

DURHAM CITY COUNCIL WORK SESSION
Thursday, May 21, 2020 @ 1:00 p.m.
Virtual Zoom Meeting

The Durham City Council held a virtual Work Session on the above date and time with the following members present: Mayor Steve Schewel, Mayor Pro Tempore Jillian Johnson and Council Members Javiera Caballero, DeDreana Freeman, Mark-Anthony Middleton and Charlie Reece. Excused Absences: None.

Also present: City Manager Tom Bonfield, City Attorney Kim Rehberg and City Clerk Diana Schreiber.

Mayor Schewel called the meeting to order and welcomed all in attendance at the virtual meeting.

Mayor Schewel announced that Council Member Reece was having technical difficulties with his video and would be attending with audio only.

[ANNOUNCEMENTS BY COUNCIL]

Council Member Middleton acknowledged a group of local clergy who had decided to not reactivate their congregations in person due to health concerns related to COVID-19; announced a group of small business owners were asking the city hold a forum for small business owners in Durham; and expressed gratitude for the life of the late Andrea Harris.

Mayor Schewel indicated that the small business request would be addressed during the OEWD item that was on the agenda.

Council Member Caballero mentioned that the Durham Public Health Department was focused on the rising number of cases of COVID-19 in the Latinx community.

Mayor Schewel updated the community on the local Stay at Home Order that was extended through June 1; after which, a Safer at Home Order would be in effect; emphasized face covering requirements would continue and the number of folks in mass gathering outside were limited to 10; and noted that the stricter than the state regulations were based on public health concerns.

Council Member Freeman expressed concerns about how the pandemic was affecting the community of persons of color with special mention of women; acknowledged the passing of Andrea Harris and addressed the concerns surrounding racial inequities during the pandemic.

[PRIORITY ITEMS FROM THE CITY MANAGER, CITY ATTORNEY AND CITY CLERK]

City Manager Bonfield requested two priority items:

Item 25: Request to Initiate a Neighborhood Protection Overlay for Forest Hills (to be conducted at the 6-10-20 Special City Council Meeting): stated the item was not in the correct section of the agenda, it was not a public hearing and the motion had been revised.

Item 27: FY2020 Stormwater Rates (to be conducted at the 6-1-20 City Council Meeting): indicated that there would be a presentation at the meeting and that the related public hearing would be held at the 6-1-20 City Council Meeting.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Caballero, to accept the City Manager's Priority Items. Motion passed unanimously.

The City Attorney's Office had no priority items.

City Clerk Schreiber announced there were two priority items: discussion of the Cover Durham Mask Project and discussion of Zoom Bombing of Zoom meetings at Council – appointed volunteer boards, committees and commissions.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Middleton, to accept the City Clerk's priority items. Motion passed unanimously.

Mayor Schewel requested the Clerk read the Cover Durham Mask Project memo into the record.

City Clerk Schreiber stated that Council had committed to donating \$35,475 of their travel funds to the Cover Durham project.

Mayor Schewel requested a friendly amendment to prioritize offering face coverings for transit riders and ask organizers of the efforts to seek to hire minority-owned face covering manufacturers.

Council Member Freeman encouraged the funds be used to support local producers of face coverings who were persons of color.

Mayor Pro Tempore Johnson indicated the project had been configured around the Original Mattress Factory and that Council could not this time employ a company that was POC owned.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Caballero, to suspend the rules. Motion passed unanimously.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Middleton, to approve the transfer of funds for the purchasing of masks and contact the non-profit

organization to request they prioritize transit riders in their distribution and prioritize people of color in their hiring. Motion passed unanimously.

For the second Priority Item, City Clerk Schreiber noted there was an incident of Zoom Bombing at the Environmental Affairs Board the previous evening; and discussed a process that could be undertaken to resolve security concerns.

Deputy City Manager Page spoke in support of the Zoom webinar licenses.

City Clerk Schreiber explained a method of funding webinar licenses.

Mayor Pro Tempore Johnson referenced the board, committee and commission guidelines written that specified utilizing webinar licenses. She stated that four licenses were sufficient to be shared among the 20 boards.

Council Member Freeman emphasized that the board assigned Technology Liaisons needed to be well trained in how to manage the Zoom webinar software.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Middleton, to suspend the rules in order to vote. Motion passed unanimously.

