



2015-16 County Manager's Recommended Budget

Presented by

Wendell M. Davis, County Manager

May 26, 2015

Strategic Goals



- Community stakeholder engagement strategy
- Employee stakeholder engagement strategy
- Organizational learning through program reviews
- Benchmarking
- Accountability reporting to Commissioners, public and employees

- Real-time performance measures used to manage operations
- Process improvement
- Culture of innovation, leadership, collaboration and employee empowerment
- Improve processes, standards and accountability for employee performance



- Results-focused strategic planning
- Effective implementation framework with clear departmental integration
- Operational plans align with Strategic Plan
- Comprehensive internal and external communications strategies

- Investments based on Strategic Plan and key articulated priorities
- Program budgeting
- Performance measures and targets

Building on the foundation of exceptional customer service, driven by:



FY 2015-16 Manager's Recommended Budget

■ Maintenance Budget

- **Meets debt obligations**
- Increases net funding for Durham Public Schools
 - Per pupil funding remains constant
- Operational increases for public safety
 - Emergency Medical Services
 - Fire District operations
 - Sheriff's Office
- **Supports "human capital"**
 - Compensation study implementation
- **Replace and update vital equipment and vehicles**

FY 2015-16 Budget Process

January 2015	Nonprofit budget process started
February 2015	Departmental budget process started
March 2015	BOCC and department budget retreat
March-May 2015	Recommended Budget development
May 26, 2015	Manager's Recommended Budget presentation
June 1, 3, and 4, 2015	Budget work sessions
June 8, 2015	Public Hearing for FY 2015-16 Budget
June 22, 2015	FY 2015-16 Budget approval



FY 2015-16 Property Tax

- Tax base valuation increase of \$655.8 million (budget to budget) or **2.09%**
- Collection rate remains constant at 99.30%
- Total: an additional **\$4.7 million** due to natural growth for General Fund operating and Capital Finance Fund



Tax Base Variances

Category	FY 2014-15 Original Budget	FY 2015-16 Budget Estimate	% Change FY16 from FY15 Budget
Real Property	\$ 25,708,434,347	\$ 26,152,065,688	1.73%
Auto Value	\$ 1,799,900,000	\$ 1,894,000,000	5.23%
Personal Value	\$ 3,373,609,112	\$ 3,440,862,642	1.99%
Public Service	\$ 489,915,862	\$ 540,732,429	10.37%
Total	\$31,371,859,321	\$32,027,660,759	2.09%

FY 2015-16 Property Tax by Fund

Property Tax	FY 2014-15 Original Budget	FY 14-15 Tax Rate	FY 2015-16 Recommended	FY 15-16 Recommended Tax Rate
General Fund	\$218,034,642	69.99	\$223,641,981	70.32
Capital Financing Fund	\$29,033,903	9.32	\$28,591,317	8.99
Total	\$247,068,545	79.31	\$252,233,298*	79.31

*Prior year tax collection decreases \$475,000



FY 2015-16 Property Tax

- No net property tax rate increase for FY 2015-16
- 0.33 cents will be moved from the Capital Financing Fund to the General Fund

Debt Service: Education

Debt Areas	Debt Service
Durham Public Schools	\$30,160,166
Durham Tech Community College	\$1,078,752
NC Museum of Life and Science	\$1,495,845
County-Related	\$25,482,361
Total Debt Service	\$58,217,124





Fire Districts

District	FY 2014-15 Original Budget Tax Rate	FY 2015-16 Requested Tax Rate	FY 2015-16 Recommended Tax Rate	Change from FY 2014-15
Lebanon	0.1065	0.1065	0.1065	-
Parkwood	0.1135	0.0000	0.0000	(0.1135)
Redwood	0.1386	0.1386	0.1386	-
New Hope*	0.0995	0.0995	0.0995	-
Eno*	0.0799	0.0799	0.0799	-
Bahama	0.0987	0.0987	0.0987	-
Bethesda Service	0.1350	0.0000	0.0000	(0.1350)
Durham County Fire & Rescue Service	0.0000	0.1300	0.1300	0.1300

*The New Hope and Eno fire tax district rates are established by neighboring Orange County through an inter-local agreement.

FY 2015-16 Sales Tax

- Durham County has estimated an overall 15.09% increase in all local sales taxes for FY 2015-16

