

**DURHAM CITY COUNCIL WORK SESSION
Thursday, June 4, 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.

[ANNOUNCEMENTS BY COUNCIL]

Council Member Caballero addressed the Spanish-speaking community in regard to the passing of an eight-year old child, Aurea Soto Morales, a student from Creekside Elementary School, from COVID-19. Council Member Caballero repeated her address in English and requested a moment of silence in the child's honor.

Mayor Schewel called for a moment of silence.

Council Member Freeman spoke to the degree of grief faced by Durham families related to the current civic unrest; expressed her emotional impact of visiting the Mississippi Civil Rights Museum, spoke to individuals lost to lynchings across America and addressed white violence.

Mayor Pro Tempore Johnson announced that the Racial Equity Taskforce's recommendations were expected to be finished with issuance of the final report in July; and proposed Monday, July 6, at 7 pm, as the date to hold a special meeting for the presentation of the Taskforce's recommendations.

Mayor Schewel requested the Clerk to poll Council and administration to approve of the date/time for the meeting.

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

City Manager Tom Bonfield announced the Priority Items consisting of follow-up items for Council in addition to the following two Supplemental Items:

Item 48, FY20-21 City Council Budget Work Sessions Follow-Up; and
Item 49, Durham Small Business Recovery Fund

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

The City Attorney and City Clerk had no items.

[ADMINISTRATIVE CONSENT ITEMS]

Mayor Schewel read the items on the printed agenda and the following items were pulled for additional information and/or discussion:

Item 1) Correction to the draft minutes of 4/23/20, page 4, should read: 'than to ship waste to the landfill'.

Item 2) Balloting Process: The Clerk was directed to forward the balloting reminder email to Council on Mondays and Wednesdays prior to Thursdays' Work Sessions for balloting purposes.

Council discussed utilizing a single email by each Council Member to list their nominations to boards, committees and commissions. For vacancies to be re-advertised, Council would make their wishes known in the email and would vote to re-advertise as a group at the Work Sessions.

Council discussed the demographics of the Carolina Theatre Board of Trustees - vacancy appointment; it was the consensus of Council to re-advertise the vacancy for more diversity within the applicant pool.

It was the consensus of Council to re-advertise the second seat on the Durham Homeless Services Advisory Committee, category of Corporate/Private Sector.

It was the consensus of Council to re-advertise the third seat on the Durham Open Space and Trails Commission, category of At-Large.

It was the consensus of Council to re-advertise the Housing Appeals Board appointment seat for the category of Tenant.

It was the consensus of Council to place Item 12, FY20-21 Budget and FY2021-26 Capital Improvement Plan (CIP) on the General Business Agenda.

In regard to the resolution honoring Andrea Harris, Council Member Freeman asked her colleagues that if they had additional information about the life of the late Ms. Harris, to urged her colleagues to provide the information to her.

Item 14. Rules and Procedures for the Affordable Housing Bonus. The item was pulled for discussion. Mayor Schewel inquired about student certifications and regulations. Community Development Director Reginald Johnson would follow-up.

City Manager Bonfield suggested pulling the Durham Housing Authority (DHA) related agenda items to be addressed after the presentation by DHA Director Anthony Scott. It was the consensus of Council to pull the following items: Items 16, 17.

Item 20. Western Union Payments Service Agreement. The item was not pulled but remarks given in favor of the service change.

Item 23. Contract with GDS Associates, Inc. for the Development of Carbon Neutrality and Renewable Energy Action Plan. The item was not pulled but remarks given in favor of the Action Plan.

Item 27. Broker for Benefits. Item was pulled for more information.

Items 28. FY20-21 Contract to fund Economic Development Programs and Services Operated by DDI using City of Durham Grant Funds; and Item 29. FY20-21 Amendment to Contract for City Services and Programs for the Downtown Durham Municipal Service District. City Manager suggested pulling the Downtown Durham Incorporated Items to address in conjunction with the DDI presentation.

Taking the prerogative of the Chair, Mayor Schewel announced the order of the items to be addressed: Item 14, Rules and Procedures for the Affordable Housing Bonus; Item 27, Broker for Benefits; Item 35, 2020 First Quarter Crime Report; Items 28 and 29 and DDI's presentation; Items 16 Operational Assistance Contract with the Housing Authority of the City of Durham for the DHA Downtown and Neighborhood Plan and 17, Relocation Assistance Contract with the Housing Authority of the City of Durham, and DHA's presentation; the Small Business Loan Fund and finally, the Budget.

