



OFFICE of the COUNTY MANAGER

February 11, 2020

Heidi Carter
31 Falling Water Dr.
Durham, NC 27713

Commissioner Carter,

The purpose of this letter is to express my disappointment with your public attack on me during the February 3, 2020 Board of County Commissioners' work session and to simply communicate, that as County Manager, I will not tolerate disparate treatment of my staff, myself or anyone else carrying out the public's work.

To get to the crux of the matter, after having worked for months with the School Superintendent and his staff to bring forth a workable solution on school capital priorities, the Superintendent and his staff were able to cull the schools' Facility Master Plan into (what we think) is a workable CIP. Our Financial Advisor still must conduct the affordability and debt analysis to determine if the proposal is feasible. However, these subject analyses cannot be done short of receiving cashflow projections from DPS, which we just received this week, a week after the two Boards convened.

Though it took some time, DPS revised their Facility Needs document to a capital plan reducing the cost from \$700+ million to \$468+ million, and this action gave us the ability to have a more deliberate conversation about a revised **draft** Ten Year CIP. For the record, Durham County is a leader in the nation concerning our financial practices and creditworthiness, and we work extremely hard to protect our standing. We must do our work by following the same practices and standards that have afforded us this status, despite which way the political winds blow. We do this work in concert with several legal and professional entities to include our Financial Advisor, Bond Counsel, The Credit Rating Agencies, and the Local Government Commission.

In getting back to the matter at hand, during the work session after heaping praise on all you deemed praise-worthy, you felt the need to turn your attention to me and suggested that the work could have been done sooner, were it not for the "Manager." For some, but not so obvious reasons, you have taken several opportunities to make disparaging remarks about me. I am now concerned that it is due to an inherent bias that you harbor not merely towards me, but people of color in general. And I will cite multiple examples of your behavior over the past three years during your service on this Board.

Since 2016, you have demonstrated a consistent pattern of disparate treatment towards me and employees of color. So much so, that even during our most recent **Employment Engagement Survey** conducted in 2019, employees explicitly spoke of their dissatisfaction with pay and their very own observations of how the County Attorney and I were treated during specific Board

meetings. The following are clear and present examples of what I have witnessed or endured while working with you.

Not long after you joined the Board, you said to me, and I quote, "**You work for the Board, and when we tell you to do something, you'd better grin and bear it.**" According to Webster, the origin of this language is the Old English word "grinnian," which effectively means to show one's teeth in pain or anger". While I'm sure you are fully aware, I will take this opportunity to remind you that this language harkens back to a time in American history, when people of color were slaves and of more recent history, when people of color suffered under Jim Crow and segregation laws. A time when the law of the land enforced colored only bathrooms and water fountains, sitting in the back of the bus, separate and unequal schools, and living in under-served all-black communities. The unspoken rules for racial etiquette, then and now, were that Black people are to do as told, stay in their place, and their lives would be fine. So, Black people had to "grin and bear it" or go along to get along so that whites would not make trouble for the Black person or the Black community. This term has far-reaching implications as it relates to Black People and the history of our nation. But this perceived Bigotry, nor this language should have a place in Durham County Government today!!!

During this same conversation, you said to me, and I quote, "**When you speak to us, I just feel like I'm being lectured.**" The parody of this comment, in my observing you over three years is this. On many occasions when the Budget Director, the Chief of Staff, the Mayor or any other white person speaks whether publicly or privately, you practically sit on the edge of your chair, hanging onto every word and heaping praise on them. Indeed, a different behavior than my professional and personal experience, when in your presence, or speaking before you. I have often wondered why?

On another occasion, I sat at the dais in a public meeting and witnessed you say to an African American female who held a Ph.D. (and I quote) "**You are so articulate.**" [**When English is her native tongue.**] This is the language that has long stood as an insult to educated blacks. But your inherent bias is consistent with findings in recent studies conducted at Johns Hopkins University by Jill Rosen. Her research found that "when evaluating the same black student, white teachers expect significantly less academic success than do black teachers." Although your comments from the dais were not of a teacher\student relationship as described in this referenced research, your inherent bias, concerning your low expectations of people of color, was very clear. Again, this language is hurtful and has no place in our work environment.