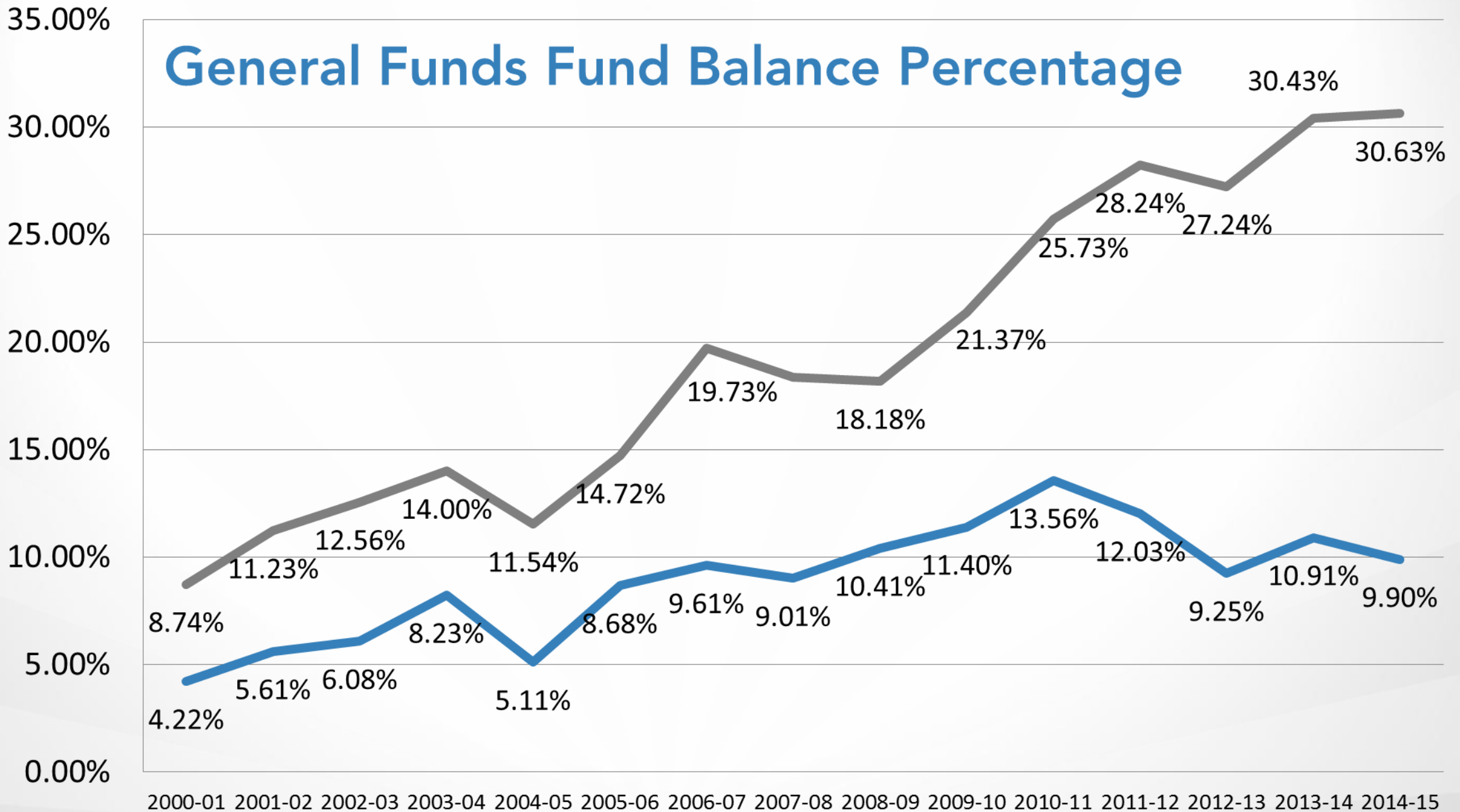
Sales Tax Article	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	% from FY 2014-15 Budget	FY 2015-16 Manager Recommended	% from FY 2014-15 Budget
Article 39	\$17,899,671	\$20,891,544	16.71%	\$21,357,953	19.32%
Article 40	\$10,137,717	\$10,937,909	7.89%	\$11,375,429	12.21%
Article 42	\$12,211,133	\$13,849,730	13.42%	\$14,233,465	16.56%
Article 44	\$0	\$1,789	N/A	\$0	N/A
Article 46	\$10,300,000	\$11,692,495	13.52%	\$11,800,000	14.56%
Inter-local	\$9,976,851	\$10,445,533	4.70%	\$10,894,599	9.20%
Total	\$60,525,372	\$67,819,000	12.05%	\$69,611,446	15.09%



Revenue Highlights

Other Key Revenues	FY 2013-14 Actual Revenues	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended
ABC Profit Distribution	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Register of Deeds Fees	\$2,146,408	\$2,550,000	\$1,669,524	\$1,750,000
Investment Income	\$133,785	\$130,000	\$152,672	\$140,000
EMS Patient Income	\$5,775,768	\$7,020,900	\$7,020,900	\$8,074,035
Solid Waste Management Fee	\$1,732,735	\$1,945,957	\$1,896,294	\$1,896,294

General Funds Fund Balance Percentage



2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15

Est.