SUBJECT: RULES AND PROCEDURES FOR THE AFFORDABLE HOUSING BONUS (ITEM 14/ PR #13991)

Council Member Freeman asked if there was any money attached to the bonus or in lieu of the bonus, a payment by the developer.

Assistant Director Karen Lado stated there was no *payment in lieu of* option associated with the density bonus and explained that charter provisions were being exercised to allow for the density bonus; noted that there will be a provision requiring the recording of restrictive covenants on properties, thus guaranteeing affordability; and spoke to the contract between the developer and the city that laid out the developer's commitment to long-term affordability.

Planning Director Pat Young addressed UDO (Unified Development Ordinance) sending notices of violation and fees for non-compliance that in actuality acted as an enforcement mechanism.

SUBJECT: BROKER FOR BENEFITS (ITEM 27/ PR 14019)

Mayor Schewel inquired about the demographics of the contractor and requested details on the contractor's minority employee outreach.

Veronica Jackson, Benefits Manager, deferred to John Gasiorowski for presentation.

Mr. Gasiorowski noted that his company had not hired anyone in the past five years and explained his use of minority and women contractors.

Mayor Schewel encouraged the presenter to reach out to NCCU's Placement Office (North Carolina Central University) for future hiring and to make an effort to incorporate diverse employment practices.

[PRESENTATIONS]

SUBJECT: 2020 FIRST QUARTER CRIME REPORT (ITEM 35/ PR 13974)

Police Chief CJ Davis supported the current peaceful protests and reaffirmed her officers' roles to protect protesters and avoid intervening in the demonstrations.

Mayor Schewel made remarks about local and national demonstrations in response to the killing of an African-American man, George Floyd, during a police interaction by a police officer in Minnesota; and was appreciative of the Chief's leadership during the peaceful protests and appreciated all the officers for their efforts.

Chief Davis was committed to the image Council wanted for Durham as a safe-haven for peaceful protests.

Chief Davis presented statistics on Part 1 Violent and Property Crime (January- March), Part 1 Clearance Rates, Priority 1 Calls for Service with corresponding response times, staffing rates (sworn, unsworn), U-Visa Requests by Quarter, 2020 1st Quarter Impacts of COVID-19 pandemic and city-wide Malware Attack.

Personnel Changes:

- Two New Deputy Chiefs and Public Affairs and Communications Manager- hired
- Part 1 Violent Crime- 3 year avg; 1Q19 v. 1Q20 compared with % change
 - Homicide – 42% decrease
 - Rape – 15% decrease
 - Robbery – 9% increase
 - Aggravated Assault – 47% increase
 - Violent Crime – 24% increase

Part 1 Property Crime- 3 year avg; 1Q19 v. 1Q20 compared with % change
Burglary – 9% increase, mostly commercial; residential down by 14%
Larceny – 27% increase
Vehicle Theft – 38% increase, most vehicles left running with keys inside
Property Crime- 24% increase

Part 1 Clearance Rates – Durham compared to peer cities

Priority 1 Calls for Service

Calls were up 19% from 1Q19

Target Response Time- 5.8 minutes

Average Response Time – 5.93 minutes, slightly over target of 5.8 minutes

Target Under 5 minute Response – 57%

Less Than 5 minute Response – 56.49%, target was 57%

Staffing at End of 1Q2020

Sworn

Authorized – 555

Actual – 522

Non-Sworn

Authorized – 126

Actual – 114

U-VISA Requests by Quarter

Processed 48 requests

Approved: 67%

Major Issues Impacting 1Q

MalWare Attack

COVID-19

Employee Activities and Efforts

Detailed in Report

Chief Davis fielded Council's questions.

Mayor Schewel asked for Council's questions and remarks.

Council Member Middleton expressed appreciation for the Chief.

Council Member Middleton inquired if the Durham Police Department was using best practices in regard to use of force and if not, why and how could the Department get there. He stated that he had worked to reform the Police Department and emphasized the importance of making certain the force was utilizing best practices.

Chief Davis responded in the affirmative and noted that best practices were being utilized. The Chief was willing to articulate those policies, was open to clarifying and tweaking policies and making them clearer to the public to access as they were associated with current issues. She stated the Department used national best practices.

Council Member Reece thanked the Chief for ensuring protesters' safety; asked if , related to use of force policies, 8cantwait.org, could the Chief get information to Council

as it related to the eight use of force practices in Durham and how did Durham fit in regard to the eight standards.