Furthermore, after almost a year of going back and forth about implementing the County's Compensation and Classification Study for our employees, I cannot express the level of frustration expressed by our workforce with your persistent questions regarding the study. After an untold number of emails and inquiries to the African American Staff and the African American Consultant, it wasn't until months later when the African American Consultant brought his white female counterpart to the Board meeting, that you mostly stopped the shenanigans. By the way, she spoke for less than 10 minutes. After numerous years of work experience, undergraduate degrees, law degrees, and rendering an expert opinion on class and comp studies, our African American consultant and staff were insulted that they **needed validation from a White colleague** to receive your approval.

Unfortunately, it appears to me that you have taken the position that I am an opponent of education. There is nothing further from the truth. So that you know I've spent my entire life and professional career fighting for those who often represent the least among us. It is in my DNA to be such an advocate. Furthermore, I am the 21st of 22 children. My parents were sharecroppers in eastern North Carolina and had an eighth-grade education. Although not considered by some as learned or educated, they understood the value and importance of education and the transformative effect that it has on one's life. I am living proof of this.

In closing, I would say that too often, Bigotry is cloaked in the most liberal of circumstances. It is not okay to sit on the dais and espouse words of equity when your actions and deeds diametrically oppose the principles of egalitarianism and fairness. I will continue to work closely with the School Superintendent to bring about the good that we all desire for our children and families in Durham. And please know that I will do this work every step of the way using the same standards, best management practices, and processes that have afforded Durham County to be a leader in our state and amongst the best managed in the nation.

Please find attached a detailed timeline regarding our discussions with DPS Administration that illustrates our progress to date in our on-going efforts to revise the County's CIP.

Sincerely,



Wendell M. Davis
County Manager

Attachment: Capital Improvement Plan Development Timeline Highlights

CC: Lowell Siler, County Attorney
Monica Toomer, Clerk to the Board

Capital Improvement Plan Development Timeline Highlights

August 2018	Durham County Budget Department communicates Capital Improvement Plan guidelines to departments and entities funded through the Durham County Capital Improvement Planning Process
September 2018 – May 2019	Durham County works to develop Manager’s Recommended CIP.
May 28, 2019	<p>Joint BOE-BOCC Meeting. DPS discussed the DPS’s Long-Range Facility Assessment. Based on funding priorities, the County Manager’s Recommended CIP included an additional \$40 million for Northern High School (based on previous Board discussions). Further, \$10 million was allocated in future limited obligation bonds to support other capital projects and planning for new school construction. The DPS Long-Range Plan showed Elementary C construction in FY 2023-24.</p> <p>At the May 28th meeting, DPS communicated that the Northern HS Project needed an additional \$49 million, instead of \$40 million. Budget staff worked with DPS staff to clarify project costs and timing.</p>
June 2019	<p>BOCC approved the 2020-2029 CIP, with an additional \$40 million for Northern HS and additional \$10 million for DPS various CIP needs. This was consistent with the recommended budget.</p> <p>Durham County staff and Durham Public Schools staff committed to vetting the variance needed for Northern High School further. In addition, DPS made Durham County aware they were completing their Long-Range Facility Assessment, which was scheduled to be updated and approved by the BOE in Fall 2019.</p> <p>The adopted County CIP included \$410 million for DPS capital projects over a ten-year period, which includes \$320 million of planned new spending over that time.</p>
Summer 2019	DPS communicated to Durham County staff that the Northern High School project budget needed an additional \$51 million, instead of \$49 million.
September 12, 2019	<p>DPS refined total cost projections as follows:</p> <ul style="list-style-type: none">• Northern HS (\$51 million)• Elementary C (\$37.38 million) – starting in FY 2020-21, a change from the original FY 2023-24 construction start date• The \$10 million allocated in LOBs funding had an accelerated pace for using funds.

September 17, 2019 At the Joint BOE/BOCC meeting, DPS staff updated the BOCC on the funding needed for Elementary Schools-C and F. In the DPS Long Range Facility Assessment, Elementary-F was planned for FY 2025-26 at \$49.2 million.

During the meeting, concerns were made about the timing for the next GO Bond referendum. BOE and DCO staff committed to working together to vet projects and refine cash flow timing. The County Manager stated he would engage the County’s Financial Advisor (FA) to assess the proposed DPS changes and evaluate the potential impact. Based on the updated Facility Assessment the DPS request to the County increased from \$410 million (\$320 million new dollars) over a ten-year period, to \$816 million (\$726 million new dollars) in ten years.