— LGC Formula

— Unassigned Only Formula



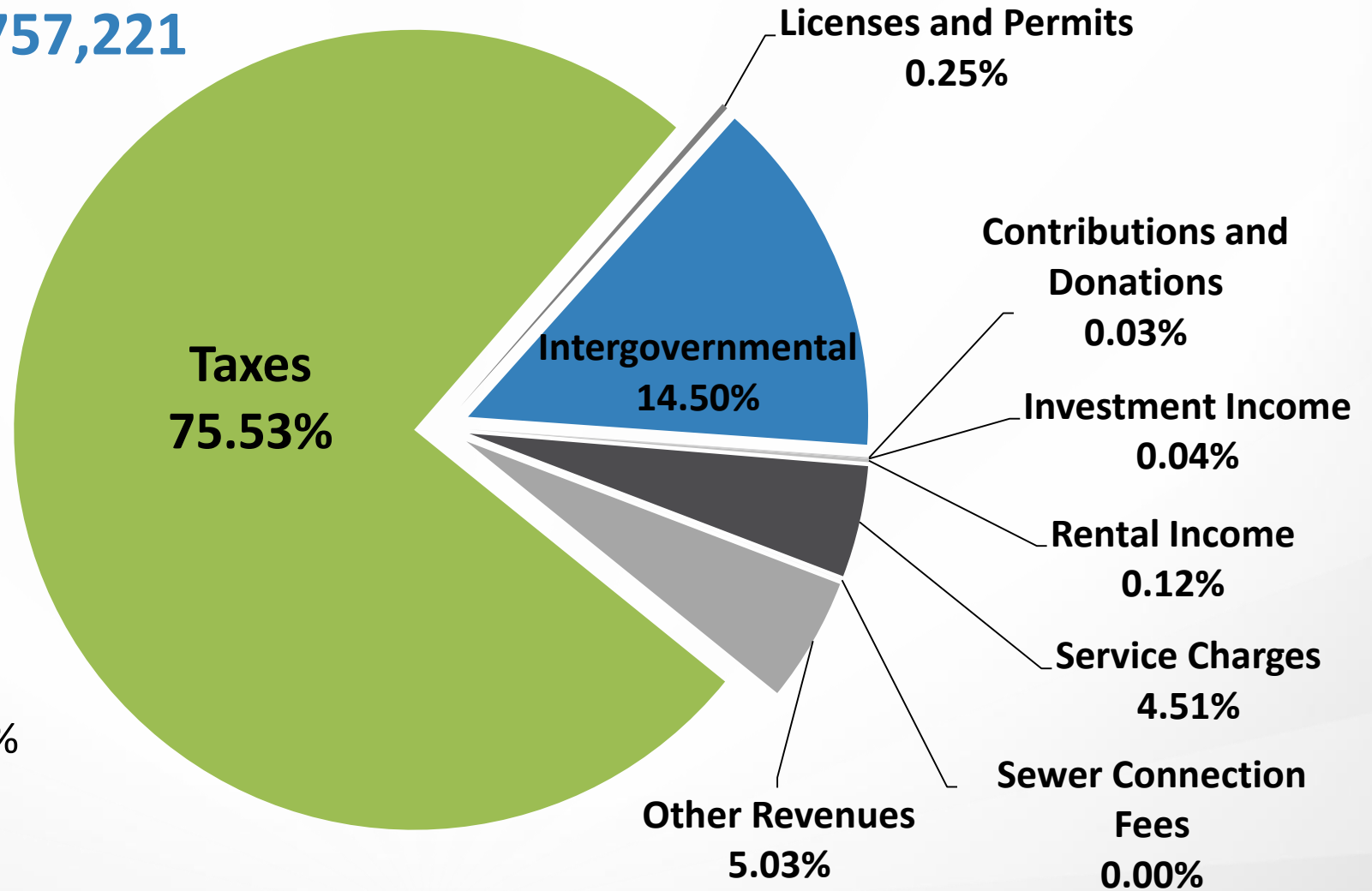
All Funds Summary

Fund	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended	% Difference (Budget to Budget)
General	\$349,244,979	\$378,794,804	\$369,523,757	\$394,757,221	4.21%
Total All Funds	\$557,501,806	\$550,563,262	\$540,034,855	\$564,124,229	2.46%