Council Member Freeman appreciated the support of the Chief during the protests and urged that folks were not alienated by their method of protests.

Mayor Pro Tempore Johnson addressed the 8 Can't Wait policies, provided background on Use of Force Policies; and noted that Durham had two of the eight best practices and had the Chief considered implementing the other six best practices.

Chief Davis would provide this information to Council.

Council Member Reece continued asking about the different standards and asked for more information about the 8 best practices; referenced calls for service and response times related to domestic violence in the 90 day report, and noted that persons in abusive situations could be dangerous during the Stay at Home Order, violent crime was up 25% over last year's stats and asked the Chief for thoughts.

Chief Davis responded that due to the nature of COVID, there was an impact on the statistics, there was less proactive training and less bilingual materials were being distributed, there was more domestic violence occurring; and stated she was uncertain how much longer the COVID situation would continue.

Council Member Reece asked how could calls for service be up 20% and the average response time was up by only 3%.

Chief Davis responded that supplemental officers were responding to COVID related calls initially, there were calls on persons violating stay at home orders, those being a different type of call received.

Mayor Schewel addressed the timing of the stay at home order issued at end of month, combined with the declarations by state in March, reduced overall travel by end of March thus impacting the numbers.

Council Member Reece requested the Chief compare the increase in aggravated assaults with the decrease in homicides in the First Quarter.

Chief Davis noted that there was an uptick in aggravated assaults during the beginning window of the virus, police officers were at bay due to exposure concerns and were trying to maintain visibility while remaining engaged. Certain folks participated in drive-bys and in other incidents, committed aggravated assaults. Reminded Council that trends were more apparent in the six-month report period.

Related to the *Above and Beyond* section of the Chief's Quarterly Report (P. 7-8), Council Member Reece recognized Officer Wagstaff for his outstanding efforts.

Council Member Reece asked the Chief to address the call for re-allocation of government funding away from Police Departments, but into other government services, paralleling the police.

Chief responded that it was her prior and concern that the work entrusted to the Department, played out in a way the City of Durham can have victories. For the monies that are allocated, the question is, how can the city achieve victory? Fighting the various elements, fighting to suppress crime, and Police can only do it from one angle. Chief hoped that the social issues can be addressed and stated it was hard to put the Police Department out of business because nobody's paying attention to other things that help stop crime. City Council has always been supportive of community and grassroots types of programs. The Chief continued stating that she would not ask for people if people were not needed to respond to the 47% increase of aggravated assaults. If there were other types of interventions in place that could help the City curtail the type of crimes seen, then the PD would not have near as much response to certain communities that cry out for somebody to intercept the bullets and the drug dealing. Work is important and balance needs to exist. The Chief would love to work closer with other types of entities from a holistic viewpoint to make the community a better place to live, work and play. Quality of life issues, joblessness, education, all of these come into play when talking about crime. If there were other effective ways to stop gang crime, the Chief was open to it.

Council Member Middleton asked about a member of the media who inquired about an incident that occurred in front of the Police Headquarters- the officers had established a perimeter, a civilian vehicle entered the perimeter and scared the protesters. There was a rumor that the car was deliberately allowed to enter the perimeter. Do you have any information about the incident?

Chief responded that the rumor was appalling that the officers, working for the past five days during the protests, were being blamed for deliberately trying to harm protesters. The officers had been ensuring the protesters had an open, safe space to peacefully protest. Last night was the first night the group of protestors split off into three different locations. The Chief explained the protesters were lying in the street when the vehicle approached, it scared the protesters; and stated camera footage was being reviewed to determine from exactly where the car came. The investigation was on going to determine who was responsible and why it occurred.

Mayor Schewel addressed Chief Davis. Based on outreach by former President Barack Obama requesting Mayors from across the country to pledge to review local use of force policies, Mayor Schewel announced his pledge to review the content and expression of the city's use of force policies and if needed, clarify them.

SUBJECT: FY19-20 DOWNTOWN DURHAM MUNICIPAL SERVICE DISTRICT PRESENTATION AND ANNUAL REPORT (ITEM 36 / PR 14022)

Summer Alston, Office of Economic and Workforce Development, introduced the item and deferred to Nicole Thompson, President and CEO of Downtown Durham Incorporated for presentation.

DDI President Thompson expressed appreciation for Chief Davis' team in working with the community during the George Floyd protests; highlighted the work of the DDI Ambassadors during COVID-19 in the Downtown area and spoke to the dissemination of relevant and accurate information with the public; acknowledged the *From the Heart* artistic and musical performances and offering meals to health care workers; spoke to seed monies to provide meals to the EOC (Emergency Operations Center); and updated Council on the status of outdoor dining possibilities. She urged support for the small business assistance fund for city and county businesses.