MOTION by Mayor Pro Tempore Johnson, seconded by Council Member Caballero, to approve the expenditure of the necessary funds for this purpose by the City Clerk. Motion passed unanimously.

[ADMINISTRATIVE CONSENT ITEMS]

Mayor Schewel read the administrative consent items on the Work Session Agenda individually as was on the printed agenda and pulled the following items:

Item 1: Approval of City Council Minutes. It was noted that on the Feb 20th minutes that the reparations were not to the NC General Assembly but to the US Congress.

Item 2: Participatory Budgeting Grant Agreement with El Futuro, Inc.

Item 3: Inter-local Agreement with Durham County for the Sharing of Sales Tax Revenue. Remarks only. Council Member Middleton appreciated staff's efforts on devising the inter-local agreement.

Item 4: Amend the FY19-20 Budget, Internal Service Funds Spending Plan and Other Grant and Capital Project Ordinances and Amendments

Item 5: Loan Commitments to Development Ventures, Inc. for Commerce Street Senior Apartments

Item 11: Transit Fare Capping Policy

Item 15: Cooperative Group Purchase Contract – Seven (7) Sutphen Heavy Duty Fully Customized Pumpers for the Durham Fire Department. Remarks only. The racial balance was all white as per the workforce statistics.

Item 16: Contract with Lanier Tree Services, LLC for the Removal of City Trees. Remarks only. The racial balance was overwhelming white as per the workforce

statistics. Staff was requested to reach out to contractor for information on hiring practices. CM Freeman inquired about the status of the horticultural training classes at Holton Resource Center.

Item 17: US Department of Housing and Urban Development (HUD) 2020 Partnership Initiative Grant

Item 25: Request to Initiate a Neighborhood Protection Overlay for Forest Hills (to be considered at the 6-10-20 Special City Council Meeting). Remarks only. City Manager Bonfield stated the item was not a public hearing item and that staff recommended the item not move forward; he noted there would be public comment on the item, and suggested the item be placed on the next meeting's General Business Agenda.

SUBJECT: PARTICIPATORY BUDGETING GRANT AGREEMENT WITH EL FUTURO, INC. (ITEM 2/ PR 13916)

Council Member Freeman highlighted the adjustment for funding and inquired about the architect and engineer for the project being persons of color.

Andrew Holland, Budget and Management, would reach out to FUTURO to request additional information on the racial makeup of the architect and engineer.

SUBJECT: INTERLOCAL AGREEMENT WITH DURHAM COUNTY FOR THE SHARING OF SALES TAX REVENUE (ITEM 3/ 13956)

Council Member Freeman inquired about funds being pulled back from the county with possible re-allocation of funds to projects both beneficial to the city and county.

Bertha Johnson, Director of Budget and Management Services, noted the dollars were used to balance the General Fund budget and that a revenue presentation would be provided at the budget work sessions at the end of May.

SUBJECT: AMEND THE FY19-20 BUDGET, INTERNAL SERVICE FUNDS SPENDING PLAN AND OTHER GRANT AND CAPITAL PROJECT ORDINANCES AND AMENDMENTS (ITEM 4/ PR 13958)

Council Member Freeman addressed the equity commentary specific to the project; and expressed concerns about the furloughing of Parks and Recreation staff and the impact on summer youth programming.

Christina Riordan, Analyst in Budget and Management Services, noted the budget amendment was in the dedicated housing fund.

Mayor Schewel inquired about the \$1 million FEMA grant and requested additional information.

David Boyd, Finance Director, responded that this was a placeholder for direct response costs and expenses for reimbursement were being accumulated.

Council Member Freeman inquired about the furloughed employees, if their wages were covered in the FEMA grant and asked directly about personnel insurance.

City Manager Bonfield offered to follow-up with the Council Member to answer her questions.

SUBJECT: LOAN COMMITMENTS TO DEVELOPMENT VENTURES, INC. FOR COMMERCE STREET SENIOR APARTMENTS (ITEM 5/ PR 13951)

Mayor Schewel inquired about the income mix required to qualify for placement.

Reginald Johnson, Director of the Department of Community Development, current residents were planned to be relocated to other sites during construction; in terms of mix, the number of units were determined by income averaging approach of AMI (area median income). More details would be provided as follow-up.

Mayor Schewel inquired about returning residents to their homes and what degree of green space was included in the plans.

Director Johnson suggested that a written explanation of relocation/return and green space be provided by the Durham Housing Authority.