General Fund Revenues

Total Amount = \$394,757,221



Other Revenues

Other Financing Sources = 4.90%

Other Revenues = 0.13%

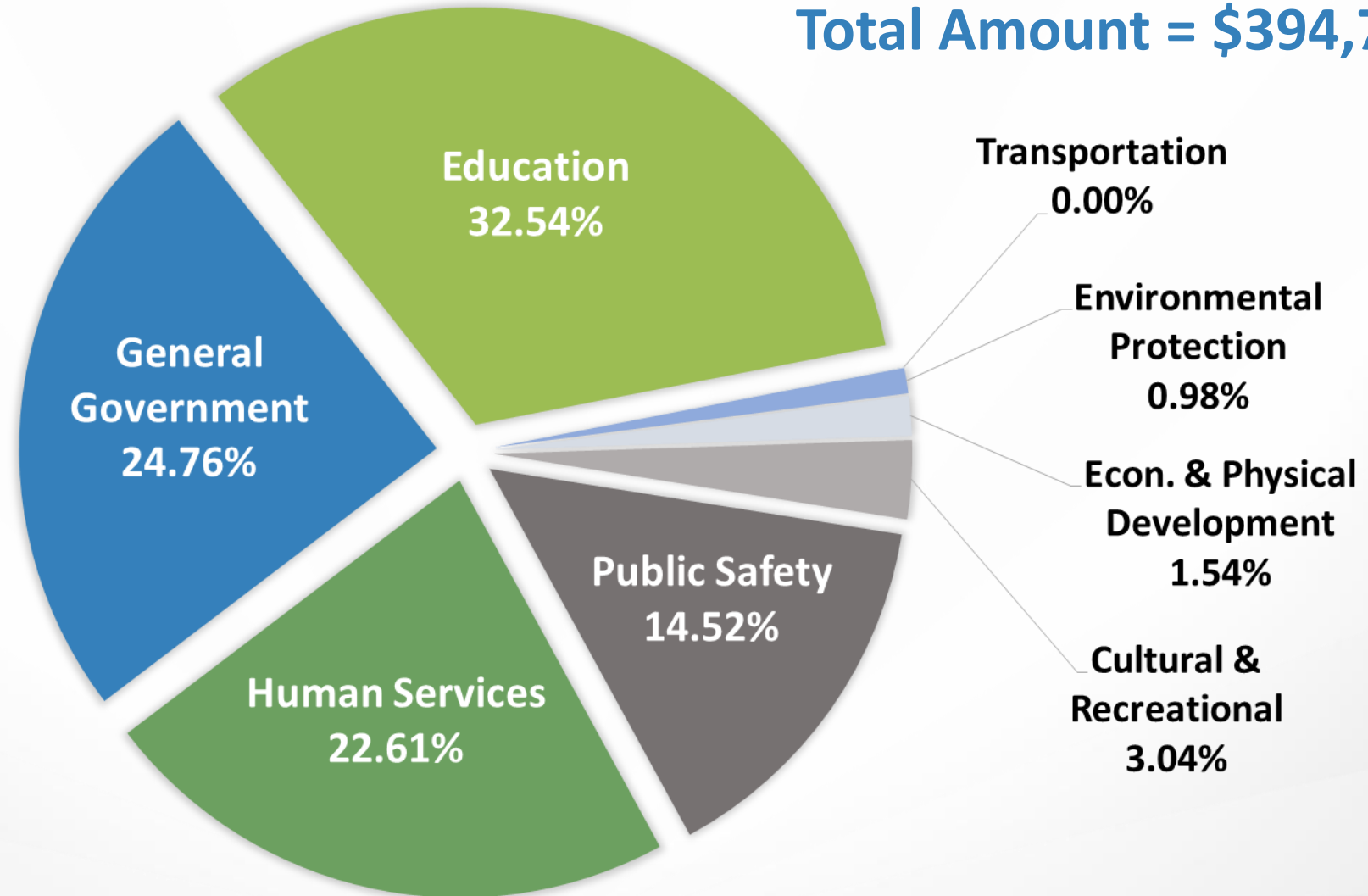


General Fund Revenues

Funding Source	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
Taxes	\$282,232,973	\$283,741,515	\$291,977,753	\$298,158,424	5.08%
Licenses and Permits	\$1,357,467	\$791,500	\$1,046,505	\$976,000	23.31%
Intergovernmental	\$50,723,858	\$54,114,346	\$53,084,066	\$57,250,044	5.79%
Contributions and Donations	\$248,393	\$49,767	\$40,682	\$138,133	177.56%
Investment Income	\$133,785	\$130,000	\$152,672	\$140,000	7.69%
Rental Income	\$627,872	\$505,751	\$497,956	\$460,074	(9.03%)
Service Charges	\$15,770,300	\$17,683,185	\$15,781,653	\$17,785,041	0.58%
Sewer Connection Fees	\$245,058	\$201,000	\$72,488	\$1,000	(99.50%)
Other Revenues	\$1,105,086	\$929,062	\$707,160	\$506,991	(45.43%)
Other Financing Sources	\$9,000,112	\$20,648,678	\$9,823,792	\$19,341,514	(6.33%)
Total	\$361,444,904	\$378,794,804	\$373,184,725	\$394,757,221	4.21%

General Fund Expenditures

Total Amount = \$394,757,221





General Fund Expenditures

Functional Area	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2015-16 Requested	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
General Government	\$76,783,900	\$92,496,650	\$96,258,083	\$97,731,645	5.66%
Public Safety	\$48,919,291	\$53,324,193	\$72,309,391	\$57,309,106	7.47%
Transportation	\$12,500	\$12,500	\$12,500	\$12,500	0.00%
Environmental Protection	\$3,174,840	\$3,720,399	\$3,878,050	\$3,886,750	4.47%
Econ. & Physical Development	\$4,596,988	\$5,269,761	\$6,904,354	\$6,082,940	15.43%
Human Services	\$79,354,866	\$85,939,210	\$90,621,357	\$89,258,670	3.86%
Education	\$125,721,000	\$126,454,721	\$135,314,432	\$128,465,669	1.59%
Cultural & Recreational	\$10,681,595	\$11,577,370	\$13,000,241	\$12,009,942	3.74%
Total	\$349,244,979	\$378,794,804	\$418,298,408	\$394,757,221	4.21%

Budget Highlights

Goal 1: Community and Family Prosperity and Enrichment





Durham Public Schools Funding

Category	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2015-16 Requested	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
Current Expense	\$118,233,311	\$118,863,146	\$126,710,764	\$120,685,356	1.53%
Capital Outlay	\$1,370,000	\$1,370,000	\$1,370,000	\$1,370,000	0.00%
Total	\$119,603,311	\$120,233,146	\$128,080,764	\$122,055,356	1.52%
School Debt Service	\$26,820,112	\$30,114,672	\$30,160,166	\$30,160,166	0.15%
Total Funding	\$146,423,423	\$150,347,818	\$158,240,930	\$152,215,522	1.24%