City Manager Bonfield reminded Council there were two agenda items associated with DDI: Item 28, FY20-21 Contract to Fund Economic Development Programs and Services Operated by DDI using City of Durham Grant Funds; and Item 29, FY20-21 Amendment to Contract for City Services and Programs for the DDI Municipal Service District; and recommended moving the items to the Consent Agenda.

It was the consensus of Council to place the two items on the upcoming Consent Agenda.

Prior to hearing the next agenda item, Mayor Schewel spoke to two upcoming agenda items: Affordable Housing Implementation Committee and the formulation of its bylaws; and the Resolution for Reparations and urged other communities to get involved in modifying federal policy.

SUBJECT: OPERATIONAL ASSISTANCE CONTRACT WITH THE HOUSING AUTHORITY OF THE CITY OF DURHAM (DHA) FOR THE DHA DOWNTOWN AND NEIGHBORHOOD PLAN (ITEM 16 / PR 14004); AND RELOCATION ASSISTANCE CONTRACT WITH THE HOUSING AUTHORITY OF THE CITY OF DURHAM (ITEM 17/ PR 14003)

Reginald Johnson, Director of the Department of Community Development, deferred to Andrew Scott, President & CEO of Durham Housing Authority, for an update on McDougald Terrace repairs and relocation, noted COVID-19 had impacted the electrical conversion work was paused due to the lack of social distancing; spoke to financial support of public housing by vouchers and other funds and transferring of assistance; explained how DHA was utilizing the RAD Program; detailed renovation worksites and relocation efforts planned for across Durham with housing bonds- Oldham Liberty, DHA Office and Forest Hill Heights. He displayed preliminary site renderings/plans, number of units and construction plans on other projects, including repair projects.

Mayor Pro Tempore Johnson inquired about the Oldham Liberty preliminary area site plan, separating market rate from affordable rate units, and asked CEO Scott to explain.

CEO Scott responded that there was a wide range of income at all sites, from 30% to 80% cohorts.

Mayor Pro Tempore Johnson asked where was DHA with handling evictions once the moratorium was lifted.

CEO Scott responded that the HUD moratorium expired on July 24, 2020. There were opportunities for residents to arrange payment options with DHA and the Department of Social Services. This was current policy as it related to the COVID-19 Pandemic.

Could DHA extend the HUD moratorium, inquired Mayor Pro Tempore.

CEO Scott explained that DHA had programs to handle non-payment and was obligated to pay HUD rent.

Council Member Caballero inquired about what happens to residents who were unemployed due to the pandemic and who were still unemployed and struggling with months of back-rent.

CEO Scott responded that Durham public housing was income-based rent, so if income went down, then rent payments went down. Additionally, rent repayment agreements were coordinated with residents based on the ability to repay.

Council Member Reece referenced the relocation program and asked for a description of the relocation voucher and distinguish these vouchers from the current vouchers.

The relocation vouchers were the same as the current ones that had already been issued.

Council Member Reece continued asking about relocation during the rebuilding of housing, would a relocating resident and voucher holder who could not find housing in a DHA property be forced to enter the private market holding one of the DHA vouchers. He indicated to CEO Scott that he was committed to not seeing the high rate of DHA eviction filing as had been historically been seen and urged the director to oversee that this not happen.

CEO Scott explained that a person would not be forced to leave. Some units were being held as vacant in case of the non-availability of external units. Vouchers were optional. Units were being transferred between renovated housing.

CEO Scott encouraged Council to advocate around the moratorium and encouraged residents who were having problems paying rent, to come to the DHA Office to arrange

payment options and thwart evictions. However, when residents did not respond to the DHA, then DHA in turn, had to elevate the issues to HUD.

Council Member Freeman looked forward to the Joint City-DHA Housing Meeting and asked that it become an annual event. She continued asking about what was the status of partners on the soft side of the transfer and were the opportunities clearly aligned and spelled out to residents.

CEO Scott responded that COVID-19 has paused the process and the RFP was expected to be announced at the end of this summer. He explained the prosperity plan was built into the process with goals for both contracting and hiring.

Council Member Middleton expressed appreciation for the leadership of CEO Scott; spoke to his personal experiences as a former resident of public housing; reminded the community that public housing should be places of decency and respect; and explained the correlation between evictions and employment/incomes.