October 2, 2019 Durham Public Schools staff provided updated total cost projections after further review. The changes included an additional \$578 million in capital project needs (existing school upgrades, column totals in chart below named “CIP (Years 0 – 5)” and “CIP (Years 6 – 10)”) identified in the DPS Long Range Facility Assessment. The total cost estimated over time is listed below as Figure 1.

October 2019 – November 2019 Durham County staff and Durham Public Schools staff continue to work together to vet project scopes, estimated total costs, cash flow needs and project timing. The County’s FA, Doug Carter with DEC Associates, was to review the request in preparation for further debt insurances, affordability, etc.

Mr. Carter was to present at the next Joint BOE/BOCC meeting and share proposed next steps.

November 12, 2019 Joint BOE/BOCC meeting with Mr. Carter present to Joint BOE/BOCC meeting.

Figure 1: Durham Public Schools Revised Long Range Facility Assessment Submitted - October 2019

Fiscal Year	Northern Total*	Elementary School C	Elementary School F	CIP (Years 0 - 5)	CIP (Years 6 - 10)	Total
FY 2020-21	\$5,415,271	\$6,337,908	\$7,892,186	\$13,807,728	\$0	\$33,453,093
FY 2021-22	\$58,494,175	\$31,174,583	\$38,819,692	\$126,181,387	\$0	\$254,669,837
FY 2022-23	\$36,113,383	\$2,099,432	\$2,614,287	\$71,587,756	\$0	\$112,414,858
FY 2023-24	\$47,518	\$0	\$0	\$62,254,630	\$0	\$62,302,148
FY 2024-25		\$0	\$0	\$84,789,701	\$7,136,526	\$91,926,227
FY 2025-26		\$0	\$0	\$12,885,489	\$65,216,867	\$78,102,357
FY 2026-27		\$0	\$0	\$0	\$37,000,142	\$37,000,142
FY 2027-28		\$0	\$0	\$0	\$37,770,548	\$37,770,548
FY 2028-29		\$0	\$0	\$0	\$51,548,248	\$51,548,248
FY 2029-30		\$0	\$0	\$0	\$7,833,786	\$7,833,786
Grand Total	\$100,070,347	\$39,611,923	\$49,326,165	\$371,506,691	\$206,506,118	\$767,021,244

Figure 1 Note:

The 2016 Bond Referendum allocated \$90 million to support Durham Public School projects. All 2016 GO bonds must be spent by November 2023. \$52.2 million remains unspent for DPS, \$47.1 million of which is currently allocated to support the Northern High School construction project. Authorization is required from the Local Government Commission to spend funds beyond November 2023. If an extension is requested and not approved, then the funds would no longer be available for use.

Durham County requested an extension from the Local Government Commission for the 2007 Bond Referendum to complete spending. The extension was granted. However, request for extensions are not looked favorably upon by both the Local Government Commission and the rating agencies (e.g., possibly as a result of insufficient project(s) cost needs, inaccurate cash flow planning, timing, etc.).

- November 22, 2019 BOCC Planning Retreat. FA reiterated the importance of sequencing projects so funds are made available when construction occurs (e.g., “shovel-ready”). He wanted to mitigate against premature borrowing. He stated DPS needed to prioritize projects included in the facilities needs assesment into a manageable CIP. He also advised County staff to revisit project sequencing to ensure a cash alignment was appropriate.
- December 19, 2019 County Manager sent letter to DPS Superintendent requesting prioritized capital project list. DPS staff member indicated they would not prioritize the capital projects, yet desired a target budget amount that they should work towards. As such, the County Manager sent a letter to the Superintendent. The Superintendent assured the Manager they would prioritize projects. In addition to prioritizing, the Manager requested cash flow projections for the prioritized projects in the letter.
- January 25, 2020 Durham County received prioritized list of Durham Public Schools projects. The prioritized list was reduced to \$468.3 million. The Board of Education approved the prioritized list of capital projects on January 23, 2020.
- January 27, 2020 FA met with the County Manager, Superintendent and County and DPS Staff. The FA requested DPS to provide the cash flow projections for the total estimated costs of the projects over the 10-year periods. The latest January 25, 2020 submission reflected budget needs instead of cash flow details. A detailed cash flow helps jurisdictions optimize borrowing capacity within the CIP while maintaining debt affordability. The FA also asked County staff to revisit their cash flow projections. Further, he advised County staff to use a lower interest rate when calculating projected debt service payments. The estimated timeframe provided by DPS staff for cash flow projections to the County and FA was two weeks.