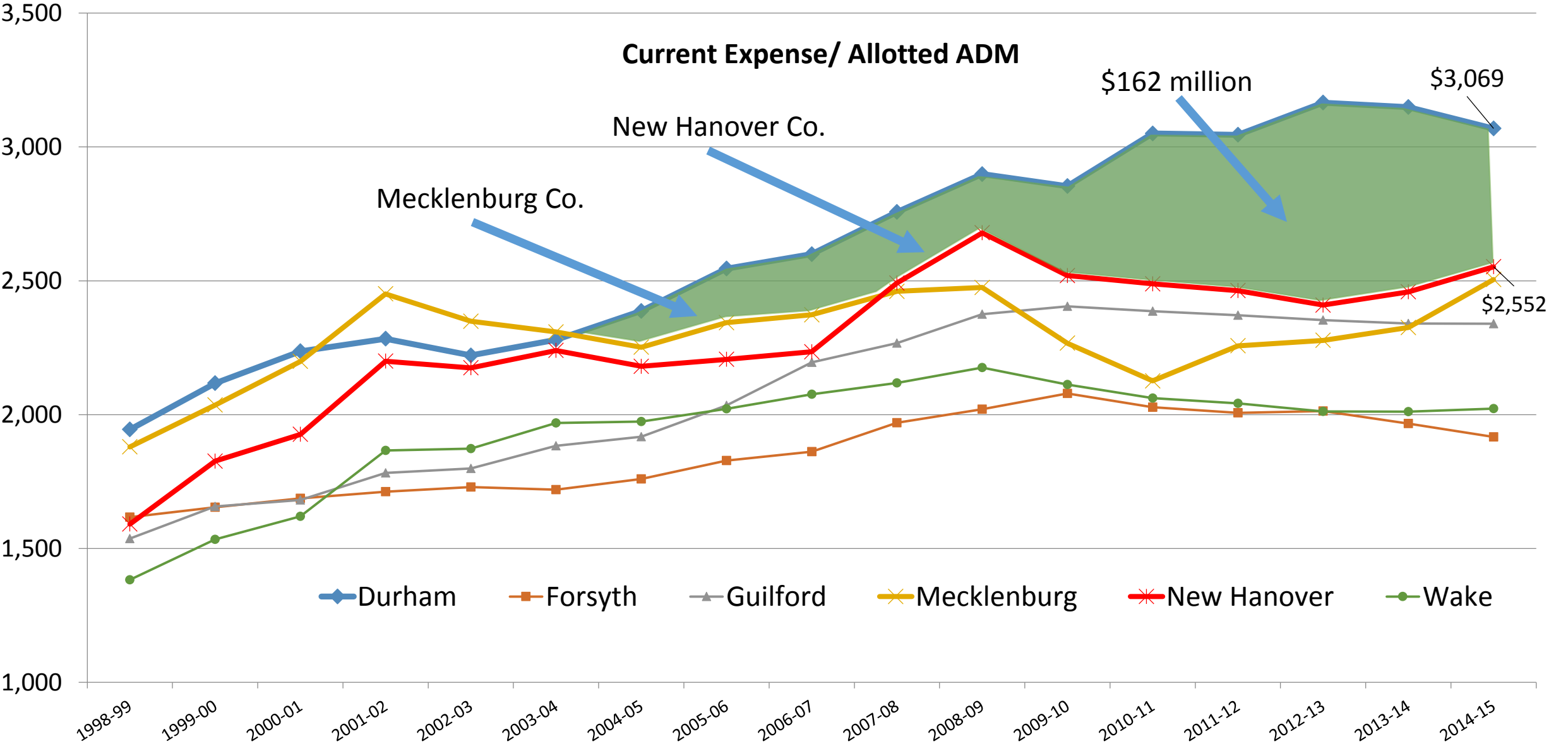
Durham Public Schools Funding

- **Current expense increase: \$1,822,210**
- Article 46 sales tax growth
 - DPS: \$1,472,891
 - Pre-K: \$47,618
 - Additional General Fund support: \$301,701

Durham Public Schools Funding

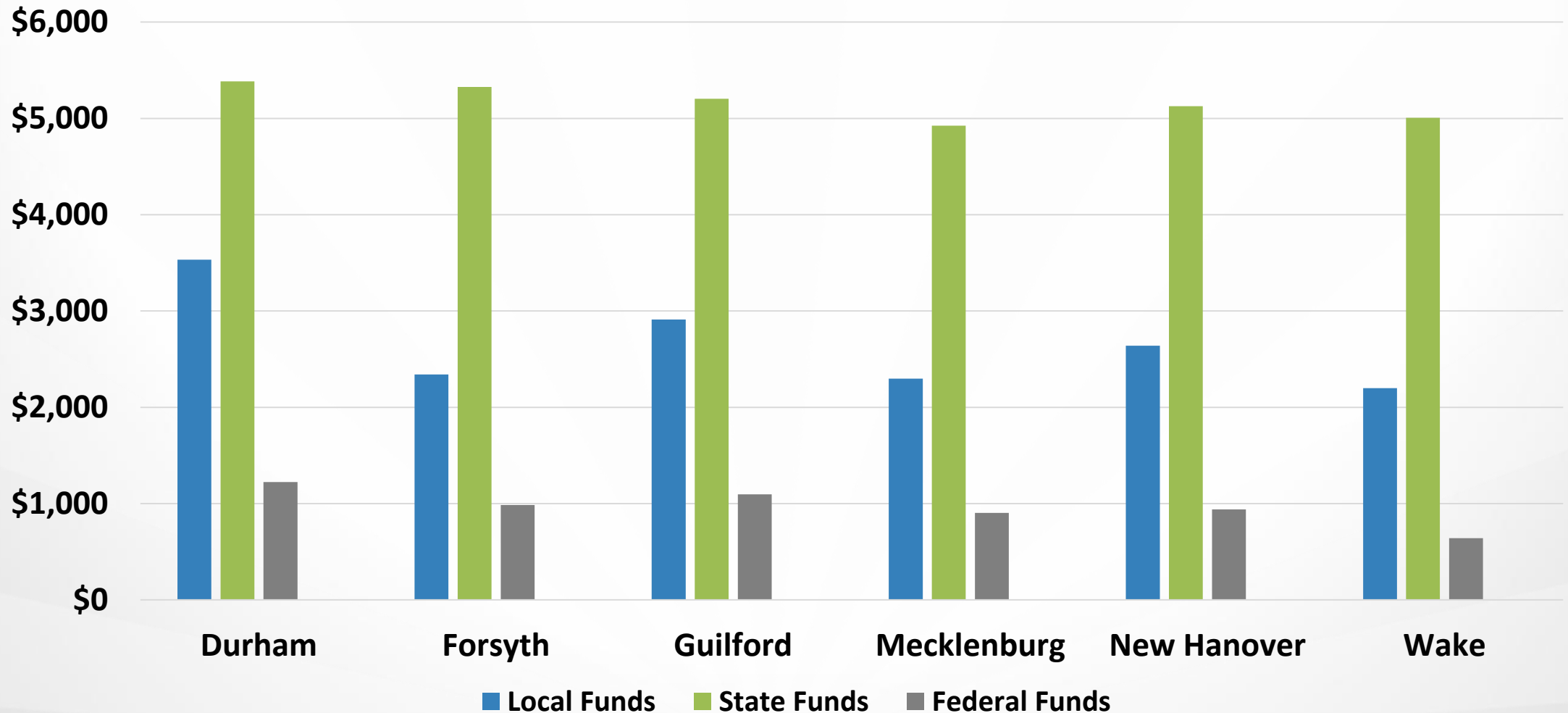
- Current expense: \$120,685,356
 - DPS: \$120,218,568
 - Pre-K: \$466,788
- DPS student projections
 - DPS: 33,900 (250 expected growth)
 - Charter: 5,424 (340 expected growth)
 - Total: 39,324 (590 expected growth)
- **Per pupil funding: \$3,069 per pupil**

Over 12 years, DPS has spent \$162 million more than the next nearest peer county (per pupil funding).