Council Member Middleton addressed the Right of First Return by asking what was the tracking/information sharing system like for residents being relocated after the units were completed. He wanted to ensure displaced folks would not fall through the cracks.

CEO Scott spoke to issues with the HOPE VI Program and explained the purpose of the RAD Program that contained a limit of 24 months max for persons to be out of their housing.

Council Member Middleton vocalized caution, without ambiguity, that residents were to be tracked and returned to their homes after relocation.

Mayor Schewel asked about developer fees at Damar Court and Morreene Road, were the development fees realized. If so, provide an estimate.

CEO Scott responded that the development fees had not yet been realized. Preliminary development fees were estimated at \$1 million.

Related to Fayette Place, Mayor Schewel inquired about the planning process going forward.

CEO Scott explained that due to factors outside of DHA's control related to the pandemic, there had been delays. He spoke to the 9% tax credit. The goal was to plan for more amenities, aside from housing and a small grocery store. It was ultimately the interest of developers who would bring in entities to add value in leased spaces from Fayette Place to NCCU.

Mayor Schewel asked about funds such as those in Item 16, going to hire development staff at DHA.

CEO Scott responded affirmatively.

It was the consensus of Council to place the DHA items onto the upcoming Consent Agenda.

SUBJECT: DURHAM SMALL BUSINESS RECOVERY FUND (ITEM 49/ PR 14029)

Andre Pettigrew, Director of the Office of Workforce Development, and Kevin Dick, CEO of Carolina Small Business Development Fund (CSBDF), presented.

It was proposed the Council authorize the city to establish the Small Business Recovery Fund for small businesses impacted by COVID-19; provided the program overview consisting of public and private sector funds for grants and loans. He detailed program eligibility size standards to mitigate impacts of COVID-19; explained the maximum grant and loan terms and city's program cost for fund administration. He stated the management fees represented additional costs that needed to be covered by the City and explained the liquidation process with creditors related to defaulted loans.

Messrs. Pettigrew and Dick responded to Council's questions.

Council Member Reece inquired about the grant and loan terms, was there a possibility of reconsidering which businesses would be eligible for funds. For example, food trucks would be excluded.

Director Pettigrew responded that the funding emphasis was on businesses with storefronts and those paying rent, rather than home-based businesses.

Council Member Reece asked for more details about personal guarantees.

Director Pettigrew noted that personal guarantees indicated persons signing on would then be liable. In case of liquidation, the city, as an unsecured creditor, would be situated behind other creditors. Personal guarantees varied by municipality and dependent on percent ownership.

CEO Dick explained filings and collateral expectations.

Council Member Reece inquired if more details on the storefront requirement and how does it work in other jurisdictions.

CEO Dick replied that the program needed reflect a policy decision by Council and noted that provisions emphasized placemaking and the visual vibrancy of the city.

Council Member Reece asked what was the timeline from approval to disbursement of grants and loans and how could the city expedite the process.

CEO Dick estimated three and half weeks.

Council Member Middleton asked in regard to program eligibility, could restaurants with more than 25 employees be added to the eligible.

Director Pettigrew responded that this was a policy question and was up to Council. Disadvantaged businesses typically had 25 employees and fewer. Additional resource options were mentioned: Golden Leaf Rapid Recovery Program, Federal and State Unemployment resources.

Council Member Middleton asked about businesses with revenues under \$500,000 being eligible for grants, what was the average grant size, were foodtrucks included and was three percent the best rate available.

Director Pettigrew noted that businesses with under \$500,000 were eligible for grants and those over \$500,000 were eligible for loans only. The categories were mutually exclusive. In Raleigh, approximately \$7400-7500. Requiring expenses representing two-months of rent or mortgage (space rental) represented a baseline for actual expenses. Food truck businesses with expenses related to a commercial lease or commissary would be eligible. For public monies, a competitive interest rate/market rate was chosen at prime, reduced by 1/4 percent. Staff was determined to offer competitive terms with a low interest rate. *SBA Idle* was the only lower rate in the market.

City Attorney Rehberg emphasized the City was not allowed to undercut the market rate and deferred to Assistant City Attorney Crista Cuccaro for details.

Assistant Attorney Cuccaro reiterated that the city was limited in its ability to reduce interest rates; for those borrowers not able to access traditional financing, there may be lower interest rates for those borrowers.

Council Member Freeman inquired about how could the process be moved along faster and what were the expectations for additional funding.

