proposal: The governing board, called the County Unified Commission, was to have 8 members plus a separately elected chair. Seven of the eight members were to be elected from residence districts (one district had two representatives) by the voters at large; the eighth member and the chair were to be elected at large. The eight members were to serve staggered four-year terms, and the chair was to serve a two-year term. All elections were nonpartisan.

Charlotte and Mecklenburg County
1994 Tentative Proposal

Form of Government

County: County manager system

City: City manager system

Proposal: Basically the city manager system. The mayor will preside at council meetings and will have the modified veto power of the current Charlotte mayor.

Governing Board Structure

County: Seven members elected to two-year terms. Four are elected from districts and three are elected at large.

City: Eleven council members elected to two-year terms in partisan elections. Seven are elected from districts and four are elected at large. The mayor is elected separately to a two-year term.

Proposal: Eleven council members and a mayor elected to two-year terms in partisan elections. The mayor and three council members would be elected at large, and the remaining eight council members would be elected from districts.

Forms of Government and Governing Board Structures

Successful Consolidations

David Lawrence
Institute of Government

This set of materials summarizes the form of government and governing board structures for four consolidated city-counties in other states. They represent four different states, and three of them were established more than twenty years ago. There have been a few additional consolidations in recent years, but the communities have been much smaller than these or involve structures peculiar to their own states, and for that reason I thought them less relevant to the task force.

Three of the consolidations took place twenty or more years ago, and I have not been able to learn all the details of their pre-consolidation governing structures. There are no easily locatable summaries of that information, and current employees of those governments are not familiar with the older structures.

The four communities:

Athens, Georgia. Athens is home to the University of Georgia. The current population of the county is about 87,500. At the time of consolidation in 1991, about half the county's population was in the city.

Jacksonville, Florida. The current population of the county is almost 700,000. At the time of consolidation in 1968, the total population was about 500,000, with about 200,000 of these in the city.

Lexington, Kentucky. Lexington is home to the University of Kentucky. The current population of the county is about 225,000. The consolidation was approved in 1972 and became effective in 1974. In the 1970 census, the county as a whole had 187,000 persons, 108,000 of whom lived in the city.

Nashville, Tennessee. Nashville is the capital of Tennessee. The current population of the county is about 510,000. At the time of consolidation in 1963, about 250,000 of the county's 400,000 population lived in Nashville.

Athens and Clarke County, Georgia
1991

Form of Government

County: County administrator system, which is very much like North Carolina's county manager system.

City: Strong mayor system, with the mayor having power to appoint most city employees. The mayor had an executive assistant, who was a professional manager.

Consolidated Government: City manager system. The government's attorney and internal auditor are nominated by the chief elected official and confirmed by the governing board.

The chief elected official presides at governing board meetings and votes only to break ties. This person also has a veto power.

Governing Board Structure

County: Five members elected at large to four-year staggered terms. The chair was one of the five and candidates ran directly for chair. Elections were partisan.

City: Ten council members were elected from wards; there were five wards, each with two representatives. Members were elected to four-year staggered terms, and elections were partisan.

Consolidated Government: There is a ten-member commission. Eight members are elected from single-member districts and two members are elected from consolidated districts, each consisting of four smaller districts. Elections were originally nonpartisan but are now partisan, and members are elected to four-year staggered terms. The chief elected official is elected at large to a four-year term.

Jacksonville and Duval County, Florida 1969

Form of Government

County: The county had a complicated government system that included a board of commissioners and a separate budget commission, also elected by the voters. By and large, county employees were appointed by and reported to the board of commissioners.

City: The city system was also complicated. The mayor and four commissioners were elected, and each of these five had charge of several city departments; the group also had some collective powers. In addition there was a separate city council, also elected.

Consolidated Government: A strong mayor system, with the mayor appointing a chief administrative officer. The mayor has a power to veto most government ordinances. The council appoints the government's internal auditor.

Governing Board Structure

County: The board of commissioners had five members elected at large in partisan elections. I have not been able to determine length of their terms.

City: The city council had nine members, but I have not been able to determine any other details of its structure.

Consolidated Government: There is a 19-member council, with 14 members elected from districts and five at large. They serve four-year terms, as does the mayor, and elections are partisan.

Lexington and Fayette County, Kentucky
1974

Form of Government

County: A single county judge was the chief elected official in the county and operated much like a strong mayor. There was a three-member fiscal court.

City: City manager system, but the manager's powers were apparently weak, and the city actually operated more like a strong mayor system.

Consolidated Government: Strong mayor system, with the mayor appointing six commissioners, who each supervise several departments. The commissioners have formal control over personnel within those departments. The mayor also presides at council meetings, with a right to vote only to break ties. The mayor has a power to veto council actions.

Governing Board Structure

County: The fiscal court had three members elected at large in partisan elections. I have not been able to determine the length of their terms.

City: I have not been able to determine the number or terms of council members. Members were elected at large in nonpartisan elections.

Consolidated Government: A 15-member council, with 12 members elected from districts and three elected at large. The highest vote-getter among the at large members is automatically the vice mayor. The district members are elected to two-year terms, and the at large members are elected to four-year terms; the mayor is also elected to a four-year term. Elections are nonpartisan.

Nashville and Davidson County, Tennessee
1963

Form of Government

County: County judge system, which is a strong elected chief executive

City: Strong mayor system

Consolidated Government: Strong mayor system

Governing Board Structure

County: Quarterly county court, with 55 members. I have not been able to determine their terms nor their manner of election.

City: A vice mayor and 30 council members. I have not been able to determine their terms nor their manner of election.

Consolidated Government: The metropolitan council has 40 members, plus a vice mayor, who presides. Thirty-five members are elected from districts, and five members plus the vice mayor are elected at large. The council members, the vice mayor, and the mayor are all elected to four-year terms, and elections are nonpartisan.

Unsuccessful Referenda in North Carolina

David Lawrence
Institute of Government

As has been reported to the task force, there have been five consolidation referenda in North Carolina since 1970, and all have been unsuccessful. The task force requested any information that was available about why these referenda were unsuccessful, and this memorandum attempts to provide that.

There is one consistent thread in all the referenda, and that is the strong opposition that has come from voters in the unincorporated part of the county. In some of the votes, there was a majority within the major city in favor of consolidation, but that majority was outweighed by the majority against consolidation from outside the city. The Mecklenburg county referendum in 1971 presents the most vivid example of this non-city opposition: the vote outside the city of Charlotte was 2740 in favor and 20,201 against. (That referendum also failed inside the city.)

This non-city opposition reflects a common perception among non-city residents that consolidation is really an expansion of the city. Many who live outside of the central city do so because they prefer not to live in the city, and they perceive consolidation as taking away that choice. They also perceive consolidation as shifting some of the funding burden of local government from city residents to residents outside the city, and they oppose it on that ground as well. Specific groups in this unincorporated community, such as volunteer fire fighters and residents of any smaller towns in the county (who normally are not directly affected by the consolidation), also usually oppose consolidation.

In some instances, the strong opposition of those living outside the central city is enough to doom the consolidation effort without any other issues being involved. In other instances, such as in Charlotte, other issues were involved, and they probably increased the margin of defeat. The remainder of this memorandum will summarize some of the particular, additional issues involved in three of the efforts.

Charlotte-Mecklenburg. The principal argument made against the proposed consolidation by the organized opposition involved the structure of the new governing board. The charter proposed a board elected largely from districts, a considerable departure from the existing system in which both the county commissioners and the city council were elected at large. This reform component of the proposal drew the opposition of many who argued it would permit a return to the "ward" system and the evils associated with such a system. (At that time, most of the city council and county commission members lived in a single neighborhood of Charlotte.)

A second reform component of the charter invested the mayor with considerably more power than was true of Charlotte's mayor. The new mayor would have been a strong executive, with indirect power to appoint or discharge most consolidated government employees. There was no evidence that this change was important to the community at large, but it is thought to have caused substantial majorities of city and county employees to vote against the proposal.

A final provision of the charter that drew considerable opposition was one that required the governing board, when making appointments to various boards and commissions, to seek to achieve "fair representation" on the boards and commissions. Opponents argued that this would result in quota requirements and in litigation over the makeup of various boards and commissions.

Finally, the consolidation proposal was also undermined by the contemporaneous controversies in the county's recently-consolidated school system. The system had been ordered to undertake a very large-scale busing program, which was quite unpopular with many residents of the county. Because the school system had recently been consolidated, many associated the consolidation with the busing. They were not disposed to look favorably upon another consolidation proposal.

Durham. Although the 1974 Durham proposal did not make any change in the existing structure of public education in the county, it is thought that many voters were concerned that merging the city and county would lead to merging the two school systems. Therefore, they voted against consolidation.

Wilmington (1986). The sheriff was not entirely happy with the law enforcement arrangements in the proposed charter. (The charter continued a separate police chief in the urban services area.) Therefore he opposed the charter, and because he was a popular sheriff, that may have had some influence on the outcome.

CONSOLIDATED COUNTY GOVERNMENT IN THE UNITED STATES, SEPTEMBER, 1990

CONSOLIDATED GOVERNMENT, STATE	POPULATION	FORM OF GOVERNMENT	CONSOLIDATION METHOD	MERGER DATE(S)
NEW ORLEANS-ORLEANS PARISH, LOUISIANA	339,770	Mayor-Council Charter	Special Legislative Act	1805
BOSTON-SUFFOLK COUNTY, MASSACHUSETTS	722,794	Mayor-Council Charter	Special Legislative Act	1821
NANTUCKET TOWN-NANTUCKET COUNTY, MASS.	5,660	Board of Town Selectmen	Special Legislative Act	1821
PHILADELPHIA-PHILADELPHIA COUNTY, PENNSYLVANIA	1,815,808	Mayor-Council Charter	Special Legislative Act	1854
SAN FRANCISCO-SAN FRANCISCO COUNTY, CALIFORNIA	664,520	Mayor-Council Charter	Special Legislative Act	1856
NEW YORK CITY (5 Boroughs), NEW YORK	7,481,613	Mayor-Council Charter	Special Legislative Acts	1874/1894/1898
DENVER-DENVER COUNTY, COLORADO	484,531	Mayor-Council Charter	Constitutional Amendment	1902
HONOLULU-HONOLULU COUNTY, HAWAII	705,381	Mayor-Council Charter	Special Legislative Act	1907
BATON ROUGE-EAST BATON ROUGE PARISH, LOUISIANA	310,922	Mayor-Council Charter	Local Voter Referendum	1947
NEWPORT NEWS-WARWICK CITY, VIRGINIA*	138,760	Appointed Administrator	Referenda & Special Acts	1952/1958
HAMPTON-ELIZABETH CITY COUNTY, VIRGINIA*	125,013	Appointed Administrator	Referendum & Special Act	1952
NASHVILLE-DAVIDSON COUNTY, TENNESSEE	446,941	Mayor-Council Charter	Local Voter Referendum	1962
VIRGINIA BEACH-PRINCESS ANNE COUNTY, VIRGINIA*	213,954	Appointed Administrator	Referendum & Special Act	1962
CHESAPEAKE-SOUTH NORFOLK-NORFOLK COUNTY, VA*	104,459	Appointed Administrator	Referendum & Special Act	1962
JACKSONVILLE-DUVAL COUNTY, FLORIDA ^{ALBERTA AREA}	562,283	Mayor-Council Charter	Local Voter Referendum	1967
INDIANA POLIS-MARION COUNTY, INDIANA	782,139	Mayor-Council	Special Legislative Act	1969
CARSON CITY-ORMSBY COUNTY, NEVADA*	24,928	Administrator Charter	Local Voter Referendum	1969
TUNEAU-GREATER TUNEAU, ALASKA	16,749	Administrator Charter	Local Voter Referendum	1969
COLUMBUS-MUSCOGEE COUNTY, GEORGIA	160,103	Mayor-Council Charter	Local Voter Referendum	1970
SETKA-GREATER SETKA BOROUGH, ALASKA	6,111	Administrator Charter	Local Voter Referendum	1971
LEXINGTON-FAYETTE COUNTY, KENTUCKY	146,048	Mayor-Council Charter	Local Voter Referendum	1972
SUEWOLK-NANSEMOND CITY, VIRGINIA*	49,210	Appointed Administrator	Referenda & Special Acts	1972/1974
ANCHORAGE-GREATER ANCHORAGE BOROUGH, ALASKA	161,018	Mayor-Council Charter	Local Voter Referendum	1973
BUTTE-SILVER BOW COUNTY, MONTANA	43,034	Elected Executive Charter	Local Voter Referendum	1976
ANACONDA-DEER LODGE COUNTY, MONTANA	15,101	Administrator Charter	Local Voter Referendum	1976
HOUMA-TERREBONNE PARISH, LOUISIANA	101,600	President Council Charter	Local Voter Referendum	1984
LYNCHBURGH CITY-MOORE COUNTY, TENNESSEE	4,510	Mayor-Executive-Council	Local Voter Referendum	1988
ATHENS-CLARKE COUNTY, GEORGIA	78,800	Appointed Administrator	Local Voter Referendum	1989

*Atenol independent cities which are historically city-county consolidations.
 Prepared by the National Association of Counties, Research Department.

Public Protection

CITY/COUNTY MERGER MEETING

Population of the City of Durham as of July 1, 1999	177,650
Authorized Sworn Strength of the DPD	470
Police Officers Ratio Per 1000 Population	2.6:1000
Patrol Officers (Cpl. And Below)	167
Patrol Officers (Cpl. And Below) per 1000 Population	.94:1000
Total Operational Officers (Cpl. And Below) responsible for answering calls for service.	
Total Uniform Patrol (including CATT)	194
Public Housing	13
Canine	4
TACT	8
Downtown Patrol (including motorcycle patrol)	15
Park Rangers	<u>2</u>
TOTAL	236
Ratio of Operations Officers Per 1000 Population	1.33:1000

Sheriff's Office

National Standard = 2 officers / 1000 population

Chart I:

"A" represents the numbers of total sworn personnel and the day and night figures of the service population. Service population is the entire city/county of Durham.

"B" is the numbers of sworn personnel answering calls to the day and night service population for the function of "Patrol" only. Patrol is primarily only outside the city.

"C" is the numbers to total sworn personnel in operations answering calls to the day and night service population for the function of answering calls. Areas for answering calls is primarily only outside the city.

Chart I

# Sworn	Service Population	
	Day	Night
A. 139	247,708	211,708
B. 28	75,704	39,704
C. 28	75,704	39,704

Chart II is the ratios of the numbers of officers answering calls in the service population from Chart I, per 1000 residents population.

Chart II

# Officers	Service Population	
	Day	Night
A. 139	.56/1000	.65/1000
B. 28	.36/1000	.7 /1000
C. 28	.36/1000	.7 /1000

Service population fluctuates from day to night due to the increase of 36,000 population in RTP working primarily during the day.



DURHAM'S POPULATION ESTIMATES 1990 - 1998



	CITY	OUTSIDE CITY	TOTAL COUNTY
1990	136,594	45,241	181,835
1991	137,910	45,512	184,422
1992	141,486	45,310	186,796
1993	144,333	44,838	189,171
1994	146,404	45,229	191,633
1995	150,782	44,862	195,644
1996	154,791	45,482	200,273
1997	167,349	37,701	205,050
1998	172,004	39,704	211,708

Handwritten note: +36k city for RTP

(SOURCES): 1990 U.S. Census
 1992 and 1993 N.C. Budget and Management Office
 1991, 1994, 1995, 1996, and 1997, and 1998 Durham
 City/County Planning Department



PUBLIC SAFETY COSTING ASSUMPTIONS

Assumptions for Costing of Paid Countywide Fire Protection Staff

- Paid staff would provide the same level of service as currently provided by the volunteer staff in terms of the amount of equipment provided at the fire scene within 15 minutes of the fire call for each station.
- All firefighters would be paid in accordance with the City of Durham pay scale.
- Does not include equipment costs or costs that might be incurred for expansion of fire stations to include sufficient space for around the clock paid staff located in the fire stations.

Assumptions for Costing Related to Equalization of Pay for Law Enforcement

- Average time in service and grade for the Sheriff Department staff would be equal to that of the Police Department staff.
- Pay for the Sheriff Department would be increased to be the same as pay for equivalent ranked positions in the Durham Police Department.
- No pay increases were included for the Detention staff.

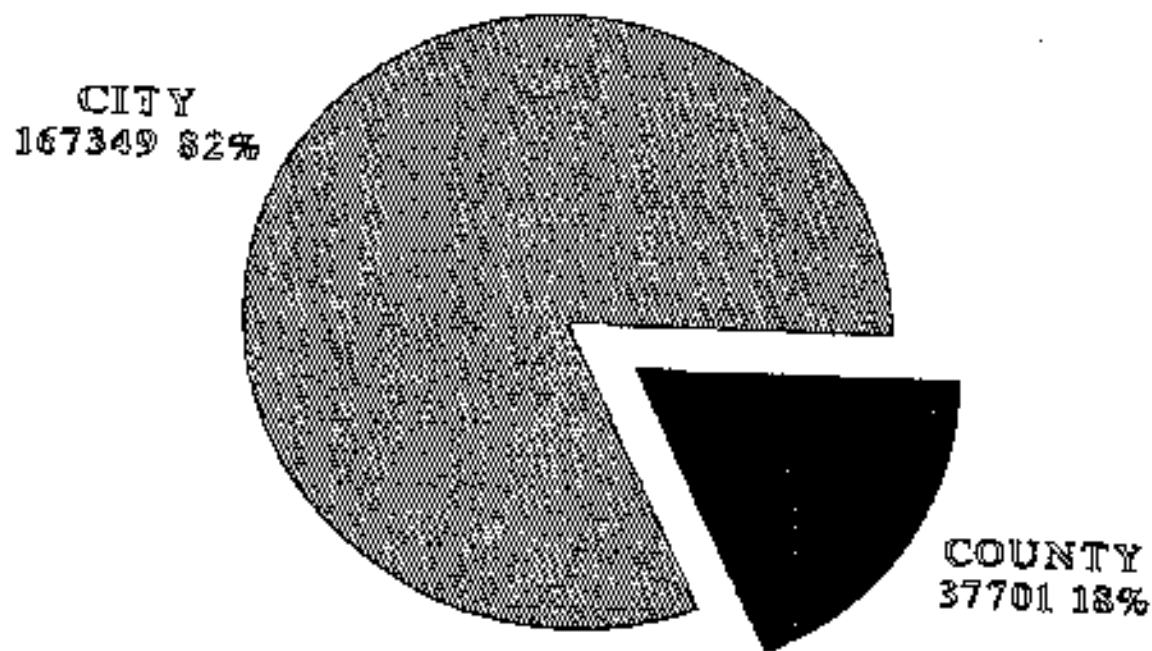
ESTIMATE OF COST OF EQUALIZATION OF PAY FOR LAW ENFORCEMENT
(Annual Cost)

Position Categories	DPD Average Salaries	DCSO Average Salaries	Difference in Salary Averages	Number of DCSO Positions	Cost of Equalizing Salaries
Deputy/Officer	\$ 31,781	\$ 29,400	\$ 2,381	88	\$ 209,528
Corporal	\$ 41,377	\$ 33,000	\$ 8,377	9	\$ 75,393
Sergeant	\$ 45,582	\$ 35,000	\$ 10,582	15	\$ 158,680
Lieutenant	\$ 50,000	\$ 41,000	\$ 9,000	11	\$ 99,000
Captain	\$ 55,584	\$ 45,500	\$ 10,084	6	\$ 60,384
Major	\$ 70,000	\$ 50,000	\$ 20,000	2	\$ 40,000
Total					\$ 643,185

COST OF PAID COUNTY FIRE PROTECTION STAFF

Station	Type Apparatus	Apparatus Quantity	Night	Day	Minimum Staff per Apparatus	Number of Shifts	Total Staff	Average Cost per Person	Total Cost
Bahama 1	Pumper	2	2	2	4	3	24		
	Tanker	1	1	1	2	3	8	\$43,854	\$1,032,736
	Ambulance	1	1		1.5	1.5	2.25	\$40,461	\$242,766
	Brush Truck							\$46,064	\$103,644
Bahama 2	Pumper	1	1		4	1.5	6		\$0
	Tanker	1	1	1	2	3	6	\$43,854	\$263,184
Bethesda 1	Pumper	1	1	1	4	3	12	\$40,461	\$242,766
	Pumper/Tanker	1	1	1	4	3	12	\$43,864	\$526,368
	Ladder Truck	1	1		4	1.5	6	\$43,864	\$263,184
	Heavy Rescue	1	1		4	1.5	6	\$43,864	\$263,184
	Brush Truck							\$43,854	\$263,184
	Ambulance	1	1		1.5	1.5	2.25		\$0
								\$46,064	\$103,644
Bethesda 2	Pumper	1	1		4	1.5	6	\$43,864	\$263,184
	Tanker	1	1		2	1.5	3	\$40,461	\$121,383
	Ambulance	1	1		1.5	1.5	2.25	\$46,064	\$103,644
Lebanon 1	Pumper	1	1	1	4	3	12	\$43,854	\$526,368
	Rescue Pumper	1	1		4	1.5	6	\$43,854	\$263,184
	Pumper/Tanker	1	1		2	1.5	3	\$40,461	\$121,383
	Ambulance	1	1		2	1.5	3	\$46,064	\$138,182
Lebanon 2	Pumper/Tanker	1	1	1	4	3	12	\$43,864	\$526,368
	Ambulance	1	1		2	1.5	3	\$43,864	\$263,184
Parkwood 1	Pumper	1	1	1	4	3	12	\$46,064	\$138,182
	Pumper/Tanker	1	1	1	4	3	12	\$43,864	\$526,368
	Ladder Truck	1	1	1	4	3	12	\$43,864	\$526,368
	Heavy Rescue	1	1	1	4	3	12	\$43,864	\$526,368
	Brush Truck	1						\$43,864	\$526,368
	Mobile Air Truck	1							
	Ambulance	3	3	3	2	3	18	\$46,064	\$829,152
Parkwood 2	Pumper	1	1	1	4	3	12	\$43,864	\$526,368
	Pumper/Tanker	1	1	1	4	3	12	\$43,864	\$526,368
Parkwood 3	Rescue Pumper	1	1	1	4	3	12	\$43,864	\$526,368
	Pumper/Tanker	1	1	1	4	3	12	\$43,864	\$526,368
	Ladder Truck	1	1	1	4	3	12	\$43,864	\$526,368
Redwood 1	Rescue Pumper	1						\$43,864	\$526,368
	Pumper	1	1	1	4	3	12	\$43,864	\$526,368
	Tanker	1	1	1	2	3	6	\$40,461	\$242,766
	Ambulance	3	3	1	2	2	12	\$46,064	\$552,768
Redwood 2	Pumper	1							
	Tanker	1							
Redwood 3	Pumper	1	1		4	1.5	6	\$43,854	\$263,184
	Tanker	1	1		2	1.5	3	\$40,461	\$121,383
Total						298		\$40,461	\$13,062,675

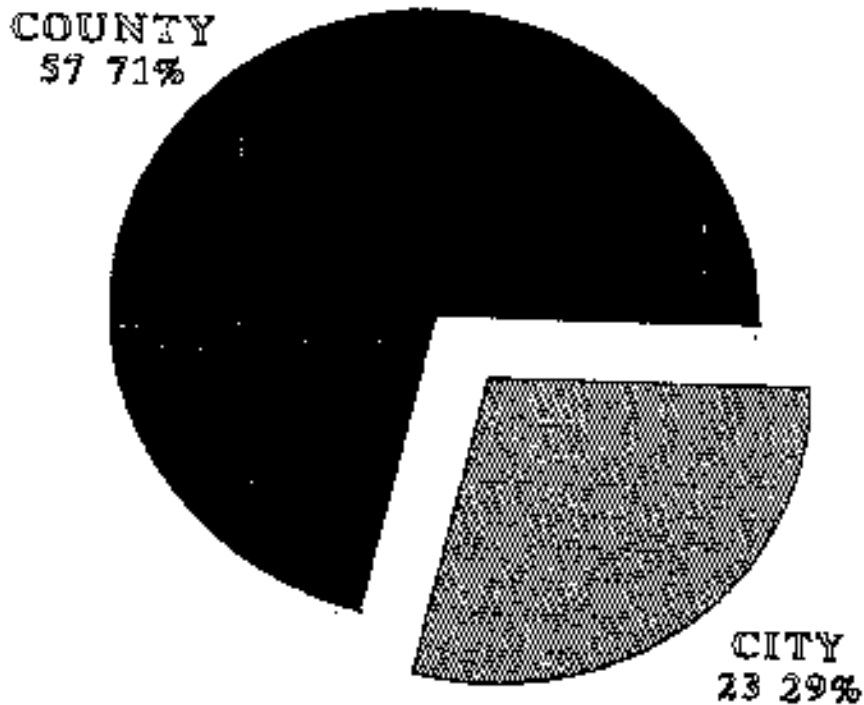
DURHAM COUNTY 1997 POPULATION



TOTAL POPULATION 205,050

RESOURCE: CITY/COUNTY PLANNING

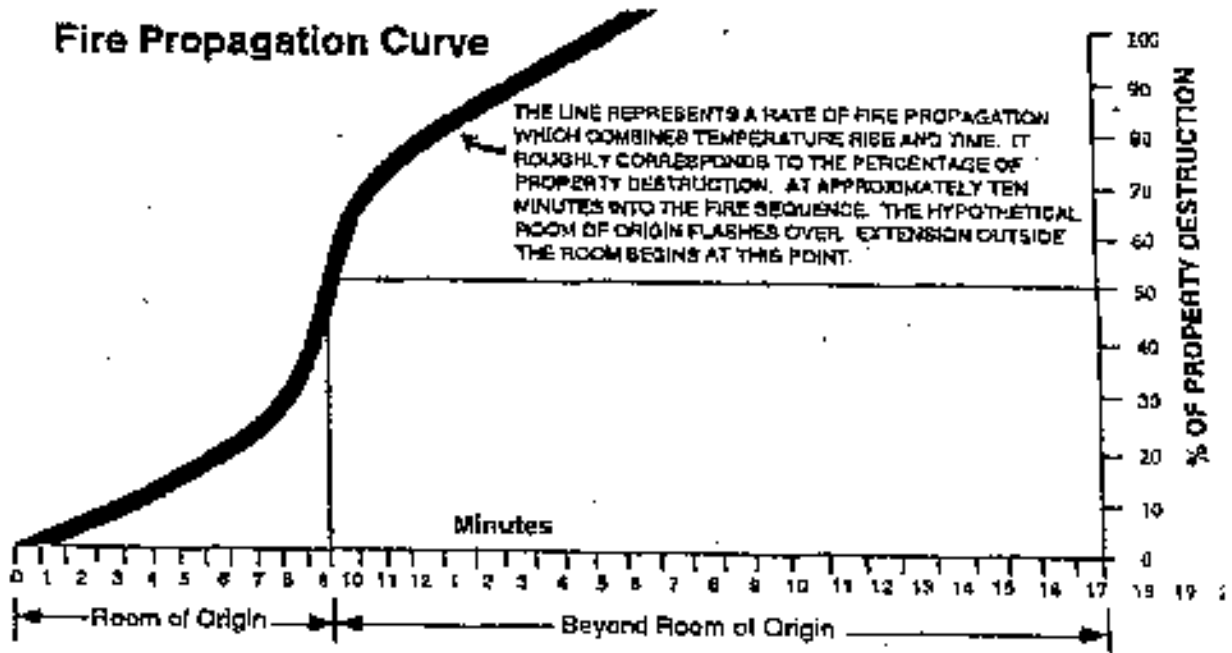
DURHAM COUNTY PERCENTAGE OF APPARATUS



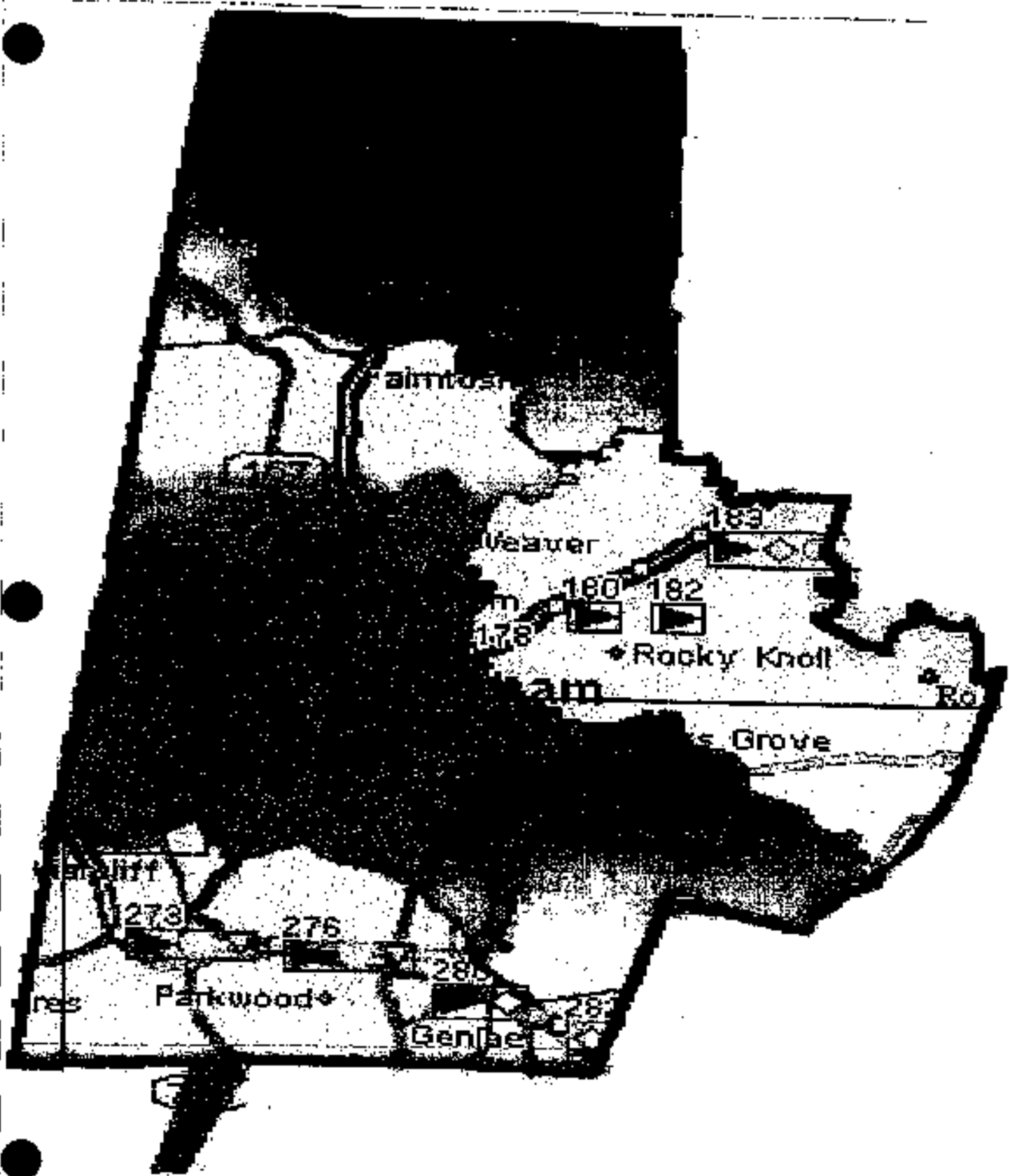
TOTAL APPARATUS 80

RESOURCE: COUNTY FIRE MARSHAL'S OFFICE

Fire Propagation Curve



1185
1186



Summary of Payments for Public Liability Claims Incurred for Law Enforcement Operations for Past Five Years (10/28/1994-10/28/1999)

Number of claims received for period	85
Number of claims for which no payments were made	31
Number of claims which resulted in payments for legal defense only	8
Number of claims which resulted in payments for settlements only	43
Number of claims which resulted in payments for legal defense plus payments for settlements	3

Distribution of Payments by Type of Expense

	Payments for Legal Defense	Payments to Claimants
Total Paid	\$ 96,688.77	\$ 58,784.75

Distribution of Payments to Claimants by Amount

Number of Claims	Payment Range
33	\$10-\$500
13	\$501-more

Summary of Payments for Vehicle Liability Claims Incurred for Law Enforcement Operations for Past Five Years (10/28/1994-10/28/1999)

Number of claims received for period	110
Number of claims for which no payments were made	27
Number of claims which resulted in payments for legal defense only	0
Number of claims which resulted in payments for settlements only	43
Number of claims which resulted in payments for legal defense plus payments for settlements	2

Distribution of Payments by Type of Expense

	Payments for Legal Defense	Payments to Claimants
Total Paid	\$ 26,439.52	\$ 2,658,161.08

Distribution of Payments to Claimants by Amount


Number of Claims	Payment Range
70	\$1-\$10,000
11	\$10,001-\$50,000
0	\$50,001-\$100,000
0	\$100,001-\$300,000
1	\$300,001-\$1,000,000
1	\$1,000,000-more



**ANNUAL OPERATING
BUDGET**

**DURHAM COUNTY
NORTH CAROLINA**

FISCAL YEAR 1998-1999



DURHAM COUNTY, NORTH CAROLINA
FY 1998-1999 ANNUAL OPERATING BUDGET

Board of County Commissioners

MaryAnn E. Black, Chair

Ellen W. Reckhow, Vice-Chair

William V. Bell

Joe W. Bowser

Becky M. Heron

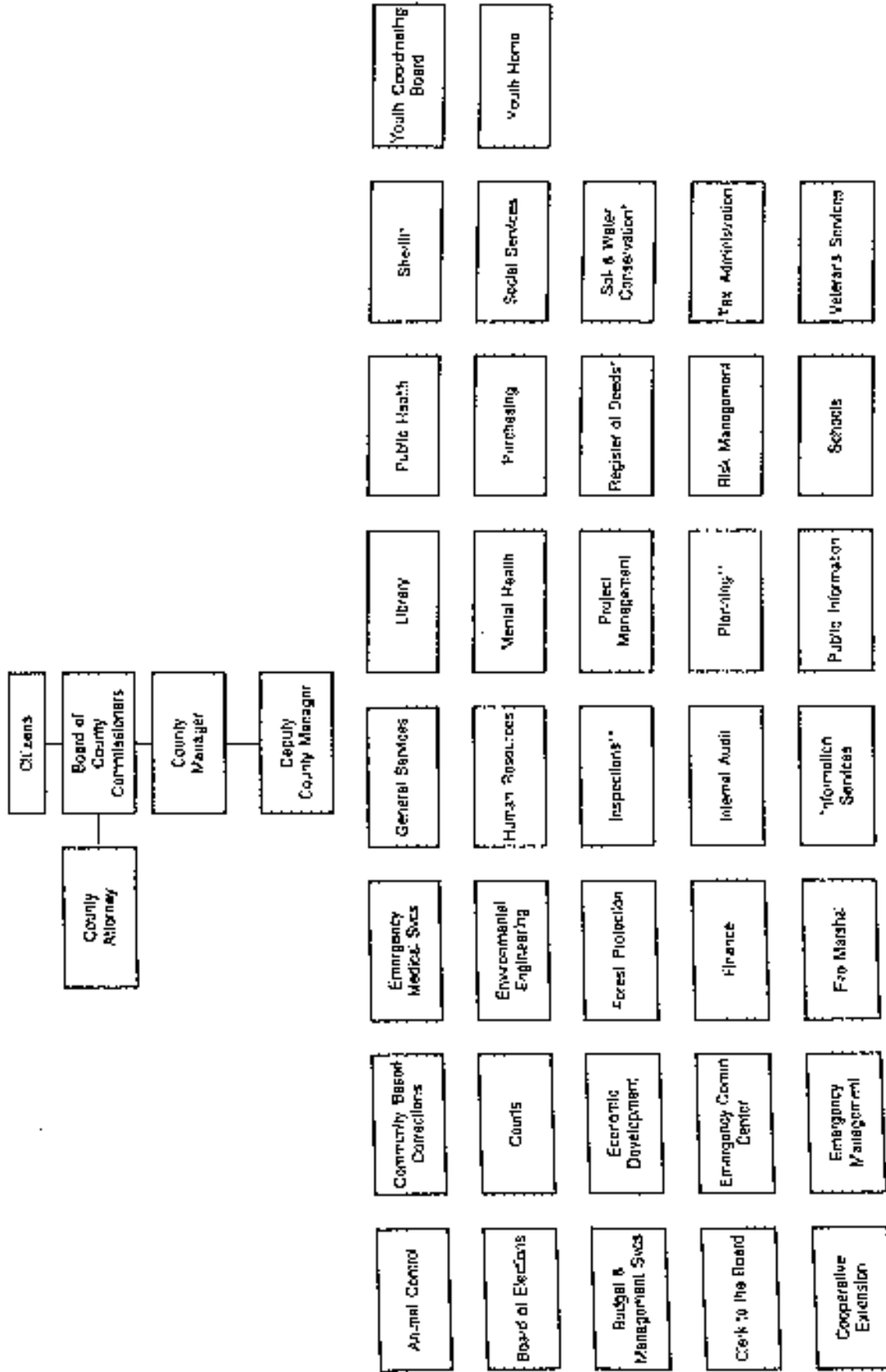
County Manager

David F. Thompson

Deputy County Manager

Michael J. Palmer

Durham County, North Carolina General Administration Organization Chart



**Elected officials.
**Joint City/County Departments.

READER'S GUIDE

The Durham County budget document is organized by fund. The general fund is further divided into functions: 1) general government, 2) public safety, 3) transportation, 4) environmental protection, 5) economic & physical development, 6) human services, 7) education, 8) culture & recreation and 9) nondepartmental which represents the level of authorization by the governing board. The manager is authorized to approve transfers within all functions with the exception of the contingency account. Transfers between functions and/or among funds as well as net changes to any fund must be approved by the board.

Each function is comprised of one or more agencies (departments). Each agency is then presented by program. Each program summary contains a program description, objectives for the coming year, a budget summary, performance indicators and the number of authorized personnel. For agencies administering more than one program, an agency summary precedes the programs.

Each agency's budget is presented in the following categories of expenditures:

- Personal Services
- Operating expenses
- Capital outlay
- Transfers/Contingency

Capital outlay in this document pertains to fixed assets with an estimated purchase price of \$1000 or more and a useful life of more than one year. These items typically include furniture, office equipment, automobiles and other equipment. Items in excess of \$100,000 with a useful life of 20 or more years, such as buildings, are included in the county's capital budget.

Capital projects, funded primarily by general obligations bonds, are presented in a separate document, the **Durham County Capital Improvement Plan**.

The county uses the **modified accrual basis** of accounting. Revenues are recorded in the period in which they are measurable and available. In other words, revenues are recognized either when they are received in cash (licenses, fines, etc.) or when collection of amount can be reasonably estimated to be received in near future (property taxes). **Expenditures** in a modified accrual system are generally recognized in the period in which goods or services are received or a liability is incurred.

Public Safety

A function of local government which has as its objective the protection of persons and property.

ACTIVITY: PUBLIC SAFETY

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	14,117,555	15,856,360	21,764,769	20,834,977
OPERATING EXPENSES	4,621,759	5,758,753	7,252,333	6,778,807
CAPITAL OUTLAY	314,988	367,114	1,443,202	294,309
TOTAL	19,054,302	21,982,227	30,460,304	27,908,093
REVENUES				
LICENSES AND PERMITS	585,499	651,000	611,500	631,500
INTERGOVERNMENTAL REVENUES	1,811,665	1,982,882	1,855,291	2,127,130
SERVICE CHARGES	910,540	1,251,549	4,200,818	3,817,339
MISCELLANEOUS INCOME	10,906	6,680	21,900	21,900
OTHER FINANCING SOURCES	0	0	0	0
TOTAL	3,318,610	3,892,111	6,689,509	6,597,869
NET APPROPRIATION	15,735,692	18,090,116	23,770,795	21,310,224
FULL-TIME EQUIVALENTS	407.1	425.3	590.8	555.8

AGENCY: COUNTY SHERIFF

1996-97 1997-98 1998-99 1998-99
 ACTUAL BUDGET REQUESTED APPROVED

APPROPRIATIONS

PERSONAL SERVICES	12,842,793	13,991,510	15,948,722	15,195,082
OPERATING EXPENSES	2,102,486	3,156,569	3,731,216	3,471,365
CAPITAL OUTLAY	211,391	323,270	1,064,167	198,405

TOTAL	15,156,670	17,471,349	20,744,105	18,864,852
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REVENUES

LICENSES AND PERMITS	220	14,000	13,500	13,500
INTERGOVERNMENTAL REVENUES	1,314,313	1,213,287	1,481,752	1,481,752
SERVICE CHARGES	506,877	883,549	835,013	835,013
MISCELLANEOUS INCOME	5,883	6,680	6,900	6,900
OTHER FINANCING SOURCES	0	0	0	0

TOTAL	1,827,293	2,117,516	2,337,165	2,337,165
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NET APPROPRIATION	13,329,377	15,353,833	18,406,940	16,527,687
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FULL-TIME EQUIVALENTS	371.1	388.1	434.6	402.6
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AGENCY: SHERIFF ADMINISTRATION

MISSION

The mission of the Sheriff's Office is to enforce the laws established under the statutes of North Carolina by maintaining the public safety, serving civil process, transporting prisoners, providing court security and running a constitutionally safe and secure Detention Facility. Furthermore, the Sheriff's office is dedicated to receiving National Accreditation for Law Enforcement and Detention Services organizations. The Office of the Sheriff is dedicated to a three prong approach to fulfilling these duties by providing education, eradication, and treatment where needed to reduce and destroy the rising crime problem in Durham County.

PROGRAM DESCRIPTION

The Sheriff's Office is responsible for providing public safety functions and law enforcement services with statutory jurisdiction throughout the County. It is divided into four major divisions which are: Detention Services, Operations, Support Services and Planning & Development. Detention Services is responsible for the administration and operation of the county's detention facilities. Operations functions are: Patrol, Communications, Community Services (DARE, SRO, Crisis Intervention), Crime Analysis, Fleet Maintenance, SCOPE (Sheriff's Community Policing Enforcement), Records, Permits, Warrants and Search and Recovery Team. Support Services has the following areas: Detective Division, SAC/Narc unit, Internal Affairs, Civil Process, Court Security, Transportation, Training, Administrative Information Desk, Accreditation, Pistol Team, Honor Guard and Negotiations Response Team. Finally, the Planning and Development Division is responsible for the entire agency's budget and Fiscal Management, Management Information Systems, Property and Evidence Control, Purchasing, Inventory Control, Promotional Process and Grant development and administration.

1997-98 ACCOMPLISHMENTS (* prior year objectives)

1. Provided a full-time Deputy for child support enforcement to the Department of Social Services.*
2. Established the SCOPE unit concept with grant funds secured, and hired (5) deputies to begin this community policing for the agency.*
3. Established additional computer support and equipment for joint law enforcement network. Hired (1) data coordinator and purchased computer network equipment.*
4. Hired (2) full-time deputies and purchased new technology resources for SAC/Narcotic unit to attack drug and drug related crime in Durham.*
5. Provided increased telecommunication training and completed reclassification of positions.*

1998-99 OBJECTIVES

1. Establish Truancy / Probation / Triad unit (6 new deputies) to reduce truancy, probation violation and crimes against older persons.
2. Increase SAC/Narcotic unit by five (5) officers to increase/expand drug cases and covert narcotics operations.
3. Hire new training administrator to handle increased demand for needed training / recruiting for the entire agency.
4. To replace vehicles and related equipment to control maintenance costs and efficiency/effectiveness of Sheriff's vehicle fleet.
5. Implement a full 24 hours / 7 day a week technical staff, and establish and implement Sheriff's Law Enforcement and Detention Information networks into Durham's plan for a Criminal Justice Integrated Network (CJIN)

ORGANIZATION: SHERIFF ADMINISTRATION

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
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APPROPRIATIONS

PERSONAL SERVICES	5,450,026	6,233,953	7,112,984	6,866,708
OPERATING EXPENSES	1,251,445	1,717,266	2,181,372	2,050,957
CAPITAL OUTLAY	202,799	210,405	914,911	170,355

TOTAL

	6,904,270	8,161,624	10,209,267	9,088,020
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REVENUES

LICENSES AND PERMITS	220	14,000	13,500	13,500
INTERGOVERNMENTAL REVENUES	461,025	443,226	489,122	489,122
SERVICE CHARGES	347,617	329,500	328,880	328,880
MISCELLANEOUS INCOME	5,883	6,680	6,900	6,900
OTHER FINANCING SOURCES	0	0	0	0

TOTAL

	814,745	793,406	838,402	838,402
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NET APPROPRIATION

	6,089,525	7,368,218	9,370,865	8,249,618
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FULL-TIME EQUIVALENTS

	139.1	156.1	177.6	168.6
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AGENCY: COUNTY JAIL

MISSION

The mission of the Sheriff's office, as it relates to its Detention Services organization, is running a constitutionally safe and secure Detention Facility. The Sheriff's Office is dedicated to fulfilling these duties by providing education, eradication and treatment where needed to reduce and destroy the rising crime problem in Durham County.

PROGRAM DESCRIPTION

The Durham County Sheriff is responsible for the administration and operation of the County's Detention Facilities. The duty of Detention Services is to house inmates in a safe, secure and adequate environment while ensuring the protection of staff and the surrounding community through the proper administration and operation of the facilities. Detention Services is dedicated to providing several "self-help" and work programs for inmates to reduce recidivism and promote rehabilitation and productive use of jail time.

1997-98 ACCOMPLISHMENTS (*prior year objectives)

1. * Implemented basic certification course for newly hired officers, focusing on report writing skills, jail operations, jail regulations.
2. Installed 160 additional bunk beds in non-maximum pods to proactively increase for jail population and maintain proper inmate classification.
3. * Implemented a "Spanish for the Workplace" class for Detention/Sheriff staff provided by Durham Technical Community College, in-house.
4. * Implemented the following new inmate programs: hand-tool/carpentry class and expanded inmate library supplies through canteen revenue.

1998-99 OBJECTIVES

1. To further consolidate and streamline inmate booking/intake/release with records and population control, facilitate staff functions and inmate management, and eliminate erroneous/delayed releases.
2. Reduce the number of incidents and assaults by 50%, and decrease number of daily inmate infraction reports.
3. Provide the necessary staff and equipment to maintain or enhance proper safety and security guidelines within the facility.
4. Revise and implement parking system for Detention Facility service yard.
5. Design and implement plan to control chemical cost for cleaning supplies.
6. Revise and implement cleaning schedule to keep all marks off walls and floors clean and glossy.
7. Maintain 100% effectiveness and efficiency of Inmate county work detail.
8. Streamline and facilitation of inmate records, forms, programs, and efficiently manage the administrative operations of the facility with available resources.
9. Improving departments technological infrastructure with establishment of Detention LAN and conversion to a network based jail management system.
10. Establish a field training officer program with Detention Officer II's.
11. Increase vocational, treatment, self-help classes without increasing staff.
12. Evaluate accreditation process and determine its feasibility for Detention Services.
13. Establish a physical fitness program for Detention Staff.

ORGANIZATION: COUNTY JAIL

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	7,392,767	7,757,557	8,835,738	8,328,374
OPERATING EXPENSES	851,041	1,439,303	1,549,844	1,420,408
CAPITAL OUTLAY	8,592	112,865	149,256	28,050
TOTAL	8,252,400	9,309,725	10,534,838	9,776,832
REVENUES				
INTERGOVERNMENTAL REVENUES	853,288	770,061	992,630	992,630
SERVICE CHARGES	159,260	554,049	506,133	506,133
TOTAL	1,012,548	1,324,110	1,498,763	1,498,763
NET APPROPRIATION	7,239,852	7,985,615	9,036,075	8,278,069
FULL-TIME EQUIVALENTS	232	232	257	234

AGENCY: CRIMINAL JUSTICE PARTNERSHIP

PROGRAM DESCRIPTION

The program is designed to blend high levels of control with intensive service delivery to offenders sentenced to supervised probation in Durham County. The program provides services at no cost to the offenders thus enabling them to attend intensive, out-patient substance abuse treatment, complete basic educational requirements, and move into the workforce through well structured employment training and placement. All services are provided on-site and do not duplicate services already provided in the community by other agencies.

1997-98 ACCOMPLISHMENTS

1. The agency has implemented a structured day and night program that offers accessibility to all programs for participants.
2. A database has been developed and installed that will record accurate attendance for all participants.
3. Increased number of clients provided service this fiscal year.

1998-99 PROGRAM OBJECTIVES

1. Increase the number of program participants by 10%.
2. Increase the number of successful program participants by 10%.
3. Submit all required state and local reports complete and on-time.
4. Increase the number of community agencies involved with the program.

AGENCY: CRIMINAL JUSTICE PARTNERSHIP

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	114,684	516,890	479,778	439,024
OPERATING EXPENSES	368,383	566,059	398,392	419,020
CAPITAL OUTLAY	41,427	16,479	4,000	5,000
TOTAL	524,494	1,099,428	882,170	863,044
REVENUES				
INTERGOVERNMENTAL REVENUES	475,421	699,945	353,889	353,889
TOTAL	475,421	699,945	353,889	353,889
NET APPROPRIATION	49,073	399,483	528,281	509,155
FULL-TIME EQUIVALENTS	4	4	12.8	12.8

AGENCY: EMERGENCY COMMUNICATIONS

PROGRAM DESCRIPTION

The Emergency Communications Center (911), jointly funded by the city and county, elicits necessary information from emergency callers and dispatchers appropriate personnel and equipment throughout the City of Durham, Durham County and parts of adjacent counties. The center, administered by the city, ensures the rapid dispatch of emergency units and helps coordinate communications during disasters and other emergency situations. A 24-hour receiving and dispatching service is provided for Durham City Police, Durham City Fire, Durham County Sheriff, Volunteer Fire Services, Emergency Medical Services, Emergency Management, and Alcoholic Beverage Control.

The Emergency Communications Center is implementing an Enhanced 911 (E-911) communications system. E-911 is the most advanced emergency communication system available. E-911 increases the speed and accuracy of emergency response by automatically identifying caller's address and telephone number.

AGENCY: EMERGENCY COMMUNICATIONS

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
OPERATING EXPENSES	831,341	684,302	775,107	688,027
CAPITAL OUTLAY	0	0	0	0
TOTAL	831,341	684,302	775,107	688,027
REVENUES				
TOTAL	0	0	0	0
NET APPROPRIATION	831,341	684,302	775,107	688,027
FULL-TIME EQUIVALENTS	0	0	0	0

ORGANIZATION: EMERGENCY MANAGEMENT

AGENCY MISSION

The Durham/Durham County Emergency Management Agency strives to provide professional, prompt and effective coordination of multi-agency responses to emergency and disaster situations before, during and after their occurrence.

PROGRAM DESCRIPTION

The Durham/Durham County Emergency Management Agency is responsible for developing and implementing the City/County Emergency Operations Plan. We respond to all major emergencies within Durham County and make any required notifications to the applicable State and Federal agencies.

In the event of a disaster or major emergency, we coordinate the activities of all City and County agencies through the Emergency Operations Center to assure that our response activities are performed efficiently and effectively. Our post-response activities involve working to assure that a credible damage assessment is performed in order to obtain Public and/or Individual Assistance funding from the Federal government. On a day-to-day basis we assist local agencies and businesses with emergency planning and response activities.

1997-98 ACCOMPLISHMENTS (* prior year work objectives)

1. * Training of City and County Officials in the Emergency Operations Center / Incident Command Interface.
2. * Installation and training on EM2000 EOC management software.
3. * Updated appendices and annexes to the Durham County Emergency Operations Plan.
4. Received an Americorps volunteer to perform disaster preparedness education to 5th graders.

1998-99 OBJECTIVES

1. Go on-line with Mobile Data Terminal Project and install radios in the Emergency Operations Center.
2. All 5th graders in public and private school systems will be trained in disaster preparedness.
3. County Fire Departments will undertake county hazardous materials response.
4. Revise Durham County Emergency Operations Plan to mirror departmental realignments.
5. Bring Emergency Operations Center up to Americans with Disabilities Act specifications.
6. Complete Emergency Management Systems Capability Analysis.

AGENCY: EMERGENCY MANAGEMENT

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
OPERATING EXPENSES	195,630	128,548	248,719	233,667
TOTAL	195,630	128,548	248,719	233,667
REVENUES				
TOTAL	0	0	0	0
NET APPROPRIATION	195,630	128,548	248,719	233,667
FULL-TIME EQUIVALENTS	0	0	3	3

AGENCY: FIRE MARSHAL

MISSION

The Office of the Fire Marshal will prevent the loss of life, reduce property damage and provide a safe working environment by providing competent fire and life safety inspections, by providing training and educational programs, and through efficient planning and preparation, lead the County through any emergency which may be presented.

PROGRAM DESCRIPTION

The Durham County Fire Marshal's Office provides a wide range of services to the Durham County Community. Our office provides services that include fire inspections, fire prevention activities, fire investigations, public fire education programs, building and site plan review, fire code enforcement, and maintains files concerning the North Carolina Chemical Right To Know Act. We also respond to various emergencies throughout the County to include: all confirmed structure fires, fires of suspicious origin, assisting County fire departments in fire suppression activities, and upon the request of any County fire department.

1997-98 ACCOMPLISHMENTS (* prior year work objectives)

1. *Maintained the Inspection level set by the NC Building Code.
2. * Initiated the review process of all building and site plans within three working days
3. * Provided emergency response in Durham County within 45 minutes, 24 hours a day
4. Initiated a smoke detector program for Durham County citizens that are unable to afford one.
5. Reached over 4,500 school aged children and 1,500 adults during Fire Prevention Week

1998-99 OBJECTIVES

1. Perform Fire, Life Safety and OSHA-compliance inspections.
2. Conduct Fire Investigations for cause and origin.
3. Conduct Workers Comp Investigations for all injuries incurred by County employees.
4. Conduct Public Fire Education classes.
5. Develop and Conduct Workplace Safety Training programs to comply with OSHA standards.

1998-99 HIGHLIGHTS

Begin inspecting all County-owned buildings located in the County. The position of County Safety Officer will be implemented through the Office of the Fire Marshal.

AGENCY: FIRE MARSHAL

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	171,627	322,565	378,440	481,746
OPERATING EXPENSES	145,472	69,801	135,508	98,095
CAPITAL OUTLAY	15,011	3,450	75,000	8,000
TOTAL	332,110	395,816	588,948	587,841
REVENUES				
INTERGOVERNMENTAL REVENUES	0	0	0	271,839
SERVICE CHARGES	32,838	25,000	25,000	25,000
TOTAL	32,838	25,000	25,000	296,839
NET APPROPRIATION	299,272	370,816	563,948	291,002
FULL-TIME EQUIVALENTS	4.8	5	12	12

AGENCY: INSPECTIONS

AGENCY MISSION

To provide a cost effective level of service designed to assure the adequate protection of the health and safety of the citizens of the City and County of Durham through assertive enforcement of the various State Building, Electrical, Plumbing and Mechanical codes and local Zoning Ordinances.

PROGRAM DESCRIPTION

Department reviews plans and issues all building permits and Certificates of Compliance; maintains an active permit filing system; inspects construction, electrical, mechanical and plumbing systems to ensure compliance with codes; and responds to numerous inquiries concerning regulations in general.

1997-98 ACCOMPLISHMENTS

1. On schedule with performing 2 quality assurance inspections behind each inspector each month.
2. On schedule with inspecting all public schools twice a year.
3. On schedule with performing requested inspections within 24 hours 90-95% of the time.

1998-99 OBJECTIVES

1. To perform 2 quality assurance inspections behind each inspector each month.
2. To inspect all public schools twice a year.
3. To respond to requested inspections within 24 hours 90% of the time.
4. To review 90% of all residential plans within 4 working days.

AGENCY: INSPECTIONS

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	0	0	0	0
OPERATING EXPENSES	517,201	552,580	563,181	536,275
TOTAL	517,201	552,580	563,181	536,275
REVENUES				
LICENSES AND PERMITS	361,322	362,000	373,000	373,000
SERVICE CHARGES	0	0	0	0
TOTAL	361,322	362,000	373,000	373,000
NET APPROPRIATION	155,879	190,580	190,181	163,275
FULL-TIME EQUIVALENTS	0	0	0	0

AGENCY: MEDICAL EXAMINER

PROGRAM DESCRIPTION

The current medical examiners system is a statewide system, supervised and financed largely at the state level. The county pays approximately 45 percent of the cost of each examination or autopsy performed on residents who die within the county. Currently, those fees are set by the state at \$75.00 per examination, and \$400.00 per autopsy.

AGENCY: MEDICAL EXAMINER

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	52,950	54,500	54,500	54,500
TOTAL	52,950	54,500	54,500	54,500
REVENUES				
TOTAL	0	0	0	0
NET APPROPRIATION	52,950	54,500	54,500	54,500
FULL-TIME EQUIVALENTS	0	0	0	0

AGENCY: ANIMAL CONTROL

MISSION STATEMENT: To provide a high standard of responsible pet care for owners, custody and control of animals throughout Durham County, and to ensure that animals are properly licensed and vaccinated against rabies.

PROGRAM DESCRIPTION

Animal Control protects the health and property of the public when threatened by animals and is responsible for the care, custody and control of animals. This department answers all questions and complaints concerning animals and assists the public with purchasing or redeeming pets. Animal Control insures that animals are properly licensed and vaccinated against rabies. The above services are provided to the public 24 hours a day, 7 days a week.

The Animal Control Department is also responsible for the Pet Store Ordinance and Investigates delinquent license complaints.

The goals of this department are to increase public awareness concerning animal control issues and to foster public understanding of the importance of caring for pets.

1997-98 ACCOMPLISHMENTS (*prior year work objectives)

1. *Revised various questionable sections of the Animal Control Ordinance.
2. *Personnel Training: Office staff completed computer training, field staff completed shotgun training and cruelty workshops.
3. *Purchased mapping software.
4. *Animal software training on Chameleon was completed in October 1997.

1998-99 PROGRAM OBJECTIVES

1. Training of staff: Offer expanded and advanced training for supervisors and field officers in criminal investigations, i.e. cruelty, dog fighting, constitutional law, etc.
2. Increase revenue by utilizing new collections position to pursue payment of delinquent accounts and implement a more effective way to collect licenses and civil penalties.
3. Create an Animal Control Home Page under the county's web page.

AGENCY: ANIMAL CONTROL

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	373,210	402,517	651,554	468,995
OPERATING EXPENSES	340,454	421,375	439,498	423,449
CAPITAL OUTLAY	47,159	19,500	114,192	20,611
TOTAL	760,823	843,392	1,205,244	913,055
REVENUES				
LICENSES AND PERMITS	223,957	275,000	225,000	245,000
SERVICE CHARGES	55,861	43,000	20,000	20,000
MISCELLANEOUS INCOME	5,023	0	15,000	15,000
TOTAL	284,841	318,000	260,000	280,000
NET APPROPRIATION	475,982	525,392	945,244	633,055
FULL-TIME EQUIVALENTS	12	13	18	15

ORGANIZATION: OTHER NONPROFIT AGENCIES

OTHER SAFETY AND SECURITY RESOURCES

PROGRAM DESCRIPTION

Included in this cost center are nonprofit organizations whose work complements the efforts of the County's public safety efforts and whose mission is providing assistance to law enforcement agencies. Currently, Durham County is not funding organizations within this function.

Specific information on the nonprofit organizations and funding is listed in more detail in the appendix.

AGENCY: OTHER PUBLIC SAFETY

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
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APPROPRIATIONS

OPERATING EXPENSES

	0	0	140,000	0
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TOTAL

0	0	140,000	0
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REVENUES

TOTAL

0	0	0	0
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NET APPROPRIATION

0	0	140,000	0
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FULL-TIME EQUIVALENTS

0	0	0	0
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AGENCY: YOUTH HOME

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	562,291	568,378	609,793	609,793
OPERATING EXPENSES	120,792	179,519	129,696	130,911
CAPITAL OUTLAY	0	4,415	5,843	843
TOTAL	683,083	752,312	745,332	741,547
REVENUES				
INTERGOVERNMENTAL REVENUES	21,931	69,650	19,650	19,650
SERVICE CHARGES	314,964	300,000	310,000	309,486
TOTAL	336,895	369,650	329,650	329,136
NET APPROPRIATION	346,188	382,662	415,682	412,411
FULL-TIME EQUIVALENTS	15.2	15.2	15.2	15.2

AGENCY: YOUTH HOME

MISSION

The mission of the Youth Home is to provide secure custody (detention services) to juveniles awaiting disposition of their cases in the courts. Detention services are for the protection of the juvenile and the safety of the community; and to provide an environment that fosters good physical and emotional care of juveniles detained at the facility.

PROGRAM DESCRIPTION

The Durham County Youth Home is a secure detention facility that provides care for children between the ages of nine (9) and sixteen (16) who have been detained by the courts. Durham's Youth Home is one of eleven (11) juvenile detention facilities in North Carolina, designated to detain children who the court has determined are in need of secure custody supervision.

The Youth Home has the capacity to provide custodial care to detainees. This includes meals, clothing, bedding, and routine medical attention as well as structured programs, and counseling, in an emotionally safe environment while they are being detained at the facility. The residents are monitored and supervised twenty four (24) hours a day, seven (7) days a week by both male and female counseling staff, thus insuring that the juveniles being detained will be kept in safe custody pending future disposition of their cases by the courts.

1997 -1998 ACCOMPLISHMENTS

1. Provided and continues to provide basic counseling and orientation training for all staff members, especially new hires.
2. Completed a new Youth Home Policy/Procedure Manual to aid staff in the daily operation of the Youth Home's overall program.
3. Updated staff supervisory skills by having all supervisory personnel complete various workshops and seminars designed to enhance their supervisory capabilities.
4. Developed and completed several innovative activities aimed at improving the staff's ability to effectively handle and redirect resident's negative behavior patterns. Secured Reimbursements from parents whose children incurred medical expenses while at the Youth Home.
5. Recouped revenue owed to Durham County from the State in the amount of \$55,384.

FY 1999 WORK OBJECTIVES

1. Continue to seek external sources of funding for detention services.
2. Continue to work with other community agencies to develop juvenile delinquency prevention services in the community.
3. Continue to work with Durham's Mental Health Office and Juvenile Services Division in developing a new substance abuse initiative.
4. Develop an in house unarmed self-defense program, which will include the certification of an appointed Youth Home staff member.
5. Develop an in house suicide prevention program.

ORGANIZATION: YOUTH HOME ADMINISTRATION

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	556,341	565,358	603,843	603,843
OPERATING EXPENSES	63,696	119,915	126,996	128,211
CAPITAL OUTLAY	0	2,000	5,843	843
TOTAL	620,037	687,273	736,682	732,897
REVENUES				
INTERGOVERNMENTAL REVENUES	13,281	11,000	11,000	11,000
SERVICE CHARGES	314,964	300,000	310,000	309,486
TOTAL	328,245	311,000	321,000	320,486
NET APPROPRIATION	291,792	376,273	415,682	412,411
FULL-TIME EQUIVALENTS	15.2	15.2	15.2	15.2

ORGANIZATION: JUVENILE PROGRAM/AFTER CARE SUPPORT GROUP

COMMUNITY BASED ALTERNATIVE GRANT

PROGRAM DESCRIPTION

The Durham County Youth Home expects to receive a \$8,650 Community Based Alternative Grant to continue a pilot program began in FY 1992-93. The purpose of the grant is to better coordinate community involvement in prevention of adolescent drug/alcohol abuse and juvenile delinquency for youth who are being released from detention and training facilities with the aim of dramatically reducing their recidivism rate. This will be done mainly by providing educational criminal justice classes for children who are on probation, and an educational and psychological support group for those who are delinquent and who have been released from training schools or youth homes.

ORGANIZATION: JUV PROG/AFTER CARE SUPPORT GROUP

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	5,950	3,020	5,950	5,950
OPERATING EXPENSES	2,538	3,215	2,700	2,700
CAPITAL OUTLAY	0	2,415	0	0
TOTAL	8,488	8,650	8,650	8,650
REVENUES				
INTERGOVERNMENTAL REVENUES	8,650	8,650	8,650	8,650
TOTAL	8,650	8,650	8,650	8,650
NET APPROPRIATION	-162	0	0	0
FULL-TIME EQUIVALENTS	0	0	0	0

AGENCY: EMERGENCY MEDICAL SERVICES (EMS)

AGENCY MISSION

The mission of Durham County EMS is to improve the health status of the Durham community. To accomplish this mission, EMS strives to provide quality pre-hospital care and transportation that is appropriate, safe, efficient, easily accessible and affordable; provide a work force that is professional, courteous, well trained, and efficient; offer continuing educational programs that enhance the knowledge, skills, and expertise of the Division's work force; encourage, promote and provide health education programs for all interested community groups; and maintain a reputation that will reinforce our belief that Durham County EMS should remain the transportation system of choice within the community.

PROGRAM DESCRIPTION

Emergency Medical Services became part of Durham County Government on July 1, 1998, as part of the Durham Regional/Duke University Medical System lease agreement. Part of the agreement requires Duke to make an annual payment to the County of \$1,500,000 to support EMS services.

The Emergency Medical Services Department serves as the primary provider of emergency ambulance service and alternative medical transportation in Durham County. Paramedic level service is provided from four primary sites within the city limits, and additional county locations in Bahama, Lebanon, Redwood, Belhesda, and Parkwood volunteer fire departments. Non-emergency ambulance and wheelchair van service is provided on a part-time basis from our primary site located on the campus of Durham Regional Hospital, which also houses our patient accounting and public education functions. First responder assistance is provided within the city limits by the Durham Fire Department.

1997-1998 ACCOMPLISHMENTS

1. Development of a Bicycle Response Team.
2. Development of EMT course in partnership with Durham Technical Community College that targets minorities and women.
3. Successful transition of department from the Durham County Hospital Corporation to the County of Durham on July 1, 1998.
4. Presented EMS programs to several Durham elementary school classes.

1998-99 OBJECTIVES

1. Implementation of 24-hour Paramedic coverage in all districts within Durham County by implementing a Quick Response Vehicle Concept in the county fire districts.
2. Establishment of an EMS station in the South Square, Garrett Road area.
3. Expand Public education programs.
4. Update EMS billing and data computer systems to eliminate duplicate data entry and to address Year 2000 compliance concerns.

AGENCY: EMERGENCY MEDICAL SERVICES

	1996-97 ACTUAL	1997-98 BUDGET	1998-99 REQUESTED	1998-99 APPROVED
APPROPRIATIONS				
PERSONAL SERVICES	0	0	3,641,982	3,585,837
OPERATING EXPENSES	0	0	691,016	777,998
CAPITAL OUTLAY	0	0	180,000	61,450
TOTAL	0	0	4,512,998	4,425,285
REVENUES				
SERVICE CHARGES	0	0	3,010,805	2,627,840
TOTAL	0	0	3,010,805	2,627,840
NET APPROPRIATION	0	0	1,502,193	1,797,445
FULL-TIME EQUIVALENTS	0	0	95.3	95.3

SOLID WASTE

Organizational Elements

- City Sanitation Department collects residential garbage, yard waste and bulky waste as well as from stationary commercial containers in the City.
- City Environmental Resource Department operates a transfer station, rubble landfill and a yard waste composting facility for City and County solid waste and manages the recycling contract for City. Also administers the City Household Hazardous Waste Collection Program.
- County Solid Waste Management Division operates convenience centers in the unincorporated area to allow citizens to drop off solid waste.

Proposed Organizational Structure

- Transfer the two County Solid Waste Management divisions from the County General Services Department to City Sanitation.
- Transfer the Transfer Station, Rubble Fill, household hazardous waste and recycling responsibilities from the City Environmental Resources Department to City Sanitation and place City Sanitation under the City Public Works Department thereby reducing City/County management span of control.

Advantages of Consolidation

- Improved coordination of prevention of dumping and cleanup throughout the County.
- Organizational simplicity and reduced span of control for the City/County Manager.

Disadvantages of Consolidation

- None.

Findings

- Solid waste management efforts of the City and County should be consolidated.

Recommendations

- Consolidate City and County solid waste management.

Other Issues

- Retain City and County levels of service at current levels.

TRANSPORTATION

Organizational Elements

- The City Public Works Transportation Division provides staff for the area Metropolitan Planning Organization (MPO). It performs traffic engineering, development review and street light maintenance services for the City. It provides development review services for the County via the City/County Planning Department. In addition, it is responsible for public transit system operations, paratransit services, parking facility operations and parking facility maintenance. It also provide taxi cab inspection and permit services.
- No County organizational element except for the County Transportation Advisory Board.

Proposed Organizational Structure

- No change—Just expand responsibilities to include the unincorporated area and move the responsibility for taxi inspections and permit to law enforcement.

Advantages of Consolidation

- Simplify the coordination and oversight of paratransit services.
- Facilitate metropolitan transportation planning in the unincorporated area.
- Make transportation planning an integral part of the development review process.

Disadvantages of Consolidation

- None.

Findings

- The current City Public Transportation Division should assume all traffic engineering, transportation development review and planning responsibilities for the unincorporated area of the County.

Recommendations

- Have the current City Public Transportation Division assume all traffic engineering, transportation development review and planning responsibilities for the unincorporated area of the County.

Other Issues

- Concern by those with property in the unincorporated area and especially with RTP property owners about their status especially with regard to potential tax increases.
- What does the City really do with regard to street light maintenance? How many people are required to provide this service? Can the service be simplified?

ENGINEERING

Organizational Elements

- City Public Works Engineering Division provides engineering design, development review and construction inspections for City and County private development and City projects.
- County Engineer responsible for engineering design, development review and construction inspections for County infrastructure projects.

Proposed Organizational Structure

- Merge the County Engineering Department Project Management Division with the City Project Management operations currently under Asset Management.

Advantages of Consolidation

- Better functional alignment.
- Gain economy of scale.
- Enhance development review and engineering coordination.

Disadvantages of Consolidation

- None.

Findings

- City and County engineering operations should be merged.

Recommendations

- Merge the City and County engineering operations.

Other Issues

- Consider merging the County General Services Building and Grounds Maintenance Division with the Building and Grounds Maintenance operations currently under the City Asset Management Department.
- Consider placing City Asset Management under the City/County Public Works Department.

STORM WATER

Organizational Elements

- City Public Works Storm Water Services Division provides storm water billing, education and pollution control and responds to drainage complaints for the City.
- The County does not currently have a Storm Water Program or organizational element but must have a program in the near future.

Proposed Organizational Structure

- Establish a countywide Stormwater Services Division including the current City Public Works Stormwater Division.

Advantages of Consolidation

- Existing expertise could be used for expansion of stormwater operations into the unincorporated area.

Disadvantages of Consolidation

- None.

Findings

- A countywide Stormwater Services Division should be established, which would include the current City Public Works Stormwater Division and sufficient staff and resources to provide countywide stormwater services to meet state and federal requirements.

Recommendations

- Establish a countywide Stormwater Services Division including the current City Public Works Stormwater Division and sufficient staff and resources to provide countywide stormwater services to meet state and federal requirements.

Other Issues

- None.

EROSION CONTROL

Organizational Elements

- The Sedimentation and Erosion Control Division of County Engineering has the responsibility for erosion control throughout the County to include the City.
- City has no organizational element.

Proposed Organizational Structure

- Place the Sedimentation and Erosion Control Division of County Engineering under the City/County Community Development Department.

Advantages of Consolidation

- Would facilitate erosion control coordination with City departments.
- Simplify the overall organizational structure.

Disadvantages of Consolidation

- None.

Findings

- The Sedimentation and Erosion Control Division of County Engineering should be placed under the City/County Community Development Department.

Recommendations

- Place the Sedimentation and Erosion Control Division of County Engineering under the City/County Community Development Department.

Other Issues

- None.

STREET MAINTENANCE

Organizational Elements

- City Public Works Street Maintenance maintains streets, sidewalks and alleys and controls storm water run off and drainage in the City.
- County does not have a street maintenance program or organizational element. County roads are maintained by the State DOT.

Proposed Organizational Structure

- None.

Advantages of Consolidation

- City/County merger would facilitate the expansion of street maintenance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Disadvantages of Consolidation

- None.

Findings

- City/County merger would facilitate the expansion of street maintenance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Recommendations

- None.

Other Issues

- None.

ROADWAY APPEARANCE

Organizational Elements

- City Public Works Roadway Appearance Division provides street cleaning and right of way maintenance services for the City. Also provides urban forestry services.
- Roadway appearance services are not provided by the County.

Proposed Organizational Structure

- None.

Advantages of Consolidation

- City/County merger would facilitate the expansion of roadway appearance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Disadvantages of Consolidation

- None.

Findings

- City/County merger would facilitate the expansion of roadway appearance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Recommendations

- None.

Other Issues

- None.