Council Member Reece addressed the topic of what happened to current residents was a priority to Council and that he wanted assurances from the Durham Housing Authority's as to their commitments.

Council Member Freeman noted how the maintenance expenses were accounted for over the life of the project and urged that maintenance expenses be accounted for.

Assistant Director Karen Lado would respond as follow-up and would defer to the Durham Housing Authority related to maintenance and the information should be included in the development budget.

SUBJECT: TRANSIT FARE CAPPING POLICY (ITEM 11/ 13963)

Council Member Freeman inquired about the tracking of equity and how was this accomplished and wanted to ensure that onboard ticketing was available to all.

Sean Egan, Director of Transportation, explained that demographic information was gleaned by on-board rider surveys; the new policy would benefit low and minority riders and that staff would follow up with additional surveys.

Mayor Schewel spoke in support of the project that sought to help those with the least economic resources, a huge win for equity.

Council Member Reece addressed the fare capping slides that would cause a revenue loss of approximately \$90,000; did the upcoming budget assume this loss by fare capping.

Director Egan had anticipated the loss but would be revising the revenue estimates and how global ticketing would be incorporated into the new economic circumstances.

SUBJECT: CONTRACT WITH LANIER TREE SERVICES, LLC FOR THE REMOVAL OF CITY TREES (ITEM 16/ PR 13953)

Alexander Johnson of General Services provided the staff report.

Mayor Schewel inquired about the hiring practices of the contractor, Lanier Tree Services and asked that the contractor provide a written report of the practices to potential minority employees via email to Council.

SUBJECT: US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) 2020 PARTNERSHIP INITIATIVE GRANT (ITEM 17/ PR 13968)

Phillip Jordan of Neighborhood Improvement Services addressed Council Member Freeman's question about the meaning of GTM.

Mr. Jordan responded that the acronym of GTM represented Government Monitor and that bilingual information was intended to be distributed.

[PRESENTATIONS]

SUBJECT: PROPOSED WATER AND SEWER RATES FOR FY20-21 (ITEM 12/ PR 13966)

Don Greeley, Director of Water Management, provided the staff report; appreciated Council's support for the annual incremental increase averaging 3%; provided an outline of the presentation; rate setting objectives; affordability in tiers; historical average single family residence costs per tier; affordability- payment arrangements; details on the hardship fund of \$100,000 targeted annually; key issues of the multi-year rate strategy; projection of water/sewer revenue requirements; Capital Improvement Program: consisting of water treatment plant and distribution devices, sewer collection and replacement/renewal; CIP- Projections 5-year appropriation; consumption based on weather and water efficiency of residents/businesses; percent consumption by tiers; FY21 water/sewer rate proposal; proposed rate increases: 2.9%, 3.6%, 3.9% and 4.1% over next four years; municipalities without current year rate increases would double their increases in the following year; and referenced UNC dashboard that consisted of bill comparisons of water/waste water billings across state.

Council posed the following questions:

Q: What is the total increased revenue from the proposed rate increase?

A: Roughly \$3 million.

Q: Referencing Slide 19, what does the increase cover amongst the categories?

A: Will follow up.

Q: What do the new payroll costs of \$700,000 consist of?

A: 11 new FTEs consisting of .3 of the 2.9% increase.

It was requested to recalculate the payroll costs and send to Council.

There were equity concerns in that the rate increase that hit customers in the lowest tiers, the hardest.

Director Greeley explained the service charge made up a larger portion of the bill compared to the higher tiers; and spoke to the 11 new positions, four in Customer Billing involving temporary to permanent hires.

Q: What is plan around water shut-off moratoriums?

A: Once directed to move forward with disconnections, each customer would be contacted: 3000 currently in arrears, of which 2500 are repetitive customers, to discuss payment plans.

Q: Of 11 positions, how many of the FTEs were temporary workers?

A: Four.

Q: How critical were the new positions, ranking the 11 positions?

A: Eight surrounding customer billing were priority, directly linked to controlled escalation.

Q: Has the hardship fund ever been exhausted?

A: No. This is a problem that has been identified and was not fully utilized due to the cumbersome process. Staff streamlined the application process and applied the funds to accounts in arrears. Currently, there was \$64,000 remaining in the city-administered fund.

City Manager Bonfield suggested shifting the item to the General Business Agenda on the June 1, 2020 agenda to allow staff to address Council's concerns.