CEO Dick explained the review period in Raleigh was ten days; with support consisting of technical assistance between contact execution and launch period.

City Manager Bonfield understood the urgency of getting the funds out to the community and addressed moving 'faster' or 'too fast' with the caveat that some businesses could be excluded, due to some businesses needing additional technical assistance (access to information) in processing applications. The businesses that were connected were more likely to be quicker in submitting their applications.

Technical assistance, prior to launch, was provided in English and Spanish in the Raleigh area at various non-profits and business related trade groups. It was a priority that the funding reach the targeted disadvantaged community businesses. Council

discussed the communication lag within the Hispanic community due to the language barrier.

It was the consensus of Council to support the proposed timetable.

City Manager Bonfield explained that there had been \$1 million committed to the loan funds by the City and in addition \$1 million from Duke University for grant funds. After these funds were disbursed under the proposed guidelines, the City Manager recommended that additional funds be considered later for a second round. Depending on the random draw of persons of color, disadvantaged businesses, as hoped, a pivot may be necessary.

Mayor Schewel indicated that Durham County was contributing \$1 million to small business support, for a total of \$3 million (City-Duke-County) and asked Council for response.

Council Member Reece spoke to allocating \$1 million and re-allocating another \$1 million when the fund was exhausted.

Council Member Middleton expressed concern amongst the rise of COVID in the Hispanic community, eviction rates and McDougald Terrace needs; and supported the current allocation and the idea of revisiting the addition of \$1 million (or more) once the original funds were disbursed.

Council Member Caballero supported dedicating an additional million to the fund.

Mayor Pro Tempore Johnson was not supportive of dedicating an additional million at this time; and felt it necessary to evaluate other potential community needs.

Mayor Schewel summarized that he heard three Council Members did not support adding an additional \$1 million at this time; and that there was consensus to support the City Manager's recommendation along with an evaluation of the program.

Mayor Schewel had questions regarding the personal guarantee, clarity of the food truck inclusion and home-based businesses and lower interest rate for businesses unable to access capital on the private market.

Mayor Schewel asked if food trucks businesses and home-based businesses could access funding.

CEO Dick responded that food trucks business owners would have access but not home-based businesses. Mayor Pro Tempore Johnson and Council Members Reece and Caballero supported including home-based businesses in the program.

Mr. Dick noted that including home based businesses or not was a policy call of the Council; there would have to be another alternative threshold outside of rent or

mortgage; and noted that grant funds could be stretched based on parameters and that home-based businesses could be included.

Mayor Pro Tempore Johnson asked about the grant maximum being related to the rent payment.

CEO Dick concurred with Mayor Pro Tempore's assessment about grant maximums and rents and that there would have to be an alternative threshold to the \$10,000 max.

Mayor Schewel designated CEO Dick to create parameters to apply to home-based businesses.

It was the consensus of the majority of Council to include home-based businesses in the program.

Mayor Schewel began the discussion of a lower rate for businesses that could not access capital in the private market. There was a potential exception in offering interest rates, and could it be operationalized.

Mr. Dick would have to check with his credit department to determine if there were administrative concerns. To expedite the timeframe and funding, he recommended offering a standard interest rate.

Council Member Middleton requested information on the lowest possible rate.

Mr. Pettigrew sought to go as low as possible and would come back after speaking with underwriters.

It was the majority consensus of Council to request Mr. Pettigrew to review the proposal with underwriters and to follow-up with Council of the lowest possible, legal interest rate.

Mayor Schewel asked about personal guarantees and about the rationale requiring this; and anticipated a high default rate.

Mr. Dick addressed managing public funds and was standard process and would check with his credit department; there were fiduciary responsibilities with city funds in the loan package and reiterated funds needed to be lent responsibly and appropriately.

Mr. Pettigrew noted that the term loan served as a bridge loan to facilitate getting businesses to the next level.

Mr. Dick would check with his credit department and follow-up with Council.

City Manager Bonfield sought Council's authorization to move the item forward.

Mr. Pettigrew understood the issues: interest rate, credit requirements, favorable terms; with Council's authority to resolve issues within legal constraints, requested Council's allow staff to keep moving.

Mr. Dick explained that there was a path forward to waiving personal guarantees.

It was the consensus of Council to waive personal guarantees.

Mayor Schewel called for a vote.

MOTION by Council Member Reece, seconded by Mayor Pro Tempore Johnson, to suspend the rules to vote. The motion passed at 5:40 p.m. by the following vote: Ayes: Mayor Schewel, Mayor Pro Tempore Johnson and Council Members Caballero, Freeman, Middleton and Reece. Noes: None. Absent: None.