Public Works Department

Public Works Director (397)
Kathryn R. Kalb
560-4328 Ext. 225

Technical Support (3)
David E. Galles
CAD/GIS Admin.
560-4326 Ext. 232

Clerical Support (3)
Lila Parker
Management Asst.
560-4328 Ext. 223

Public Works Operations (262)
Tom Ayers
Asst. Director Operations
560-4312

Engineering (59)
R. Lee Murphy
Engineering Manager
560-4328 Ext. 230

- Engineering Design
- Assessments
- Water & Sewer Services
- Development Review
- Construction Inspection

Transportation (52)
Mark D. Ahrendson
Transportation Manager
560-4366 Ext. 306

- Traffic Operations
- Transportation Planning
- Street Lights
- Development Review
- Textbooks
- DATA/ACCESS

Storm Water Serv. (17)
Susan J. Burke
Storm Water Manager
560-4326 Ext. 240

- Storm Water Billing
- Storm Water Education
- Storm Water Pollution
- Drainage Complaints

Water/Sewer Maint. (122)
Vernon Reese
W & S Superintendent
560-4344

- Water Meters
- Water Mains
- Sewer Mains

Street Maintenance (94)
Stephen Sharp
Street Maint. Super.
560-4312

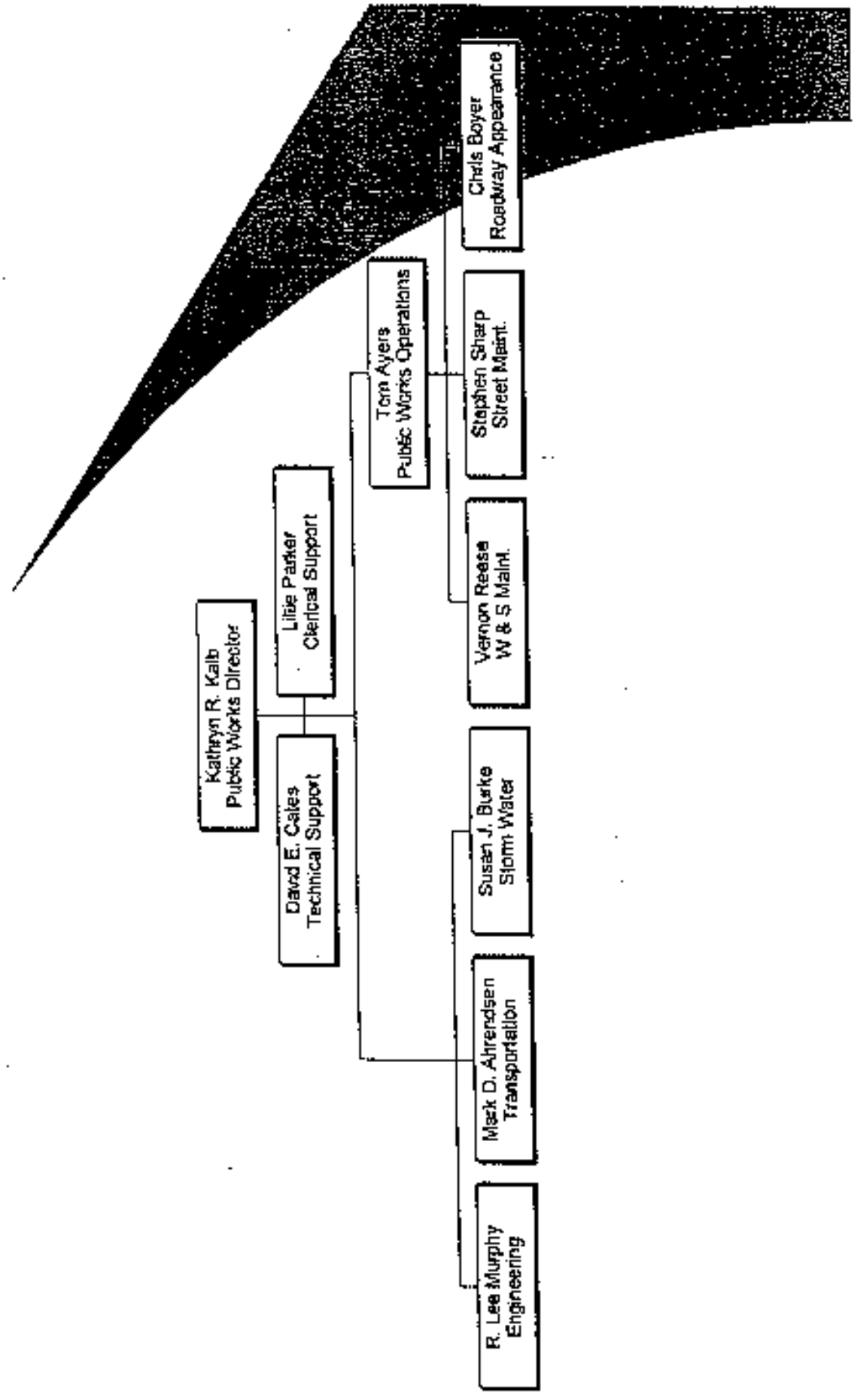
- Streets (paved & dirt)
- Stormwater/Drainage
- Sidewalks
- Alleys

Roadway Appearance (46)
Chris Boyer
Road. App. Superintendent
560-4105

- Urban Forestry
- RMW Mowing
- Impact Trees
- Street Cleaning

(X) = number of employees

Department of Public Works



Department of Public Works

Scope of Responsibilities

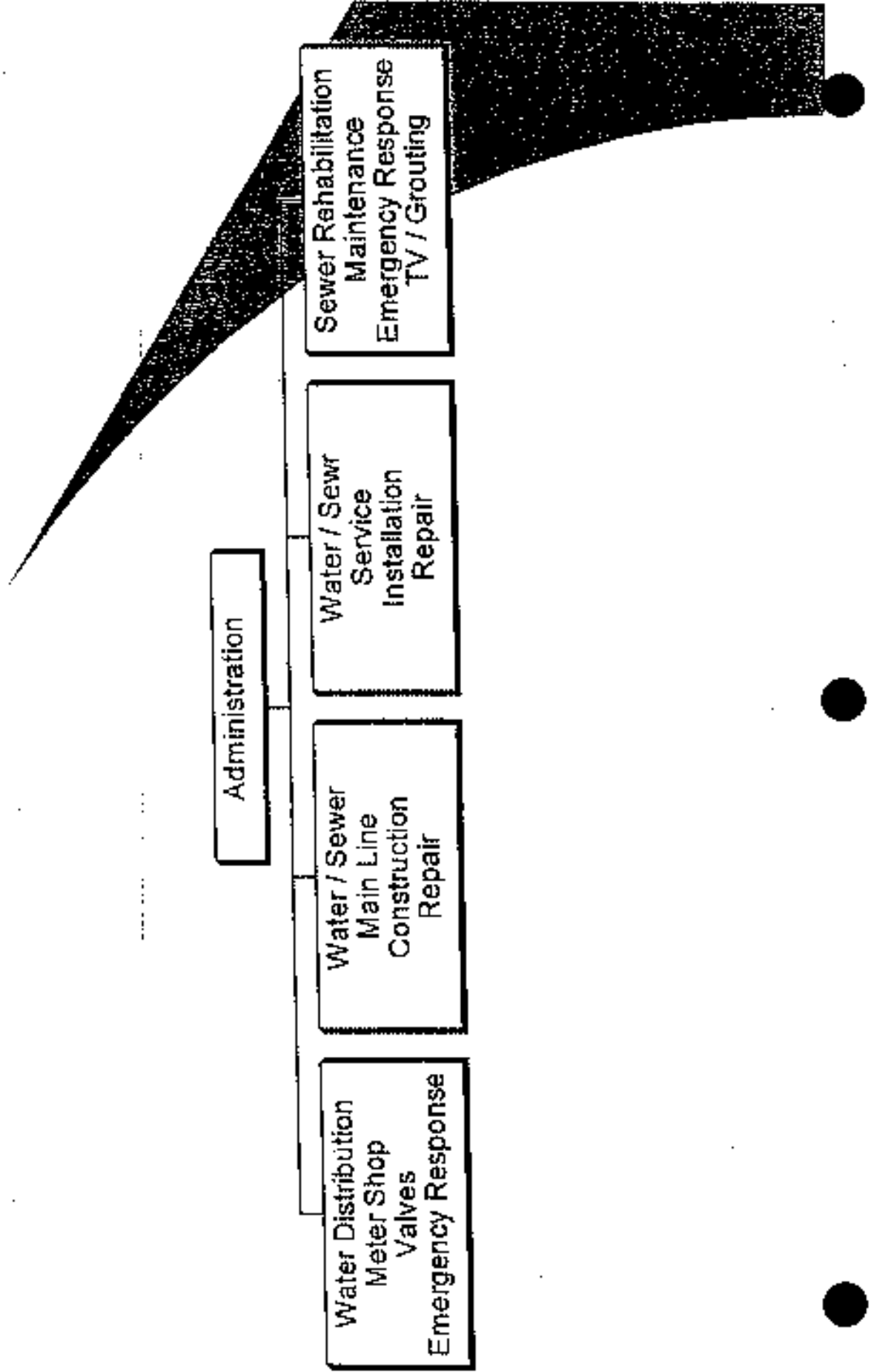
Operate, Maintain, Improve:

- 825 miles of streets
- 933 miles of water lines
- 863 miles of sewer lines
- 675 (?) miles of storm drains
- 192 miles of sidewalk
- 62,000 water meters
- 34,780 traffic signals / signs
- 422 shoulder miles of highways
- 10,383 street lights

Provide:

- 125,000 hours per year of bus service
- 65,000 "Demand-Responsive" passenger trips per year
- 300 illegal dump sites cleaned

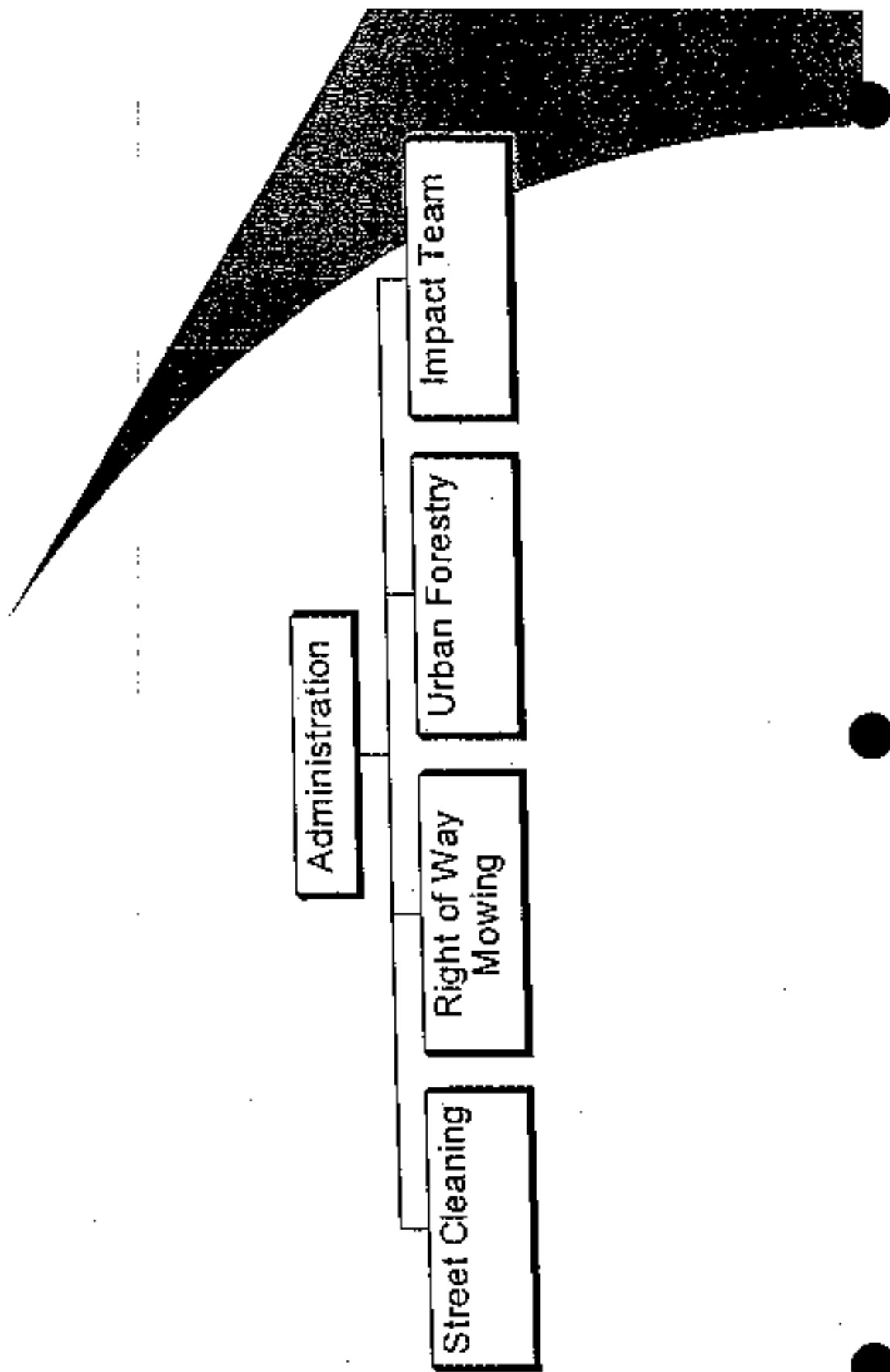
Water & Sewer Maintenance



Street Maintenance Program Description

- Executes the City Winter Weather Plan
- Maintains City streets, alleys, and sidewalk in the city limits
- Maintain the storm water drainage system within the city
- Through municipal agreement with NCDOT, the City receives a reimbursement for cost associated with some maintenance for part of the State Highway System that is within the city limits

Roadway Appearance

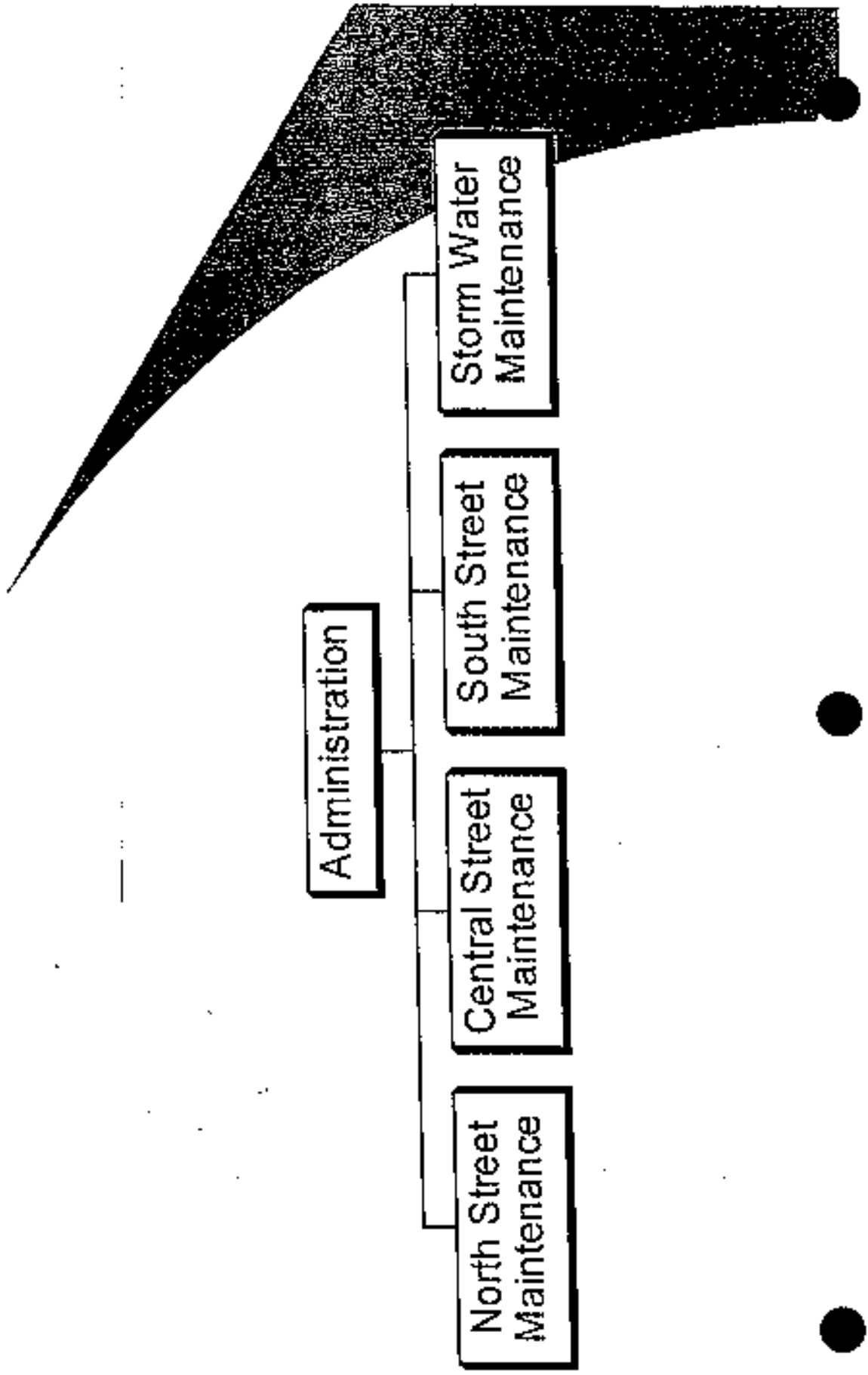


Water and Sewer Maintenance

Program Description

- Provides routine and emergency maintenance to the City's water distribution and wastewater collection system.
- Operates and maintains fire hydrants and water valves.
- Installs and repairs water and sewer service connections.
- Inspect, clean, TV, and repair water and sewer main trunk lines.
- Provide routine and emergency response to water meter problems (leaks, water pressure concerns, unusual consumption rates)

Street Maintenance



Roadway Appearance

Program Description

Street Sweeping

Litter Control

Dead Animal Removal

Tree Maintenance and Planting

Illegal Solid Waste Disposal Cleanup

Mowing

Graffiti Removal

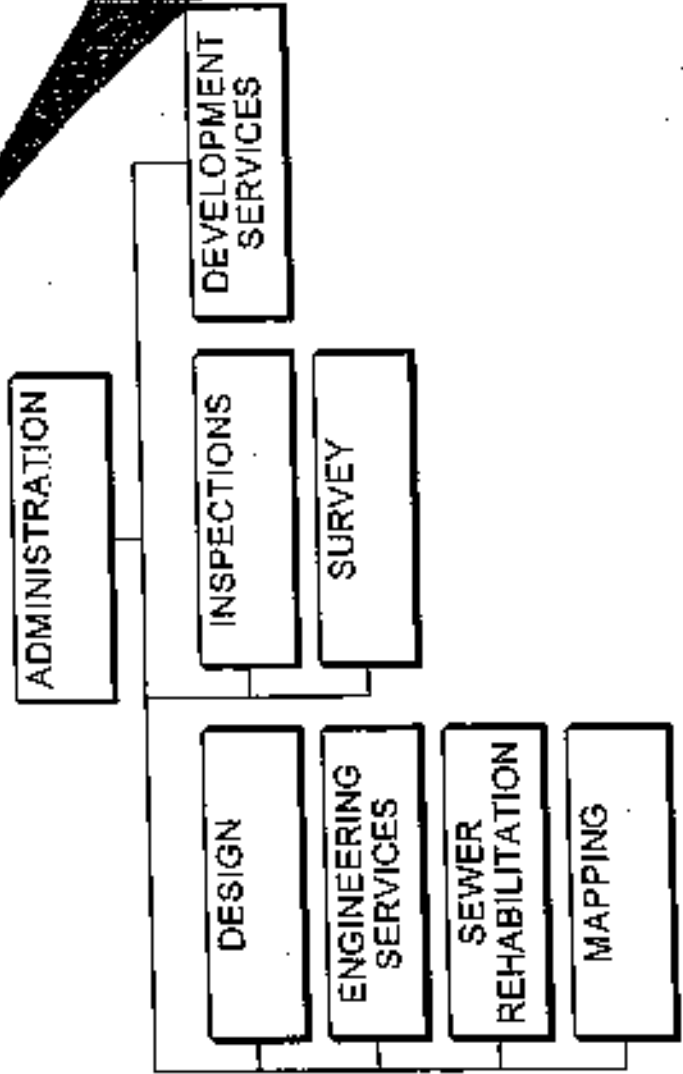
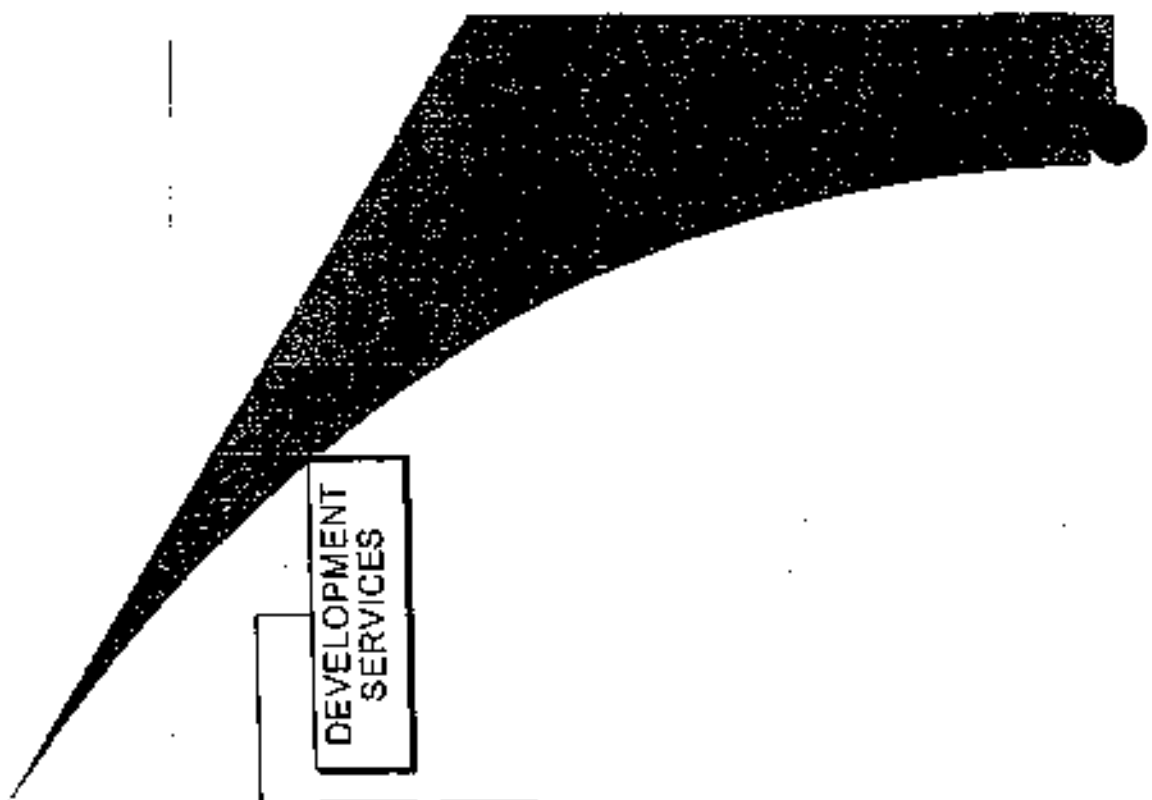
Summer Youth Program

Spring Clean

Total Dollars: \$3,112,704

FTEs 47

Engineering Division

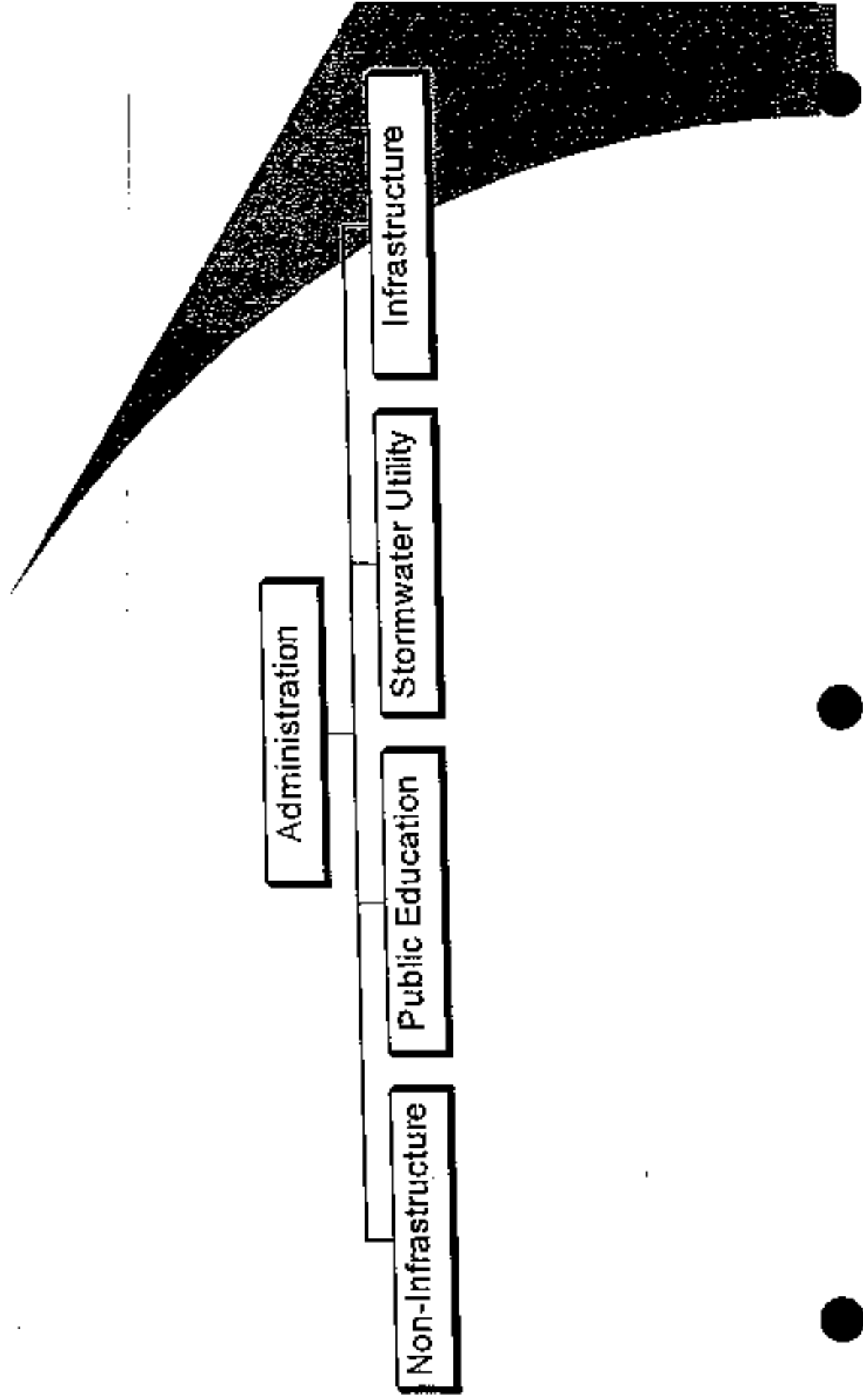


Engineering Division

Program Description

- Design Services
- Contract Administration
- Engineering Studies
- Sewer Rehabilitation Program
- Mapping/GIS
- Construction Inspection Services
- Surveying Services
- Petitions & Assessments
- Street Addressing
- Powell Bill Records
- New Utility Connections
- Development Review
- Construction Drawing Approval
- Water & Sewer Permitting

Storm Water Services



Storm Water Services

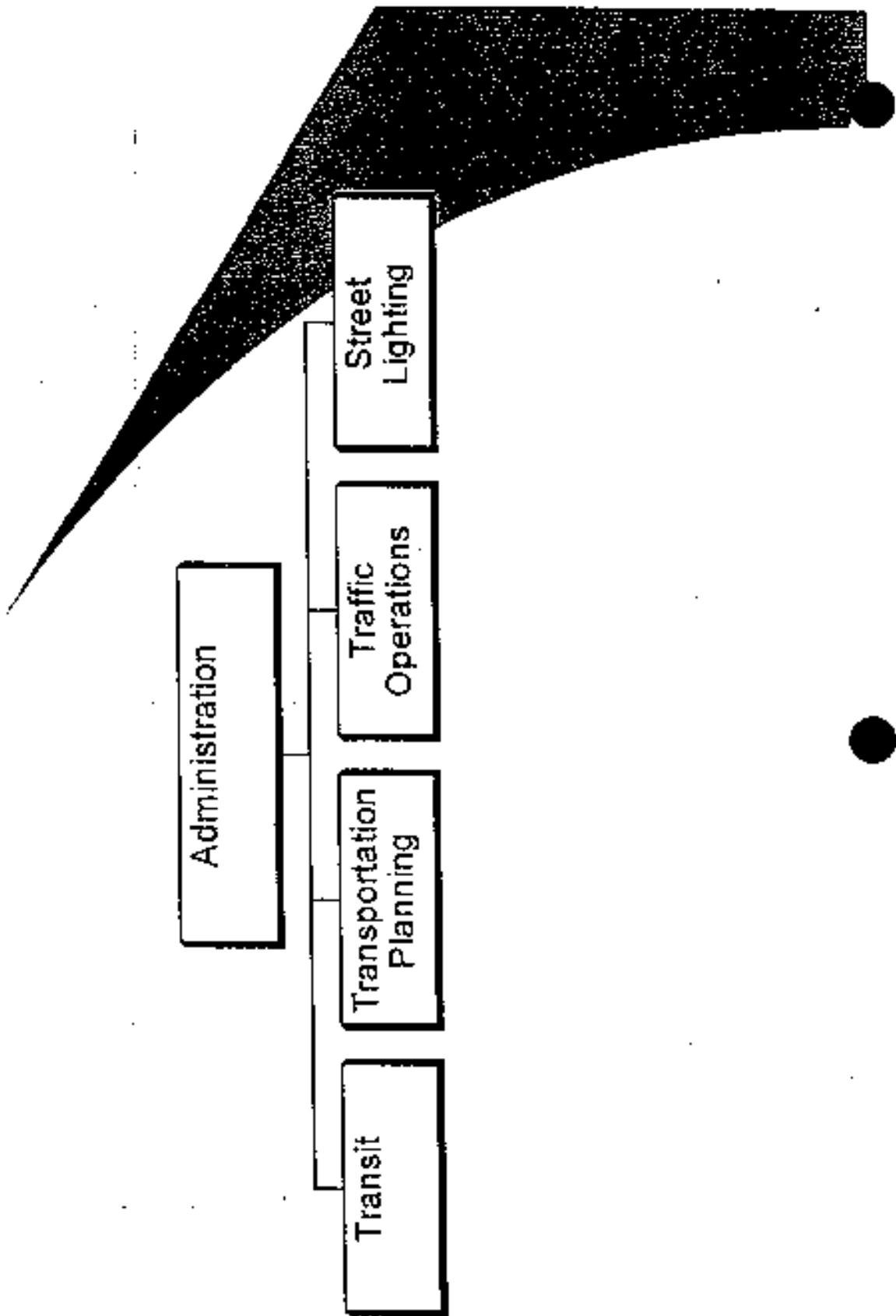
Program Description

- Utility Billing
- Drainage complaints and projects
- Stormwater inventory
- Hazard mitigation grant project
- Water pollution monitoring
- Water pollution complaints
- Public education

Program Total: \$5,101,250

FTEs: 17

Transportation



Transportation Program Description

Transit Services

- Fixed Route Service
- Paratransit Service
- Administrative Services

DATA Board of Trustees

Grants Management

Planning

Marketing



Transportation

Program Description

● DCHC MPO administration and planning

● Travel forecasting

● Development review and assistance

● Traffic studies

● Taxicab permitting

● Residential parking permitting

● Design, operation and maintenance
of traffic signals

● Street signs and markings

● Traffic data collection

● Street lighting



WATER AND WASTEWATER

Organizational Elements

- City Public Works Water and Sewer Maintenance Division maintains water and wastewater lines, meters and rights of way for the City. Also provides fire hydrant maintenance.
- City Environmental Resources Department operates and maintains two water treatment plants for most of the County as well as two wastewater treatment plants and booster stations and lift stations for the City.
- County Engineer provides wastewater treatment engineering and oversight of a contracted wastewater treatment plant for City and County lines. Reviews design work for County wastewater extension projects.
- City Engineering Department responsible for assessments.
- City Finance responsible for meter readings.

Proposed Organizational Structure

- Place all wastewater treatment plants under the Environmental Resources Department.
- Transfer the City Public Works Water and Sewer Maintenance Division and County Engineering Department Utility Division to the Environmental Resources Department.
- Transfer the responsibility for the City water and wastewater assessments to the Environmental Resources Department.
- Leave the responsibility for meter reading and the meter readers with the Finance Department.

Advantages of Consolidation

- Improved engineering capability with larger combined staff.
- Combined billing.
- Economy of scale for purchasing.
- Improved overall communications.
- Provide better opportunity for optimization of wastewater treatment resources.
- One single set of numbers would allow better planning for water quality issues.

Disadvantages of Consolidation

- None.

Findings

- The City and County wastewater treatment operations should be merged and City water and wastewater line maintenance responsibilities should be assigned to the department having responsibility for water and wastewater treatment.

Recommendations

- Merge the City and County wastewater treatment operations and assign water and wastewater line maintenance responsibilities to the department having responsibility for water and wastewater treatment.

Other Issues

- None.

PUBLIC WORKS FUNCTIONAL AREAS

- **Water and Wastewater**
- **Solid Waste**
- **Transportation**
- **Engineering**
- **Storm Water**
- **Erosion Control**
- **Street Maintenance**
- **Roadway Appearance**

-

Taxation & Finance

-
-



1771

COUNTY OF DURHAM

OFFICE OF THE COUNTY ATTORNEY

S.C. KITCHEN
COUNTY ATTORNEY

THOMAS W. JORDAN, JR.
LOWELL L. SILER
DEPUTY ATTORNEYS

P.O. Box 3508
Courthouse, 200 E. Main Street
Durham, N.C. 27702
(919) 560-0715
(919) 560-0719 (FAX)

ASSISTANT COUNTY ATTORNEYS
SIMONÉ FRIER ALSTON
BRANNON BURROUGHS
KIMBERLY M. GRANTHAM

MEMORANDUM

TO: Board of Commissioners

FROM: S. C. Kitchen *sc*

RE: Deductibility of Urban Services District taxes

DATE: April 27, 1999

Attached is the information I have received from the Internal Revenue Service in Washington, DC regarding the issue of whether or not urban services district taxes may be deductible on a Federal tax return. Bob Curran of the IRS indicated that he did not believe these taxes would be deductible. Also attached is a copy of a bill which has been introduced in the General Assembly this year to curtail the use of service districts since the fees charged are not deductible.

This issue first arose from a report by the General Accounting Office following an audit of the Internal Revenue Service in 1993. The audit found that IRS was losing hundreds of millions of dollars as people were deducting the taxes imposed for service districts on their tax returns. For purposes of the Internal Revenue Code, it does not matter if it is called a tax or a fee. The question of whether or not it is deductible under the Code is whether the tax is "levied for the general public welfare, but it does not include taxes assessed against local benefits." Regulation § 1.164-3, Internal Revenue Code. § 1.164-4 further requires that the tax be "levied for the general public welfare by the proper taxing authorities at a like rate against all property in the territory over which such authorities have jurisdiction" in order to be deductible.¹

¹It should be noted that one of the elements in determining the deductibility of the tax is whether it is assessed on the value of the property instead of a flat fee. If it is *ad valorem*, as are taxes in urban services districts, it would be a factor in arguing the taxes were deductible, and the IRS is wrong about its initial determination.

NACo was approached by the GAO and the IRS to work out an agreement in which the deductible and nondeductible taxes would be listed separately on tax bills, and clearly indicated which were deductible and which were not. A committee, of which I was a member, was formed by NACo to discuss this with the Federal representatives. The Federal government offered to pay for all costs associated with reprogramming computers for this to be accomplished. In the end, the Taxation and Finance Steering Committee rejected any requirement to list these taxes separately.

I would suggest that this issue be further studied as you proceed with your deliberations regarding merger. It may be advisable to have a tax lawyer from our bond counsel to advise the merger committee on this matter, and perhaps get a more formal ruling from the Internal Revenue Service.

cc: David Thompson

25,426 Itemized Deductions for Individuals and Corporations

See p. 20,601 for regulations not amended to reflect law changes

investment trusts by section 4981. [Reg. § 1.164-2.]

□ [T.D. 6256, 10-7-57. Amended by T.D. 6780, 12-21-64 and T.D. 7767, 2-3-81.]

[Reg. § 1.164-3]

§ 1.164-3. Definitions and special rules.—For purposes of section 164 and § 1.164-1 to § 1.164-8, inclusive—

(a) *State or local taxes.* A State or local tax includes only a tax imposed by a State, a possession of the United States, or a political subdivision of any of the foregoing, or by the District of Columbia.

(b) *Real property taxes.* The term "real property taxes" means taxes imposed on interests in real property and levied for the general public welfare, but it does not include taxes assessed against local benefits. See § 1.164-4.

(c) *Personal property taxes.* The term "personal property tax" means an ad valorem tax which is imposed on an annual basis in respect of personal property. To qualify as a personal property tax, a tax must meet the following three tests:

(1) The tax must be ad valorem—that is, substantially in proportion to the value of the personal property. A tax which is based on criteria other than value does not qualify as ad valorem. For example, a motor vehicle tax based on weight, model year, and horsepower, or any of these characteristics is not an ad valorem tax. However, a tax which is partly based on value and partly based on other criteria may qualify in part. For example, in the case of a motor vehicle tax of 1 per cent of value plus 40 cents per hundred-weight, the part of the tax equal to 1 percent of value qualifies as an ad valorem tax and the balance does not qualify.

(2) The tax must be imposed on an annual basis, even if collected more frequently or less frequently.

(3) The tax must be imposed in respect of personal property. A tax may be considered to be imposed in respect of personal property even if in form it is imposed on the exercise of a privilege. Thus, for taxable years beginning after December 31, 1963, State and local taxes on the registration or licensing of highway motor vehicles are not deductible as personal property taxes unless and to the extent that the tests prescribed in this subparagraph are met. For example, an annual ad

(d) *Foreign taxes.* The term "foreign tax" includes only a tax imposed by the authority of a foreign country. A tax imposed by a political subdivision of a foreign country is considered to be imposed by the authority of that foreign country.

(e) *Sales tax.* (1) The term "sales tax" means a tax imposed upon persons engaged in selling tangible personal property, or upon the consumers of such property, including persons selling gasoline or other motor vehicle fuels at wholesale or retail, which is a stated sum per unit of property sold or which is measured by the gross sales price or the gross receipts from the sale. The term also includes a tax imposed upon persons engaged in furnishing services which is measured by the gross receipts for furnishing such services.

(2) In general, the term "consumer" means the ultimate user or purchaser; it does not include a purchaser such as a retailer, who acquires the property for resale.

(f) *General sales tax.* A "general sales tax" is a sales tax which is imposed at one rate in respect of the sale at retail of a broad range of classes of items. No foreign sales tax is deductible under section 164(a) and paragraph (a)(4) of § 1.164-1. To qualify as a general sales tax, a tax must meet the following two tests:

(1) The tax must be a tax in respect of sales at retail. This may include a tax imposed on persons engaged in selling property at retail or furnishing services at retail, for example, if the tax is measured by gross sales price or by gross receipts from sales or services. Rentals qualify as sales at retail if so treated under applicable State sales tax laws.

(2) The tax must be general—that is, it must be imposed at one rate in respect of the retail sales of a broad range of classes of items. A sales tax is considered to be general although imposed on sales of various classes of items at more than one rate provided that one rate applies to the retail sales of a broad range of classes of items. The term "items" includes both commodities and services.

(g) *Special rules relating to general sales taxes.* (1) A sales tax which is general is usually imposed at one rate in respect of the retail sales of all tangible personal property (with exception and additions). However, a sales tax which is selective—that is, a tax which applies at one rate with respect to retail sales of specified classes of items—also qualifies as general if the specified classes represent a broad range of classes of items. A selective sales tax which does not qualify at one

tax (except in the case of lower rates on the sale of food, clothing, medical supplies, and motor vehicles). The fact that a compensating use tax in respect of any item provides for an adjustment in the rate of the compensating use tax or the amount of such tax to be paid on account of a sales tax on such item imposed by another taxing jurisdiction is not taken into account in determining whether the compensating use tax is imposed in respect of the item at a rate other than the general rate of tax. For example, a compensating use tax imposed by State C on the use of an item purchased in State D is considered to be imposed at the general rate of tax even though the tax imposed by State C allows a credit for any sales tax paid on such item in State D, or the rate of such compensating use tax is adjusted to reflect the rate of sales tax imposed by State D. [Reg. § 1.164-3.]

□ [T.D. 6256, 10-7-57. Amended by T.D. 6780, 12-21-64.]

[Reg. § 1.164-4]

X § 1.164-4. Taxes for local benefits.—(a) So-called taxes for local benefits referred to in paragraph (a) of § 1.164-2 more properly assessments, paid for local benefits such as street, sidewalks, and other like improvements, imposed because of and measured by some benefit inuring directly to the property against which the assessment is levied are not deductible as taxes. A tax is considered assessed against local benefits when the property subject to the tax is limited to property benefited. Special assessments are not deductible, even though an incidental benefit may inure to the public welfare. The real property taxes deductible are those levied for the general public welfare by the proper taxing authorities at a like rate against all property in the territory over which such authorities have jurisdiction. Assessments under the statutes of California relating to irrigation, and of Iowa relating to drainage, and under certain statutes of Tennessee relating to levees, are limited to property benefited, and if the assessments are so limited, the amounts paid thereunder are not deductible as taxes. For treatment of assessments for local benefits as adjustments to the basis of property, see section 1016(a)(1) and the regulations thereunder.

(b) (1) Insofar as assessments against local benefits are made for the purpose of maintenance or repair or for the purpose of meeting interest charges with respect to such benefits, they are deductible. In such cases, the burden is on the taxpayer to show the allocation of the amounts assessed to the different purposes. If the allocation cannot be made, none of the amount so paid is deductible.

Reg. § 1.164-4(a)

(2) Taxes levied by a special taxing district which was in existence on December 31, 1963, for the purpose of retiring indebtedness existing on such date, are deductible, to the extent levied for such purpose, if (i) the district covers the whole of at least one county, (ii) if at least 1,000 persons are subject to the taxes levied by the district, and (iii) if the district levies its assessments annually at a uniform rate on the same assessed value of real property, including improvements, as is used for purposes of the real property tax generally. [Reg. § 1.164-4.]

□ [T.D. 6256, 10-7-57. Amended by T.D. 6780, 12-21-64.]

[Reg. § 1.164-5]

§ 1.164-5. Certain retail sales taxes and gasoline taxes.—For taxable years beginning before January 1, 1964, any amount representing a State or local sales tax paid by a consumer of services or tangible personal property is deductible by such consumer as a tax, provided it is separately stated and not paid in connection with his trade or business. For taxable years beginning after December 31, 1963, only the amount of any separately stated State and local general sales tax (as defined in paragraph (g) of § 1.164-3) and tax on the sale of gasoline, diesel fuel or other motor fuel paid by the consumer (other than in connection with his trade or business) is deductible by the consumer as tax. The fact that, under the law imposing it, the incidence of such State or local tax does not fall on the consumer is immaterial. The requirement that the amount of tax must be separately stated will be deemed complied with where it clearly appears that at the time of sale to the consumer, the tax was added to the sales price and collected or charged as a separate item. It is not necessary, for the purpose of this section, that the consumer be furnished with a sales slip, bill, invoice, or other statement on which the tax is separately stated. For example, where the law imposing the State or local tax for which the taxpayer seeks a deduction contains a prohibition against the seller absorbing the tax, or a provision requiring a posted notice stating that the tax will be added to the quoted price, or a requirement that the tax be separately shown in advertisements or separately stated on all bills and invoices, it is presumed that the amount of the State or local tax was separately stated at the time paid by the consumer, except that such presumption shall have no application to a tax on the sale of gasoline, diesel fuel or other motor fuel imposed upon a wholesaler unless such provisions of law apply with respect to both the sale at wholesale and the sale at retail. [Reg. § 1.164-5.]

GAO

United States General Accounting Office

**Report to the Chairman, Subcommittee
on Private Retirement Plans and
Oversight of the Internal Revenue
Service, Committee on Finance,
U.S. Senate**

January 1993

**TAX
ADMINISTRATION**

**Overstated Real Estate
Tax Deductions Need
To Be Reduced**



2-34944.1

real estate taxes on federal income tax returns. At our request, IRS elaborated on three criteria for determining deductibility, as follows:

(1) A charge is deductible as a tax if it is based on the assessed value of the property (e.g., a tax of \$1 for every \$100 of the assessed value of the property); is made uniformly on property throughout the community; and is used for general community or governmental purposes (e.g., for public schools). Such a charge is deductible as a real estate tax, regardless of what it is called.

(2) A charge (or "special assessment") is not deductible if it is for an improvement that increases the property value (e.g., building a new sidewalk in front of the property). The cost of the improvement is added to the property value. Conversely, a special assessment is deductible only if it is used to maintain an existing public facility (e.g., cost, including interest, to repair a sidewalk).

(3) Charges for services to a property or person (or "user fees") are not taxes and are not deductible. Such user fees include a unit fee for a service (e.g., a \$5 fee for every 1,000 gallons of water); a periodic fee for a residential service (e.g., \$20 per month per house for trash collection), or a flat fee for a local government service (e.g., mowing a lawn that grew higher than permitted under a local law).

A less detailed description of these criteria is contained in IRS Publication 17 (Your Federal Income Tax For Individuals). However, Form 1040 instructions do not discuss such criteria beyond referring to IRS Publication 530 (Tax Information for Homeowners). Publication 530 discusses special assessments but not user fees. Since both of these charges generally are not deductible, we use the term "user fees" to refer to both types.

Our work identified three basic ways that local governments bill taxpayers for real estate taxes.

- The bill includes only real estate taxes because the locality does not charge user fees for services such as trash collection. To be a "tax," payments must generally be based on a percentage—which is the same for all homeowners in the locality—of the property value. Thus, tying the payment to property value generally allows deduction of the entire bill, regardless of the nature of the services.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

1

SENATE BILL 899

Short Title: Make Fees Tax Deductible.

(Public)

Sponsors: Senator Shaw of Guilford.

Referred to: Finance.

April 14, 1999

A BILL TO BE ENTITLED

AN ACT TO RESTRICT LOCAL GOVERNMENT AUTHORITY TO IMPOSE FEES THAT APPLY TO ALL PROPERTY WITHIN ITS TAXING JURISDICTION WITH THE INTENT THAT LOCAL GOVERNMENTS USE PROPERTY TAX REVENUES BECAUSE PROPERTY TAXES ARE DEDUCTIBLE FOR FEDERAL INCOME TAX PURPOSES AND FEES ARE NOT.

Whereas, federal tax law allows individuals to take an income tax deduction for local property taxes; and

Whereas, local property taxes have traditionally been imposed to raise revenue to provide local government services such as solid waste services; and

Whereas, in recent years many local governments have begun to substitute fees for property taxes in order to raise revenue for some local government services; and

Whereas, federal tax law does not allow these local government fees to be deducted like local property taxes; and

Whereas, it is the intent of this act to substitute property taxes, which can be deducted under federal tax law, for fees that are imposed on all property within a taxing jurisdiction; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Article 7 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-156. Restrict imposition of fees.

A county may not establish or impose a fee that applies to all property within its taxing jurisdiction. The services for which these fees would be assessed must be funded through the property tax revenues, which are deductible by taxpayers on their federal income tax returns. This section does not apply to fees levied for water and sewer services that are based on consumption."

Section 2. Article 9 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-215.1. Restrict imposition of fees.

A city may not establish or impose a fee that applies to all property within its taxing jurisdiction. The services for which these fees would be assessed must be funded through the property tax revenues, which are deductible by taxpayers on their federal income tax returns. This section does not apply to fees levied for water and sewer services that are based on consumption."

Section 3. Any fees levied that conflict with this act are repealed.

Section 4. This act becomes effective July 1, 2000. If, before July 1, 1999, a county or city has pledged a fee that is repealed under this act as security for a debt, then the repeal of that fee does not become effective until the debt for which it is pledged is retired. The repeal of a fee under this act does not affect a liability for a fee that attached before the effective date of the repeal, nor does it affect a right to a refund of a fee that accrued before the effective date of the repeal.

COUNTY REVENUE PATTERNS

A Preliminary Investigation

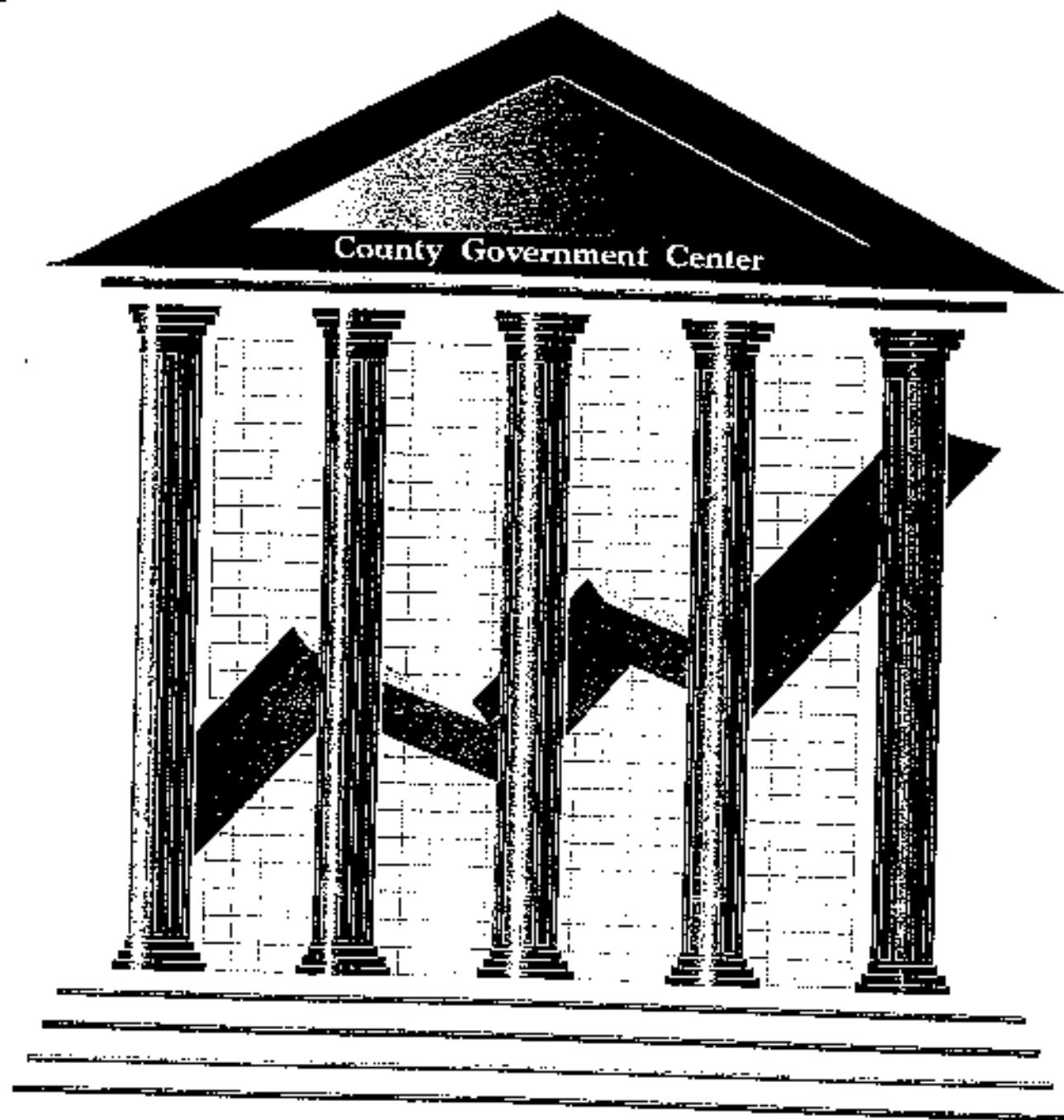


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Acknowledgements	26

Significant Findings

Jocelyn M. Johnston
University of Kansas

Michael A. Pagano
Miami University

Philip A. Russo, Jr.
Miami University

National Association of Counties
October 1998

This report discusses data from a national survey of 328 counties nationally. The overall response rate was 47%, which represents 155 responding counties. The survey was designed to obtain information on current revenue patterns which, supplemented with data from future years, will provide a clearer picture of how counties are adapting to a changing intergovernmental system. The focus of this report is on General Fund revenue patterns in recognition of the fact that the General Fund reflects the widest scope of county fiscal activity.

• **County General Fund own-source revenues represent fewer than 2% of resident per capita income for the sample counties.**

General Fund revenue burdens (the ratio of General Fund revenue collections to per capita income) were strikingly similar across counties, although there is some variation between rural and urban counties. This suggests that counties have limited discretion with regard to the general revenue burdens they impose on their taxpayers. Constraints on county revenue behavior may result from convergence in patterns of state revenue authority for counties, from low variation in taxpayer tolerance for burdens, or both.

• **Property taxes comprise 58% of total county General Fund own-source revenues for the sample counties.**

The least urbanized counties rely more on property taxes for General Fund operations (65.4%), compared to the most urbanized counties (54.9%).

• **Sales taxes comprise 14% of total county General Fund own-source revenues for the sample counties.** The least urbanized counties rely less on sales taxes for General Fund operations (10.7%), compared to the most urbanized counties (16.1%).

• **Fees comprise 14% of total county General Fund own-source revenues for the sample counties.** The least urbanized counties rely less on fees for General Fund operations (11.1%), compared to the most urbanized counties (15.2%).

• **Per capita debt outstanding totals \$334, representing nearly 1.5% of resident per capita income, on average, for the sample counties.** Per capita debt outstanding is far higher for residents of the most urbanized counties (\$500) than for the least urbanized counties (\$172).

Debt burdens, defined as the ratio of per capita debt outstanding (combined general obligation and non-guaranteed debt) to per capita income, are highest in the most urbanized counties. Debt is evenly distributed between general obligation debt outstanding and non-guaranteed debt outstanding. Eighteen percent of the

responding counties reported no general obligation debt outstanding. Twenty percent of the responding counties reported that they carry no current non-guaranteed debt outstanding.

• **Most of the responding counties are at least partially compensated for services provided to tax-exempt property owners.**

Of the 42 counties that reported data on tax exempt property, half received payments in lieu of taxes (PILT). On average, exempt property values exceeded \$1 million per county. State property accounted for 35% of tax exempt property among these 42 counties, while federal property comprised 8%. However, most exempt property (57% of total) fell into the non-governmental, tax-exempt category. Tax-exempt non-federal property accounts for 92% of all exempt property within in the sample counties.

• **Some of the responding counties do not use their full property tax authority.**

Two-thirds of the sample counties are subject to some form of state imposed property tax limits. On average, counties in states that impose property tax limits use 38% of their property tax authority. One-quarter of counties in states with property tax rate limits use the full tax rate authorized by their state, and one-third use half of the state authorized rate. This suggests that some counties are seriously limited in their capacity to absorb additional or new service responsibilities, while others have unused revenue capacity. However, the data on which this analysis is based are drawn from a very limited number of counties (N=54).

• **Some of the responding counties are not using their full sales tax authority.**

Only one third of the sample counties are permitted to impose a sales tax. On average, counties in states with sales tax limits levy nearly 70% of their state authorized sales tax rates, and less urbanized counties use more of their authority than the more urbanized counties. However, the data on which this analysis is based are drawn from a very limited number of counties (N=19).

Introduction

This report represents the initial step in a multi-year analysis of county fiscal conditions. The impetus for the research is the increasing propensity of the federal government to devolve – or shift – program responsibilities to states. Federal to state devolution has created concerns among local public officials about the potential for states to duplicate the federal devolution pattern by shifting program responsibilities to local governments. This concern is particularly salient for county government leaders.

Counties are in a unique position in the American federal/intergovernmental structure. They are, in one sense, the local government category most closely tied to state functions. Counties function as the administrative arms of the states, serving in many cases as a type of regional state subdivision for administrative and service delivery purposes. Counties are dependent on states for financing authority, and state law determines the extent of their responsibilities. Thus, in matters of both taxing and spending, counties' destinies are driven largely by state decisions.

Other local governments must also operate within the confines of state law. School districts, for example, typically wrestle with explicit financing and operational directions from the states. However, school district program responsibilities are relatively narrow in scope, with a clear focus on education and related issues. Municipalities function with far more autonomy than most other local governments. Nonetheless, municipalities and all other local governments face increasing constraints, especially with regard to raising revenue. The proliferation of tax and expenditure limits (TELS) has

reduced the financing autonomy of all local governments. Although counties are among the most constrained of local governments, they vary dramatically with regard to financing authority and practices, and service responsibilities. Some counties are primarily urban. Such counties must contend with many of the same issues that affect cities: congestion, eroding tax bases, and the need for social support systems. At the other end of the spectrum, many of the nation's counties are primarily rural, with very low population densities and distinctly agricultural orientations. One important purpose of this research is to better understand these and other dynamics that affect the capacity of counties to raise revenue and to provide services.

The results of the survey research offer a snapshot of current revenue practices in the nation's counties. However, many issues must be addressed before any conclusions may be drawn about county revenue capacity and fiscal conditions. Without information about county spending patterns – and the services for which counties must expend resources – revenue patterns must be viewed with caution. Furthermore, a thorough analysis of fiscal conditions also requires some attention to the costs of providing services because such costs vary significantly across county governments.

Nonetheless, as an initial step, the data in this report are important in that they facilitate an understanding of county finances. As counties adapt to changes in the federal system, the foundation provided by this research will better prepare NACo to provide assistance and advice to its members.

Study Design

PANEL OF SAMPLE COUNTIES AND DATA

The panel of sample counties was comprised of 238 counties (including at least one from each of the 50 states). The counties in the panel were selected according to the following procedure. We purposefully selected the nation's 30 largest counties based on total population. All remaining counties were grouped into urbanization quartiles based on the extent to which their populations resided in urban areas, according to Census Bureau definitions. Population and urbanization data are from the 1990 US Census; STF3A Tables. According to the Census Bureau, "urban" is defined as comprising all territory, population, and housing units in urbanized areas and in place of 2,500 or more persons outside urbanized areas. (Territory, population, and housing units not classified as urban constitute "rural.") Urbanization quartiles are defined as four categories within which 25% of the original sample counties fell. Thus, in the original sample, 25% of the counties fell into the top quartile. Among those counties, the percentage of counties' population residing in urbanized areas ranged from 57%-100%. Twenty-five percent of the original sample consisted of counties in which 39% to 56% of the population resided in urban areas, or the second most urbanized quartile.

Twenty-five percent of the counties fell into the 19%-38% category, and an additional 25% of the counties fell into the 0%-18% category. From each of these four urbanization quartiles, fifty counties were selected randomly (N=200).

Figure 1

Urbanization	Number of Counties	% of Total Responses
100 - 57	56	36.13%
56 - 39	37	23.87%
38 - 19	30	19.35%
18 - 0	32	20.65%
N=155		

In the final sample, the quartiles were a bit more uneven, due to differences in response rates. The most urbanized quartile included 56 counties, followed by the second quartile with 32 counties, the third quartile with 30 counties, and the fourth or least urbanized quartile with 37 counties.

The remaining eight counties were chosen from six states that did not have a county represented in the original panel (N=238). Seventy-five counties from this combined panel responded to the survey. An additional group of 90 counties was contacted which had agreed to participate in future surveys. Eighty counties in this group returned completed surveys. Thus, the total sample population included 328 counties.

The overall survey response rate is 47%, which resulted in a total sample of 155 responding counties. Figure 1 provides a breakdown by urbanization of the 155 counties that responded to the survey.

A four-page survey was mailed to the sample counties in December 1997. The survey research process included sending a follow-up reminder to all counties and a second survey to all non-respondents. In addition, follow-up telephone calls were made to all non-responding counties.

The survey requested information on several aspects of county revenue patterns. All counties were asked to provide financial data from their last full fiscal year. Detailed questions were asked about the General Fund. In addition, counties were asked to submit data on their general obligation debt and non-guaranteed (revenue) debt. Finally, information on the value of tax-exempt property within the county and on payments in lieu of taxes (PILT) was also requested.

Most, but certainly not all, counties account for revenues in other funds, including Enterprise Funds, Capital Improvement Funds, Debt Service Funds, Special Revenue Funds, Trust Funds, and other smaller funds. Enterprise Funds, which are intended to be financially self-sufficient, make use of fees and charges to finance direct services to taxpayers, such as water and sewer, garbage disposal, and mass transit. Capital Improvement Funds typically account for general tax revenues and bond funds used to finance construction and maintenance of general infrastructure. Debt Service Funds are structured to receive dedicated revenues used to make principal and interest payments on county debt. Special Revenue Funds are established as accounts for federal or state grants dedicated to financing specified projects. (An additional fund used by some governments – the Trust Fund – is established when bequests are made to a government. Such bequests frequently stipulate that the funds can be spent only for purposes specified in the bequest.)

The comprehensiveness of the county survey responses varied substantially. It is important to note that accounting practices differ substantially across counties, and that these differences probably affected the survey responses. Accounting practices are influenced by a variety of factors, including the complexity and scope of county government services, and state laws and practices. Some counties, for example, deposit their state aid revenues into the General Fund, while

others might deposit state aid in a special fund.

Many of the surveyed counties provided highly detailed, complete survey responses. Other counties submitted surveys that were incomplete. Counties were asked to send their Comprehensive Annual Financial Reports along with their surveys, which were used for purposes of verifying reported survey data. Many counties complied with this request. In addition, follow-up telephone calls were made to county officials whose surveys were in need of data verification.

Despite these efforts, Enterprise Fund data were reported by only a handful of counties; consequently, this report does not include an analysis of county Enterprise Funds or the fees dedicated to such funds. Moreover, infrequent and incomplete responses to questions related to Capital Improvement and Debt Service funds predominated among the returned surveys.

Fortunately, most counties provided good information about their General Fund revenues. An examination of current county General Funds can provide some insight into the capacity of counties to assume additional responsibilities and to raise or lower existing tax rates. Typically, the General Fund is the accounting entity through which most major operations of the governmental unit are conducted. It is the only accounting entity common to all counties. The General Fund finances most general operations of the county that are not subject to the use of special or dedicated revenue sources.

For most of the data analysis reported here, revenue measures were grouped into the four urbanization quartiles. This strategy is based on the premise that while the factors affecting county fiscal conditions vary tremendously across counties, urbanization is likely to be one of the most important determinants of county

Figure 2

	Population (1990 Census)	Percent Urban Per Capita	Income
Average	367,870	47.67	\$21,555
Median	43,531	43	\$19,917
N=355			

fiscal condition. For instance, the nation's most urbanized counties offer a much wider scope of services (e.g., transportation, extensive social service networks) relative to the less urbanized counties. In addition, the costs of providing services are presumably higher in urban counties, where congestion, social disparities, and other conditions influence the extent to which counties can deliver services efficiently. By using urbanization as an organizing principle for the analysis, revenue measures were created for purposes of comparing the most urbanized and least urbanized (most rural) counties. The intent is to discern patterns that may clarify some of the dynamics of county fiscal conditions.

It is important to note that several relevant issues emerged during the data collection process that underscores the preliminary nature of this analysis. For example, it appears that many counties report all of their federal and state aid in their General Funds, even though some of that aid may be used for capital improvements. Other counties may distinguish between aid recorded in the General Fund and aid used for capital improvements (by recording aid in the Capital Improvements Fund where applicable). Thus, while comparisons of General Fund aid levels among counties appear to compare only General Fund aid,

such comparisons may actually be comparing combined General Fund aid and aid for capital improvements. The data used for the tax limits section are particularly problematic. The sample sizes on which the conclusions for that section are based are simply too small to permit generalizable conclusions (N=54 for property tax limit findings, and N=19 for the sales tax limit findings).

CHARACTERISTICS OF THE SAMPLE COUNTIES

A total of forty-five states are represented among the 155 survey responses. One hundred nineteen (77%) of the responding counties were NACo member counties. Texas, which has more counties than any other state, generated the greatest number of respondent counties. The most populous respondent county was Los Angeles County, California with a population exceeding 8 million and the smallest was McMullen County, Texas with a population just over 800. The average population of respondent counties was 367,870, and the median population was 43,531. (The median indicates the "middle county": half of all counties report figures above the median, while half of the counties report figures below the median.)

Figure 3

Percent Urbanization	Number of Counties	Median Population	Average Population	Population High	Population Low
100 - 57	56	648,951	970,347	8,863,164	6,475
56 - 39	37	38,891	54,136	164,587	912
38 - 19	30	22,612	32,678	126,677	8,312
18 - 0	32	7,815	18,974	120,317	817

N=155

Major Survey Results

COUNTY REVENUE SOURCES AND THE GENERAL FUND

Although most counties do not have local income or sales tax authority, all counties rely to some extent on their property tax authority. The authority to levy a tax on real property (and, in some cases, on personal and/or tangible property) generates the bulk of own-source General Fund revenues. Figure 4 presents General

Fund revenue data from the sample counties. Respondents to the survey indicate that over \$71 million is generated on average from a real property tax, with an additional \$19 million collected through personal property taxes. Less than one-sixth of the responding counties reported imposing tangible property taxes, but among those that do use this tax, \$4.6 million was collected on average. The median collection levels are far lower, because many responding counties had small populations. For real property tax revenue, the median collection level is under \$6 million and for the personal property tax, the median collection level is \$1.5 million.

Approximately half the responding counties reported sales tax revenues. Among these counties, sales taxes generated \$72 million on average for county General Funds. Few of the sample counties have income tax authority. Nevertheless, \$81.4 million was generated by the average county that imposed the income tax. The median sales tax revenue figure is \$4.4 million, and for income tax it is under \$4 million.

State and federal aid provides substantial supplements to county General Funds, often exceeding levels of real and personal property tax revenue collections combined. On average,

Figure 4

	Average	Median	N
GF Real Prop. Revenue	\$71,135.68	\$5,789.00	93
GF Personal Prop. Revenue	\$19,002.93	\$1,547.00	56
GF Tangible Prop. Revenue	\$4,569.96	\$947.00	24
GF Sales Tax Revenue	\$71,773.64	\$4,411.00	74
GF Income Tax Rev./Payroll Tax	\$81,424.82	\$3,745.00	14
GF Fed. Revenue	\$36,825.19	\$715.50	108
GF State Revenue	\$78,555.72	\$2,578.00	107
GF Local Revenue	\$13,977.57	\$491.50	75
GF Fees/Charges Revenue	\$29,087.03	\$1,920.50	130
GF Other Revenue	\$26,429.32	\$1,843.00	110

federal aid provides nearly \$37 million per county, although the median federal aid level - \$715,500 - is much more modest. State aid provides an average of \$78.6 million per county, with a median level at \$2.6 million per county. Contributions from other levels of government (e.g., municipalities, townships, school districts) average approximately \$14 million per county, although the corresponding median level is less than \$500,000 per county.

Fees and charges contribute \$29 million to the General Fund, on average, with a corresponding median level of \$1.9 million. Finally, the residual revenue category -- "other" revenue -- is fairly substantial for most counties in the survey. On average, "other" revenue contributes over \$26 million per county to the General Fund, with a median contribution of \$1.8 million.

The composite General Fund financial portrait indicates that some counties have access to a diverse array of general taxing powers (property, sales, income), while others are dependent on a single revenue source (usually the property tax). However, what is certain is that all counties' General Funds rely to a significant extent on state aid, and to a much lesser extent on federal aid. Combined federal and state aid to the General Fund averages \$116 million, while combined real and personal property tax revenues provide on average \$90 million: the corresponding median amounts are \$3.3 million for federal and state aid and \$7.3 million for combined real and personal property tax revenues.

PER CAPITA OWN SOURCE GENERAL FUND REVENUE PATTERNS

Table 1 provides data on own-source General Fund revenues. General Fund revenues are comprised of collections from the following general sources:

- Property taxes (the sum of real, tangible, and personal property tax collections);
- Sales taxes (general and specific ad valorem sales tax collections);
- Income taxes (which are collected by counties in only a handful of states);
- Fees (a price for the consumption of specific services); and
- Other revenues (which cover a wide selection of other, non-specific types of General Fund revenues, including interest earnings).

General Revenue Per Capita represents the sum of each county's General Fund property, sales, and income tax collections, as well as fee and other revenue, divided by the county's population. Intergovernmental revenues in the General Fund are not included in this measure (but are discussed later in the report). Thus, general revenues reported in this table reflect primarily own-source revenues, or revenues derived from the counties' taxing and fee authority. It is important to note that tax exporting is an important component of revenue analysis. Tax exporting refers to the extent to which own source revenues are raised from non-residents. For example, sales taxes on purchases paid by non-residents reflect exported taxes because the burden of the tax is borne by non-residents. The measures reflected here do not include tax exporting, due to data limitations.

The survey results suggest that on average, \$382 per capita is generated from own-source revenues for General Fund operations in the nation's counties. When examined across urbanization quartiles, own-source general revenue per capita appears to follow a generally curvilinear pattern: the highest amounts are generated in the most urbanized counties (\$441 per capita, on average) and the least urbanized counties (\$533 per capita, on average), with moderate amounts in the two middle urbanization groups (\$243 and \$292 per capita). The pattern is similar for the median figures. The median per capita general revenue collection level is \$256 for the most urbanized counties and \$287 for the least urbanized counties. In the second and third urbanization quartiles, the medians are lower: \$172 for the counties in the second urbanization quartile and \$148 for counties in the third urbanization quartile.

There is also considerable variation in general revenue collections within urbanization quartiles. In all but one category (namely counties in the 39%-56% urbanization quartile) there are substantial differences between collection levels for counties with the lowest and highest per capita general revenue total. For example, among the most urbanized counties, general revenue per capita ranges from a low of \$70 to a high of almost \$2,345. Counties in the least urbanized quartiles demonstrated similar variations, with a difference of \$1,490 per capita (a low of \$40 and a high of \$1,530) in the third urbanization quartile (19-38%), and a difference of \$5,837 (a low of \$74 and a high of \$5,947) in the fourth quartile (0-18%). The county with the

est general revenue per capita was located in the state of Nevada. This county, which is in the least urbanized category, collected very high levels of sales tax revenues, which affect the average (but not the median) general revenue figures. These large within-category ranges are not surprising, because the greatest variation in revenue practices is expected in counties with the largest and smallest populations; that is, where population densities are likely to have the greatest effect on revenue collections and on service responsibility.

GENERAL REVENUE BURDEN

The general revenue burden measures the tax and fee burden of own-source General Fund revenues on county taxpayers. The general revenue burden is calculated as the ratio of the county's total own-source general revenues per capita (including property taxes, sales taxes, income taxes, fees and other revenues) to the county's per capita income. Thus, the measure of general revenue burden reflects the percentage of per capita income required for General Fund operations financed with own source revenues.

Table 1

Selected General Fund Statistics, All Responding Counties, by Percent Urban Population.

Percent Urban Population	Total Population	Per Capita Income	General Revenue Per Capita	General Revenue Burden
Responding Counties Mean	367,870	\$21,155	\$382	1.73%
Responding Counties Median	43,531	\$19,917	\$238	1.07%
57-100%				
Mean	953,748	\$25,442	\$441	1.71%
Median	567,358	\$24,656	\$256	1.07%
Low	6,475	\$11,582	\$70	0.40%
High	8,863,164	\$38,586	\$2,345	7.61%
39-56%				
Mean	54,497	\$19,223	\$243	1.24%
Median	38,889	\$19,322	\$172	0.89%
Low	912	\$12,455	\$38	0.25%
High	164,587	\$31,321	\$778	4.03%
19-38%				
Mean	32,697	\$19,111	\$292	1.43%
Median	22,612	\$18,808	\$148	0.86%
Low	8,312	\$14,460	\$40	0.24%
High	126,677	\$30,398	\$1,530	5.03%
0-18%				
Mean	18,974	\$17,800	\$533	2.67%
Median	7,815	\$17,306	\$287	1.80%
Low	817	\$11,886	\$74	0.37%
High	120,317	\$27,648	\$3,947	25.46%

Note: Per Capita Income data are from 1993. Percent Urban Population (1990) refers to the portion of the county's population located in urban area. General Revenue Per Capita includes all General Fund property, sales, and income tax revenue and all fees, as well as "other" revenue.

On average, between one and three percent of county residents' per capita income was used to finance General Fund operations. The mean general revenue burden was 1.73%, indicating that on average, 1.73% of a county resident's per capita income was dedicated to the county's General Fund. The median general revenue burden was 1.07%, which suggests that half of the sample counties impose general revenue burdens below this figure, while general revenue burdens exceed 1.07% in half of the counties.

General revenue burdens ranged from a low of .24% to a high of 25.46%. The highest general revenue burden among the responding counties was reported by a Nevada county that reported very high sales tax collections per capita. If this county were eliminated from the analysis, the highest burden would be 7.6%, reported by a county in Virginia.

Several counties reported relatively high general revenue burdens, ranging from 4.5% to 5.6% of per capita income. Because sales taxes may be exportable to residents of other counties, the counties that appear to impose the highest general revenue burdens is deceptive: it is very likely that a substantial portion of the sales tax collections in the highest burden county are derived from non-residents. Most of the general revenue burden, therefore, is probably not shouldered entirely by residents of the county.

The general revenue burden follows a pattern similar to that observed for general revenue per capita: the highest average general revenue burdens are found in the least and most urbanized population quartiles (1.71% and 2.67%), and lower general revenue burdens are found in the middle urbanization quartiles (1.24% and 1.43%). Variations within urbanization quartiles are highest for the most and least urban counties. In the two middle urbanization quartiles, the ranges in general revenue burden are substantial, with the highest counties' general revenue burdens over three times the burden on residents in the counties registering the lowest general revenue burden. However, in the most urbanized quartile, the highest county general revenue burden is over four times higher than the lowest county burden.

The range is greatest in the least urbanized quartile, where one county's burden is unusually high. Even

when that one county is omitted from the analysis, the range is still greatest in the most rural quartile: the highest county general revenue burden is over five times greater than the lowest county burden in the quartile.

The distribution patterns are similar for the median figures. In the highest and lowest urbanization quartiles, the median general revenue burdens are highest (1.07% and 1.80%). More moderate median general revenue burdens are reported in the two middle quartiles (.89% and .86%).

It is important to note that the average and median differences in general revenue burden across the four urbanization quartiles are not large. This suggests that counties have limited discretion in terms of the general own-source revenue burdens they impose on their taxpayers. This limited discretion may result from convergence in patterns of state revenue authority for counties (i.e., perhaps states are becoming more similar in the extent to which they authorize revenue authority for their counties), from low variation in taxpayer tolerance for burdens, or both.

COMPOSITION OF GENERAL FUND REVENUES

Table 2 provides information on the composition of county General Fund revenues. Specifically, we examine the contributions of major tax revenues and fees to total own-source General Fund revenues. For the figures reported in Table 2, General Fund revenues are calculated as the sum of property taxes, sales taxes, income taxes, and fees, but they do not include "other" revenues.

On average, property taxes contribute nearly 60% of total own-source General Fund revenues, while sales taxes provide just over 14%. Fees are a very important part of the General Fund revenue picture, contributing 14.53%, on average, to General Fund revenues. Note that in all four urbanization quartiles, fees on average contribute nearly as much or more than sales tax revenues to total General Fund revenues. In the second urbanization quartile (39.56%), fees provide a higher percentage of own-source General Fund revenues than sales taxes (15.62% is derived from fees, compared to 10.67% derived from sales taxes).

An income tax contribution measure was not included

Table 7

Summary Statistics of Selected General Fund Revenues, All Responding Counties, by Percent Urban Population.

Percent Urban Population	General Revenue Distribution			Revenue Burdens		
	Property Tax	Sales Tax	Fees	Property Tax	Sales Tax	Fees
Responding Counties						
Mean	57.86%	14.17%	14.53%	1.06%	0.26%	0.21%
Median	61.42%	1.42%	13.19%	0.62%	0.03%	0.14%
57-100%						
Mean	54.92%	16.13%	15.21%	1.02%	0.25%	0.20%
Median	59.19%	7.53%	13.71%	0.53%	0.13%	0.15%
Low	0.06%	0.00%	0.00%	0.0021%	0.00%	0.00%
High	96.70%	72.91%	52.41%	5.67%	1.47%	1.52%
39-56%						
Mean	57.19%	10.67%	15.62%	0.76%	0.12%	0.17%
Median	59.85%	0.00%	15.88%	0.53%	0.00%	0.12%
Low	13.29%	0.00%	0.00%	0.05%	0.00%	0.00%
High	89.61%	54.66%	46.57%	2.81%	0.73%	0.74%
19-38%						
Mean	57.55%	18.02%	14.99%	0.84%	0.23%	0.22%
Median	59.18%	14.43%	12.56%	0.54%	0.08%	0.13%
Low	10.22%	0.00%	0.00%	0.04%	0.00%	0.00%
High	83.93%	89.78%	47.15%	2.83%	1.34%	1.62%
0-18%						
Mean	65.44%	10.71%	11.11%	1.75%	0.52%	0.27%
Median	68.59%	0.00%	8.79%	1.13%	0.00%	0.16%
Low	8.47%	0.00%	0.00%	0.03%	0.00%	0.00%
High	100.00%	60.86%	34.06%	14.33%	10.24%	1.42%

Note: Per Capita Income data are from 1993. Percent Urban Population (1990) refers to the portion of the county's population located in urban area. General Revenue Distributions are defined as the distribution of property taxes, sales taxes, and fees as a proportion of general fund revenues. For states such as Pennsylvania, distributions will not sum to 100 because income tax distributions are not presented. Revenue Burdens are defined as the ratio of each revenue type per capita to per capita income.

among the general revenue distributions because of the fact that very few states permit county income taxes. Counties with income tax authority typically rely far less on the other three revenue sources (i.e., property, sales, and fees), relative to counties without an income tax authority.

In general, the county's reliance on property taxes to finance its General Fund operations increases as urbanization declines in the sample. For example, property

taxes contributed 54.92% to the most urbanized counties' General Funds, on average, compared to 65.44% in the least urbanized counties. On the other hand, the average county's reliance on fees to finance General Fund obligations diminishes as urbanization declines. Fees contribute on average over 15% of own-source General Fund revenues in the most urbanized counties, but only 11% on average in the least urbanized counties. The pattern is less linear for sales tax reliance, but there are still substantial differences in the extent to which

urbanized counties rely on sales tax revenues for General Fund operations. In the most urban counties, sales taxes contributed 16.12% of total general revenues, while in the least urbanized counties, sales taxes account for only 10.71% of total general revenues. In fact, for the least urbanized counties the average sales tax reliance – 10.71% – is probably overstated, due to the very high sales tax collections in one Nevada county.

This analysis of revenue burdens suggests that the average burden imposed by fees is very close to the average burden imposed by sales taxes. Revenue burdens were constructed as a ratio of each revenue source per capita

to per capita income. In the second most urbanized quartile, the average fee burden (.17% of per capita income) exceeded the average sales tax burden (.12%). Of the three principal revenue sources, property taxes continue to impose the highest burden on average – between one and two percent of per capita income, on average.

Although fees are an important source of revenue, they may be critical in filling revenue gaps created by limits on property and sales taxes. Their usefulness is compromised by the fact that among the three revenue sources discussed here, they may be the least equitable in terms of residents' ability to pay for government ser-

Table 3

Intergovernmental Aid, All Responding Counties, by Percent Urban Population.

Percent Urban Population	Total Population	Ratio IG Aid to Total General Revenue	Total IG Aid Per Capita	Federal Aid Per Capita	State Aid Per Capita	Local Aid Per Capita
57-100%						
Mean	953,748	0.413	147	35	102	10
Median	567,358	0.19	52	3	30	0
Low	6,475	0	0	0	0	0
High	8,863,164	2.805	603	285	558	122
39-56%						
Mean	54,497	0.307	83	34	40	9
Median	38,889	0.228	26	8	6	2
Low	912	0.004	1	0	0	0
High	164,587	1.568	527	511	281	59
19-38%						
Mean	32,749	0.522	160	77	74	9
Median	22,429	0.301	48	8	10	0
Low	8,312	0.007	1	0	0	0
High	126,677	3.947	1139	629	548	76
0-18%						
Mean	20,827	0.386	226	110	104	12
Median	8,033	0.309	99	9	26	1
Low	817	0	0	0	0	0
High	120,317	2.337	1561	1185	1153	81

Notes: Per Capita Income data are from 1993. Percent Urban Population (1990) refers to portion of the county's population located in urban areas. General Revenue Per Capita includes all general fund property, sales, and income tax revenue and all fees. IG Aid Per Capita is the sum of federal, state, and local aid per capita.

nces. Property taxes reflect resident property wealth, and sales taxes are based on consumption. Property wealth and consumption increase as individual income rises. Fees, however, have a weaker relationship to income or ability to pay. Consequently, extensive reliance on fee revenues may pose hardships on some of the county's poorest residents, depending on the services funded by those fees and charges.

INTERGOVERNMENTAL AID

The more complex the county accounting system, the more likely that state and federal funds are separated into special or specific accounts. Less complex systems will tend to deposit federal and state funds into one account - usually the General Fund. Consequently, comparisons across counties on federal aid or on state aid cannot be interpreted to mean that state aid in one county is greater than in another (because of the possible existence of multiple funds in one county and single intergovernmental funds in others). Instead, we suggest that the differences may be due merely to accounting artifacts.

Table 3 provides data on intergovernmental aid deposited in the General Fund, and used in part to finance general county operations. The table includes a measure of county reliance on intergovernmental aid, which is defined as the ratio of total (federal, state and local) intergovernmental aid to total own source General Fund revenues (the sum of property, state, and income taxes, and fee and "other" revenues).

On average, the ratios for the urbanization quartiles range between .307 and .522, indicating that total intergovernmental aid reflects between 31% and 52% of total own-source General Fund revenue collection. Thus, for the average sample county, intergovernmental aid provides roughly 40% more than own-source revenues in the General Fund.

Table 3 also includes per capita measures of federal aid, state aid, and local aid. Total Intergovernmental Aid Per Capita is the sum of all three aid sources per capita. On average, counties currently receive \$148 per capita in total intergovernmental aid. Of that total, \$55 is received from the federal government. State aid is the largest component of intergovernmental aid, averaging \$83 per capita, while local intergov-

ernmental aid averages \$10 per capita.

Figure 5

	Average	Median
General Obligation Debt Outstanding	\$114,641,000	\$6,390,000
Non-guaranteed Debt Outstanding	\$116,439,000	\$264,000
Annual General Obligation Principal and Interest Payments	\$15,922,000	\$770,000
Annual Non-guaranteed Principal and Interest Payments	\$17,302,000	\$212,500

DEBT

Figure 5 provides data on the sample counties' debt. Average county general obligation debt outstanding amounts to \$114.6 million, which is close to the level of average non-guaranteed (or revenue) debt outstanding, \$116.5 million. Of the counties reporting general obligation debt outstanding, only half have also issued non-guaranteed debt. (Non-guaranteed debt includes issues for such activities as pollution control, hospital, water and sewer, and mass transit. Generally, fees generated by the enterprise retire the bonds issued to construct or renovate facilities and/or equipment.) Median general obligation and non-guaranteed debt levels (\$6.4 million and \$264,000, respectively) are much lower than the average levels.

The average county principal and interest payment on general obligation debt is \$15.9 million per year, while the average non-guaranteed debt principal and interest payment totaled \$17.3 million per year. Median principal and interest payment on general obligation debt levels (\$770,000 and \$212,000, respectively) are much lower than the average levels.

Table 4 provides information on debt and principal and interest payments per capita, debt and principal and interest payments as they relate to general revenues,

and debt and debt payment burdens. The average county debt per capita is \$334, and the median debt per capita is \$140.

Average total debt outstanding (general obligation and non-guaranteed debt combined) per capita declines as

urbanization decreases, from levels of \$500 for residents of the most urbanized counties to \$172 for residents of the most rural counties. (Note that this pattern is repeated for median per capita debt levels across the urbanization quartiles, declining from \$317 to \$18.) The average county debt burden, defined as the ratio of

Table 4
Selected Debt Statistics, All Responding Counties, by Percent Urban Population.