January 30, 2020

County staff met with the County Manager to review a preliminary revised CIP for planning purposes. The plan will require vetting by the County’s FA. The FA will test for affordability, timing based on historical spending and the potential impact of the new debt level on the triple A bond rating.

February 3, 2020

Staff presented the preliminary draft CIP to BOCC at the worksession. Revised plan increased from \$787.2 million to \$932.9 million.

FY2020- FY2029 Projects
(First 5 Years & Next 5 Years)

*Draft**

CIP Approved Expenditures				CIP Updated Expenditures			
Project Areas	FY 2020-24	FY 2025-29	Total	Project Areas	FY 2020-24	FY 2025-29	Total
Affordable Housing	\$8,500,000		\$8,500,000	Affordable Housing	\$9,480,000		\$9,480,000
Downtown Parking Decks	\$55,756,400		\$55,756,400	Downtown Parking Decks	\$55,756,400		\$55,756,400
DSS Main Street Building	\$10,000,000		\$10,000,000	DSS Main Street Building	\$10,000,000		\$10,000,000
DICC	\$22,000,000	\$20,000,000	\$42,000,000	DICC	\$22,000,000	\$20,000,000	\$42,000,000
Durham Public Schools	\$170,000,000	\$150,000,000	\$320,000,000	Durham Public Schools	\$356,010,333	\$127,334,391	\$483,344,724
Economic Development	\$12,696,200	\$405,900	\$13,102,100	Economic Development	\$17,096,200	\$405,900	\$17,502,100
EMS Projects	\$18,611,617	\$21,884,228	\$40,495,845	EMS Projects	\$19,552,950	\$21,848,916	\$41,401,866
Enterprise Fund	\$16,170,600	\$17,600,000	\$33,770,600	Enterprise Fund	\$16,170,600	\$17,600,000	\$33,770,600
General Services Related Projects	\$19,183,760	\$6,112,183	\$25,295,943	General Services Related Projects	\$18,400,376	\$6,353,338	\$24,753,713
IS&T Projects	\$42,283,494	\$31,720,231	\$74,003,726	IS&T Projects	\$42,283,494	\$31,720,231	\$74,003,726
Library Related Projects	\$1,900,000	\$2,000,000	\$3,900,000	Library Related Projects	\$1,900,000	\$2,000,000	\$3,900,000
NCMS	\$7,000,000	\$30,062,990	\$37,062,990	NCMS	\$7,000,000	\$30,062,990	\$37,062,990
Other County Projects	\$12,198,375	\$5,055,000	\$17,253,375	Other County Projects	\$15,446,449	\$5,055,000	\$20,501,449
Public Safety Projects	\$70,049,086	\$24,098,078	\$94,147,164	Public Safety Projects	\$22,831,304	\$44,706,762	\$67,538,066
Sheriff Related Projects	\$7,944,486	\$4,000,000	\$11,944,486	Sheriff Related Projects	\$7,944,486	\$4,000,000	\$11,944,486
Total	\$474,294,016	\$312,938,611	\$787,232,627	Total	\$621,872,591	\$311,087,527	\$932,960,118

* Draft scenario requires Financial Advisor (FA) review. The FA will assess affordability and debt level impact to current bond rating.

Durham County Government www.dconc.gov

February 4, 2020

Staff presented the preliminary draft CIP to the February Joint BOCC/BOE meeting. The updated CIP included an increase of \$163.3 million for DPS related projects, bringing the total budget to \$483.3 million over a 10-year period.

February 7, 2020

DPS staff provided cash flow estimates as requested by the FA.

February 12, 2020

The FA received detailed cash flow projections included in the revised CIP. The FA will coordinate follow-up meetings with Durham County and DPS staff to review CIP plan details as the firm work towards completing financial review.

March 18, 2020

The FA provides feedback (e.g., results of testing/vetting) on the preliminary revised CIP to the County. The County and FA discuss the results and move forward accordingly.