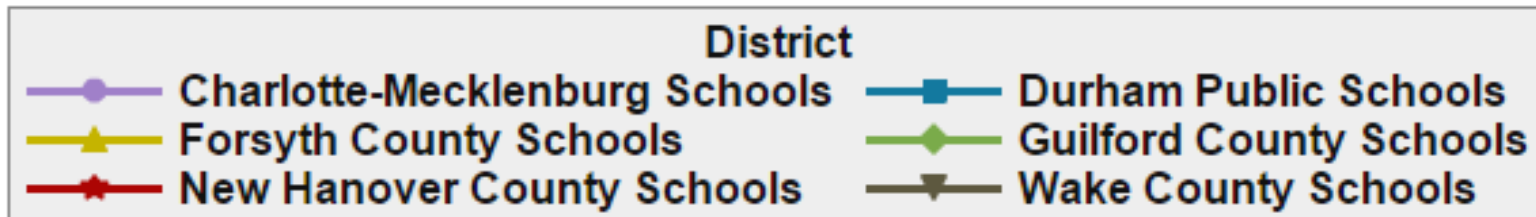
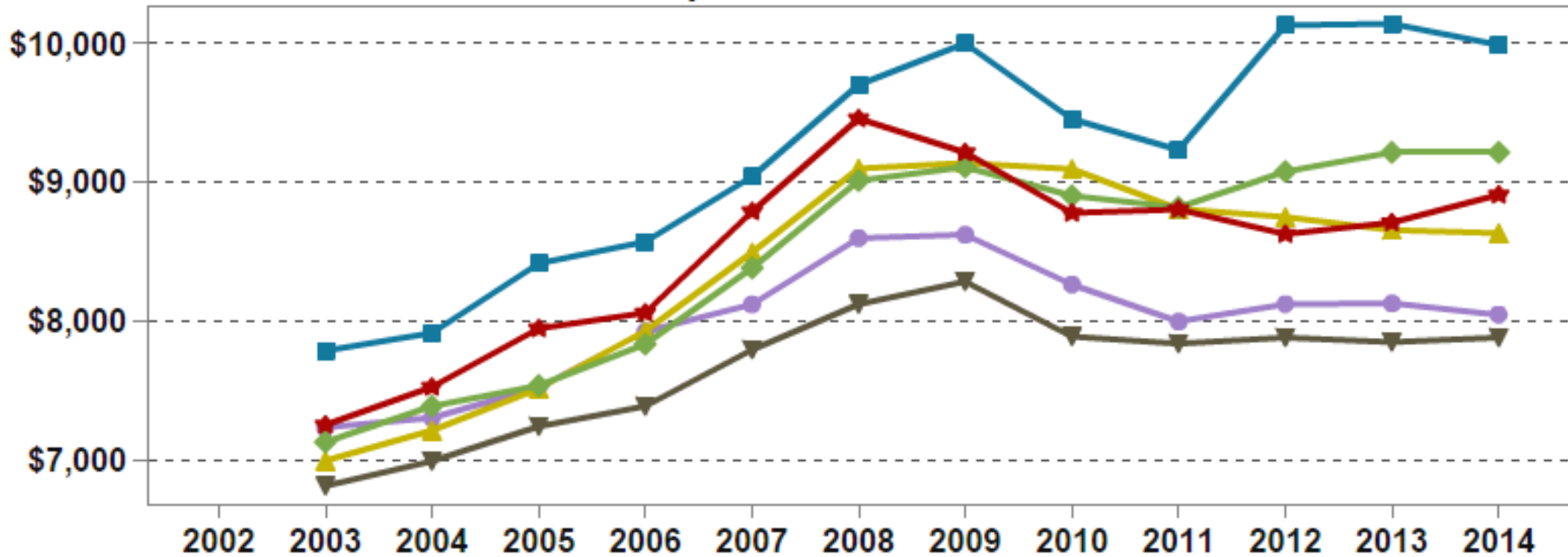
NC Report Card Data – Dept. of Public Instruction

Source of Funds (Amount per Student)