Percent Urban Population	Burdens					Debt Ratios		
	General Revenue Per Capita	Total Debt Outstanding Per Capita	Annual Principal & Interest Payments Per Capita	Debt Outstanding Burden	Annual Principal & Interest Burden	GO Debt Outstanding to Total General Revenue	Total Debt Outstanding to Total General Revenue	Annual Principal & Interest Payments to Total General Revenue
Responding Counties								
Mean	\$382	\$334	\$38	0.0145	0.0016	0.9437	1.1439	0.1208
Median	\$238	\$140	\$19	0.0073	0.0009	0.5191	0.7466	0.0933
57-100%								
Mean	\$441	\$500	\$59	0.0197	0.0022	1.0004	1.2755	0.1422
Median	\$256	\$317	\$35	0.0111	0.0014	0.7754	1.0105	0.1201
Low	\$70	\$0	\$0	0.0000	0.0000	0.0000	0.0000	0.0000
High	\$2,345	\$1,536	\$317	0.1231	0.0137	4.7937	5.0348	0.5010
39-56%								
Mean	\$243	\$288	\$28	0.0138	0.0013	1.3613	1.5209	0.1369
Median	\$172	\$141	\$18	0.0079	0.0008	0.5594	0.8510	0.0922
Low	\$38	\$0	\$0	0.0000	0.0000	0.0000	0.0000	0.0000
High	\$778	\$1,895	\$93	0.0853	0.0048	13.4381	13.4381	0.7581
19-38%								
Mean	\$292	\$204	\$25	0.0100	0.0012	0.4777	0.5668	0.0767
Median	\$148	\$71	\$4	0.0035	0.0002	0.2812	0.5048	0.0208
Low	\$40	\$0	\$0	0.0000	0.0000	0.0000	0.0000	0.0000
High	\$1,530	\$1,063	\$145	0.0484	0.0062	2.3801	2.3801	0.6853
0-18%								
Mean	\$533	\$172	\$24	0.0087	0.0012	0.6798	0.8770	0.0879
Median	\$287	\$18	\$5	0.0014	0.0003	0.0000	0.1526	0.0183
Low	\$74	\$0	\$0	0.0000	0.0000	0.0000	0.0000	0.0000
High	\$5,947	\$1,284	\$190	0.0564	0.0079	7.2666	10.6803	0.6852

Note: Per Capita Income data is from 1993. Percent Urban Population (1990) refers to portion of the county's population located in urban area. General Revenue Per Capita includes all general fund property, sales, and income tax revenue and all fees, as well as "other" revenue, per capita. Burdens are defined as the ratio of per capita debt to per capita income and principal and interest payments per capita to per capita income.

per capita debt (combined general obligation and non-guaranteed debt) to per capita income, is 1.45%, with a median burden of .73%. Among the sample counties, debt burdens increase as urbanization decreases, indicating that residents of the least urbanized counties devote more income to debt, compared to residents of more urbanized counties.

The average ratio of general obligation debt outstanding to total own-source General Fund revenues is .9437 for the responding counties, indicating that general obligation debt outstanding levels approximate 94% of total General Fund own-source revenues. However, the averages are far lower for the less urbanized counties, with ratios of .4777 in the third quartile and .6798 in the fourth, or least urbanized, quartile. For the most urbanized counties, total general obligation and non-guaranteed debt outstanding exceed annual General Fund revenue collections (ratio = 1.2755).

The median ratio of general obligation debt outstanding to total own-source General Fund revenues is .5191. These ratio medians decrease as urbanization declines. In the most urbanized counties, the median is .7754, indicating current outstanding general obligation debt levels approximately 78% of General Fund own-source collection totals. In the least urbanized quartile, the median ratio is 0, which indicates that half of the counties have no outstanding general obligation debt.

STATE IMPOSED TAX LIMITATIONS

Tables 5 and 6 provide information about state imposed limits on county property and sales taxes. One hundred and four counties of the 155 responding counties were subject to property tax limits. Thirty-one of these counties are in states that limit property tax collections through some mechanism other than a simple rate limit, which precludes an analysis of authorized rate use by counties. Of the 73 remaining counties, 54 provided property tax rate information in the survey.

Nine states in the sample impose no county sales tax limits. Seventeen of the states prohibit county sales tax, and two states permit the use of sales taxes for only a few designated counties within their borders. Sixteen states impose limits on county sales taxes. These lim-

Table 5

Summary, Property and Sales Tax Limits for Responding Counties.

	Number of Responding Counties	Percent of Responding Counties
Subject to Property tax rate limits	73	47%
Special limits	31	20%
No property tax limits	51	33%
No sales tax permitted	46	30%
Subject to sales tax limits	62	40%
No sales tax limits	46	30%

its, which are expressed in ad valorem rates, range from .5% to 6%.

Of the counties in the sample, 46 (or 29.6%) are not permitted to use the sales tax, while 62 (or 40%) are subject to state imposed sales tax limits. Forty-six counties (29.6% of the sample) face no state sales tax limits at all.

Table 7 summarizes information on county General Fund real property tax rates and on county property tax limits for the responding counties. Of the 104 counties that are affected by property tax limits, 73 are subject to property tax rate limits. Unfortunately, only 54 of those 73 counties reported actual property tax rate information in the survey. For this 54 county sub-sample, we were able to calculate the Ratio of Rate to Limits (defined as the ratio of actual property tax rate to state authorized property tax rate). This measure indicates the extent to which counties are currently using legal property tax authority. However, because this measure is based on a very small sub-sample, the figures in Table 7 should be interpreted with caution.

Table 6
State Tax Limits on County Property and Sales Taxes.

State	State Limits on County Property Taxes	State Limits on County Sales Taxes
Alabama	Limit 5 mills for general purpose and up to 2.5 mills for debt service	No state limit
Alaska	Limited to 30 mills for General operating	No state limit
Arizona	Maximum taxes collected from residential property limited to 1% of full cash value; statutory limit of 2% per year based on formula incorporating counties' prior year tax rates	No state limit
Arkansas	General purpose = 5 mills; highway/roads = 3 mills	1%
California	General = maximum 1% property tax base (= 1% of appraised value less exemptions)	Because counties receive a share of the state sales tax, there is no state limit
Colorado	Inflation index limit (constitutional) and growth, or property tax revenue levy limit of 3.5% annual growth limit (statutory); whichever is less	0.50%
Delaware	Limited to 15% of prior year revenues	No county sales tax
Florida	General ad valorem property = 10 mills; assessment limited to the lower of 3% annual or CPI	No state limit
Georgia	No state limit	2%; 2 counties have a 3% tax limit due to mass-transit tax (these are the metro-Atlanta counties of Fulton & DeKalb)
Hawaii	No state limit	No county sales tax
Idaho	Limited to 13 mills	No county sales tax
Illinois	Varying limit according to county population categories and "home rule status"; property tax increase limited to 3% or CPI whichever is less	Only Cook County has a county sales tax
Indiana	Limits growth of revenue to average increase in assessed value over previous 3 years	No county sales tax
Iowa	General = 3.50 mills on assessed valuation; assessment increase limited to 4%	1%
Kansas	General = there is no specified rate limit; rather, an aggregate dollar levy limit varies for each county, based on 1988-89 levy rates with adjustments	1%
Kentucky	Limited to 5 mills; revenue growth limited to 4%	No county sales taxes
Louisiana	General = 4 mills (3 mills in Orleans, and 5 mills in Jackson); after reassessment revenue shall not exceed amount collected in prior year	4%
Maine	No county property tax; county shares a portion of city property taxes that lie within their borders	No county sales tax
Maryland	10% limit on assessed value increases	No county sales tax
Michigan	General = 50 mills for uncharted counties subject to voter approval; after reassessment revenue shall not exceed amount collected in prior year accounting for inflation	No county sales tax
Minnesota	Revenue limit of 3%	No county sales tax
Mississippi	Limited to 10% growth in any of the preceding 3 years, subject to voter override	No county sales tax
Missouri	After reassessment revenue shall not exceed amount collected in prior year accounting for inflation or 5% whichever is less. Counties with assessed valuation greater than \$300 million limited to 3.5 mills others limited to 5 mills	No state limit
Montana	Limited to 55 mills (all-purpose levy); property must be taxed at 1986 cap or the product of taxable value and mills levied whichever is less	No county sales tax
Nebraska	Limited to 5 mills at 35% of assessed value; tax revenues limited to 5% growth	No county sales tax
Nevada	Revenue growth limited to 6% increase	.25 to .50%
New Mexico	Limit of 11.85 mills on property; levies may not increase over 5% from previous year; and assessment increase limited to 5%	No information supplied

State	State Limits on County Property Taxes	State Limits on County Sales Taxes
New York	Limit of 15 mills, may be increased to 20 mills with two-thirds majority vote; assessment increase limit for Nassau and New York City to 6-8% depending on class	No state limit
North Carolina	Limit of 15 mills	2%
North Dakota	General = 23 mills, levy limited to 4% growth over highest of three previous years	No county sales tax
Ohio	10 mill total limit, shared between counties, cities, townships and schools	1%
Oklahoma	Maximum statewide rate limited to 1.5%	2%; note: 2 counties in the state have a 1% cap based on their population size (large)
Oregon	In 1990, permanent property tax rates were set by the legislature that varied across counties.	No county sales tax
Pennsylvania	Limits vary between 25-30 mills according to county classifications; additional 5 mills available by court appeal; after reassessment revenue shall not exceed 105% to 110% of amount collected in prior year depending upon county classification	Only 1 county has sales tax (Allegheny) with a limit of 1% (legislative)
South Carolina	No state limit; Note: during years in which there is a reappraisal, there is a reassessment of growth limit	1%; certain counties are approved by the legislature for a 2% limit
South Dakota	Limited to 12 mills, 1995 Tax Limitation Program limits growth to the Consumer Price Index (legislative)	No county sales tax
Tennessee	No state limit	3%, with legislative stipulation that 1/2 of the sales tax be used for education
Texas	8 mills general levy and 3 mill for roads and flood control, with additional 1.5 mills for roads with voter approval; after reassessment revenue shall not exceed 108% of amount collected in prior year	2%, shared between counties and cities within certain perimeters (taxing districts)
Utah	Counties with taxable value greater than \$100 million limited to 16 mills, under \$100 million limited to 18 mills	1%
Vermont	No state limit	No county sales tax
Virginia	No state limit; Note: during years in which there is a reappraisal, there is a reassessment of growth limit	No state limit
Washington	Limited to 9.5 mills; property tax revenue increase limited to 100% of highest amount levied in past three years	1.70%
West Virginia	Limits based on county classification; Class I 1.4 mills, Class II 2.86 mills, Class III, IV 5.72 mills (includes debt service); after reassessment revenue shall not exceed 101% of amount collect over the prior year, and tax rate may not cause revenue to increase by more than 110% over the prior year	No county sales tax
Wisconsin	General purpose tax rate limited to no more than FY1993 property tax rate	0.50%
Wyoming	Limited to 12 mills	No state limit

Note: Included in this table is data for the 45 states for which county revenue data were collected. Information in this table was supplied by telephone interviews with officials from the appropriate state office, and supplemented by US Advisory Commission on Intergovernmental Relations, Tax and Expenditure Limits on Local Governments (Washington, DC: ACIR, March 1995)

"No state limit" indicates that the state imposes no limits on counties.

"No county sales tax" indicates that the state does not allow a county sales tax.

MAJOR SURVEY RESULTS

The results of the sub-sample data suggest that many counties are taxing property at the highest rate allowed by state law. Fourteen of the 54 county sub-sample (26%) are using their full property tax authority, indicating that they are unable to legally raise any more property tax revenue than they currently collect. Twenty counties in the sub-sample (37%) are using at least half of their state property tax authority.

Among all 54 counties in the sub-sample, 38% of allowable property tax authority is currently used for General Fund operation purposes, on average. The average General Fund real property mill levy among the counties in the overall 155 county sample is 5.839 mills (or .5839% of assessed real property value).

Table 7 also provides information on county sales tax limits for respondent counties. Of the 62 sample coun-

Table 7
County Property and Sales Tax Use and State Imposed Limits.

Percent Urban Population	State Imposed Property Tax Limits	Actual Property Tax Rate	Ratio of Rate to Limit	State Imposed Sales Tax Limit	Actual Sales Tax Rate	Ratio of Rate to Limit
Responding Counties						
Mean	15.87	5.839	0.380	0.94	1.40	0.69
Median	10.00	1.28	0.108	0.54	1.00	0.65
57-100%						
Mean	13.38	3.881	0.369	1.04	1.00	0.83
Median	10.00	1.105	0.094	1.00	1.00	1.00
Low	1.00	0.008	0.003	0.00	0.28	0.25
High	50.00	53.000	1.000	3.00	2.75	1.00
39-56%						
Mean	18.23	7.544	0.337	0.58	3.45	N/A
Median	10.00	2.195	0.108	0.00	4.00	N/A
Low	0.00	0.008	0.008	0.00	1.00	N/A
High	50.00	47.041	1.000	2.00	7.00	N/A
19-38%						
Mean	13.80	4.245	0.551	1.31	0.85	0.73
Median	5.00	1.610	0.720	1.00	1.00	1.00
Low	1.00	0.012	0.031	0.00	0.28	0.14
High	95.00	39.300	1.000	6.00	1.00	1.00
0-18%						
Mean	20.31	9.301	0.306	0.47	1.34	0.76
Median	11.25	1.000	0.111	0.00	1.00	0.82
Low	1.00	0.009	0.001	0.00	0.50	0.29
High	95.00	85.300	1.000	2.00	6.00	1.00

Note: N=54 for the property tax portion of the table. Property tax rates are expressed in mills (or .001% of assessed property value). N=18 for the Ratio of Actual to Allowable Sales Tax Rate. Although the "high" row for the overall sample reports rate, some states impose no limits at all, which would imply a limit of infinity.

which are subject to state imposed sales tax limits, 30%) provided information on their actual current sales tax rate. Of those 19 counties, 9 (47%) are using their full sales tax authority. On average, counties in the 19 county sub-sample are using 69% of their available sales tax authority. The data in Table 7 suggest the extent to which counties use their full state sales tax authority increases as urbanization decreases. Although the sub-sample is too small for us to draw a conclusion, these data suggest that rural counties are likely to use higher percentages of their full state sales tax authority, relative to urban counties. If this conclusion is valid, one implication is that rural county sales tax burdens could be exacerbated by the fact that sales tax exporting is probably less prevalent among rural counties. In other words, it is likely that urban counties are better positioned to collect sales tax revenues from out-of-county residents, relative to rural counties, thereby reducing the burden shouldered by county residents.

In addition, it is important to exercise some caution: the analysis in this section focuses on local Fund property and sales taxes only, and therefore understates the extent to which counties are using their authorized tax levels. Counties may collect property taxes for other funds as well (i.e., for Social Service and Capital Improvement Funds).

Because of the limited data on the other funds, and because of the small size of the sub-sample used for this part of the analysis, the findings reported in this section of the report are limited.

PAYMENTS IN LIEU OF TAXES (PILT)

A limited number of counties completed requested information on payments in lieu of taxes (PILT) made by owners of tax-exempt property (i.e., federal and state governments, local governments, and non-profit organizations). According to the data presented in Table 8, only 42 of the 155 sample counties reported that their jurisdiction included tax-exempt property. However, of these 42 counties, half received PILTs for at least some of their tax-exempt property. The figures which follow are based on this sub-sample of 42 counties.

On average, exempt property values exceeded \$1 million per county. The vast majority of identifiable tax-exempt property was owned by non-governmental organizations. It is likely that most of these organizations are private, non-profits such as private educational institutions, religious institutions, hospitals, and service organizations. It is also possible that "other" tax-exempt property may include public educational institutions, such as county funded community colleges, elementary and secondary public schools, etc. Counties received \$11,689 in PILT revenue, on average, although for counties reporting some federally exempt property, PILTs averaged \$367,116.

One observation that can be drawn from these survey results is that states can alleviate fiscal pressure on counties by providing PILTs for their own property, and by giving counties authority to obtain appropriate revenue levels from private non-profit property owners who are exempt from paying property taxes. Since combined state and non-governmental exempt property accounts for 92% of exempt property reported by the responding counties, PILTs from these property owners are particularly important to counties.

Table 8
Selected Information on Tax Exempt Property and Payments in Lieu of Taxes (PILTs) to Counties

Counties Reporting Exempt Property	42
Counties Reporting PILTs for Exempt Property	21
Average Value of Exempt Property	\$1,350,598
Federally exempt property, % which is federal	8
Federally exempt property, % which is state	35
Federally exempt property, % which is other	57
Average total PILT revenue	\$11,689
Average federal PILT revenue for counties reporting federally exempt property	\$367,116

Appendix A:

List of Sample Counties Responding to the Survey

AK	KENAI	A	GA	BULLOCH	G	LA	LA SALLE	L	
AL	BALDWIN		GA	CHATHAM		GA	FAYETTE	M	
AL	DALLAS		GA	FULTON		GA	STEPHENS		
AL	MARION		H	HI		HAWAII	I		MD
AR	BAXTER			HI	KAUAI	MD			DORCHESTER
AR	FRANKLIN			C	LA	ADAIR	MD		HARFORD
AR	LAFAYETTE				LA	ALLAMAKEE	MD		SOMERSET
AZ	GILA				LA	BENTON	MD		WASHINGTON
AZ	LA PAZ				LA	DAVIS	ME		AROSTOOK
AZ	MARICOPA		LA		WAPELLO	ME	YORK		
AZ	YAVAPAI	ID	CANYON		MI	CHIPPEWA			
CA	ALAMEDA	ID	VALLEY		MI	EATON			
CA	LOS ANGELES	ID	WASHINGTON		MI	KALAMAZOO			
CA	ORANGE	IL	BROWN	MI	KALKASKA				
CA	PLUMAS	IL	BUREAU	MI	ELICE				
CA	SAN DIEGO	IL	COOK	MI	OAKLAND				
CA	SIERRA	IL	HANCOCK	MN	HENNEPIN				
CA	SISKIYOU	IL	JASPER	MN	HOUSTON				
CO	DOUGLAS	IN	ADAMS	MN	RAMSEY				
CO	EAGLE	IN	JEFFERSON	MN	STEVENS				
DE	SUSSEX	D	KS	RENO	K	MO	HICKORY		
FL	BROWARD			KY		BOONE	MO	LAWRENCE	
FL	DADE			KY		ROWAN	MO	ST. LOUIS	
FL	HILLSBOROUGH	F	NC	DAVIDSON	N	MS	ADAMS		
FL	LAKE			MS		LAWRENCE	MT	GALLATIN	
						ME	GOLDEN VALLEY		
						MS	PHILLIPS		
						MT	SHERIDAN		

List of Sample Counties Responding to the Survey

Continued

<p>N</p> <p>DURHAM MOORE VANCE WAKE DUNN RICHLAND CASS PERCE MONROE HARDING VALENCIA CHURCHILL DOUGLAS EUREKA MINERAL ERIE NASSAU SUFFOLK</p>	<p>P</p> <p>PA BEDFORD PA LEBANON PA LEHIGH PA LYCOMING PA PHILADELPHIA</p> <p>S</p> <p>SC BERKELEY SC LAURENS SD CAMPBELL SD CLAY SD HARDING</p> <p>T</p> <p>TN JEFFERSON TN SHELBY TX BASTROP TX BEE TX BEXAR TX DALLAS TX FORT BEND TX FRANKLIN TX HARDIN TX HARRIS TX MCMULLEN TX PARKER TX PECOS TX TARRANT TX DEWITT</p>	<p>V</p> <p>VA BRISTOL CITY VA CHESTERFIELD VA FAIRFAX VA LOUDOUN VA ROCKINGHAM VT ORANGE VT RUTLAND VT WINDSOR</p> <p>W</p> <p>WA JEFFERSON WA KING WA LEWIS WA SKAMANIA WI DANE WI FOREST WI MILWAUKEE WI PEPIN WV LEWIS WY LINCOLN WY NIOBRARA</p>
<p>O</p> <p>CLYDE FRANKLIN FULTON GREENE SCIOTO WARREN MCCLELLAN PAWNEE PAYNE ROGER MILLS COOS DESCHUTES NICOLIN</p>	<p>U</p> <p>VT DUCHESNE</p>	

Appendix B:

Sample Counties Responding to the Survey Grouped by Urbanization Quartile

Group 1: 100% to 57% Urbanization

State	County	Population	% Urban	State	County	Population	% Urban
CA	ALAMEDA	1,279,182	100	MI	OAKLAND	1,083,592	90
VA	BRISTOL CITY	18,426	100	NY	ERIE	968,532	89
IL	COOK	5,105,067	100	FL	HILLSBOROUGH	834,054	89
OH	CUYAHOGA	1,412,140	100	NC	DURHAM	181,835	85
TX	DALLAS	1,852,810	100	TX	FORT BEND	225,421	85
NY	NASSAU	1,287,348	100	VA	CHESTERFIELD	209,274	
CA	ORANGE	2,410,556	100	OH	GREENE	136,731	
PA	PHILADELPHIA	1,585,577	100	PA	LEHIGH	291,130	61
MN	RAMSEY	485,765	100	WI	DANE	367,085	80
MO	ST. LOUIS	993,529	100	SD	CLAY	13,186	76
WI	MILWAUKEE	959,275	100	NC	WAKE	423,380	76
FL	BROWARD	1,255,488	99	MI	KALAMAZOO	223,411	74
FL	DADE	1,937,094	99	NM	DONA ANA	135,510	74
OH	FRANKLIN	961,437	99	OK	PAYNE	61,507	71
MN	HENNEPIN	1,032,431	99	MD	HARFORD	182,132	70
CA	LOS ANGELES	8,863,164	99	VA	LOUDOUN	86,129	69
TX	TARRANT	1,170,103	99	IA	WAPELLO	35,687	69
VA	FAIRFAX	818,584	98	NM	VALENCIA	45,235	68
TX	HARRIS	2,818,199	97	AZ	YAVAPAI	107,714	66
GA	FULTON	648,951	96	SC	BERKELEY	128,776	65
AZ	MARICOPA	2,122,101	96	NV	MINERAL	6,475	64
TN	SHELBY	826,330	96	KS	RENO	62,389	63
NY	SUFFOLK	1,321,864	96	OH	WARREN	113,909	63
GA	CHATHAM	216,935	95	KY	BOONE	57,589	61
CA	SAN DIEGO	2,498,016	95	CO	DOLUGLAS	60,391	60
TX	BEXAR	1,185,394	94	TX	PECOS	14,675	58
WA	KING	1,507,319	94	AL	DALLAS	46,130	57
MD	BALTIMORE CITY	692,134	91				

Sample Counties Responding to the Survey Grouped by Urbanization Quartile

Continued

Group 2: 56% to 39% Urbanization

State	County	Population	% Urban	State	County	Population	% Urban
MD	WASHINGTON	121,393	56	NV	DOUGLAS	27,637	45
MS	ADAMS	35,356	55	OR	LINCOLN	38,889	45
HI	KAUAI	51,177	55	MT	GOLDEN VALLEY	912	43
TX	BEE	25,135	54	FL	LAKE	152,104	43
PA	LYCOMING	118,710	54	OH	SCOTO	80,327	43
ND	WASHINGTON	8,550	54	ME	AROOSTOOK	86,936	42
MN	STEVENS	10,634	53	MI	CHIPPEWA	34,604	42
ID	CANYON	90,076	52	OH	FULTON	38,498	42
OR	COOS	60,273	52	PA	LEBANON	113,744	42
MT	GALLATIN	50,463	52	MN	HOUSTON	18,497	41
IN	JEFFERSON	29,797	52	MO	LAWRENCE	30,236	41
AK	KENAI	40,802	51	KY	ROWAN	20,353	41
MI	EATON	92,879	51	NC	VANCE	38,892	41
AZ	GILA	40,216	51	IN	ADAMS	31,095	39
ME	YORK	164,587	50	AL	BALDWIN	98,280	39
WA	JEFFERSON	20,146	48	TX	BASTROP	38,263	39
ND	RICHLAND	18,148	48	MD	DORCHESTER	30,236	38
TX	DEWITT	18,840	47	GA	BULLOCH	43,125	37
GA	FAYETTE	62,415	46	OR	DESCHUTES	74,958	37

Sample Counties Responding to the Survey Grouped by
Urbanization Quartile

Continued

Group 3: 38% to 19% Urbanization

State	County	Population	% Urban	State	County	Population	% Urban
NV	CHURCHILL	17,938	36	IA	ALLAMAKEE	13,855	29
TX	HARDIN	41,320	36	AR	BAXTER	31,186	29
GA	STEPHENS	23,257	36	CO	EAGLE	9,646	29
IA	BENTON	22,429	35	WV	LEWIS	17,223	29
IL	BUREAU	35,688	35	NC	MOORE	59,013	29
OK	MCCLAIN	22,795	35	VT	RUTLAND	62,142	29
NC	DAVIDSON	126,677	32	TX	PARKER	64,785	26
SC	LAURENS	58,092	32	WY	LINCOLN	12,625	24
WA	LEWIS	59,358	32	AR	FRANKLIN	14,897	22
IA	DAVIS	8,312	31	CA	PLUMAS	19,739	22
UT	DUCHESNE	12,645	31	AZ	LA PAZ	13,844	21
AL	MARION	29,830	31	LA	LA SALLE	13,662	20
CA	SISKIYOU	43,531	31	OK	PAWNEE	15,575	20
NE	CASS	21,318	30	MD	CECIL	71,347	19
IL	JASPER	10,609	30	TN	JEFFERSON	33,016	17

Sample Counties Responding to the Survey Grouped by
Urbanization Quartile

Continued

Group 4: 18% to 0% Urbanization

State	County	Population	% Urban	State	County	Population	% Urban
DE	SUSSEX	113,229	14	MO	HICKORY	7,335	0
MD	SOMERSET	23,440	12	MI	KALKASKA	13,497	0
VT	WINDSOR	54,055	12	AR	LAFAYETTE	9,643	0
TX	FRANKLIN	7,802	8	MS	LAWRENCE	12,458	0
PA	BEDFORD	47,919	7	MI	LUCE	5,763	0
VA	ROCKINGHAM	57,482	7	TX	MCMULLEN	817	0
IA	ADAIR	8,409	0	WY	NIOBRARA	2,499	0
IL	BROWN	5,836	0	VT	ORANGE	26,149	0
SD	CAMPBELL	1,965	0	WI	PEPIN	7,107	0
ND	DUNN	4,005	0	MT	PHILLIPS	5,163	0
NV	EUREKA	1,547	0	NE	PIERCE	7,827	0
WI	FOREST	8,776	0	OK	ROGER MILLS	4,147	0
IL	HANCOCK	21,373	0	MT	SHERIDAN	8,239	0
NM	HARDING	987	0	CA	SIERRA	3,318	0
SD	HARDING	1,669	0	WA	SKAMANIA	8,289	0
HI	HAWAII	120,317	0	ID	VALLEY	6,109	0

The Research Division, a division within the County Services Department, proudly presents this study of county revenue patterns. The mission of the Research Division is to provide the information and research necessary to support and enhance the administration of county government in the United States. The division conducts annual surveys of county governments, writes research briefs, maintains model county program information, and serves as a clearinghouse of technical assistance and information for county officials and other interested groups. The division also coordinates and administers three annual awards programs and one scholarship program: the Achievement Awards Program, the Multicultural Diversity Program, the Award for Excellence (Disability Award Program), and the Wesley A. Masto Scholarship.

The County Services Department, or CSD, is the largest and most diverse department at NACo. From economic development and civic participation, to environmental quality and housing, CSD has the training and expertise to support you in meeting your county's needs. We encourage you to utilize our wide range of resources including technical assistance, best practice guides, research support, peer-to-peer contacts, training seminars, conferences, and program development advice.

Overview of City Budget Issues
For The Taxation and Finance
Subcommittee

Laura S. Gill
Budget and Management
Services Director
August 25, 1999



Presentation Contents

- Budget Preparation
- Budget Adoption
- FY 1999-2000 Budget Information
- Future Issues
- Capital Improvement Plan
- BMS Functions

Budget Preparation And Adoption



Budget Focus

- Program-Based Budget _____
- How do programs fit with community goals?
- Are programs:
 - Effective
 - Efficient
 - Responsive



Two-Year Budget Cycle

- Prepare two-year budget that coincides with Council composition
 - One-half of City Council and Mayor are elected every two years
 - Adopt annual budget (State Requirement)

Budget Preparation

- Step One : Gather Citizen Input
 - Phone Survey
 - Focus Groups
 - January Public Hearing
 - Newspaper Advertisements
 - “Coffees with Council”
 - Newspaper advertisements
 - E-mail

Budget Preparation

- Step Two: Inform City Council
 - “state of City” update on current year budget and operations
 - Revenue Projections for next fiscal year
 - review of citizen input received to date



Budget Preparation

- Step Three: Receive Council Direction
 - Affirm existing or adopt new community goals
 - service levels, funding sources
 - examples: add/delete service, “no tax increase”



Budget Preparation

- Step Four: Prepare Manager's Recommended Budget
 - Manager issues instructions to departments
 - Departments submit budget requests, service plans, and performance indicators
 - Manager modifies requests to match estimated revenues and presents budget to City Council

Budget Review

- City Council reviews proposed budget
 - Finance Committee reviews and amends proposed budget
 - Council holds formal public hearing as required by law
- Council approves budget ordinance & tax rate by July 1

FY 1999-2000 Budget Information



FY 1999-2000 Budget Overview

- \$221.3 Million
 - (Net of transfers and internal charges)
- 2,116 positions
 - 11.91 positions per 1,000 population
 - 75 positions added from prior year (50% Police or Grants)

Major FY 2000 Issues

- Police-Related Changes
 - 4 months for Domestic Violence Unit
 - add 12 officers (non-grant funded)
 - add 20 officers (grant-funded)
 - equipment: grant-funded positions
 - vehicle maintenance

Major FY 2000 Issues

- Public Works Improvements
 - street resurfacing improvements
 - street marking improvements
 - net increase in ROW mowing
 - GIS/planimetric mapping

Major FY 2000 Issues

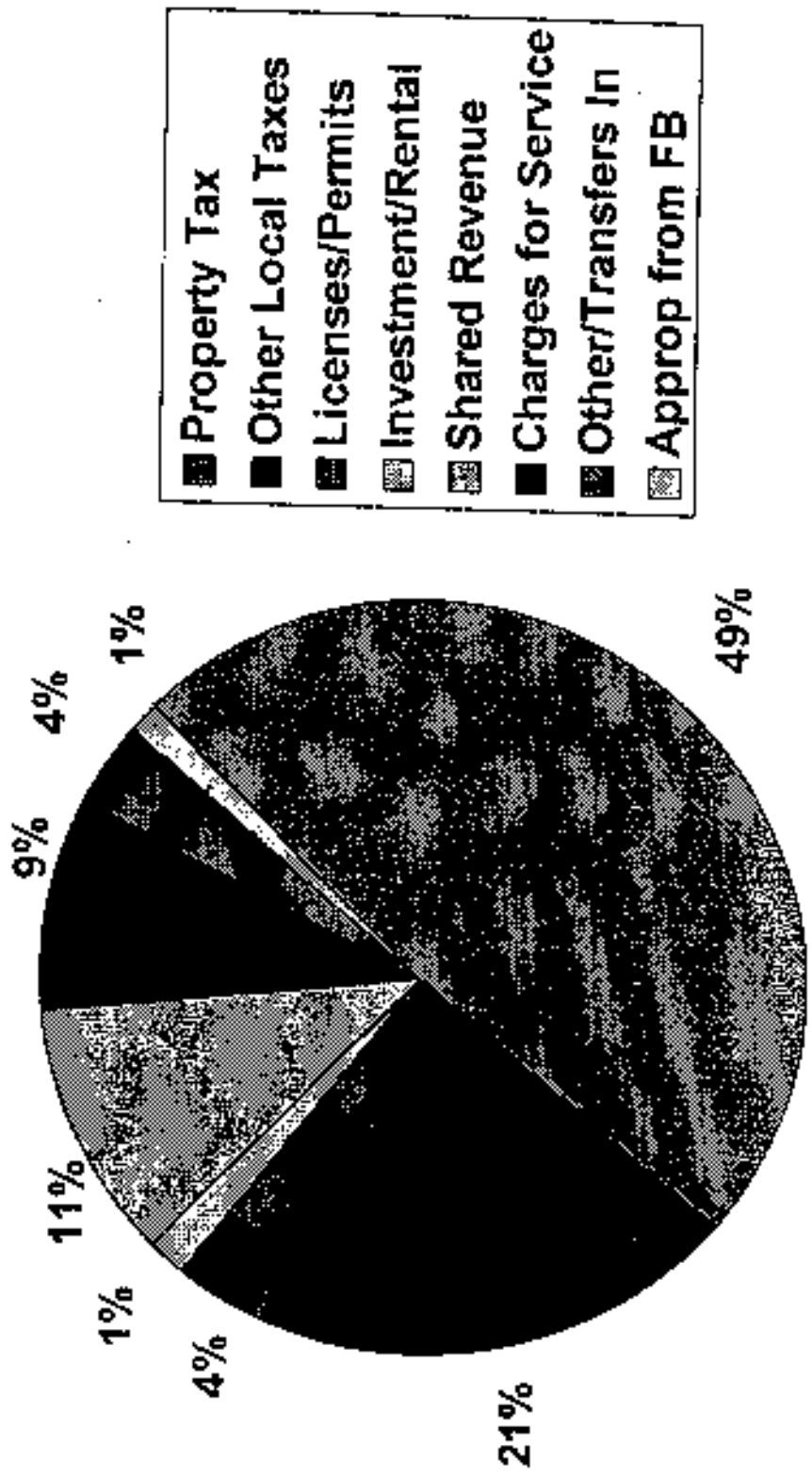
- Employee Compensation:
 - normal growth
 - pay improvements
 - structure adjustment
 - merit adjustment



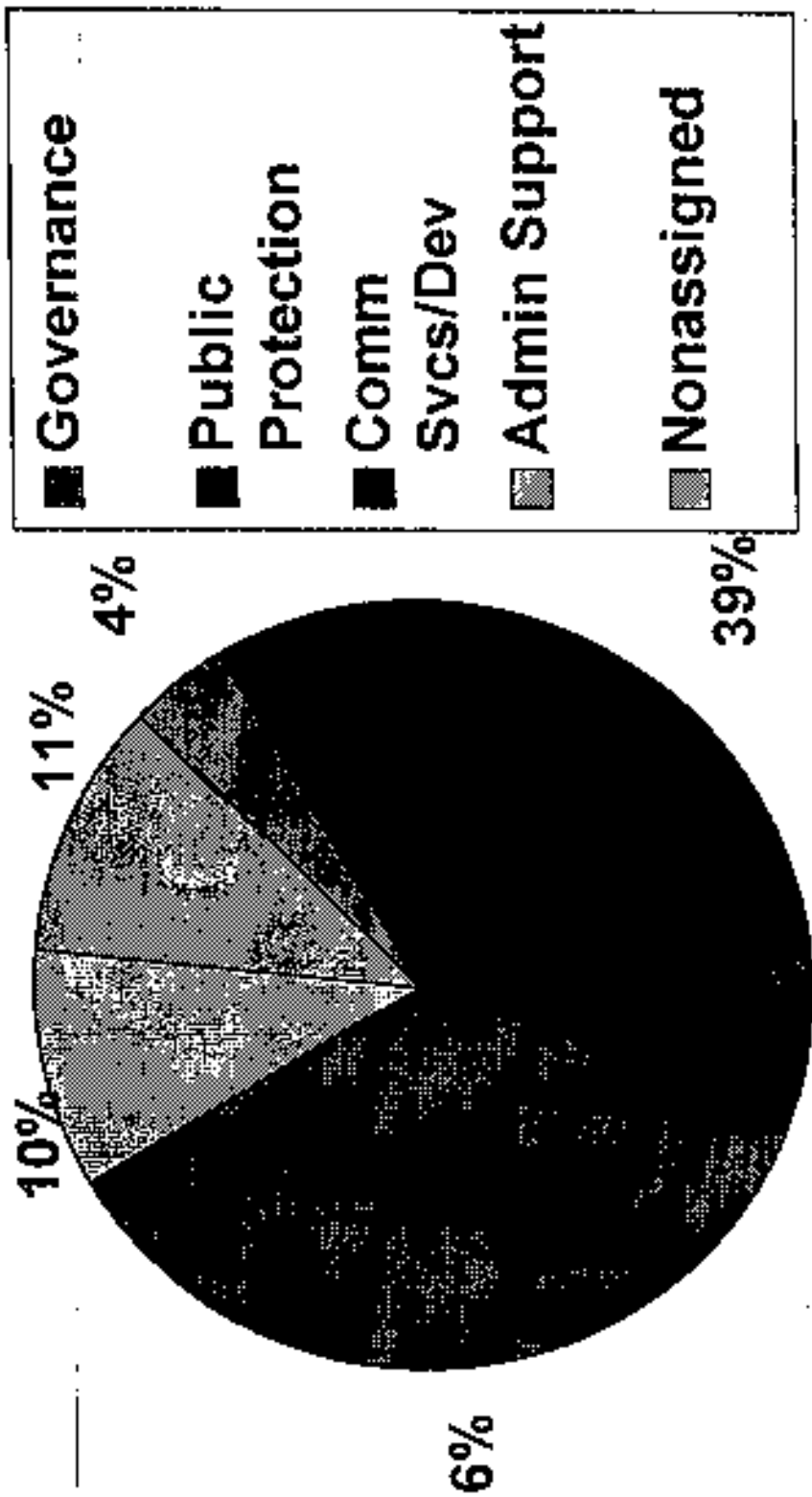
Major FY 2000 Issues

- Fund Balance Policy
 - Prior policy: 8% of adjusted General Fund appropriations
 - Maintain 12%
 - Optimum level: 15%
 - over 15%: to Capital Projects Fund

General Fund - "Where the Money Comes From"



General Fund - "Where the Money Goes"



Future Issues

- Focus on FY 2001
 - Begin with \$3.5 Million Projected Gap
 - last year before revaluation
- Employee Compensation
 - Compression
- Remedy Problems in Risk Reduction, Parking Control Funds
- 911 Center Funding



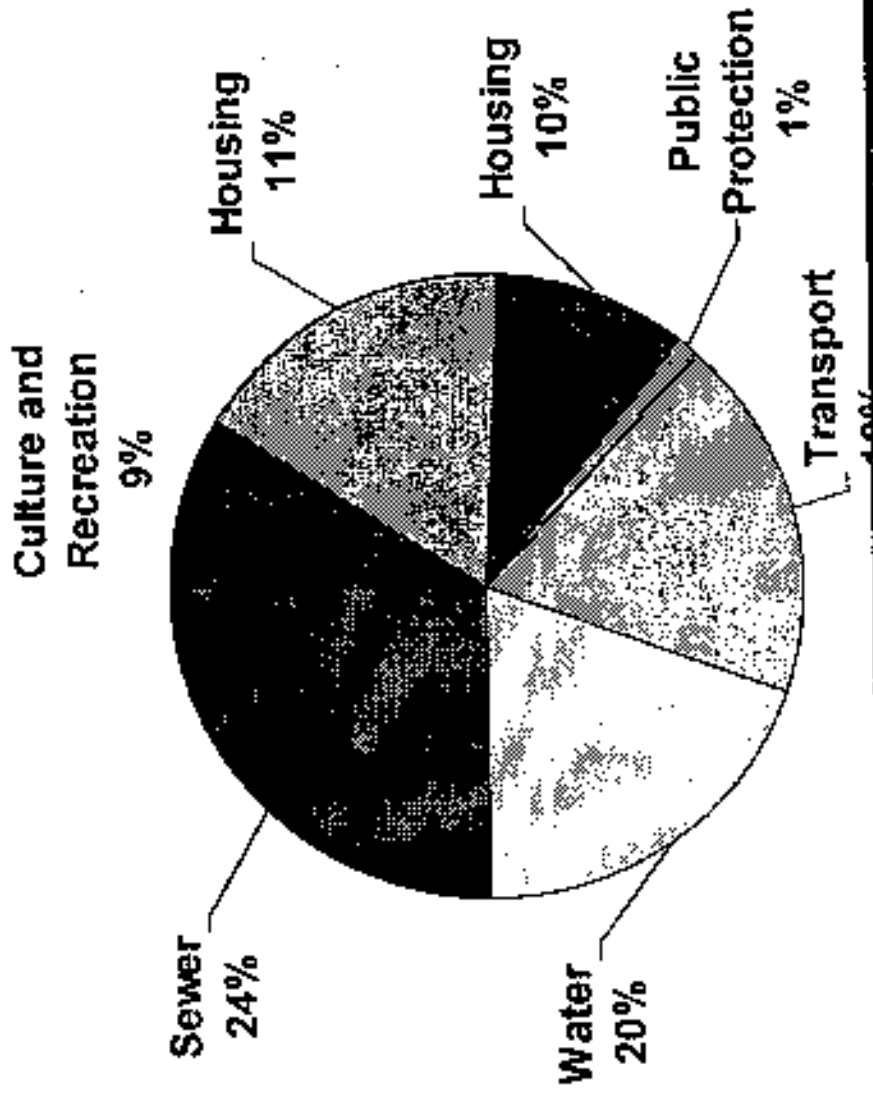
Capital Improvement Program



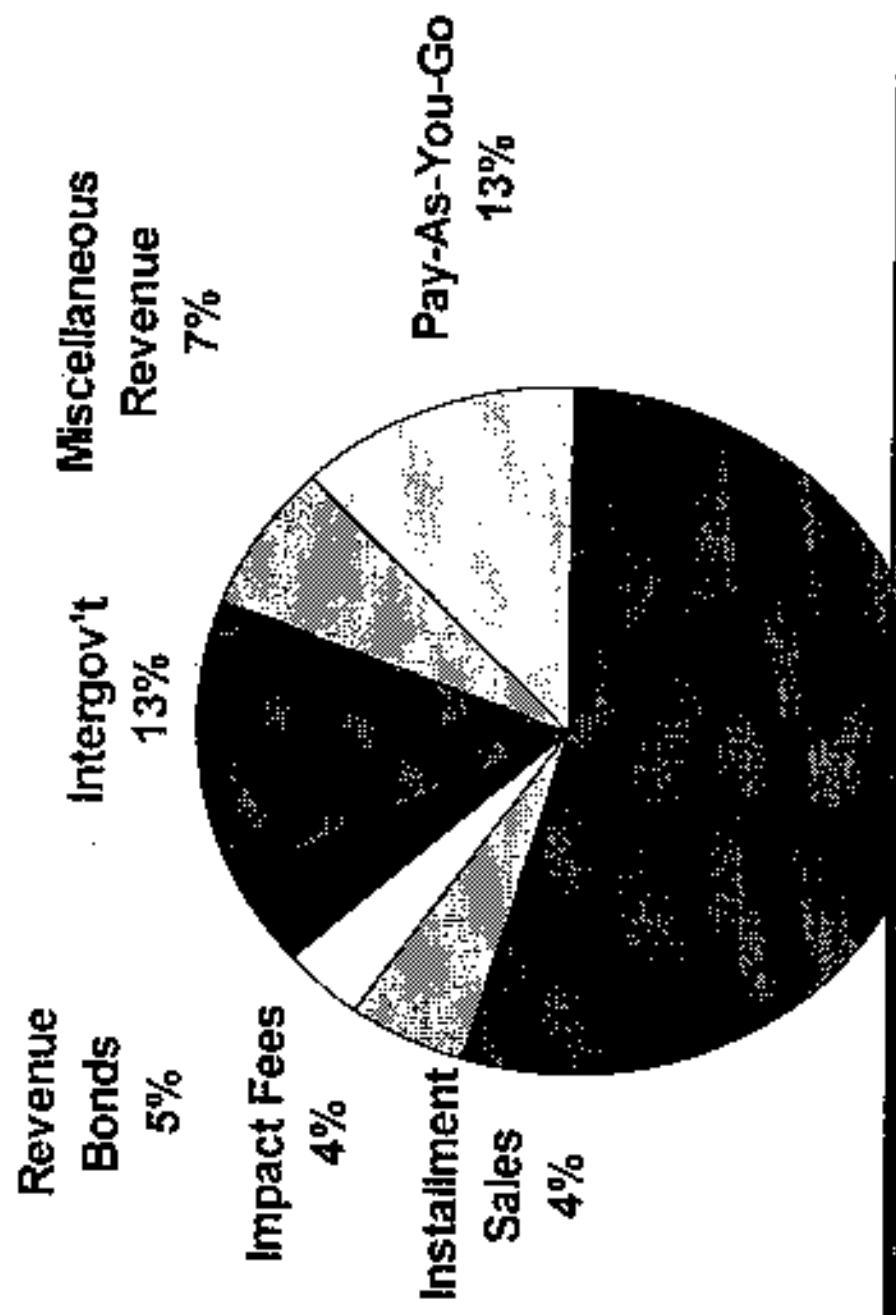
What is the CIP?

- Statement of City's policy regarding long-range physical development
- Six-year planning period
- Projects with total cost of at least \$100,000
- Projects with useful life over ten years

Summary By Project Category (excluding "prior years" amount)



Summary By Revenue Source (excluding "prior years" amount)



Priorities Driving FY 2000 CIP

- Address maintenance and appearance of
City facilities
 - Over \$1 million earmarked annually
- Continue to design and construct projects funded with 1990 and 1996 bonds
- Fully implement art initiative for City facilities equal to 1% of project cost

BMS Programs

- Budget/Management Operations
 - Prepare and Monitor Annual Budget
 - Conduct Management Studies and Reports
- Planning/Evaluation
 - Prepare and Monitor CIP
 - Coordinate Annexation/Impact Fees
 - Prepare Strategic Plan
 - Conduct Surveys
 - Evaluate achievement of City goals





Durham County Government

Budget and Finance Overview

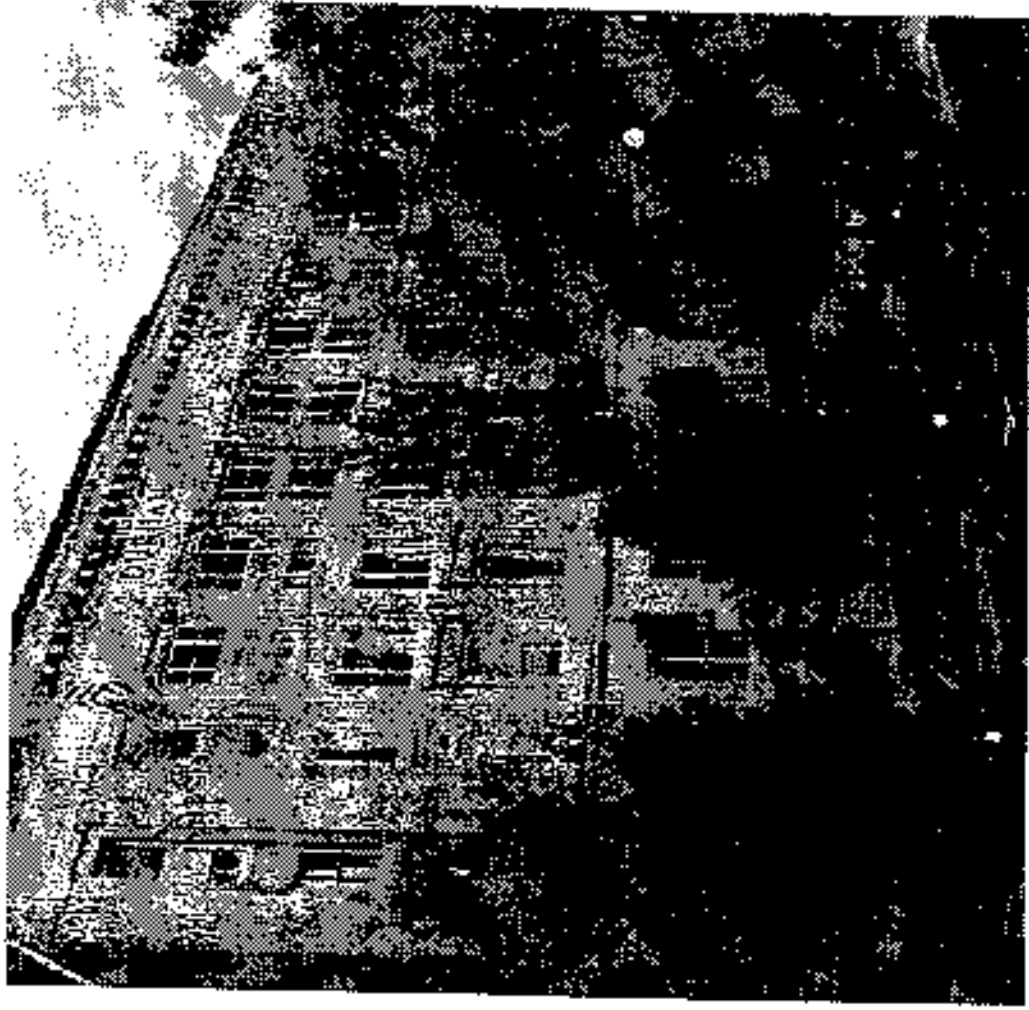
August 25, 1999

***Claudia Odom, Budget and Management Services Director
Patty Gravinese, Finance Director***



Budget Department

- Monitor performance of the County's annual budget through the preparation and budget amendments and transfers, analysis of revenues, and managing budget requests in accordance to NCGS 159.
- Plan the annual budget process
- Maintain Capital Improvement Plan (CIP)
- Manage nonprofit application process
- Coordinate Durham County's participation in the Institute of Government Benchmark Project
- Perform performance reviews, management analysis & cost-benefit analysis



Introducing Your County Government





Mission of Durham County Government

The MISSION of Durham County Government is to enhance the quality of life for its citizens, by providing education; safety and security; health and human services; economic development; and cultural and recreational resources.



Board of County Commissioners' Strategic Goals for FY 1999-2000

- **“Smart Growth”**
- **Health and Human Services**
- **City-County Merger**
- **Transportation**
- **Education**
- **Taxes**



Citizens

Corporations

[Redacted]

[Redacted]

[Redacted]

Human Services

[Redacted]

Public Safety

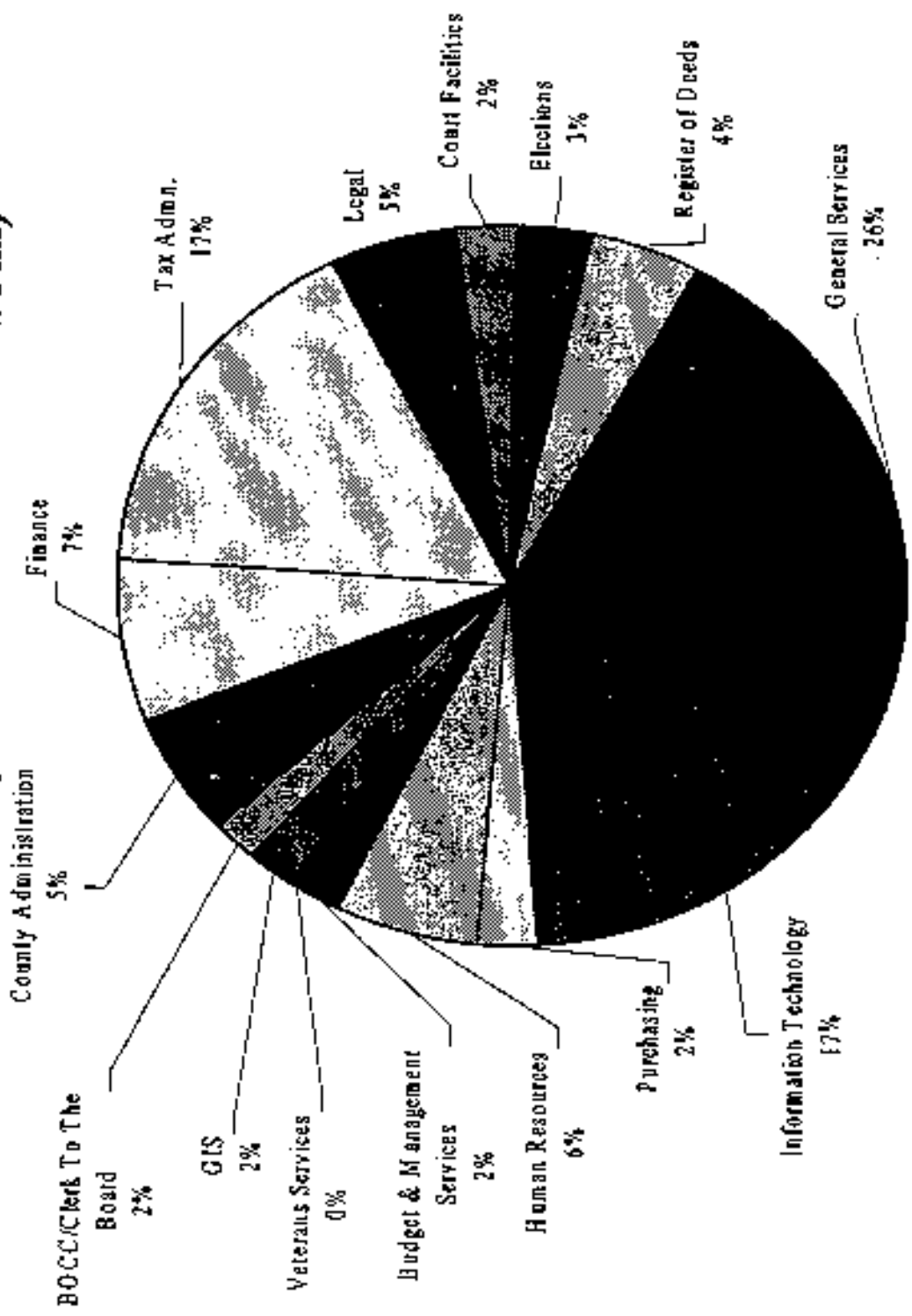
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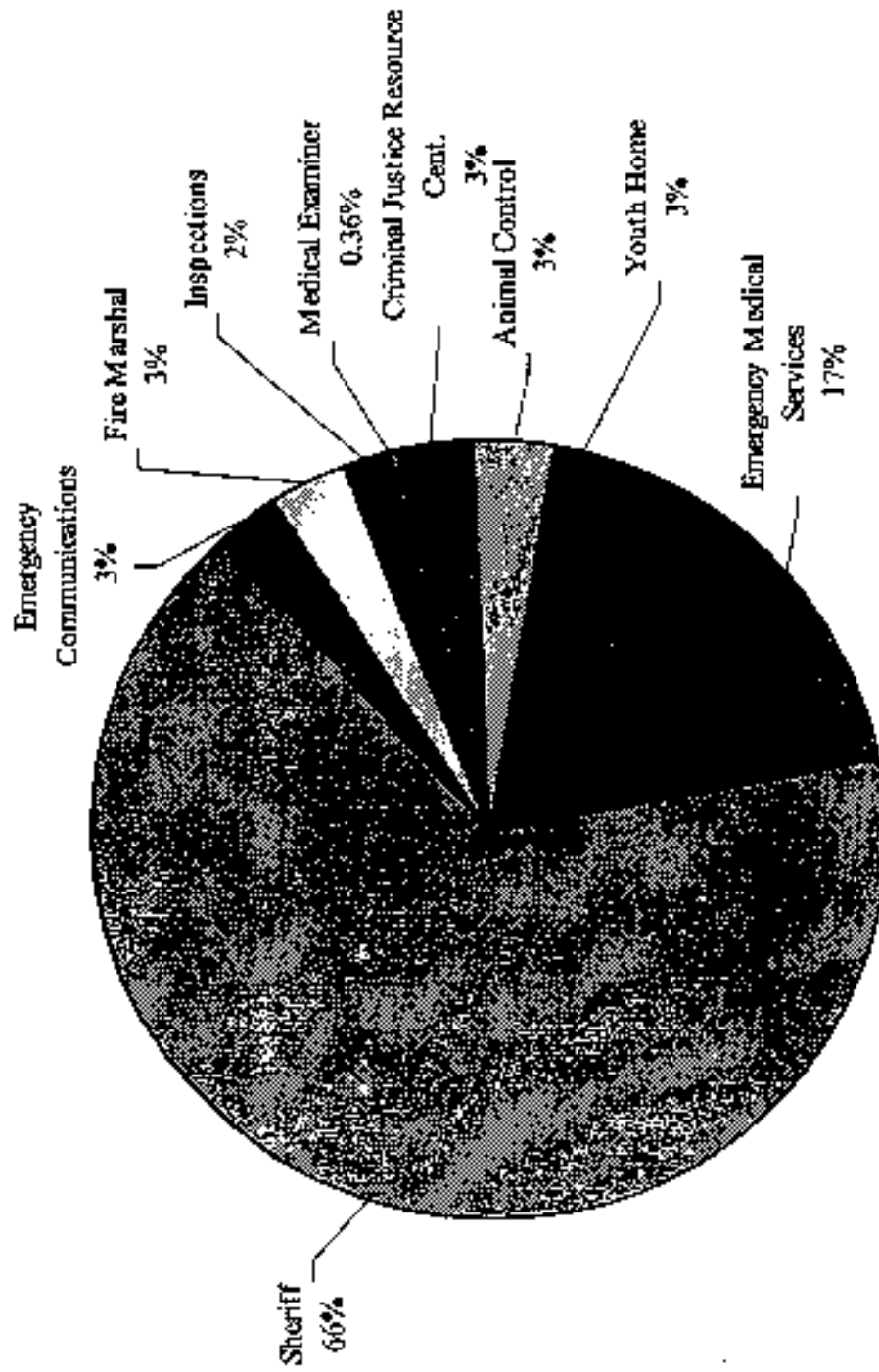
General Government

(Departmental Budget as a % of Function Total)



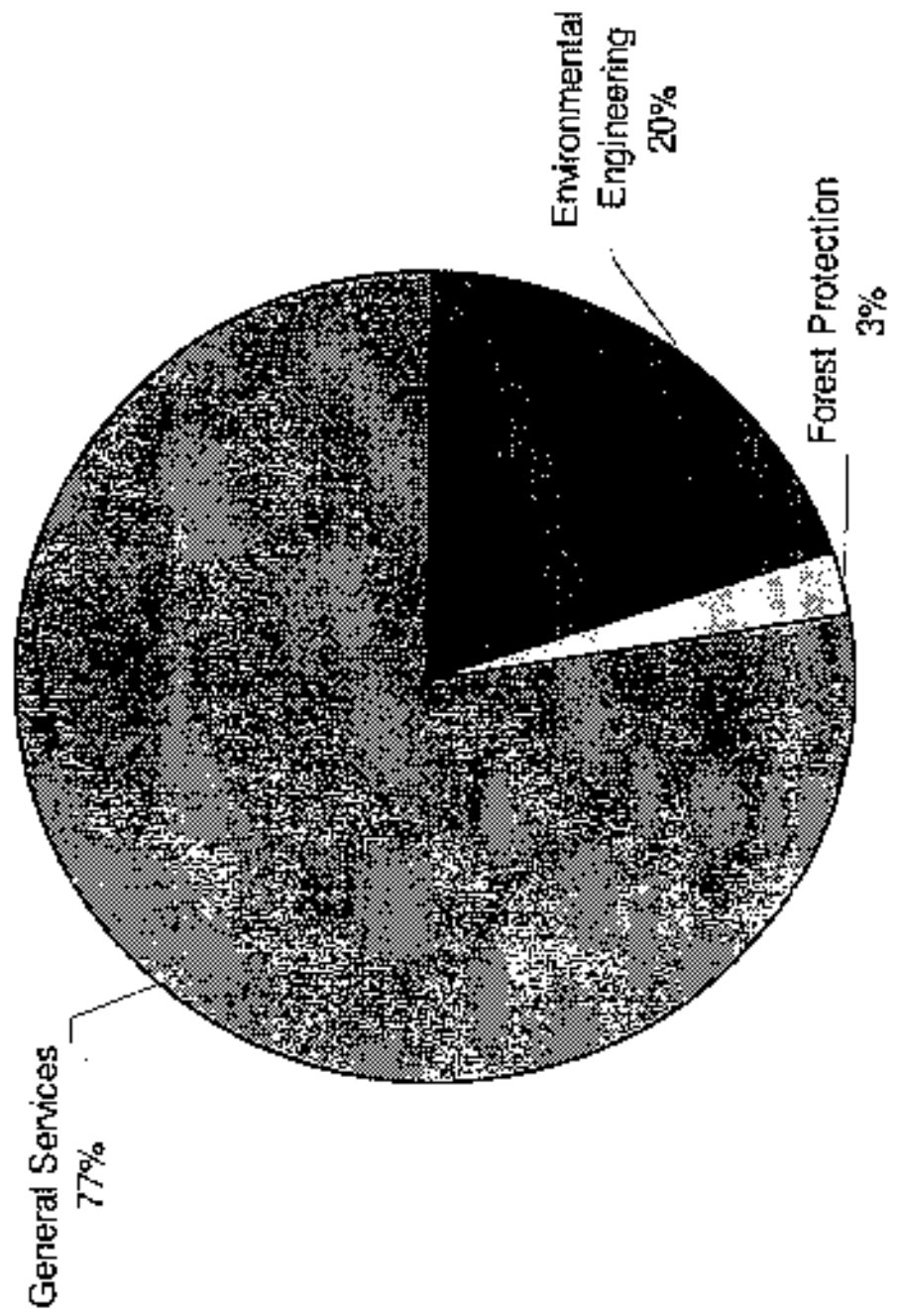
Public Safety

(Departmental Budget as a % of Function Total)



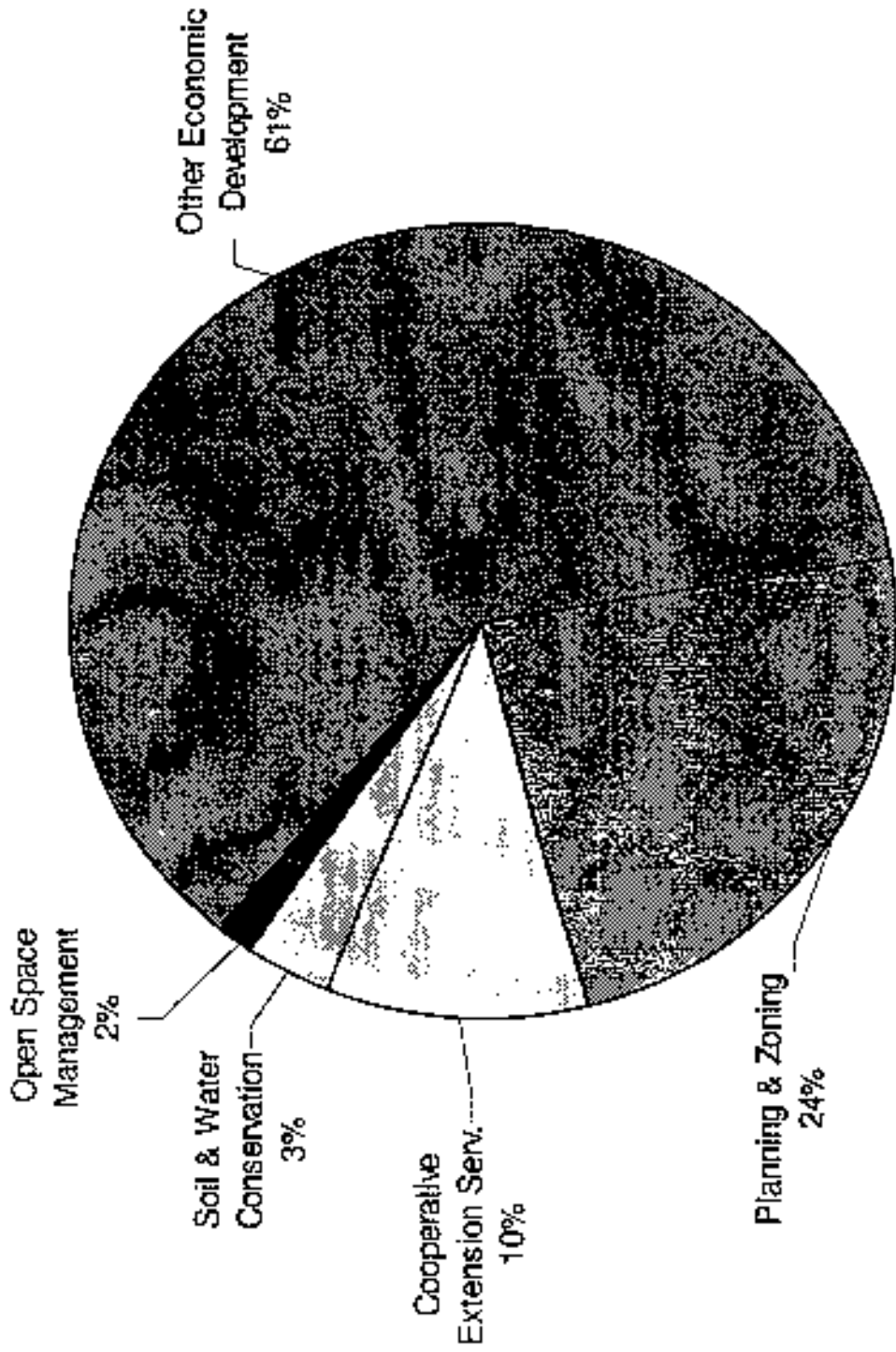
Environmental Protection

(Departmental Budget as a % of Function Total)



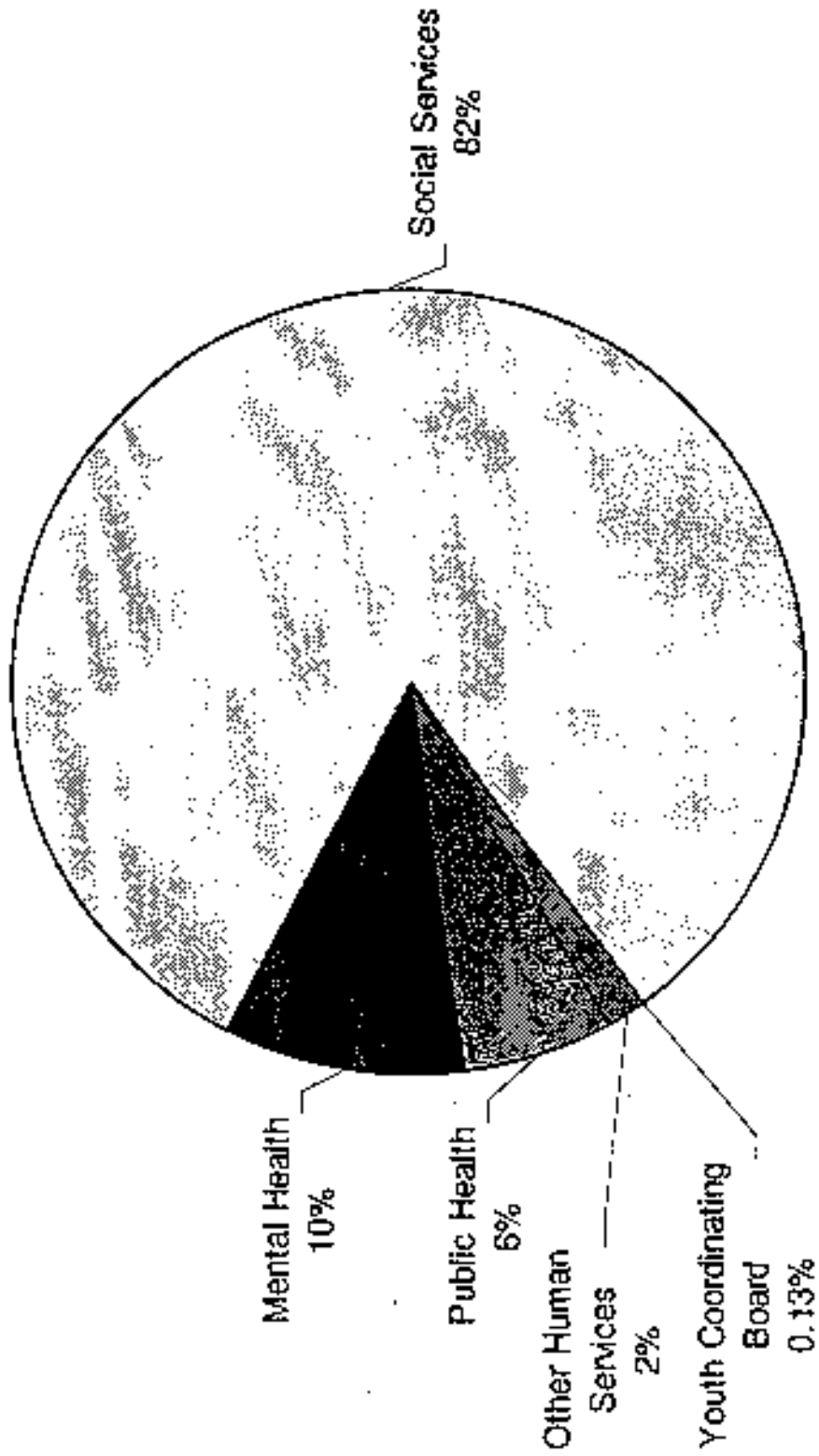
Economic & Physical Development

(Departmental Budget as a % of Function Total)

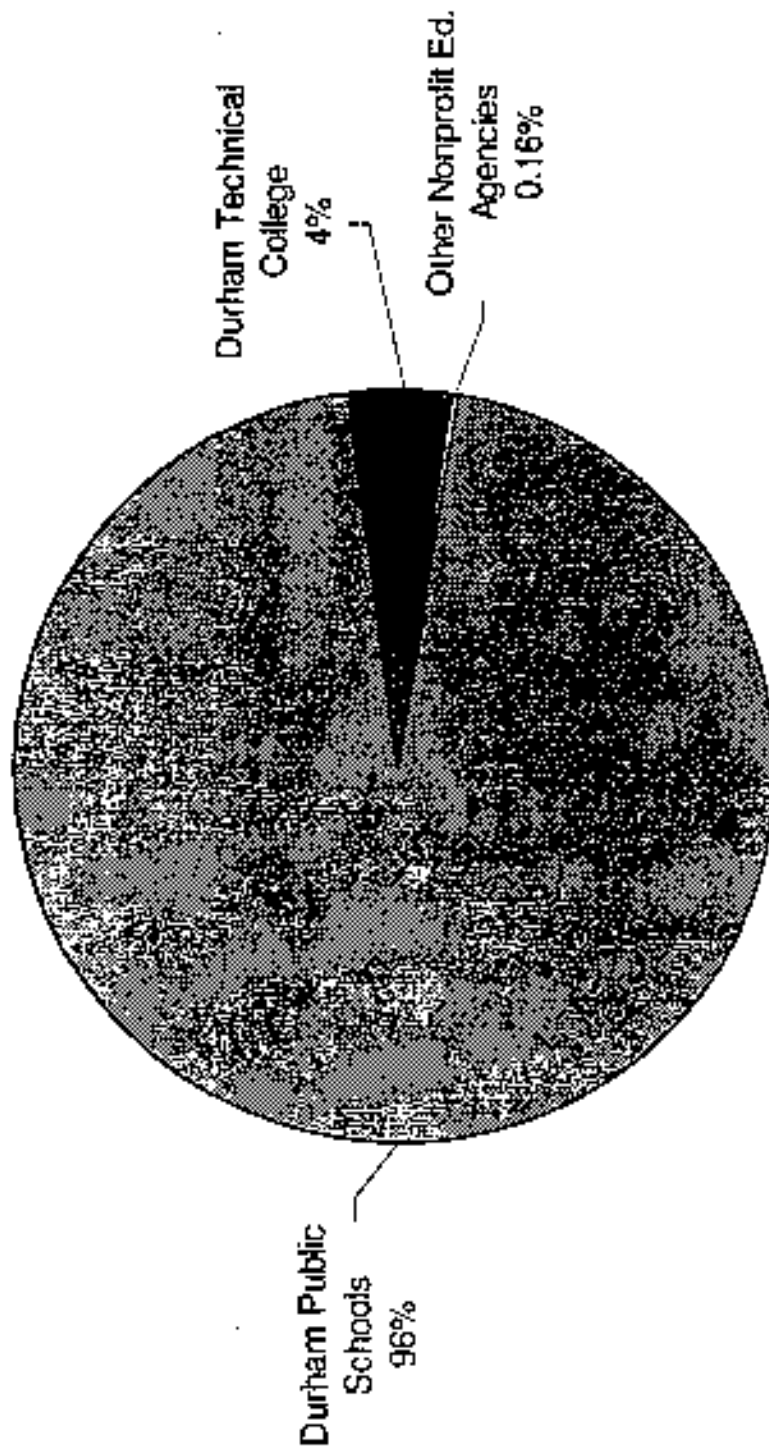


Human Services

(Departmental Budget as a % of Function Total)

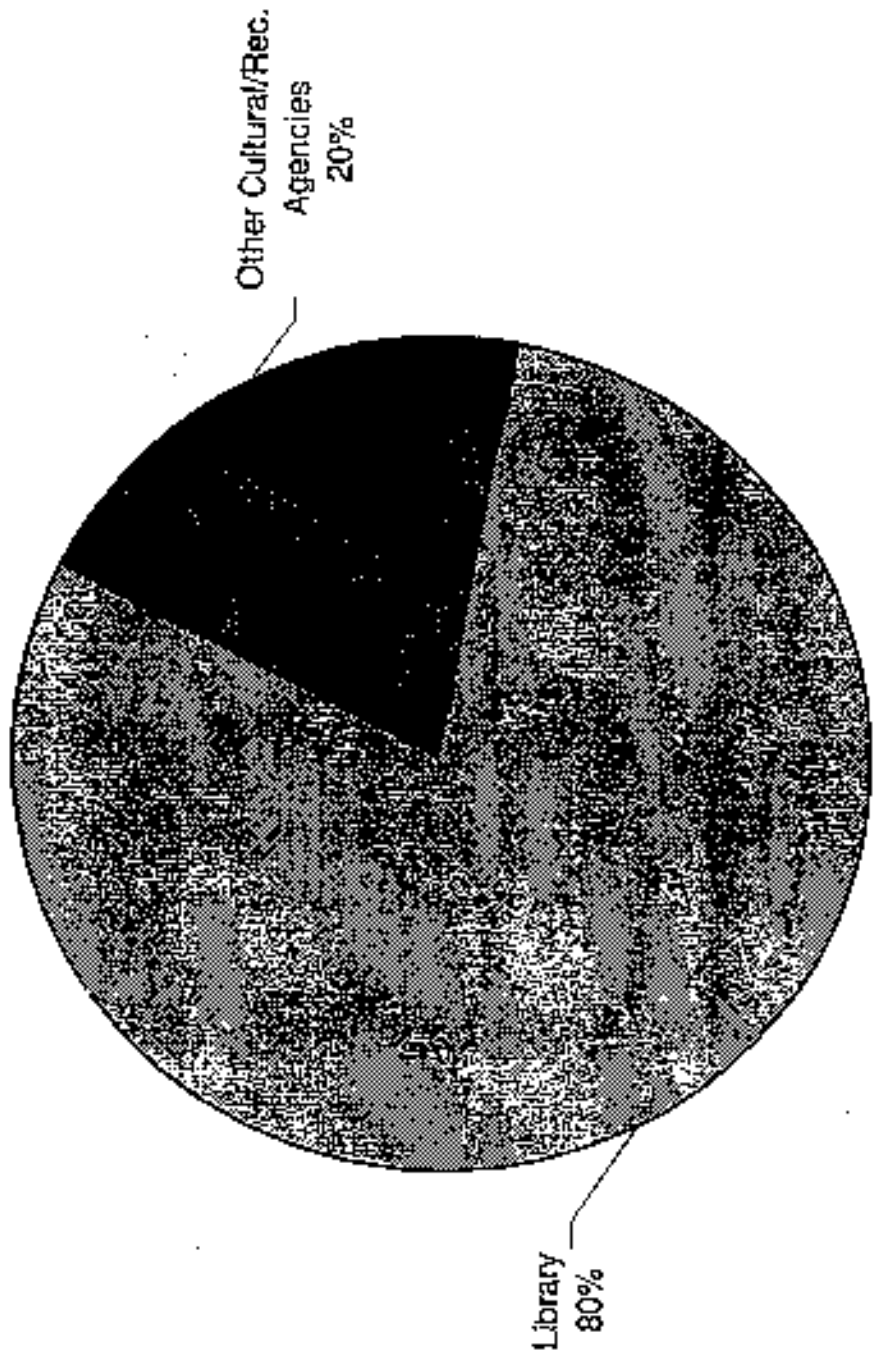


Education



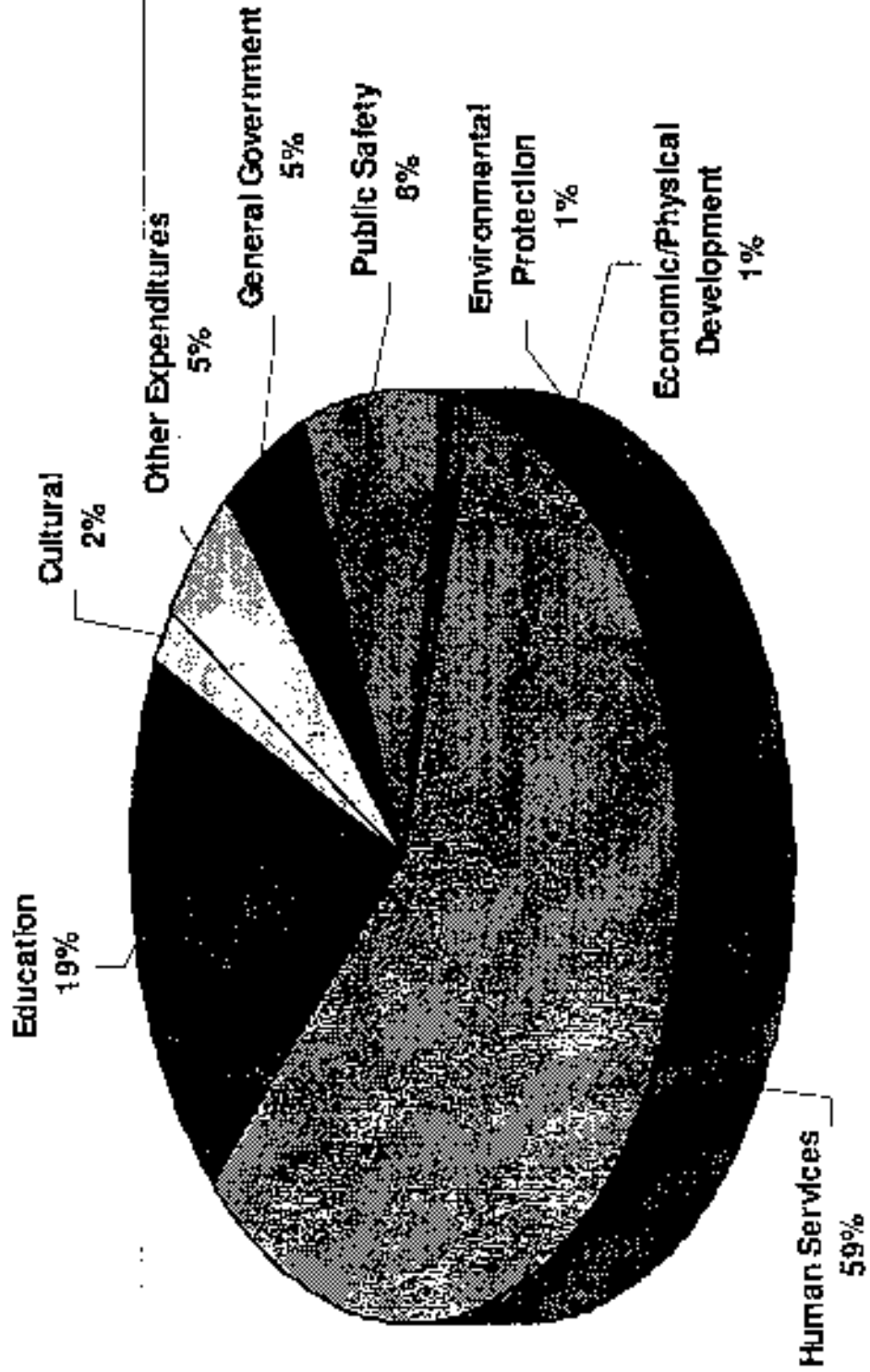
Cultural & Recreational Services

(Departmental Budget as a % of Function Total)

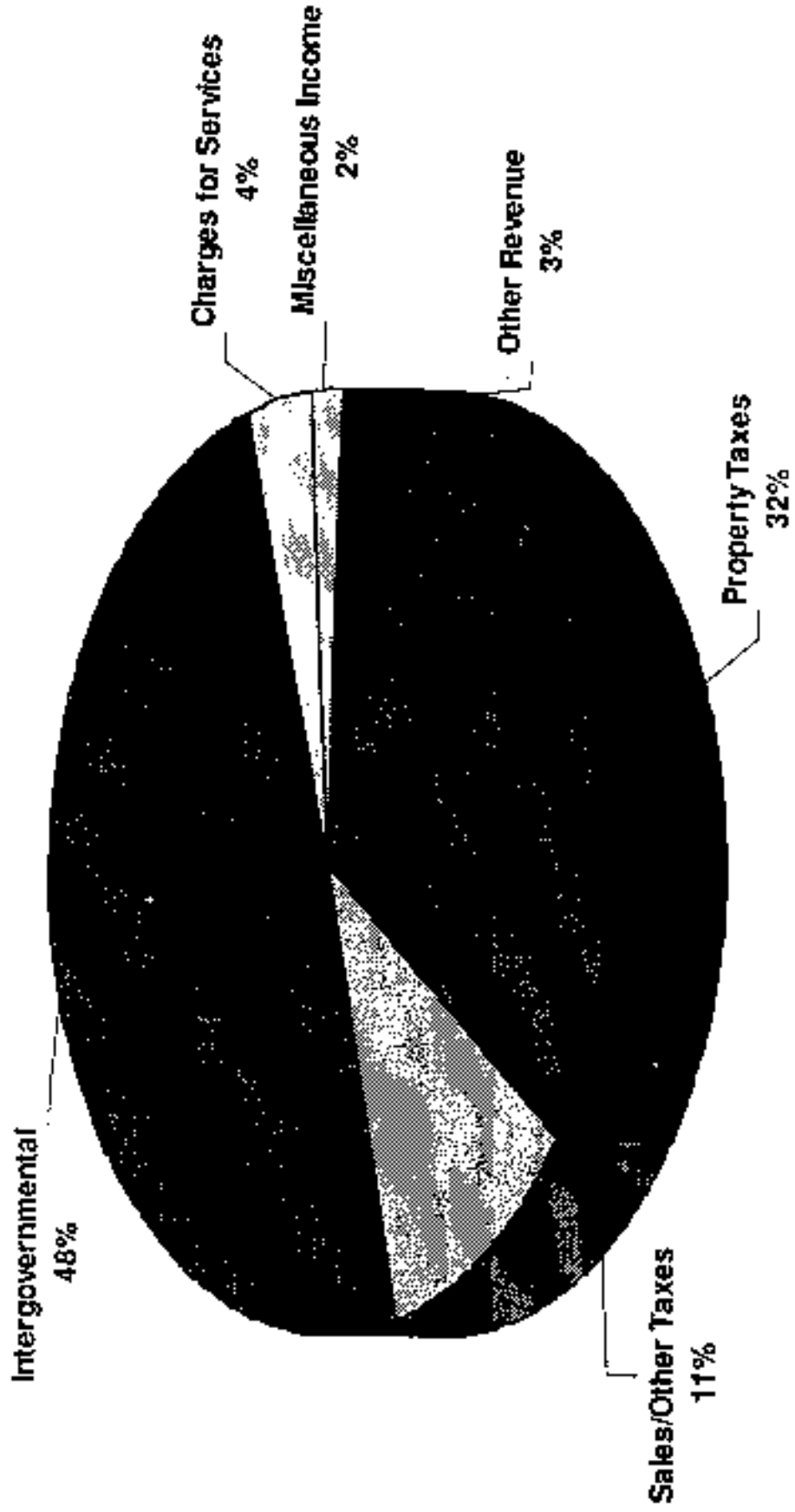


General Fund Expenditures

FY 99-00 Adopted Budget



General Fund Revenues FY 99-00 Adopted Budget



Section 1. Summary of Appropriations by Fund and Function - FY 1999-00

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Financing Fund	Enterprise Fund	Total Appropriation
General Government	\$18,632,053	---	\$305,396	---	---	\$18,937,449
Public Safety	\$29,329,808	---	\$4,247,242	---	---	\$33,577,050
Transportation	\$12,500	---	---	---	---	\$12,500
Environmental Protection	\$1,864,210	---	---	---	---	\$1,864,210
Economic and Physical Development	\$3,927,563	---	\$389,809	---	---	\$4,317,372
Human Services	\$204,728,656	---	---	---	---	\$204,728,656
Education	\$67,438,010	---	---	---	---	\$67,438,010
Cultural and Recreation	\$6,813,206	---	---	---	---	\$6,813,206
Other-Nondepl/Transfers	\$17,023,892	\$24,218,288	---	\$27,584,504	\$3,417,864	\$72,244,548
Utilities	---	---	---	---	\$8,684,050	\$8,684,050
Total Appropriations	\$349,789,898	\$24,218,288	\$4,942,447	\$27,584,504	\$12,101,914	\$418,637,051
Less: Other Financing Sources*	(\$4,219,873)	(\$23,915,756)	(\$150,000)	(\$15,061,741)	\$0	(\$43,407,370)
Net Appropriations	\$345,570,025	\$302,532	\$4,792,447	\$12,522,763	\$12,101,914	\$375,229,681

*Includes Transfers From Other Funds and Reimbursements

Section 2. Summary of Revenues by Fund and Revenue Category - FY 1999-00

	General Fund	Debt Service	Special Revenue	Capital Financing	Enterprise Fund	Total Appropriation
Property Taxes	\$112,158,885	---	\$2,930,475	\$11,576,709	---	\$126,666,069
Licenses & Permits**	\$38,786,586	---	\$842,932	---	---	\$39,629,518
Intergovernmental Revenues	\$171,108,383	---	\$197,395	\$228,407	---	\$171,534,185
Service Charges	\$12,340,652	---	---	---	\$5,000	\$12,345,652
Miscellaneous Income	\$6,292,374	---	\$194,223	\$152,232	\$710,000	\$7,348,829
Enterprise Charges	---	\$302,532	---	---	\$3,341,000	\$3,643,532
Total Revenue	\$340,686,880	\$302,532	\$4,165,025	\$11,957,348	\$4,056,000	\$361,167,785
Other Financing Sources*	\$4,823,145	---	\$627,422	\$565,413	\$8,045,914	\$14,061,896
Total Resources	\$345,510,025	\$302,532	\$4,792,447	\$12,522,763	\$12,101,914	\$375,229,681

*Includes only Fund Balance Appropriated

** Includes Sales Taxes

Financial Trends: General Fund Balance

	<i>Audited</i> FY Ending 06/30/1995	<i>Audited</i> FY Ending 06/30/1996	<i>Audited</i> FY Ending 06/30/1997	<i>Audited</i> FY Ending 06/30/1998	<i>Projected</i> FY Ending 06/30/1999
RESERVED FUND BALANCE	15,818,038	17,464,462	15,794,621	18,780,073	19,000,000
DESIGNATED FUND BALANCE	14,122,274	7,011,789	6,373,763	6,558,924	8,000,000
UNDESIGNATED FUND BALANCE	7,173,663	9,704,102	17,045,036	21,285,993	26,000,000
TOTAL FUND BALANCE	37,113,975	34,180,353	38,213,420	46,624,990	52,000,000
TOTAL EXPENDITURES	189,285,368	191,452,633	201,563,389	219,694,926	225,000,000
LGC REQUIRED 8% MINIMUM	16,142,829	15,316,203	16,125,071	17,576,594	18,000,000
FUND BALANCE APPLIED TOWARD 8% EXPRESSED AS A % OF EXPENDITURES	21,295,937 11%	16,715,891 9%	22,415,799 11%	27,844,917 13%	33,000,000 15%



Finance Department

- Establish and maintain a centralized system of financial planning, reporting, and control.
- Ensure compliance with generally accepted accounting principles (GAAP) and State law.
- Administer the investment program for an average portfolio of \$90 million.
- Upon authorization by BOCC, issue new debt and refund existing debt.
- Maintain daily financial operations of the County including revenue posting, accounts payable, and payroll.
- Provide for finance system assurance and dept. user assistance.
- Provide complete, accurate, and timely, financial information to internal and external customers.
- Responsible for annual financial audit and single audit

DURHAM



1 8 6 9
CITY OF MEDICINE

September 3, 1999

FINANCE DEPARTMENT
OFFICE OF THE DIRECTOR

101 City Hall Plaza
Durham, NC 27701

Voice: (919) 560-4455
Fax: (919) 560-4321

Ms. Marcia Margotta
Durham County
200 East Main Street
Durham, North Carolina

Subject: Follow up on request information from Taxation & Finance
Subcommittee

Dear Marcia:

Below is the information that was requested:

Fund Balance

Undesignated - Difference between fund assets & fund liabilities (basically cash minus current liabilities). Also fund balance available for appropriation.