MOTION by Council Member Freeman, seconded by Council Member Caballero, to authorize the administration to move ahead with this program on the time schedule outlined, to contract with Carolina Small Business Fund to do this, using the \$1 million we put forward, the city to provide administrative funding outside of that to support this work, and we hear back from the administration on the unsettled questions. The motion passed at 5:41 p.m. by the following vote: Ayes: Mayor Schewel, Mayor Pro Tempore Johnson and Council Members Caballero, Freeman, Middleton and Reece. Noes: None. Absent: None.

SUBJECT: FY2020-21 CITY COUNCIL BUDGET WORK SESSION FOLLOW-UP (ITEM 48/ PR 14028)

Budget and Management Director Bertha Johnson referenced Council's follow-up items from the May 27 and 28th Budget Work Sessions on the City Manager's proposed FY20-21 Budget.

Mayor Schewel reviewed the items for discussion from the memo, addressed the Water Management issue and any others of interest, numbered below:

1. TRANSPORTATION POSITION - Business Service Manager

\$111,000 in funding for the position would be sourced from the Parking and Transit Fund instead of the General Fund. Saving \$111,000.

2. POLICE HEADQUARTERS SALE

The revenues from the sale were not programmed into this year's budget since the funds had not yet been received. Eventually the money would flow into the General Fund and then Council could re-appropriate.

3. PUBLIC WORKS POSITIONS

Staff was thanked for the prioritization. The proposal was revised from six to three positions. Of the three positions, were they General Fund, cost recovery or stormwater fund.

The positions were paid: One position was paid by Stormwater Fund; the second, Development Fees; and the third position plus vehicle by the General Fund. Saving \$475,000

4. FURLOUGHED PART-TIME EMPLOYEES

Staff was thanked for the details provided to Council.

5. RE-IMAGINING OF ENGAGEMENT MATRIX

To be discussed by Council. Estimated in August 2020.

6. ENGAGEMENT - PUBLIC ART

No questions or comment.

7. COMMUNITY DEVELOPMENT - LONG TIME HOME OWNER PROGRAM

Council voted to continue the program.

8. FULL TIME EMPLOYEES

There were positions added to budget - backup materials explained which positions were being requested and through itemized the funding sources.

9. POLICE DEPARTMENT RECONCILIATION

Comparison of actual and adopted, proposed budget.

Mayor Pro Tempore Johnson requested clarity regarding the content of the Police Budget and the rationale for the increase in the budget from last year.

Budget Director Johnson clarified the main components of the increases:

Community Policing Grant:	\$946,000
Gang Unit - 6 positions:	\$331,000
CARES Grant - PPE:	\$667,000
Net in cost of benefits & Pay increases	

Refer to Page 10 - head count reconciliation

10. FURLOUGHED STAFF - RACIAL INFORMATION

Council thanked staff for making information available- included information with number of hours worked by position.

Until mass gatherings were permitted, rental facilities would not be re-opened. Once re-opened, then the facility attendants would be re-hired.

11. WATER MANAGEMENT REQUEST

Memo consisted of descriptions related to customer service and regulatory compliance, financial information related to the positions and the effect on the water billing rate/tiers.

Don Greeley, Director of Water Management, responded to questions.

Council Member Middleton asked if it was possible to shift personnel funding from one department to another and then backfill later. He supported the three positions to achieve regulatory compliance.

Director Greeley noted that many positions were technical in nature, such as Engineering positions, and he favored keeping the position funded.

Budget Director Bertha Johnson explained the budgetary process of un/funding positions. Within the budget, there were unfunded positions that remained authorized, that could be back filled at a later date.

There were three positions needed for regulatory compliance and could be funded with back-filling as described above. The table on Page 4, the positions were listed in priority order.

Director Greeley noted that four positions were related to meter reading and a truck was being ordered for that purpose.

City Manager Bonfield addressed the off-line customer engagement in water billings and related payment plans. He stated that there was a state-wide requirement of not allowing water turn-offs until the end of July; however, when the directive was discontinued, there would be demand for additional staffing. Director Greeley addressed the revenue side of water billings. City Manager Bonfield stated there at least 3300 and growing.

Director Greeley explained that expenditures could not be written off and estimated the missing revenue to approximately \$973,000. Over 2900 were residential accounts.

Council Member Caballero asked about AMR collections.

Director Greeley explained the turn on/off data billing staff and AMR back billing staff to collect meter readings, to avoid bill estimations.