Council Member Freeman inquired about equitable distribution of funding based on averages, which was not a method to be equitable.

Mayor Pro Tempore Johnson inquired about scenarios from Water about hiring fewer staff resulting in a lower rate increase and shifting the increase/burden onto higher tiered customers.

SUBJECT: FY20-21 STORMWATER RATES (ITEM 27/ PR 13895)

Paul Wiebke, Public Works, Stormwater Division, spoke to proposed rates in FY20-21; detailed the content of the Enterprise/Stormwater Fund; detailed key issues on rate increase; noted the last increase was in FY2015 affecting 80,419 accounts; Falls Lake stage load reduction goals; compared FT20-26 CIP Spending Projections; detailed the three tiers and residential/commercial annual rate increases; compared peer city rates; and explained the algal turf scrubber plant.

City Manager Bonfield explained that the item was going on General Business Agenda –Public Hearings.

SUBJECT: FY2019-20 THIRD QUARTER FINANCIAL REPORT (ITEM 18/ PR 13947)

Bertha Johnson, Director of Budget and Management Services and John Allore, Deputy Director of Budget and Management Services, presented the staff report and expected a 20% reduction in sales tax collections with the impact hitting revenues as of mid-March in the COVID-10 period.

Deputy Director Allore spoke to savings and overages; noted savings of \$2.5 million with considerations of premium pay; majority of property taxes collected in Jan/February annually; estimated losses of \$2 million, related to COVID-19. He stated occupancy taxes were down, experienced the clawback of charges for services in May (credit and refund transactions in Parks and Recreation Department); updated the Enterprise Funds of Transit, Solid Waste, Stormwater, Inspections, Ballpark, DPAC and Parking; and expected sales tax losses in the April report.

Council posed the following questions:

Q: Transit operations fund, operating expenditures were down significantly, and assumed that there less revenue and running fewer buses, less gasoline?

A: Confirmed, this was correct.

Q: Why does Solid Waste have positive budget variance?

A: Yes, slightly, due to transfer station contract savings and fuel savings.

Q: Fund Balance for Parking to address next year, has fund remained healthy?

A: Yes, checked the CAFR, the undesignated fund balance was accounted for at approximately \$6 million.

Q: What was balance of Dedicated Housing Fund?

A: Community Development staff were expected to report either later in the meeting or at the upcoming budget workshop.

Q: Were there arrangements being made for families with COVID-19 losses?

A: Community Development would be reporting at the upcoming budget workshop, next week.

Council appreciated the efforts by the Budget and Management staff.

SUBJECT: CITY OF DURHAM'S COVID-19 HOUSING RESPONSE (ITEM 19/ PR 13980)

Reginald Johnson, Director of the Department of Community Development, presented the staff report; updated Council on the CARES (Coronavirus Aid, Relief and Economic Security Act) Legislation that included (CDBG, ESG, HOPWA, CHDO, HOME) HUD's entitlement programs, dollar amounts, proposed fund uses and noted program development was underway; and spoke to the current issues to be addressed and noted the Annual Action Plan would need to be revised.

Council posed the following questions:

Q: What affect did the proposals have on the five-year housing plan in terms of funding and staff capacity in order to respond more quickly to COVID related needs?

A: Funding would not help in producing more of units; explained that CD staff was working remotely, the city did not meet the 1.5 timeliness test and that more work was coming in on top of current situation.

Q: What was in next fiscal year budget in regard to tax assistance? What tax assistance programs were being implemented in the next budget year? Could the funds being received from federal government be used for tax assistance?

A: Federal monies were not available to use for tax assistance. The application process for the third year of local tax assistance programming was currently underway, until June 30th. City and County staff were partnering to devise a more robust program at the local level with a report scheduled for the Joint City-County Committee.

Q: Was this all the new federal funding was being received from the CARES Act related to HUD?

A: Yes.

Q: When would the rental assistance funds be ready to flow?

A: Estimated by August or July depending on Council's meeting calendar.

Q: What was the amount set-aside for rental assistance?

A: \$950,000.

Q: What were the barriers to access rental assistance through the County?

A: An important aspect of the program was to have Legal Aid as a partner and dollar limitations came with resources.

Q: What was the scope and method of deployment of the \$100,000 foreclosure prevention?

A: The funds were to be used for city-wide counseling, not as mortgage payments.