Designated - restriction of funds.

Reserved

- Reserve for encumbrances
- Reserve for inventories.
- Reserve for Powell Bill.
- Reserve for prepaids, such as insurance.
- **Reserved by State Statute.** (for encumbrances, inventories and some receivables not available for appropriation, if not offset by deferred revenue).

Unreserved -

Reserve for subsequent years expenditures - portion of fund balance available for appropriation that has been designated for the adopted budget ordinance.

Information on other Cities and/or Counties using City landfill:

Currently the City and County of Durham are using the landfill.

Copy of the most recent Audit

Attached is the FY 1998 audit. The City is currently working on FY 1999 audit. It is anticipated that the audit will be completed by October 31, 1999.

Information from Laura Gill

I am attaching the report that Laura Gill prepared in April 1995. Please note that the numbers are for FY 1995.

Office of the Director
•
Accounting Services
•
Customer & Billing Services
•
Duplicating & Graphics
•
Purchasing
•
Risk Management
•
Treasury Management

Breakdown of City inside revenues v. City out-side revenues:

	Inside	Outside
Water	13,118,648	2,585,621
Water - service charge	760,318	106,937
Water Total	13,878,966	2,692,558
Sewer	17,730,768	775,065
Sewer - service charge	783,732	69,100
Sewer - surcharge		119,671
Sewer Total	18,514,500	963,836
Grand Totals	32,393,466	3,656,394

Note: Does not include any adjustments, such as leak adj, swimming pools, bad estimates, faulty meter and billing error.

Please let me know if there is anything else you might need for the subcommittee.

Sincerely,


Navdeep S. Gill
Director of Finance

Attachment

cc: Gregory A. Bethea, Assistant City Manager
Laura S. Gill, Budget & Management Services Director

Analysis of Joint City/County Funded Services

What services are jointly funded by the City and the County?

	City Taxpayers	County Taxpayers	Fee Payers	Federal Contribution	Total
Planning	\$971,503	\$1,157,005	\$85,000	\$0	\$2,213,508
Inspections	456,734	370,505	1,438,348	0	2,265,587
Emergency Services	2,894,242	725,498	591,900	25,150	3,511,292
Employment and Training	168,607	55,865	0	473,190	697,662
Raleigh-Durham Airport Authority	12,500	12,500	0	0	25,000
North-East Central Durham	103,492	61,643	0	0	165,135
Civic Center	985,302	800,753	318,513	0	2,104,568
Total	\$5,592,380	\$3,183,769	\$2,433,761	\$498,340	\$10,982,752

How much of the County's tax base is within the City Limits?

The City's tax base is \$6,422,013,950
 The County's tax base is \$10,152,094,197
 Percent of City's tax base to County's tax base 63.26%

The County's cost of joint services is

The City's tax base comprises 63.26% of the County's tax base.
 City taxpayers pay \$2,013,989 of the County's cost of joint services.

What is the City taxpayer's cost of joint City/County services?

	City Taxpayers	County Taxpayers
Planning	\$971,503	\$1,157,005
Inspections	456,734	370,505
Emergency Services	2,894,242	725,498
Employment and Training	168,607	55,865
Raleigh-Durham Airport Authority	12,500	12,500
North-East Central Durham	103,492	61,643
Civic Center	985,302	800,753
Total	\$5,592,380	\$3,183,769
adjustment for City Taxpayers	\$2,013,989	(\$2,013,989)
Adjusted total	\$7,606,369	\$1,169,780
Percent of total	86.67%	13.33%
Population	76.00%	24.00%
Tax Base	63.26%	36.74%

City Services Provided to the County

Transportation Services	\$27,000	cost of site plan review services
Fire Prevention Programs in Schools	\$43,437	includes 75% of inspector position
First Responder Program	\$164,644	excludes \$954,682 in personnel costs
Total	\$235,081	

County Services Not Received By City Residents

Sheriff's Patrol	\$1,716,994	
Road Identification	\$56,909	12,000 road signs and signage for County depts
Fire Marshal's Office	\$276,935	provide fire protection and rescue services to all residents of Durham County outside the city limits"
Solid Waste Program	\$226,928	cost of all activities, net of enterprise revenues
Sewer Utility Subsidy	\$1,621,904	from General Fund to Capital Financing Fund to Sewer Utility Fund
Total	\$3,899,670	

**City of Durham and Durham County
Profile of General Government & Administrative Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Legislative & Public Affairs						
Council / Commission	Policy making & oversight	623	13	✓		
Legal Support	Legal counsel & representation Property tax foreclosure	365 890	3 9		✓	
Records / County Clerk	Records management Business license processing	855 615	17 9	✓	✓	
Register of Deeds	Land transaction registration Public record registration	248 839	3 13		✓	
Elections Bd.	Voter registration & elections	529	7		✓	
Public Info	Public communications	326	5	✓		
Totals						
Corporate Management						
City Manager / County Adm.	General management - City General management - County	978 756	9 8	✓		
Economic Development	Economic development initiatives Fund convetion & visitors services Employment & training assistance	821 2,354	9 2	✓ ✓	✓	
Human Resources	Employee recruiting & training Salary & benefits administration	3,423 1,016	19 16	✓	✓	✓
EEO	M/WBE monitoring Employee diversity monitoring	377	6	✓		
Purchasing	Procurement management	375 466	5 8	✓		
Information Technology	Application & network services GIS, imaging & duplication services Mailroom & courier services	3,596 3,191	40 36	✓	✓	
Facility Management	Facility & grounds maintenance Cemetery management	4,397 3,205	52 0	✓	✓	
Fleet & Asset Management	Fleet maintenance & replacement Radio leasing & maintenance	5,111	69	✓		
Internal Audit	Internal audit & consulting	343	5	✓	✓	
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County.

Comments:

- The County Law Office has a property tax enforcement/foreclosure unit.
- The City's Economic and Employment Development Department includes a joint Employment & Training Division which administers federal, state & local job programs on behalf of the City & County (e.g., Durham JobLink Center, summer jobs program & \$720,000 Welfare to Work grant).
- The County's real property management function is under Economic Development while the City's real property management function is under Fleet & Asset Management.
- The County budgeted \$193,000 to establish an internal audit program in FY00.
- The County's General Services Department provides mailroom services.

**City of Durham and Durham County
Profile of Financial Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Financial Management						
Tax Admin.	Property appraisal & assessment Property reappraisal Property tax collection Revenue (e.g., user fee) collection	3,098	60			√
Finance	Accounting & financial reporting Customer service billing Treasury management Debt management	4,738 1,357	70 17	√	√	
Budget	Budget management Strategic planning	650 349	8 6	√	√	
Risk Management	Employee safety administration Claims administration Risk/liability financing	9,710 1,469	5 2	√	√	
Grants Office	Grants management	195	3	√		
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County.

Comments:

- The Tax Administration Office assesses City & County property & collects City & County property & privilege license taxes. It also collects fire & special district taxes, special assessments, hotel/motel occupancy taxes, parking fees, County user fees & animal fees.
- The City's Finance Department has a customer billing unit for collecting water & sewer bills.
- The City maintains a self-insured risk management fund, as well as self-insured dental insurance & mental health plans.
- The City maintains a self-insured workers compensation program & carries an excess commercial general liability policy & commercial coverage for other risks. In FY97, the County replaced its self-insured health benefit plan with a fully-insured plan, but retained a self-insured dental plan.
- The City Grants Office administers numerous grants including Weed & Seed (\$225,000), Domestic Violence (\$896,000), Cops Policing (\$750,000), Lead-Based Paint Hazard Control (\$3,307,000), FEMA (\$1,800,000) and state crime commission (\$639,500). In contrast, the County's grants management function is distributed among the various operating departments.

**City of Durham and Durham County
Organizational Profile - Health & Human Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Public Health	Communicable disease monitoring Screenings & immunizations Child wellness & nutrition Health education	10,723	207		√	
Social Services	Adult social services Adult economic assistance Child protective services Child placement & support Work First family assistance Work First employment services Child care services Child support enforcement Special community initiatives	162,146	405		√	
Mental Health	Substance abuse services Mental health screenings Adult outpatient treatment Dev. disability services Case management service	20,027	264		√	
Human Relations	Anti-discrimination law enforcement Civil rights education & training	570	8	√		
Youth Coordin- ating Board	Public youth service & grant application coordination	169	4			√
Other Human Services	Fund non-profit organizations Fund paratransit & child services Veteran assistance services	465 1,687	0 2	√	√	
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County.

Comments:

- The County's General Services Department provides mosquito control services.
- The Durham Center, the County's public mental health, developmental disabilities and substance abuse authority under state law, is governed by a 20-member Area Board appointed by the BoCC. Its Area Director reports to the Area Board, not the BoCC.
- The City plans to provide \$93,000 in funding for the Durham Community Prevention Partnership demonstration project which is operated by County Mental Health Department.
- The County's social services operating budget includes about \$120 million in pass-through payments.
- The Youth Coordinating Board, which was created in response to the City/County Violence Prevention Committee to improve coordination of youth grant funding, is funded by City and County.
- The County contracts with the City to use the City's paratransit contractor (Laidlaw Transit), but the County receives grant funding for vehicles and services as a nonurban grantee.
- The City funds several non-profit agencies, including Downtown Durham, Durham Affordable Housing, Hayti Development Corporation, Durham Striders, and West End Community Center.

**City of Durham and Durham County
Profile of Planning & Development Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Planning & Zoning	Land use & neighborhood planning	2,468	38			√
	Floodplain & watershed protection	915	0			
	Historical preservation					
	Open space planning & maintenance					
	Trail acquisition & development					
Inspections	Development reviews & inspections	2,482	45			√
	Permit processing	536	0			
Housing & Community Development	Housing production	6,089	40	√		
	Code enforcement					
	Community development					
	Lead-based paint abatement					
Cooperative Extension	Agricultural educational services	273	5		√	
	Community Service Center					
Soil & Water Conservation	Environmental educational services	128	3		√	
	Water quality technical assistance					
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC is County.

Comments:

- The City and County, pursuant to an inter-local agreement, operate a joint Planning Department, as well as a joint Building Inspections unit.
- The City's Housing & Community Development Department administers \$1.8 million in Community Development Block Grant (CDBG) funds and \$2.2 million in HOME grants and secured \$2.4 million from HUD for lead-based paint abatement.
- The Durham County Center of NC Cooperative Extension is a cooperative venture of the County, NCSU and federal government.
- The Durham Soil and Water Conservation District, a state subdivision, provides technical assistance on federal & state regulations (e.g., Agricultural Cost Share, Neuse River Basin, Federal Conservation Reserve, Environmental Quality Incentive, Animal Waste Management System & Farm Bills).
- The County and City jointly operate the civic center complex. The County is gradually increasing its equity share until it reaches 50%. The City refinanced the bonds in FY93.
- The City and County, pursuant to an inter-local agreement, operate the independent Durham Convention and Visitors Bureau which in part is funded by occupancy taxes.

**City of Durham and Durham County
Profile of Parks, Recreation & Cultural Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Parks & Recreation						
Parks & Recreation	Recreation center operations Athletic program support Pools & aquatic activities Targeted recreation programs Festival & special event support City Lakes & Heritage Parks	5,099	92	√		
Civic Center	Civic Center operations	2,386	1	√		
Athletic Park	Ballpark operations & maintenance	2,322	22	√		
Open Space	Open space management	0	0		√	
Forestry	Fund state forest protection services	53	0		√	
Totals					√	
Culture & Education						
Library	Main Library operations Library extension services	5,222	113		√	
Other Cultural	Fund Carolina Theater, Durham Arts Council & St. Joseph's (City) Fund Civic Center & Museum of Life & Science (County) Fund non-profit organizations (both)	1,430 1,203	0	√	√	
Other Educational	Fund non-profit educational organizations	75	0		√	
Totals					√	

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County.

Comments:

- The City Parks & Recreation Department offers a range of recreational services, including after-school programs & targeted programs for senior citizens, youth & special populations.
- The City Parks & Recreation Department offers a range of recreational facilities, including 3 recreation centers, 5 pool facilities, 70 tennis courts, 63 parks & playgrounds, 10 miles of trails.
- While the City operates the Civic Center, the County, pursuant to an interlocal agreement with the City, funds 50% of the operating deficit and will hold a 50% equity interest by 2006.
- The City subsidizes the Ballpark Fund (\$1.8 million of \$2.3 million budget in FY99).
- The County funds 40% of the State's Division of Forest Resources field office. That office's 2 rangers provide educational programs to help protect 100,000 acres of forest in the County.
- The County Library system includes the Main Library, 5 branch libraries & other smaller sites.

**City of Durham and Durham County
Profile of Public Protection Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Public Safety						
Police	Uniform patrol & investigations Special operations Training & auxiliary support	28,199	541	√		
Sheriff Administration	Uniform patrol & investigations Inmate transport & court security Civil process	9,088	173		√	
Examiner	Medical examinations/autopsies	55	0		√	
Fire	Fire suppression	11,974	236	√		
	HM & tactical rescue services	3,214	12		√	
	Fire code enforcement					
	Community fire education					
EMS	Emergency medical services	1,837	36	√		
	Alternative medical transportation	4,425	95		√	
Emergency Comm's	Emerg. comm's & enhanced 911	3,586	54			√
	Emerg. technology/MDT support	688	0			
Emergency Management	Emergency planning	114	0			√
	Emergency operations	272	3			
Animal Control	Animal shelter operations	913	15			√
	Animal control code enforcement					
Other	NECD target sweep initiative Fund non-profit agencies	413	1	√		
Totals						
Judicial Administration						
Courts	Court facility & staff funding	532	0		√	
County Jail	Detention facility administration	9,777	234		√	
	Inmate work program administration					
Resource Ctr.	Community-based offender services	869	15		√	
Youth Home	Juvenile detention services	733	15		√	
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County.

Comments:

- The City Police Department has 4 stations & the County Sheriff has 3 stations.
- There are 12 fire stations in the City and 12 in the County.
- Durham County is served by the County Fire Marshall & 7 volunteer fire districts which are supported by property tax levies. In addition, the County provides general fund revenues to Lebanon (\$224,000).
- The Durham Emergency Communications Center serves as Durham Metro's public safety answering point (PSAP), receives all 911 calls for City & County & dispatches calls via 800 MHz radio system.
- The County Emergency Medical Services Department serves as primary provider of ambulance service in the County. First responder service in City is provided by City Fire Department.
- Under an interlocal agreement, the Durham City/County Emergency Management Agency is administered by the County and funded equally by the City and County.
- The Animal Control Department is jointly funded by the City and County.

**City of Durham and Durham County
Profile of Public Works & Transportation Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Public Works						
Administration	Public works administration	423	5	✓		
Engineering	Engineering design services	3,316	39	✓		
	Construction inspection services					
	Infrastructure mapping					
	Development plan reviews					
Right-of-Way Services	Street, gutter & curb cleaning Right-of-way mowing & cleaning Tree planting & maintenance	2,731	34	✓		
Totals						
Transportation						
Street Maintenance	Street resurfacing & maintenance Alley & sidewalk maintenance ROW stormwater maintenance	5,430	67	✓		
Transportation Services	Transportation planning	3,772	46	✓		
	Traffic engineering & control					
	Taxicab & parking control					
	Street lighting					
Transit Services	Public transit system operations Paratransit services	6,340	78	✓		
Parking Services	Parking facility operations	2,538	26	✓		
	Parking facility maintenance					
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County. City Public Works FY99 costs & FTEs were allocated based on FY00 budget percentages.

Comments:

- The City maintains 588 miles of streets and the State reimburses the City for the costs of maintaining state highways in the City. The State maintains roads on behalf of the County.
- The City develops the Transit Improvement Program for MPO.
- Piedmont Electric Membership Corporation & Duke Power install & maintain street lights.
- The County funds certain non-profit transportation agencies.
- The County's General Services Department manages the County's road signage program.

**City of Durham and Durham County
Profile of Environmental Management Services**

Program/ Department	Key Services	FY99 Costs	FY99 FTEs	City	DC	Joint
Solid Waste Management						
Administration	Solid waste administration	394	3	√		
Sanitation	Curbside refuse collection	9,242	106	√		
	Yard waste collection					
	Commercial dumpster collection					
Solid Waste Disposal	Transfer station operations	7,638	49	√		
	Household HW administration	1,240	8		√	
	Landfill & compost operations					
General Services	Solid waste management	1,420	30		√	
Waste Reduction	Solid waste recycling Waste reduction information	2,217	14	√		
Totals						
Water & Wastewater Treatment						
Administration	Public utilities administration	616	4	√		
Plant Engineering	Laboratory services	3,646	24	√		
	Water station maintenance					
	Wastewater lift station maintenance					
Environmental Engineering	Wastewater treatment engineering Sedimentation & erosion control	276	5		√	
Water Supply	Water treatment plant operations Water supply & treatment	4,459	29	√		
Wastewater Treatment	Wastewater treatment	5,642	36	√		
	Household HW monitoring	8,092	3		√	
Water & Sewer Maintenance	Water & sewer main trunk line inspection, cleaning & repairing Fire hydrant maintenance	5,983	73	√		
Storm Water Management	Storm water infrastructure mapping, cleaning, maintenance & repair Storm water quality monitoring	4,497	55	√		
Totals						

Note: Data based on FY00 County & City budgets; costs & FTEs are FY99 estimates; DC = County. City Environmental Services FY99 costs & FTEs were allocated based on FY00 budget percentages.

Comments:

- The City's Solid Waste Department provides weekly curbside & yard waste collections. Other services include cardboard collection and bulk item pick-up. The City provides weekly curbside recycling for 53,000 households & drop-off center service for 36 multi-family complexes.
- The County's General Services Department manages the County's solid waste program. The County has 4 residential container sites. There is a City-County landfill.
- City storm water duties are divided between the Storm Water & General Funds.
- The City operates 2 water treatment facilities with a combined 52 MGD capacity, 2 water supply reservoirs & pumping facilities, 4 off-site water storage tanks & 2 water booster pumping stations.
- The City operates 2 state-of-art tertiary wastewater treatment facilities (North Durham & South Durham Water Reclamation Facilities) with a combined 20 MGD capacity.
- The County operates the Triangle Wastewater Treatment Plant & county wastewater collection system.

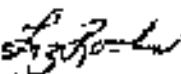
Research Triangle Foundation of North Carolina

2 Hanes Drive
Post Office Box 12255
Research Triangle Park, North Carolina 27709
Telephone: (919) 549-8181 FAX: (919) 549-8246



Elizabeth H. Rocks, Vice President, Planning & Development

TO: Marcia Margotta
Durham City-County Merger Staff Liaison

FROM: Liz Rocks 
Vice President for Planning and Development

DATE: September 21, 1999

SUBJECT: Provision of Services in RTP

As you requested I have outlined below the manner in which services are provided within the Research Triangle Park. The Research Triangle Park encompasses approximately 6900 acres of which approximately 60 percent are in Durham County and the remainder is in Wake County. There are 133 companies and an estimated 42,000 employees in RTP.

1. Water

In the Durham County portion of RTP, potable water is provided by the City of Durham at the out-of-city rate (twice the in-city rate). The initial cost for extension of the water line in 1959 from the Durham City Limits to RTP was paid for by the Research Triangle Foundation, the not-for-profit owners and developers of the Park. The Foundation sold the line to Durham in 1974 for approximately half of its installation cost to facilitate development between the park and the City. Subsequent line extensions have been funded either by the Foundation or by RTP companies with reimbursement by Durham County through its industrial recruitment policies.

In the Wake County portion of RTP, potable water is provided by the Town of Cary at twice the in-city rate. Wake County has financed the extension of water lines in this part of the Park.



Provisions of Services in RTP

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2. Sewage Disposal

Wastewater treatment and disposal is provided by Durham County in the Durham County portion of the Park and by the Town of Cary in the Wake County portion. Wastewater and pretreatment requirements are established for the respective portions of the Park by sewer use ordinances adopted by Durham County and the Town of Cary.

3. Fire Protection

Fire protection services are provided by volunteer fire departments (Bethesda and Parkwood) in the Durham County portion of the Park with the City of Durham Fire Department assisting the Bethesda Department and by the Morrisville Fire Department in the Wake County portion.

Fire Marshall services are provided by Durham County.

4. Emergency Services

Emergency medical services are provided by Durham and Wake counties from the volunteer fire departments.

Emergency Management is provided by Durham and Wake Counties.

Hazardous Materials response services are provided by the Parkwood Volunteer Fire Department for its district and by the City of Durham for the Bethesda district. In the Wake County portion of the Park hazardous materials response is provided initially by the Town of Morrisville with back-up from the City of Raleigh and the Town of Wendell and the regional response team at Parkwood. Many of the Park companies maintain their own hazardous materials staff and equipment.

5. Law Enforcement

Law enforcement and protection services are provided by Durham and Wake County sheriffs' departments.

Provisions of Services in RTP

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6. Solid Waste Collection

Solid waste collection and recycling are provided by private collection companies.

7. Roads and Sidewalks

Roadway maintenance is provided by the State Department of Transportation. Mowing of the rights-of-way is provided by the Research Triangle Foundation. Installation of roadside landscaping and maintenance of the landscaping is funded by the Durham-Wake Counties Research and Production Service District*.

Approximately 12 miles of pedestrian paths have been installed and are maintained by the Service District.

8. Recreation Facilities

Two parks (one completed in 1989 and one currently under construction) with softball fields and volleyball courts have been provided by the Service District for RTP employees. In addition many of the Park companies provide recreation facilities for their own employees. These recreation facilities include exercise equipment, softball fields, soccer fields, volleyball courts, basketball courts, jogging trails, picnic areas etc. The Research Triangle Foundation is currently constructing a commemorative park with displays about the history of RTP, walking trails and picnic benches.

9. Transit Services

Primary transit service is provided by the Triangle Transit Authority with connections to the transit systems in the nearby cities. DATA provides some service between Durham and RTP. The Service District has installed bus shelters throughout the Park.

Provisions of Services in RTP

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*The Durham-Wake Counties Research and Production Service District was created in 1986 pursuant to State legislation. The state legislation, which was adopted in 1985, recognized that the Research Triangle Park was unique and did not have the typical needs for municipal services. Thus the State legislation specifically prohibited any municipality from annexing the Research Triangle Park and gave counties the authority to adopt resolutions creating tax districts to provide special services to unusual areas such as RTP. As a result of the creation of the Durham-Wake Counties Research and Production Service District, an additional tax is levied on all real and personal property within the boundaries of the Research Triangle Park. An advisory committee for the service district is appointed by the Durham and Wake Boards of County Commissioners based on recommendations from the Research Triangle Park Owners and Tenants Association. The Advisory Committee adopts an annual budget for the Service District and recommends a tax rate to the respective Boards of County Commissioners. The tax rate is set annually by the Durham and Wake Boards of County Commissioners for the portion of the Park within their respective jurisdiction. The Service District Advisory Committee may use the tax funds generated from this Service District for any purpose for which a county or municipality may use tax funds. By state law the tax rate for the Service District must be equalized between the two counties based on where each is in its re-valuation cycle. For FY2000 the tax rate in the Durham County portion of the Park is \$.019132 per \$100 valuation and is \$.019732 per \$100 valuation in Wake County.

City-County Consolidation Study
Outline of Possible Discussion Items for Taxation & Finance Task Force
September 22, 1999

Legal Framework

- City-County Consolidation Act - General
- City-County Consolidation Act - Service Districts

Service District Alternatives

- General Service District
- Urban Service District (6)

Allocation of Services

- General Government & Administrative
- Economic & Financial
- Health & Human Services
- Parks, Recreation & Cultural
- Planning & Development
- Public Protection
- Public Works & Transportation
- Environmental Management

Other Service District Issues

- RTP District
- Chapel Hill
- Orange County

Fiscal Allocation

- Revenues
- Assets, debt & other liabilities

Future Meetings

- Risk management
- Grants management
- Debt management

Legal Framework Notes

City-County Consolidation - General

- NC Constitution, Art. V, § 2(4) – The General Assembly may authorize any county, city or town to define areas and levy taxes within those areas to provide services or facilities to a greater extent than those provided for the entire jurisdiction.
- Consolidated City-County Act
 - Effect of merger – The largest municipality in the county is abolished and its powers, duties and rights are transferred to the county (GS 160B-2).
 - Powers – The consolidated city-county shall have the powers of a county and, within an urban service district, a city (GS 160B-2.1).
 - Effect of merger – The Act contemplates the dissolution of the city and the survival of the county as the combined city-county government.
 - Approval requirements – A City-County consolidation may be approved by the General Assembly with or without voter approval. Legislative approval is required even if voters approve the consolidation. Voters must specifically approve any debt transfer from the defunct entity to the new consolidated entity.
 - Debt – The Local Government Commission shall review any debt assumed by the new entity and determine the right of the new entity to issue authorized, but unissued debt (GS 160B-20).

City-County Consolidation – Urban Service Districts

- Urban service districts generally – The governing board may establish urban service districts to provide services or facilities to a greater extent than those provided for the entire consolidated city-county (GS 160B-3).
- Previously incorporated areas – The governing board may establish urban service districts coterminous with the boundaries of any city within the county, including the abolished city (GS 160B-4).
- Other urban service districts – The governing board may define an urban service district where no municipality existed if the area has at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and requires added services (GS 160B-6).
- Extending urban service districts – The governing board may expand an urban service district by annexation if the area to be annexed has a population density of at least one person per acre and an assessed valuation of at least \$1,000 per resident, or at least 60% of the area is developed (GS 160B-7).
- Consolidating urban service districts – After meeting certain public notice requirements, the governing board may consolidate urban service districts where they are contiguous and provide (or plan to provide) similar services (GS 160B-8).
- Implementation – The consolidated city-county must provide any new or expanded services to a new, extended or consolidated urban service district within one year of adopting the change (GS 160B-9).
- Abolishing urban service districts – After meeting certain public notice requirements, the governing board may abolish an urban service district, with this action taking effect at fiscal year end (GS 160B-10).

Matrix of Potential Service Districts

District	Service Area	Programs or Services	Comments
General Service District	Entire county	Legislative & public affairs Corporate management Economic development (reg.) Financial management Health & human services (including human relations) Cooperative extension Soil & water conservation Civic Center & Athletic Park Open space & forestry mgt. Cultural & educational Medical examiner Emergency medical services Emergency communications Emergency management Animal control Judicial administration Judicial support (Sheriff) Water supply Wastewater treatment	Allocates current county taxes to GSD Allocates service charges for self-supporting enterprise funds (e.g., water & sewer) Allocates debt for Civic Center & Athletic Park
Urban Service District No. 1	Entire County except Town of Chapel Hill	Planning & zoning Building inspections Solid waste disposal Solid waste management	Exclude part of former City of Durham in Orange County
Urban Service District No. 2	Former City of Durham (incorporated part of Durham County, excluding Town of Chapel Hill)	Economic development (urban) Housing & community dev. Parks & recreation Law enforcement (urban) NECD target sweep initiative Fire services (urban) Public works (urban) Transportation (urban) Sanitation Storm water management	
Urban Service District No. 3	Entire County except former City of Durham & Town of Chapel Hill	Law enforcement (rural) Fire services (rural)	
Urban Service District No. 4	Part of former City of Durham in Orange County	All services performed by former City of Durham allocated to GSD or USD No. 1	
Urban Service District No. 5	Research Triangle Park	To be determined	Determine current service needs & levels
Urban Service District No. 6	Town of Chapel Hill within Durham County	To be determined	Determine current service needs & levels

Note: Education & community college programs would be allocated to GSD.

Risk Management

Citizen Taxation & Finance
Subcommittee

October 13, 1999

City Program

- Managed in Finance Department
- Self-insured for general liability & auto
- Pending Claims – 6/30/98 - \$10.4 million
- Risk Retention Fund – Negative \$10.7 million
- Larger risk management staff/uses outside counsel
- Case-by-case review of claims
- Self-insured for health and dental insurance
- Safety Program coordinated in Finance Department

County Program

- Managed by County Attorney
- Largely self-insured
- Pending Claims - \$71,000
- Reserve for risk management - \$2.8 million
- Small risk mgmt staff/ in-house counsel used
- County has uniform standards for claims
- Fully insured health plan/ dental self-insured
- Decentralized and limited Safety Program

Key Differences

- The County is part of state government and has the same immunity as the state.
- The Merged Entity, like the City, would operate under a charter granted by the state legislature - and may have less immunity.
- City functions generate more claims.

Key Differences

- County takes harder line on claims and _____ invokes immunity. Claims against Sheriff are limited to \$25,000.
- City has a more generous workmen's compensation policy than the county.
- City has a more formal safety program.

Troublesome Areas

- Different policies on handling of claims.
- What level of immunity would the Merged Entity enjoy?
- Risk Retention Fund – City has deficit and County reserve has a positive balance.
- City has a more generous workmen's compensation policy than the county.

Suggested Solutions

- Merged Entity must establish uniform policy on claims and seek a high level of immunity through its charter.
- Deficit in City's Risk Retention Fund should be financed by the urban service area.
- Uniform policy needed for workman's compensation.
- Pooling of insurance programs would generate savings.
- Merged Entity should adopt a uniform, formal safety program.

Conclusions

- Whereas the Subcommittee has reviewed the area of risk management,
- Be it resolved that merger of the risk management functions of the city and county is feasible and advantageous,
- Provided that an urban service district funds the deficit in the City's risk retention fund, and

Conclusions

- Provided that uniform policies are set by the Merged Entity regarding claims management, workmen's compensation, and safety programs, and
- Provided that the extent of immunity enjoyed by the Merged Entity be further investigated.

Risk Management Resolution

Whereas the Subcommittee has reviewed the area of risk management,

Whereas the city's and the county's operations and policies regarding risk management differ significantly; and

Whereas pooling of insurance purchases of the city and county would result in cost savings,

Be it resolved that merger of the risk management functions of the city and county is feasible and justifies further study,

Provided that the Merged Entity establish uniform policies regarding claims management, workmen's compensation, and safety programs; and

Provided that the extent of immunity enjoyed by the Merged Entity be subject to a cost-benefit and legal review.

MEMORANDUM

To: Tax & Finance Committee
From: Bob Melville, DMG-MAXIMUS
Date: October 18, 1999
Re: Service District Issues

Since our last meeting, I have given the urban service issue some more thought. Perhaps these observations, in tandem with the previously distributed service district, revenue and debt matrices, will help you and the committee move forward on this issue.

Overview - The committee has already determined that the urban service model contemplated by statute should be employed to facilitate a city-county merger in Durham. The next step is to determine which, if any, City services, revenues and debt would be allocated to the general service district (i.e., the county as a whole).

From a practical matter, the committee does not have to worry about County services, revenues and debt because these will be assigned to the general service district. If the Public Protection Committee recommends that rural fire protection services continue to be provided by the volunteer fire districts for the near term, then the taxes for those districts will not need to be realigned.

Services - The other committees are addressing the extent to which any current city services should be extended to the entire county or General Service District (GSD). At this point, it appears that their recommendations will entail the allocation of most current city services to USD No. 2 (the old city after merger). However, there are some potential exceptions to this rule that the Tax & Finance Committee's resolution should accommodate.

The most obvious exception concerns any corporate and legislative functions performed by the City (e.g., Council, Manager's Office, Finance or Personnel). Under a merged entity, these services would likely be defined as entity-wide (county-wide) services, and thereby be assigned to the GSD. Other possible exceptions include the following:

- Law enforcement
- Fire services
- Economic development
- Human relations
- Housing & community development
- Parks & recreation
- Civic Center
- Durham Athletic Park
- Water supply & wastewater treatment

Your committee should probably consider adopting a flexible strategy that would allow not only for some current city services to be allocated to the GSD on the first day of

merger, but for USD No. 2 (and the geographic scope of current urban services) to expand via annexation over time as urban growth continues. Under state law, the governing board may expand an urban service district by annexation if the area to be annexed has a population density of at least one person per acre and an assessed valuation of at least \$1,000 per resident, or at least 60% of the area is developed (§GS 160B-7).

Revenues - In determining how future revenues should be allocated to the recommended service districts, the ultimate objective is to avoid increasing taxes for any segment of the community (at least not without a corresponding increase in services).

A reasonable approach would be to match revenues with service responsibilities. Thus, if a particular service (e.g., street maintenance) is to be allocated to USD No. 2, then any associated revenues (e.g., NCDOT Powell Bill revenues) would be matched with that particular service and assigned to USD No. 2.

This matching process works best for revenues which are "earmarked" or closely associated with a particular activity (e.g., animal taxes, development permits, gasoline taxes, most grants and most service charges). It works less well for revenues of general applicability (e.g., property and sales taxes). To allocate all revenues to service districts, we would start with revenues that are most easily matched (e.g., earmarked revenues), allocate those revenues to service districts, and then "back into" an allocation of the most general (and significant) revenue source (i.e., the general property tax).

As with services, the challenge involving revenues is how to allocate what are currently city revenues. All of the county revenues should be assigned to the GSD. To the extent that current city services are assigned to USD No. 2, all other city revenues, including the city general property tax, would also be allocated to USD No. 2. Possible exceptions might include the following:

- Fire protection district taxes and the portion of city property taxes equal to the fire department budget (if fire protection is made a county-wide function)
- Occupancy taxes (if economic development is made a county-wide program)
- Development permits & fees (to support a county-wide planning & inspection program)
- JTPA grants (if job training becomes a county-wide program)
- HUD grants (if housing & community development programs are extended to the unincorporated part of the county)
- Recreation fees (if a county-wide recreation program is established)
- Civic Center & Durham Athletic Park fees
- Water supply & wastewater treatment service charges

The resolution also should make allowances for any City revenues that are earmarked for municipal services and cannot be allocated to the County (e.g., stormwater revenues) as well as any grants received by the City that would be adversely affected if the grant revenues were allocated to the County (which has different demographics).

Debt and other obligations – Generally, outstanding debt should be allocated to the service districts using the same approach used in allocating revenues. However, since debt represents prior obligations, and revenues represent future income streams, the Committee may opt to assign City debt to USD No. 2 even where the related revenues are allocated to the GSD. For example, even if the parks and recreation program is recommended as a county-wide program, and recreation fees are allocated to the GSD, the City's general obligation debt for parks and recreation may be for facilities in the City and, as a result, should continue to be assigned to USD No. 2.

All existing County debt should be assigned to the GSD (most of it is for schools anyway). Generally, as a matter of principle, debt issued by the City should probably not be allocated to the entire County unless the services, programs or facilities supported by that debt are reassigned from the City to the GSD. Examples of City obligations that could reasonably be assigned to the GSD include the following:

- General obligation bonds for the water & sewer fund
- General obligation bonds for the solid waste management fund
- General obligation bonds for the Civic Center fund
- Water & sewer fund revenue bonds
- Certificates of Participation for the Durham Athletic Park
- Notes payable to the State for the North Durham Water Reclamation Facility
- Notes payable to the County for water and sewer assets
- Certificates of Participation for risk management fund

The City also has some authorized but unissued debt. At 6-30-98, City had \$126.7 million in authorized, but unissued bonds, including \$35.2 million for streets, \$23.6 million for housing, \$20.6 million for parks and recreation facilities, \$10.7 million for sanitary sewers, \$5.2 million for transit, \$4.9 million for art and museum facilities and \$1.9 million for urban trails. This debt, since it has not yet been issued, could be allocated in the same way as revenues (i.e., match it with service assignments).

Other issues – Another interesting issue involves the RTP. Should it be part of the GSD or have its own service district? Under current state law, the governing board may establish an urban service district where no municipality existed if the area has at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and requires added services (§GS 160B-6).

The portion of RTP within Durham County (about 60 percent of the land area) receives services from several sources:

- The City of Durham provides water
- Durham County provides law enforcement, fire marshal, emergency management and wastewater treatment and disposal services, as well as other county-wide services
- The Bethesda and Parkwood fire protection districts provide fire protection and emergency medical services
- The State Department of Transportation provides roadway maintenance

- The Durham-Wake Counties Research and Production Service District provides roadside landscaping, pedestrian path development and maintenance
- The Triangle Transit Authority provides bus service
- Private entities (e.g., the Research Triangle Foundation and private for-profit firms) provide right-of-way mowing and solid waste collection services

Thus, the RTP receives the same types and levels of service from Durham County that other parts of unincorporated Durham County receive, except that it also receives potable water from the City of Durham. It could be included as part of the GSD or, because it requires a somewhat higher level of service, designated a urban service district. However, since it is unclear whether the RTP would satisfy the current statutory criteria for urban service districts, the enabling legislation for the merger would have to specifically authorize the designation of RTP as an urban service district.

Matrix of Potential Service Districts

District	Service Area	Programs or Services	Comments
General Service District	Entire county	Legislative & public affairs Corporate management Econ. development (regional) Financial management Health & human services (including human relations) Cooperative extension Soil & water conservation Civic Center & Athletic Park Open space & forestry mgt. Cultural & educational Medical examiner Emergency medical services Emergency communications Emergency management Animal control Judicial administration Judicial support (Sheriff) Water supply Wastewater treatment	Allocate current county taxes to GSD? Allocate service charges for self-supporting enterprise funds (e.g., water & sewer) to GSD or USD No. 2? Allocate debt for Civic Center & Athletic Park to GSD or USD No. 2?
Urban Service District No. 1	Entire County except Town of Chapel Hill	Planning & zoning Building inspections Solid waste disposal Solid waste management	Exclude part of former City of Durham in Orange County
Urban Service District No. 2	Former City of Durham (incorporated part of Durham County, excluding Town of Chapel Hill)	Econ. development (urban) Housing & community development Parks & recreation Law enforcement (urban) NECD target sweep initiative Fire services (urban) Public works (urban) Transportation (urban) Sanitation Storm water management	
Urban Service District No. 3	Entire County except former City of Durham & Town of Chapel Hill	Law enforcement (rural) Fire services (rural)	
Urban Service District No. 4	Part of former City of Durham in Orange County	All services performed by former City of Durham allocated to GSD or USD No. 1	
Urban Service District No. 5	Research Triangle Park	To be determined	Determine current service needs & levels
Urban Service District No. 6	Town of Chapel Hill within Durham County	To be determined	Determine current service needs & levels

Note: Education & community college programs would be allocated to GSD.

Matrix of Revenues by Source and Entity

Revenue Source	Comments	City FY98	County FY98
General Government Fund Revenues			
Real property tax			
• General property tax	Different rate allowed for USD Primarily fire district taxes	\$54,943	\$124,159
• Special district taxes		0	2,613
Subtotal		54,943	126,772
Sales tax (local option)	Allocate per capita or ad valorem	19,934	27,113
Other local taxes:			
• Intangibles tax	Allocate on ad valorem basis City receives 25.5% County tax only	1,459	3,069
• Occupancy taxes		1,210	3,535
• Animal taxes		0	247
Subtotal		2,669	6,851
Licenses & permits			
• Development permits	Construction-related permits Cable franchise administrative fees Mostly business license fees	2,432	1,301
• Cable TV franchise fees		913	311
• Other license & permit fees		0	36
Subtotal		4,290	1,648
Intergovernmental revenues			
• Federal & state grants	See grants matrix (Exhibit 1)	6,419	44,959
• Utility franchise tax	City receives 3% of gross receipts	5,504	0
• Gasoline tax	75% per capita & 25% per mile	4,695	0
• Beer & wine tax	Per capita distribution	652	154
• Alcoholic Beverage Control tax	City receives 20% of profits	39	0
• Tax exemption reimbursement	15% of Homestead exemption	68	0
• Inventory tax credit	80% ad valorem & 20% per capita	2,047	0
• Other agencies	City receives funds from County	1,729	3,141
Subtotal		21,153	48,254
Service charges			
• General government fees	Deed & tax collection fees	0	3,709
• Development fees	Planning & inspection fees	1,389	0
• Public protection fees	EMS & fire inspection fees	2,181	2,221
• Recreation fees	Program activity fees	1,267	0
• Health & welfare fees	Mental & public health fees	0	4,881
• Other charges	Cemetery & library fees	380	703
Subtotal		5,217	11,514
Investment & rental		3,330	4,291
Other revenue	Asset sales & cafeteria plan revenues	6,385	6,530
Totals		\$117,921	\$232,974

Note: Data obtained from FY98 CAFRs. All revenues presented in thousands. The County's federal & state grant revenues exclude the public assistance pass-through (\$121.6 million). The County's intergovernmental revenues from other agencies (\$3,141,000) included a wide variety of funding sources (e.g., FEMA).

Matrix of Revenues by Source and Entity

Revenue Source	Comments	City FY98	County FY98
Enterprise fund revenues			
Service charges	Mostly water & sewer charges	\$55,812	\$2,116
Taxes	Taxes allocated to Civic Center	837	0
Intergovernmental	Mostly transit grants	2,579	0
Investment & rental	Mostly utility fund earnings	3,678	1,005
Other revenue	Mostly utility impact or tap fees	\$,199	2,283
Interest & fiscal charges	Proportionate distribution	(11,574)	(1,279)
Totals		\$56,430	\$4,125
Internal service fund revenues			
Service charges	Charges for various funds	\$12,267	\$632
Investment & rental		2,717	70
Other revenue		(32)	0
Interest & fiscal charges		(1,931)	0
Totals		\$13,021	\$702

Note: Data obtained from FY98 CAFRs. All revenues presented in thousands. While it is customary to distinguish enterprise fund operating revenues (e.g., service charges) from non-operating revenues (e.g., investment), all enterprise fund revenues are shown above without regard to this distinction.

Exhibit 1 – Percent of Federal & State Grant Revenues by Source

Revenue Source/Program	Comments	City %	County %
Federal			
Social services (HHS & Agric.)	County is conduit for TANF, Medicaid & food stamps)	1.4%	74.2%
Job development & training (Labor)	Pass-through JTPA grant	3.0%	0.0%
Mental health (HHS)		0.0%	19.7%
Housing & development (HUD)	Direct Entitlement & Home Investment Partnership grants	16.1%	0.0%
Law enforcement (Justice)	Direct Domestic Violence & Law Enforcement Block grants	4.1%	0.0%
Transportation (DOT FTA)	Direct operating & capital grants for transit system (§9 & §104)	42.8%	0.0%
Public health		0.0%	3.8%
Other		0.2%	2.3%
Subtotal - Federal		67.6%	100.0%
State			
Transportation (NCDOT)	Portion of Powell Bill earmarked for streets	31.6%	
Other	City receives some drug grants	0.8%	
Subtotal - State		32.4%	
Totals		100.0%	

Note: City grant percentages derived from FY98 Single Audit Report. City receives small direct human services grant for Durham Community Coalition. Since we did not obtain a complete distribution of County grant revenues by source, all County grant revenues are shown as federal grant revenues.

**Matrix of Long-Term Debt by Obligation
Durham County**

Fund/Debt Type/Purpose	Year Issued	Year Matures	Debt at FY98
General Government Funds			
General Obligation Bonds			
• Public improvements (mostly school facilities)	1992	2011	\$58,905
• Public improvements (mostly school facilities)	1992	2010	45,238
• Civic Center	1993	2004	13,279
• Public improvements (miscellaneous)	1993	2013	20,010
• Public improvements (miscellaneous)	1994	2013	22,415
Subtotal			159,847
Contracts Payable			
• COP - Hospital & Visitors Bureau	1994	2017	\$27,535
• COP - Detention Center Refunding	1997	2014	37,665
• Other financing contracts	Unknown	Unknown	7,022
Subtotal			72,222
Other Obligations			
• Capital lease obligations			217
• Earned vacation pay			3,114
• Industrial Utility Extension obligations			1,414
Subtotal			4,745
Total - Government Fund Debt			
Enterprise Funds			
General Obligation Bonds			
• Water & sewer facilities and other improvements	1992	2012	\$10,470
• Water & sewer facilities and other improvements	1992	2010	11,187
• Water & sewer facilities and other improvements	1993	2004	1,121
• Water & sewer facilities and other improvements	1993	2013	1,690
Subtotal			24,468
Other Obligations			
• Industrial Utility Extension obligations			279
Total - Enterprise Fund Debt			
Total County Long-Term Debt			
			\$24,747
			\$261,561

Matrix of Long-Term Debt by Obligation

City of Durham

Fund/Debt Type/Purpose	Year Issued	Year Matures	Debt at FY98
General Government Funds			
General Obligation Bonds			
• Streets	Unknown	Unknown	\$19,265
• Housing & development	Unknown	Unknown	18,834
• Parks & recreation	Unknown	Unknown	7,524
• Public protection	Unknown	Unknown	<u>2,301</u>
Subtotal			47,924
Mortgage Revenue Bonds			
• Urban redevelopment (Durham Hosiery Mill project)	Unknown	Unknown	5,300
Contracts Payable			
• COPs Fire Station #2 & Public Works Center	1991/1996	Unknown	5,120
• Police HQ refunding	1996	Unknown	2,905
• COPs Multi-purpose	1991/1997	Unknown	<u>8,449</u>
Subtotal			16,474
Other Obligations			
• Capital lease obligations			204
• Earned vacation pay			4,288
• Notes payable to NCDOT (ROW & construction notes)			<u>55</u>
Subtotal			4,547
Total - Government Fund Debt			74,246
Enterprise Funds			
General Obligation Bonds			
• Water & sewer fund	Unknown	Unknown	\$108,590
• Solid waste management fund	Unknown	Unknown	24,334
• Civic Center fund	Unknown	Unknown	7,174
• Transit fund	Unknown	Unknown	<u>563</u>
Subtotal			140,661
Revenue Bonds			
• Water & sewer revenue bonds	1994	2016	14,520
• Water & sewer revenue bonds	1998	2018	<u>16,765</u>
Subtotal			31,285
Contracts Payable			
• COP - parking facilities	1991	2011	9,265
• COP - Ballpark Fund	1992	2014	<u>9,475</u>
Subtotal			18,740
Other Obligations			
• Accrued compensated absences			1,057
• Notes payable to NCDOT (ROW & construction notes)			263
• Notes payable to NC (N. Durham Water Reclam. Facility)			12,000
• Notes payable to Durham County (water & sewer assets)			<u>29,448</u>
Subtotal			42,687
Total - Enterprise Fund Debt			\$233,453
Internal Service Funds			
Contracts Payable			
• COP - Claims & risk management	1993	2007	20,800
• COP - Claims & risk management	1993	2007	10,300
• COP - Central radio, central fleet & fire fleet			<u>10,131</u>
Subtotal			41,231
Other Obligations - Accrued compensated absences			
			416
Total - Internal Service Fund Debt			\$41,647
Total City Long-Term Debt			\$349,346

Note: While overall debt numbers were obtained from FY98 CAFR documents, the allocation of general obligation debt to specific instruments or programs was in some cases estimated based on budget data.

**Durham City / County Merger Task Force
Taxation & Finance Subcommittee
Cost Impact Study Group**

- Mary Cline
- John Cline
- Jim Edney
- Ken Gibbs
- Eric Harrington

■ 11/10/99

Issues/Analytical Questions

Some Definitions

- Will the recommended service districts & service alignment increase or decrease costs?
- Are there any cost reduction opportunities associated with merger?
- Are there any major cost increases that could accompany merger?
- How will merger affect major planned or future capital cost expenditures?
- Are there any significant transition costs associated with merger?

For the purpose of our discussion on cost structure, we assume Durham / Durham County and the Research Triangle Region will continue to experience growth in population, economic base, business employment, and other key indicators for a foreseeable planning horizon.

By this definition, government services will likely need to increase in the aggregate to serve a growing population of citizens in Durham County.

Therefore discussion of higher or lower cost structure is relative. The total expenditure for governmental services, the total employment in government, the total value of material, equipment, and services purchased for the citizens through their government will, in all likelihood, be greater in five or ten years than it is in 1999-2000.

Our examination and conclusions are based upon the possibility that merger of Durham City and Durham County governments will result in a higher or lower cost relative to the costs today.

We use the term "unit cost" to put a name on a concept that can only be quantified in the adopted tax rate.

By "unit cost" we mean simply that a given set of cost inputs (labor, materials, rent, overhead, supervision, equipment) presently required to provide a service is likely to be more or less if the Durham City and Durham County governments merge and the merged entity provides the same service.

Will the recommended service districts & service alignment materially increase or decrease costs?

- General Services District – Entire County
 - We expect costs would increase to the extent urban services are extended to the former unincorporated areas. We expect extension of services will be included in enabling legislation, and cost effects of extensions will be evaluated as part of the decision to pursue merger. We do not expect that establishment of a General Services District *in itself* (a part from other costs associated with merger) will materially increase or decrease costs.
- Urban Service District #1 – Entire County except Town of Chapel Hill
 - We do not expect that designation of this Service District will materially increase costs.
- Urban Service District #2 – Former City of Durham
 - We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #3 – Entire County except former City of Durham
 - We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #4 - Part of former City of Durham In Orange County
 - We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #5 – Research Triangle Park
 - We do not expect that designation of this Service District will materially increase costs. It may have the effect of helping to increase revenues and decrease costs by centralizing the provision of merged services to RTP.
- Urban Service District #6 – Town of Chapel Hill within Durham County
 - We do not expect that designation of this Service District will materially increase costs.

Are there cost reduction opportunities associated with merger? Part 1

- Policy Making & Oversight (i.e. elected officials), Legislative, Public Affairs
 - We believe a merged entity may effect cost reductions, primarily in:
 - Staff and support functions (including public meetings);
 - Legal Support;
 - Records Management (City and County Clerk)
 - The merged entity would be more likely to be efficient and effective (therefore less costly) in part due to the reduction of "transmission loss" between the current two bodies of elected officials and associated duplicate staffs/departments.
 - These potential cost reductions may be effected *regardless* of the size of the governing body.
 - Register of Deeds and Board of Elections would function with little change through merger.
- General Administration
 - We believe a merged entity could effect cost reductions in many areas of general administration.
 - A merged entity could eventually *lower unit costs* in any current "back office" function (such as: human resources, purchasing, procurement, information technology, facility management, fleet management, asset management, internal audit).
- Economic Development
 - We believe Durham and Durham County could - over the long term - reduce costs, and provide enhanced services in Economic Development in a merged entity.
 - The current two governments now cooperate and share costs between the various departmental and other entities engaged in Economic Development, tourism, and regional promotion.
 - Merger may offer opportunities to enhance cooperation with regional governments and institutions.
 - This may benefit both Durham and the region.
- Financial Management
 - We believe we may find some cost reductions over the long term with merged financial management.

Are there cost reduction opportunities associated with merger? Part 2

- **Health & Human Services**
 - This is an example of a set of services *primarily* provided through the County. The merged entity could expand services now provided by the City and not provided by the County to the General Services District (i.e. EEO, Human Relations Commission, Diversity, Civil Rights Education, Anti Discrimination Law Enforcement). Any cost increases may be mitigated by revenue enhancement from fees and grants.
- **Planning, Zoning, & Inspections**
 - These departments are currently merged. A merged governmental entity may allow improved improved effectiveness of operations - rather than reduction in costs per se - due to the elimination of duplication of efforts in responding to two governing boards (i.e. Durham City Council and Durham County Commissioners).
- **Law Enforcement Uniform Patrol & Investigations**
 - To the extent that there may *eventually* be a merger of Uniform Patrol functions, there *could* be cost reductions in a range of administrative, equipment, purchasing, personnel, and back office functions (i.e., common technology, enhanced purchasing power, fleet management, back office functions, and reduction of jurisdictional issues) on a *unit cost* basis. We can not address those items absent a definition of how, when, if any sort of merger of Uniform Patrol functions is effected.
- **Emergency Management Services and Animal Control**
 - Emergency Services now are shared, therefore many of the opportunities for cost reduction are incorporated into the present system.
- **Utilities Operations & Administration**
 - We believe we may effect cost savings in combining Solid Waste Management and Wastewater Treatment especially as the systems continue to grow and require further upgrades, expansions, and replacement of outdated equipment and systems. We believe there is potential for greater efficiency with combined operations even though there is no significant overlap or duplication of services.

Are there any major cost increases that could accompany merger? Part 1

- Law Enforcement Uniform Patrol & Investigations
 - Costs could increase to align the services provided by the Urban Services district to the General Service District. The level of service, level of equipment, pay, benefits, and a host of other issues could raise costs of Uniform Patrol in a merged entity. The costs could also reflect greater level of service. We can not address those items absent a definition of how, when, if any sort of merger of Uniform Patrol functions is effected
- Fire Department & EMS Service
 - Should the merged entity decide to extend the current Durham City level of Fire services (especially fully staffed rural fire stations) to the General Service District the cost increase would be dramatic. This is an area where cost / benefit analysis could uncover reasonable direction for policy makers. The current service level provided through the volunteer fire departments in the unincorporated areas may be adequate and not require the extension of salaried and fully staffed Fire services to the entire County (at this time). Some increase in service level may be desirable. We would expect any increase in cost to accompany an increase in service.
- Parks & Recreation
 - This service area could increase in cost because of the possibility that the merged entity would choose to extend some range of Parks & Recreation services to the General Services District. This enhanced service could be more expensive on a unit cost basis because of the larger geographic area of the County. However, there will be a variety of choices to make to get the most "bang for the buck" from enhanced service.
- Housing & Community Development
 - These services could potentially benefit all of the citizens of the County, not just those living in the Urban Services District. Because many of the services of Housing and Community Development Department are funded by grants, the potential for cost increases may be mitigated by the potential for enhanced revenue due to expansion of service area.

Are there any major cost increases that could accompany merger? Part 2

- **Transportation (Traffic, Roads, & Streets) & Transit Services**
 - Most of these services are provided through the City of Durham (proposed USD #2). Growth of the Urban Services District #2 may result in increased costs in expansion of services to contiguous areas, and expansion of services in response to better County wide identification of needs for services. We believe the higher costs would not be a direct result of City/County Merger
- **Public Works**
 - As in the matter of Transportation Services, we believe costs in this area are likely to increase because of the expansion of services to contiguous areas, and because of better County wide identification of needs for Public Works services. To the extent that the increased costs benefits the Urban Services District #2, these costs could reasonably be borne by the citizens of that district. To the extent that improvements to infrastructure benefits all citizens of the County (i.e. through enhanced economic base, industrial expansion, et cetera), the costs could be shared County wide.
- **Solid Waste Disposal & Management**
 - The likelihood of expansion of these services and costs may be mitigated by fees for the services.
- **Water & Wastewater**
 - The likelihood of expansion of these services and costs may be mitigated by fees for the services. We would expect that expansion of these services throughout the General Services District would not be warranted or required by merger.

How will merger affect planned or future capital cost expenditures?

- **Solid Waste**
 - Merger would affect capital cost expenditures only if services are extended to new areas not likely to receive services under the current structure.
- **Water & Wastewater**
 - Merger would affect capital cost expenditures only if services are extended to new areas not likely to receive services under the current structure.
- **Office Space**
 - Capital expenditures for office space would likely have a different character under a merged entity than with the current separate entities.
- **Parks & Recreation**
 - Capital expenditures would likely increase due to a merger, and not decrease.
- **Library & Cultural Resources**
 - Capital Expenditures would be unlikely to change due to merger.
- **Information Technology, Radio Systems, Fleet Purchases**
 - Capital expenditures would likely increase initially due to a merger, with efficiencies of scale eventually lowering the total capital cost outlay.
- **Roads, Streets, Curb & Gutter**
 - Merger would not increase planned or future capital cost expenditure. One result may be that the merger transition costs will cause (temporary) deferral of (future) capital cost expenditure for infrastructure improvements to pay for costs of merger.
- **Schools**
 - Merger should not affect capital cost expenditure. One result may be that the merger transition costs will cause (temporary) deferral of (future) capital cost expenditures for school improvements to pay for costs of merger.

Are there any significant transition costs associated with merger?

- **Legal Costs**
 - Planning
 - Implementation
 - Litigation
- **Human Resources**
 - Pay Plans
 - Insurance / Benefits / Workers Compensation
 - Pay Equity/Employee Retention
 - Loss of Efficiency During Transition
- **Information Technology**
 - Legacy Systems
 - New Systems Requirements
 - Training/Implementation of New Systems
- **Implementation Planning**
 - Reduction of Efficiency Due to Planning Task Requirements
 - Costs of Additional Personnel to Plan & Execute Details
- **Costs of Physically Moving/Combining Resources**
 - Building/Renovation of Offices to Accommodate Revised Departments
- **Consultant Costs**
 - Feasibility; Planning; Implementation
- **Public Information (Communication, Signage, Relocation of Offices/Personnel)**
- **Consumables (i.e. stationery, business cards, software, business processes)**
- **Maintenance of Quality of Customer Service**

Resolution

■ *Whereas:*

- The Tax & Finance Subcommittee of the Durham City / County Merger Task Force has reviewed the cost structure of the existing entities and the effects of the proposed merger on the potential cost structure of a merged entity;

■ *Be it resolved:*

- The merging of city and county governments is feasible and justifies further study;

■ *Provided that:*

- The provisions for merger include adequate estimates of transition costs;
- The merger plan provides a timetable for implementation of all facets of merger to reduce to the extent possible short term and long term costs of merger;
- All departmental functions of existing entities be analyzed for the possibilities of inclusion in new and/or merged departments;
- Each statutory function of the existing entities be retained in the merged entity with no diminution of authority to the new entity;
- The provisions for merger include detailed cost / benefit analysis of merger using information available from existing sources (including documented experience of other merged entities), and using prudent long-term cost/benefit projections based on historical information available on Durham County and Durham City cost structures.



Whereas:

Moody's and Standard and Poor's use four factors to evaluate a municipality's financial health

- 1) Administrative factors: history and stability of the financial plan execution
- 2) Economic structure: tax base, diversity of employment and growth potential
- 3) Financial status: fund balance, credit evaluation, financial performance and consistency
- 4) Debt management: terms of 20 year bonds, 5-year development plan

Whereas:

Both governments have excellent bond ratings i.e. comply at the highest level with the factors listed above

Therefore:

A unified Durham would likely maintain the higher of the two ratings and no worse than the marginally lower rating of the City



How will the combined debt capacity compare to the two individually?

Whereas:

The statutory debt limits for counties and cities are set by state law (at 8% of tax base) and

Counties are allowed an 8% limit to provide for schools and

Cities are allowed 8% separate from the schools allowance

Therefore:

The combined debt limit for a unified Durham would be doubled

The operating debt capacity could be decided by a conference committee (as with the fund balance policy)



Whereas:

The operating debt capacity is different (and much less) than the statutory debt limit

It is set by policy (currently between 2% and 4%?)

This debt policy is a different, but related, issue than fund balance

Big 10 quarterly (5 largest cities and 5 largest counties) provide benchmark policies

Both governments have AAA bond ratings with Standard & Poor's

County has AAA with Moody's, City has AA

This difference in rating means a difference on the order of .001% in interest rate

Therefore:

The combined statutory debt capacity for a unified Durham is effectively unlimited and the operating debt capacity can be set at the highest possible level for maintaining the top bond rating



Whereas:

The policy considerations for determining an appropriate fund balance for a given municipality are routinely discussed in the community of municipal finance directors/budget officers

Therefore:

A conference committee from the City and County budget/finance officers and/or the merger task force can meet to determine an appropriate policy for the merged government



How should the city's authorized, unissued bonds be handled?

Whereas:

The City has authorized, but as yet unissued bonds and

These amount to a 'line of credit' approved by City voters but not yet spent

Therefore:

A merged government would have the options to:

- 1) let these bonds 'age away' (after 7 years) and not ever be used
- 2) ask that they be reconsidered, giving the merged entity the opportunity to vote on this potential debt
- 3) agree to issue the bonds as part of the USD 2 debt



Whereas:

Opportunities for refinancing of municipal debt constantly appear and are taken advantage of by both governments as appropriate and

Each government must make separate application for such refinancing

Therefore:

While merger would provide no more opportunities for refinancing, each instance of refinancing can be done more cheaply (one process instead of two)

*Taxation and Finance Subcommittee
Debt Study Group Presentation
Wednesday, November 17, 1999*



Resolved:

There are no objective financial liabilities or risks that would undermine the effectiveness of merger



Are there industry state-of-the-art techniques and/or technologies that are on the horizon for either government that could be implemented sooner under a merger plan?

"There would definitely be an opportunity for taking advantage of new technology in a merged government. It would be the perfect time to upgrade and change systems to the most advanced available."

Paperless system effort in City

GASBE 34 accounting process -- required national reporting standard

Durham City and County Tax / Finance Subcommittee

Revenues, Grants, and Finance

Anson Gock

Tom Niemann

Mark Wiggin

Study Issues

1. Revenue Structure

- Impact on tax rates, user fees or other revenues?
- Impact on tax equity?
- Positive effect on revenue structure?

2. Grants

- Threats to intergovernmental revenue? Competitive and Formula.
- Potential synergies / improved coordination from merger?
- Grant management under consolidated entity?

3. Finance and Budget

- Streamlining opportunities for financial and management activities?
- Effect on financial and accounting practice?
- Impact on customer service billing.? Treasury management?
- Benefits of larger pool of merged cash on investment returns?

88 Tax / Finance Subcommittee Study Group Findings--Gock, Niemann, Wiggin

1. Revenue Structure

- Impact on tax rates, user fees or other revenues?
- Impact on tax equity?
- Positive effect on revenue structure and stability?
- + or - effect on opportunities for rev. enhancement?

• Background Information

- Underlying assumption: Establish tax service districts for urban and rural county.
- \$130M of county's budget by-passes county completely, eliminate from analysis.
- City rev. = Prop + Sales + InterGov + Chgs&Srvs + Tot Misc. + Other Misc.
\$220M = 112/51% + 39/18% + 41/19% + 12/5% + 6/3% + 9/4%
- City rev. = Prop + Oth Loc + IR + Inv&Rent + Chgs FCS + Trans + All Other...
\$244M = 62/25% + 26/11% + 25/10% + 9/4% + 88/36% + 23/9% + 11/5%

• Findings / Conclusions

- No increase in tax rates or user fees, etc. No significant risks to current revenues --Tax revenues should not be affected.
- No apparent change in tax equity.
- No significant change to revenue structure.
- Potential limitation on revenue enhancement -- Annexation, new government charter.
- No significant opportunity for revenue enhancement by pooling invest \$s.

• Recommendations

- Future merger study must consider possible impacts on the entity's annexation power. Affects future opportunities for revenue enhancement and balancing of tax & services.

12/15/99

28 Tax / Finance Subcommittee Study Group Findings--Gock, Niemann, Wiggin

- 2. **Grants--** Competitive and non-competitive grants.
 - Threats to intergovernmental revenue?
 - Potential synergies / improved coordination from merger?
 - Grant management under consolidated entity?

- **Background Information**
 - City coordinates competitive program, currently assists other organ.& county agencies.
 - City grants receipts increased from \$1 million to \$8 million for FYE 6/30/99.
 - County -- Decentralized, Investigating streamlining and consolidating grant process.
 - City is investigating opportunities for establishing relationship w/ a grant foundation.
- **Findings / Conclusions**
 - No significant threats to intergovernmental revenues.
 - High potential for improving county-wide grant process by consolidating city/county.
 - Eliminate "double-dipping" and inefficient grant allocation. Improve control.
 - Increase access by city to Education / Housing / Public Health grants.
 - For county, potential to build upon the city's grant dept. model.
 - Minimize possibility for competition between city and county.
- **Recommendation**
 - Merge city and county competitive grant programs.

Tax / Finance Subcommittee Study Group Findings- Gock, Niemann, Wiggin

- 3. Finance and Budget
 - Streamlining opportunities for financial and management activities?
 - Effect on financial and accounting practice?
 - Impact on customer service billing? Treasury management?
 - Benefits of larger pool of merged cash on investment returns?

- **Background Information**
 - Taxes are already collected under a merged entity, consolidation went smoothly.
 - Tax dept. sees no process impediments to city/county consolidation.
 - City and county use different software packages and systems for finance and budget.
- **Findings / Conclusions**
 - K Merger will not provide significant opportunities to streamline tax collection.
 - K Merger may not provide significant opportunities to streamline budget / finance.
 - Q Systems will have to be merged. Potentially significant costs (direct and indirect) of merging city/county accounting and finance systems.
 - K No significant changes to billing. Taxes are already merged.
 - Q Slightly improved expected performance of investments as a result of pooling cash.
- **Recommendation**
 - Future analysis of merger should rigorously evaluate transition costs of finance and budgeting to be included in the overall cost/benefit analysis.

§ Durham Tax / Finance Subcommittee Study Group Findings
Gock, Niemann, Wiggin

RESOLUTION

Whereas:

The Subcommittee has reviewed the effects of the proposed merger on revenue sources and finance and budgeting practices;

Be it resolved:

The merging of city and county governments is feasible and justifies further study;

Provided that:

The boundaries of the Urban Service Districts be rigorously analyzed to assure a matching of revenues with services;

Merger transition costs are rigorously analyzed; and

Annexation powers are retained in the new entity charter.

●

Admin/General Government

●

●

**DURHAM CITY-COUNTY CONSOLIDATION
VOLUME III
CITIZEN TASK FORCE MEETING MINUTES
DECEMBER 21, 1999**



**Durham City-County Consolidation
Volume III - Meeting Minutes**



**Durham City-County Consolidation
Volume III**

**Citizen Task Force
Meeting Minutes**

December 21, 1999

TO: Marcia Margotta
FROM: Administrative/General Government Subcommittee
SUBJECT: Meeting of July 20, 1999

1. Susan Austin and Earl Powell were elected as Co-Chairs and Tom Hurysz appointed as temporary secretary.

2. We decided to meet twice a month (1st and 3rd Tuesdays, except for August) from 7:00 - 8:30 P.M. Susan will attempt to reserve a room at the Main Library. Meeting dates will be 8/10 & 24, 9/7 & 21, 10/5 & 19 and 11/2 & 16.

3. Susan will obtain Durham City/County organization charts, Charters and other descriptive materials from the web.

4. Tom will obtain reports from previous merger discussions.

5. Scott Gardner was added to the subcommittee.

Not present: Fikes, Harrington, Jentsch, Massenburg, McEachin, Steer, and Wildcy.

4/1/1

**Administrative/ General Government Citizen Merger Subcommittee
Main Library**

Tuesday, August 10th, 1999 7:00 - 8:45pm

15 members in attendance, 7 absentees

Steering Committee Liaison Mr. Howard Clement III

Announcements

Either Co-chairpersons (Ms. Susan Austin or Mr. Earl Powell) need to be notified within 24 hours in the event you are unable to attend a meeting. Two absences without prior notification will be an assumed resignation from the subcommittee.

Minutes from the July 20th, meeting were inadvertently left out of the mailed packets. Ms. Austin will contact Marcia and be sure the minutes are available before the next meeting.

All requests for attendance of city/county staff, or requirements of administrative duties, need to be forwarded to Marcia/facilitator via the co-chairs.

Ms. Alicia Morris was elected subcommittee secretary.

Subcommittee discussions

The subcommittee focus is on administrative functions as clarified by Mr. Clement. These functions were compared and members decided on which they wanted to keep administratively. The group has decided on the following:

Internal Audit	Equal Opportunity/ Equity Assurance
Internal Consulting Office	Grants
Management Information	Asset Management
Information Services (IS)	Fleet Maintenance
Human Resources	Geographic Information Systems
Economic and Employment	

A memorandum raising specific questions needs to come from the group signed by the co-chairs and directed to the facilitator. The facilitator will be decided on Friday August 13th.

The City/County Manager's Work Program Proposal/Budget Document will be available for evaluation at the August 24th meeting. Mr. John Steer (County's proposal) and Ms. Annette Montgomery (City's proposal), have volunteered to obtain these documents.

Mr. Scott Gardner will access information on other mergers.

The meeting was adjourned with no further business to discuss.

Administrative/ General Government Citizen Merger Subcommittee

Tuesday, August 24th, 1999

7:00p

4th Floor Conference Room at City Hall

18 members in attendance, 6 absentees

Steering Comm Liaison Mr. Howard Clement III

Minutes of the Tuesday August 10, 1999, meeting were amended. "General Services" will be added to "Asset Management" as one of the administrative functions to be discussed. A motion to amend & approve was moved, seconded and carried. Minutes of the July 20th meeting were also approved.

Tom Hursycz proposed that we create a mission statement for the new general government and implement a value system. He further stated that four key points need to be addressed: vision, mission, value system, and strategic planning to change the culture. No formal comments were made by the committee as to the future of this proposal.

Scott Gardner presented information on the history of other mergers to the sub-committee.

Sub-committee Groups have been formed as follows:

Internal Audit/ Internal Consulting Office - Robert Jentsch and Susan Austin

Management Information/ Information Services (IS) -- Eric Harrington, John Steer, Holly Whitacre

Human Resources -- Scott Gardner, Tom Hursycz, Alicia Morris

Economic and Employment -- Earl Powell, John Steer, Haywood Davis, Annette Montgomery

Equal Opportunity/ Equity Assurance -- Anita Hammond

Grants -- Tara Fikes

Asset Management/ General Services -- Annette Montgomery, John Steer, Brandon Poole, Haywood Davis

Fleet Maintenance -- Betsy Robb

Geographic Information Systems -- John Steer

Arrangements will be made through the co-chairs to have directors from each administrative department meet with the sub-committee groups.

The next subcommittee meeting will be Tuesday, September 21st. A one-page summation of questions and/or objectives of each group's meeting are to be given to the co-chairs prior to the meeting. The location will be the 4th floor conference room in City Hall.

The meeting was adjourned with no further business to discuss.

**Administrative/ General Government Citizen Merger Subcommittee
Tuesday, September 21st, 1999**

7:00p

4th Floor Conference Room at City Hall

11 members in attendance, 10 absentees

Steering Committee Liaison Mr. Howard Clement III

Merger Consultants/ Facilitators Bob Melville and Sharon Murphy

Minutes of the Tuesday August 24th, 1999, meeting were amended. John Satterfield was inadvertently left off of the Management Information/ Information Services list.