Mayor Pro Tempore Johnson supported the eleven positions and expressed concerns related to the suspension of the disconnection moratorium. She asked what advice from the City Attorney's Office about recouping water billing receipts and how can the City act within its legal constraints while providing water to customers.

City Attorney Rehberg responded that the city cannot waive back charges; and payment plans can be instituted coming out of the water shut-off moratorium (March 2020- end of July 2020). Attorney Rehberg would provide advice to the Council regarding follow-up.

Director Greeley added that there was a Hardship Fund to assist customers with payment plans to balance accounts.

Customers would be contacted about payment plans once the directive was discontinued. It would be important to hire employees, pro-actively, in expectation to work through customer payment plans.

It was the consensus of Council to support the Water Management Department's plan to hire eleven full-time employees.

12. PUBLIC WORKS REQUEST - 6 EMPLOYEES

Mayor Schewel inquired if Council had questions regarding the other budgetary items. He explained there were six positions requested by Public Works but three were prioritized; and referred to Pages 2/3.

Budget Director Johnson noted that the three positions could be paid for with back billing.

Mayor Pro Tempore Johnson supported the three, priority Public Works positions: one paid out of Stormwater CIP, the second from development fees and the third, from General Fund/not covered by fees (Right of Way Engineer).

Marvin Williams, Director of Public Works, explained how the balance of the three remaining positions would be accounted for; and emphasized that all six positions were mission critical in the development and project side of operations.

It was the consensus of Council to support the request for the six full-time employees.

13. GENERAL BUDGET COMMENTS

On June 15th, Council would be voted on the budget. Council was appreciated of staff's efforts behind the scenes work on the budget.

Mayor Pro Tempore Johnson inquired about the General Fund Balance remaining at 16.3%; and relayed questions that Fund Balance should be reduced to fund increases for staff, with the millions of dollars in reserve.

City Manager Bonfield responded that the Fund Balance, consisting of one time revenues, was already being reduced to fund recurrent expenses; to fund direct staff pay raises with Fund Balance consisting of \$7 million this year, would add to next year's liability. He continued that the situation was fluid and hoped the revenue projections were accurate.

Council Member Caballero spoke to the difficult economic times and mentioned that Durham had not received supplemental funds from the federal government.

Mayor Schewel spoke to potential needs and encouraged retaining the Fund Balance at its current level.

In order by agenda item, Council nominated the following applicants to boards, committees and commissions:

2. Carolina Theatre Board of Trustee position: re-advertise the vacancy.
3. Citizens' Advisory Commission: appoint Rachel Eberhard and Carl Newman.
4. City-County Environmental Affairs Board: Juilee Malavade, representing Biological Science.
5. Homeless Services Advisory Commission: re-appoint Christopher Toenes and re-advertise the second position representing Corporate/Private Sector.
6. Durham Open Space & Trails: re-appoint Derrick Beasley and re-appoint Kamela Heyward-Rotini; and re-advertise the third vacancy.
7. City-County Planning Commission: appoint Carmen Williams.
8. Durham Sports Commission: appoint Susan Scott.
9. Housing Appeals Board: re-appoint Kevin Davis and re-advertise second position representing of Tenant.
10. Human Relations Commission: re-appoint John Rooks, appoint Eric Chacon, re-appoint Nathan Plummer.
11. Mayor's Council for Women: re-appoint Ward 3 Gloria De Los Santos; appoint Cassandra Stokes.

SETTLING THE AGENDA - CITY COUNCIL MEETING ON JUNE 15, 2020

City Manager Bonfield announced the items for the June 15, 2020 City Council Agenda: Consent Agenda Item #1, Items #3 through 11, and Items #13 through 33; General Business Agenda Item #12 (Budget) and General Business Agenda/Public Hearing Items #37 through 40 and Item #47. He continued to announce Agenda Items to be heard at the June 24, 2020 Special Meeting - General Business Agenda/Public Hearing Items #41 through 43; and for the July 1, 2020 Special Meeting - General Business Agenda/Public Hearing Items #44 through 46.

MOTION by Council Member Caballero, seconded by Council Member Freeman, to accept and settle the City Manager's agenda items for the June 15, June 24 and July 1 Council Meetings as stated by City Manager Bonfield, was approved at 6:55 p.m. Motion passed unanimously.

Being no further business to come before Council, the meeting adjourned at 6:56 p.m.

Diana Schreiber, NCCMC, CMC
City Clerk