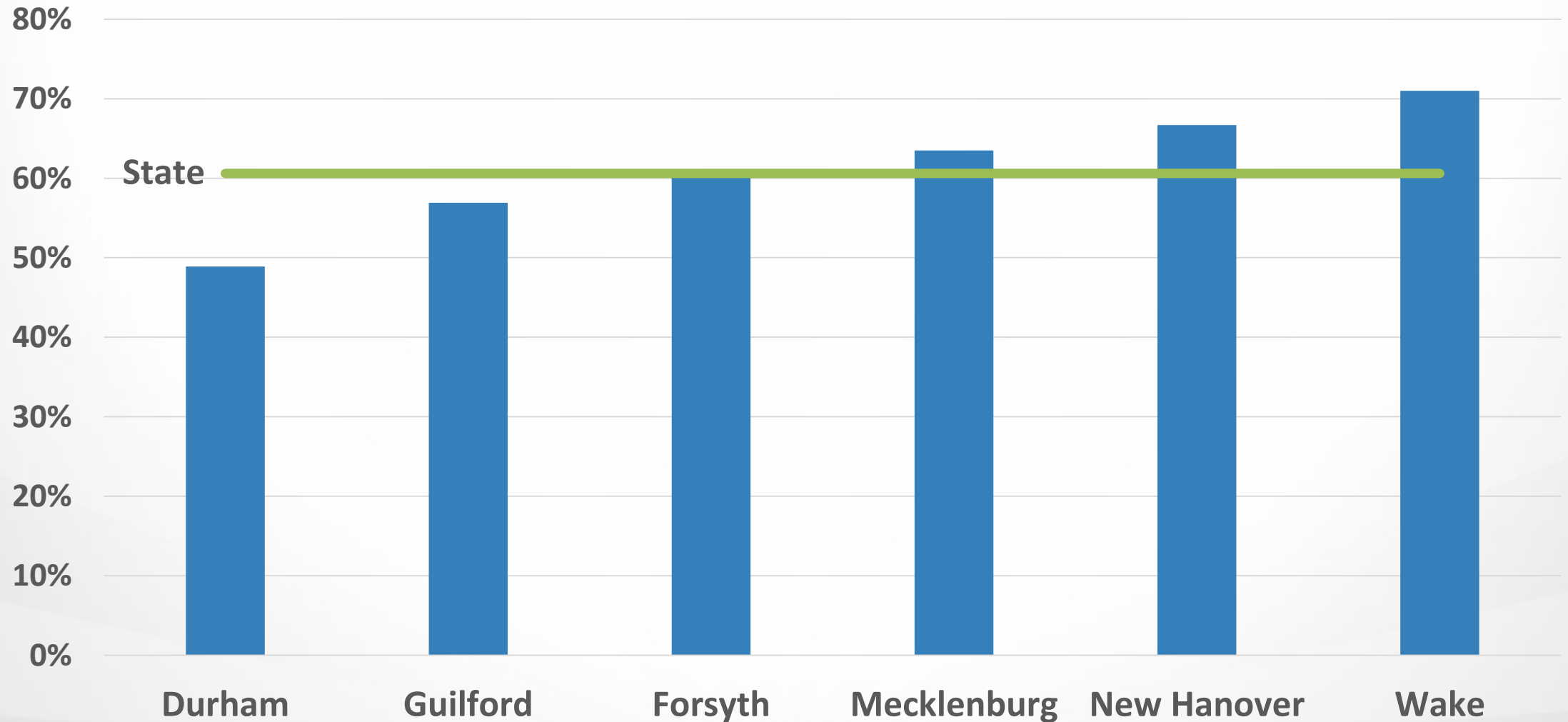


NC Report Card Data – Dept. of Public Instruction

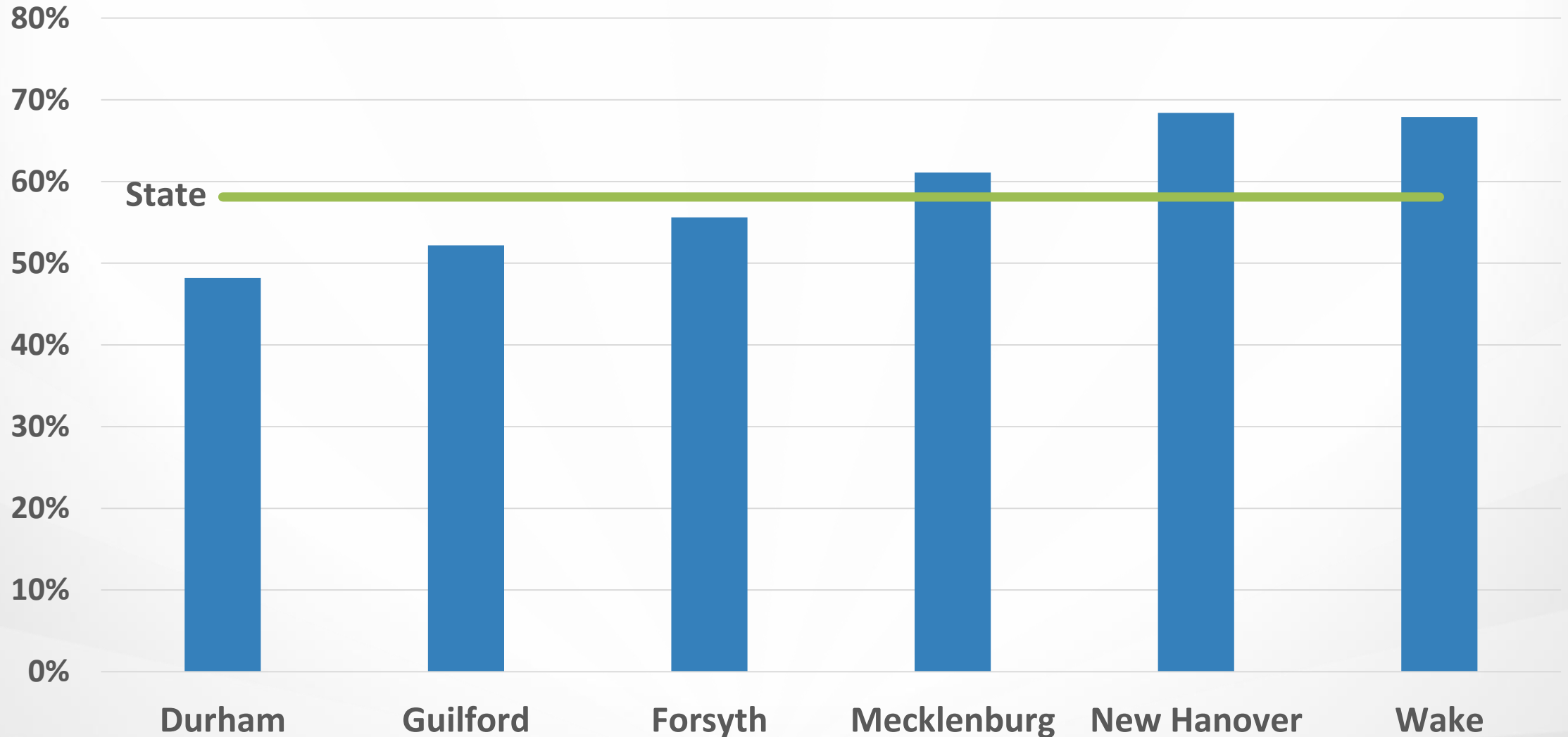
Total Expenses Over Time



Overall End of 3rd Grade Proficiency



Overall End of 5th Grade Proficiency



NC Report Card Data – Dept. of Public Instruction

Annual Measurable Objectives			
County	Targets Met	Targets Assigned	% Met
Durham	109	188	58.0%
Forsyth	133	188	70.7%
Guilford	135	208	64.9%
Mecklenburg	159	205	77.6%
New Hanover	144	169	85.2%
Wake	155	206	75.2%





Goal 1: Community and Family Prosperity and Enrichment

- **Durham Technical Community College**
 - **\$196,430 increase in Article 46 sales tax revenue.**
- **Libraries**
 - **\$210,000 technology van (mobile outreach)**
- **Museum of Life and Science**
 - **\$88,997 to support operating expense increases**



Goal 1: Community and Family Prosperity and Enrichment

▪ Nonprofit Funding

- **79 applications for funding = \$1,926,233**
 - Of those 79 applicants, 46 were funded in FY 2014-15
- **42 agencies funded**
 - Three (3) funded in FY 2014-15 did not reapply
 - Senior PharmAssist is now funded by Public Health
- **Total: \$640,038**, a 21.82% reduction from FY 2014-15
- No new funding recommended for nonprofits
(currently funded and new applicants)



Budget Highlights
Goal 2: Health and Well-being for All



Goal 2: Health and Well-being for All

■ Department of Social Services

- 11 part-time positions transitioned to 11 full-time positions
2.65 FTE impact, (\$109,642)
- Realignment support increased services for Child Support, Home-centered Care, Adult Services, and Durham Public Schools' social workers



Goal 2: Health and Well-being for All

■ Public Health

- Funding allocated to support three (3) Public Health school nurses (\$225,111) that were previously funded through the Community Health Trust Fund

Budget Highlights

Goal 3: Safe and Secure Community



Goal 3: Safe and Secure Community

■ Emergency Medical Services

- Funds eight (8) positions, equipment and vehicles for existing ambulance deployment; replacement equipment and vehicles
- Changed billing approach to improve operational efficiencies
 - Projected to generate an additional \$1 million due to process change

■ Sheriff

- Funds seven (7) positions; supports vehicle and equipment replacement



Budget Highlights