Consultants Bob Melville and Sharon Murphy from the Maximus Group, Inc. based in Texas, were introduced to the subcommittee by Co-chair Earl Powell. An informal Q & A session followed. Bob Melville outlined 5 criteria and suggested all committees use to assess if a merger is feasible. These criteria are:

1. Public confidence
2. Service Delivery
3. Fiscal Strength
4. Regional Competitiveness
5. Transitional Challenge

The following committees reported:

Fleet Maintenance – report was distributed

GIS

Human Resources – no real savings

Economic Development – not difficult. Positive reaction

Equal Opportunity/Equity Assurance

Asset Management & General Services- no reason they cannot be merged.

The next subcommittee meeting will be Tuesday, October 5th at 7:00PM. Definitive statements need to be prepared for review and discussion. The location is the 4th floor Conference Room of City Hall.

The meeting was adjourned with no further business to discuss.

Administrative/ General Government Citizen Merger Subcommittee

Tuesday, October 5, 1999

7:00p

4th Floor Conference Room at City Hall

14 members in attendance

Steering Committee Liaison Mr. Howard Clement III

A motion to approve the minutes of the Tuesday September 21, 1999, meeting was moved, seconded and carried.

Sharon Murphy discussed the template concept and opened the table for questions and comments. Consensus will be defined as 51% or a vast majority. However for controversial issues a vast majority vote is sufficient.

Earl Powell informed the subcommittee that the use of the term "sub-sub committee" is to be replaced with the term "task force."

The following Task Forces reported:

- Internal Consulting/Auditing
- Management Information/Information Services
- Human Resources
- Economic Development
- Equal Opportunity/Quality Assurance
- Asset Management/General Services
- Fleet Management
- City/County Manager Merger

The next subcommittee meeting will be Tuesday, November 2nd. All task forces should submit their reports prior to this meeting. The location is tentatively 4th floor Conference Room at City Hall.

The meeting was adjourned with no further business to discuss.

Administrative/General Government Citizen Merger Subcommittee
Tuesday, October 19, 1999

7:00p

4th Floor Conference Room at City Hall

10 members in attendance

Steering Committee Liaison Mr. Howard Clement III

A motion to approve the minutes for the Tuesday, October 5, 1999, meeting was moved, seconded and carried.

Sharon Murphy distributed and discussed the Guidelines for Preparing Resolutions.

Susan Austin reported Betsy Robb had resigned from the Subcommittee due to her moving to Asheville.

The following Task Forces reported:

- Equal Opportunity/Quality Assurance
- Human Resources
- Internal Auditing/Internal Consulting

The next subcommittee meeting will be THURSDAY, NOVEMBER 4, 1999. The remaining Task Forces will submit their reports. The location is the 4th floor conference room at City Hall.

The meeting was adjourned with no further business to discuss.

**Administrative/General Government
Citizen Merger Subcommittee**

**Thursday, November 4, 1999
7:00p**

4th Floor Conference Room at City Hall

13 members in attendance

A motion to approve the minutes for the Tuesday October 19, 1999 meeting was moved, seconded and carried.

A report on the October 28, 1999 meeting between the Consultant and Subcommittee leaders was given by Earl Powell.

The following Task Force reports were updated:

- MIS, IS, GIS
- Economic Development and Employment
- Asset Management
- City/County Manager's Office

Minor changes and clarifications were made to the following Task Force Reports:

- Equal Opportunity/Equity Assurance Procurement/MWBE
- Human Resources
- Internal Audit/Internal Consulting
- Fleet Maintenance

A motion to accept all reports as amended was moved, seconded and carried.

A motion to do one resolution for all B task force reports and subsections was moved, seconded and carried.

The next subcommittee meeting will be Tuesday November 9 at 7:00p, 4th floor City Hall.

The meeting was adjourned with no further business to discuss.

**Administrative / General Government
Citizen Merger Subcommittee**

Tuesday, November 9, 1999

7:00 p

4th Floor Conference Room at City Hall

11 members in attendance

A motion to approve the minutes of the Thursday November 4, 1999 meeting was moved, seconded and carried.

The subcommittee reviewed a draft resolution making corrections and clarifications.

A motion to unanimously approve the amended resolution was moved, seconded and carried.

A second draft of the entire report will be available for review December 6.

The meeting was adjourned with no further business to discuss.

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Human & Comm Services

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**** NOTICE ****

September 23, 1999

The Community Services & Development subcommittee and the Health & Human Services subcommittee have officially consolidated their efforts to study the issue of merger as one subcommittee. This consolidation occurred during a joint meeting of the subcommittees on September 22, 1999.

For the duration of the citizen study phase of City/County Merger for the County of Durham and City of Durham, the combined subcommittees will operate as a single subcommittee. The Chairperson is Janette Warsaw and the Vice-Chair/secretary is Sarah Heinemeier.

HEALTH AND HUMAN SERVICES
Citizens Subcommittee on Merger

Minutes 7/26/99 - Meeting #1

Three member of the subcommittee were present for 7/26/99 meeting. Those present agreed to serve as temporary officers until next meeting when additional members will be present and officers can be elected. Temporary officers are: Chairperson Janette Warsaw, Vice Chairman Michael Royster and Secretary Terry McCabe.

Preliminary list of City and County Departments which fall under this subcommittee's area of responsibility was developed. List includes:

Mental Health	Human Relations
Social Services	Equity Assurance
Public Health	MWBE Program
Economic Development	EMS Services
Durham Housing Authority	Employee Training
Affordable Housing	

At next meeting discussions will be held to expand list and more clearly define area of responsibility. And, decision will be made on how best to interview various Departments. In addition, outline of standard questions to be asked during the interview will be drafted.

Next meeting is 7 PM 8/11/99 at Shannon Manor Library. Future meeting will be ever two weeks.

Terry McCabe
Acting Secretary

HEALTH and HUMAN SERVICES
Citizens Subcommittee on Merger

Minutes 8/11/99 - Meeting #2

Present: Janette Warsaw, Michael Royster, Terry McCabe, MaryAnn Black
Absent: Luther Holman, Kate Young Porter, Cynthia Brown

Subject of combining Health and Human Services Subcommittee (HHSS) with another small Subcommittee was placed on the table by Commissioner Black. Following discussion, suggestion was rejected because of the large number of agencies HHSS will be reviewing. In addition, subcommittee decided the City Parks and Recreation Department should also be included in its area of responsibility. Once outside consultant is hired, final listing of City/County services that fall in HHSS area of responsibility will be locked in for action. Consultant should be in place by next HHSS meeting.

Commissioner Black suggested HHSS might find it useful to attend upcoming Human Services Task Force which will be looking at desirability of merging DSS, PH and Mental Health into one organization. Committee will contact this group.

Committee requested that consultant selected provide, for committee use, sample questions used in other communities where possible merger has been reviewed.

Information on Durham Housing Authority (DHA) was distributed to members. Since this organization does not report to City or County elected officials discussions are still underway as to how best to review impact of City/County government merger on public housing.

Preliminary list of City and County Departments which fall under HHSS's area of responsibility follows:

Mental Health	Human Services
DSS	Equity Assurance
Public Health	MWBE Program
Economic Develop.	EMS Services
DHA	Employee Training
Parks & Rec.	Human Relations Depart.
Affor. Housing	

Discussion was held on how best to enter into dialog with these various Departments. No decisions were reached. Subject will be discussed with outside consultants once there are hired.

Next meeting will be at 7 PM 8/25/99 at Shannon Manor Library.

Terry McCabe
Acting Secretary

**COMMUNITY SERVICES AND DEVELOPMENT
CITIZEN SUBCOMMITTEE ON MERGER**

**MEETING MINUTES FOR
SEPTEMBER 1, 1999**

In attendance last Wednesday were:

Commissioners Reckhow and Boswer, Ellen Dagenhart, Norman Brown, Bob Melville (consultant), Lynne Jefferson, Larry Holt, Corky Camin and myself, Sarah Heinemeier.

This was Bob Melville's first meeting with our group, so we gave him some general information. Of note, was the fact that none of us had received notification of the meeting. BM made note of this.

2) Possibility of consolidating our committee with that of human services was raised.

3) we decided to have an open ended discussion on various issues and determine the scope and theme of our sub committee. Results were:

- 1) extending of funds into county areas re: parks and recreation
- 2) will there be an increase in taxes/services, will services remain consistent, or will services improve/per tax dollar.
- 3) cultural services
- 4) economic growth and development; regional competitiveness
- 5) focus on a more efficient and effective government (can we research models of successful city/county mergers? Examples: NYC, Nashville, Indianapolis, Jacksonville)
- 6) development services ("one stop shop" for developers; clearinghouse)

In addition, committee members thought it useful to:

- 1) the areas in which consolidation in Durham has already occurred, and what are some of the issues yet to be resolved with these mergers.
- 2) publication of decisions for tax payer approval and involvement
- 3) research past studies on mergers, reviewing costs and benefits
- 4) invite in representative from business community, etc.
- 5) determine what kind of services citizens want

Lastly, committee members discussed what type of information was needed for the next meeting:

- 1) budgets
- 2) maps of facilities
- 3) more specific information on economic development
- 4) more specific information of city vs. county responsibilities

**Community Services & Development (CSD)
and
Health & Human Services (HHS)
Durham City/County Merger Citizen Subcommittee Meeting**

**Minutes
Wednesday - September 21, 1999
7:00 PM**

Attendees: Sharon Murphy and Bob Melville (Facilitators)
MaryAnne Black - County Commissioner, Cynthia Brown - City Council Liaison

CSD and HHS Subcommittee Member Attendees (9):

Norman Brown, Corky Camin, Wayne Cash, Evelyn Glatt, Sarah Heinemeier, Denise Hester, Larry Holt, Nishu Singh, Terrance McCabe, and Mike Royster.

The meeting was called to order by Bob Melville. Melville introduced himself and Sharon Murphy as facilitators.

Meeting agenda:

- 1) Organization
 - a) Status
 - b) Merger
 - c) Chairs/co-chairs
 - d) Schedule

- 2) Approach
 - a) Charge/decisions
 - b) Criteria
 - c) Procedures

- 3) Issues and assignments

Handouts distributed (7):

- Telephone contact sheet for both committees
- Breakdown of some departments/services into city or county (top of page reads "Sheet 1")
- Preliminary profile of planning and development services, parks, recreation and cultural services
- Preliminary profile health and human services
- Map (local government services location)
- Chief functions and services for city vs. county governments
- CSD City budget summary

**Community Services & Development (CSD)/Health & Human Services (HHS)
Durham City/County Merger Citizen Subcommittee Meeting
September 21, 1999 - Minutes (Continued)**

Meeting highlights:

- November 30th is the deadline for all Citizen Subcommittees to complete their review of programs/departments assigned. A joint presentation of all subcommittees will be made to the Durham City/County Merger steering committee.
- Merger of CSD and HHS subcommittees - Members voted to merge the CSD and HHS committees. The vote was 9 in favor of the merger and 0 opposed.
- Election of CSD/HHS subcommittee chair and co-chair - Members voted to retain Janette Warsaw (former HHS chair) as chair and Patricia Byrd (former CSD vice-chair) as vice chair of the CSD/HHS subcommittee. Mike Royster was invited to maintain his standing as vice chair, but declined. Sarah Heinemeier was voted to function as a new vice chair and will also function as secretary. The vote for both chair and vice-chair positions were 9 in favor of the individuals nominated and 0 opposed.
- Review of attendance policy - Members were reminded that two unexcused absences would result in removal from the committee.
- Reminder of meeting dates - Meeting dates were scheduled for the first and third Wednesday at 7:00 p.m. Meetings will be held at the Main Library in the 3rd floor conference room.
- Profiles for the Planning and Development Services, Parks and Recreation & Development Services & Cultural Services, and Health & Human Services were reviewed. Subcommittee members agreed to focus on the following:
 - ⇒ Planning, Zoning, and Inspections - Review the effectiveness of these functions since they are already operated jointly by the City and County. Use these jointly operated functions as a model to evaluate the potential efficiency/effectiveness of merging other departments/programs.
 - ⇒ Housing and Community Development - Look at balanced growth strategy.
 - ⇒ Parks and Recreation - Look at the feasibility of extending existing City programs into the County.
 - ⇒ Open Space and Forestry Management - Look at the feasibility of expanding existing City programs into the County.
 - ⇒ Other Cultural - Review funding agreements between the City and the County.
 - ⇒ Public Health/Mental Health - Look at how County programs might be implemented more effectively in the City.
 - ⇒ Other Educational - Look at how merging three boards is likely to work. Look at the possibility of a single advisory committee for public health, social services, and mental health.

**Community Services & Development (CSD)/Health & Human Services (HHS)
 Durham City/County Merger Citizen Subcommittee Meeting
 September 21, 1999 - Minutes (Continued)**

Committee members volunteered to evaluate the merger desirability of following programs/departments:

Program/Department	Committee Member Assignment
Planning and Zoning, and Inspections	Wayne Cash, Denise Hester, and Larry Holt
Housing and Community Development	Wayne Cash, Denise Hester, and Larry Holt
Parks and Recreation	Norman Brown and Corky Carlin
Open Space and Forestry Management	Wayne Cash, Denise Hester, and Larry Holt
Cultural	Evelyn Gatt and Sarah Heinemeir
Education	Evelyn Gatt and Nighe Singh
Public Health	Terry McCabe and Michael Roster
Mental Health	Norman Brown, Sarah Heinemeir, Terry McCabe, and Michael Roster

Committee members that were not present at the September 21st meeting will be asked to volunteer for a committee assignment at the October 6th meeting.

**Next Meeting
 Wednesday, October 6, 1999 - 7:00PM
 Main Library -- Roxboro Road
 (3rd Floor Conference Room)**

**Durham City/County Merger Project
Community Development/Health and Human Services Committee**

Committee Roster

Name	Home Phone	Work Phone	E-Mail Address
Black, Mary Ann	489-1669		
Bowser, Joe	493-1229		
Brown, Cynthia	489-9790		southernj@ringspring.com
Brown, Norman	286-3200		
Bryant, Michelle	493-4028	490-7133	
Byrd, Patricia	479-1584	479-1584	
Camia, Corky	471-4664	993-4366	cpicamia@aol.com
Cash, Wayne	479-9996	620-9099	wegfest@gte.net
Dagenhart, Ellen	680-0318	286-5611	
Garrett, Wanda J.	489-4889		
Glatt, Evelyn	929-3143		bejglatt@aol.com
Heinemeier, Sara	687-0567		113214.1224@compuserve.com
Hester, Denise	544-6400	956-9913	
Holman Jr., Luther	471-9716		
Holt, Larry	477-8102	543-0321	lholt@us.ibm.com
Jefferson, Lynne	957-8344		
Leonard, Tracy M.	493-4028	544-2600	
McGregor, Scott	956-9883	859-3212 ext. 3003	
Patterson, Willie I.	286-4868	286-9393	
McCabe, Terry	493-5507	416-2222	McCabe@psobor.com
Reckhow, Ellen	383-3883		
Royster, Michael	402-9751	966-8900	michael_royster@hotmail.com
Singh, Nishu	680-2417		nishu_singh@duke.edu
Swenson Jr., Clayton	544-4464	483-8511	
Wagoner, Trudy	493-7251	682-2133	
Warsaw, Janette	489-5795	286-6806	
Young, Kate Porter		471-3231	
Sharon Murphy - Facilitator		(713) 622-7666	spurphy@miln.com
Bob Melville - Facilitator			melville52@aol.com

**Community Services & Development (CSD)/
Health & Human Services (HHS)
Durham City/County Merger Citizen Subcommittee Meeting**

**Minutes
Wednesday — October 6, 1999
7:00 PM**

In attendance:

Sarah Heinemeier, Marcia Margotta, Sharon Murphy, Janette Warsaw, Norman Brown, Evelyn Glatt, Terry McCabe, Larry Holt, Wayne Cash, Denise Hester, Mike Royster, Ellen Dagenheart

Handouts:

- 1) agenda
- 2) assessment criteria and factors (template)
- 3) public parks in Durham County
- 4) guidelines for preparing resolutions
- 5) County budget (1999-2000)

General Info.:

The Merger Steering Committee will meet next Wednesday, Oct. 13, 1999, at 7:30 pm in the City Hall Bldg., 2nd floor Committee Room. Bob Melville will be presenting an update on sub-committee progress. Open meeting.

Minutes:

7:08 pm: Sharon calls meeting to order, 7 committee members are in attendance. It is noted that 10 committee members are needed for quorum. It is also noted that 4 people have officially resigned from committee (Leonard, Patterson, Jefferson and Wagoner).

7:11 pm: committee reaches quorum and is officially started with acceptance of last meeting's minutes (10 in favor, 0 opposed) (Item 1 on agenda)

Agenda Item 2: all handouts are distributed (see list above)

Agenda Item 3: M. Margotta requests clarity and caution in using the term "committee"; requests the use of term "assignment" when interviewing business and community members. With the use of the term "committee", all interviews are subject to open meeting laws and regulations. Using the term "assignment" removes these obligations. For use in interviews, we can represent ourselves as "member of the sub-committee on assignment".

Agenda Item 4: corrections to assignment list

Planning, Zoning and Inspections: correct, no changes
Housing and Comm. Devel.: correct, no changes

Parks and Rec.: correct, add K.P. Young

Open Spaces and For. Manage.: correct, no changes

Cultural: correct, add Ellen Dagenheart

Education: DROP

Human Relations: add as category; T. McCabe and J. Warsaw

Health Services: to include Public Health, Mental Health and DSS;

T. McCabe, N. Brown, J. Warsaw, and M. Royster (remove S. Heinemeier)

Agenda Item 5: Schedule all appointments for interviews with M. Margotta, regardless of personal acquaintance, as Marcia needs to keep records of meeting. Marcia at work: 560-0017

In addition, we can channel all requests for additional information through Marcia. This might be helpful to do before conducting interviews.

Agenda Item 6: Review of template. Please note the following points:

- 1) use the template whenever possible, as this puts data into useable format
- 2) template will provide your baseline information for consideration
- 3) try to give a broad description of functions, strengths and weaknesses
- 4) information on costs and full time employees should be found in distributed budget summaries
- 5) if there is no merger, consider using words such as "void" or "expanding" instead of "merger"
- 6) we will need one template for each category being addressed
- 7) individual groups can best decide how to complete the template for their category (ie., as a group or in individual sections)
- 8) we should also consider whether services are at this time effective or operating efficiently, and not presume them to be so
- 9) template is a guideline; questions can be added, depending on the nature of the interview
- 10) we are not taxation/finance, which is considering the issue of costs. We can address these issues within our interviews, but do not have to analyze financial feasibility.
- 11) capital assets should be considered (ie., equipment, tools, fleet...)
- 12) we are not looking for personal opinions, but rather professional evaluation of the merger and its effects.
- 13) to remove bias from interview questions, remove the words "positively" and "negatively"
- 14) in our evaluation, we should not base our decisions on cost alone, when skills and services are also increasing or expanding.
- 15) work needs to be legible
- 16) all templates will be reviewed to produce resolution
- 17) information needs to be fact based and defensible
- 18) team members can conduct separate visits, but go through Marcia
- 19) will need to produce valid reasons for deciding (either for or) against a merger. Focus on professional guidance in this issue.

Agenda Item 7: Task Force Reports, Open Call

T. McCabe: has letter re: mental health, minutes from human relations meeting

Agenda Item 8: next meeting is October 20, 1999. M. Margotta will try to reserve Main Library conference room.

Necessary for the next meeting:

1) reports and templates from individual groups. You can email or fax to Marcia for copies/distribution.

Necessary for Nov. 3, 1999 meeting:

1) consensus building on merger

2) resolution drafting

There is a possibility of an additional meeting Nov. 10, 1999 in order to complete consensus building and resolution drafting.

Bob Melville will report on Dec. 1, 1999 and needs resolutions by Nov. 15, 1999 in order to synthesize data and draft general recommendations. We will have a chance to review previous to this.

Agenda Item 9: general guidelines for resolutions, to be reviewed in future meetings.

Miscellaneous:

1) need only one representative from each group to contact Marcia

2) allow for telephone interviewing

3) create list of information needed before conducting interviews, including any printed information

4) 8 missing committee members. Motion was made to move forward on assignments; regardless of missing members. Motion passed, 10 in favor, 0 opposed.

5) break up into individual groups to discuss assignments

Meeting officially adjourned at 8:37 pm.

Respectfully submitted, 10/7/99, S. Heinemeier

**Community Services & Development (CSD)/
Health & Human Services (HHS)
Durham City/County Merger Citizen Subcommittee Meeting**

**Minutes
Wednesday - October 20, 1999
7:00 PM**

Minutes

Known to be Absent: Corky Camin, Evelyn Glatt, Wayne Cash, Larry Holt (checked in briefly at about 7pm, but had prior commitment)

Present: Marcia Margotta, Sharon Murphy, Sarah Heinemeier, Norman Brown, Janette Warsaw, Mary Ann Black, Joe Bowser, Terry McCabe, Mike Royster

Handouts: blank templates, city (CSD) budget, reports on Forest Protection and Management Services, Health Department, Open Space, agenda

7:09 pm: meeting is called to order with 5 committee members in attendance

- 1) there can be no vote on last meeting's minutes, as 10 committee members are needed to achieve quorum
- 2) report on the Oct. 13th merger steering committee meeting:
 - a) there needs to be consensus in committee prior to submission of report. Attendance is a problem when building a consensus.
 - b) CSD/HHS- on the tail end of completing assignments, but have fewer controversial items to discuss
 - c) Bob Melville issued a clarification of the charge: discuss feasibility of merger.
- 3) blank templates are available; turn in to Marcia when completed for processing and distribution
- 4) the next two meetings are very important...all data must be gathered and summarized. There will be voting on recommendations and drafting of a resolution (expected Nov. 10). Quorum must be achieved to vote on resolutions. Janette and Sarah will call members who have been absent and ask for formal resignations if members express little or no interest in completing assignment or continuing on committee. This resignation should be in writing, but can be submitted by email. Janette will call members with last names J-Y. Sarah will call members with last names B-II.
- 5) Reports and discussion were heard:
 - a) Sarah gave verbal report on cultural affairs: library and Triangle Opera
 - b) Mike Royster reported on Public Health

- c) Terry McCabe reported on Mental Health
- d) Janette Warsaw reported on DSS
- e) Norman Brown reported on Housing
- f) Terry McCabe reported on Human Relations

6) FOR THE NEXT MEETING:

- a) all written reports need to be completed; DUE BY Wednesday OCT. 27 TO MARCIA MARGOTTA (560-0017)
- b) continue to give brief summaries of reports and vote on issues If there are problems typing in to the templates, please send to Sharon Murphy at:
fax: 713-622-7879
voice mail: 713-622-7666
pager: 800-618-4396

7) If there are any questions regarding information and assignments, these should be communicated and discussed in group before finalizing template.

Please put the names of fact-finding members on the template, with phone number.

Non-agreement or minority reports are requested for the final resolution.

8:29 pm: meeting adjourned

Human & Community Services
Durham City/County Merger Citizen Subcommittee Meeting

Minutes

Wednesday - November 3, 1999

7:00 PM

Attendance: Sharon Murphy, Marcia Margotta, Sarah Heinemeier, Norman Brown, Evelyn Glat, Terry McCabe, Trudy Wagoner, Luther Holman Jr., Wanda Garrett, Corky Camin, Mike Royster, Larry Holt, Cynthia Brown, Jow Bowser

Known to be Absent: Wayne Cash, Janette Warsaw

Handouts: agenda, minutes from 10-20-99, guidelines for preparing resolutions, reports: civic center, planning and zoning, inspections, department of social services, housing and community development, open space (revised), human relations commission

Terry brought additional report "Durham Center, MH/DD/SA" and distributed copies

7:13 pm: meeting called to order

- 1) Minutes cannot be voted in; no quorum
- 2) Review of Bob Melville's meeting with Chairs. No representation from our committee due to timing (meeting was held at 11:30 am, when neither Janette nor Sarah could attend due to work demands); each subcommittee should provide resolutions to Sharon, who will pass on to Bob;
 - All resolutions and minutes are due by 11/16/99
 - First Draft report-available to chair and vice-chair (Janette and Sarah, respectively) on 11/30/99 (Tuesday)
 - Second Draft report-available to all members Monday, 12/6/99; copies available via Marcia @ County Building
 - Task forces can elect to have additional meetings between 12/6/99 and 12/15/99 to review reports/resolution and provide additional comments
 - Chairs to re-submit second draft report, with comments and suggestions by 12/15/99
 - Chairs will meet 12/17/99 to discuss second draft report with Bob Melville, DMG
 - Final report issued Wednesday by 12/22/99
 - NOTE: all task force "assignment" reports will be given to city and county representatives to review

NOTE: All dates listed are tentative

3) Minutes were voted into record, all in favor, 0 opposed

4) Reports still missing: Parks and Recreation; will be available for the next meeting

5) In reviewing the above listed reports, the following flags/comments were raised and are being officially entered into the minutes:

DSS/MH issues:

- a) Every DSS/Mental Health employee is a county employee; EXCEPT: Area Director is on special contract, pending board approval. Employees administer federal money.
- b) Are grants/funding to be changed to DSS i/c (in case of) merger? Concern was raised over overlap with housing re. housing grants that both offices might receive.
- c) similar to #b, are there grants available to the county, even though the service is city oriented? What will happen i/c merger, if there is no dedicated service for funds? (still DSS/MH issue)

Human Relations issues:

- a) Clarify any authority the county might have re: HUD and EEOC
- b) County to add Latino advisory committee
- c) Could a merged department handle city/county employee complaints as well, instead of a separate department?
- d) What will be the impact on RTP of expanding EEOC/HUD into county?
- e) Review the possibility of the county obtaining local legislation and then ordinance to pick up EEOC/HUD complaints. Note: without ordinance, complaints go to Greensboro
- f) Stress lack of EEOC function in Durham if no ordinance

DSS issues:

- a) Has housing grant...potential overlap of services with Housing and Community Development; will merger centralize services without overlap?
- b) If there is nothing to merge with on the city side, how can funding, services be increased? What is being merged and how would it affect a service that is already solely county or city? Request clarification from Janette regarding this issue in her report
- c) concern raised that there has not been enough time for committee members to gain a true enough impression re: merger. Write reports so that outside readers will readily understand
- d) Reports make a major assumption that merger will bring total cooperation between departments; need to clarify coordination necessary for merged groups to operate smoothly

Civic Center: no flags

Open Space issues:

- a) County is primarily volunteer staffed...will this need to change to merger?
- b) County might acquire 300 acres, near Orange County border...will this be affected?
**other flags raised as questions within report

Durham Center

**flags raised as questions within report

Once you've read the reports, report back any questions to Marcia by Friday, 11/5/99; Monday, 11/8/99 at the latest. Put Monday's date on the top and at the end of the report, list all participants in the process.

Our committee's name will be changed to Human and Community Services (all in favor, 0 opposed)

We will prepare one resolution, with red flags and comments/suggestions included within. Terry, Sarah (and later added, Janette) will help write the first draft, via conference call Sunday, 11/7/99 at 5:00 pm. Larry Holt requests fax copy and will provide comments/suggestions (fax: 477-9663).

9:06 pm: meeting adjourned

**Human & Community Services
Durham City/County Merger Citizen Subcommittee Meeting**

Minutes

Wednesday – November 10, 1999

7:00 PM

Attendance: Sharon Murphy, Marcia Margotta, Sarah Heinemeier, Janette Warsaw, Bob Melville, Norman Black, Evelyn Glatz, Mike Royster, Trudy Wagoner, Terry McCabe, Clay Swenson, Wanda Garrett, Denise Hester, Kate Young

Known to be Absent: Larry Holt, Corky Camin

7:06 pm: meeting called to order

1) minutes from 11/3/99 approved

2) Bob Melville in attendance to take any questions concerning regarding the remaining process of drafting resolutions and presentation to steering committee. Resolutions will appear verbatim in final report; will attempt to represent the spirit of the committee's work as well; will include minutes and reports in final report, but will add additional information (ie., legal issues, survey information...)

Timeline:

- 11/22/99: rough (1st) draft to review team (chairs); meet with Bob Melville 11/30/99 to discuss
- 12/6/99: second draft available to all participants; participants to forward all comments and questions to chair; if necessary one final meeting of committees will be held (TBD)
- 12/17/99: chairs to meet with Bob Melville to discuss final comments
- 12/22/99: final report to steering committee

- 12/3/99: TENTATIVE interim meeting with steering committee; outgoing and incoming members of city council should be briefed on progress; open, public meeting

3) Look at reports individually

NOTE: no changes to any previously submitted reports

RE: Parks and Recreation report: several questions/flags arose.

- 1) how could there be a conclusion that operations would not be improved in light of merger, given the positive nature of the report? (question regarding wording in report)
- 2) in county, parks/rec. is a private association. The current city policy is to provide medical benefits for parks/rec. employees. In case of (ico) merger, county finances might need to be evaluated to include costs of benefits...include in the phase II analysis.
- 3) Was there county land that has been incorporated into the city, through Parks/Rec.? Also, will the city continue to develop its interests regardless of merger?

Other notes concerning reports:

*Cultural Affairs to include Library, Civic Center and Triangle Opera. Other programs contacted for information (phone calls and emails) did not respond. These three will be representative of cultural affairs.

Motion to accept reports as written: all in favor, 0 opposed

4) Resolution finalized. Marcia will make sure copies of resolutions are sent out; Janette and Sarah to sign.

Resolution passed: all in favor (11 total members), 0 opposed

Members will need to pick up copies of final report on 12/6/99 from 200 E. Main Street, County Manager's Office, 2nd Floor. Please read and convey any additional comments to Janette and/or Sarah and/or Marcia (fax: 560-0020). Please call Marcia (560-0017) if you will not be able to pick up copies before 5 pm.

8:43 pm: meeting adjourned

Governmental Structure – Citizen Subcommittee on Merger

Meeting Notes – from July 14, 1999 meeting:

Attendees from Governmental Structure Subcommittee:

F.V. Allison, Jr.; T.E. Austin; William Brian; Patrick Byker; Will Daland; Harry Dawley; Stephen Griffin; Jarvis Martin; Leon Meyers; Lee Mortimer; Artis Plummer; Marcus Robison; David Smith; David Talley; Dock Terrell; Ralph Whitfield III; Buddy Whitfield; and,

Attendees from Merger Steering Committee:

William Bell, Liaison to Governmental Structure Subcommittee;
Joe Bowser, County Co-Chair
Floyd McKissick
Howard Clement

Other Attendees:

Jake Wicker, Institute of Government
Marcia Margotta, County Manager's Intern
Brandon Poole, concerned citizen
Ed Harrison, Elected Official – Durham Soil & Water Conservation District

Also in attendance were 4 applicants who applied after Governmental Structure Subcommittee reached 27:

Anne Guyton
Lori Jones Gibbs
Tommy Hunt
Finesse Couch

MINUTES:

- Meeting began at 7:00pm
- Steering Com. Member, Bill Bell, made welcoming statement and opening remarks about the Merger Steering Committee.
- Introductions by attendees
- Jake Wicker of the Institute of Government presented an overview of merger studies and information regarding public meeting protocol
- **CONCERN RAISED:** The subcommittee requested staff to verify participation intent of those members not present at this meeting. **RESPONSE:** William Bell stated that we will make a note of the request.
- **CONCERN RAISED:** The subcommittee expressed concern about having staff support to record minutes throughout duration of their involvement and a budget for their activities. **RESPONSE:** Mr. Bowser stated that there's enough staff on both the City and County to take minutes and provide support for the citizen subcommittees.
- **CONCERN RAISED:** the subcommittee wants staff to notify each subcommittee member of the next scheduled Merger Steering Committee meeting. **RESPONSE:** William Bell stated that we will make a note of the request.

- **CONCERN RAISED:** The subcommittee discussed issue of more than 27 applicants to be on the Governmental Subcommittee, and will present proposal at next Merger Steering Committee meeting.
RESPONSE: William Bell stated that we will make a note of the request.

- **MOTION:** Appropriately made to have 2 Co-chairs instead of a single Chair for the Governmental Structure Subcommittee. Motion was appropriately seconded.

The motion carried unanimously.

- Mr. Bill Brian nominated Harry Dawley and Jarvis Martin as Co-Chairs; nomination was seconded by Lee Mortimer.
- Mr. Dawley and Mr. Martin both accepted the nomination as Co-chairs for the Governmental Structure Subcommittee.
- **MOTION:** appropriately made to elect Mr. Dawley and Mr. Martin as Co-chairs for the Governmental Structure Subcommittee. Motion was seconded.

The motion carried unanimously.

- **MOTION:** appropriately made for future meetings of the subcommittee to be 90 minutes in duration. Motion was seconded.

The motion carried unanimously.

- **MOTION:** appropriately made for future meetings of the subcommittee to commence at 6:30 PM and conclude at 8:00 PM. Motion was seconded.

The motion carried unanimously.

- **MOTION:** appropriately made for future meetings of the subcommittee to take place at the Auditorium of the Main Library on Roxboro St. Motion was seconded.

The motion carried unanimously.

- **MOTION:** appropriately made to establish the meeting days as the 2nd and 4th Thursdays of each month. **Friendly Amendment:** to have next meeting set as Thursday, July 29th with the recognition that July 29th is the 5th Thursday in the month of July and that the meeting schedule will be established as the 2nd and 4th Thursdays of each month thereafter. Motion and Friendly Amendment were seconded.

The motion carried with the majority in favor.

- **CONCERN RAISED:** The subcommittee expressed an interest in receiving reports from other cities that have merged and would like staff to deliver this information prior to their next meeting scheduled for 6:30PM July 29th at the Auditorium of the main Library. In addition, the subcommittee requested that staff provide these reports to those members unable to attend this meeting. The cities they are interested in seeing reports from are:

- Indianapolis/Marion County, IN
- Lexington, KY
- Jacksonville/Duval County, FL
- Others were mentioned but were inaudible

RESPONSE: William Bell stated that we will make a note of the request.

*Making Note
Library*

- MOTION: appropriately made to establish a rule in which any member who has two (2) unexcused absences from subcommittee meetings will then lose the privilege of voting in the remaining subcommittee meetings. Any member who has his/her voting privileges revoked can appeal to the subcommittee for reinstatement of voting privileges. Motion was seconded.

The motion carried by a majority in favor.

- Howard Clement thanked the citizens for their participation in the process of studying merges.
- Co-chairs Mr. Dawley and Mr. Martin adjourned the meeting at approximately 8:45 PM.

Respectfully submitted by:

Marcia Margotta, County Manager's Intern

GOVERNMENTAL STRUCTURE Action Plan

c After reviewing suggestions from several sub-committee members, your Co-chairs propose the following plan for your consideration. This is presented as a plan to guide our deliberations of the various issues that will impact the sub-committees' final recommendations on the structure and form of a merged City/County government. The key issues have been collected into 4 groups with A, B, and D groups assigned to separate meeting nights and C group allotted two meetings.

Time will be allotted this evening for you to have an opportunity to add, delete, or modify the issues or the schedule.

- A) August 12th
 - Chief elected officer (CEO):
 - Elected at-large or selected by the Board
 - Voting rights on the Board
 - Enhanced powers for the CEO
 - Compensation - rationale not specific

- B) August 26th
 - Terms:
 - Staggered, non-staggered
 - Length of term
 - Term limits

- C) Sep 9th & 23rd - Elections:
 - Partisan, non-partisan
 - Primary, no primary
 - Even year, odd year
 - Preference voting or other variation

- D) October 14th
 - Representation:
 - Number of Board members
 - How elected - at-large, residency districts, pure districts or a combination

The October 28th and the November 11th meetings will be scheduled to wrap up deliberations and to prepare the written recommendations that will be presented to the Steering Committee. >>

Governmental Structure – Citizen Subcommittee on Merger

Meeting Notes -- from July 29, 1999 meeting:

Attendees from Governmental Structure Subcommittee:

Harry Dawley, Co-Chair; Anne Gayton; Lee Mortimer; Gerry Emison; T.E. Austin; Will Deland; Artis Plummer, Jr.; William Brian; Dan Hill III; Thomas Stith; David Talley; David Smith; John Morgan; Dock Terrell; Jarvis Martin, Co-Chair; Leon Meyers; and,

Other Attendees:

James Brandon Poole

Lori Jones Gibbs

Finesse Couch

Marcia Margotta, County Manager's Intern

Gregory Bethea, Assistant City Manager

Carolyn Tims

Notes of Major Motions and Points of Discussion:

- Meeting began at 6:40pm
- Introductions by attendees
- Minutes from July 14, 1999 meeting were approved unanimously.
- ANNOUNCEMENT: Next two meetings scheduled for Aug. 12 and Aug. 26 will meet at the Main Library on Roxboro St. in the Auditorium.
- MOTION: Nomination of Secretary for Governmental Structure Citizen Subcommittee on Merger.
 - Will Deland was nominate, but declined
 - Anne Gayton volunteered and was appropriately appointed
- MOTION: To accept "Rules of Procedure" (handout provided by Jake Wicker from Institute of Government; See Co-Chairs to get copy)
 - No opposes
 - Passed unanimously
- DISCUSSION: Membership issue that more than 27 applicants applied for the Governmental Structure Citizen Subcommittee; the subcommittee agreed to recommend that the Merger Steering Committee allow the limit to be increased to 32.
- MOTION: To send resolution to Steering Committee for clarification that members of the Governmental Structure Citizen Subcommittee will proceed with the assumption that a City/County merger will occur.
 - No opposes
 - Passed unanimously
- DISCUSSION: Regarding the 1995 Report on Durham City/County Government Merger; several members expressed an interest in having a set of "Guiding Principles" (see attached).

Meeting adjourned at 8:40pm.

Governmental Structure - Citizen Subcommittee on Merger

Minutes of the August 12, 1999 meeting

Present: T. E. Austin, Bill Brian, Patrick Byker, Finesse Couch, Harry Dawley, Gerry Emison, Stephen Griffin, Dan Hill, Jarvis Martin, John Morgan, Lee Mortimer, Artis Plummer, Marcus Robinson, David Smith, Thomas Stith, Ralph Whitfield, FV Allison, George Quick, Merritt Mullman, Julia Linehan, Rick Adams, Larry Hester.

Excused: Lori Jones Gibbs, Leon Meyers, Brandon Poole, Will Defand.

Also Attending: Bill Bell

Jarvis Martin chaired this meeting.

Announcements: The Steering Committee increased our membership to 32 to include all who had applied.

The Steering Committee also decided that requests for information and staff support could only be made by our committee chairs. The staff will copy and mail out minutes that the committee secretary prepares.

Our chairs, Jarvis Martin and Harry Dawley, will attend the Steering Committee meetings and any other members are welcome too.

• Discussion of the July 29, 1999 minutes.

Amendment to the July 29 minutes - This motion was passed: Council/manager form of government is approved in concept with the details to be worked out in the future.

Amended minutes - No opposes, passes unanimously.

• Discussion on the guiding principles which were enclosed with the meeting agenda.

Motion - go through the principals one by one and vote on each. No opposes, passes unanimously.

1. Motion to accept. No opposes, passes unanimously.
2. Discussion. Motion to accept. 13 for, 6 opposed - passed.
3. Motion for this one to apply to the merged board and this committee. No opposes, passes unanimously.
4. Motion to accept. No opposes, passes unanimously.
5. Motion that this one does not apply to this group. No opposes, passes unanimously.
6. Motion that this one does not apply to this group. No opposes, passes unanimously.
7. Motion to accept. No opposes, passes unanimously.
8. Motion that this is not applicable to our group but we will pass it on to the Steering Committee. No opposes, passes unanimously.

• Request for the Steering Committee schedule.

• Discussion of what to call the head of the merged government. Chief elected officer or mayor.

Motion that for the purposes of our discussion we will use the term mayor. No opposes, passes unanimously.

- Discussion on the role, responsibilities, duties, and expectations of the mayor presently and in a merged government as well as on increasing the authority of the mayor in the merged government over what is currently enjoyed. Lea Mortimer's enhanced mayor proposal thoroughly debated.

Motion that the mayor be elected at large with powers 1 and 2 from the enhanced mayor proposal.

More discussion.

Substitute motion that the mayor be elected at large and keeping the powers presently enjoyed by the city mayor. (No increase in authority.)

Call the Question - 17 for, 7 opposed the substitute motion passes.

- Patrick Byker, who's with the Chamber of Commerce, is asked what information the Chamber has on other merged governments. He agrees to provide the synopses they have as well as information on the Lexington, KY merger since they match us most closely in population.

Interest is also expressed in finding out more on the Athens, GA merger since they have the same form of government we do.

- George Quick and the Renaissance group are going to visit Lexington, KY to see the outcome of their merger. George will make a report on his visit at the August 28th meeting.

Meeting Adjourned.

Guiding Principles for Governmental Structure - Citizen Subcommittee on Merger

1. Work toward the most representative, responsive and effective local government to serve all of Durham's residents.
2. Establish superior customer service as the goal for all government departments and activities.
3. Conduct meetings in an open, honest and inclusive way.
4. Study and incorporate the best features of merger successes throughout the county. Pay special attention to Durham's merger history and the work of previous citizen groups on merger issues.
5. Encourage healthy and vigorous debate, but let the final decision on merging governments be decided by a county-wide referendum by November 2000.

Governmental Structure - Citizen Subcommittee on Merger

Email Addresses

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Daland	Wal	wdaland@mindspring.com	
Dawley	Harry	HFDRDD@aol.com	
Emlson	Gerry	emison@pps.duke.edu	
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Griffin	Steve	Steve@InsPeople of nc.com	
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Talley	David	dstalley@yahoo.com	
Terrell	Dock	cdcock@mindspring.com	
Whitfield	Ralph	rflinley3@mindspring.com	

Agenda changes.

Add - Limited public financing for campaigns - If a candidate agrees to spending limits they would receive public funds.

Swap - Term lengths and staggered.

Motion to accept changes - passes unanimously.

Term lengths.

Motion to accept 4 years term lengths.

Discussion of various terms lengths, 2, 3 and 4 particularly in view of the need to campaign as well as providing stability and change.

Call the question. Passes, 2 opposed.

Discussion on the mayor's term length 2, 4 or 6 years and the effect on leadership.

Motion for 4 year term. Passes unanimously.

Staggered, non-staggered terms.

Motion to accept staggered terms with how (specific details) left until after the number of board members is agreed to. Passes unanimously.

Term Limits.

Discussion of the history of incumbents being re-elected and support for term limits where it has been on the ballot.

Motion that term limits be 3 consecutive terms on council, or 3 consecutive terms as mayor.

Substitute motion that there be no term limits. Falls 11 for, 11 opposed.

Call the original motion. Falls 8 for, 14 opposed.

Public Campaign Financing.

Motion for limited public financing be available for candidates who agree to a spending cap, the cap to be determined later. Falls 2 yes, all others opposed.

Meeting Adjourned.

members on
9/20/99
m

Governmental Structure - Citizen Subcommittee on Merger

Minutes of the September 9, 1999 meeting

Present: Rick Adams, FV Allison, TE Austin, Bill Bell, William Brian, Patrick Byker, Finesse Couch, Gerry Emison, Stephen Griffin, Anne Guyton, Dan Hill, Tommy Hunt, Anna Jones, Julia M. Linehan, Jarvis Martin, Leon Meyers, John Morgan, Lee Mortimer, Artis Plummer, Brandon Poole, George Quick, David Smith, Thomas Stith, David Talley, Dock Terrell, Buddy Whitfield, Ralph Whitfield

Excused: Harry Dawley

Jarvis Martin chaired this meeting.

Announcements: Handout from the facilitator breaking down the issues each committee should handle.

- Discussion of the August 12, 1999 minutes.
 - Amendments to the August 12 minutes - John Morgan was excused and the vote on 4 year terms should read passed (there was some opposition).
 - Amended minutes - Passed.
- Agenda for this meeting - Partisan or non partisan elections, primary or no primary, election in even or odd years, preference voting.
 - Presently the city elections are non-partisan with primaries and held in odd years. County elections are partisan with primaries and held in even years.
- Even or Odd Year Elections
 - Discussion focusing primarily on voter turnout, which is larger in even years, and keeping the election focused on local issues by having odd year elections.
 - Motion to recommend odd year local elections. Passed - 16 for, 3 against.
- Partisan versus Non-Partisan Elections
 - Lots of discussion on this issue. The main points:
 - ◆ Local issues are non-partisan
 - ◆ The more seats in a race the greater the chance for minority representation. The more districts Durham is divided into the less chance for minority representation.
 - ◆ Partisan elections in Durham equals one party - Democratic.
 - ◆ Non-partisan equals 2 or more parties which equals more participation.
 - ◆ Non-partisan keeps the focus on local issues.
 - ◆ Non-partisan will be seen as a disadvantage to minority representation and may undermine our efforts, especially since odd year elections have been passed.
 - ◆ There are two decisions to be made to ensure fair representation (at-large elections versus districts and partisan versus non-partisan) this is only one piece of the puzzle.

Motion to support non-partisan elections.

Suggestion to table until districts and at-large are discussed since this is only one piece of fair representation.

Proposal to keep both boards as is and just compel them to act together - this allows elections all the time and in all manners.

Motion to table vote on the motion on the floor, original maker agrees.

- **Primary elections**

Motion to have primary elections. Passed, unanimous.

- **Preference voting**

Motion to keep current voting system, non-preferential voting.

Substitute motion to reject proportional voting (accepted by the maker of the original motion). Passed.

- **Partisan versus Non-Partisan Elections**

Vote on tabled motion (Motion to support non-partisan elections). Passed, 16 for and 9 against.

General consensus that this issue will/can be revisited at the end within the total picture.

- **Information Requests**

Menu of different combinations: at-large, single member districts, what the various systems mean, what are the options.

What has worked to provide fair representation elsewhere?

Need some kind of demographics and history of voting in Durham.

- **Question to Bill Bell** - What is the steering committee looking for? The steering committee is looking for a plan with details.

- **Meeting Adjourned.**

Please correct Julie Linehan's e-mail address: dixonroad@mindspring.com

Governmental Structure - Citizen Subcommittee on Merger

Minutes of the September 23, 1999 meeting

Present: Rick Adams, FV Allison, TE Austin, William Brian, Harry Dawley, Garry Emleach, Lori Jones Gibbs, Stephen Griffin, Anne Guyton, Dan Hill, Julie M. Linehan, Jarvis Martin, Leon Meyers, Lee Mortimer, Artie Plummer, Brandon Poole, George Quick, David Smith, Dock Terrell, Buddy Whitfield, Ralph Whitfield

Excused: Bill Bell, Pinease Couch, Tommy Hunt, John Morgan, Thomas Stith, *Patrick Byker*

Also Attending: Bob Melville

Harry Dawley chaired this meeting.

Announcements: None

- Discussion of the September 9, 1999 minutes.

Amendment to the September 9 minutes - Under Partisan versus Non-Partisan Elections delete Non-partisan equals 2 or more parties which equals more participation.

Amended minutes - No opposes, passes unanimously.
- Agenda for this meeting - Representation: number of board members, elected at-large and/or what type of districts.
- Number of Board Members

Discussion of the number of board members presently (both city and county).

Motion to approve 9 members as a guideline. Passes, one opposed.
- How to Elect

Discussion on the types of various types of districts, what population would be represented by districts, what the legal restrictions on districts and at-large are and the number of districts that are easiest to draw in Durham.

Motion to have 6 members required to live in a district but elected at-large, 2 members elected at-large, and the mayor elected at-large. Passed, two opposed - TE Austin and Pete Allison.
- Information Request

Bob Melville will draw possible districts. The guiding principles/criteria are: one district be the present non-incorporated county residents, five from the city with 3 districts being minority and two districts non-minority populations, geographically compact and contiguous. Keep precincts together.
- Meeting Adjourned.

Governmental Structure - Citizen Subcommittee on Merger

Minutes of the October 14, 1999 meeting

Present: Rick Adams, FV Allison, TE Austin, Bill Bell, William Brian, Patrick Byker, Finessa Couch, Will Daland, Harry Dawley, Gerry Emison, Lori Jones Gibbs, Stephen Griffin, Anne Guyton, Larry Hester, Dan Hill, Tommy Hunt, Julia M. Linehan, Jarvis Martin, Leon Meyers, John Morgan, Lee Mortimer, Brandon Poole, George Quick, David Smith, Thomas Stith, David Talley, Dock Terrell, Buddy Whitfield, Ralph Whitfield

Excused: FV Allison, TE Austin, Bill Bell, Julie Linehan, John Morgan, Brandon Poole, George Quick

Also Attending: Bob Melville

Jarvis Martin chaired this meeting.

Announcements: None

Discussion of the September 23, 1999 minutes.

Minutes - No opposes, passes unanimously.

District Plans:

Bob Mulnick outlined the three district plans he drew up. He used registered voter data to draw the lines.

Discussion which focused on the type, kind, accuracy and importance of data available for population. Another component of the discussion was how much effort to put into the plan when the 2000 census will change the precinct lines, etc.

Oversight Committee Meeting:

Discussion of the Herald-Sun article reporting on the recent oversight committee meeting and the comments made by some county commissioners.

Nominating Districts:

Lee presented his idea for 8 nominating districts which was followed by questions and discussion. Lee will provide written material detailing his proposal which will be sent out at before the next meeting.

Suggestions:

Anyone with suggestions should get them to Marcia in time to be mailed out for our next meeting on October 28, 1999.

Meeting Adjourned.

*Please note that we will meet in the Library in the Conference Room for the October 28, 1999 meeting.

Governmental Structure - Citizen Subcommittee on Merger

Minutes of the October 28, 1999 meeting

Present: FV Allison, TE Austin, William Brian, Patrick Byker, Will Daland, Harry Dawley, Gerry Emison, Anne Guyton, Larry Hester, Dan Hill, Tommy Hunt, Julia M. Linehan, Jarvis Martin, Leon Meyers, John Morgan, Lee Mortimer, Artis Plummer, Brandon Poole, David Smith, David Talley, Dock Terrell, Buddy Whitfield, Ralph Whitfield

Excused: Finesse Couch, Lori Jones Gibbs, Stephen Griffin, John Morgan, George Quick, Thomas Stith

Also Attending: Bob Melville, Marcia Magotta

Harry Dawley chaired this meeting.

Announcements: Next meeting on November 11 will be in the Conference room of the downtown YMCA.

- Discussion of the October 14, 1999 minutes.

Amended minutes - No opposes, passes unanimously.

- Report Timetable.

Bob Melville reviewed the time line for completing the report. By November 15 he will do a draft report using the resolutions from all the committees minutes as a guide. Then a conference committee composed of two members from each committee will review and suggest changes to the first draft. The second draft will be sent all members of every committee. Then the individual committees will meet to comment on the second draft. The conference committee will meet to do the final report which will come out right before Christmas.

- Electing a Merged Government

Lee Mortimer presented the three module proposal.

Module 1 - Nominating Districts

This is used in Carteret County with the additional requirement that nominees live in the district. Discussion. One option suggested - in the general at-large election vote for one of the two candidates from each district so that there could not be more than one person from each district on the board.

Module 2 - Partisan/Non-Partisan discussion.

Module 3 - Cumulative voting was not discussed.

- **In-Place Merger**

Bill Bryan presented the in-place proposal which was followed by discussion. One suggestion was to hold the election in May with the school board since this puts all local elections together. More discussion on this and whether there should be 2 or 4 year terms.

- **Comment**

Bob Melville - Successful mergers have kept all groups at the table which sometimes caused very large governing boards to be created. These mergers did not attempt political reform but focused on making the merger happen.

- **Meeting Adjourned.**

Tentative meeting date to review the second draft of the report is:

Tuesday, December 14, 1999

Governmental Structure - Citizen Subcommittee on Merger

Resolutions

1. Council Manager form of government approved in concept w/ details to be worked out later. (7/29/99)
2. Guiding Principles (8/12/99)
 1. Work toward the most representative, responsive and effective local government to serve all of Durham's residents.
 2. Establish superior customer service as the goal for all government departments and activities.
 3. Conduct meetings in an open, honest and inclusive way.
 4. Study and incorporate the best features of mergers successes throughout the county. Pay special attention to Durham's merger history and the work of previous citizen groups on merger issues.
 5. Encourage healthy and vigorous debate, but let the final decision on merging governments be decided by a county-wide referendum by November 2000.
3. Mayor be elected at large and have the powers of the present city mayor. (8/12/99)
4. 4 year terms for the board and the mayor. (8/26/99)
5. Staggered terms w/ the details to be worked out after the number on the board is decided. (8/26/99)
6. Odd year elections. (9/9/99)
7. Primary elections (9/9/99)
8. Non-partisan elections, to be revisited within the total picture. (9/9/99)
9. 9 members on the board. (9/23/99)
10. Six members will live in districts but be elected at-large, 2 members elected at-large, mayor elected at-large.

Governmental Structure - Citizen Subcommittee on Merger

<<Corrected>>

Minutes of the November 11, 1999 meeting

Present: Rick Adams, FV Allison, TE Austin, William Brian, Patrick Byker, Will Daland, Harry Dawley, Lori Jones Gibbs, Stephen Griffin, Anne Guyton, Larry Hester, Dan Hill, Julia M. Linchan, Jarvis Martin, Leon Meyers, Lee Mortimer, Artis Plummer, Brandon Poole, George Quick, Marcus Robison, David Smith, Thomas Stith, David Talley, Dock Terrell, Buddy Whitfield, Ralph Whitfield

Excused: John Morgan, Tommy Hunt and Gerry Emison,

Also Attending: Marcia Margotta, Bob Melville

Harry Dawley chaired this meeting until Jarvis Martin arrived to take over.

Announcements: None

Discussion of the October 28, 1999 minutes.

No opposes, passes

This meeting focused on arriving at an overall plan that the vast majority of the committee could endorse and support. To that end six separate proposals were presented and discussed.

1. FV (Pete) Allison presented an overview of his plan contained in his handout.
 - Partisan, even year elections.
 - 7 members elected at-large to two-year terms.
 - 5 members elected to four-year terms from pure wards. The wards would be drawn so that there would be 2 majority black and 2 majority white wards and 1 ward w/ no majority.
 - Mayor elected at-large to a two-year term.

Discussion with questions and answers followed the presentation.

2. TE Austin presented the plan contained in his handout.
 - Council/manager form of government with the 9 member council called the "County Council".
 - Elections would be at-large, partisan and held in even years.
 - 8 council members elected to 4 year staggered terms.
 - Mayor elected to a 2 year term and able to appoint all sub-committee chairs and the Mayor Pro Tem.

Discussion followed.

3. Bill Brian offered his in-place merger again but downsized to a mayor and 9 members.

- Four members elected at-large in a non-partisan race.
- Mayor elected at-large in a non-partisan race.
- Four members elected at-large in a partisan race. As an alternative these four members elected from residency wards in partisan races.

4. Patrick Byker presented a handout with the "Dock Doctrine" that he and Dock Terrell had worked out.

- Eight council members and the mayor elected in even years to four-year terms.
- Elections held either in May or November.
- All council members serve staggered terms.
- Four council members elected at-large in a partisan race.
- Four council members from residency wards elected at-large in a non-partisan race.
- Mayor elected at-large in a non-partisan race.

5. Harry Dawley presented his plan and statistics.

- Eight council members elected in even years to four-year terms.
- Four members elected at-large in a partisan race.
- Four members from residency wards elected at-large in a non-partisan race.
- Two wards being having majority black and two majority white populations.
- Mayor elected to two-year term at-large in a non-partisan race.
- Election to be held in May to coincide with the school board.

Dawley pointed out that this proposal closely mirrors the percentages of partisan, non-partisan elections that will be in place at the time of the proposed merger.

Extensive Discussion

6. Lee Mortimer presented the latest version of his plan.

- People could run as Democrats, Republicans or non-partisan in the same race
- Four-year staggered terms.
- Nominating districts equal to the number of council members.
- 9 to 11 members, including a mayor.

Discussion in general of all the proposals. With particular attention to May vs. November even year elections. May elections being offered by those who advocated odd year elections as a compromise to those advocating even year elections. The end result of this debate was consensus on Lee Mortimer's suggestion of 3-year terms.

Motion by David Smith (which was discussed and had many friendly amendments accepted along the way).

- Nine member board serving three year concurrent terms.
- Four members and the mayor elected at-large in a non-partisan race.
- Four members elected from residency wards at-large in a partisan race.
- Elections held in November.
- The mayor would appoint all sub-committee chairs and the Mayor Pro Tem

- A 'constitutional convention' to be held in five years to fine tune the governmental structure.

Decision by the chair that each proposal be voted up or down.

Motion that the it be done in alpha order by sponsors name.

Passed unanimously.

1. Allison's plan: 2 yes, 17 no, 5 abstain
2. Austin's plan: 1 yes, 17 no, 6 abstain
3. Brian's plan: withdrawn
4. Byker/Terrell's plan: withdrawn
5. Dawley's plan - Now known as the Dawley/Smith/Byker/Terrell/Mortimer plan: 20 yes, 1 no, 3 abstain
6. Mortimer's plan: withdrawn

Discussion on minority reports with consensus that the minority views would be reflected within the main report.

Meeting Adjourned.

Please note that the next meeting is scheduled for Tuesday December 14, 1999 at 6:30 pm at the downtown YMCA's meeting room. We will discuss the draft report.

Public Protection

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
July 20, 1999**

The meeting was called to order at 7 PM in the Auditorium of the Durham County Main Branch of the Public Library. Once introductions and preliminary directions were given to those present, the large group consisting of three subcommittee's were split up into their individual subcommittees. These are the minutes for the Public Protection Citizen Subcommittee on City of Durham / Durham County Government Merger.

The first meeting of the Public Protection Citizen Subcommittee on City of Durham / Durham County Government Merger was called to order by consent at 7:50 PM in the Auditorium of the Durham County Main Branch of the Public Library.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Anthony Dowling, Joseph Haenn, Barry Hastings, GE Lee, John Munsie, Allen Needham, and Thomas Stark.

Those excused: Thomas Atchison

Those absent: Ron Cheatham, George Conkfin, David Neill and Gia Wilkerson.

Elections were held. By consent of the subcommittee, Thomas Stark was elected Chair, Cecil Brown Vice Chair, and Anthony Dowling Secretary.

Names and email information was collected for use in distribution of minutes.

Officer Reports
None

Old Business
None

New Business

The committee discussed the fact that we must consider the merging of the police, sheriff's Dept, and all the fire Departments plus EMS. The group discussed having representative on the subcommittee or call reps in to answer questions at the appropriate time, or have members of the subcommittee liason with the respective departments. No firm decision was made at this first meeting. It was felt that having a member of those departments as a permanent member on the subcommittee was unlikely.

As soon as there is a Project Facilitator available, and level of support determined, the Secretary will inform the members of the subcommittee.

After lengthy discussion, the next meeting for the Public Protection Citizen Subcommittee on City of Durham / Durham County Government Merger was set for August 10th, Tuesday at 7 Pm in the City Hall 2rd Floor Committee Room (if available). A flip chart should be available for the members of the subcommittee to sketch out the pros and cons of merging. If merger is advisable, then a plan of action will be developed at this meeting so that the subcommittee will meet the November 15th, 1999 deadline for our report.

At 8:35 PM, Chair Stark adjourned the meeting.

Submitted by:
Anthony Dowling
Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
August 10, 1999**

The meeting was called to order at 7:10 PM in the Conference Room of the Durham City Hall. Once again introductions were made by those present.

The second meeting of the Public Protection Citizen Subcommittee on City of Durham / Durham County Government Merger was called to order by consent at 7:10 PM in the in the Conference Room of the Durham City Hall.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Anthony Dowling, Joseph Haenn, Barry Hastings, Allen Needham, Thomas Stark, Steve Crooks, Thomas Atchison, Dave Neill

Excused: John Munsie

The minutes from the last meeting were read and approved.

Officer Reports
None

Old Business

The group decided to meet on the 1st and 3rd Tuesday of each month from 5:30 PM to 7:00 PM in the Courthouse Conference Room.

New Business

The committee accepted the copies of budgets from our facilitator. It was decided that the committee should look at the difference between merging and consolidation of services even without a government merger. The group also thought that it was unlikely that there will be any monetary savings in a merger in the beginning.

At this time, the group utilized the flip chart and outlined several ideas that can be used to further explore our mission. They are outlined as follows:

Police/Sheriff Options

Status Quo

Total Merge Police part of Sheriff's Dept.

Police as Civil Servants

Sheriff Elected -- Chief appointed

Police separate from Sheriff

Sheriff Patrol Separate discarded

Fire Dept. Organization

10 tax districts

06 separate rates

Durham Paid

Parkwood volunteer

Redwood

Bethesda

Lebanon

Bahama

Butner State Public Safety Paid

New Hope Orange Co.

Eno Orange Co.

Mariah Person Co. No tax

State Regional Response Team

Fire Marshall Office

City

County

State Forestry Rangers

1 State

1 County

Options

Status Quo

Freeze existing fire districts

Merge into 1 large department

Optimize coverage among depts -- very much like status quo

Contract all out

Two fire depts

Urban and Rural

EMS Structure

Ever Fire Dept. has 1st Response

Volunteer Dept. have Paramedics from 7 AM to 7 PM

Durham EMS provides all EMS except 1 unit for Parkwood

EMS Options

Status Quo

Merge with Fire Dept. or Police Dept.

Privitize

Separate EMS Dept.

The group decided to bring in speakers to fill out each of these pictures prior to choosing an option we support for each service.

At 9:07 PM, Chair Stark adjourned the meeting.

Submitted by:

Anthony Dowling

Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
August 17, 1999**

The meeting was called to order at 5:41 PM in the Conference Room of the Durham Judicial Building.

The third meeting of the Public Protection Citizen Subcommittee on City of Durham / Durham County Government Merger was called to order by consent at 5:41 PM in the in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Anthony Dowling, Joseph Haenn, Barry Hastings, Allen Needham, Thomas Stark, Steve Crooks, John Munsie, and Lucy Zastrow

Excused: Dave Neill

The minutes from the last meeting were read and approved.

Officer Reports
None

Old Business
None

New Business

Lucy V. Zastrow presented the Police/Sheriff Merger History from other Counties.

Duval County / Jacksonville, FL	Did Merge	Almost went broke
Leon County / Tallahassee, FL	Did Not	
Clark County / Athens, GA	Did Merge	Went broke
Mecklenburg County / Charlotte, NC	Did Merge	Still costing
Gaston County / Gastonia, NC	Did Not	

List of Concerns

- We should develop a plan about pay structure / scale
- There could be less higher positions to be promoted to than present situation
- If we merge we will be Rank Heavy for a while
- \$ Disparity between salary of City Police and Sheriff Office must be addressed
- Home Fleet Issue
- Send more people to Civil after merger
- Sheriff's Office is below standard in Officers per population

List of Benefits

- Probably more officers per population equals better response time
- Both are now "full service agencies"
- City is above standard in Officers per Population
-

Minimum Recommend

- Equalize rate of pay between Sheriff's Office and City Police in like jobs
-

Standard for officers per person in population is 2 per person.

Duplicate services between City and Sheriff:

- Communications
- Records
- Special Operations
- School Resource
- DARE
- Community Service
- Patrol
- Training
- Vice
- Investigations
- Data Systems
- Quartermaster
- Budget
- Planning and Development

There is a difference between the philosophy of the Sheriff's Office and the philosophy of the City Police. Sheriff's Office is more willing to appease public where the city police are a bit more "by the book" "hard core" "Just the facts, Lady!"

Clark County / Athens, GA Law suits over salary / merge busted county coffers

Meck County / Charlotte, NC Law enforcement Merger only. County Police merged into City Police. Sheriff's Dept. unaffected. Early retirement went well. Each time someone retired, the structure of the organization was readjusted a bit.

Gaston County / Gastonia, NC County Police and City Police and Sheriff's Office plus town depts. Did not merge.

Remember that the Sheriff's Office does not report to anyone. Sheriff is an elected official. County Commissioners do regulate the budget only.

Overall Concerns for the Committee

1. Organizational Chart
2. Salary Issue
3. Cost – more effective for citizens
4. What are the citizen benefits resulting from our recommendations

Next meeting is Tuesday September 7th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. The meeting will be on the Fire Departments.

At 7:14 PM, Chair Stark adjourned the meeting.

Submitted by:
Anthony Dowling
Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
September 7, 1999**

The fourth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:45 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Kenneth Caviston, Joseph Haenn, Barry Hastings, Eddie Lee, Allen Needham, Thomas Stark, Steve Crooks, John Munsie, and Lucy Zastrow.

Excused: Preston Burgess, Anthony Dowling and Dave Neill.

Other persons present included the City of Durham Police and Fire Chiefs, Chief Teresa Chambers and Chief Otis Cooper, and John House from the consulting firm of DMG-MAXIMUS.

The minutes from the last meeting were read and approved as amended by a change on page 2 to read that the "Standard for (police) officers per person in population is 2 per 1,000 persons."

Officer Reports
None

Old Business
None

New Business

John House was introduced as a consultant hired by the City and County to assist the subcommittee in its efforts to obtain the necessary information to provide the basis for committee decision making and recommendations and to assist with facilitation of committee meetings. John House provided a handout listing Task Force decision issues and Task Force assessment criteria and factors. Thomas Stark noted that the structure provided by the handout would be helpful and that he was pleased that the subcommittee had already been addressing many of the issues listed in the handout.

Kenneth Caviston made a presentation providing an overview of fire protection services provided in the City of Durham and in Durham County. The following points were made:

- The City of Durham Fire Department has the primary responsibility for fire protection within the city limits and five volunteer fire departments have the

primary responsibility for fire protection in each of five fire districts in unincorporated areas

- Their are no overlaps in area responsibilities except when the city lines are extended. In this case, the volunteer fire departments by agreement retain primary responsibility for a period of five years.
- The volunteer fire departments have a combination of paid and volunteer firefighters with the numbers of paid firefighters varying by district.
- All departments respond to EMS calls. Some have their own paid paramedics, others do not.
- The county departments have agreements with surrounding counties and with each other for fire protection services as well as an agreement with the City of Durham Fire Department to provide mutual assistance.
- The City of Durham Fire Department is funded by City taxes.
- The County volunteer fire departments are private non-profit corporations. They are funded primarily by fire district taxes with rates set for each district by the County Commissioners based on the budgets submitted by each district department and the recommendation of the County Fire Marshal. District fire departments also receive contributions from citizens primarily from fund raisers. The contributions, however, only constitute a minor portion of their total funding.
- The County Fire Marshal serves as the Durham County point of contact for the five volunteer fire districts. He has the primary responsibility for coordinating training, conducting inspections and performing arson investigations.
- The tax rates, levels of service, and resulting ISO ratings for commercial and residential fire insurance vary between districts.
- Paid firefighters for the City of Durham Fire Department have a higher minimum training requirement than is the case for volunteer firefighters from the Durham County fire district departments. There is a difference in training of volunteer firefighters in accordance with their needs.

List of Consolidation Concerns

- The City of Durham will take over the volunteer fire departments.

- The volunteer firefighter culture will be destroyed and the independence and identity of the departments will be lost.
- Citizens in the unincorporated area of Durham County will experience tax increases for fire protection services.
- Problem of blending paid and volunteer firefighters will be intensified with consolidation.

Potential Benefits of Consolidation

- If City of Durham annexation continues, it will decrease the tax base for the Durham County fire districts and thereby cause an increase in taxes for citizens within the districts in order to maintain the current levels of service. This problem could be diminished with consolidation.
- Better use of equipment.
- Better deployment of firefighters.
- Enhanced training of volunteer firefighters.
- Enhanced teamwork between City and County departments.

Tasks to be Accomplished Prior to Next Meeting.

- John House plans followup interviews with the Sheriff, City of Durham Police and Fire Chiefs, County Fire Marshal and EMS Director.
- John House was asked to make a determination of the cost of replacing all volunteer firefighters with paid firefighters, and to determine the fire tax rates and property valuations in the Durham County fire districts.

The next meeting is scheduled for September 21st at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. The meeting will include a continuation of the discussion of fire protection consolidation.

The meeting was adjourned by Chair Thomas Stark at 7:08 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
September 21, 1999**

The fifth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:35 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Joseph Haenn, Barry Hastings, Eddie Lee, Allen Needham, John Munsie, and Lucy Zastrow.

Absent: Preston Burgess, Kenneth Caviston, Steve Crooks, Anthony Dowling and Dave Neill and Thomas Stark.

Other persons present included the City of Durham Police Chief, Chief Teresa Chambers, and John House from the consulting firm of DMG-MAXIMUS.

The minutes from the last meeting were read and approved as amended.

Officer Reports
None

Old Business
None

New Business

John House provided the following handouts:

- A Preliminary Profile of Public Protective Services for the City of Durham and Durham County listing those services by functional area for both governmental entities and listing the total full time equivalent budgeted positions and costs for each functional area.
- A FY 1999-00 Revenue Projection listing Fire Taxing District projected valuations, tax rates and tax levies.
- A listing of Chief Functions and Services Authorized for City and County Governments in North Carolina.
- The Cost of a Paid County Fire Protective Staff assuming staff availability for each apparatus listed for each station on a 24 hour a day basis.

The assumption with regard to determining the cost of a fully paid Durham County Fire Department was that the cost would be assessed for the current level of service. This means that the same types and numbers of vehicles would be standing by to respond with a fully paid department as is currently the case. The question was raised as to whether each station currently had the capability of deploying all listed equipment simultaneously 24 hours a day. The two district chiefs present at the meeting stated that all their equipment could be deployed in response to a fire at night, but that sufficient staff could not be counted on to guarantee simultaneous deployment during the day. They provided an estimate of vehicles which they could be reasonably expected to deploy during the day. John House stated that he would call the other chiefs and get assessments of their deployment capabilities.

The question arose as to whether the current fire taxing district debt service obligations should be considered in the decision to establish a consolidated countywide fire department. John House stated that he would also ask for this information from the district chiefs.

Eddie Lee suggested that the Committee should also consider the cost of salary increases that would be required for the Sheriff's Department if a consolidated countywide law enforcement department were established. John House stated that he would try to provide a rough estimate of this cost.

Based on the preliminary assessment of the cost of a fully paid countywide fire department and the issues regarding the loss of identity and investments made by citizens in the fire districts, it was the consensus of the Committee that it would not be in the best interest of the citizens of Durham County to eliminate the fire districts and establish a paid countywide fire department. Those present agreed that some type of consolidation of efforts could possibly have merit if the fire tax districts and volunteer firefighters were maintained. The Committee also agreed that the best organizational structure to achieve a consolidation of fire suppression efforts on a countywide basis might be to establish a Fire Commission with representation from the City of Durham and the fire taxing districts to establish policy and ensure that equity is achieved for all citizens of Durham County. Some members of the Committee stated the establishment of a Fire Commission for this purpose might have merit even if there is no overall consolidation of the governmental structures of the City of Durham and Durham County.

The Committee consensus was that operational efficiencies could be achieved by dissolving City/District boundaries for fire suppression services with the nearest available appropriate vehicles responding to all calls regardless of whether they come from City or the County Fire Districts. There was also some discussion as to whether training and the deployment of equipment could also be enhanced by a modified consolidation under a Fire Commission. Most present felt that re-deployment of equipment from the fire tax districts would have to be on a volunteer basis and would probably entail some type of financial compensation for equipment re-deployed.

The next meeting is scheduled for October 5th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. The meeting will include a continuation of the discussion of fire protection consolidation.

The meeting was adjourned by Vice Chair Cecil Brown at 7:10 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
October 5, 1999**

The sixth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:30 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Preston Burgess, Steve Crooks, Joseph Haenn, Barry Hastings, Allen Needham, Dave Neill, Tom Stark and Lucy Zastrow.

Excused: Cecil Brown, Kenneth Caviston, Anthony Dowling, Eddie Lee and John Munsie.

Other persons present included the City of Durham Police Chief, Chief Teresa Chambers, Deputy Police Chief Kent Fletcher and John House from the consulting firm of DMG-MAXIMUS.

The minutes from the last meeting were read and approved.

Officer Reports

None

Old Business

John House provided a handout with a revised costing of establishing a countywide paid fire department.

New Business

John House provided a handout reflecting a rough estimate of the cost of increasing the salaries of the Durham County Sheriff's Department staff to achieve parity with the City of Durham Police Department staff. Tom Stark asked that John House provide the Subcommittee the assumptions on which both the countywide paid fire department and the equalization of pay of the Sheriff Department with the Police Department costs were based.

Lucy Zastrow provided handouts reflecting the number of sworn officers per 1,000 population served, the number of sworn officers per 1,000 population answering calls for service, and a listing of Sheriff Department vehicles by date of purchase. She stated that the department has approximately 160 vehicles and while it is the department's intent to rotate vehicles every five years or every 100,000 miles, whichever occurs sooner, the department has not been able to do so due to funding limitations.

Chief Chambers provided handouts reflecting the number of sworn officers per 1,000 population served, the number of sworn officers per 1,000 population answering

calls for service, and a listing Police Department vehicles by date of purchase. She stated that the Police Department had approximately 426 vehicles and that approximately 46 new vehicles are purchased each year for front line patrol officers. The vehicles driven by the front line officers are refurbished and turned over to other officers in the department whose vehicles are then retired.

Possible organizational alternatives and potential savings from the consolidation of the two law enforcement organizations were discussed. Some felt that significant staff saving should be achieved by consolidation; while others felt that the marginal savings that could be achieved would not offset the cost of necessary salary increases for the Sheriff's Department. Lucy Zastrow stated that any organizational changes that are made should be made slowly so as to minimize the impact on the officers involved. Tom Stark questioned the ongoing problems with communications between the law enforcement departments and whether those problems could not be better addressed with consolidation. John House suggested that the City-County Emergency Medical Services Director be asked to make presentation regarding his organization and operation. Tom Stark asked that:

- John House invite EMS Director Mickey Tezai to attend the next meeting and make a presentation.
- The Sheriff and Chief of Police provide separate organization charts for the next meeting reflecting their plan for the consolidation of countywide law enforcement operations for Subcommittee members to review prior to their next meeting. (That is, the meeting after the next meeting, at which time law enforcement consolidation will be discussed.)
- John House contact the City of Durham Fire Chief and Durham County Fire Marshal and ask them to attend the next meeting and present their concepts of a consolidation of fire protection operations within Durham County.

The next meeting is scheduled for October 19th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. The meeting will include a briefing on EMS operations and a discussion on the consolidation of fire protection operations. Tom Stark stated that it appears necessary to conduct subsequent meetings on a weekly basis in order to finalize Subcommittee findings and recommendations by November 15.

The meeting was adjourned by Chair Tom Stark at 7:00 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
October 19, 1999**

The seventh meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:30 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Preston Burgess, Kenneth Caviston, Steve Crooks, Joseph Haenn, Barry Hastings, Eddie Lee, John Munsie, Allen Needham, Dave Neill, and Tom Stark.

Excused: Cecil Brown and Lucy Zastrow.

Other persons present included the City of Durham Fire Chief Otis Cooper, Durham County EMS Director Mickey Tesai, Durham County Fire Marshal Jeff Batten and John House from the consulting firm of DMG-MAXIMUS.

The minutes from the last meeting were read and approved.

Officer Reports

None

Old Business

John House provided a handout listing the assumptions made in costing of a fully paid countywide fire department and the costing of the equalization of pay of the staff of the Sheriff's Department with that of the Durham Police Department.

New Business

Mickey Tesai provided an overview of the EMS organization and operations in Durham County to include the following:

- EMS vehicles are deployed from four stations within the City limits and from each of the volunteer fire stations.
- 24 hour a day EMT-P services and non-emergency transport services are provided from the stations within the City limits.
- Parkwood provides EMT-P services 24 hours a day.

- One County EMS EMT trained staff member is provided at the other volunteer stations from 7 AM until 7 PM. The volunteer fire departments provide the vehicle and a driver 24 hours a day and provide first responder services from 7 PM until 7 AM. Emergency transport services are provided in the volunteer districts from 7 PM until 7 AM by EMS vehicles dispatched from within the City limits.
- The areas covered by the volunteer fire districts for EMS response include portions of the City of Durham within the City limits.
- One franchisee provides some non-emergency transport service although the majority of these calls are being answered by the County EMS Department.

Mickey Tesai stated that there are significant communications problems within Durham County to include:

- The Sheriff Department operating on a different communications system from the system used by the County EMS, City and volunteer fire departments and City Police Department.
- Excessive routine administrative traffic processed through the 911 system.
- Still some areas in the County where communication is difficult.

Mickey Tesai stated that he felt that EMS services are well coordinated within and between the City and County and that the only benefit that he could think of with regard to the merger impact on EMS would be the potential financial savings.

Chief Cooper provided his concept of organizing countywide fire protection services. This entailed a centralized approach similar to that currently in place with Columbia and Richland County, South Carolina, where one paid firefighter (driver) is stationed in each rural volunteer station 24 hours a day and the overall fire suppression and training efforts are directed by the City of Columbia Fire Chief.

Fire Marshal Jeff Batten provided his concept of countywide fire protection which included enhanced coordination and cooperation while retaining the autonomy and identity of the volunteer fire departments.

Tom Stark summarized where he thought the Subcommittee stood on the major issues to include:

- For EMS:

- ◆ No organizational change since EMS operations have already been merged into a single system.
 - ◆ The need to improve communications between the Sheriff's Department and other public protection agencies and to improve 911 operations regardless of whether the City and County governments merge.
- For Fire Protection:
 - ◆ Problems exist with response areas and the creeping City limits drying up the tax base for the volunteer districts which should be resolved regardless of the outcome on merger.
 - ◆ Some type of consolidation of operational control should be considered with the volunteer fire departments retaining their identity and a degree of autonomy. Otherwise, it would be extremely difficult to recruit volunteers and the cost of a fully paid countywide fire department is prohibitive.
 - ◆ A couple of models need to be considered further before a recommendation can be made in this area.
 - For Law Enforcement:
 - ◆ The communication issues need to be resolved.
 - ◆ Consolidation of law enforcement efforts merit further review in a number of different configurations. Follow-up discussions need to be held with the Sheriff and Police Chief in order to address all issues in this area.

Subcommittee members concurred in Tom Stark's assessment of the situation.

Eddie Lee asked about addressing all costs with regard to a consolidated paid countywide fire department to include the costs of the County buying out all fixed assets of the Fire Taxing Districts. Jeff Batten stated that he would try to obtain the current value of fixed assets from the Fire Taxing Districts.

The next meeting is scheduled for October 26th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room.

The meeting was adjourned by Chair Tom Stark at 7:00 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
October 26, 1999**

The seventh meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:30 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Steve Crooks, Joseph Haenn, Barry Hastings, Eddie Lee, Allen Needham, and Tom Stark and Lucy Zastrow.

Excused: Anthony Dowling, John Munsie, Dave Neill.

Other persons present included Chuck Kitchen, Durham County Attorney, George Conklin, and John House from the consulting firm of DMG-MAXIMUS.

The minutes from the last meeting were read and approved as amended.

Chuck Kitchen discussed the differences in the maximum amount of liability from litigation for the Durham County Sheriff's Office compared with that of the City of Durham Police Department, explaining that the Sheriff's Office liability is limited to \$25,000 per incident while the liability of the Police Department is unlimited. Cecil Brown stated that the amount paid out by the City of Durham for settlement of suits against the Police Department was over \$2,000,000 for the past two years. Tom Stark asked John House to ask Marcia Margotta to request from the City of Durham the amount paid out per year for the Police Department for settlement of suits over the past five years.