Q: Which staff would be assigned to handle the foreclosure prevention programming?

A: Not yet assigned.

Mayor Schewel wished staffers Reginald Johnson and Rachel Ruterbories 'Happy Birthdays'.

SUBJECT: UPDATE ON THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT'S COVID-19 RESPONSE (ITEM 20/ PR 13988)

Andre Pettigrew, Director of OEWD, presented the staff report on local COVID-19 response and small business recovery loan fund. He spoke to current unemployment claims in NC at the Department of Employment Security, job-hunting strategies and NCWARN Notices and local resources supporting small businesses.

Mr. Pettigrew spoke to state-wide organizations to support loans to businesses with special mention of the Golden Leaf Foundation and local governments- eligibility, loan terms and program structure.

Mayor Pro Tempore Johnson began presiding over the meeting.

Council posed the following questions:

Q: Where are the revitalization areas and opportunity zones in Durham?

A: Andrew/Driver, East Durham, West Chapel Hill Street, Fayetteville Corridor, East Main Street, Old Five Points and Lakewood and seven census tracts.

Q: What was the size of the loan fund?

A: To be determined.

Q: What was the purpose of the collateral provision?

A: In response to the program being a loan program, it was standard.

Q: When would the funds be available for disbursement?

A: Expect to write checks by July 1.

City Manager Bonfield explained that staff needed Council's input on the parameters of the program; and noted there were processes that had to be followed as a fiduciary of Duke's \$1 million along with taxpayer funding.

Council expressed frustration with the duration of the on-going process in an era where businesses were hurting and needed assistance; expressed support for parameters and opportunity zones; concurred about relaxing credit and collateral requirements; urged

the lowest interest rate possible in the loan program, as close to zero as possible, and to allocate \$1 million of city funds; suggested using the \$300,000 for Built to Last already in the budget and the rest from the COVID Relief Fund; and encouraged the program be activated in June 2020.

City Manager Bonfield interjected that Council did not need to wait until July 1. Council supported low interest loans with little/no collateral; indicated that during COVID-19, there were concerns about the way the plan was set up, the dollar amount, the way the partnerships were set up and not having enough information; and encouraged local partners to accomplish the work. Concerns were expressed about the tone and the meaning of equity and the impact on persons functioning at the margins.

There was support for the City to infuse \$1 million into the process.

City Attorney Rehberg spoke to the inclusive emoluments clause and the process being used in Raleigh for grant provisions. She noted that there needed to be a public purpose, defined by statute giving the city specific authority to grant funds to locals. It was made clear that the City of Raleigh was utilizing a charter provisions to grant funds to local businesses.

Mayor Pro Tempore Johnson addressed Mr. Pettigrew by expressing her interest in the program that featured support for the small business loan program in order to create employment opportunity for Durham residents; urged that standards be included in the program with a focus on hiring Durham residents with quality jobs; and supported the \$1 million amount.

City Manager Bonfield stated that staff would return in the next cycle with additional information.

SETTLING THE AGENDA – JUNE 1, 2020 VIRTUAL CITY COUNCIL MEETING

City Manager Bonfield announced the items for the June 1, 2020 virtual City Council Agenda: Consent Agenda Items 1 through 11 and 13 through 17; General Business Agenda Items 12 and 25; General Business Agenda- Public Hearings at June 1, 2020 regular Council Meeting consisted of Items 21, 22 and 27; and at the June 10, 2020 Special Council Meeting, Items 23, 24 and 26.

MOTION by Council Member Caballero, seconded by Council Member Reece, to settle the City Manager's agenda for the June 1, 2020 virtual regular City Council Meeting and June 10, 2020 Special Council Meeting as stated by City Manager Bonfield was approved at 5:09 p.m. Motion passed unanimously.

Additional discussion was conducted regarding endorsing the city's contribution to the small business relief program.

Mayor Pro Tempore Johnson, continuing to preside over the meeting, called for a motion on the topic of small business relief.

MOTION by Mayor Schewel, seconded by Council Member Reece, to suspend the rules in order to vote. Motion passed unanimously.

MOTION by Mayor Schewel, seconded by Council Member Middleton, to allocate \$1 million for the small business relief program. Motion passed unanimously.

Being no further business to come before Council, the meeting was adjourned at 5:10 p.m.

Diana Schreiber
City Clerk