Goal 4: Environmental Stewardship



Goal 4: Environmental Stewardship

■ Soil and Water Conservation

- A Watershed Conservationist position is being created to develop a Local Nutrient Control Strategy to carry out the Falls Lake Watershed Rules mandate (\$57,208)



DURHAM COUNTY COURT HOUSE

Budget Highlights

**Goal 5: Accountable, Efficient,
and Visionary Government**



Goal 5: Accountable, Efficient, and Visionary Government

■ MFR Infrastructure Improvements

- Bolster organizational capacity to improve enterprise resource planning (ERP). Develop plan to integrate Systems Applications Product (SAP) and other platforms required for a successful data management system.
- In August 2015, staff will communicate action plan required for full MFR implementation (\$400,000)



Goal 5: Accountable, Efficient, and Visionary Government

■ Elections

- During the FY 2015-16 budget year, the Board of Elections may be required to conduct 5 elections, including the newly mandated Presidential Preference Primary

■ Revaluation

- Tax Administration budget increased due to eight-year revaluation which occurs in FY 2015-16



Position Highlights

- Addition of 27.65 FTEs
- Elimination of 8 FTEs
- Net increase of 19.65 FTEs

FY 2015-16 Strategic Plan

- Strategic Plan is the road map to achieve our strategic goals
- System investments and infrastructure through *Managing for Results* will drive us to better performance outcomes
- Summer/fall 2015: Strategic Plan refresh
 - Improved objectives
 - Improved measures
 - Improved connection to departments
 - Improved connection to budget process

Promoting Innovation

- **Design:** *Managing for Results* model promotes “culture of innovation, leadership, collaboration, and employee empowerment”
- **Resources:** Alliance for Innovation membership
- **Convening:** Creating a culture for employees to collaborate and share ideas
 - IS&T Employee Forum: Sharing ideas, learning together
 - Next step: Promote collaboration in other departments



Public Hearing for the FY 2015-16 Budget

Monday, June 8, 2015

7:00pm

Commissioners' Chambers



BOCC Budget Review

Monday, June 1

2 pm – 5 pm

Wednesday, June 3

12 pm – 5 pm

Thursday, June 4

9 am – 2 pm

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Budget Adoption

Monday, June 22, 2015

7:00pm

Commissioners' Chambers