Tom Stark stated that he felt that the best way to address the public protection issues before the subcommittee would be to:

- Identify issues that should be addressed regardless of whether or not merger occurs.
- Identify whether or not merger could take place and, if so, in what form, and what issues should be addressed.
- Make a determination if merger is desirable and how it would be best implemented.

The subcommittee agreed with the approach recommended by Tom Stark.

Tom Stark moderated a discussion addressing the fire protective services. He stated he felt that the problems of the existing system were:

- The need to optimize response capabilities with current assets.
- The need to provide equity in funding for all fire districts.
- The need to raise the levels of service in existing areas.

Tom Stark further stated that these same problems would have to be addressed with merger. The subcommittee agreed with Tom Stark's analysis.

The subcommittee agreed to finalize its findings and recommendations on fire protection and move on to law enforcement at the next meeting.

The next meeting is scheduled for November 2nd at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. A meeting is also scheduled for November 9th and a meeting is to be scheduled for November the 16th if required.

The meeting was adjourned by Chair Tom Stark at 7:00 PM.

Submitted by,
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
November 2, 1999**

The eighth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:30 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Kenneth Caviston, Steve Crooks, Joseph Haenn, Barry Hastings, Eddie Lee, John Munsie, Allen Needham, and Tom Stark and Lucy Zastrow.

Excused: Cecil Brown, Preston Burgess, Anthony Dowling, and Dave Neill.

Other persons present included George Conklin and John House.

The minutes from the last meeting were read and approved as amended.

The subcommittee passed the following resolutions unanimously:

1. The volunteer fire departments and City of Durham Fire Department should optimize their countywide fire protection response capabilities using current assets and should optimize the equity of funding so that funding is commensurate with services provided with consolidation. These measures should take place regardless of whether the city/county merger occurs.
2. The current capabilities of fire departments in the county are comparable with respect to responding to calls for service and services provided although response times vary due to distances involved.
3. The volunteer fire departments should maintain their identity and independent status to include funding and equipment ownership even though operational capabilities should be coordinated and optimized with the consolidation of efforts.
4. A governing fire commission should be formed consisting of the Durham County Fire Marshal and the city and county fire chiefs to establish operational policy guidance for all fire protection services provided in Durham County. The County Fire Marshal should chair the commission. Such a commission should be formed regardless of whether the city/county merger occurs.

There was a discussion regarding the desirability of merger followed by a motion by Tom Stark that the subcommittee pass a resolution to state that it is desirable for a city/county merger to occur with respect to the impact such a merger could have on fire protective services. The motion was not passed. There was a 4-4 vote split with Tom Stark abstaining since he did not believe the vote had the type consensus that the subcommittee

had previously agreed to achieve. The discussion on this subject continued. Those who voted against the motion indicated that while they agreed that it would be desirable to better consolidate the operational capabilities of the fire protection services in the county, there was a general distrust of the political process and the way politicians would treat the volunteer fire departments following merger. Tom Stark questioned whether it might be worthy of consideration to split the issues so that the subcommittee could vote on consolidating fire protective services as a separate issue for voting on city/county merger. The subcommittee was asked to give this some thought before the next meeting.

The next meeting is scheduled for November 9th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room. Law enforcement consolidation will be the primary focus of that meeting. John House provided handouts to assist in preparation for developing findings and recommendations with regard to law enforcement consolidation.

The meeting was adjourned by Chair Tom Stark at 7:00 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger**

November 9, 1999

The ninth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:30 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Barry Hastings, Eddie Lee, John Munsie, Allen Needham, Tom Stark and Lucy Zastrow.

Excused: Steve Crooks, Anthony Dowling, Joseph Haena, and Dave Neill.

Other persons present included George Conklin, Kent Fletcher, George Hare, Chuck Johnson and John House.

The minutes from the last meeting were read and approved as amended.

Chuck Johnson, the Durham County Communications Manager, provided a presentation on the Durham County 911 System. The Communications Manager reports to the City Manager and the Deputy County Manager. The 911 Center consists of 52 employees and is funded 70% by the City of Durham and 30% by Durham County. It receives calls for service and provides dispatch services for the City of Durham Police and Fire Departments, the Durham County Fire Marshal, Emergency Management and EMS departments and the volunteer fire departments. It receives calls for service for the Sheriff's Office and transfers those calls to the Sheriff's Office, which provides their own dispatch services. Chuck Johnson stated that his department has problems with administrative calls at night from other City and County departments, which have left telephonic instructions for individuals to call his department if they need help. He said the Department of Social Services, Street Maintenance and Animal Control were departments referring a substantial number of calls. He stated that in his opinion approximately 80% of these calls could be eliminated and that such calls often delay the answering of emergency calls.

The Subcommittee passed the following resolutions:

- With regard to fire protection, it makes no difference whether or not the City and County merge as long as the organizational structure for fire protection is as outlined by the resolutions passed at the November 2nd meeting.

- The following communications problems should be resolved regardless of whether or not the City and County merge:
 - There should be a compatible radio network to allow direct car to car radio communications between the Sheriff's patrol deputies and other public safety departments in the City and County.
 - The City of Durham Police Department computer software needs to be improved.
 - The City of Durham Police Department computer communications capability for patrol officers needs to be improved.

Lucy Zastrow stated that there would definitely be a problem in bringing the Sheriff's patrol officers into the already overloaded 911 dispatch system when their current operating system is able to accommodate their dispatches without interference from other department calls. Tom Stark indicated that this fact should be incorporated into the overall report. Cecil Brown added that other departments already in the system could make the same statement. That is, the system problems need to be fixed regardless of whether the Sheriff's Office is in the system.

Several issues were discussed with regard to the merger of the Sheriff's Office and the Police Department to include the following:

- By stature there will be a Sheriff with civil process, court, and detention services regardless of whether other services are merged.
- Police officers would feel their job security threatened if they were placed under the Sheriff. This threat could be lessened if the Sheriff established a civil service system; but, without a change in state statutes, the next Sheriff could dispense with the civil service system if so inclined.
- Patrol efficiency could possibly be increased with merger.
- It would be less confusing to citizens to have only one law enforcement agency in the City.
- There would be problems in dealing with the cultures the two departments as well as the cultures of citizens of the City and County.
- Merger should enhance overall communications and the compatibility of communications systems.

- Equitable salaries and benefits should accompany merger; and, other benefits, such as the take home policy for vehicles, should be treated equitably.
- If merger occurs, the current levels of services should be maintained or improved in all areas of the county with no appreciable increase in costs to the taxpayers.
- The City of Durham and Durham County should not proceed directly with merger without a more detailed study carefully considering all issues involved and without an extensive program to educate all citizens on the issues, the manner in which merger will occur and how it will impact them.

The subcommittee approved a resolution by a 7-2 margin resolving that it is desirable to merge the City of Durham Police Department and Durham County Sheriff's Office only if the City and County governments merge.

The subcommittee voted that there are two basic merger alternatives that merit consideration. Those are:

➤ **Alternative I:**

- A sheriff's office that consists of a judicial division, which covers courts, service of process, and related functions, and may include school resource officers (SRO) and juvenile services, and
- A county police department that has all law enforcement functions.

- **Alternative II:** A sheriff's office that consists of three bureaus commanded by chief deputies to include bureaus for law enforcement, judicial services, and detention services.

The subcommittee was unable to achieve consensus as to which of these alternatives to recommend and voted to recommend the further consideration of these two basic alternatives in the subsequent in-depth study.

The subcommittee considered the impact of merger with regard to animal control and approved a motion that the issue of placing animal control under the sheriff should be given further consideration in the follow-on study effort.

The next meeting is scheduled for December 14 at 5:30 in the Durham Judicial Building 1st Floor Conference Room.

The meeting was adjourned by Chair Tom Stark at 8:00 PM.

Submitted by:
John House
Acting Secretary

- Based on historical cases and the need to achieve Sheriff's Office pay parity with the Police Department, merger would most likely cost more money initially than it saves.
- Cost reductions could likely be achieved in the longer term.

Tom Stark stated that the next session would be the last session and that the subcommittee needs to:

- Make a decision on the desirability of law enforcement merger; and, if merger is desirable, which of the two basic organizational structures would be the most desirable.
- Address Animal Control and the impact of City/County merger on that organization.

The next meeting is scheduled for November 16th at 5:30 PM in the Durham Judicial Building 1st Floor Conference Room.

The meeting was adjourned by Chair Tom Stark at 7:00 PM.

Submitted by:
John House
Acting Secretary

**Public Protection Citizen Subcommittee on City of Durham / Durham
County Government Merger
November 16, 1999**

The tenth meeting of the Public Protection Citizen Subcommittee on the City of Durham / Durham County Government merger was called to order by consent at 5:40 PM in the Conference Room of the Durham Judicial Building.

Roll was taken. Those present: Cecil Brown, Preston Burgess, Kenneth Caviston, Steve Crooks, Joseph Haenn, Barry Hastings, Eddie Lee, Allen Needham, Tom Stark and Lucy Zastrow.

Excused: Anthony Dowling, Dave Neill and John Mussia.

Other persons present included Chief Deputy Sheriff Wes Crabtree, Deputy Police Chief Kent Fletcher, Council Liaison Virginia Englehard and John House from DMG-MAXIMUS.

The minutes from the last meeting were read and approved as amended.

Tom Stark provided a paper stating where he felt the subcommittee was on law enforcement issues, whether merger can take place, alternatives of how law enforcement merger could take place and merger issues that need to be addressed. Joseph Haenn provided a paper representing his position on law enforcement merger considerations since he was not at the last meeting to provide his input. John House provided handouts showing the payments made by the City of Durham over the past five years for law enforcement liability claims. John House also provided handouts listing his compilation of the advantages and disadvantages of law enforcement merger expressed by various subcommittee members during past meetings.

The subcommittee voted to eliminate the merger option of:

- A sheriff's office that includes detention, juvenile services and some law enforcement services such as some investigation, and perhaps some organized crime and vice units, and
- A county police department that includes law enforcement functions with or without duplication of sheriff functions.

The subcommittee approved the following law enforcement merger advantages:

- Less confusing to citizens to have one law enforcement agency.

- Should enhance overall law enforcement communications.
- Should enhance achieving compatible radio communications systems.
- Could possibly increase patrol efficiency.
- Could enhance the flow of communications for intelligence regarding criminal activities and trends.
- Could possibly achieve long term efficiencies.

The subcommittee approved the following law enforcement merger disadvantages:

- Initial costs for salary increases to bring sheriff deputies' salaries up to the level of police department officers.
- Difficulty of recruiting and retaining police officers due to perceptions about job security if placed under the sheriff.
- Loss of the ability of the two law enforcement agencies to compliment each other.
- The uncertainty that will accompany change.

The subcommittee agreed that the following issues would have to be dealt with if merger occurs:

- The problem of integrating the basic cultural differences between sheriff deputies and police officers.
- The problems associated with the cultural differences and different expectations of the City of Durham and Durham County citizens.
- Police officer concerns about job security if placed under the sheriff.

The subcommittee unanimously approved the following resolutions:

- Merger is feasible (that is, it can take place).
- Merger should be accompanied by adequate staffing to meet countywide law enforcement requirements.

**Durham City – County Merger Review Committee
Public Works Subcommittee**

Date: July 26, 1999
Issue: Inaugural Meeting
Re: DMRC 0001

1. Initial meeting:

- A. A quorum was established and the meeting was allowed to proceed.
- B. Philip Vereen was nominated and accepted as the Chairman of this subcommittee.
- C. John Dagenhart was nominated and accepted as Vice-Chair.
- D. Bill Robbins was nominated and accepted as the Secretary.
- E. Wade Jackson volunteered and was accepted as a back up Secretary.

2. Decisions:

- A. Meetings will be held on the first and third Thursdays of each month, 7:00 PM to 8:30 PM.
- B. The locations will be as follows:
 - First Choice – Main Library
 - Second Choice – Southwest Library
 - Third Choice – Commissioners' Conference Room
- C. Ed Harrison asked Pamela Blythe to get clarification as to what "Public Works" meant. She did, and it means the physical infrastructure of the city and county.
- D. It was agreed that the "Rules of Procedure" as given were to be accepted as our rules.
- E. It was agreed that if any member has 2 unexcused absences they will be deemed to have vacated the committee.

3. Action Items:

- A. Phillip will contact the Librarian and see if this location is available for our meetings. If not available, he will proceed to the second and third choices.
- B. Phillip will invite Katie Kalb, City Engineer, and Glen Whistler, County Engineer, to our next meeting to define what is included in "Public Works". If they have any handouts, they are asked to mail these directly to the committee members. Due to time constraints, we may have a separate meeting with each engineer.
- C. Applications for membership to this subcommittee will close as of August 15.
- D. Minutes and contact list will go out to all members via email, or other as needed.

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**Durham City – County Merger Review Committee
Public Works Subcommittee**

Date: August 5, 1999
Issue: Bi-monthly Meeting
Re: DMRC 0002

1. Opening:

A. A quorum was established and the meeting proceeded.

B. Minutes from the last meeting were approved and seconded.

C. Members present:

Pat Bocchino, John Dagenhart, William Robbins, Brian Van Horn, Phillip Vereen

D. Members absent with permission

Louise Blake-Sims, Ed Harrison, Wade Jackson, James Stroud, Joe Foster

2. Presentations

We had 2 guests, Kathryn Kalb, City Engineering, and Glen Whisler, County Engineering. They both gave a very good analysis of the current state of each department.

Katie:

First a breakdown of resources, \$37,000,000 dollar budget handled by an 8 person staff.

<u>Amount</u>	<u>Employees</u>	<u>Department</u>
3.5M	60	Engineering
5.1M	17	Storm Water
7.6M	6 + contracts	Transportation (Transit)
4.1M	45	Transportation (Planning, traffic, ...)
6.7M	122	Water and Sewer
5.2M	94	Street Maintenance
3.1M	47	Roadway appearance

1. **ENGINEERING**—includes: Engineering Design; Assessments; Water & Sewer Services; Development Review; Construction Inspection, Contract Management, Sewer Rehabilitation Project, GIS, CAD, Surveying

2. **STORM WATER SERVICES**—Includes: Storm Water Billing; Storm Water Education; Storm Water Pollution; Drainage Complaints

3. **TRANSPORTATION**—includes: Traffic Operations; Transportation Planning; Street Lights; Development Review; Taxicabs, Buses

4. **WATER & SEWER MAINTENANCE**—Includes: Water Meter Maintenance; Water Main Breaks; Sewer Problems, Backups and Overflows

5. **STREET MAINTENANCE**—Includes: Paved Street Maintenance; Dirt Street Maintenance; Paved Street Repair; Storm Water Maintenance and Repair; Sidewalk Maintenance; Alley Maintenance

6. **ROADWAY APPEARANCE**—Includes: Urban Forestry; Mowing; Impact Team (Non-hazardous materials); Street Cleaning

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An area of issue is Taxis where there is a duplication of effort as transportation has to interface with the police for Criminal Records Checks. This is located with the police elsewhere.

Glen Whistler:

There are 13 people in 3 Divisions.

<u>Amount</u>	<u>Employees</u>	<u>Department</u>
\$300,000	7	Sedimentation and Erosion Control
\$150,000	2	Project Management
\$12M	4 + W&C	Utilities Division

1. Sedimentation and Erosion Control

County handles all county and city soil disturbance permits. Tree protection is handled from here. The permit fees run the program.

2. Project Management

New construction, contracts, 52 buildings, county only.

3. Utilities Division

Waste water where 4M of 6M gallon capacity is used. Plant is supervised by Woodard and Curran contract. The county employees review plans, inspect, approve connections, administer contracts, and design extensions of any water and sewer lines in the county.

Of the 12M budget for Utilities:

3M goes to Debt Service

6M for Capital Improvements (Doubling the current capacity towards an expected 20M gallons total usage)

.5M for Industrial Incentives

2.5M are revenues

Joint Discussion:

No disadvantages to note of combining these two groups.

Advantages include:

Better engineering support with larger size

Combined billing (which is already being done.)

Economy of scale (purchasing and resource power)

3. Action Items:

- A. Check back with committee structure about the locating of Environmental and Solid Waste Departments. Phillip Veroen

Durham City – County Merger Review Committee
Public Works Subcommittee

Minutes of August 19, 1999
Location: DMRC 0003

AUG 31 1999

1. Opening:

A. A quorum was established and the meeting proceeded.

B. Minutes of August 5, 1999 were corrected as follows:

1. The term "bi-monthly meeting" should read "semi-monthly meeting."
2. The sentence "First a breakdown of resources, \$37,000,000 dollar budget handed by an-8 person staff." Should read "by a 400 person staff."

The minutes were approved as corrected.

C. Members present:

Pat Bocckino, John Dagenhart, Brian Van Horn, Phillip Vereen, Joe Foster, James Stroud, Louise Blake-Sims, Ed Harrison

D. Members absent with permission

William Robbins

E. It was noted that, due to a conflict, Wade Jackson would not be continuing on the committee.

3. Items Covered

- a. The question on whether Solid Waste and Environmental Resources would be covered by this committee has not yet been resolved.
- b. The facilitator has been hired and will be at the next meeting.
- c. Ed Harrison said we need to have an expanded discussion on formal transportation planning for the entire county and all service divisions (City, County, RTP). He indicated that Mark Ahrendsen would be in a good position to address this.
- d. Bill Van Horn indicated he had informal information that the situation in Nashville, Tennessee seems to be successful.

4. Meeting Adjourned

It was a consensus of the committee that, without the facilitator or other source person for guidance, that the meeting for this evening could not be more productive.

Joe Foster moved to adjourn, seconded by James Stroud.
The motion was approved.

5. Next Meeting

Thursday, September 2, 1999.

**Public Works Subcommittee
Contact Sheet**

Name	Address	Phone (H)	Phone (W)	Fax	Email
Louise B. Blake-Sims	1033 S. Plum St.	596-5019			
Pat Bocchino		544-1997			Ncbocck@mindspring.com
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Joe Foster		419-0433	317-7656		joseph.foster@telops.gte.com
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Jeremy Rals		682-1710			
William Robbins		402-8545	541-8236	541-8321	Brobbins@sumitomoelectric.com
James Stroud			688-3381	682-4021	Ecoocos@webtv.net
Brian Van Horn		598-3952	851-1980	851-1982	Bvanhorn@bobbitt.com
Phillip Vereen		688-0046	682-2133	688-8351	Pvereen@durhamchamber.org
Pam Blythe			490-8939		Citytopam@aol.com
Marcia Margotta				560-0000	Mmargotta@co.durham.nc.us

Durham City -- County Merger Review Committee
Public Works Subcommittee

Minutes of September 2, 1999

Location: DMRC 0004

1. Opening:

A. The meeting was called to order by John Dagenhart. A quorum (a majority) was established and the meeting proceeded.

B. Minutes of August 19, 1999 were corrected as follows:

1. Under section 3.d. the name Bill Van Horn was corrected to Brian Van Horn.

Jeremy moved the minutes be approved as corrected. Seconded by Bill. Approved as corrected.

C. Members present:

Louise Blake-Sims, Pat Bockino, John Dagenhart, Ed Harrison, Jeremy Rah, Bill Robbins, Brian Van Horn, Phillip Vereen

D. Members absent

Joe Foster, James Stroud

2. Items Covered

- a. The question on whether Solid Waste and Environmental Resources would be covered by this committee has not yet been resolved.
- b. Our facilitator, John House, was at the meeting.

c. Meeting as follows:

Floor was opened to John House. It was stated that the focus of tonight's meeting would be "Transportation." He stated his mission as he sees it is to accumulate information to facilitate the decision process. He reviewed our earlier minutes to verify project definitions. The open question of Solid Waste and Environmental Resources may be decided in the Sept. 3rd, directors meeting.

Our guest for this meeting was Mark Ahrendsen, Transportation Manager.

Phillip Vereen mentioned a road issue, i.e. city repairs streets and the county does not. If merged, who would be responsible for what? Legislation may be required if Durham City dissolves and it all becomes county. Available history of other areas is Winston-Salem and Mecklenburg Co. What this causes for us is the need to define (work with) the state regarding who does what.

Mark stated a formula to define "who pays for what" is in place at this time with respect to mileage. Jeremy Rah mentioned RTP as a potential issue that may nix the merger because of taxation fears.

John Dagenhart stated the state is pushing "some" to increase county bus transit service. If merged the "transit pool" of money would be more simply decided.

Bill Robbins asked John House if he could get this information in a flow chart to assist in defining the pieces of the puzzle. Bill offered a diagram of a possible design (see end for diagram). Phillip suggested using organizational charts with agreement from John Dagenhart. John House indicated that this definition should show cost versus benefit over change in each.

Brian cautioned that the organizational plan might not have been to expand services but to possibly even to reduce services.

**Durham City - County Merger Review Committee
Public Works Subcommittee**

**Minutes of September 23, 1999
Location: DMRC 0005**

1. Opening:

A. The meeting was called to order by Phillip Vereen. A quorum (a majority) was not established. The meeting proceeded as a general review.

B. Minutes of September 2, 1999 were not approved without a quorum.

C. Members present:

James Stroud, Bill Robbins, Brian Van Horn, Phillip Vereen

D. Members absent:

Joe Foster, Louise Blake-Sims, Pat Boockino, John Dagenhart, Ed Harrison, Jeremy Raw

1. Items Covered

A. Review of the Chairman's meeting by John House and Phillip Vereen. Solid Waste is ours.

B. Phillip and John went to a meeting with Terry Rowland to discuss Environmental Resources. John went to several additional locations. Handouts were provided.

C. John House recommended (and we agreed- informally) the org chart should be expanded to encompass reallocation of services. As a result the cost / benefit will be easier to settle per unit.

2. Meeting Adjourned by acclamation

3. Next Meeting

Thursday, October 21, 1999.

**Durham City – County Merger Review Committee
Public Works Subcommittee**

Minutes of October 7, 1999
Location: DMRC 0006

1. Opening:

A. The meeting was called to order by Phillip Vereen. A quorum of 6 was established.

B. Minutes of September 23, 1999 were approved with corrections.

C. Members present:

Ed Harrison, John Dagenhart, Pat Bocckino, James Stroud, Bill Robbins, Phillip Vereen

D. Members absent

Brian Van Horn, Louise Blake-Sims, Jeremy Raw

E. Visitors / Consultants:

John House

1. Items Covered

A. John House provided several additional documents to facilitate our design of a final draft. If anyone feels strongly about a specific topic or issue it should be separated out as a resolution. John stated that Bob Melville would be consolidating all the different committees' results.

B. Pat questioned if we could recommend a reorganization of the city / county organizational structure. John stated that Terry Rowland said this was the way things were when he came to the job, plus other pieces have been added over time due to availability of engineering services.

C. An optimization study of waste water resources is underway by CH2M Hill.

2. Meeting Adjourned by acclamation

3. Next Meeting

Thursday, October 20, 1999.

Public Works Subcommittee

Contact Sheet

Name	Address	Phone (H)	Phone (W)	Fax	Email
Louise B. Blake-Sims	1033 S. Plum St.	596-5019			
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Jeremy Rah		682-1710	Same	NA	Jrah@IGC.ORG
William Robbins		402-8545	541-8236	541-8321	Wrobbins@sumitomoelectric.com
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Brian Van Horn		598-3952	851-1980	851-1982	Bvanhorn@bobbitt.com
Phillip Vereen		686-0046	682-2133	688-8351	Pvereen@durhamchamber.org
Pam Glythe			490-8939		Citytopam@aol.com
Marcia Margotta				560-0000	Mmargotta@co.durham.nc.us

Durham City – County Merger Review Committee
Public Works Subcommittee
Minutes from October 20, 1999 meeting

Attendance: Phillip Vereen, Patricia Buckono, John Daggenghart, Louise Blake-Sims,
Brian Vanhorn

Absence: Jeremy Raw, Bill Robbins, James Stroud and Ed Harrison

The meeting was called to order by Mr. Phillip Vereen. Mr. Vereen dismissed the reading of the minutes because of the time constraints.

Mr. Vereen opened by giving members a report concerning the meeting of the merger chairs October 13, 1999. Although he did not attend, Mr. Vereen spoke with Bob Melville, the merger steering committee facilitator about the committee's progress. Mr. Vereen commented that he told Mr. Melville about the committee has begun to evaluate each function by providing recommendations, pros or cons concerning the delivery of functions. Mr. Vereen also said that he stated to Mr. Melville that committee members were given handouts to list their thoughts about the merger of public works functions and was asked to bring these comments to the October 20 meeting.

Mr. Vereen then turned the podium over to Mr. John House, facilitator for the committee. John House provided copies of additional handouts of the comments the committee members made on Water and Wastewater treatment and Solid Waste. The committee reviewed John's notes and agreed to move forward the remaining issues of Transportation, Engineering, Storm Water, Street Maintenance and et al. The committee covered a variety of issues related to all the public works functions. It was recommended by the committee to meet for the final time on November 4, 1999. Members agreed that one more meeting was necessary to give everyone an additional two more weeks to review any issues that were not brought forth at this meeting.

Meeting Adjourned by acclamation

Durham City – County Merger Review Committee
Public Works Subcommittee

Minutes of November 4, 1999
Location: DMRC 0008

1. Opening:

A. The meeting was called to order by Phillip Vereen. A quorum of 6 was established.

B. Minutes of October 20, 1999 were approved with corrections.

Absences should have included whether they were excused or not. Jeremy, James and Ed all were. Bill was not.

Paragraph 3, line 4: about changed to that

Paragraph 5, line 1: acclimation changed to exclamation

C. Members present:

Ed Harrison, John Dagenhart, Pat Bocchino, , Bill Robbins, Phillip Vereen, Brian Van Horn

D. Members absent (excused)

James Stroud, Louise Blake-Sims, Jeremy Raw

E. Visitors / Consultants:

John House

Bob Melville

1. Items Covered

A. The meeting was initiated by a quick review of the Public works Functional Areas (handout) with respect to any suggestions or problems with the current statements. See Attachment #1.

B. Bob stated that our rough goals are to access:

The desirability of joining the 2 governments,
and, what would be the look of the joint City/County.

C. Ed stated for clarification that:

Urban Services District #2 is what the city would become

Urban Growth Boundary is the 20/20 plan.

D. A concern was noted that we observed mostly the positive aspects of the plan. We asked, and were turned down, that the City and County Managers visit to express any negatives.

Bob stated that we should feel free to express concerns, "flags", by resolution. The essence of whatever we state will be retained in the summarization report. Latitude will be exercised to coordinate sections and give the look and feel of one author.

Ed asked for a verbal description of a resolution. Bob discussed one from the aspect of law. Our resolution would be discussed first in the Core Review (Chairs and Co-chairmen) on November 22nd. A second draft would be available for review here at the Commissioners Building on December 6th. Our materials are to be given in by November 15th.

A general vote establishing consensus was called for and passed unanimously for a resolution based upon our stated goal. The stated goal was, "the desirability of combining the City and County governments regarding Public Works. With respect to Public Services, we wish to voice our concern that services not be rammed down the throats of those that do not want them, and for those that do, payment for the increased services would be expected."

After continued discussion, we completed the following resolution:

After study of the various public works departments and divisions, and assessing the compatibility and comparability of the current systems, we resolve:

- That it is feasible and desirable to consolidate Durham City and County governments relative to Public Works,
- That the Durham City and County Public Works departments be merged, whether or not the City and County governments are merged,
- Further, we recommend that current City and County levels of service be maintained, not expanded.

This was voted on and passed unanimously by this committee.

2. Meeting Adjourned by acclamation

3. Next Meeting

Tuesday, December 8, 1998 at 7:00 PM.

Public Works Subcommittee

Contact Sheet

Name	Address	Phone (H)	Phone (W)	Fax	Email
Louise B. Blake-Sims	1033 S. Plum St.	598-5019			
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Jeremy Rah		682-1710	Same	NA	Jrah@IGC.ORG
William Robbins		402-8545	541-8236	541-8321	Brobbs@sumitomoelectric.com
James Stroud			688-3381	682-4021	Ecooccs@webtv.net
Brian Van Horn		598-3952	851-1980	851-1982	Bvanhorn@bobblt.com
Phillip Vereen		686-0046	682-2133	688-8351	Pvereen@durhamchamber.org
Pam Blythe			490-8938		Citylopam@aol.com
Marcia Margotta				560-0000	Mmargotta@co.durham.nc.us

Attachment #1:

PUBLIC WORKS FUNCTIONAL AREAS

- **Water and Wastewater**
- **Solid Waste**
- **Transportation**
- **Engineering**
- **Storm Water**
- **Erosion Control**
- **Street Maintenance**
- **Roadway Appearance**

WATER AND WASTEWATER

Organizational Elements

- City Public Works Water and Sewer Maintenance Division maintains water and wastewater lines, meters and rights of way for the City. Also provides fire hydrant maintenance.
- City Environmental Resources Department operates and maintains two water treatment plants for most of the County as well as two wastewater treatment plants and booster stations and lift stations for the City.
- County Engineer provides wastewater treatment engineering and oversight of a contracted wastewater treatment plant for City and County lines. Reviews design work for County wastewater extension projects.
- City Engineering Department responsible for assessments.
- City Finance responsible for meter readings.

Proposed Organizational Structure

- Place all wastewater treatment plants under the Environmental Resources Department.
- Transfer the City Public Works Water and Sewer Maintenance Division and County Engineering Department Utility Division to the Environmental Resources Department
- Transfer the responsibility for the City water and wastewater assessments to the Environmental Resources Department.
- Leave the responsibility for meter reading and the meter readers with the Finance Department.

Advantages of Consolidation

- Improved engineering capability with larger combined staff.
- Combined billing.
- Economy of scale for purchasing.
- Improved overall communications.
- Provide better opportunity for optimization of wastewater treatment resources.
- One single set of numbers would allow better planning for water quality issues

Disadvantages of Consolidation

- None.

Findings

- The City and County wastewater treatment operations should be merged and City water and wastewater line maintenance responsibilities should be assigned to the department having responsibility for water and wastewater treatment.

Recommendations

- Merge the City and County wastewater treatment operations and assign water and wastewater line maintenance responsibilities to the department having responsibility for water and wastewater treatment.

Other Issues

- None.

SOLID WASTE

Organizational Elements

- City Sanitation Department collects residential garbage, yard waste and bulky waste as well as from stationary commercial containers in the City.
- City Environmental Resource Department operates a transfer station, rubble landfill and a yard waste composting facility for City and County solid waste and manages the recycling contract for City. Also administers the City Household Hazardous Waste Collection Program.
- County Solid Waste Management Division operates convenience centers in the unincorporated area to allow citizens to drop off solid waste.

Proposed Organizational Structure

- Transfer the two County Solid Waste Management divisions from the County General Services Department to City Sanitation.
- Transfer the Transfer Station, Rubble Fill, household hazardous waste and recycling responsibilities from the City Environmental Resources Department to City Sanitation and place City Sanitation under the City Public Works Department thereby reducing City/County management span of control.

Advantages of Consolidation

- Improved coordination of prevention of dumping and cleanup throughout the County.
- Organizational simplicity and reduced span of control for the City/County Manager.

Disadvantages of Consolidation

- None.

Findings

- Solid waste management efforts of the City and County should be consolidated.

Recommendations

- Consolidate City and County solid waste management.

Other Issues

- Retain City and County levels of service at current levels.

TRANSPORTATION

Organizational Elements

- The City Public Works Transportation Division provides staff for the area Metropolitan Planning Organization (MPO). It performs traffic engineering, development review and street light maintenance services for the City. It provides development review services for the County via the City/County Planning Department. In addition, it is responsible for public transit system operations, paratransit services, parking facility operations and parking facility maintenance. It also provide taxi cab inspection and permit services.
- No County organizational element except for the County Transportation Advisory Board.

Proposed Organizational Structure

- No change--Just expand responsibilities to include the unincorporated area and move the responsibility for taxi inspections and permit to law enforcement.

Advantages of Consolidation

- Simplify the coordination and oversight of paratransit services.
- Facilitate metropolitan transportation planning in the unincorporated area.
- Make transportation planning an integral part of the development review process.

Disadvantages of Consolidation

- None.

Findings

- The current City Public Transportation Division should assume all traffic engineering, transportation development review and planning responsibilities for the unincorporated area of the County.

Recommendations

- Have the current City Public Transportation Division assume all traffic engineering, transportation development review and planning responsibilities for the unincorporated area of the County.

Other Issues

- Concern by those with property in the unincorporated area and especially with RTP property owners about their status especially with regard to potential tax increases.
- What does the City really do with regard to street light maintenance? How many people are required to provide this service? Can the service be simplified?

ENGINEERING

Organizational Elements

- City Public Works Engineering Division provides engineering design, development review and construction inspections for City and County private development and City projects.
- County Engineer responsible for engineering design, development review and construction inspections for County infrastructure projects.

Proposed Organizational Structure

- Merge the County Engineering Department Project Management Division with the City Project Management operations currently under Asset Management.

Advantages of Consolidation

- Better functional alignment.
- Gain economy of scale.
- Enhance development review and engineering coordination.

Disadvantages of Consolidation

- None.

Findings

- City and County engineering operations should be merged.

Recommendations

- Merge the City and County engineering operations.

Other Issues

- Consider merging the County General Services Building and Grounds Maintenance Division with the Building and Grounds Maintenance operations currently under the City Asset Management Department.
- Consider placing City Asset Management under the City/County Public Works Department.

STORM WATER

Organizational Elements

- City Public Works Storm Water Services Division provides storm water billing, education and pollution control and responds to drainage complaints for the City.
- The County does not currently have a Storm Water Program or organizational element but must have a program in the near future.

Proposed Organizational Structure

- Establish a countywide Stormwater Services Division including the current City Public Works Stormwater Division.

Advantages of Consolidation

- Existing expertise could be used for expansion of stormwater operations into the unincorporated area.

Disadvantages of Consolidation

- None.

Findings

- A countywide Stormwater Services Division should be established, which would include the current City Public Works Stormwater Division and sufficient staff and resources to provide countywide stormwater services to meet state and federal requirements.

Recommendations

- Establish a countywide Stormwater Services Division including the current City Public Works Stormwater Division and sufficient staff and resources to provide countywide stormwater services to meet state and federal requirements.

Other Issues

- None.

EROSION CONTROL

Organizational Elements

- The Sedimentation and Erosion Control Division of County Engineering has the responsibility for erosion control throughout the County to include the City.
- City has no organizational element.

Proposed Organizational Structure

- Place the Sedimentation and Erosion Control Division of County Engineering under the City/County Community Development Department.

Advantages of Consolidation

- Would facilitate erosion control coordination with City departments.
- Simplify the overall organizational structure.

Disadvantages of Consolidation

- None.

Findings

- The Sedimentation and Erosion Control Division of County Engineering should be placed under the City/County Community Development Department.

Recommendations

- Place the Sedimentation and Erosion Control Division of County Engineering under the City/County Community Development Department.

Other Issues

- None.

STREET MAINTENANCE

Organizational Elements

- City Public Works Street Maintenance maintains streets, sidewalks and alleys and controls storm water run off and drainage in the City.
- County does not have a street maintenance program or organizational element. County roads are maintained by the State DOT.

Proposed Organizational Structure

- None.

Advantages of Consolidation

- City/County merger would facilitate the expansion of street maintenance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Disadvantages of Consolidation

- None.

Findings

- City/County merger would facilitate the expansion of street maintenance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Recommendations

- None.

Other Issues

- None.

ROADWAY APPEARANCE

Organizational Elements

- City Public Works Roadway Appearance Division provides street cleaning and right of way maintenance services for the City. Also provides urban forestry services
- Roadway appearance services are not provided by the County.

Proposed Organizational Structure

- None.

Advantages of Consolidation

- City/County merger would facilitate the expansion of roadway appearance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Disadvantages of Consolidation

- None.

Findings

- City/County merger would facilitate the expansion of roadway appearance services throughout the County as those services are needed and citizens are willing to pay for increased services.

Recommendations

- None.

Other Issues

- None.

Taxation & Finance

**Taxation & Finance Citizen Subcommittee
City of Durham / Durham County Merger
Meeting Minutes
July 26, 1999**

Attendees 7/26/99: Bob, Jim, Steve, Norm, Ken, Ellen, Becky, John, Mary.
Absent: Carol, Haywood, Eric, Thomas, Joe, Daniel.

We met at Orientation Meeting at the Durham County Library. Opening remarks by Ellen Reckhow, and Jake Wicker gave an overview of Merger Studies and Public Meeting Protocol. Brief remark by Pam Blyth.

Overall group split into subcommittee groups. These notes constitute our understanding of discussion in the Taxation and Finance Subcommittee group. Elected body liaison persons for this subcommittee are Becky Heron and Ellen Reckhow. Each of them made general remarks about the tasks of the subcommittee, and results. Issues include equity, whether the sum of two governments will be greater or better than the constituent parts. Joe Bowser made brief remarks. Emphasized the importance of determining if merger is good for all citizens.

We solicited volunteers for officers. Stephen Gene Knopp will serve as Chair. Norman Krause will serve as Vice-Chair. Jim Edney will serve as Secretary.

We discussed time and place and frequency of meetings. We determined that we will schedule two meetings per month, with additional sessions as required to transact business. They will be the Second Wednesday and Fourth Wednesday of the Month. The meeting on the Second Wednesday will be at 7:00 PM at the Southwest Library Branch on Shannon Road. The meeting on the Fourth Wednesday will be at 12:00 Noon at the Southwest Library Branch on Shannon Road. Stephen Knopp will confirm the location.

Stephen Knopp will develop an agenda for our first meeting on August 11th. At that meeting, part of the discussion will be development of further agendas, structure of meeting, rules, et cetera.

Meeting dates and times will be as follows:

August 11th (evening); August 25th (noon); September 8th (evening); September 22nd (noon); October 13th (evening); October 27th (noon); November 10th (evening).

Other items we discussed include: we need complete copies of City and County Budgets; we do not have a technical staff person assigned to this subcommittee at this time; we may ask for presentation from City and County financial staff concerning budget and taxation issues; we may solicit outside technical assistance (Ellen); we should bring our own ideas and questions to the table for discussion; we may want a fiscal analysis that discusses the future "look" of a combined city/county government; previous merger discussions included at least two failed voter referenda; county voters were almost completely opposed to merger in the past; school merger was an issue that had significant impact on governmental merger discussion in the past.

The main business of the meeting being completed, we adjourned at approximately 8:30 PM.

Follow up 8/5/99 regarding location of the meeting. Steven Knopp found that the Shannon Road Library branch would not be available when we plan to meet. By timely intercession and help of Ms. Marcia Margotta, we have our August 11th meeting scheduled for the City Council Chambers in the Durham City Hall. This is only for this meeting. As part of our business in this meeting we will finalize a location for our remaining scheduled meetings. We have two tentative locations reserved for the next two meetings.

The first is the third floor conference room in the Main Branch Library. The Library staff (a message from the Director) will not reserve the third floor conference room or any conference or meeting room for any community group further out than 45 days. They specifically said that there is great demand for the space and they like to reserve the conference rooms for library functions. That leaves us the option of trying to continually reserve the room for the next meetings they will let us reserve. We, of course may not be the first in line.

The second tentative location for our meetings is the Community Outreach Partnership Center at 1003 West Chapel Hill Street, directly across from Ingold Tire, at the intersection of Buchanan Boulevard and West Chapel Hill Street. The Community Outreach Partnership Center hosts a number of programs administered jointly by UNC/Duke. The physical building has offices, a small kitchen, a computer laboratory, and a large meeting room used to host functions and programs connected with the Center. It also serves as a resource for the neighborhood. Gloria Beamon, the onsite director has offered to allow us to reserve the public meeting room for all of our scheduled meetings starting August 25th and ending in November per our program.

We have also several members in addition to the ones present and enrolled at our July 26th meeting. Please review the phone/contact list attached for any corrections that may need to be made to your name, phone, fax, or email address.

Thank you.

James W. Edney III

**Taxation & Finance Citizen Subcommittee
City of Durham / Durham County Merger
Meeting Minutes
August 11, 1999**

Attendees 8/11/99: Bob Chase, Jim Edney, Steve Knopp, Norm Krause, Ken Gibbs, Ellen Reckhow, Becky Heron, John Cline, Mary Cline, Carol Anderson, Tom Niemann, Joe Owens, Tom Clark, Anson Gook, Robert Miller, Duncan Jefferson, Mark Wiggin, Marcia Margatta.
Absent: Haywood Davis, Daniel Povia, Eric Harrington

Currently Scheduled Meeting dates and times will be as follows:

August 11th (evening); August 25th (noon); September 8th (evening); September 22nd (noon); October 13th (evening); October 27th (noon); November 10th (evening).

The location for all of our scheduled meetings (starting August 25th) is the Community Outreach Partnership Center at 1003 West Chapel Hill Street, directly across from Ingold Tire, at the intersection of Buchanan Boulevard and West Chapel Hill Street. The Community Outreach Partnership Center hosts a number of programs administered jointly by LINC/Duke. Gloria Beamon is the onsite director. She can be reached at : 919-683-1834, email copc1@mindspring.com.

Minutes of Meeting August 11, 1999. Please note that this was the first meeting with the majority of the committee present. We spent our time getting acquainted with each other, taking care of housekeeping matters, and discussing the charge of the committee and work to be accomplished in subsequent meetings. These notes will not attempt to provide verbatim transcript of comments made by any person. Comments, additions and corrections are solicited and encouraged.

We met at the City Council Chambers in Durham City Hall. We set up tables and chairs for those in attendance. Jim Edney passed around copies of July 26th meeting minutes, and a copy of roster to record attendance and update phone/fax/email contact numbers.

Stephen Knopp opened the meeting as Chair, and thanked everyone for agreeing to participate, emphasizing the significant amount of time and effort that will be required to fulfill our charge by the elected officials in the slotted time.

We discussed the location for meetings. After explanation of the library policy that no community group can schedule a meeting room more than 45 days out, and that library related functions always have precedence, we agreed that the offer by the Community Outreach Partnership Center to host our meetings through November would be accepted. We therefore will not have to have several reschedulings of meetings.

The first phase of this process will be concluded in November.

Steve Knopp presented the "Possible Rules of Procedure" (handed out at the first meeting) to the committee. After some discussion of the "blanks" in the discussion draft, we agreed to adopt the draft as our Rules of Procedure with the following language added:

1. A. Applicability: These rules apply to: "Taxation and Finance Citizen Subcommittee on City of Durham / Durham County Government Merger".
2. E. Attendance: Members of the Subcommittee who miss more than "three (3)" meetings.
3. F. Officers. The officers of the Subcommittee are: "Stephen Knopp - Chair; Norman Krause - Vice Chair; Jim Edney - Secretary".

We discussed some of the particulars of holding public meetings. No meeting of a majority of the committee can be held that is not public. Any person can attend, photograph, or record public meetings. We can designate subcommittees or working groups of the Subcommittee. Quorum is a majority of the Subcommittee. The membership currently stands at 18, therefore a quorum is 10. Roberts Rules of Order will be consulted for items not covered in the Rules of Procedure. Ken Gibbs made the motion to adopt the Rules with items noted, and the motion was properly seconded, and carried unanimously by voice vote.

We discussed attendance, and the situation that some of the members were not on the Subcommittee at the time of the first meeting, and some of the members may not have been notified about the second meeting. It was agreed that no unexcused absences would be charged for the first two meetings, but that the three members who have not attended either of the first two meetings absolutely need to attend the August 25th meeting, or examine whether they will be able to continue on the Subcommittee.

We discussed that the City of Durham and County of Durham budget directors will attend and make presentations at the next meeting. We spent some considerable time discussing exactly what information we need for them to present and how to go about setting our priorities for completing our charge.

Items brought up and discussed:

- Set up and designation of Taxation Service Districts.
- Cost of services and potential savings of merger.
- User fees.
- Equity (between the Taxation Service District constituencies).
- Status of incorporated or unincorporated towns. (Item that came up in Charlotte's study).
- How would merger affect flow of monies from state or federal programs. How would merger affect eligibility for state or federal programs.
- Differences between County and City bond rates, and differences between relative indebtedness of City and County.
- Consideration of a study similar to one completed for Sacramento.
- Decision to proceed with a formal cost/benefit analysis prepared by a outside consultant.
- City/County charges/barriers.
- City/County differences in services (i.e. "hard" versus "soft").
- City/County differences in revenue sources. Differences in the amount of pass-thru.
- Consideration of setting up the School Board as a taxation entity. I.e. they would take (administrative and political) responsibility for raising the local money required in addition to state and federal monies.
- Need to understand the concepts and applicability of Taxation Service Districts.
- We discussed the procedure for development of Agenda for (subsequent) meetings. It was decided that, since the Budget Directors were already scheduled for the August 25th meeting, Stephen Knopp would consult with them and develop an agenda for that meeting. Subsequent meetings will have part of the meeting devoted to development of the next agenda.
- We discussed (at length) the charge of the Subcommittee, specifically whether we should spend more time "crunching numbers" or spend more time on "big picture" issues.
- We discussed the importance of joint services that are currently provided, and how separate services (i.e. police/sheriff) could reasonably be joined.
- We discussed that the budget documents presented to us had summary sections that would be more usable for our deliberations than the detailed breakdown sections.
- Ellen mentioned that a person who worked with Charlotte/Mecklenburg County on their study may be available to assist us in exploring Taxation / Finance issues.
- Tom Clark offered to develop a website that would be specific to the members of this subcommittee. His generous offer was accepted.

As noted above, these minutes do not attempt to provide a verbatim transcript. Intent is to provide a summary of the chief points and considerations of our meeting. This particular meeting was short on deliberation and long on discussion, therefore the summary of points discussed. Please contact the undersigned with any change, correction, or additions. Thank you. James W. Edney III

Taxation & Finance Member List and Phone Tree (Updated 8/23/99) No Order is Intentional

Bob Chase	Bchase@rp-agro.com	H: 544-6986	Work: Ph:549-2266 Fx: 549-3961
Jim Edney	Jwe@redrhinocompany.com	H: 493-0350	Work: Ph:493-2369 Fx: 489-6735
Steve Knopp	Steve.knopp@ccbf.com	H: 383-0492	Work: Ph:683-7544 Fx: 683-7994
Norm Krause	Lz_norm@compuserve.com	H: 489-5411	Work: RETIRED
Ken Gibbs	Kdg21063@glaxowellcome.com	H: 544-2616	Work: Ph:483-7149 Fx:483-0302
Ellen Reckhow	Ereckhow@aol.com	H: 383-3883	Work: Ph: ? Fx: 383-3833
Becky Heron	Beckvmheron@mindspring.com	H: 489-4402	Work: Ph: ? Fx: 419-1398
John Cline	8715 Bromley Hillsborough, NC 27278	H: 477-7749	Work: Ph: ? Fx: ?
Mary Cline	8715 Bromley Hillsborough, NC 27278	H: 477-7749	Work: Ph: ? Fx: ?
Carol Anderson	Cwanderson@mindspring.com	H: 683-5641	Work: Ph: 286-3911 Fx: ?
Haywood Davis		H: 929-9500	Work: Ph: 286-2121 Fx: ?
Eric Harrington	EHers@aol.com	H: 688-7861	Work: Ph: 688-7861 Fx: ?
Thomas Niemann	Tom Niemann on: www.bluedevilventures.com	H: 402-0048	Work: Ph: 416-1650 Fx: 416-9670
Joe Owens		H:(336) 364-2220	Work: Ph: 688-3381 Fx: ?
Tom Clark	Ttomclark@us.ibm.com	H: 286-7491	Work: Ph: 254-7345 Fx: 543-4202
Anson Gock	Anson_gock@ncsu.edu	H: 544-4280	Work: Ph: 515-1605 Fx: 515-7650

Robert R. Miller	Rmiller@moema.org	H: 477-1395	Work: Ph: 549-4800 Fx: 406-1465
Duncan Jefferson	Duncandj@nortelnetworks.com	H: 957-8344	Work: Ph: 991-7361 Fx:
Daniel Povia		H: 490-0080	Work: Ph: 474-2107 Fx: ?
Mark Wiggin	Mrw7@duke.edu	H: 687-4523	W: 687-4523

Please let me know if there are any corrections. Please double check email and fax numbers.
James W. Edney III

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
August 25, 1999**

Attendees: Carol Anderson, Bob Chase, Tom Clark, John Cline, Mary Cline, Patty Garvinese, Laura Gill, Nav Gill, Anson Gock, Eric Harrington, Becky Heron, Duncan Jefferson, S. C. Kitchen, Steve Knopp, Norm Krause, Marcia Margotta, Bob Melville, Bob Miller, Tom Nixman, Claudia Odom, Joe J. Owens, Jr., Ellen Reckhow, David Thompson, Carolyn Titus, Mark Wiggin

Absent: Jim Edney, Ken Gibbs, Haywood Davis, Daniel Povia

The Committee met at the Community Outreach Partnership Center at 1003 West Chapel Hill Street. The meeting was called to order at 12:05 PM by Steve Knopp. An Agenda was distributed before the presentations began.

Presentations were made by the City of Durham personnel. Laura Gill, Budget & Management Director, presented an "Overview of City Budget Issues." She discussed the Budget's focus, preparation, and review by City Council. Major issues arising from the Fiscal Year 2000 Budget were examined, as well as future issues for the Fiscal Year 2001 Budget. Finally, the Capital Improvement Budget's priorities, revenue, and expenditures were reviewed.

The next speaker was Nav Gill, Finance Director, who explained the City's finances. City "Funds" are a separate set of accounts for a number of individual functions. There are several funds: the General Fund (used to account for all financial resources unless they are required to be in another fund); Special Revenue Fund (used to account for proceeds of specific revenue sources); Capital Project Fund, and Proprietary Funds (used to account for organizations and activities similar to those in the private sector). Mr. Gill presented financial analysis data on the General Fund and reviewed water and sewer operating results. He discussed investment of the City's liquid assets and various aspects of the City's bond and other indebtedness. He also explained the operation of the Finance Department.

Due to the lateness of the hour, the Subcommittee decided to postpone the County presentations until the next meeting. Some discussion ensued regarding intergovernmental transfers. It would be helpful to examine these transfers to see whether revenue would be lost and whether opportunities for new revenue might result if a City/County merger takes place. Members also asked for the analysis that was done to support merger of the Planning Department.

Robert Melville, a consultant who will work with the Subcommittee, was introduced. Ellen Reckhow explained some adjustments in the task of the Steering Committee. The consultant will work with the citizens' subcommittees. The subcommittees are to identify major issues for the consultant to examine in Phase 2, which will start in December 1999 and last into February 2000 and will involve detailed analysis of issues identified by the citizen subcommittees. This detailed work will be done by the consultant.

The Subcommittee's work product will be a report due in the November 15 - December 1 timeframe. The Subcommittee will examine issues raised in Item VI, B-H, of this meeting's agenda, as well as any others it can identify. Robert Melville pointed out that the major benefits of merger may be intangible and not related to financial cost/benefit analysis. He suggested that policy issues be examined first.

The meeting room in the Community Outreach Partnership Center is small, and another location should be obtained for the next meeting. Subcommittee members were encouraged to sign onto the new Web Page. The Minutes of the last meeting were accepted, and the meeting was adjourned at 2:03 PM.

Respectfully Submitted,

Norm Krause

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
September 8, 1999**

Attendees: Carol Anderson, Bob Chasz, Tom Clark, John Cline, Mary Cline, Patty Gravinese, Anson Gock, Eric Harrington, Becky Heron, Duncan Jefferson, Steve Knopp, Norm Krause, Marcia Margatta, Bob Melville, Tom Niemann, Joe J. Owens, Jr., Ellen Reckhow, Carolyn Titus, Mark Wiggin, Keith Lane.
There were one or two persons from City or County who did not sign in, so we did not get their names.

Absent: Bob Miller.

The Committee met at the third floor conference room at the Durham County Library Main Branch (downtown). The meeting was called to order at 7:00 PM by Steve Knopp. The first order of business was a vote to accept the Minutes of the Subcommittee Meeting held 25 August 1999. The Minutes were accepted by voice vote. There were no corrections or dissenting comments.

Presentations were made by the County of Durham personnel - Senior Budget Analyst Keith Lane and Finance Director Patty Gravinese.

The program was in the form of a "Powerpoint" presentation without the benefit of the overhead projector (technical problems). We were presented with a 57 page package that had the outline of the presentation screens with places to make notes. Some of the information was culled from the Durham County Budget, and some of it was prepared for this presentation.

The first part of the presentation was handled by Keith Lane. In it, he ushered us through the following sets of information:

- Governmental organization chart (Citizens at the top of the chart).
- Durham County Mission - enhancing quality of life by providing education, security, health and human services, economic development, and cultural and recreational resources.
- 1999-2000 Strategic Goals.
- Budget Process - timeline November to June.
- Budget Highlights -
 - General Government - technology, GIS, budget position;
 - Public Safety - Juvenile & Family Court, technology, substance abuse, EMS positions, vehicles, animal technician;
 - Environmental Protection - mapped container sites / new containers;
 - Economic and Physical development - two new positions for resource conservation ordinance;
 - Human Services - consent / court ordered care \$2M, eight new positions in Public Health, decrease in Social Services \$4M and five new positions with no new costs, overall budget reduction for Mental Health Department due to changes in State and Federal policy, new initiatives for Youth Coordinating Board;
 - Culture and Recreation-technology for library, capital for Museum of Life and Science;
 - Education - budget increase of \$4+M, decrease in debt payments, more students, 7% State proposed teacher salary increase, new school initiatives, \$200K increase in funding to Durham Community College, total education spending \$81,205,762.
 - Review Budget Department Functions - monitor and plan budget process, maintain Capital Improvement Plan, manage nonprofit application process, performance reviews, management analysis, cost benefit analysis.
- A review (in the form of pie charts) of
 - General Fund (96%) and Enterprise Fund (4%) Expenditures and Revenues (same division);
 - Breakdowns of sources of revenue and expenditure. Intergovernmental revenue is 46%/\$120M and not discretionary (i.e. entitlements). Property tax revenue is 31%. Charges for services 4%.
 - General fund expenditures includes 59% Human Services, 19% Education. Total (1999-2000) combined (General and Enterprise) revenue \$365+-M. Total General Fund Expenditures \$350+-M.

- A review (in the form of pie charts) of the individual categories of expenditure of the major budget categories:
 - General Government - \$19M (Tax Administration 17%, I.T. 17% General Services 26%).
 - Public Safety - \$19M (66% Sheriff, 17% EMS).
 - Environmental Protection - \$1.8M.
 - Economic and Physical Development - \$3.9M (61% DCVB/Economic Development funded by occupancy tax on hotel rooms, 24% Planning and Zoning shared with City of Durham).
 - Human Services - \$205M (Social Services 82%, Mental Health 10%).
 - Education - \$67M plus \$16.8M debt service (96% Durham Public Schools).
 - Culture and Recreation - \$6.8M (80% Library).
- A comparison (bar charts) of:
 - Durham City and County Enterprise Funds - \$80M City (Water/sewer, Parking, Ballpark, Solid Waste, Transit, Parking Control); \$15M County (Storm Water, Civic Center). There is a large difference between the respective physical infrastructure responsibilities of the City and County.
 - General Funds - \$120M City, \$350M County. There is large difference in the Human Services and Education expenditures that are handled by the County and not the City. Much of the revenue for these expenditures comes from intergovernmental revenues. There are also differing mandates between the City and County regarding provision of services.
 - A comparison (pie charts) of the respective:
 - Expenditures - City is 61% General / 39% Enterprise. County is 96% General / 4% Enterprise.
 - Revenues - City is 30% property taxes, 32% service charges, 15% sales taxes, and 9% intergovernmental. County is 31% property taxes, 4% service charges, 11% sales taxes, and 46% intergovernmental.

Ms. Patty Gravinese then took over the presentation from Keith Lane, and her discussion continued the presentation with the following topics:

- Finance Department Mission Statement - gather, maintain, and disseminate financial information; ensure compliance with applicable legislation; maintain attitude of teamwork and customer service (internal and external); contribute to prosperity of County Government through investment management, debt management, and financial monitoring.
- Finance Department Functions & Structure - Financial planning, reporting, and control system; investment program; issue debt and refund debt as required; maintain daily and yearly (i.e. audit) financial operations; provide Comprehensive Annual Financial Report (CAFR); department structure divided into management, accounting/reporting, compliance, and investment/debt management divisions.
- General Fund revenue and expense history - 1994-1999. Revenues \$163M - \$228M. Expenditures \$171M - \$219M.
- Fund Balance History 1995-1999. \$37M-\$52M (reflecting higher debt service in 1995-1997).
- Financial Trends 1995-1999. As a percentage of Expenditures: 11%-15%.
- Comparison of:
 - Undesignated Fund Balance as a % of General Fund for large counties in North Carolina 1999. Durham 9.67%, Forsyth 9.43%, Mecklenburg 8.37%, Wake 9.81%, Buncombe 12.12%.
 - General Fund Balance per capita for five largest comparable counties in North Carolina. Durham \$220, Forsyth \$154, Wake \$248, Mecklenburg \$277.
 - Total Fund Balances for seven comparable counties in North Carolina 1998. Durham \$43.6M, Wake \$143.6M, Mecklenburg \$140.7M, Forsyth \$45.7M.
- Tax assessed values 1994-1998 Durham County. \$11B - \$12.2B. Difference is a result of aggressive (or more attentive) collections.
- Tax Levy and Collections 1994-1998 Durham County. 1994 - \$142M levy vs \$138M collected. 1998 \$178M levy vs \$170M collected. (note that the figures for these items and all items that are culled from the charts presented are writer's estimates from looking at the charts).

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
September 22, 1999**

Attendees:

Carol Anderson, Bob Chase, Tom Clark, John Cline, Mary Cline, Becky Herron, Duncan Jefferson, Steve Knopp, Norm Keuse, Marcia Margotta, Bob Melville (DMG), Ellen Rackbrow, Mark Wiggin, Jim Edney, Sharon Murphy (DMG).

Absent:

Bob Miller, Anson Goek, Eric Harrington (e), Tom Niemann, Joe J. Owens, Jr. (e), Ken Gibbs (e). Please let the writer know if you contacted someone to notify them of your absence and you were not noted as having an excuse.

Note on Attendance: As of 9/22/99, the Subcommittee has seventeen members. Quorum is majority, therefore we can vote on motions with nine members present. If you will be unable to attend, please call Jim Edney at 493-2369 and communicate to him in person or leave a message on the voice mail. We will use that as a procedure to take care of "excused/not excused" absences. (The voice mail is through the telephone company, so there should be a small chance of error or missed messages.)

The Committee met at the third floor conference room at the Durham County Library Main Branch (downtown). The meeting was called to order at 12:00 Noon by Steve Knopp. At 12:15 PM (after we had a quorum present) there was a vote to accept the Minutes of the Subcommittee Meeting held 8 September 1999. The Minutes were accepted by voice vote. There were no corrections or dissenting comments.

Bob Melville and Sharon Murphy of DMG produced a series of handouts for the Subcommittee members to provide discussion agenda and background for the meeting in accordance with the published Agenda. The summary of the handouts is:

1. **Outline of Possible Discussion Items for Taxation & Finance Task Force 9/22/99.** This handout included the following discussion items (in order): Legal Framework; Service District Alternatives (General Service District and Options for Urban Service Districts); Allocation of Services (between the various Service Districts); Other Service District Issues (RTP, Chapel Hill, Orange County); Fiscal Allocation (Revenues, Assets, Debts, Other Liabilities); Future Meetings (Risk, Grants, and Debt Management).
2. **Legal Framework Notes.** This handout is an abstract of relevant passages from the enabling legislation for: "City-County Consolidation-General" and "City-County Consolidation-Urban Service Districts".
3. **Matrix of Potential Service Districts.** This handout was prepared by DMG to serve as a departure point for our Subcommittee's evaluation of the application of Urban Service Districts to Durham in accordance with the City-County Consolidation enabling legislation. This handout lists a General Service District (the "default"), and six (6) potential Urban Service Districts. Adjacent to each service district is a column listing the geographic extent of the Service Area, and the existing Programs or Services that could be allocated to that particular Service Area. They also included comments regarding some of the Service Districts.
4. **Memo from Lit Books of Research Triangle Foundation entitled "Provision of Services in RTP".** This handout outlines the manner in which services are provided by Durham County, Durham City, Wake County, Town of Cary, Morrisville, Wendell. It also abstracts the 1986 legislation establishing the "Durham-Wake Counties Research and Production Service District".
5. **City of Durham and Durham County Preliminary Profiles of:**
 - General Government and Administrative Services
 - Economic and Financial Services
 - Health & Human Services
 - Planning and Development Services
 - Parks, Recreation & Cultural Services
 - Public Protection Services
 - Public Works & Transportation Services
 - Environmental Management Services.

In this multi-page handout DMG took each of the Service areas listed and outlined the relevant Program or Department, Key Service, Costs, and whether the service was provided by Durham City, Durham County, or Jointly. This handout was intended as background for us to use in our further discussion of allocation of services between the service districts. The information was extracted from the City and County budget documents presented in the two previous meetings. Under each Profile table, DMG listed a series of comments concerning specifics of the budgeted services.

The Chair, Stephen Knopp introduced Bob Melville, and yielded the floor to him to introduce the handouts, and initiate a discussion of the items listed in Item 1 above. Bob started the discussion with an acknowledgment that there was a great deal of information in the handouts for us to digest in this meeting. He said that the information was a result of discussions with Jake Wicker and David Griffiths of the Institute of Government, information from Research Triangle Institute, and DMG's analysis of the respective City and County Budget documents. He indicated that DMG's goal for this meeting was that the Subcommittee be able to pass a resolution adopting the concept of Urban Services Districts as a framework for continued deliberations.

We started the discussion with Item 2. This handout includes relevant language regarding City-County Consolidation in General, and outlines the requirements for establishment of Urban Service Districts. The General Assembly may authorize any city, town, or county to define services and levy taxes for differing levels of service. The effect of merger is that all municipalities in a County are abolished and the County survives as the combined City-County Government. This merged entity would have at the least one "General Service District". The governing board may define different service districts within the county to provide services or facilities to a greater extent than those that are provided in the General Service District. These "Urban Service Districts" would generally have specific geographic boundaries which would be smaller than the entire General Service District. The Urban Service Districts may or may not overlap. Any particular location will be part of the General Service District and may be part of any, all, or none of the designated Urban Service Districts. The intention of the Urban Service District is to distribute services and taxation for services to particular area. The designation of a framework for potential Urban Service Districts is critical to the Subcommittee's continued progress in its work.

After our discussion of this handout, and some questions to Bob Melville, Tom Clark asked that the Subcommittee entertain a motion to use Urban Service Districts as a framework for continuation of our deliberations. The language of the proposed motion was distributed, and after some further discussion, we agreed to table the motion until Bob Melville completed his presentation of Item 3 - Matrix of Potential Service Districts.

This part of the discussion led by Bob Melville focused on the handout listed. In the interests of preserving our record, these notes will include the substance of the handout, with some of our comments and discussion.

- **General Services District.** This District is the only one that is mandated by the legislation for consolidated city-county governments. This district would encompass the entire County, and would include services distributed to and received by all residents of the County. DMG's "first pass" on allocation of programs and services to this Service district includes:

Legislative and Public Affairs

Corporate Management

Economic Development (Regional)

Financial Management

Health & Human Services (including Human Relations)

Cooperative Extension Service

Durham Civic Center. *We would need to allocate debt.*

Durham Bulls Athletic Park. *We would need to allocate debt.*

Open Space & Forestry management

Cultural and Educational (Education & Community College allocated to GSD)

Medical Examiner

Emergency Medical Services, Emergency Communications & Emergency Management

Animal Control

Judicial Administration

Judicial Support (Sheriff)

Water Supply. *We would need to allocate service charges for self supporting enterprise funds.*

Wastewater Treatment. *We would need to allocate service charges for self supporting enterprise funds.*

- Urban Service District No. 1. Entire County except Town of Chapel Hill. This would exclude part of former City of Durham in Orange County, as it is covered by these services.
 Planning & Zoning. *This is currently merged service.*
 Building Inspections. *This is currently merged service.*
 Solid Waste Disposal
 Solid Waste Management

During this discussion, we had a digression concerning exactly how we (Durham County citizenry) got into a situation in which there were parts of Durham in Orange County, and parts of Chapel Hill in Durham County. No one present could explain how this happened. We finally allowed that it probably came from actions of the City of Durham. Our elected liaison persons (Becky and Ellen) are County officials—they didn't know or couldn't remember (and none of the rest of us could remember). We asked Marcia Margotta to help us answer the questions.

As a result of this discussion, there was another digression. This one concerned the amount of discussion in our meetings between our elected officials and the technical consultant (DMG), and the (public or private) commitments of Subcommittee members or elected officials to the issue of merger. Words such as paranoia were bandied about. Members expressed concern about the pace of our deliberations to date relative to the scope the work we need to accomplish.

We finally agreed (I think) that, (in general):

1. We have a great deal of work to do in a short amount of time.
 2. No one present wants anyone (resident of incorporated or unincorporated sections of the County) to pay for services that they do not receive.
 3. Regardless of the pace we have moved to date - we have received a solid grounding in the substance of the City of Durham and County of Durham budgets, and in the relevant legislation. Both of which are necessary to our further deliberations.
 4. We then agreed to continue.
- Urban Service District No. 2. Former City of Durham (the "incorporated" part of Durham County, excluding portion that is in the Town of Chapel Hill).
 Economic Development (urban)
 Housing & Community Development. *Questions include: are these services incorporated areas only?*
 Parks & Recreation. *Questions concern extension of services to currently unincorporated areas.*
 Law Enforcement (urban, i.e. the current Police Department). *Questions concern the differences between Police patrols and Sheriff's patrols, and the relative nature of services provided in incorporated and unincorporated areas.*
 NECD Target Sweep Initiative
 Fire Services (urban, i.e. Durham Fire Department)
 Public Works (urban)
 Transportation (urban, i.e. DATA)
 Sanitation
 Storm Water Management
 - Urban Service District No. 3. Entire County except former City of Durham (in Orange County) and Town of Chapel Hill (in Durham County).
 Law Enforcement (rural).
 Fire Services (rural).
 - Urban Service District No. 4. Part of former City of Durham in Orange County.
 All services performed by former City of Durham allocated to GSD or USD No. 1.
 - Urban Service District No. 5. Research Triangle Park.
 To be determined. See memo from Liz Rooks of Research Triangle Institute (item No. 4 listed above).
 - Urban Service District No. 6. Town of Chapel Hill within Durham County.
 To be determined.

After we finished discussing the six Urban Service Districts proposed by DMG for our consideration, we spent some time discussing a formal motion to adopt to serve as our framework for the continuation of our work. Bob suggested

that the motion should be specific about the structure we will use, but allow us to make modifications as we continue to examine the issues.

We then opened the meeting to discussion of the motion proffered by Tom Clark earlier in the meeting. Tom Clark agreed to amend the language of his original motion to the following:

Resolution on Tax Service Districts

Taxation and Finance Subcommittee of the Durham City/County Merger Task Force

9/22/99

Whereas:

-Service Districts are an established, legal means by which to collect different tax rates and distribute different levels of government service.

Resolved:

-That the Taxation and Finance Subcommittee of the City-County Merger Task Force, for the purposes of further study, assume that a unified Durham will contain the following service districts:

1. General Service District - Encompassing the entire County.
2. Urban Service District No. 1. Entire County except Town of Chapel Hill.
3. Urban Service District No. 2. Former City of Durham.
4. Urban Service District No. 3. Entire County except former City of Durham.
5. Urban Service District No. 4. Part of former City of Durham in Orange County.
6. Urban Service District No. 5. Research Triangle Park.
7. Urban Service District No. 6. Town of Chapel Hill within Durham County.

The motion was seconded by Duncan Jefferson.

The Chairman asked for a voice vote, and it the motion was passed unanimously.

We asked if the County GIS Department could provide us with maps of the proposed Service Districts. Marcia Margotta said that she had not received a definite positive response, but it seemed as if they would not do that. It was proposed that we get some maps and then we could take some colored markers or "Exacto" knives to the maps to come up with our own maps that could help us to visualize the Service Districts. We agreed that markers would be fine, but that knives might not be necessary.

At this time, we were almost out of time. Bob Melville said that, in addition to the matters concerning Service Districts, we would need to discuss risk management, grants management, allocation of current debt, and structure of currently allocated but un-issued debt, and there may be other issues within the scope of the Subcommittee.

Stephen Knopp explained that he and Marcia Margotta have been working with the Police Department to secure their Community Room for our subsequent meetings, but they have not yet confirmed. The next meeting is on October 13th, 1999 at 7:00 p.m.

It was then moved and seconded that we adjourn the meeting.

Please note that there is a great deal of information in the handouts given to us in this meeting. I could not include them with these notes because of their length and the fact they were not forwarded in electronic form. All

Subcommittee members need to retain the copies they were given in the meeting, and those persons who were absent:

Bob Miller, Anson Gask, Eric Harrington (e), Tom Niemann, Joe J. Owens, Jr. (e), Ken Gibbs (e). Need to get hard copies as soon as possible. If you call me at 919-2369, I can fax them to you. Or Marcia!

Margotta can mail you a copy.

Please review these notes, and let the writer know of any additions or corrections required.

Respectfully Submitted,

James W. Edney III

Ph: 919-493-2369 Fx: 919-489-6735 jwe@redhincorporation.com

Post Script: We have confirmed with the Police Department that our next scheduled meeting, and the two subsequent meetings (October 13, 27, & November 10th) will be in the Community Room on the first floor of the Police Department. The next meeting will be at 7:00 PM on Wednesday, October 13th. We may schedule this room for additional meetings if they are scheduled in advance. An Agenda for the October 13th meeting will follow by separate email. Please note that any corrections, amplifications, additions to these notes will be greatly appreciated. If you get the time, send them to me by fax or email prior to the meeting and I will incorporate them into copies for distribution at that time.

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Special Meeting Minutes
October 1, 1999**

Attendees:

Bob Chase, Tom Clark, John Cline, Mary Cline, Steve Knopp, Norm Krause, Bob Melville (DMG), Ellen Rzeckbow, Anson Gock, Tom Niemann, Mark Wiggin, Ken Gibbs, Jim Edney,

Absent:

Duncan Jefferson (e), Bob Miller (e), Eric Harrington (e), Joe J. Owens, Jr. (e), Carol Anderson (e). Note: Because this was a Special Meeting, and because it was cancelled due to conflicts with notice requirements, we are listing all those not in attendance as "excused".

Note on Attendance: As of 9/22/99, the Subcommittee has seventeen members. Quorum is majority, therefore we can vote on motions with nine members present. If you will be unable to attend, please call Jim Edney at 493-2369 and communicate to him in person or leave a message on the voice mail. We will use that as a procedure to take care of "excused/not excused" absences. (The voice mail is through the telephone company, so there should be a small chance of error or missed messages.)

The Committee met at the Community conference room at the Durham Police Department Main Branch (downtown). The meeting was called to order at 2:00 p.m. by Steve Knopp. The purpose of this meeting was to review the agenda and work plans for the remaining scheduled meetings, add one "wrap-up" meeting, and delegate presentation and review assignments for the agenda topics to the Subcommittee members.

We discussed the suggested agenda topics below. A motion was made by Ken Gibbs, and seconded by Tom Clark that we adopt the agenda outline as presented with discussion leaders as listed. Changes of discussion leaders between groups can be made without need for additional motions. Motion also included the provision of one additional "wrap up" meeting on November 17th at 7:00 p.m. at the Community room in the Police Department headquarters downtown. Motion was passed unanimously by voice vote of the attendees.

Agenda Topics for Remaining Meetings

Meeting Date: October 13th

Discussion Issue / Discussion Leader Steve Knopp/Bob Melville:

How should service districts be structured?

How should future revenues be allocated to the recommended service districts?

How should outstanding debt be allocated to the recommended service districts?

What other fiscal issues will be addressed & which members will assume responsibility?

Possible Resolution:

Recommended service district structure

Recommended revenue allocation strategy or matrix

Recommended debt allocation strategy or matrix

Meeting Date: October 27th

Discussion Study Issue #1 / Discussion Leaders Mark Wiggin, Tom Niemann, Anson Gock:

Under the recommended service district structure, how will tax rates & other revenues be impacted by consolidation?

How will the respective grants management programs be impacted by consolidation?

How will financial & budget management practices be impacted by consolidation?

Study Issue #1: Revenue structure

Potential Analytical Questions:

Will merger result in any material changes to tax rates, user fees or other revenues in the former city or unincorporated county?

For example, what would be the impact of changing the sales tax allocation formula?

Will merger result in any tax inequities in tax the former city or unincorporated county?

Will merger jeopardize any current revenues or offer opportunities for enhancing revenues?

Will merger result in a more diverse & stable revenue structure? If not, why not?

Can tax and revenue collections be more effectively coordinated under a merged entity?

Potential Information Sources:

Budget & CAFR reports (detailed revenue schedules)
City Finance or Budget Director
County Finance or Budget Director
Tax Collector/Assessor
Summary of current revenue sources (City & County)

Study Issue #1: Grants

Potential Analytical Questions:

Will any major intergovernmental revenues be threatened or enhanced by merger?
For example, will any formula-based grants received by the City be adversely affected?
Could grant proposals be better coordinated by a merged city-county entity?
How should grants be managed under a merged city-county entity (e.g., centralized)?

Potential Information Sources:

Single audit reports
Budget & CAFR reports
City Grants Manager
County Budget Director
Key grantor representatives

Study Issue #1 (October 27th): Financial & budget

Potential Analytical Questions:

To what extent will merger offer opportunities for streamlining financial & budget management practices, processes, systems & staffing?
How will accounting & financial reporting practices & systems be affected?
Should the fund structure be modified?
How will customer service billing be affected?
How will treasury management be affected?
Will there be any advantages to having a larger pool of cash to invest?

Potential Information Sources:

CAFR reports
External auditor
Internal auditors
City Finance or Budget Director
County Finance or Budget Director
Investment advisor

Possible Resolution Issue #1:

Revenue impact finding
Grants management impact finding & merger strategy
Financial & budget process impact finding & merger strategy

Discussion Study Issue #2 / Discussion Leaders Norm Krauss, Joe Owens, Carol Anderson, Bob Miller:

How will the respective risk management programs be impacted by consolidation?

Study Issue #2 (October 27th): Risk

Potential Analytical Questions:

How different are the risk management plans of the two entities (e.g., self-insured v. commercial insurance)?
How about their safety programs?
Does either entity have any material contingent liabilities?
If so, how should those be handled?
How will (or should) the City's risk retention fund be structured under the new entity?
Would there be any potential insurance cost savings associated with merger?
Should the Dusham Risk Management Corporation (DRMC) be retained?
How difficult will it be merge or modify the commercial insurance plans of the 2 entities?

Potential Information Sources:

CAFR reports
City Finance Director
County Finance Director
Risk managers
Insurance advisers
Safety program reports
Insurance plans
Possible Resolution Issue #2:
Risk management: impact finding & merger strategy

Meeting Date: November 10th

Discussion Issue #3 / Discussion Leaders Tom Clark, Bob Chase, Duncan Jefferson:

To what extent will merger affect the debt capacity & financial condition of the new entity?

Study Issue #3 (November 10th): Financial condition

Potential Analytical Questions:

Does either entity have any financial liabilities or risks that could undermine merger?
How will the combined debt capacity of the new entity compare to that of the City & County?
What should be the new entity's fund balance policy?
How should the City's authorized, but unissued bonds be handled?
Will there be any significant debt refinancing opportunities?
Will the overall financial condition of the 2 entities be stronger or weaker after merger?
Will rating agencies be receptive to merger?

Potential Information Sources:

CAFR reports
City Finance Director
County Finance Director
Local Government Commission
Rating agency representative
Possible Resolution:
Finding as to debt capacity & financial condition

Discussion Issue #4 / Discussion Leaders Ken Gibbs, John Cline, Mary Cline, Jim Edney, Eric Harrison:

To what extent will merger affect the cost structure of the new entity?

Study Issue#4 (November 10th): Cost structure

Potential Analytical Questions:

Will the recommended service districts & service alignment materially increase or decrease costs?
Are there any major cost reduction opportunities associated with merger (e.g., police patrol, utilities, administration)?
Are there any major cost increases that could accompany merger (e.g., pay plans, fire protection districts)?
Will merger enable the new entity to avoid any major planned capital costs (e.g., facilities, equipment or systems)?
Are there any significant transition costs associated with merger?

Potential Information Sources:

Budget reports
Service profiles
Capital budget & CIP reports
City Budget Director
County Budget Director
Summary of other city-county consolidation efforts
Possible Resolution:
Finding as to debt capacity & financial condition
Finding as to cost impact

Meeting Date: November 17th

Discussion Issue / Discussion Leader(s) Stephen Knopp/Bob Melville:

Is merger desirable from the perspective of the financial issues studied by the task force?

Does merger offer sufficient potential benefits to justify a more detailed cost-benefit study?

Possible Resolution:

Finding as to overall fiscal desirability of merger

Other relevant findings & recommendations

End of Agenda Description

We spent some time discussing the work of preparing discussion topics, gathering information, presenting the issues to the Subcommittee. We agreed that the City and County Finance Directors would be invited to the next meeting on October 13th to be available to answer questions, related to the service district structure, and allocation of revenue and debt to the respective service districts. We agreed that Bob Melville would be designated as the point person for information gathering and dissemination for the respective discussion leader groups.

The meeting was adjourned at approximately 2:45 p.m. Please review these notes, and let the writer know of any additions or corrections required.

Respectfully Submitted,

James W. Edney III

Ph: 919-493-2369 Fax: 919-489-6735 jwe@redhincorporate.com

Please note that any corrections, amplifications, additions to these notes will be greatly appreciated. If you get the time, send them to me by fax or email prior to the meeting and I will incorporate them into copies for distribution at that time.

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
October 13, 1999**

Attendees:

Tom Clark, John Cline, Mary Cline, Duncan Jefferson, Steve Knopp, Norm Krause, Bob Melville (DMG), Ellen Reckhow, Becky Heron, Tom Niemann, Mark Wiggin, Ken Gibbs, Eric Harrington, Jim Edney, Patty Gravitate - Finance Director/County, Nav Gill - Finance Director/City.

Absent:

Bob Chase (e), Bob Miller (e), Joe J. Owens, Jr. (e), Carol Anderson (e). Please let the writer know if you contacted someone to notify them of your absence and you were not noted as having an excuse.

Note on Attendance: As of 9/22/99, the Subcommittee has seventeen members. Quorum is majority, therefore we can vote on motions with nine members present. If you will be unable to attend, please call Jim Edney at 493-2369 and communicate to him in person or leave a message on the voice mail. We will use that as a procedure to take care of "excused/not excused" absences. (The voice mail is through the telephone company, so there should be a small chance of error or missed messages.)

The Committee met at the Community conference room at the Durham Police Department Main Branch (downtown). The meeting was called to order at 7:00 p.m. by Steve Knopp. The agenda for this meeting was adopted at our meeting on October 1st:

Discussion Issue / Discussion Leader Steve Knopp/Bob Melville:

How should service districts be structured?

How should future revenues be allocated to the recommended service districts?

How should outstanding debt be allocated to the recommended service districts?

What other fiscal issues will be addressed & which members will assume responsibility?

Possible Resolution:

Recommended service district structure

Recommended revenue allocation strategy or matrix

Recommended debt allocation strategy or matrix.

However, the Merger Steering Committee (governing bodies) called a meeting for 7:30 p.m. in the Commissioner's Chambers, and Bob Melville, Steve Knopp, Ellen Reckhow, and Becky Heron were required to attend that meeting. As Norm Krause, Joe Owen, Carol Anderson, and Bob Miller were prepared to lead a discussion on the Issue of Risk Management, we agreed to start the October 13th meeting with Norm's presentation, and continue with the original discussion issue when Bob and Steve return from the Steering Committee meeting. Thus the agenda for the October 13th meeting was changed to the following:

Discussion Study Issue #2 / Discussion Leaders Norm Krause, Joe Owens, Carol Anderson, Bob Miller:

How will the respective risk management programs be impacted by consolidation?

Study Issue #2 (October 27th): Risk

Potential Analytical Questions:

How different are the risk management plans of the two entities (e.g., self-insured v. commercial insurance)?

How about their safety programs?

Does either entity have any material contingent liabilities?

If so, how should those be handled?

How will (or should) the City's risk retention fund be structured under the new entity?

Would there be any potential insurance cost savings associated with merger?

Should the Durham Risk Management Corporation (DRM) be retained?

How difficult will it be merge or modify the commercial insurance plans of the 2 entities?

Potential Information Sources:

CAFR reports
City Finance Director
County Finance Director
Risk managers
Insurance advisors
Safety program reports
Insurance plans

Possible Resolution Issue #2:

Risk management impact finding & merger strategy

Risk Management Presentation by Norm Krause 10/13/99

Norm Krause presented a "Powerpoint" presentation in paper form (i.e. w/out the projector - we learned this from the County Finance/Budget staff). The following notes includes the main points Norm brought out in his presentation, along with some discussion items the subcommittee brought out.

Comparisons of Risk Management program between City and County

1. City program is managed in Finance Department. County is managed by County Attorney.
2. City is self insured for General Liability and Auto. County is largely self insured for G.L. & Auto.
3. City has pending claims of \$10.4 Million (6/30/98). County has pending claims of \$71,000.
4. City risk retention fund is negative \$10.7 Million. County has \$2.8 Million risk reserve.
5. City has larger risk management staff & uses outside counsel. County has smaller staff & in-house counsel.
6. City does a case-by-case review of claims. County has uniform standards for claims.
7. City is self-insured for health and dental. County purchases health insurance and self insures dental.
8. City has safety program centralized and coordinated in Finance Department. County decentralized/limited program.

Key Differences Between City and County Programs

1. City Functions (i.e. fee for services/enterprise fund activities) tend to generate more claims (esp. Workers Comp.).
2. City has a more generous Worker's Compensation reimbursement policy. There is an income supplement that is in addition to the statutory reimbursement.
3. City has a more formal safety program.
4. City enjoys "Governmental Immunity" for some activities, especially law enforcement, but not for "Enterprise Fund" or "fee-for-service" activities. County is part of state government, thus enjoys "Sovereign Immunity".
5. County generally takes a harder line on claims, invokes "Sovereign Immunity", and limits claims against the Sheriff to \$25,000. This harder line on claims is perhaps a result of the policy of uniform standards for claims evaluation, unlike the City's "case-by-case" review of claims.
6. The City has a deficit in the risk retention fund, and County has a positive balance.
7. There is no precedent in North Carolina for City County Merger. Therefore the Sovereign Immunity of the Merged Entity would be subject to interpretation of the language of the enabling legislation for the Charter. As there is no case law, there are some questions of the effects on risk management policies and procedures as outlined above (i.e. use of immunity to limit claims and lawsuits). The practical effect cannot be judged absent legal precedent.

Suggestions of Discussion Leaders

1. Merged entity should establish uniform policy on claims and insure adequate level of immunity at the time the charter is drafted.
2. Deficit in City's Risk Retention Fund should be financed by the Urban Service District.
3. Worker's Compensation policies should be uniform throughout merged entity.
4. Pooling of insurance programs and risk retention funds should generate savings.
5. Merged entity should adopt an uniform, formal, safety program.

After Norm presented the above items, along with a draft of resolution regarding Risk Management, the Subcommittee members spent the remainder of the meeting discussing the key points, and the wording of a resolution. We had valuable input from Perry Gravinese and Max Gill in response to Subcommittee members' questions about particular aspects of City and County risk management programs. Some items questioned and brought out:

1. Durham City "Pending Claims" of \$10.4 Million is an actuarial estimate 6/30/98, and has been lowered to \$6+ Million for 1999. The majority of claims pending involve Worker's Compensation. Much of the difference between the City and County on this regard involves the composition of the workforce and the type of work

- done. In., more of the County workforce is desk-bound which involves much less risk to life and limb, and therefore fewer on the job injuries.
2. There are some cases that involve the Durham Police Department and Durham Parks & Recreation Department. The Governing Body has chosen to pay some claims for particular incidents, rather than invoking Governmental Immunity. Those decisions are ultimately judgement calls, and the same situation could just as easily happen to the County, and the County Governing Board could make a decision to honor a pending or future claim, regardless of Sovereign Immunity.
 3. We spent a lot of time discussing the issue of Immunity of the merged entity. The final resolution reflects our judgement about the proper way to handle it at this time, and in this forum.

At the conclusion of our discussion, Norm Krause made the following Resolution:

Resolution on Risk Management
Taxation and Finance Subcommittee of the Durham City/County Merger Task Force
10/13/99

Whereas

- The Subcommittee has reviewed the area of risk management,

Be it Resolved

- That merger of the risk management functions of the City and County is feasible and justifies further study,
- Provided that uniform policies are established by the Merged Entity regarding claims management, Worker's Compensation, and safety programs,
- Provided that the extent of immunity enjoyed by the Merged Entity be subjected to a cost-benefit and legal review.

End of Motion.

The motion was seconded by Tom Clark. The Chairman called for a voice vote, and the Motion passed unanimously. Because of the changes to Agenda and the time we spend discussing Risk Management, we are left with the following planned agenda for the remaining meetings. The Chairman will issue a specific agenda for the October 27th meeting to adjust for the changes.

Agenda Topics for Remaining Meetings

Meeting Date: October 27th

Discussion Study Issue #1 / Discussion Leaders Mark Wiggins, Tom Niemann, Anson Gock:

Under the recommended service district structure, how will tax rates & other revenues be impacted by consolidation?

How will the respective grants management programs be impacted by consolidation?

How will financial & budget management practices be impacted by consolidation?

Study Issue #1: Revenue structure

Potential Analytical Questions:

Will merger result in any material changes to tax rates, user fees or other revenues in the former city or unincorporated county?

For example, what would be the impact of changing the sales tax allocation formula?

Will merger result in any tax inequities in tax the former city or unincorporated county?

Will merger jeopardize any current revenues or offer opportunities for enhancing revenues?

Will merger result in a more diverse & stable revenue structure? If not, why not?

Can tax and revenue collections be more effectively coordinated under a merged entity?

Potential Information Sources:

Budget & CAFR reports (detailed revenue schedules)

City Finance or Budget Director

County Finance or Budget Director

Tax Collector/Assessor

Summary of current revenue sources (City & County)

Study Issue #1: Grants

Potential Analytical Questions:

Will any major intergovernmental revenues be threatened or enhanced by merger?

For example, will any formula-based grants received by the City be adversely affected?

Could grant proposals be better coordinated by a merged city-county entity?

How should grants be managed under a merged city-county entity (e.g., centralized)?

Potential Information Sources:

Single audit reports

Budget & CAFR reports

City Grants Manager

County Budget Director

Key grantor representatives

Study Issue #1 (October 27th): Financial & budget

Potential Analytical Questions:

To what extent will merger offer opportunities for streamlining financial & budget management practices, processes, systems & staffing?

How will accounting & financial reporting practices & systems be affected?

Should the fund structure be modified?

How will customer service billing be affected?

How will treasury management be affected?

Will there be any advantages to having a larger pool of cash to invest?

Potential Information Sources:

CAFR reports

External auditor

Internal auditors

City Finance or Budget Director

County Finance or Budget Director

Investment advisor

Possible Resolution Issue #1:

Revenue impact finding

Grants management impact finding & merger strategy

Financial & budget process impact finding & merger strategy

Meeting Date: November 10th

Discussion Issue #3 / Discussion Leaders Tom Clark, Bob Chase, Duncan Jefferson:

To what extent will merger affect the debt capacity & financial condition of the new entity?

Study Issue #3 (November 10th): Financial condition

Potential Analytical Questions:

Does either entity have any financial liabilities or risks that could undermine merger?

How will the combined debt capacity of the new entity compare to that of the City & County?

What should be the new entity's fund balance policy?

How should the City's authorized, but unissued bonds be handled?

Will there be any significant debt refinancing opportunities?

Will the overall financial condition of the 2 entities be stronger or weaker after merger?

Will rating agencies be receptive to merger?

Potential Information Sources:

CAFR reports

City Finance Director

County Finance Director

Local Government Commission

Rating agency representative

Possible Resolution:

Finding as to debt capacity & financial condition

Discussion Issue #4 / Discussion Leaders Ken Gibbs, John Cline, Mary Cline, Jim Edney, Eric Hertzberg:

To what extent will merger affect the cost structure of the new entity?

Study Issue#4 (November 10th): Cost structure

Potential Analytical Questions:

Will the recommended service districts & service alignment materially increase or decrease costs?

Are there any major cost reduction opportunities associated with merger (e.g., police patrol, utilities, administration)?

Are there any major cost increases that could accompany merger (e.g., pay plans, fire protection districts)?

Will merger enable the new entity to avoid any major planned capital costs (e.g., facilities, equipment or systems)?

Are there any significant transition costs associated with merger?

Potential Information Sources:

Budget reports

Service profiles

Capital budget & CIP reports

City Budget Director

County Budget Director

Summary of other city-county consolidation efforts

Possible Resolution:

Finding as to debt capacity & financial condition

Finding as to cost impact

Meeting Date: November 17th

Discussion Issue / Discussion Leader(s) Stephen Kropp/Bob Melville:

Is merger desirable from the perspective of the financial issues studied by the task force?

Does merger offer sufficient potential benefits to justify a more detailed cost-benefit study?

Possible Resolution:

Finding as to overall fiscal desirability of merger

Other relevant findings & recommendations

The meeting was adjourned at approximately 9:00 p.m. Please review these notes, and let the writer know of any additions or corrections required.

Respectfully Submitted,

James W. Edney III

Ph: 919-493-2169 Fx: 919-489-6735 jwe@redhino.com

The next meeting of the Subcommittee will be at 12:00 Noon October 27th in the Community Room of the Police Department.

**Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
November 10, 1999**

Attendees:

John Cline, Mary Cline, Steve Knopp, Norm Krause, Bob Melville (DMG), Ellen Reckhow, Becky Heron, Tom Clark(e), Ken Gibbs, Jim Edney, Carol Anderson, Anson Gock.

Absent:

Duncan Jefferson (ue), Mark Wiggins(ue), Joe J. Owens, Jr.(ue), Bob Miller (ue), Bob Chase(ue), Eric Harrington(e), Tom Niemann(e). Please let the writer know if you contacted someone to notify them of your absence and you were not noted as having an excuse.

Note on Attendance: As of 9/22/99, the Subcommittee has sixteen (note correction!) members. Quorum is majority, therefore we can vote on motions with nine members present. If you will be unable to attend, please call Jim Edney at 493-2369 and communicate to him in person or leave a message on the voice mail. We will use that as a procedure to take care of "excused/not excused" absences. (The voice mail is through the telephone company, so there should be a small chance of error or missed messages.)

The Committee met at the Community conference room at the Durham Police Department Main Branch (downtown). The meeting was called to order at 7:00 p.m. by Steve Knopp. We had a quorum at approximately 7:20 p.m. The first item of business was review of the meeting minutes for the October 27th meeting. There was one correction - Anson Gock Was left out of the roster. He was absent from that meeting. The minutes were approved with no other corrections by a voice vote. Ken Gibbs made the motion. John Cline seconded the motion. The agenda for this meeting was adopted at our meeting on October 1st.

Adopted agenda:

Agenda: Meeting Date November 10, 1999

Discussion Issue #4 / Discussion Leaders Ken Gibbs, John Cline, Mary Cline, Jim Edney, Eric Harrison:

To what extent will merger affect the cost structure of the new entity?

Study Issue#4 (November 10th): Cost structure

Potential Analytical Questions:

Will the recommended service districts & service alignment materially increase or decrease costs?

Are there any major cost reduction opportunities associated with merger (e.g., police patrol, utilities, administration)?

Are there any major cost increases that could accompany merger (e.g., pay plans, fire protection districts)?

Will merger enable the new entity to avoid any major planned capital costs (e.g., facilities, equipment or systems)?

Are there any significant transition costs associated with merger?

Potential Information Sources:

Budget reports

Service profiles

Capital budget & CIP reports

City Budget Director

County Budget Director

Summary of other city-county consolidation efforts

Possible Resolution:

Finding as to cost impact

The chair turned the meeting over to the study group on cost structure. The four members of the group presented the following material:

I. Jim Edney's Discussion

Issues/Analytical Questions

- Will the recommended service districts & service alignment increase or decrease costs?
- Are there any cost reduction opportunities associated with merger?
- Are there any major cost increases that could accompany merger?
- How will merger affect major planned or future capital cost expenditures?
- Are there any significant transition costs associated with merger?

Some Definitions

- For the purpose of our discussion on cost structure, we assume Durham / Durham County and the Research Triangle Region will continue to experience growth in population, economic base, business employment, and other key indicators for a foreseeable planning horizon.
- By this definition, governmental services will likely need to increase in the aggregate to serve a growing population of citizens in Durham County.
- Therefore discussion of higher or lower cost structure is relative. The total expenditure for governmental services, the total employment in government, the total value of material, equipment, and services purchased for the citizens through their government will, in all likelihood, be greater in five or ten years than it is in 1999-2000.
- We examine the possibility that merger of Durham City and Durham County governments will result in a higher or lower cost relative to the costs today.
- We use the term "unit cost" to put a name on a concept that can only be quantified in the adopted tax rate.
- By "unit cost" we mean simply that a given set of cost inputs (labor, materials, rent, overhead, supervision, equipment) presently required to provide a service is likely to be more or less if the Durham City and Durham County governments merge and the merged entity provides the same service.

Will the recommended service districts & service alignment materially increase or decrease costs?

- General Services District - Entire County
- We expect costs would increase to the extent urban services are extended to the former unincorporated areas. We expect extension of services will be included in enabling legislation, and cost effects of extensions will be evaluated as part of the decision to pursue merger. We do not expect that establishment of a General Services District in itself (apart from other costs associated with merger) will materially increase or decrease costs.
- Urban Service District #1 - Entire County except Town of Chapel Hill
- We do not expect that designation of this Service District will materially increase costs.
- Urban Service District #2 - Former City of Durham
- We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #3 - Entire County except former City of Durham
- We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #4 - Part of former City of Durham in Orange County
- We do not expect that designation of this Service District will materially increase or decrease costs.
- Urban Service District #5 - Research Triangle Park
- We do not expect that designation of this Service District will materially increase costs. It may have the effect of helping to increase revenues and decrease costs by centralizing the provision of merged services to RTP.
- Urban Service District #6 - Town of Chapel Hill within Durham County
- We do not expect that designation of this Service District will materially increase costs.

11. John Clive's Discussion:

Are there cost reduction opportunities associated with merger? Part 1

- Policy Making & Oversight (i.e. elected officials), Legislative, Public Affairs
 - We believe a merged entity may effect cost reductions, primarily in:
 - Staff and support functions (including public meetings),
 - Legal Support,
 - Records Management (City and County Clerk)
 - The merged entity would be more likely to be efficient and effective (therefore less costly) in part due to the reduction of "transmission loss" between the current two bodies of elected officials and associated duplicate staffs/departments.
 - These potential cost reductions may be effected regardless of the size of the governing body
 - Register of Deeds and Board of Elections would function with little change through merger.
- General Administration
 - We believe a merged entity could effect cost reductions in many areas of general administration.
 - A merged entity could eventually lower unit costs in any current "back office" function (such as human resources, purchasing, procurement, information technology, facility management, fleet management, asset management, internal audit).
- Economic Development
 - We believe Durham and Durham County could - over the long term - reduce costs, and provide enhanced services in Economic Development in a merged entity.
 - The current two governments now cooperate and share costs between some the various departmental and other entities engaged in Economic Development, tourism, and regional promotion.
 - Merger may offer opportunities to enhance cooperation with regional governments and institutions.
 - This may benefit both Durham and the region.
- Financial Management
 - We believe we may find cost reductions with merged financial management.

Are there cost reduction opportunities associated with merger? Part 2

- Health & Human Services
 - This is an example of a set of services primarily provided through the County. The merged entity could expand services now provided by the City and not provided by the County to the General Services District (i.e. EEO, Human Relations, Diversity, Civil Rights Education, Anti Discrimination Law Enforcement). Any cost increases may be mitigated by revenue enhancement from fees and grants.
- Planning, Zoning, & Inspections
 - These departments are currently merged. A merged governmental entity may allow improved effectiveness of operations rather than reduction in costs per se, due to the elimination of a forementioned "transmission loss" and duplication of efforts in responding to two governing boards (i.e. Durham City Council and Durham County Commissioners).
- Law Enforcement: Uniform Patrol & Investigations
 - To the extent that there may eventually be a merger of Uniform Patrol functions, there could be cost reductions in a range of administrative, equipment, purchasing, personnel, and back office functions (i.e., common technology, enhanced purchasing power, fleet management, back office functions, and reduction of jurisdictional issues) We can not address these items absent a definition of how, when, if any sort of merger of Uniform Patrol functions is effected.
- Emergency Management Services and Animal Control
 - Emergency Services now are shared, therefore many of the opportunities for cost reduction are incorporated into the present system.
- Utilities Operations & Administration
 - We believe we may effect cost savings in combining Solid Waste Management and Wastewater Treatment especially as the systems continue to grow and require further upgrades, expansions, and replacement of outdated equipment and systems. We believe there is potential for greater efficiency with combined operations even though there is no significant overlap or duplication of services.

III. Mary Cline's Discussion:

Are there any major cost increases that could accompany merger? Part 1

- Law enforcement uniform patrol & Investigations
 - Costs could increase to align the services provided by the Urban Services district to the General Service District. The level of service, level of equipment, pay, benefits, and a host of other issues could raise costs of Uniform Patrol in a merged entity. The costs could also reflect greater level of service. We can not address those items absent a definition of how, when, if any sort of merger of Uniform Patrol functions is effected.
- Fire Department & EMS Service
 - Should the merged entity decide to extend the current Durham City level of Fire services (especially fully staffed rural fire stations) to the General Service District the cost increase would be dramatic. This is an area where cost / benefit analysis could uncover reasonable direction for policy makers. The current service level provided through the volunteer fire departments in the unincorporated areas may be adequate and not require the extension of salaried and fully staffed Fire services to the entire County (at this time). Some increase in service level may be desirable. We would expect any increase in cost to accompany an increase in service.
- Parks & Recreation
 - This service area could increase in cost because of the possibility that the merged entity would choose to extend some range of Parks & Recreation services to the General Services District. This enhanced service could be more expensive on a unit cost basis because of the larger geographic area of the County. However, there will be a variety of choices to make to get the most "bang for the buck" from enhanced service.
- Housing & Community Development
 - These services could potentially benefit all of the citizens of the County, not just those living in the Urban Services District. Because many of the services of Housing and Community Development Department are funded by grants, the potential for cost increases may be mitigated by the potential for enhanced revenue due to expansion of service area.

Are there any major cost increases that could accompany merger? Part 2

- Transportation (Traffic, Roads, & Streets) & Transit Services
 - Most of these services are provided through the City of Durham (proposed USD #2). Growth of the Urban Services District #2 may result in increased costs in expansion of services to contiguous areas, and expansion of services in response to better County wide identification of needs for services. We believe the higher costs would not be a direct result of City/County Merger.
- Public Works
 - As in the matter of Transportation Services, we believe costs in this area are likely to increase because of the expansion of services to contiguous areas, and because of better County wide identification of needs for Public Works services. To the extent that the increased costs benefits the Urban Services District #2, these costs could reasonably be borne by the citizens of that district. To the extent that improvements to infrastructure benefits all citizens of the County (i.e. through enhanced economic base, industrial expansion, et cetera), the costs could be shared County wide.
- Solid Waste Disposal & Management
 - The likelihood of expansion of these services and costs may be mitigated by fees for the services.
- Water & Wastewater
 - The likelihood of expansion of these services and costs may be mitigated by fees for the services. We would expect that expansion of these services throughout the General Services District would not be warranted or required by merger.

Ken Gibbs Discussion:

How will merger affect planned or future capital cost expenditures?

- Solid Waste
 - Merger would affect capital cost expenditures only if services are extended to new areas not likely to receive services under the current structure.
- Water & Wastewater
 - Merger would affect capital cost expenditures only if services are extended to new areas not likely to receive services under the current structure
- Office Space
 - Capital expenditures for office space would likely have a different character under a merged entity than with the current separate entities.
- Parks & Recreation
 - Capital expenditures would likely increase due to a merger, and not decrease.
- Library & Cultural Resources
 - Capital Expenditures would be unlikely to change due to merger.
- Information Technology, Radio Systems, Fleet Purchases
 - Capital expenditures would likely increase initially due to a merger, with efficiencies of scale (and opportunity for better system-wide planning) eventually lowering the total capital cost outlay.
- Roads, Streets, Curb & Gutter
 - Merger would not increase planned or future capital cost expenditure. One result may be that the merger transition costs will cause (temporary) deferral of (future) capital cost expenditure for infrastructure improvements to pay for costs of merger.
- Schools
 - Merger should not affect capital cost expenditure. One result may be that the merger transition costs will cause (temporary) deferral of (future) capital cost expenditure for school improvements to pay for costs of merger.

Are there any significant transition costs associated with merger?

- Legal Costs
 - Planning
 - Implementation
 - Litigation
- Human Resources
 - Pay Plans
 - Insurance / Benefits / Workers Compensation
 - Pay Equity/Employee Retention
 - Loss of Efficiency During Transition
- Information Technology
 - Legacy Systems
 - New Systems Requirements
 - Training/Implementation of New Systems
- Implementation Planning
 - Reduction of Efficiency Due to Planning Task Requirements
 - Costs of Additional Personnel to Plan & Execute Details
- Costs of Physically Moving/Combining Resources
 - Building/Renovation of Offices to Accommodate Revised Departments
- Consultant Costs
 - Feasibility, Planning, Implementation
- Public Information (Communication, Signage, Relocation of Offices/Personnel)
- Consumables (i.e. stationery, business cards, software, business processes)
- Maintenance of Quality of Customer Service

Resolution

- 1 **Whereas:**
- 1 The Tax & Finance Subcommittee of the Durham City / County Merger Task Force has reviewed the cost structure of the existing entities and the effects of the proposed merger on the potential cost structure of a merged entity;
- 1 **Be it resolved:**
- 1 The merging of city and county governments is feasible and justifies further study;
- 1 **Provided that:**
- 1 The provisions for merger include adequate estimates of transition costs;
- 1 The merger plan provides a timetable for implementation of all facets of merger to reduce to the extent possible short term and long term costs of merger;
- 1 All departmental functions of existing entities be analyzed for the possibilities of inclusion in new and/or merged departments;
- 1 Each statutory function of the existing entities be retained in the merged entity with no diminution of authority to the new entity;
- 1 The provisions for merger include detailed cost / benefit analysis of merger using information available from existing sources (including documented experience of other merged entities), and using prudent long-term cost/benefit projections based on historical information available on Durham County and Durham City cost structures.

After our presentation, members of the committee asked questions and we discussed various of the points. It was the sense of the committee, that it would be appropriate to add wording in the "Whereas" section of the resolution to help develop a sense of the process by which we attained the resolution. Ken Gibbs agreed to take the resolution and add some wording that we could vote on in our meeting November 17th, rather than try to cobble together something during this meeting. We agreed that the previous two presentations should be revised to make sure that the resolutions adequately described the sense of the Subcommittee regarding the information we gathered to make our resolutions.

We also agreed that Norm Krause, Jim Edney, and Steve Knopp would get together on Friday November 12th to draft a resolution to incorporate the Matrix of Potential Service Districts, Matrix of Revenue by Source and Profile, and Matrix of Long-Term Debt and Obligation into our findings. That potential resolution and the revision of our resolution will be forwarded under separate cover.

We continued our last meeting is November 17th at 7:00 p.m. at the Community Room of the Police Department, and we will hear the following presentation, and finalize our other resolutions.

ALL ACTIVE MEMBERS SHOULD PLAN TO ATTEND NOVEMBER 17TH
MEETING - OR CALL CHAIRMAN, VICE CHAIRMAN, OR SECRETARY. WE
NEED A QUORUM AND WE NEED TO CONCLUDE OUR BUSINESS.

Meeting Date: November 17th

Meeting Date (Revised): November 17th

Discussion Issue #3 (Discussion Leaders: Tom Clark, Bob Chase, Dungan Jefferson):

To what extent will merger affect the debt capacity & financial condition of the new entity?

Study Issue #3 (November 10th): Financial condition

Potential Analytical Questions:

Does either entity have any financial liabilities or risks that could undermine merger?

How will the combined debt capacity of the new entity compare to that of the City & County?

What should be the new entity's fund balance policy?

How should the City's authorized, but unissued bonds be handled?
Will there be any significant debt refinancing opportunities?
Will the overall financial condition of the 2 entities be stronger or weaker after merger?
Will rating agencies be receptive to merger?

Potential Information Sources:

CAFR reports
City Finance Director
County Finance Director
Local Government Commission
Rating agency representative

Possible Resolution:

Finding as to debt capacity & financial condition

Discussion Issue / Discussion Leader(s) Stephen Knopp/Bob Melville:

Is merger desirable from the perspective of the financial issues studied by the task force?
Does merger offer sufficient potential benefits to justify a more detailed cost-benefit study?

Possible Resolution:

Finding as to overall fiscal desirability of merger
Other relevant findings & recommendations

The meeting was adjourned at approximately 9:00 p.m. Please review these notes, and let the writer know of any additions or corrections required. Respectfully Submitted, James W. Edney III

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The next meeting of the Subcommittee will be at 12:00 Noon October 27th in the Community Room of the Police Department.

Taxation & Finance Citizen Subcommittee
City of Durham/Durham County Merger
Meeting Minutes
November 17, 1999

Attendees:

Carol Anderson, Tom Clark, Bob Chase, John Cline, Mary Cline, Duncan Jefferson, Steve Knopp, Norm Krause, Bob Melville (DMG), Tom Niemana, Mark Wiggin, Ken Gibbs, Jim Edney, Ronnie Glossberg.

Absent:

Bob Müller (ue), Joe J. Owens, Jr. (uc), Eric Harrington (?), Anson Gock(e), Ellen Reckhow & Becky Heron had a Triangle J Council of Government meeting that conflicted with this meeting. Please let the writer know if you contacted someone to notify them of your absence and you were not noted as having an excuse.

Note on Attendance: As of 9/22/99, the Subcommittee has sixteen members. Quorum is majority, therefore we can vote on motions with nine members present. If you will be unable to attend, please call Jim Edney at 493-2369 and communicate to him in person or leave a message on the voice mail. We will use that as a procedure to take care of "excused/not excused" absences. (The voice mail is through the telephone company, so there should be a small chance of error or missed messages.)

The Committee met at the Community conference room at the Durham Police Department Main Branch (downtown). The meeting was called to order at 7:00 p.m. by Steve Knopp.

At the last meeting (November 10th) the Subcommittee requested that the cost study group and the risk management study group revisit the resolutions previously presented to "beef up" the whereas section of the resolution to better reflect the findings of the Subcommittee regarding the respective issues. Norm Krause presented the following (revision) to the previously adopted resolution on Risk Management. After some discussion the motion was made to adopt the revised resolution by Ken Gibbs and seconded by Carol Anderson. It passed unanimously by voice vote. (Please note that the revisions to the motion were incorporated into the form of the previous motion for consistency).

Revised Resolution on Risk Management

Taxation and Finance Subcommittee of the Durham City/County Merger Task Force
11/17/99

Whereas

- The Subcommittee has reviewed the area of risk management,
- The City's and the County's operations and policies regarding risk management differ significantly, and
- Pooling of insurance purchases of the City and County would result in cost savings;

Be it Resolved

- That merger of the risk management functions of the City and County is feasible and justifies further study,
- Provided that uniform policies are established by the Merged Entity regarding claims management, Worker's Compensation, and safety programs,
- Provided that the extent of immunity enjoyed by the Merged Entity be subjected to a cost-benefit and legal review.

End of Motion.

The next item discussed in the meeting was the presentation by the study group examining: "to what extent will merger affect the debt capacity & financial condition of the new entity?"

Duncan Jefferson started the presentation with a discussion of his findings about the attitudes and experience of Moody's Investors Services regarding bond ratings of merged governments. We reviewed a report from Moody's on Athens-Clarke County (Unified Government) Water and Sewerage Revenue Bonds. The conclusion is that there should be no impediment to retaining our very high bond ratings should Durham City and Durham County merge. The ratings on our debt should be no higher than the lower of the two existing bond ratings, which will not be significantly different than now. Duncan received a favorable impression from Moody's regarding attitudes to the Unified Government concept.

In the next part of the presentation Carol Anderson, Tom Clark, and Duncan Jefferson examined the following issues:

- Financial health of Durham City/Durham County & Bond Ratings;
- Debt capacity of a merged entity;
- Fund Balance policy;
- Authorized but unissued debt instruments;
- Refinancing of bond debt.

After discussion of the issues raised, the following motion was presented by the study group

Resolution on Debt Management

**Taxation and Finance Subcommittee of the Durham City/County Merger Task Force
11/17/99**

Whereas:

- Both Governments have excellent bond ratings;

Therefore:

- A unified Durham would likely maintain the higher of the two ratings and no worse than the marginally lower rating of the City.

Whereas:

- The statutory debt limits for counties and cities are set by state law; and
- Counties are allowed an 8% limit to provide for schools; and
- Cities are allowed 8% separate from the schools allowance;
- The combined statutory debt limit for a unified Durham should not be adversely affected.

Therefore:

- The operating debt policy can be set at the highest possible level for maintaining the top bond rating.
- The operating debt policy should be decided by the Governing Body.
- The Governing Body should determine an appropriate fund balance policy for the merged government.

Whereas:

- The City of Durham has authorized, but as yet unissued bonds.
- A merged government would have the options (for all or any part of these bonds) to:
 1. Let them "age away" and not ever be used;
 2. Agree to issue them as part of the USD #2 debt.

Therefore:

- We recommend that the authorized, but unissued bonds be issued as part of the USD #1 debt

Resolved:

- There are no objective financial liabilities or risks that would undermine the effectiveness of merger.

Ken Gibbs made the motion to adopt the Resolution on Debt Management. Mary Chne seconded the motion. The motion passed unanimously by voice vote.

The cost study group presented a motion to follow up our discussion in the meeting 11/10/99. After discussion by the group and some changes the following resolution was moved by Ken Gibbs and seconded by Bob Chase:

Resolution

Whereas:

The Tax and Finance Subcommittee of the Durham City/County Merger Task Force (herein after Subcommittee) has reviewed the effects of the proposed merger on cost structure of the existing entities and the potential cost structure of the merged entity.

The population within the City and County of Durham is likely to sustain its current growth rate throughout the next five to ten years, and;

A merged government including the City and County of Durham would likely achieve a net cost saving through better coordination and cooperation in activities such as combined capital acquisition programs, economic development activities, financial management activities, general administrative activities, policy making, governance and legislative activities, and utilities operations activities;

A merged government including the City and County of Durham may achieve a net cost saving through better coordination and cooperation of its law enforcement uniform patrol, law enforcement investigative units and fire departments;

Be it resolved:

The merging of city and county governments is feasible and justifies further study.

Provided that:

The provisions for merger include adequate estimates of transition costs;

The merger plan provides a timetable for implementation to reduce to the extent possible short term and long term costs of merger;

All departmental functions of existing entities are analyzed for the possibilities of inclusion in new and/or merged departments;

The statutory function of each of the existing entities is retained in the merged entity with no diminution of authority to the new entity;

The major capital acquisition programs of each entity are thoroughly reviewed and analyzed to eliminate potential redundancies and maximize usage in the merged entity;

The provisions for merger include detailed cost / benefit analysis of merger using information available (including documented experience of other merged entities), and using prudent long-term cost/benefit projections based on historical information available on Durham County and Durham City cost structures.

The Resolution passed unanimously by voice vote.

Bob Chase moved that the Chairman – Steve Knopp, and Vice Chairman-Norm Krause be delegated to work with DMG to draft a final report of the work of the Subcommittee and that they solicit help as required from other members of the Subcommittee. The motion was seconded by Ken Gibbs. The motion passed unanimously by voice vote.

The next item considered was the minutes for the 11/10/99 meeting. Norm Krause moved that the minutes be accepted by the Subcommittee. Bob Chase seconded the motion. The motion passed by unanimous voice vote.

The last item on the agenda was to set a "wrap-up" meeting to review the draft of the report. That meeting has been set for 7:00 p.m. December 15th 1999, at the Community meeting room of the Main Branch of the Durham Police Department.

The meeting was adjourned at approximately 9:30 p.m. Please review these notes, and let the writer know of any additions or corrections required.

Respectfully Submitted, James W. Edney III P# 919-493-2369 F# 919-489-6755 jwe@cedrhiqoccompany.com

DURHAM CITY-COUNTY CONSOLIDATION
FEASIBILITY ANALYSIS REPORT



Durham City-County Consolidation Feasibility Analysis Report



I. INTRODUCTION

A. Project Objectives & Scope

In February, 1999, the governing bodies of the City of Durham (the City) and Durham County (the County) established a process for reviewing the possible consolidation of the City and County governments. They created a Joint City Council/County Commissioners Merger Steering Committee (the Merger Steering Committee) to oversee this process and report back to the governing bodies on the advisability of consolidation.

In July, 1999, the Merger Steering Committee appointed citizen task forces to assess the overall desirability or feasibility of city-county consolidation and provide a conceptual framework for the new government should merger take place (i.e., a vision of the merged entity's governmental, financial and organizational structure). In early January, 2000, the citizen task forces presented their report which, in short, recommended that the City and County proceed with the merger process.

Based in part on the work of the citizen task forces, the governing bodies of the City and County decided to proceed with the merger process. They authorized the formation of a formal charter commission, the Durham Consolidation Charter Commission, to draft a charter for the new entity. At the same time, the Merger Steering Committee disbanded. In March, 2000, the Consolidation Charter Commission began its work.

In addition, the governing bodies engaged DMG-MAXIMUS to assess the financial feasibility of the proposed city-county merger. The primary objective of this study is to quantify potential merger costs and benefits, as well as assess any critical qualitative advantages, disadvantages and implementation issues. This report presents our findings and recommendations concerning the feasibility of city-county consolidation in Durham.

B. Project Approach & Methodology

As the consultants to the citizen task force review phase of Durham's merger process, we performed several tasks, including the following:

- Review relevant studies, financial reports and other materials;
- Interview key governmental officials and staff;
- Develop a strategic profile of the City and County;
- Conduct a scan of prior city-county consolidations;
- Identify potential merger implementation issues; and
- Identify services or functions most likely to be impacted by merger.

Our Phase 1 scan of previous city-county consolidations included Nashville, Jacksonville, Indianapolis, Lexington (Kentucky), Baton Rouge, Kansas City (Kansas), Athens, Augusta, Columbus (Georgia), Lafayette and Anchorage. In Phase 2, we conducted



Durham City-County Consolidation Feasibility Analysis Report



follow-up interviews with representatives of Augusta-Richmond County (Georgia), Kansas City-Wyandotte County (Kansas), Lafayette City-Parish (Louisiana), the City of Charlotte and Mecklenburg County.

As a result of Phase 1, we concluded that the City and County have few overlapping services. In health and human services--the County's most important service area--the City plays a minor role. Conversely, the County offers few of the traditional municipal services (e.g., recreation, street maintenance, sanitation and community development). Some services once provided by both entities (e.g., planning, inspections and tax collection) have been functionally merged and thereby will not be significantly impacted by a merger of the governing bodies.

Thus, for our Phase 2 merger feasibility analysis, we were not required to conduct additional fact-finding for many City and County programs (e.g., planning, inspections, libraries, human services and tax administration). Rather, we focused our analysis on precisely those elements of each government's fiscal structure that will be most significantly affected by merger. Those elements include:

- Governance and executive functions (e.g., legislative, chief executive, legal, clerk, budget, public information and equal opportunity assurance)
- Financial management functions (e.g., finance, procurement, risk management, tax administration and internal audit)
- Other general government functions (e.g., human resource management and information technology)
- Asset management functions (e.g., facility, fleet and equipment maintenance)
- Environmental services (e.g., solid waste management and wastewater treatment)
- Law enforcement (e.g., patrol, investigation and special operations)
- Fire protection services

In each of the above issue areas, the City and County have potentially duplicative capabilities. This does not mean that such services are provided in an inefficient manner, only that they offer opportunities for greater efficiency under unified management. We also focused our Phase 2 analysis on potential merger costs, such as compensation equity and other merger transition costs.

As we discovered in our survey of previously merged communities, there is little empirical evidence to support the claims of merger proponents or opponents. To our knowledge, no community with a unified city-county government has calculated the costs and benefits of merger with any significant degree of precision or reliability. While some communities reported cost savings or tax cuts during the initial years after merger, the evidence is anecdotal and difficult to verify. The scarcity of reliable information makes it difficult to assess the long-term impact of merger, at least in quantifiable terms.

Nevertheless, despite the dearth of empirical evidence among those communities that have merged their city and county governments, it is possible to arrive at useful



Durham City-County Consolidation Feasibility Analysis Report



judgements regarding the quantifiable costs and benefits of city-county merger. To do so, requires the formulation of reasonable assumptions about future events, but such assumptions are required for any financial projections or forecasts. The most critical assumptions underlying our fiscal impact projections are listed in Appendix A.

Any forecasts we prepare will necessarily be based on assumptions by the City or County of future events which may or may not occur, and no assurance can be made that these projections will be achieved. Since the forecast variables are subject to unknown future circumstances, the actual results may vary from the projections, and such variations could be material. Our work should be used solely by the City and County for its consideration of potential merger. We will have no duty to update any written report for events and circumstances occurring after the date of the report.

In addition to assessing the quantifiable costs and benefits of merger, we identified and evaluated several qualitative advantages and disadvantages. In doing so, consistent with our recommendation to the citizen task forces in Phase I, we tried to assess the overall feasibility of city-county consolidation using some of the assessment criteria and factors outlined in the table below, as deemed relevant.

Merger Assessment Criteria & Factors

Criteria	Factors
Transition Challenge	<ul style="list-style-type: none">√ Stakeholder receptivity to structural change√ Existing degree of jurisdictional consolidation or cooperation√ Legal consolidation requirements or barriers
Public Confidence	<ul style="list-style-type: none">√ Image & accountability of local government√ Equity, diversity & responsiveness of local government√ Degree of citizen participation in elections & other civic activities
Regional Competitiveness	<ul style="list-style-type: none">√ National/state image & regional prominence/leadership√ Impact on local business climate & corporate siting decisions√ Ability to attract federal & private investment
Fiscal Strength	<ul style="list-style-type: none">√ Overall operating efficiency & cost of government√ Elasticity & equity of revenue structures√ Financial condition, debt structure & capital asset utilization
Service Delivery	<ul style="list-style-type: none">√ Service delivery quality, responsiveness & effectiveness√ Service standards, levels, accessibility & equity√ Responsiveness of customer/client service

Our report on the feasibility of city-county merger addresses the fiscal impact of merger, but it also recognizes that cost savings may be only one factor to consider. Moreover, as other communities have found, cost savings may not even be the most important factor for Durham to consider as it contemplates city-county merger.



Durham City-County Consolidation Feasibility Analysis Report



II. CITY & COUNTY PROFILE

A. Community Overview

The City of Durham was incorporated in 1869 and separated from Orange County in 1881. Today, it is the fifth largest city in North Carolina, the county seat for Durham County and essentially the only city in Durham County¹. The City encompasses over 95 square miles and has a population of over 177,000².

The County was formed in 1881 from portions of land transferred from Orange and Wake counties. Today, it encompasses 299 square miles and has a population of over 218,000³. About 40 percent of the County's residents are members of minority groups. It also is noteworthy that about 75 percent of the Research Triangle Park (RTP) lies within the County.

The City is rapidly approaching the County in population. According to the City-County Planning Department (see table below), over 81 percent of the County's residents reside in the City. In 1990, only 75 percent of the County's population was within the City.

Durham's Population Estimates

	1990	1999	% Change
Within City Limits	136,594	177,650	+30.0%
Outside City Limits	45,241	40,805	-9.8%
Total County	181,835	218,455	+20.1%

Note: 1990 data based on 1990 US Census & 1999 data based on Planning estimates

The City's rate of growth has been higher than that of the County's due primarily to the City's annexation of territory in the outlying areas of the County. North Carolina's annexation laws are among the most liberal in the nation. If the City's annexation continues at its current pace, and approaches the Urban Growth Area (UGA) boundaries, the City could account for 90 percent of the County's population by the Year 2010⁴.

B. Political Structure

The City and County use different legislative structures and electoral processes. The City Council comprises 13 members, including 12 council members and a mayor. All council members are elected at-large on a non-partisan basis, but six members must be residents of districts (i.e., residency districts). The Mayor serves a two-year term, but other council members serve staggered four-year terms.

¹ It should be noted that the Town of Chapel Hill incorporated a portion of Durham County and the City of Raleigh has agreed to annex a small portion of Durham County early next year.

² Durham City-County Planning Department estimates for 1999.

³ Durham City-County Planning Department estimates for 1999.

⁴ Based on interview with City-County Planning Department staff.



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In 2001, pursuant to a referendum approved by voters in 1998, the council will be reduced to seven members, including the mayor. All seven members will continue to be elected at-large on a non-partisan basis, with three elected from residency districts. All council members will have four-year terms, except the mayor who will have a two-year term.

The County elects five commissioners, as well as the Sheriff, Register of Deeds and Clerk of Courts. All county elected officials are selected on a partisan, at-large basis. The commissioners have two-year terms, but the other elected officials have four-year terms. The Soil and Water District has four elected officials, each selected on a non-partisan basis to four-year terms. The County and Soil and Water District elections are held in even years, with the primary in May and the general election in November.

The school board has seven members, with four elected from pure districts, two from consolidated districts and one at-large. School board elections are non-partisan and held on the first Tuesday in May in even years. Run-off elections are held four Tuesdays later (either the last Tuesday in May or first one in June) if necessary.

The Soil and Water District, the only other local entity with elected officials, has one elected supervisor and three elected board members. These officials are also chosen in non-partisan elections to four-year terms.

The County Board of Elections supervises voter registration and local elections in Durham County. Local elections are conducted for four entities—the City, County, School District and Soil and Water District. According to the Board of Elections, each local election costs from \$50,000 to \$65,000. Due to the different electoral cycles, local elections are held every year in Durham.

According to the Board of Elections, there are 144,426 registered voters in the County, of which about 62 percent are Democratic and 64 percent are White, and 119,674 registered voters in the City, of which about 63 percent are Democratic and 59 percent are White. The County has 69 distinct precincts and sub-precincts (townships)⁵.

C. Fiscal Structure

The property tax remains the single most important revenue source for the City and County. As indicated in [Appendix B](#), property taxes represent about 28 percent of total City revenues and 51 percent of all County revenues.

The City's tax rate is \$0.68 per \$100 of assessed valuation and the County's tax rate is \$0.9297. The County may levy this tax on *Group 1* functions (i.e., social services, schools, courts, jails, elections and debt) without restriction as to the tax rate or amount.

⁵ There are actually 54 precincts, but 15 precincts have been subdivided into sub-precincts as the City annexed territory in the unincorporated county.



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The state constitution requires the property tax rate to be uniform except where counties establish service districts and levy a property tax within the district additional to the county-wide property tax for *Group II* functions⁶.

Sales taxes, the second most important tax revenue source, generate 10 percent of total City revenues and 11 percent of County revenues (see Appendix B). The current rate is 6 percent of the sale or lease of retail goods and services, except food consumed at home (taxed at 2 percent), with two-thirds of the revenue allocated to the state and the remaining third to counties. The local sales tax comprises three separate taxes—the Article 39 one-cent tax, Article 40 half-cent tax and Article 42 half-cent tax. The sales tax is paid by purchasers, collected by businesses and paid to the State.

After deducting collection costs, the State returns the Article 39 tax to the county of collection and allocates Article 40 and 42 taxes among counties on a per capita basis. The county then distributes the sales tax it receives from the State using one of two local option formulae—per capita or ad valorem. In Durham County, the City would receive about 45 percent of the revenues using the per capita formula, but only 32 percent of the revenues under the ad valorem formula.

Other local taxes include the intangibles tax, which is distributed to counties and cities based on ad valorem tax levies. The hotel/motel occupancy tax, a 5 percent tax on hotel and motel rentals, generates funds for the City, County and Convention and Visitors Bureau⁷. Counties and cities may levy a fee on franchised cable television firms up to 5 percent of gross receipts and a motor vehicle license tax (up to \$5 per vehicle per year). The County may impose a tax on the privilege of keeping pets (e.g., \$5 per animal).

As indicated by Appendix B, intergovernmental revenues represent a critical revenue source for the City (11 percent of total revenues) and County (20 percent of total revenues). The County receives federal and state funds for social services. The City, receives state shared intergovernmental revenues such as the utility franchise tax, a state tax on gross utility receipts distributed to cities⁸, and the gasoline tax (Powell Bill), the portion of the of state gasoline tax distributed to cities⁹.

Other intergovernmental revenues received by cities and counties include:

- Beer and wine tax – state tax on malt beverages and unfortified wines distributed to cities based on population
- Alcoholic beverage control (ABC) tax – state tax on ABC operations (10% of ABC profits in County)
- Tax exemption reimbursement – State pays 15 percent of the property taxes lost

⁶ Per Article V, Section 2(4) and County Service District Act of 1973, GS Chapter 153A, Article 16.

⁷ In Durham, the City receives 25.5%, the County 34.5% and the Convention and Visitors Bureau 40%.

⁸ Equal to 1% of gross receipts from local business conducted within the city.

⁹ This source is derived from \$0.0175 per gallon plus 6.5% of net proceeds of Highway Trust Fund, distributed based on population and road mileage and earmarked for street maintenance and traffic control.



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due to the Homestead Exemption

- Inventory tax credit -- State reimbursement for repeal of business inventory taxes (80% distributed on ad valorem basis and 20% based on per capita basis)

Other revenue sources include licenses and permits, charges for services, fines and forfeitures, investment and rental income and other revenues (e.g., sale of surplus equipment and transfers from reserves). Of these, charges for services are the most important revenue source for the City and County. They generate 35 percent of total City revenues (mostly water and sewer charges) and 8 percent of total County revenues.

The City and County enjoy excellent debt ratings and financial conditions. The County is one of four counties in the state and one of 50 local jurisdictions in the US with a AAA rating. At June 30, 1999, the County had \$218.6 million in debt, primarily in general obligation bonds, and no authorized, but unissued bonds. The County has never issued revenue bonds. Its undesignated general fund balance was \$24.8 million in FY99, and its enterprise fund had net equity of \$3.8 million.¹⁰

The City is one of 25 cities in the US with Standard & Poots' AAA rating¹¹. Its revenue bond ratings include a AA from S&P and Fitch/IBCA and an Aa1 from Moody's. At June 30, 1999, the City had \$366.5 million in outstanding long-term debt, primarily in general obligation bonds. The City also had \$126.7 million in authorized, but unissued bonds. From FY94 to FY98, the City's undesignated general fund balance rose from \$6.5 million to \$18.5 million, but it declined to \$16.1 million in FY99.

The City's fund balance policy is to maintain the balance at 12 percent of adjusted general fund appropriations with an optional level of 15 percent and excess balances transferred to capital projects. It should be noted, however, that the general fund projection for FY01 anticipates a \$3.5 million revenue gap (this gap is generally filled before the preliminary budget is submitted to the Council). The City also faces the potential depletion of its risk retention and parking control funds by FY04.

D. Operating Structure

Overview of Services - The City and County have comparable corporate management structures. Both have council-manager governance forms with managers functioning as chief executive officers. However, the County government, unlike the City, is in some ways an extension of state government. Many County functions are supervised by appointed boards pursuant to state legislation¹².

The County's primary emphasis is in health and human services. While it leased Durham Regional Hospital to Duke University Health System in 1998, it continues to offer all

¹⁰ The enterprise fund had a retained deficit balance of \$17.8 million due to losses on the transfer of water and sewer lines to the City.

¹¹ The City has a AAA rating from Fitch IBCA and an Aa1 rating from Moody's for general obligation bonds.

¹² Mecklenburg and Wake counties have merged their social, senior, mental health, and public health boards.



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mandated social, mental health and public health services. Through the Sheriff, the County provides law enforcement, correctional and civil process services. The County has a fire marshal, and approves budgets for independent fire districts. In addition, the County oversees the library system, supports certain cultural programs and approves the local property tax budget for the Durham Public Schools.

The City's primary focus is on public safety (e.g., police and fire services), roads and water and wastewater treatment. However, it also offers comprehensive services in such areas as community development, parks and recreation, and solid waste management. The City also operates the Civic Center, Athletic Park and a public transit system, and supports several cultural assets (e.g., Carolina Theater and Durham Arts Council).

The City and County operate comparably-sized programs. In FY99, the City had reported expenditures of about \$219.3 million and 2,142 full-time equivalent employees¹³. For the same fiscal year, the County spent about \$249.5 million with 1,819 full-time equivalent employees¹⁴ (see table on next page). This amount includes local school district revenues.

The City's most significant commitments, in terms of operating expenditures, are for water and wastewater treatment, solid waste management and other environmental services (31% of total costs), law enforcement and other public safety services (21%), and public works and transportation (11%). The County's biggest operating expenditures are for health and human services (32%), education (25%), law enforcement and other public safety services (10%) and judicial and correctional services (6%). These expenditures are presented by program area in Appendix B.

The City and County duplicate few services. For example, in the County's most important service area, health and human services, the City plays a minor role. Conversely, in most traditional municipal services, like community development, recreation, street maintenance and lighting, and sanitation, the County offers limited services. The City is the sole water treatment provider in the County and, while both entities have wastewater treatment facilities, they strive to minimize any duplication of service.

Summary Profile of City and County Services – FY99

Program Area	City Costs	County Costs	City %	County %
Governance & Executive	\$3,493	\$2,133	58	37
Financial Management	7,921	6,135	80	87
Other General Government	6,716	5,118	68	72

¹³ Based on City of Durham FY99 CAFR, FY00 Operating Budget and data from City Budget Director.

¹⁴ Based on Durham County FY99 CAFR, FY00 Operating Budget and data from County Budget Director. The County costs include school district costs, but exclude welfare pass-through benefits.

¹⁵ The program/service categories used for this project, which do not necessarily reflect current City & County cost centers, are defined in more detail in Appendix A.



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Planning & Development	12,154	4,012	152	2
Public Works & Transportation	33,995	5,810	352	31
Environmental Services	66,929	8,277	461	16
Law Enforcement	28,158	7,071	542	139
Other Public Safety	16,591	10,795	326	125
Judicial & Correctional	0	13,909	0	307
Health & Human Services	0	85,007	8	882
Community Services	9,853	907	115	8
Educational	0	62,672	0	0
Library & Cultural	0	6,753	0	113
Other Operating	4,262	208	0	0
Debt Service & Capital	28,040	30,660	0	0
Total - All Programs	\$219,330	\$249,467	2,142	1,819

Note: The cost data are from City & County FY99 CAFRs exclusive of interfund transfers. All costs are presented in thousands. The FTE data represent FY99 estimates from City & County FY00 budgets. FTE = Full-Time Equivalent employee.

Below, we have provided a brief summary of the City's and County's key operating characteristics by major programmatic area. We also have identified which of the organizational or programmatic areas are most likely to be affected by merger.

Governance & Executive - The two entities employ similar forms of governance. The City employs the council-manager form and the County uses the Commission-Manager form. However, since many County employees report to independently-elected officials (e.g., the Sheriff) or quasi-state commissions (e.g., Social Services), the County Manager has less direct control over employees than does the City Manager.

Their executive management functions differ. Both entities have central management, legislative clerk, legal, budget and public information offices, but that is where the similarity ends. In addition to these units, the City has distinct grants, internal consulting and equal opportunity assurance offices.

In FY99, the City spent \$3.5 million on governance and executive functions and maintained a staff of 58 employees, excluding elected officials. The County, with its smaller legislative body and less centralized executive structure, spent \$2.1 million on governance and executive functions in FY99 and maintained a staff of 37 employees. These functions are likely to be significantly impacted by merger.



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Financial Management – Both the City and County maintain finance, purchasing, internal audit and risk management functions, but they vary somewhat in scope and magnitude. The City maintains a much larger billing function due to its utility billing requirements, while the County administers the joint tax administration function. The risk management programs vary significantly in philosophy and approach. With the exception of tax administration, all financial functions could be impacted by merger.

In FY99, the City spent \$7.9 million on financial management activities, including risk management, and maintained a staff of 80 employees. About 35 of these employees are involved with cash management and customer billing functions. In contrast, the County spent \$6.1 million on financial management activities, with 87 employees. The County Tax Assessment and Collection Department had 60 of these employees. The two purchasing departments are similarly sized.

The City's risk management program is coordinated by the Finance Department. The City retains some risk for general, auto, workers compensation, health and dental coverage, but purchases insurance for claims in excess of coverage provided by its risk-related internal service funds. The City employs a case-by-case claims approach, invoking immunity on a limited basis. At June 30, 1999, the City reported pending claims of \$6.8 million and negative retained earnings of \$8.6 million for its Risk Retention Fund (the debt ratings for its certificates of participation remain AAA/A1+ from S & P)¹⁶.

The County's risk management program is coordinated by the County Attorney. The County is largely self-insured for general, auto and dental coverage, but purchases general liability excess insurance, health insurance and medical malpractice insurance for its clinics and public health programs. The County often invokes sovereign immunity. At June 30, 1999, the County reported a \$2.5 million risk reserve in its General Fund and \$250,000 in incurred but unreported claims¹⁷.

Other General Government – The City and County have human resource and information technology management departments with similar capabilities. However, only the City has a centralized records management function, and the County has exclusive responsibility for the deed registry and election management functions. With the exception of the Election Board and Register of Deeds, all other general government functions could be impacted by merger.

In FY99, the City spent \$6.7 million on other general government activities (i.e., records management, human resource and information technology) and maintained a staff of 68 employees. The County spent only \$5.1 million on other general government activities, and had 72 employees. Their human resource management offices perform equivalent functions, including recruitment, selection, position control, compensation administration, employee relations and training.

¹⁶ Per City's FY99 CAFR.

¹⁷ Per County's FY99 CAFR.



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The City's technology platform has a strong mainframe and COBOL orientation. Most of its mission-critical applications run on a Unisys Clearpath mainframe, but its public safety applications run on an IBM AS/400 midrange server. Its network infrastructure provides wide-area remote access to 40 sites through Novell Netware and Windows NT servers and a network of 900 desktop units. Its desktop environment is dominated by Intel workstations and Microsoft software. Historically, the City has built mainframe-centric legacy applications in COBOL, with limited documentation.

The County's technology platform comprises an AS/400 and servers for tax and social service applications and a network-based IBM ES9000 system for most other business applications (e.g., finance, payroll, purchasing and human resources). Since 1997, the County has been migrating from a mainframe-based to a network-based client/server environment. Its recently completed Novell NT network links all county agencies and 25 sites to the AS/400, ES9000 and e-mail systems. Unlike the City, the County generally prefers packaged software, developing custom applications only as necessary (e.g., jury selection and elections).

Planning & Development Services – Both the County and City offer economic development programs, but only the City provides planning, building inspection and housing and community development services. The City, pursuant to an inter-local agreement, operate joint Planning and Building Inspections departments for the City and County. Since these services have already been merged, City-County merger will have a limited fiscal impact.

The City spent an estimated \$6.1 million on housing and community development programs. The City's Housing and Community Development Department maintains a staffing level of 40 FTEs, administers federal and state grants and supervises code enforcement. The County does not have minimum housing codes or a housing program. City-County merger could facilitate the extension of some community development services to unincorporated areas, but we have assumed for the purpose of this analysis that the impact of merger will be limited.

The City spent about \$3.4 million on economic development activities in FY99, mostly for economic revitalization and tourism activities. The City's Office of Economic and Employment Development (OEED) leads HUD-funded economic revitalization efforts in the City, administers the federal Job Training Partnership Act (JTPA) program countywide and provides job training and development services for the County's Welfare to Work initiative. The County spent \$428,000 in FY99, primarily for regional promotion, and has a contract with the Chamber of Commerce for industrial development. Given the different roles played by the City and County, merger is unlikely to have a fiscal impact.



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Public Works & Transportation – The City is the dominant local provider of public works and transportation services in Durham. In FY99, the City spent nearly \$40.0 million on public works and transportation services, including asset management functions. The City has about 352 employees staffing these programs¹⁸. With the possible exception of asset management activities, City-County merger should not have a material impact on local public works and transportation services.

The City performs traffic engineering, development review, street, water and sewer design services, taxi cab permit services, and construction design, surveying and inspection services. It also staffs the Metropolitan Planning Organization (MPO). The City maintains 825 miles of streets, 192 miles of sidewalks and 10,383 street lights, provides street cleaning, right-of-way and urban forestry services, owns and operates 17 parking facilities, and operates a municipal bus service (65,000 bus passenger trips annually).

In contrast, the County reports nominal expenditures for these programs¹⁹. The County Engineer performs engineering design work and construction inspections for County infrastructure projects. The State Transportation Department maintains roads in the unincorporated area on behalf of the County. The County provides transit services to human service agencies via contract with the City. The City, in turn, provides the services through a vendor.

Both entities have substantial asset management duties. The City manages 75 facilities, including City Hall, the Police headquarters building, parking garages and cemeteries. It maintains 1,900 vehicles, 3,000 radios (some are county-owned), an 800 MHz radio system and three transmission towers. The City recently consolidated its Fleet Maintenance and Asset Management departments.

The County manages 45 facilities, including the Administrative Complex, General Services Complex, Youth Home Complex, Memorial Stadium, Main Library, Judicial Building, Sheriff stations and Animal Shelter. The County owns 369 vehicles, 217 of which belong to the Sheriff's Office. The County does not have a centralized fleet repair unit, but its General Services Department is responsible for other assets.

Environmental Services – While the City and County both offer environmental management services, the City's services and capabilities are far more extensive. In FY99, the City spent \$66.9 million on environmental services, and had 461 staff, but the County only spent \$8.3 million and had only 16 staff²⁰.

¹⁸ These estimates are based on the City's FY00 Budget (see Appendix B).

¹⁹ Some County costs are reported in other programs (e.g., road signage and non-profit transportation agencies).

²⁰ Per City's FY99 CAER and FY00 Budget.



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The City operates two water treatment plants, the Brown and Williams plants,²¹ and serves over 61,000 water customers throughout the County. The City operates two wastewater treatment plants²² and maintains 851 miles of water and wastewater lines and 389 miles of storm sewers.²³ The City also offers industrial pretreatment and backflow prevention programs.

It collects residential garbage, yard waste and bulk waste as well as waste from stationary commercial containers. It also operates a 1,000 ton-per-day transfer station, rubble landfill and yard waste composting facility, and coordinates recycling and household hazardous waste collection programs. In 1997, the City's unlined landfill closed and the City began transporting solid waste from the City transfer station to a lined landfill in Virginia.

The County does not provide water treatment services, but it does oversee an outsourced wastewater treatment plant for City and County lines, the Triangle Wastewater Treatment Plant²⁴ and contracted wastewater line maintenance services. It manages six convenience centers to allow County residents to drop off solid waste, and manages ten-year comprehensive solid waste management plan. The County and Soil and Water Conservation District administer soil erosion control programs. The County does not have a storm water program, but will be required to develop a program in the near future.

Law enforcement – Both the City and County provide law enforcement services, but the City's law enforcement operation is substantially larger than that of the County's. Medical examination services are provided to law enforcement agencies through the Office of the State Medical Examiner at the University of North Carolina (UNC) Hospital. Law enforcement services (excluding medical examination services) are likely to be materially impacted by merger, depending on how they are structured.

The City Police Department spent about \$28.2 million in FY99. For FY00, the department has a budget of \$31.1 million and 572 full time and 7 part time positions. Uniform patrol is the Department's largest program, but it also provides a full complement of other services (e.g., investigation, narcotics interdiction, traffic control, community-oriented policing, school resource officers and park rangers). The Police Department also provides crime scene support for the Sheriff. The Department has 426 vehicles and purchases 46 new vehicles each year for patrol officers.

The Sheriff's law enforcement program, spent an estimated \$7.1 million in FY99. It has five stations and 160 vehicles. Its FY00 budget provides for about 132 positions providing services similar in nature to those provided by the Police Department. The Sheriff's Office, which is certified by the Commission on Accreditation for Law

²¹ These plants have a combined capacity of 52 million gallons per day (MGD) with plans to increase the Brown Plant's capacity by 39 MGD.

²² Two wastewater treatment plants each have a 30 MGD capacity.

²³ Data obtained from City's FY99 CAFR.

²⁴ The wastewater treatment plant has a capacity of 6 MGD with plans to extend that capacity to 12 MGD.



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Enforcement Agencies, Inc. (CALEA), also provides a variety of services (e.g., uniform patrol, investigation, narcotics interdiction and school resource services) to the unincorporated area of Durham. However, investigation services, especially narcotics interdiction and investigation services, often require deputies to operate within the City limits. The Sheriff provides its own dispatch support service while Police Department relies on the City/County 911 Communications Department for this service.

Other Public Safety Services - Fire protection services are provided by the City Fire Department and eight independent fire protection districts (five based in Durham County, two in Orange County and one in Person County). The City Fire Department serves a much larger population base than the five independent Durham County-based fire districts combined, and has more personnel, but, ironically, less equipment.

The City Fire Department operates 12 stations with a budgeted staff of 272 employees (including 240 trained fire/rescue staff) and a FY00 budget of \$14.5 million. It provides fire prevention and suppression services in the City, and responds to emergency medical services (EMS) calls within the City as well as EMS and fire calls in the unincorporated area on an as-needed basis. During 1999, it responded to 5,735 fire incidents and 10,245 EMS calls within the City and conducted 9,677 inspections and 1,261 plan reviews. Its average response time for fire and EMS calls is just under four minutes.

In the aggregate, the five fire districts based in Durham County operate 12 fire stations with a staff of 284 and budget of \$2.7 million.²⁵ All have mutual aid agreements and respond out of their districts as needed. The fire districts provide EMS services in the unincorporated area and also make frequent calls within the City. During 1999, they responded to 1,989 fire calls and 4,780 EMS calls. Their average response ranged from 6 to 8 minutes for EMS and 6 to 11 minutes for fire calls.

The County Fire Marshal directs fire prevention services (e.g., facility inspections and arson investigations) in the unincorporated areas, and coordinates fire district training, emergency management and environmental safety services. In 1999, the Fire Marshal conducted 76 fire investigations and about 2,500 inspections. The Fire Marshal's FY00 budget is \$458,000, exclusive of emergency management costs, with a staff of six, excluding three individuals assigned emergency management duties and three FTE Lebanon fire station employees supervised by the Fire Marshal. The total FY00 budgeted cost for unincorporated area fire protection and EMS is \$3.2 million.

The County Emergency Medical Services Department, which became a County department in 1998, serves as the primary provider of ambulance services in the County. For FY00, the County is budgeted to spend about \$4.9 million on EMS with 98 EMS employees. EMS vehicles are deployed from four stations within the City limits and from each of the volunteer fire stations. The City stations provide around-the-clock EMT-P services and non-emergency transport services. Parkwood provides EMT-P services 24

²⁵ This is FY00 budget, and includes \$1.8 million in salary and benefit costs.



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hours per day. The other volunteer fire districts are provided around-the-clock coverage using a blend of County EMS and fire district resources.

The Durham Emergency Communications Center, with 54 employees, serves as Durham Metro's public safety answering point (PSAP), receives all 911 calls for the City and County, and dispatches calls via its 800 MHz radio system. The 911 Center receives about 70 percent of its funds from the City and 30 percent from the County. In FY99, the City spent an estimated \$3.6 million on emergency communications and the County spent an estimated \$688,000²⁶.

The 911 Center receives calls for service and provides communications services for the City's Police and Fire Departments, the County's Fire Marshal, Emergency Management and EMS departments and the volunteer fire departments. It receives calls for service for the Sheriff's Office and transfers those calls to the Sheriff's Office, which provides its own communications services. The Sheriff also receives emergency calls. The City police and fire, volunteer fire departments, EMS and Highway Patrol employ an 800 MHz radio system, but the Sheriff uses its own 400 MHz radio system.

Under an inter-local agreement, the Durham City/County Emergency Management Agency is administered by the County and funded equally by the City and County. The Emergency Operations Center is fully operational. The City and County spent a total of \$386,000 in FY99. The Animal Control Department, which is funded by the County and serves the entire County, spent \$913,000 in FY99 with 15 employees²⁷.

While fire protection services are likely to be materially impacted by merger, the other public safety services provided by the City and County are less likely to be significantly impacted by City-County merger.

Judicial & Correctional Services - The County Sheriff is the exclusive provider of detention, court support and civil process services in Durham County, staffing these programs with about 264 employees. The County spent an estimated \$11.9 million on these programs in FY99, but the County Jail, a secure detention facility, accounts for 82 percent of these expenditures. The County also operates a separate County Youth Home facility. We have concluded that City-County merger will have no material impact on these programs.

Health & Human Services - The County is the primary provider of health and human services and the City's role is very limited. The County spent \$85.0 million on health and human services in FY99, including \$53.0 million for social services (405 FTEs)²⁸, \$20.8 million for mental health services (264 FTEs), and \$11.2 million for public health

²⁶ Per County Budget Office, while the City reported costs of \$3.6 million, \$1.4 million of this amount was funded by the County. Thus, the City actually spent \$2.2 million and the County spent nearly \$2.1 million.

²⁷ Estimate based on FY00 County Budget.

²⁸ The FY99 Social Service costs exclude the \$120.3 million public assistance pass-through.



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services (207 FTEs). We have concluded that the County's human services will not be significantly affected by City-County merger.

The County Department of Social Services, a quasi-state agency, administers state and federal programs such as TANF, Food Stamps, Medicaid, Day Care, Job Opportunities Basic Skills (JOBS), Work First, Family Planning and Adult Services. The County spent \$169,000 on the Youth Coordinating Board, a joint activity created to coordinate youth grant funding. The City funds several non-profit social services agencies.

The County operates the Durham Center, the lead agency for mental health, developmental disabilities and substance abuse (MH/DD/SA) services in Durham. The Durham Center is governed by a 20-member Area Board appointed by the Board of County Commissioners. The Area Director reports to the Area Board, not the Board of Commissioners. The City transferred the Durham Community Prevention Partnership (DCPP), a \$1.4 million demonstration project, to the County to help ensure the program's continuation.

The County Public Health Department manages public health programs for all county residents (e.g., communicable disease control, maternal and child health services, public health nursing, dental health, laboratories and vital records). It also regulates sanitation in food-handling establishments, operates rodent and insect control programs, monitors solid waste disposal and conducts occupational disease programs. The County's General Services Department provides mosquito control services.

Community Services - There is very little similarity between City and County capabilities in this area. The City offers a broad array of recreational programs, with a strong focus on community-based parks and recreational activities. The County administers the library system and, through its open space program, has demonstrated a commitment to land preservation.

The City spent an estimated \$11.2 million on parks, recreation and cultural services in FY99, including \$5.1 million for parks and recreation (92 FTEs), \$2.4 million for the Civic Center, \$2.3 million for the Ballpark (22 FTEs), and \$1.4 million for cultural programs. Its Parks & Recreation Department offers a range of recreational resources, including three recreation centers, five pools, 70 tennis courts, 63 parks and playgrounds, and ten miles of trails. The City also is responsible for the West Point on the Eco Park, a 40-acre park with trails, gardens and facilities, Little River Lake and Lake Michie.

The County spent an estimated \$5.2 million for library services (113 FTEs) and \$53,000 for open space and forest protection services in FY99. The County Library system includes the Main Library and five branch libraries. The County recently initiated an open space program, the first of its kind for Durham, with some 200 acres of open space along river corridors and plans to set aside 300 more acres of open space.



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Unless the governing body of the unified government decides to expand municipal parks and recreation services to the unincorporated areas, an issue to be discussed in a subsequent section of this report, it is unlikely that City-County merger will have much of an impact on community services.

In summary, we have identified several City and County programs that will not be materially affected by political consolidation. Those programs include:

- Planning & development services – planning and inspection services have already been functionally merged, but economic development efforts could be affected
- Public works & transportation – this is based on our understanding that the State will continue to provide road construction and maintenance services to the unincorporated parts of the County after merger
- Other public safety services – City-County merger will probably impact law enforcement and fire protection services, but other public safety services are primarily provided through joint service arrangements
- Judicial & correctional services – these services are provided solely by the County and will not be impacted by merger
- Health & human services – these services are provided by the State and County and will not be impacted by merger
- Community Services – while the City's parks and recreation programs could be expanded via merger, this expansion would not be required by merger and thereby does not loom as a major merger issue

In subsequent sections of the report addressing the fiscal and qualitative impacts of merger, we will discuss the City and County programs or functions that are more likely to be impacted by merger.

E. Overlapping Local Jurisdictions

In addition to the City and County, there are several other local government jurisdictions levying property taxes in the County. Those jurisdictions include seven fire protection districts, two special districts (the Research Triangle Park and Butner Safety districts) and a small portion of the Town of Chapel Hill. The fire districts and the Research Triangle Park District are discussed below.

Most fire services in the unincorporated portion of the County are provided by independent fire protection districts. There are seven independent fire protection districts levying property taxes in Durham County, as follows:

- Bahama Fire Protection District
- Bethesda Fire Protection District
- Lebanon Fire Protection District
- Parkwood Fire Protection District



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- Redwood Fire Protection District
- Eno Fire Protection District
- New Hope Fire Protection District

Of the districts listed above, the first five are located in and primarily service Durham County residents. The last two districts listed—Eno and New Hope—are based in Orange County, but serve small portions of Durham County.

As will be addressed in a subsequent section of this report, the tax rates, costs and service levels vary among the fire districts. The ISO ratings for commercial and residential fire insurance also vary among the districts due to differences in geography, service levels, infrastructure (e.g., fire hydrants) and other factors. Together, the voluntary fire protection districts have 12 fire stations serving the County. All have mutual aid agreements and all respond out of their districts as the need dictates.

The other major taxing district in the County is the Durham-Wake Counties Research and Production Service District. This district was established to collect taxes for the benefit of the Research Triangle Park (RTP) research and industrial area. The portion of RTP located within Durham County receives services from several sources as outlined below:

- The Durham-Wake Counties Research and Production Service District provides roadside landscaping, pedestrian path development and maintenance
- The City provides water supply and treatment services
- The County provides law enforcement, fire marshal, emergency management and wastewater treatment services, as well as other county-wide services
- The Bethesda and Parkwood fire protection districts provide fire protection and emergency medical services
- The State Department of Transportation provides roadway maintenance
- The Triangle Transit Authority provides bus service
- Private entities (e.g., the Research Triangle Foundation and private for-profit firms) provide right-of-way mowing and solid waste collection services

In effect, the RTP receives the same types and levels of service from Durham County that other parts of unincorporated Durham County receive, except that it also receives potable water from the City of Durham.



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III. CITY-COUNTY CONSOLIDATION

A. National Merger Trends

Massive, high profile corporate mergers have become commonplace in the US. In virtually every major industry, from energy to entertainment, we have witnessed a transformation of the corporate landscape. In the private sector, companies merge for different reasons—to strengthen their production capabilities, to exploit marketing opportunities, to improve their competitive positions and even to attain certain efficiencies.

In contrast, City-County mergers have been relatively rare. In 215 years of US history, only 31 cities and counties have united. The first merger, between New Orleans Parish and the City of New Orleans, took place in 1805. The nation's largest merger occurred in 1898 when New York City was formed from the five boroughs. Other mergers followed in Boston, Philadelphia, Denver, San Francisco and Honolulu, but it was not until 1947 that the first "modern" merger took place in Baton Rouge, Louisiana (so named because of its use of service districts and suburban exemptions).

Since 1947, there have been 23 city-county mergers. During the 1960's and 1970's, there was a wave of mergers, some involving large communities. Three of the most publicized city-county mergers, those in Nashville-Davidson County, Tennessee, Jacksonville-Duval County, Florida and Indianapolis-Marion County, Indiana (Unigov), took place in the 1960's. The next decade witnessed successful mergers in such communities as Anchorage, Alaska and Lexington-Fayette County, Kentucky, but the pace slowed.

Since the 1970's, efforts to merge city and county governments have largely met with apathy or resistance, particularly outside of the Southeast. There were only two successful mergers during the 1980's, and both were in the Southeast (Houma, Louisiana and Lynchburg, Tennessee). This decade, there have been only four city-county mergers, with three implemented in the Southeast (Athens, Georgia, Lafayette, Louisiana and Augusta, Georgia) and one outside the Southeast (Kansas City, Kansas).

Upon first reflection, it is easy to understand why so few city-county mergers have been enacted. They often pose threats to existing political structures and office holders, and engender opposition from constituencies who feel they will be disenfranchised. Merger costs and disadvantages tend to be more immediate and obvious, but potential merger benefits tend to be long-term and difficult to convey in a brochure or 30-second ad.

While public sector mergers are often promoted for their potential cost savings, the reasons for merging public sector entities are at least as diverse as they are in the private sector. In fact, cost savings may be the least important reason for public sector mergers. The communities supported merger for a variety of reasons. The most compelling arguments advanced by merger proponents include the following:



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- Neutralize a threat posed by municipal annexation or improve local control over growth management and other community "destiny" issues
- Improve the delivery of services, by expanding some services from urban to rural areas (e.g., sewer treatment), adopting uniform codes and service standards (e.g., building inspections) or providing "one-stop shopping" for services
- Improve the efficiency of government, by reducing administrative costs or reducing the duplication of services (e.g., a single property tax bill)
- Enhance the public image of government

Only two surveyed communities—Augusta and Athens—used merger to broaden their tax base (e.g., by extending a municipal tax to the county). Only one surveyed community, Augusta, supported merger in order to bail out a financially distressed city.

Regardless of their reasons for initially supporting city-county merger, the communities that we surveyed, with the benefit of hindsight, continue to view city-county merger as a sound decision. As reflected by the results of our Phase 1 survey of city-county mergers (presented in Appendix C), these unified governments discovered that, while consolidation was more difficult to implement than initially expected, its long-term benefits, such as improved services and efficiency, far outweighed the implementation costs.

Most mergers implemented since World War II have employed the Baton Rouge service district model. In order to minimize the initial costs of merger and ensure tax and service equity, most communities have created distinct service or tax districts for urban and rural areas. Merger plans using this approach provide for higher taxes and more services in urban service districts and lower taxes and fewer services in rural service districts.

One of the most difficult challenges inherent in mergers is determining the appropriate political structure. Merger advocates must balance efficiency against the need to minimize the perceived political "losers." Many consolidated entities adopted larger legislative bodies than desired to enhance the prospects of voter approval. For example, the initial structure in Lexington, Kentucky had a weak mayor form and a 15-member council (a subsequent charter initiative adopted a strong mayor form). While some there would prefer a smaller council, they concede that a 15-member board was key to initial voter approval.

For Phase 2, we conducted follow-up interviews of officials of three unified communities that implemented city-county consolidations since 1996. Those communities are Augusta-Richmond, Georgia; Lafayette, Louisiana and Kansas City-Wyandotte, Kansas. The results of the follow-up interviews are summarized in the table below.

Summary of Follow-up Survey Responses

Mergers Issues	Augusta- Richmond County	Lafayette Consolidated Gov.	Kansas City-Wyandotte County
Transition	Did not track transition	Did not establish transition	Incurred some transition



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costs	costs, but spent \$200,000 grant. Minimized relocation costs since City & County staff co-located pre-merger.	budget & did not report transition costs.	costs to integrate computer & telephone systems, but did not track such costs.
Other merger costs	Restructured pension plans into defined contribution plan in 1998. After 1997 pay study, made \$3 million in pay changes. Offered early retirement to directors with 10+ years of tenure. Standardized health plans & car allowances.	New charter protected all employees with at least one year of service, resulting in many redundant jobs. Took 18 months & \$350,000 to classify all parish staff in City's civil service system.	Will likely incur some added costs as result of recently-completed pay study, but unsure how much of increase due solely to merger.
Quantifiable merger benefits	Cut 67 duplicate jobs, added \$10 million from countywide utility franchise tax, obtained A+ bond rating, increased reserves by 18% & converted City's generous pension plan.	Chamber's fiscal impact analysis forecast \$5.4 million in annual cost savings, but actual savings have been limited to position reduction via attrition.	Cut employees by 14% in two years via attrition & reduced some duplication (e.g., management, legal & systems). 1 st operating budget cut costs by 3%.
Qualitative merger benefits	Prevented City's default, restored fiscal health of water/wastewater systems, equalized water/wastewater rates, resolved longstanding jail issue & upgraded old technology platform	Protected Parish, which suffered from shrinking tax base (annexation-related), from greater fiscal stress, if not potential default.	Mayor claims that tax levy has declined since merger; tax levy down from 97 mills in 1995 to 76 mills today (could be due to increased valuation).
Other issues	While new entity enjoys good image, many citizens question why tax rate has not declined more.	City & Parish merged politically, but not yet functionally (e.g., Sheriff & police retain separate communication systems).	A major annexation one year before merger virtually eliminated remaining unincorporated area.

Given the limited post-merger analyses of merger costs and benefits by these entities, it is difficult to validate their estimates of costs and benefits. Nevertheless, there is a strong consensus among the officials we surveyed that their unified governments provide a stronger, more effective and more accountable public service model than their independent city and county governments did before merger.

We found two post-merger cost-benefit analyses of recent city-county mergers of some utility. A report issued by the University of Georgia's Vinson Institute of Government and Syracuse University's Maxwell School found that, as a result of the merger of Athens, Georgia and Clarke County, "per capita costs declined over time and there were cost savings in some functions."²⁹ General government costs declined on a per capita basis and police costs, after rising 15 percent in the first two years, fell by 10 percent in

²⁹ *The Expenditure Impacts of Unification in a Small Georgia County: A Contingency Perspective of City-County Consolidation*, Selden & Campbell, February, 1999.



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the next five years.³⁰ According to a study of the Kansas City-Wyandotte County merger, that entity's first budget (FY99 budget) achieved a 3 percent cost reduction.³¹

The costs and benefits of merger are largely a function of how the merger plan is structured and implemented. The Vinson Institute of Government/Maxwell School report noted that "costs are contingent on the policy decisions of the elected commission, the management initiatives of key professional staff and the constraints imposed ... by ... the ... charter."³² Another study found that "the benefits of consolidation ... depend ... on ... how a consolidation is designed and implemented..."³³

According to the National Association of Counties (NACo), only about one-sixth of the city-county merger issues placed on the ballot since 1920 have been approved by voters. In the last decade, voters approved only four of 17 mergers, rejecting city-county mergers in such communities as Sacramento, California, Spokane, Washington, Des Moines, Iowa, and Tallahassee and Gainesville, Florida³⁴. Even in many areas where mergers have been approved, like Athens and Augusta, voters defeated earlier attempts.

Nevertheless, over 16 million people live in consolidated city-county jurisdictions. While nearly 50 percent of these people live in New York City alone, many live in such small communities as Butte, Montana, Sitka, Alaska, and Carson City, Nevada. In addition, many residents of Virginia live in cities or counties which effectively function as consolidated city-county governments (e.g., Richmond City, Arlington County, Chesterfield County or Henrico County).

Further, NACo reports that several communities, in addition to Durham, are considering city-county consolidation. Those communities include Louisville, Kentucky, Albuquerque, New Mexico, Pueblo, Colorado and Macon, Georgia. Given the history of such efforts, however, these communities would be wise to proceed carefully.

B. Merger Trends in North Carolina

Only 27 states allow city-county consolidations. In some of those states, the statutes encourage cities and counties to pursue merger opportunities (e.g., Georgia). However, most of the other 27 states, including North Carolina, have laws that permit, but do not necessarily promote, city-county mergers.

The Constitution of North Carolina expressly authorizes city-county mergers and empowers the General Assembly to enable counties and cities to establish service

³⁰ Ibid.

³¹ *Redesigning County Government for the Year 2000 and Beyond: An Update*, Lawrence, November, 1999

³² *The Expenditure Impacts of Unification in a Small Georgia County: A Contingency Perspective of City-County Consolidation*, Selden & Campbell, February, 1999.

³³ *Fiscal, Service and Political Impacts of Indianapolis-Marion County's Unigov*, Blomquist and Parks, 1995

³⁴ National Association of Counties Research Brief on Consolidation, July, 1998.



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districts (USDs)³⁵. About 30 years ago, the General Assembly enacted legislation to facilitate city-county consolidations—the Consolidated City-County Act. In order to facilitate mergers, the act provides for the creation of USDs.

The North Carolina Consolidated City-County Act provides a broad legal framework for city-county mergers. Under its provisions, the largest municipality in the county is abolished and its powers, duties and rights are consolidated with those of the county³⁶. The Act contemplates the survival of the county as the combined city-county government, and the dissolution of the merged city, but it suggests that the consolidated city-county will have the powers of a county and, within an USD, a city as well³⁷.

Under the North Carolina Consolidated City-County Act, the governing board may establish USDs. If the governing board establishes any USDs, it must establish one coterminous with the boundaries of the abolished city³⁸ and may establish other USDs where no municipality previously existed³⁹ in other areas to provide services or facilities to a greater extent than those provided for the entire consolidated city-county⁴⁰.

A merger may be approved by the General Assembly, with or without voter approval, and must receive legislative approval in any event. However, voters may have to approve any debt transfer from the defunct entity to the consolidated entity and the Local Government Commission may have to review debt assumed by the new entity and determine the right of the new entity to issue authorized, but unissued debt⁴¹.

Once the merger has been consummated, the new governing board, after meeting certain annexation and public notice standards, may expand, consolidate or abolish USDs. It may expand an USD by annexation if the annexed area has a population density of at least one person per acre and an assessed valuation of at least \$1,000 per resident, or if at least 60 percent of the area is developed⁴². It may consolidate contiguous USDs that provide (or will provide) similar services⁴³. However, it must provide any new or expanded services to a new, extended or consolidated USD within one year⁴⁴. The governing board may also abolish an USD, effective at fiscal year end⁴⁵.

³⁵ Under the North Carolina Constitution, Art. VII, §3, any merged city-county government shall be deemed both a county and city. Under Art. V, § 2(4), the General Assembly may authorize any county, city or town to define areas and levy taxes within those areas to provide services or facilities to a greater extent than those provided for the entire jurisdiction.

³⁶ North Carolina GS §160B-2.

³⁷ North Carolina GS §160B-2.1.

³⁸ North Carolina GS §160B-4.

³⁹ Under North Carolina GS §160B-6, the area must have at least 1,000 residents, a population density of at least one person per acre, an assessed valuation of at least \$2.5 million and require added services.

⁴⁰ North Carolina GS §160B-3.

⁴¹ North Carolina GS §160B-20 is actually special legislation for New Hanover County.

⁴² North Carolina GS §160B-7.

⁴³ North Carolina GS §160B-8.

⁴⁴ North Carolina GS §160B-9.

⁴⁵ North Carolina GS §160B-10.



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The enabling legislation notwithstanding, there has been no successful city-county consolidation in North Carolina. In Wilmington, there have been three unsuccessful referenda on consolidating the City of Wilmington and New Hanover County, the most recent of which was five years ago⁴⁶. More recently, the new Mayor of Wilmington has agreed to discuss consolidation with County officials, but those talks have not begun. In addition, the City and County have agreed to create a Unified Development Code, a possible precursor to the functional consolidation of City and County planning functions.

In Charlotte, there have been extensive discussions about the possible merger of the City of Charlotte and Mecklenburg County. In 1996, however, after many months of work by two citizen commissions, and the development of a 347-page charter, elected officials in Charlotte and Mecklenburg County decided not to place the merger issue on the November ballot. Our interviews with City and County officials indicate that the reemergence of this issue is unlikely in the near future.

One reason that serious city-county merger efforts in Charlotte have stalled is that there are other municipalities in the County (in addition to Charlotte) with a combined population approaching 250,000 that could continue to require County services even if Charlotte and Mecklenburg merged. Another reason is that the functional mergers implemented by the City and County have provided many of the advantages of a full political merger.

According to representatives of the City and County, these functional mergers have been quite successful. Pursuant to a master inter-local agreement, Charlotte and Mecklenburg County consolidated planning, purchasing, police and animal control services under City management and parks, recreation and building inspection services under County management. While to their knowledge, there has been no formal post-merger analysis of costs and benefits, both entities believe that services have been improved without a material increase in the costs of those services.

Their law enforcement merger is illustrative. Initially, merging the County and City police departments increased costs because all pay, benefit and rank variances were adjusted to the higher of two levels. However, these initial costs were recovered within three years through personnel reductions (attrition). Today, officials there believe that their consolidated police department is a more effective and efficient service delivery model than their prior structure. They also believe that their police merger was greatly facilitated by the fact that the old County Police Department was under the direct control of the Board of Commissioners rather than the elected Sheriff.

While a full political consolidation of the City and County appears unlikely for Charlotte's future, more inter-governmental joint ventures are in the works. For example, the City and County are considering a plan to consolidate all 800 Mhz systems used by

⁴⁶ According to Howard Loving, Government Affairs Director for the Greater Wilmington Chamber.



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the police department, fire department and other public safety agencies. Functional mergers of other administrative support functions could be considered as well.

C. Local Cooperation

Introduction – The consolidation of the City of Durham (the City) and Durham County (the County) is being considered for the fourth time in as many decades. In 1961 and 1974, charter commissions developed city-county merger plans. In 1994, the City and County established a citizens task force to recommend a new governmental structure for a merged government. While city-county consolidation has failed to gain voter approval, it has garnered support from many citizens and remains an issue to this day.

Historically, Durham has demonstrated a surprising degree of receptivity to governmental consolidation, restructuring and other forms of cooperation. In 1990, for example, Durham's City and County school districts were merged. School district mergers can be extremely challenging. In fact, even those communities that have implemented city-county consolidations have usually avoided the issue of school district merger. In other words, in taking on school merger, Durham's leaders have already confronted the toughest type of government restructuring required to unify the community.

Since 1988, the City and County have implemented three functional mergers using intergovernmental agreements. In 1988, the two governing bodies merged their respective tax collection and planning offices. Later, in 1993, the City and County consolidated their building inspection programs. As reflected by the summary discussions below, these functional mergers have been successful.

City-County Tax Collector Merger – The tax collector consolidation took place in 1988 when the City transferred its tax collection staff to the County Tax Collector. At the time of the merger, the City and County had a combined tax collection staff of 20 full-time permanent positions and four temporary tax clerks, and a combined annual budget of \$690,000 (excluding \$156,500 in funds for merger implementation).

The County merged the County Assessor's Office with the consolidated Tax Collector's office in 1996. At the time of this transfer, the County Assessor had 38 full-time equivalent (FTE) staff and a budget of \$1,481,000. In FY89, at the time of the tax collector merger, the County Assessor had 38 staff and a budget of \$811,000. Thus, if the County Assessor's Office had been included in the 1988 merger, the combined office would have had 58 positions and an operating budget of \$1,658,000.

In FY99, the Consolidated Tax Assessment and Collection Department had 60 FTE positions and incurred \$2,595,000 in costs. Thus, during a time when the County experienced significant population growth, it maintained staffing levels at pre-merger levels. Moreover, if we assume that, in lieu of merger, the three separate offices would have experienced an average annual expenditure growth rate of 6 percent (below the actual operating cost growth rates of both the City and County for the same period), their



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combined FY99 costs would have been \$3,428,000, nearly 32 percent higher than the actual costs incurred by the merged office.

According to staff, this functional merger had several advantages. First, it improved customer convenience and service, partly by streamlining the payment process. Second, the combined staff gave them the critical mass to increase specialization and became a more complete tax collector office. Third, they believe that total tax collection costs would have increased more dramatically without the merger. Since 60,000 of the County's 90,000 parcels are within the City, they reason that the City would have had to maintain a duplicative tax collection operation for two-thirds of the County's parcels.

Some difficulties were encountered during implementation. For example, the City staff did not want to move and employee benefit structures were different. However, the managers indicated that, by keeping staff informed every step of the way through the merger process, they were able to minimize these difficulties. Today, they regard their functional merger as a positive policy decision for the citizens of Durham.

City-County Planning Merger – The consolidated Durham City/County Planning Department was established in 1988. Pursuant to an inter-local agreement, a cost-sharing formula was established (the local option sales tax formula) and related boards and commissions (e.g., planning, adjustments and development review) were merged. The unified zoning ordinance was not completed until 1994.

At the time of the merger, the combined planning departments had annual operating costs of about \$1,621,000 and a staff of 41 full-time and 3 part-time positions. For FY90, the Consolidated City/County Planning Department had a budget of \$1,981,000 and authorized staffing of 44 full-time and 11 part-time positions. For purposes of comparison, in FY99 the Department's actual costs were \$2,337,000 and it had a staff of 38 FTEs⁴⁷.

Since merger, the Consolidated City/County Planning Department's staffing levels have declined. In addition, its costs have grown at a much lower rate. If we assume that, in lieu of merger, the two separate offices would have experienced an average annual expenditure growth rate of 6 percent (below the actual operating cost growth rates of both the City and County for the same period), their combined FY99 costs would have been \$3,077,000, about 32 percent higher than the actual costs incurred by the joint department.

During this same period, the Department's workload escalated. The City's population rose by 30 percent and the County's by almost 15 percent. The number of dwelling units increased by 37 percent in the City and 18 percent in the County⁴⁸. The Department completed the 2020 comprehensive plan and several other plans (e.g., several Small Area

⁴⁷ Durham City FY99 OAFR and FY90 Operating Budget

⁴⁸ Durham City-County Planning Department estimates.



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Plans, the Durham Open Space Master Plan and the New Hope Creek Corridor Preservation Plan). Three new advisory groups were established.

Staff view their functional merger as a success. They believe that it enabled the Department to improve customer service for developers and neighborhood groups. Through merger, the County was able to quickly strengthen its planning capabilities without increasing its costs. A consolidated planning agency has also ensured greater continuity of planning policy, especially as the City has annexed land.

The merger has not been problem-free, however. With two governing boards, the joint planning agency must participate in far more meetings than would be required under a single governing body. Dual governance also has contributed to questions about accountability. Overall, despite some initial implementation problems, the overall transition reportedly went relatively well.

It should be noted that, despite its apparent success, the joint planning agency could be unbundled at any time. Serious growth management policy disputes (e.g., disagreements about proposed landfill sites in environmentally sensitive areas) or management disputes could engender a split. It is our understanding, for example, that disputes concerning the hiring and firing of planning directors contributed at least in part to the disbanding of joint planning departments in two North Carolina communities.

City-County Inspections Merger – The consolidated City-County Inspections Department was formed in 1993. The Director reports jointly to the City and County Managers, but employees are governed by City personnel policies.

At the time of merger (FY93), the two departments had a total of 49 FTE positions and combined operating expenditures of \$2,322,000. The FY94 budget for the new City-County Inspections Department authorized 45 full-time positions and expenditures of \$2,221,000. The FY94 budget included funds for a new voice mail system and the conversion of County manual records to the City's automated system.

In FY99, the joint Department incurred actual costs of \$2,468,000 and had a staff of 45 FTEs⁴⁹. Thus, during a period when the inspections workload increased, the joint Department reduced staff and operating costs (after adjusting for inflation). Current management is convinced that overall operating costs would have been higher had the two departments not merged. Assuming that the two separate offices would have experienced an average annual expenditure growth rate of 6 percent, their combined FY99 costs would have been \$3,294,000, 33 percent higher than the actual costs incurred by the joint entity.

However, the most important reported benefits of merger involved services. The new Department improved customer service through standard fees and rules, and the uniform

⁴⁹ City of Durham FY00 Operating Budget



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county-wide application of state building codes. It expanded services (e.g., review all residential permits, perform more re-inspections and conduct all state-mandated public school inspections). It accelerated response times for inspection requests, improved overall inspection quality and automated all permits and records.

Some hurdles had to be overcome during the merger implementation process. Staff morale was affected when, based on a pay equity study, County employee salaries were increased, but City salaries were not. Effective and continual staff communications helped alleviate many staff concerns. Until recently, the Department had to use two different budget processes (the County now incorporates City budget formats). Finally, despite merged ordinances, the tendency of the governing bodies to periodically adopt different provisions (e.g., different flag regulations) remains a problem.

Other Cooperative Efforts - In addition to their successful functional mergers (described above), the City and County have executed numerous interlocal agreements for new programs. Those joint ventures include youth services, emergency communications, emergency management and geographic information system (GIS) administration. The City also operates a joint city-county training program.

The City and County pursue other cooperative endeavors. The Durham Convention and Visitors Bureau is jointly funded and owned (the City has 42.5% equity and the County has 57.5%) and managed by a jointly-appointed board. The Durham Civic Center Authority is operated by City employees, but under a jointly-appointed board. The Civic Center also is jointly funded and owned (the County will own 50% equity by 2006).

The two entities also have adopted a cooperative approach to funding cultural and other civic programs. The City, for example, helps fund the Carolina Theater and Durham Arts and the County provides assistance to the Museum of Life and Science. The City helped fund the Museum's new Butterfly House. Both entities jointly fund the Civic Center.



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IV. FISCAL IMPACT OF MERGER

A. Overview of Estimates

Our assessment of the fiscal impact of City-County merger is based on a ten-year horizon and an assumption that the merger will take place on July 1, 2000. While we understand that merger, if it occurs at all, will not take place until well after July 1, 2000, the use of a later implementation date should not materially affect the results of the analysis.

Our fiscal analysis is incremental in that it focuses solely on the quantifiable costs and benefits of merger over a ten-year horizon starting in FY01. That is, it excludes City and County revenues and expenditures that will not be affected by merger, which is to say the vast majority of local revenues and expenditures (e.g., social service, mental health, public health, sanitation collection and transportation costs).

We identified seven potential fiscal impact areas for merger. These fiscal impact areas are listed below and discussed in more detail later in this section of the report.

- Governance and executive - central management, legislative clerk, budget, grants, internal consulting, public information and equal opportunity assurance functions
- Financial management - finance, internal audit and risk management functions only (the tax administration function would not be impacted by merger)
- Other general government - records management, human resource and information technology functions only (the Election Board and Register of Deeds would not be impacted by merger)
- Public works and transportation - asset management functions only (the engineering, road maintenance, street lighting and public transit services would not be impacted by merger)
- Environmental services - sewer, storm water and solid waste management programs only (water and sanitation would not be impacted by merger)
- Law enforcement
- Other public safety services - fire protection services only (communications, emergency medical, emergency management, medical examiner and animal control would not be impacted by merger)

Based on our preliminary estimates, we believe that the merger of the City and County will generate net benefits of \$40.7 million over a ten-year period in adjusted dollars and \$32.0 million in current dollars. As reflected in the chart below (and in [Appendix D](#)), merger will require substantial investments, especially in such areas as pay parity and technology. However, the potential benefits of merger, both in terms of short-term staff reductions and long-term administrative efficiencies, should easily exceed its costs.



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Merger Fiscal Impact Summary (FY01-FY10)

Benefits/Costs	Current Dollars (000s)	Net Present Value (000s)
Benefits:		
Governance and executive	\$9,943	\$9,990
Financial management	10,670	12,326
Other general government	8,432	9,968
Asset management	4,037	5,980
Environmental services	2,006	3,083
Law enforcement	13,024	14,181
Fire protection	1,390	3,197
Other benefits	950	979
Total benefits	\$50,452	\$59,704
Costs:		
Governance and executive	\$470	\$484
Financial management	280	288
Other general government	960	989
Asset management	300	309
Environmental services	540	556
Law enforcement	6,269	6,457
Fire protection	980	1,009
Other merger costs	8,610	8,868
Total costs	\$18,409	\$18,961
Net benefits (costs)	\$32,043	\$40,743

The most significant cost savings resulting from City-County merger will be gained over the long haul, partly as a reduction in the rate of expenditure growth. As a growing community, Durham will continue to experience significant increases in local government expenditures. City-County merger will not necessarily enable local taxpayers to cut taxes over time, but merger will provide for a reduction in the rate of tax increases. Such benefits will be realized more quickly during times of growth and economic prosperity.

We believe that the above cost-benefit estimates are conservative. We have striven not to overstate the potential benefits of merger. For instance, we have projected the reduction of only 100 positions during the first five years of merger, only 2.5 percent of total positions. In contrast, some fiscal impact analyses performed for other communities have estimated staff reductions in the range of 5 to 10 percent.⁵⁰

The merger cost-benefit impact estimates summarized above are presented in accordance with programmatic or functional classifications. As a result, our impact estimates for pay parity are distributed across several categories. In order to provide a clearer picture of merger-related compensation issues, a macro analysis of pay and benefit issues is presented immediately below. The discussion of programmatic costs and benefits is presented later in this section of the report.

⁵⁰ According to Arthur Young's 1989 Fiscal and Service Analysis of Local Government Reorganization in Sacramento, the Jacksonville-Duval County merger resulted in 10% savings and the Sacramento City-County merger would generate efficiency gains in the 5-8% range.



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B. Compensation Equity

The largest cost encountered by most city-county mergers is compensation equity. Most plans seek to equalize pay and benefits and, in an effort to hold employees harmless, equalize compensation at the highest of varying levels. Generally, the most significant compensation equity costs arise when the merged governments have vastly different fiscal conditions. For example, the Augusta-Richmond County merger incurred massive pay equity costs because the City had fallen so far behind the County's pay structure.

In Durham, the City and County are fiscally healthy, and both, as a matter of policy, strive to maintain competitive pay structures. While the City's pay structure is generally higher than the County's (due in part to the City's market adjustment last year), the variances are not nearly as big as they could have been. Nevertheless, as summarized below, the annual costs for pay parity adjustments are likely to approach \$980,000. For this study, we allocated the pay parity cost estimates by program.

Summary of Pay Parity Adjustment Estimates

Program	Employees	Average Annual Salary	Total Pay
Governance & executive	16	\$2,935	\$47,000
Financial management	27	\$1,038	28,000
Other general government	33	\$2,905	95,900
Asset management	12	\$2,514	30,240
Environmental services	30	\$2,270	68,100
Law enforcement	183	\$2,934	537,000
Other departments	228	\$750	171,000
Totals	529		\$977,200

Our estimates of the positions that could require pay parity adjustments is considerably higher than the number of similarly-titled positions would appear to indicate.⁵¹

Until a comprehensive pay and class study is conducted (including a detailed review of job descriptions and a survey of employees), the actual pay equity adjustment costs are difficult to project. The two entities employ different classification systems. The City adopted a hybrid traditional/broad band, market-based compensation plan in 1998 and the County has a more traditional classification system. Since they employ significantly different job titles, it is difficult to identify comparable positions without reviewing job descriptions and surveying employees.

⁵¹ The City Human Resource Office has estimated that there are only about 150 positions in the City and County with some degree of overlap (i.e., similar position titles and requirements).



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There are two factors that could affect the above estimates. First, because both entities regularly conduct market studies and increase starting salaries to maintain the competitiveness of their respective salary structures, the pay equity estimates could be discounted. Second, such market-based adjustments can reduce pay differentials between new and long-term employees, requiring some internal equity adjustments. This could inflate the pay equity adjustments. Our estimates do not reflect these factors.

The employee benefits provided by the City and County appear comparable in some respects, but there are some important differences that could affect the fiscal impact of merger. The key elements of the two benefit programs are summarized below.

- Retirement – since both entities are under the Statewide Local Governmental Employees Retirement System (LGERS), a state-administered multiple-employer defined benefit pension plan, and both offer the state-administered Supplemental Retirement Income Plan, merger should not have a fiscal impact
- Deferred compensation – both entities offer the State and NACo deferred compensation program with similar employer contribution rates
- Paid annual or vacation leave – County vacation leave is accrued at a faster rate than City annual leave, especially for employees with 5 to 25 years of service
- Paid holiday leave – the County grants one more holiday than the City
- Paid sick leave – paid leave accrues at the same rate for each entity (12 sick leave days per year) without limit; while the City allows unused sick leave to be converted to accrued service credit upon retirement and employees to donate sick leave to other employees, we have not projected a fiscal impact for merger
- Paid school service time – the City offers up to 30 paid hours per year for school volunteer activities and merger could have a minor fiscal impact
- Other paid leave – the City offers slightly more generous funeral leave (up to 5 days per year compared to 3 for the County) and military leave (up to 10 days for active or reserve duty compared to 8 for the County), but generally the other leave benefits are similar, and no fiscal impact is projected for merger

The City and County offer different health, dental and life insurance programs. The City offers its employees a choice between two plans, both of which are fully insured, point-of-service plans combining Health Maintenance Organization (HMO) and indemnity benefits. In contrast, the County provides a credit which each employee may use to purchase from a menu of benefits, including health, dental and life insurance.

While the two programs are very different, their respective cost structures do not appear to vary significantly. For the three-year period FY97 through FY99, for example, the City's average per employee costs for health, dental and life insurance were equivalent to the County's employee credit for comparable benefits. As a result, we have not projected any costs associated with benefit parity for health, dental and life insurance.



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We have estimated that achieving benefit parity between the City and County will cost about \$441,900 per year. The projected short-term⁵² benefits and costs for achieving employee benefit parity after merger are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Vacation leave parity	\$(140,000)	\$(140,000)	\$(140,000)	\$(140,000)	\$(140,000)
Holiday pay parity	(271,900)	(271,900)	(271,900)	(271,900)	(271,900)
School volunteer leave parity	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Net Benefits (Costs)	\$(441,900)	\$(441,900)	\$(441,900)	\$(441,900)	\$(441,900)

The above cost estimates assume that the governing body will opt to resolve all benefit differentials to the highest level. As an alternative, the governing body could decrease the vacation leave accrual rate for all new employees or simply reduce the number of paid holidays to the lower level.

We believe that the compensation parity costs outlined above could also be reduced by taking a total compensation approach. In most cases, City salaries are higher than County salaries. However, where employee benefits vary, County benefits are more generous than City benefits. This should create an opportunity to develop a uniform salary and benefit structure that balances differences in the two programs instead of merely adjusting all salaries and benefits to the highest levels. In our view, the incremental value of higher benefits should be factored into any analysis of salary differentials.

The City is moving rapidly toward a full cafeteria plan like the County's. It recently issued a Request for Proposals for qualified benefit providers to propose alternative employee benefit programs for the City. If this effort could be expanded to include County employees, it would provide an opportunity for the City and County to assess the relative costs and benefits of a joint employee benefits program.

C. Corporate Overhead

The merging of City and County governments will result in significant reductions in corporate overhead costs (i.e., governance, executive, financial management, asset management and other general government costs). We believe that the merged government will be able to eliminate or avoid adding at least 59 administrative positions (out of 502 total administrative positions) over the initial five-year post-merger period, generating annual cost savings of nearly \$3.6 million.

⁵² Short-term is defined as the first five after merger.



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For the purposes of this analysis, we assumed that these administrative position reductions will occur incrementally over the first five years after merger.⁵³ The primary costs associated with merger will be \$201,000 in annual pay parity costs for 88 affected employees. Related transition costs are addressed later in this section. The projected short-term benefits and costs are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Position Reductions:					
Governance & executive ⁵⁴	\$255,000	\$510,000	\$766,000	\$1,021,000	\$1,148,000
Financial management ⁵⁵	241,000	482,000	722,000	963,000	1,204,000
Other general government ⁵⁶	197,000	394,000	591,000	788,000	920,000
Asset management ⁵⁷	93,000	186,000	233,000	280,000	326,000
Pay Parity Increases:					
Governance & executive	(47,000)	(47,000)	(47,000)	(47,000)	(47,000)
Financial management	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)
Other general government	(96,000)	(96,000)	(96,000)	(96,000)	(96,000)
Asset management	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Net Benefits (Costs)	\$585,000	\$1,372,000	\$2,111,000	\$2,851,000	\$3,397,000

The net benefits should be \$585,000 in the first year of merger, and increase rapidly each year thereafter as attrition allows the unified government to reduce more positions. Under a merged government, and unified management, there will likely be opportunities for even greater efficiencies after merger is fully implemented. In the long-term⁵⁸, additional benefits should be realized, primarily as a reduction in the rate of expenditure growth.⁵⁹

The overall financial condition of the merged entity should be as least as strong as the fiscal strength of the City and County as separate entities. Assuming the use of the service district model, and the full access of the unified government to the traditional City and County revenue sources, we have concluded that there will probably not be any material revenue changes as a result of merger.⁶⁰ In the case of intergovernmental revenues, we believe that a unified grants management approach could ultimately enhance revenues. Pooling investments could generate minor revenue enhancements.

⁵³ Assume merger will achieve 20% of the position savings in the first year, 40% in the second year, 60% in the third year, 80% in the fourth year and 100% in the fifth year.

⁵⁴ 18 central legislative, administration, legal & budget staff positions @ \$63,800, including salaries & benefits.

⁵⁵ 20 central financial, purchasing & risk management staff positions @ \$60,200, including salaries & benefits.

⁵⁶ 14 central information technology & human resource staff positions @ \$65,700, including salaries & benefits.

⁵⁷ 7 general services, facility & grounds management staff positions @ \$46,600, including salaries & benefits.

⁵⁸ Long-term is defined as Years 6 - 10 after merger is initially implemented.

⁵⁹ We have assumed that long-term costs for this area under a merged government will increase at a 25% lower rate than they would if the City and County governments remain separate.

⁶⁰ The merged entity will have to be careful in determining its allocation of the sales tax to any urban service district; the variance could be as much as \$6 million per the City Budget Office.



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Merger could have an impact on risk management costs, but we have not projected one. The City and County have different risk management strategies. The most important distinction, at least from the perspective of City-County merger, is each entity's approach to governmental immunity. The County, as a matter of policy, takes a harder line on claims, invoking immunity whenever available.⁶¹ In contrast, the City does not always invoke governmental immunity even when it is available. If the unified government adopts the City's philosophy, rather than the County's, overall liability claims could increase.⁶² Alternatively, if the unified body adopts the County's approach, overall risk management costs could decline significantly.

Another overhead function with potential merger-related fiscal implications is asset management. The City and County manage substantial assets, including real property, facilities, vehicles and equipment. We believe that a unified approach to asset management could generate significant efficiencies, in such areas as facility, fleet and equipment management costs. For example, a uniform, state-of-the-art work order system could generate maintenance savings in the order of five percent.

A unified approach to facility management could reduce facility operating costs. The City manages 75 facilities.⁶³ The County owns 40 facilities⁶⁴ and leases another 21 facilities.⁶⁵ Both entities own or lease significant office space. Merger, and a coordinated facility planning program, should reduce office space needs. The City's average office lease costs per employee are over \$2,300 per year. Together, the two entities also might achieve significant contract savings. For instance, the County has \$982,000 in facility-related contracts (e.g., janitorial, preventive maintenance and security).

There are probably some fleet management cost reduction opportunities. The City maintains 1,900 vehicles, including 53 leased vehicles. The County owns 369 vehicles, 217 of which belong to the Sheriff's Office. The City has a centralized fleet repair system, but the County does not. A coordinated fleet program could generate some savings in vehicle acquisition, leasing and repair costs. The City's average annual lease cost is at least \$4,500.

⁶¹ According to the County Attorney, the County enjoys broader immunity than the City for some functions (e.g., sovereign immunity and statutory limits for the Sheriff).

⁶² Additional data will be required from the City in order to assess potential risk management costs.

⁶³ The City owns most of its buildings (e.g., City Hall, fire stations, recreation centers and parking garages), but leases many others (e.g., police substations and Police Headquarters).

⁶⁴ Per the County Master Space Plan (draft), the County & ABC Board own facilities with a total of 1,158,000 square feet, the largest 10 of which account for 86% of total owned space (e.g., detention center, Judicial Building, Courthouse and Main Library).

⁶⁵ Per the County Master Space Plan (draft), the County & ABC Board lease facilities with a total of 112,000 square feet, with the largest being the Mental Health Access/Crisis, Mental Health Child and Family Services and Adult Probation facilities.



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D. Environmental Services

We believe that the merged government will be able to eliminate at least three positions and avoid creating at least two new positions in environmental services over the initial five-year merger period. For analytical purposes, we assumed an average cost of \$37,800 per position⁶⁶ and the incremental reduction of positions over five years.⁶⁷ The primary costs associated with merger would be \$54,500 annually for pay parity for 30 affected County employees.⁶⁸ The projected short-term benefits and costs are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Position Reductions	\$37,800	\$75,600	\$113,400	\$151,200	\$189,000
Pay Parity Increases	(\$4,500)	(\$4,500)	(\$4,500)	(\$4,500)	(\$4,500)
Net Benefits (Costs)	\$33,300	\$71,100	\$108,900	\$146,700	\$184,500

The staff positions that can be eliminated or avoided through City-County consolidation and subsequent staff attrition are discussed below:

- Solid waste management - one administrative or supervisory position
- Sewer line maintenance - the equivalent of at least one contract employee position work by using City sewer maintenance staff⁶⁹
- Laboratory and pretreatment - one laboratory technician by having the City provide lab support for the County plant and pretreatment sampling of the unincorporated area businesses
- Storm water management - two supervisory and administrative support positions that will be required by the County for a stand-alone County program⁷⁰

Even greater savings could possibly be achieved if the City staff took over sewer line maintenance responsibilities in the unincorporated area.

There also are potential long-term cost savings associated with establishing an efficient countywide wastewater treatment system. These savings, which can best be derived from a detailed engineering study of system-wide wastewater treatment alternatives, could be enormous, perhaps as much as \$2.5 million in annual operating costs and \$16.7 million in avoided capital costs.

⁶⁶ This assumes \$30,250 for salary cost and an additional 25 percent for fringe benefits.

⁶⁷ Gant 20% of the position savings in the first year, 40% in the second year, 60% in the third year, 80% in the fourth year and 100% in the fifth year.

⁶⁸ This assumes a 6% increase to achieve parity with City salaries applied to an average annual salary of \$30,250 plus benefits.

⁶⁹ Current City staff could provide on call services in the unincorporated area as a first option before requesting contract work, depending on the availability of staff to provide such services.

⁷⁰ This assumes that the County program will require supervision and administrative support equivalent to the City, and that merging City and County operations will reduce the requirement by two positions.



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For example, an engineering firm hired by the County provided a preliminary cost estimate of \$31.4 million to expand the County Plant to 12 MGD capacity and, as an alternative, \$14.7 million to build conveyance facilities, including pumps, conveyance lines and retention ponds, to pump the wastewater to the City South Durham Plant. The annual operating costs of the expanded County plant were estimated at \$2.5 million.

An engineering firm working for the City provided a lower preliminary estimate of \$10 million for conveyance costs (excluding the retention pond costs).⁷¹ The engineering firm indicated that, if the South Durham Plant started treating wastewater from the Durham County Plant, it could forestall an expansion on line until 2010.⁷² The firm estimated the cost of a 10 MGD capacity expansion at \$50 million in 1999 dollars.

In other words, a merged City-County government could save as much as \$2.5 a year in operating costs for the County plant and \$16.7 million for not expanding it.⁷³ Alternatively, a good portion of the South Durham Plant's expansion could be funded from the accrued savings. It would be unwise to count on any preliminary calculations until a total systems engineering approach has been used. Still, the fact that merging the governments could facilitate such an approach is a significant benefit of merger.

E. Law Enforcement

The organizational structure for law enforcement under merger is a political decision that has yet to be made. However, in order to conduct the merger impact analysis, we had to make some assumption about law enforcement structure. We assumed that the unified government will have a consolidated, county-wide law enforcement agency, under the supervision of the governing body (i.e., a police department) or the elected Sheriff.

Under a county-wide law enforcement structure, we have assumed that the uniform patrol would continue to be organized in four districts, expanded from the City's current police districts to absorb the Sheriff's patrol areas. The districts would be decentralized to the extent that they would include the property crimes investigators and community activation teams. The Uniform Patrol Bureau also would include the Downtown Patrol and Traffic Control divisions of the Police Department's Special Operations Division.

We believe that the merged government will be able to eliminate or avoid adding at least 36 law enforcement positions over the initial five-year merger period. For this analysis, we assumed that the position reductions would occur incrementally over the first five

⁷¹ The increased operations and maintenance costs for the South Durham Plant treating the wastewater piped from the Durham County Plant are expected to be minimal.

⁷² This would entail expenditures in the 2007 to 2009 timeframe.

⁷³ The projected operating cost of the new plant could be high, but the \$14.7 million conveyance cost estimate also may be high (thereby increasing the savings) since the retention ponds would probably not be required if the total system were owned by the same governmental entity.



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years.²⁴ The primary costs associated with merger will be \$537,000 in annual pay parity costs for 183 affected County employees and \$899,100 in transition costs. The projected short-term benefits and costs are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Position Reductions	\$315,000	\$630,000	\$945,100	\$1,260,100	\$1,575,100
Pay Parity Increases	(537,000)	(537,000)	(537,000)	(537,000)	(537,000)
Uniform Costs	(264,100)				
Radio Conversion Costs	(410,000)				
System Conversion Costs	(225,000)				
Net Benefits (Costs)	\$(1,121,100)	\$93,000	\$408,100	\$723,100	\$1,038,100

In the first year of merger, there will be an increased net cost of about \$1,121,100, if the pay adjustments and all uniform and radio expenditures are made that year. After that, net savings should increase rapidly. Subsequent net savings should offset the initial investment by the fourth year of merger.

We have identified 36 staff positions that can be eliminated or avoided through City-County consolidation and subsequent staff attrition as discussed below:

- Uniformed patrol – 19 patrol officers or deputies
- Uniformed patrol supervision – 9 captain, lieutenant and sergeant positions
- Dispatch operations – 3 telecommunicator positions
- Other law enforcement units – 5 investigative, administrative support or other non-patrol positions

Of the functional areas shared by the two departments, the area that is the most staff-intensive and thereby merger-sensitive is uniformed patrol staffing. For this analysis, we applied our patrol staffing methodology (the same approach used to determine patrol staffing requirements in our 1997 City Police Department study) for the entire County disregarding City limits. This methodology determines the number of patrol officers needed for answering calls for service (CSF) and paperwork associated with those calls.

Based on our analysis, we have estimated that a unified law enforcement agency would require no more than 217 patrol officers (see chart below). This estimate is based on several key assumptions, a change to any one of which could materially alter the estimates. For example, we assumed that proactive time requirements for patrol officers (time not spent on citizen-generated calls) represent 50 percent of total patrol officer time requirements. However, if we assume a 25 percent proactive time factor (more common in urban areas), total patrol staffing needs could be significantly reduced.

²⁴ Assume an average cost of \$39,800 for telecommunicators and \$41,100 per position for all other positions. Achieve 20% of the position savings in the first year, 40% in the second year, 60% in the third year, 80% in the fourth year and 100% in the fifth year.



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Patrol Staffing Requirements Analysis

Data Element	Quantity
Reactive CFS Requirements:	
Call handling time in hours (169,805 CSFs @ 0.55 hours)	93,393
Call backup time (40% of CFS & 50% of primary units)	18,679
Report preparation time (40% of CFS & 0.33 hours/report)	22,414
Arrest time (9,900 arrests/bookings @ 1.4 hours)	14,853
Total reactive time requirements (hours)	149,339
Total Time Requirements (with proactive time):	
Minimum Staffing (reactive hours = 75% of total hours)	199,118
Optimum Staffing (reactive hours = 50% of total hours)	298,677
Total Patrol Officer Availability:	
Gross work hours	2,190
Less: vacation, sick leave & holidays	498
Less: training time	72
Less: non-field shift time (1.5 hours per shift)	202
Total patrol officer availability in hours	1,418
Minimum Patrol Staff Requirements:	
Patrol officers required (time requirements/availability)	140
Turnover/training allowance (1.5 hours per shift)	6
Total patrol officers required	146
Optimum Patrol Staff Requirements:	
Patrol officers required (time requirements/availability)	211
Turnover/training allowance (1.5 hours per shift)	6
Total patrol officers required	217

Note: CFS and arrest data based on departmental records⁷⁵.

Today, the City and County have a combined total of 226 patrol officers, including 207 authorized patrol officers/deputies, 8 traffic accident control officers, 4 canine officers and 7 downtown patrol force FTEs.⁷⁶ If we assume that a unified law enforcement agency would only require 207 patrol officers (95% of the optimum requirement), then merger could yield opportunities for reducing 19 positions. We believe that deploying patrol officers throughout the County in an efficient manner should allow the current level of service to be maintained even with the elimination of these patrol officers.

A unified law enforcement agency should achieve other staff efficiencies as well. Merging the two forces into a single force with four districts should allow the elimination of nine patrol supervisory positions, including one captain, four lieutenant and four sergeant positions. Integrating the law enforcement radio and dispatch systems (i.e., using 911 operators to handle Sheriff dispatches and improving the use of squad car computers) will generate annual cost savings of \$119,400.⁷⁷ We also estimate that at least 5 positions

⁷⁵ The CFS estimate assumes that 151,310 or 84% of the City's 280,203 CSFs in 1999 were community-initiated and that 18,493 of the Sheriff's Office CSFs calls were community-initiated calls for service.

⁷⁶ While the City's public housing officers, park rangers, and community activation team members probably cannot answer many calls due to their respective local assignments, it is reasonable to assume that the downtown patrol force is available to answer calls at least 50% of the time.

⁷⁷ The elimination of one 24-hour dispatch slot would eliminate the need for three telecommunication positions at \$39,812 per position, including salaries and benefits. The Sheriff has two dispatchers operating around the clock and is considering adding a third position during peak hours.



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not related to patrol requirements could be eliminated. These staffing efficiencies could be achieved through attrition or cost avoidance.

The primary cost associated with merging the departments involves salary increases to enable the Sheriff's staff to achieve pay parity with the Police Department staff. That increase was determined to be \$463,840 for FY00 based on the current midpoint salaries of the sworn staff positions of the respective departments (see table below).

Summary of Pay Parity Estimates for Law Enforcement

Sheriff's Class	Salary Midpoint	Police Class	Salary Midpoint	Midpoint Difference	No. of Officers	Total Pay Impact
Deputy	\$ 34,197	Officer	\$ 36,115	\$ 1,918	95	\$ 182,210
Corporal	\$ 35,928	Corporal	\$ 39,695	\$ 3,767	9	\$ 33,903
Sergeant	\$ 41,666	Sergeant	\$ 47,958	\$ 6,292	15	\$ 94,380
Lieutenant	\$ 48,322	Lieutenant	\$ 52,711	\$ 4,389	11	\$ 48,279
Captain	\$ 53,336	Captain	\$ 63,681	\$ 10,345	6	\$ 62,070
Major	\$ 56,036	Major	\$ 69,994	\$ 13,958	2	\$ 27,916
Chief Deputy	\$ 61,853	Lt. Col.	\$ 76,935	\$ 15,082	1	\$ 15,082
Totals					139	\$ 463,840

An estimated \$73,195 would be required to increase the salaries of 44 Sheriff Office's non-sworn positions to achieve midpoint parity with similar positions in the Police Department. This brings the total estimated amount to achieve law enforcement pay parity to about \$537,000 (\$463,840 + \$73,195).

There will be a one-time cost associated with standardizing law enforcement uniforms. The uniform cost associated with acquiring new uniforms for 139 Sheriff's deputies would be \$264,100, while the cost associated with acquiring new uniforms for 470 police officers would be \$893,000.⁷⁸ We have assumed that the governing body would select the more cost-effective option.⁷⁹

A second major one-time cost issue is the cost of standardizing radio systems. The cost of purchasing 800-megahertz radios for Sheriff deputies is estimated at \$375,000.⁸⁰ This cost could be reduced by up to 50 percent by selling the Sheriff's radios to another governmental entity which is not on an 800-megahertz system. It will cost an additional \$35,000 to add a communications console to the 911 Center to accommodate the Sheriff's patrol traffic. Some training will be required to integrate the two systems, but we believe that this can be achieved as part of current training programs without added costs.

⁷⁸ Based on an estimate of \$1,900 per set of uniforms per officer.

⁷⁹ Alternatively, new uniforms could be issued in over a five-year period or as new officers are hired.

⁸⁰ Assumes 150 radios at an estimated cost of \$2,500 per radio.



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While it might be desirable to install one or two more towers⁸¹ to improve communications throughout the County, there is no convincing evidence that placing Sheriff deputies on the 800-megahertz system without these towers would detrimentally impact communications. In fact, there is a good possibility that the 800-megahertz system might improve radio reception for Sheriff deputies. In any event, since the County's EMS responders are using the 800-megahertz system, the Sheriff's system should be improved regardless of merger. Therefore, any costs associated with additional towers should be considered an enhancement cost, not a merger cost.

A third potential cost issue involves the integration of the Sheriff and Police information Systems. The Sheriff's Office uses the Vision System while the Police Department uses an HTE System. Since the Police Department has encountered problems with the HTE System, the Vision System appears to offer a reasonable integration solution. The estimated one-time cost of converting the Police Department to this system is \$225,000.⁸²

A fourth potential one-time cost issue involves repainting patrol vehicle designations. If the 75 Sheriff Office vehicles were painted with new designations, the cost would be \$25,500, but if the 426 Police Department vehicles were painted with new designations the cost would be \$144,800.⁸³ We assumed that vehicle designations would only be changed as vehicles are replaced and thereby not result in an initial merger cost.

The Sheriff has a five-year vehicle rotation policy while the Police Department rotates their vehicles annually from their patrol staff to other City employees. The Sheriff's Office has a vehicle take home policy while Police Department patrol officers share two sets of vehicles. It is our opinion that policy differences with regard to vehicle rotation and utilization can be resolved without a material cost impact resulting from merger.

The other potential cost issue relates to office space. In the near term, realigning functions within the current available space should accommodate the merger. For example, narcotics investigators or even the total Investigative Bureau could be moved to the current Sheriff's Office with all remaining functions consolidated at the Police Department site. While we have assumed the realignment of resources within current space for the purpose of this analysis, we believe that, in the long-term, other alternatives (e.g., the new courthouse) should be explored to optimize the overall efficiency of the merged departments.

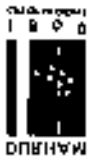
⁸¹ At an estimated cost of approximately \$2 million per tower.

⁸² Assumes \$50,000 for hardware, \$100,000 for software, \$25,000 for central record conversion and \$50,000 for training and other implementation costs.

⁸³ Assumes a cost of \$340 per vehicle per the fleet management captain in the Sheriff's Office.



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F. Fire Protection

For this study, we have assumed the formation of a Fire Commission appointed by, and accountable to, the City-County governing body. This Commission would adopt county-wide fire protection policies, including capital plans and annual budgets. The City-County Fire Chief would supervise the City Fire Department, county-wide prevention, investigation, code enforcement and training activities, county-wide emergency management and OSHA safety programs, and the deployment of all available fire fighting assets. The district fire chiefs would answer to their local boards for asset management funding and the day-to-day personnel management.

The short-term impact of City-County merger on fire protection services will probably be minimal, primarily because merger will not significantly impact the operational autonomy of the fire protection districts. The primary costs associated with merger will be \$47,600 in annual pay parity and position upgrade costs and \$50,000 in annual administrative support costs for the new Fire Commission. The projected short-term costs are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Pay Parity Increases	\$(27,600)	\$(27,600)	\$(27,600)	\$(27,600)	\$(27,600)
Position Upgrade Costs	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Commission Costs	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Net Benefits (Costs)	\$(97,600)	\$(97,600)	\$(97,600)	\$(97,600)	\$(97,600)

However, the long-term benefits of the proposed Fire Commission, through better planning of future capital investments (e.g., station construction and equipment purchases) and coordination of resource deployment, could be substantial. Fire protection costs will likely continue to increase with or without merger. The real question is how much of these increased costs can be avoided through a system-wide approach to planning new facilities, acquiring new equipment and deploying personnel resources.

Much of this growth could be incurred by the City in capital and other non-personnel costs, especially as it continues to annex new areas. For instance, from FY99 to FY00, the City's fire protection budget increased by 7.3 percent while the County's costs remained constant. The principal elements of this increase were capital outlays and non-personnel operating costs. For the same period, personnel costs increased 5.9 percent, but this was largely a function of pay increases.³⁴

The most promising opportunity for reducing fire protection costs would be to empower the Fire Commission to take a system-wide approach to future capital budgeting decisions. Since the independent fire districts serve areas with declining population

³⁴ The Department's staffing remained constant at 272 from FY99 to FY00 and only increased by three positions from 269 to 272 from FY98 to FY99.



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bases, this system-wide approach will most significantly impact the City Fire Department.⁸¹ However, it also will require the independent fire districts to view their capital resources as part of a system-wide fire protection network serving the entire County.

To illustrate the possible long-term impact of merger, if the Fire Commission model had been in place in FY98, it is possible that at least \$265,500 could have been saved in annual capital and operating costs.⁸² With the better utilization of system-wide resources, especially those maintained by fire districts located near future City annexation areas, the City should be able to reduce its need to build new stations and buy new equipment. A system-wide fire station and apparatus deployment study would provide a more detailed analysis of the potential cost savings.

A system-wide approach to fire protection services could also generate some long-term personnel savings for the City and the fire districts. The urbanization of Durham County's unincorporated area has forced fire districts to increase their reliance on paid firefighters. Today, these districts incur about \$1.8 million each year in salary costs, the equivalent of 53.6 paid FTE positions. If the pressures on the fire districts to hire paid firefighters continue to mount, the long-term personnel cost reduction opportunities will be large.

The only costs associated with merger would involve City-County Fire Chief salary costs and Fire Commission expenses. Restructuring four positions, the City Fire Chief, City Fire Department Operations Officer, County Fire Marshal and Fire Department Administrative Services Director positions, would involve position upgrades and salary costs of \$20,000. While the Fire Commission could be staffed by the unified government, we have assumed incremental annual administrative expenses of \$50,000.

It is conceivable that merger would require some fire districts to replace volunteers. The Fair Labor Standards Act prohibits a public entity from allowing paid staff to work a second job (or volunteer) without being paid overtime. If this were construed to prevent City fire fighters from serving as volunteers for the volunteer fire districts, the districts, especially the Bahama, Bethesda and Redwood districts, could lose several of their current firefighters upon merger.⁸⁷ If ten paid positions were required to replace the lost volunteers, the fire districts could incur increased annual costs of \$344,800.⁸⁸ This cost appears unlikely so long as the fire districts retain their independent status.

⁸¹ This could affect the future locations of City Fire Stations 8 and 15 proposed in the FY00 budget.

⁸² If the City's cost increase had been reduced by 25% to 5.5% (still about three times the City's rate of population increase), \$265,500 could have been saved.

⁸⁷ 42 of the current 284 volunteers are current City employees, most of whom work for the Fire Department.

⁸⁸ Assumes a cost of \$34,477 per firefighter, including salary and fringe benefit costs, based on the current budgeted cost for seven firefighters for the Lebanon Fire District.



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G. Other Potential Costs & Benefits

The merger will likely generate other benefits and costs over both the short-term (i.e., the initial five-year merger period) and the long-term (i.e., six years and beyond). For the short-term, we have estimated \$613,000 in recurring compensation equity costs as well as nearly \$2.5 million in one-time merger implementation costs. The projected short-term costs are summarized (in current dollars) in the table below.

Summary of Short-Term Cost-Benefit Estimates

Cost-Benefit Factor	FY01	FY02	FY03	FY04	FY05
Pay Parity Increases	\$(173,000)	\$(173,000)	\$(173,000)	\$(173,000)	\$(173,000)
Paid leave equity	(440,000)	(440,000)	(440,000)	(440,000)	(440,000)
Pay & other personnel studies	(250,000)	(100,000)	(100,000)		
Other professional services	(350,000)	(150,000)	(150,000)		
Technology/process integration	(500,000)	(500,000)	(250,000)		
Staff relocation costs	(130,000)				
Net Benefits (Costs)	\$(1,843,000)	\$(1,363,000)	\$(1,113,000)	\$(613,000)	\$(613,000)

The pay parity cost estimates are based on the salary mid-point differentials of 230 employees with comparable job titles. The paid leave equity cost estimates are for increasing the City's vacation and holiday leave benefits to match those of the County and providing County employees with the City's school volunteer paid leave benefit. Staff relocation costs are based on our estimates that 260 employees will be moved.⁸⁹

The long-term benefits and costs of merger are more difficult to forecast. We have estimated that the benefits will include at least \$750,000 in information technology cost savings (assuming that a merged entity will only have to replace one financial and administrative information system in the next ten years).⁹⁰ We have also projected the impact of long-term efficiencies in the programs impacted by merger.⁹¹ These long-term cost savings have been expressed as a 25 percent reduction in the projected growth rate.⁹²

We have not projected any savings related to other capital costs. However, if the two entities plan any capital investments that could be shared (e.g., new administrative facilities), merger could result in capital cost avoidance. As the City and the County complete their current space utilization studies, they should explore such opportunities. Similarly, if the City and County acquire a new digital radio system within the next ten years, a single system would yield large savings.

⁸⁹ Assumes an average cost of \$500 per employee, including \$300 for moving and \$200 for other costs.

⁹⁰ This estimate is based on a survey of software vendors and technology consultants.

⁹¹ Governance & executive, financial, other general government, asset management, environmental services, law enforcement and other public safety services.

⁹² This formula is based in part on the experience of Durham's functional mergers.



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V. OTHER FINDINGS & RECOMMENDATIONS

A. Merger Recommendation

We recommend that the City and County continue to consolidate their operations, either as part of a comprehensive political merger or a series of incremental functional mergers and inter-local joint ventures. We believe that full scale political merger is not only financially feasible, but offers many impressive intangible benefits as well. However, if merger of the governing bodies does not garner sufficient political support at this time, we urge the two governing bodies to pursue an aggressive functional merger strategy.

As we reported at the end of the Phase 1 study, we believe that the effective consolidation of Durham's city and county governments is well underway. Several events and factors are drawing the two entities more closely together, including the following:

- The City and County already share a common name and identity, and share common interests in competing for economic development opportunities
- The County has only one incorporated municipality based therein and is unlikely to have a new city formed within its boundaries⁹³
- The state's liberal annexation laws make it relatively easy for the City to annex developing areas in the unincorporated portions of the County
- When the County's residents implemented school district consolidation, they inextricably linked the fates of urban and suburban neighborhoods
- The City and County share many key characteristics, including the council-manager form, professional public administration and strong financial capabilities
- Many functions are already consolidated or operating under unified management (e.g., planning, inspections, tax collections, animal control, emergency management and certain public safety communications)

As the City annexes an ever-increasing portion of the County, the real public policy issue pertaining to merger in Durham will not be if the City and County should merge, but rather when and how the two entities should merge.⁹⁴ Phrased differently, will the consolidation of the two operations occur seamlessly, as part of a carefully-planned strategy, or in an ad hoc fashion, without a broad-based consensus of the community?

We believe that the City and County should proceed as though political merger will occur, even if political or legal hurdles prove difficult to surmount this year or next. That is, the two entities should begin expanding the number of functional mergers and standardizing personnel and other operating policies and procedures. If political merger is approved by the voters, it will be implemented in the most efficient manner possible.

⁹³ One area in the County was annexed by Chapel Hill and another will be annexed by Raleigh

⁹⁴ While watershed restrictions will likely prevent full annexation, annexation that does occur will likely capture nearly all of the County's population.



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If political merger is not approved, many of the benefits of merger will have already been attained.

The most critical potential barrier to merger today is not its financial feasibility, but rather its legal feasibility. Distilled to its essence, the key legal issue is whether the merged entity will be as least as great as the sum of its parts. Under North Carolina law, will the unified government possess the full legal powers and capabilities of the City and County as separate entities? If not, political merger should be reconsidered until such time state law can be modified to more effectively facilitate merger.

However, if the merged entity will be legally capable of acting as both a city and county, and will not lose any of the City's or County's current powers and rights, then we believe that political merger should be pursued as part of a thoughtful plan. While City-County merger will generate some net fiscal benefits, it should not be promoted solely on that basis. Rather, it should be pursued because it offers so many other benefits to the public, including improved accountability and better services.

Most communities that have merged report that their consolidations were successful in terms of intangible (if not indirect) benefits. Such benefits include an enhanced public image, more competitive economic development efforts, more convenient and effective services (e.g., better access and one-stop shopping) and stronger financial capabilities. One of the most common advantages cited is greater accountability and responsiveness (through the reduction of inter-governmental buck-passing).

The potential qualitative merger factors, which were initially outlined in the first section of this report, include the following:

- Transition challenge - legal barriers, stakeholder support and cooperative spirit
- Public confidence - local government image, accountability, diversity, responsiveness and citizen involvement
- Regional competitiveness - regional clout, business climate and investment appeal
- Fiscal strength - fiscal capacity, revenue equity and overall operating efficiency
- Service delivery - service quality, responsiveness, effectiveness and accessibility

Our assessment of these qualitative advantages and disadvantages is summarized below.

B. Transition Challenge Issues

It was not within the scope of this scope to review legal consolidation requirements or barriers, or to assess the degree of political support for merger. However, our assessment of other transition issues is summarized below. As indicated, we believe that City-County merger will face several daunting transition challenges.



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Merger Advantages	Merger Disadvantages
<ul style="list-style-type: none"> √ The governing boards have demonstrated a strong commitment to inter-local cooperation √ The prior City-County mergers have succeeded & provided useful experience to staff who must plan & carry out full scale merger √ The entities have similar fiscal capabilities √ Both entities have proven commitments to effective public administrative practice √ The salary plans are relatively competitive & most employee benefit programs are similar √ Planned migrations to network-based, distributed processing platforms will facilitate merger 	<ul style="list-style-type: none"> √ The governing bodies & executive units operate under different management cultures √ The autonomous County boards & officials could resist efforts to implement merger √ Require Fire Commission structure debate √ Many City & County employees possess different property rights to employment √ Some key operating policies vary (e.g., fiscal, purchasing, personnel & EE/EA) √ The integration of incompatible systems and processes could disrupt services √ Merger could engender anxieties among many employees about job loss or demotion √ Citizens could be confused during transition

There are several obstacles associated with merger implementation that must be addressed. The human resource issues inherent with merger will lead to employee anxieties about job changes, compensation reductions or demotions. The internal management issues are also formidable (e.g., the challenge of integrating different law enforcement cultures between the Sheriff's Office and Police Department).

Citizens may have different service expectations in the City and County (e.g., different law enforcement expectations). The sheer complexity of merger can be difficult to explain to citizens and, without an effective public information campaign, hurt the new entity's image.

C. Public Confidence Issues

Our assessment of the public confidence factors is summarized below. As indicated by the chart, we believe that City-County merger offers several exciting opportunities for enhancing the image and accountability of local government in Durham. Despite some of its potential disadvantages and risks, merger should ultimately clarify the administration and accountability of merged activities and enhance overall public trust and confidence in local government.



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Summary of Qualitative Advantages & Disadvantages

Merger Advantages	Merger Disadvantages
<ul style="list-style-type: none"> √ Unified accountability (one board) will provide single vision & voice for community √ Single governing board will reduce buck passing among agencies & more quickly resolve service disputes (improving customer convenience) √ Reduce City-County tension where policies vary (e.g., growth management) √ Merger could enable new body to standardize EA/EO rules, increase diversity training & improve racial relations √ Simpler governance structure could enhance citizen access & participation in government √ Simpler political structure could increase citizen participation in elections √ Less public sniping would improve public image of local government √ Perceived commitment to efficiency could further bolster public confidence √ Influence of rural areas could be strengthened 	<ul style="list-style-type: none"> √ Fewer elected officials could result in less representation & a perceived loss of checks & balances √ Undermine citizen choice & competition among local governments √ The autonomy of some County boards & officials could undercut unified management √ Different employee property rights as to employment will threaten unified management √ Merger could impair perceived opportunities for protected business classes & reduce the overall diversity of local government √ Merger could reduce the number of appointed boards & thereby the opportunities for civic involvement √ Influence of rural areas could be impaired

There are important differences between City and County employees pertaining to employee rights. All City's employees are considered *at will* employees.⁹⁵ In contrast, only about 23 percent of the County's employees are considered *at will* employees (the Sheriff's employees). The other County employees have a vested property right to employment either under the State Personnel Act or county ordinance. This could undermine the unified management's ability to ensure entity-wide accountability.

D. Regional Competitiveness Issues

We do not anticipate that City-County merger, in and of itself, will dramatically enhance Durham's national image, impact corporate siting decisions or attract federal or private investment. However, merger certainly will not negatively affect such factors and, in the long run, could positively influence perceptions about Durham's regional leadership.

Our assessment of the regional competitiveness factors is summarized below. As indicated by the chart, we believe that the potential advantages of City-County merger for regional competitiveness outweigh the potential disadvantages.

⁹⁵ With some exceptions, they may be dismissed by their employer without explanation or legal penalty.



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Summary of Qualitative Advantages & Disadvantages

Merger Advantages	Merger Disadvantages
<ul style="list-style-type: none">√ Provide a single portal for businesses hoping to relocate to or expand in Durham√ Minimize city-county competition√ Standardize economic development incentives√ Minimize decision-making delays on incentives√ Enhance Durham's image among metropolitan communities as an innovator & leader	<ul style="list-style-type: none">√ Does not address regional problems (e.g., growth) or offer any regional solutions√ Does not reduce competition for economic development among other local communities√ Could result in single board with strong anti-development or anti-regional philosophy

The two entities' current economic development activities appear to be well-coordinated, with each playing a distinct role. The City's economic development involves urban revitalization and commercial development while the County, through the Chamber, focuses on industrial recruitment.

Nevertheless, a single governing board would ensure a cohesive economic development strategy and provide for a unified approach to helping the private sector initiate or expand businesses. A standard process, with one set of private meetings, public hearings, legal negotiations and contracts, would be more efficient. In rare instances, it might even result in development that might otherwise go elsewhere.

The effect of merger on Durham's ability to respond to future regional issues and challenges (e.g., Smart Growth) will depend on numerous factors. Durham could enjoy more regional clout with one board, so long as that board articulates the most effective public policies. On balance, we believe that merger will distinguish Durham from other communities in the region and enhance its regional prestige.

E. Fiscal Strength Issues

While there are some potential risks, we strongly believe that City-County merger will strengthen the fiscal capabilities of local government in Durham. Our assessment of the fiscal strength factors is summarized in the chart below.



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Summary of Qualitative Advantages & Disadvantages

Merger Advantages	Merger Disadvantages
<ul style="list-style-type: none"> √ Strengthen financial condition & debt capacity (e.g., County wastewater fund) √ Enhance opportunities to increase ratings for selected revenue bonds & reduce financing costs √ Increase economies of scale & overall operating efficiency of merged entity √ Provide opportunities to improve capital asset utilization & reduce asset management costs √ Offers long-term opportunity to share tax base derived from RTP √ Preserve fiscal viability of fire districts 	<ul style="list-style-type: none"> √ Threatens some governmental immunity now invoked by County & could increase overall risk management costs √ Will probably not enhance any revenues or improve the elasticity or equity of overall revenue structures √ Could reduce inter-governmental competition

Our biggest concern in this area involves risk management. As we reported in Phase 1, there are several key differences between City and County risk management programs, including the following:

- City services tend to generate more claims than do County activities, especially for worker's compensation
- The City offers a more generous worker's compensation reimbursement policy (e.g., an income supplement in addition to the statutory reimbursement)
- The City has a more centralized and structured safety program than the County
- The County may enjoy broader immunity than the City for some functions, but the City does not always invoke governmental immunity even when it is available
- The County appears to take a consistently hard line on claims in contrast to the City's more lenient, "case-by-case" policy
- The City has a deficit in its risk retention fund, while the County designates funds for risk management in its general fund

To the extent that the City's worker's compensation and other risk management programs are more costly, and the merged governing body decides to employ the City's policies (instead of the County's), merger could result in substantial added costs. These costs could be offset to some degree by implementing a centralized risk management program like the City's with coordinated safety and training programs.

The status quo also poses threats. If annexation continues at its current pace, the tax base for some independent fire districts will erode. Eventually, the residents of those districts will have to increase taxes to maintain current levels of service. As indicated by the table below, some of these tax rates have already increased from FY95 to FY00.



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Tax Rates & Operating Budgets by Fire District

Fire District	2005 Actual	2006 Actual	2006 Approved	Percent Increase	2006 Budget
Bethesda	.0300	.0550	.0550	83%	\$849,000
Parkwood	.0600	.0800	.0900	50%	806,000
Lebaron	.0630	.0800	.0750	19%	483,000
Redwood	.0755	.0755	.0800	6%	419,000
Bahama	.0600	.0600	.0600	0%	193,000

In this case, merger, or at least a more coordinated, system-wide approach to fire protection services and asset planning, could have the indirect benefit of preserving the fiscal viability of the volunteer fire districts.

F. Service Delivery

Service enhancement is perhaps the single most important benefit of City-County merger. Through unified management, better coordinated service planning and delivery, and the cross-fertilization of best practices and innovations, we believe that merger will dramatically improve the convenience and efficiency of public services in Durham. Our assessment of the service delivery factors is summarized in the chart below.

Summary of Qualitative Advantages & Disadvantages

Merger Advantages	Merger Disadvantages
<ul style="list-style-type: none"> ✓ Improve use of technology ✓ Streamline the management of public facilities ✓ Standardize fleet maintenance practices ✓ Standardize other asset management procedures ✓ Improve coordination of engineering, roadway appearance & solid waste management services ✓ Optimize wastewater services ✓ Improve law enforcement services in terms of patrol efficiencies & investigative capabilities ✓ Improve fire protection services in terms of efficiency and resource deployment ✓ Enhance community development programs ✓ Increase one-stop outreach & intake services ✓ Expand code enforcement services ✓ Extend human relations program Countywide ✓ Expand parks & recreation services 	<ul style="list-style-type: none"> ✓ Could result in larger bureaucracy with less responsive service delivery approach ✓ Would not necessarily reduce service inequities between urban & rural areas ✓ RIP customers may question the validity of their service agreements with County ✓ Could impact road construction & maintenance services provided by NCDOT ✓ Higher call volume in urban areas could divert deputies away from rural areas ✓ Full merger would reduce the pool of volunteers for fire districts under FLSA

The City's and County's transition from legacy mainframe systems to distributed, network-based computing is well underway. As the Internet and e-government applications grow, they also will migrate to *thin client* software architecture, Microsoft NT servers and packaged applications. This shift will not necessarily reduce costs, but it will make it easier for the City and County to integrate their technology platforms.



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Both the City and County have central Information Technology departments and, for FY00, they have similar central technology management budgets (\$3.8 million) and staffing (32-33 employees). They have different technology platforms, strategies and responsibilities, and most of their applications meet distinct needs, but their systems have become increasingly compatible in the sense that all City and County computers are now connected via their networks and the GIS. This should facilitate the merger of technology resources.

Over the next ten years, merger will provide many opportunities for promoting the efficient integration of technology resources. Merger would force the entities to reengineer their core business processes, generating added efficiencies. Merger would enable them to buy a single financial management system. A single GIS-driven system philosophy, and standardized platform, would lead to efficiencies in networks, support, maintenance and training. A single data center could reduce data center staff and system maintenance costs.

Merger should improve asset management practices. For instance, merger could result in a single vehicle maintenance facility and standardized maintenance procedures, and these practices could reduce repair turn around time and prolong the lives of vehicles. A uniform Countywide radio system and standardized facility and equipment management procedures could also increase overall efficiencies.

As described in more detail in Appendix E, merger offers significant benefits for public works and environmental management functions. It will enhance the coordination of engineering, development review, para-transit and roadway appearance services. It will facilitate the expansion of street maintenance services as annexation continues. In environmental services, merger will spur the optimizing of wastewater treatment and line maintenance resources, improve the coordination of solid waste operations, and provide a structure for extending storm water services to the unincorporated area.

Merging the two law enforcement departments should have several benefits. It will provide a unified countywide command structure and reduce citizen confusion as to which agency to call. By removing patrol pockets in the unincorporated area and ensuring patrol officer mobility throughout the County, merger should yield some patrol efficiencies. It should greatly improve investigative services, especially narcotics interdiction and investigative service where current city-county cooperation appears limited. A single radio and dispatch system should improve public safety communications.



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The merger of law enforcement functions will pose some potential disadvantages as well. One potential disadvantage would be the loss of complementary capabilities associated with having two departments. Another is that, under a county-wide police force, it would be more likely that urban crisis situations would be responded to at the expense of outlying areas which would be more thinly patrolled.

As described in more detail in Appendix E, merger could improve the fire protection system by optimizing response capabilities with current assets, enhancing service and making funding more equitable. Fire suppression services could be more efficient if protocols enabled the nearest appropriate vehicles to respond to calls without regard to political boundaries. Other benefits of consolidation would include better resource deployment, enhanced training and greater mutual cooperation between City and independent fire departments. A fire commission could also help address annexation-related funding issues and improve the planning of future facility and apparatus investments.

Merger and unified management could benefit community development programs, especially where there is potential overlap (e.g., weeding lots and removing junk cars). A comprehensive countywide code, including commercial building provisions, yet calibrated to different areas, could strengthen enforcement. Greater inter-agency cooperation, and uniform abandoned vehicle and minimum housing codes, would increase the utility of the Community Life Court (environmental and housing code court). We believe that the City's code enforcement unit could start extending services with only a marginal increase in staffing.

City-County merger could afford an opportunity for the new governing body to revisit its approach to human service-related outreach and intake services. Merger could enhance the new entity's ability to increase outreach activities among key agencies (e.g., Police, Housing and Community Development, Human Relations, Social Services, Cooperative Extension and Public Works). It could facilitate the development of a more uniform application and intake process for similar clients. Merger could ultimately help improve agency linkages (e.g., Social Services, Police, Housing and Recreation for latch key children) and services (e.g., abuse and neglect investigation).

Merger could facilitate the extension of the City's Human Relations program to the County. A county-wide program would offer all County residents and employers more convenient hearing centers and faster response times. This office would provide all County citizens with a higher level of services for equal opportunity and housing complaints. It also could lower unit costs and enhance fees. EEOC investigations generate \$500 each in fees and HUD cases generate \$1,700 each. This would require additional personnel, but increased program costs should be offset by additional fees.

Finally, merger would enable the City to expand many parks and recreation services to the entire County, and serve residents of unincorporated areas, especially in northern portions of the County. The City's Parks and Recreation Department has the capabilities



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to begin extending many services with only marginal cost increases.⁵⁶ It already manages over 400 acres in the unincorporated area and serves many residents there. The department is eager to find additional park sites in potential annexation areas, and encourages joint ventures with the schools, libraries and private, nonprofit athletic associations. Consolidating this department with the County's Open Space program would strengthen overall property planning, acquisition and development activities.

G. Other Recommendations

As we indicated earlier, we urge City and County leaders to position their governments for political consolidation. To achieve this objective, we offer several recommendations for removing the bureaucratic barriers between them. Those recommendations, which are described below, include extending some municipal services and accelerating functional mergers between appropriate City and County agencies.

1. Extend appropriate municipal services to unincorporated areas.

There are a few opportunities for extending City services to residents in unincorporated areas for marginal net costs. Such service extensions could increase good will and perhaps increase citizen support for City-County merger. The County should conduct citizen surveys in these areas to identify any municipal services that their citizens would like to receive pre- or post-merger. Possible candidates for service extension include the City's Human Relations, code enforcement and parks and recreation services.

2. Accelerate the pace of cost-effective functional mergers.

There is little doubt that the functional mergers executed by the City and County for planning, building inspections and tax administration have reduced operating costs and improved services. We urge the City and County to build on this success and plan additional functional mergers. Initial candidates include the following:

- Economic development program
- Citizen outreach and public information programs
- Human resource management
- Procurement management and outsourcing program
- Treasury and grants management functions
- Technology management and business process reengineering
- Risk management
- Asset management

Establishing a joint business process reengineering and technology strategy would support merger efforts. Many of the City's and County's core business processes have

⁵⁶ The City has estimated that implementing two recreation programs like the current Whippoorwill Athletic Association program in North Durham would cost about \$88,000 per year.



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similar external requirements (e.g., accounting, financial reporting, fixed assets, treasury management and budgeting). Harmonizing appropriate codes, policies and procedures (e.g., standard pay lag) could greatly ease the merger transition process.

The City and County should establish a joint information technology department, perhaps in the form of a nonprofit data center, regardless of merger. At a minimum, they should develop a joint long-term technology plan for replacing hardware and upgrading and developing information systems. This will accelerate efforts to modernize their technology platforms and facilitate merger.

A joint risk management program with uniform risk management, worker's compensation and immunity policies would help address a major merger issue. Pooling City and County property and general liability insurance programs could generate some premium savings. Establishing a single, comprehensive safety program with accredited and experienced safety officers, regular safety inspections and training classes and a rigorous loss prevention program could reduce overall claims.

We recommend that the City and County establish a joint City-County Asset Management Department under the City's supervision. This department's functions could include engineering, project management, building maintenance, grounds maintenance, radio maintenance and fleet management. As a prelude to this effort, we strongly urge the City and County to complete their long-term space projections and facility plans as part of a single, integrated planning process. This should enable the City and County to identify opportunities for improving the overall utilization of facilities and perhaps even sell or some unnecessary properties or terminate some leases. As part of a central fleet management program, the two entities should start buying standard vehicles and using the same vehicle maintenance and repair programs.

Each functional merger will require careful planning and extensive contract negotiations. Most importantly, we believe that these functional mergers should ensure unified management and accountability, rather than employ joint boards. Implemented properly, these functional mergers should ease the implementation of full city-county merger.

3. Establish a coordinated environmental services program.

We recommend that the City and County explore the feasibility of a joint Environmental Services Department, providing water and wastewater line maintenance services, solid waste management and sanitation, transfer station, rubble fill and household hazardous waste and recycling programs. At a minimum, they should conduct a detailed engineering study of system-wide wastewater treatment alternatives, including the integration of the County waste water treatment plant as part of the City system. They also should explore a joint storm water management program with sufficient resources to meet state and federal requirements.

4. Establish a City-County growth management policy.



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We believe that the City and County should consider formulating a unified growth management policy. As part of this effort, they should negotiate an agreement allowing the County to levy impact fees on behalf of the City outside of City limits. It is our understanding that the City can levy impact fees for infrastructure, but not beyond City limits. State statutes permitting counties to levy impact fees (if distributed to cities) should be used to set aside more public funds for future growth. It also would provide another way for the City and County to link their interests.

5. Develop a long-term law enforcement strategy.

The City Police Department and County Sheriff should begin working together to develop a long-term plan for improving the utilization of available law enforcement resources. The continuing annexation of the remaining areas of the County will result in additional patrol pockets in outlying areas that are inefficient for either the Police or Sheriff to patrol. Annexation will also further strain the Sheriff's law enforcement budget and, in all likelihood, increase unit patrol costs.

The answer is for the two agencies to start working together more effectively. Possible strategies for consideration include the following:

- Require the Police Department and Sheriff to develop a plan for deploying patrol resources and minimizing the inefficiencies that often attend annexations
- Establish a unified communications system for all law enforcement, fire and public safety services agencies, including the Sheriff, County EMS, City and volunteer fire departments and City Police Department
- Build a compatible radio network (especially as current radio systems are upgraded) allowing direct car-to-car radio communications between the Sheriff's patrol deputies and other public safety departments in the City and County
- Establish a free-standing 911 operation with its own board to encourage individual agencies (e.g., the Sheriff) to use the same radio system
- Require the City Police Department and Sheriff to use the same law enforcement information system
- Adopt standard logos, vehicles, uniforms and equipment and establish a uniform schedule for replacing existing resources as dictated by normal depreciation
- Explore ways to improve resource sharing and reduce duplication of effort in such critical areas as investigation, warrants, evidence control and traffic control
- Established a common personnel system for law enforcement employees
- Create a joint City-County law enforcement budgeting process and start budgeting Sheriff's law enforcement costs as a distinct cost center



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We believe that the City Police Department and County Sheriff will find it in the public interest to seriously consider such alternatives. However, if necessary, the Council and Board of County Commissioners should consider using their respective budget processes to help achieve these objectives.

6. Establish a joint fire commission and a long-term fire protection plan.

We believe the City and County should develop a plan to improve County-wide fire asset utilization and, if possible, reduce the annexation-related fiscal pressures facing the independent fire districts. This effort should begin with a system-wide fire station and apparatus deployment study to assess the current deployment of fire fighting and emergency assets and identify opportunities for improving their utilization. This should be done before the City or the fire districts approve any major capital investments.

The entities should also establish a fire commission to coordinate planning, policy formulation and system monitoring for all fire protection services in the County. This commission should be formed regardless of whether the city-county merger occurs. We believe that a system-wide approach to fire protection will enable the City and County to optimize response capabilities, enhance services and improve accountability.

7. Develop an effective merger organizational structure and management plan.

The lessons learned from prior city-county mergers stress the importance of effectively addressing human resource and other organizational issues and earning the support of employees. One reason that Durham's functional mergers succeeded is that good faith efforts were made to engage the affected employees and make them important participants in the process. The following strategies should be considered:

- Identify any cultural differences between the merging organizations
- Clarify elected official and appointed board authority and roles
- Clarify management authority, roles, responsibilities and policies
- Develop an employee communications and participation plan
- Fully address employee relocation needs and costs, and related facility issues
- Establish a detailed organizational structure before merger
- Adopt an employee investment and protection policy (e.g., no reductions in force in non-management and non-supervisory positions within three years except due to normal attrition or fiscal stress, priority status for new and newly-consolidated jobs and special training for staff holding redundant positions)
- Initially hold all employees harmless as to pay and benefits, but adopt an equitable, market-driven and performance-based strategy to ensure that all jobs are compensated to attract and retain the best employees in the region
- Conduct a detailed, independent analysis of compensation systems and related human resource issues, and implement the new pay and classification system in phases, beginning with lower ranking positions



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The compensation and personnel study should address such issues as pay structure and equity, compensation, employment property rights and personnel rules. This year, the City and County should strongly consider expanding the City's benefit procurement process to include County employees. After merger, the new governing body should conduct concurrent analyses of the salary and benefits structures.

8. Draft a clear, flexible charter and thorough, far-sighted enabling legislation.

In our view, given the inevitability of effective City-County merger in Durham, it would be better to delay merger than to proceed with a poorly-conceived merger charter and enabling legislation. Even if the voters of Durham approve merger, a weak charter or enabling bill could undermine the ultimate success of merger.

Some possible strategies to consider in drafting the charter include the following:

- Build on, and borrow from, the best provisions of other charter models (i.e., do not feel compelled to reinvent the wheel)
- Ensure that the unified entity functions as both a city and county (e.g., full access to the full powers, immunities and revenues available to either the County or City, whichever is in the community's best interest, under state law)
- Clearly define the roles of all key players, especially elected officials and appointed bodies (e.g., establish policies and procedures for the unified legislative body to meet as a City Council or a County Board under applicable law)
- Establish an internal code hierarchy within the charter and legislation to resolve the inevitable conflicts between state, county and city codes
- Establish a multi-tiered service strategy (e.g., urban, suburban and rural) for tailoring codes and service standards to different needs (e.g., housing code mobile home provision or public safety response targets)
- Establish a flexible service district approach, authorizing the governing body to adjust service districts in accordance with clear criteria and reallocate service responsibilities, revenues and obligations as needed
- Consider setting flexible policy targets (e.g., cost reduction) in the charter,⁹⁷ but avoid overly-restrictive charter provisions (e.g., ironclad position retention or pay equity guarantees)⁹⁸
- Ensure that the enabling legislation addresses any issues unique to Durham (e.g., authorization for handling HUD housing complaints County-wide)

The Charter Commission will have to strike a balance between externally-imposed deadlines for completing their work and the need to craft a document that could guide local government operations for many years. To the extent that they experience conflicts

⁹⁷ The Kansas City-Wyandotte County charter included targets (e.g., per capita cost reduction of 8% of combined baseline costs over first five years plan and 50% reduction of all general fund unfilled positions)

⁹⁸ The 1996 Athens-Clarke County Unified Government Overview Commission concluded that charter constraints (e.g., charter prohibition against firing or demoting any employee due to merger) made it tough to fully realize the anticipated cost savings.



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between these two goals, they should look past the short-term deadline and ensure that their charter document will stand the real test of time—the public interest.

9. Establish a transition budget and merger cost-benefit tracking process.

The experiences of other communities suggest that it is easy to underestimate the implementation costs of merger, and even easier to ignore post-merger costs and benefits. As such, we recommend that the City and County set aside ample funds for merger implementation and unforeseen events or contingencies. Moreover, we recommend that the City and County engage a merger transition coordinator to begin documenting, tracking and thoroughly reviewing all transition issues and costs. Finally, the charter should require the merged entity to fully report all merger-related costs and benefits either as part of its annual financial report or another formal document.

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According to officials from merged city-county governments, it requires at least five years to fully and effectively implement a city-county merger—for example, to standardize service strategies and effectively meld operating cultures. For Durham, merger should be viewed as a long-term, if not inevitable, process.

In our view, this means that merger does not need to be hurried and that, even if political merger cannot be achieved in the short-term, the two entities should position themselves for political merger in the long-term. It also means that ignoring merger will not make the issues of consolidation and cooperation disappear.

Further growth and annexation will only increase fiscal pressures on elements of local government that must be addressed even if merger does not go forward. As such, the merger debate should not be regarded as a political end game by citizens or as a distraction by staff, but rather as a timely foundation for future cooperation between the City and County of Durham.