



# 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**

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



# 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	<b>1.73%</b>
Auto Value	\$ 1,799,900,000	\$ 1,894,000,000	<b>5.23%</b>
Personal Value	\$ 3,373,609,112	\$ 3,440,862,642	<b>1.99%</b>
Public Service	\$ 489,915,862	\$ 540,732,429	<b>10.37%</b>
<b>Total</b>	<b>\$31,371,859,321</b>	<b>\$32,027,660,759</b>	<b>2.09%</b>

# 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	<b>70.32</b>
Capital Financing Fund	\$29,033,903	9.32	\$28,591,317	<b>8.99</b>
<b>Total</b>	<b>\$247,068,545</b>	<b>79.31</b>	<b>\$252,233,298*</b>	<b>79.31</b>

\*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
<b>Total Debt Service</b>	<b>\$58,217,124</b>





# 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
<b>Lebanon</b>	0.1065	0.1065	0.1065	-
<b>Parkwood</b>	0.1135	0.0000	0.0000	<b>(0.1135)</b>
<b>Redwood</b>	0.1386	0.1386	0.1386	-
<b>New Hope*</b>	0.0995	0.0995	0.0995	-
<b>Eno*</b>	0.0799	0.0799	0.0799	-
<b>Bahama</b>	0.0987	0.0987	0.0987	-
<b>Bethesda Service</b>	0.1350	0.0000	0.0000	<b>(0.1350)</b>
<b>Durham County Fire &amp; Rescue Service</b>	0.0000	0.1300	0.1300	<b>0.1300</b>

\*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

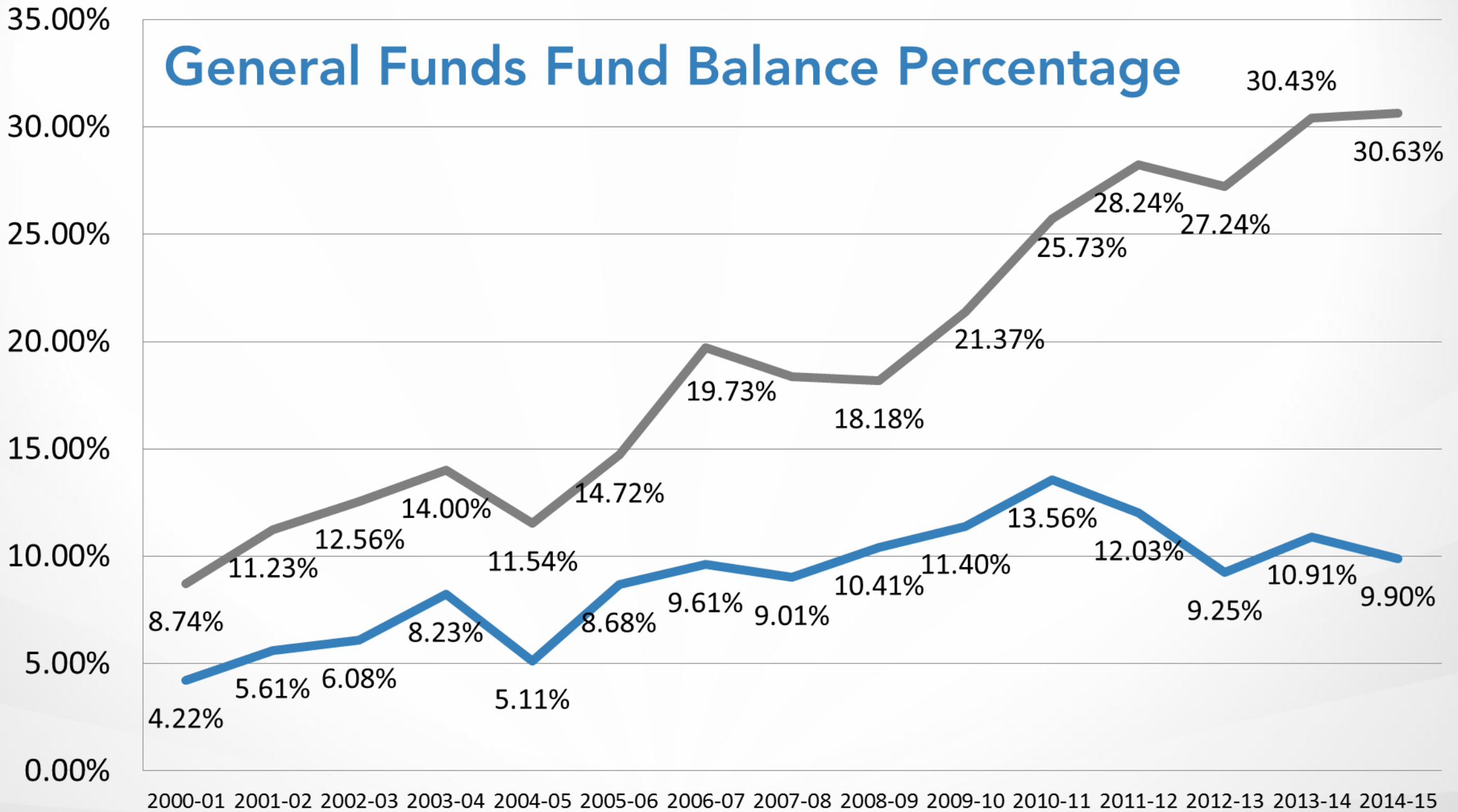
Sales Tax Article	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	% from FY 2014-15 Budget	FY 2015-16 Manager Recommended	% from FY 2014-15 Budget
Article 39	\$17,899,671	\$20,891,544	16.71%	\$21,357,953	19.32%
Article 40	\$10,137,717	\$10,937,909	7.89%	\$11,375,429	12.21%
Article 42	\$12,211,133	\$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%
<b>Total</b>	<b>\$60,525,372</b>	<b>\$67,819,000</b>	<b>12.05%</b>	<b>\$69,611,446</b>	<b>15.09%</b>



# Revenue Highlights

<b>Other Key Revenues</b>	<b>FY 2013-14 Actual Revenues</b>	<b>FY 2014-15 Original Budget</b>	<b>FY 2014-15 12 Month Estimate</b>	<b>FY 2015-16 Manager Recommended</b>
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



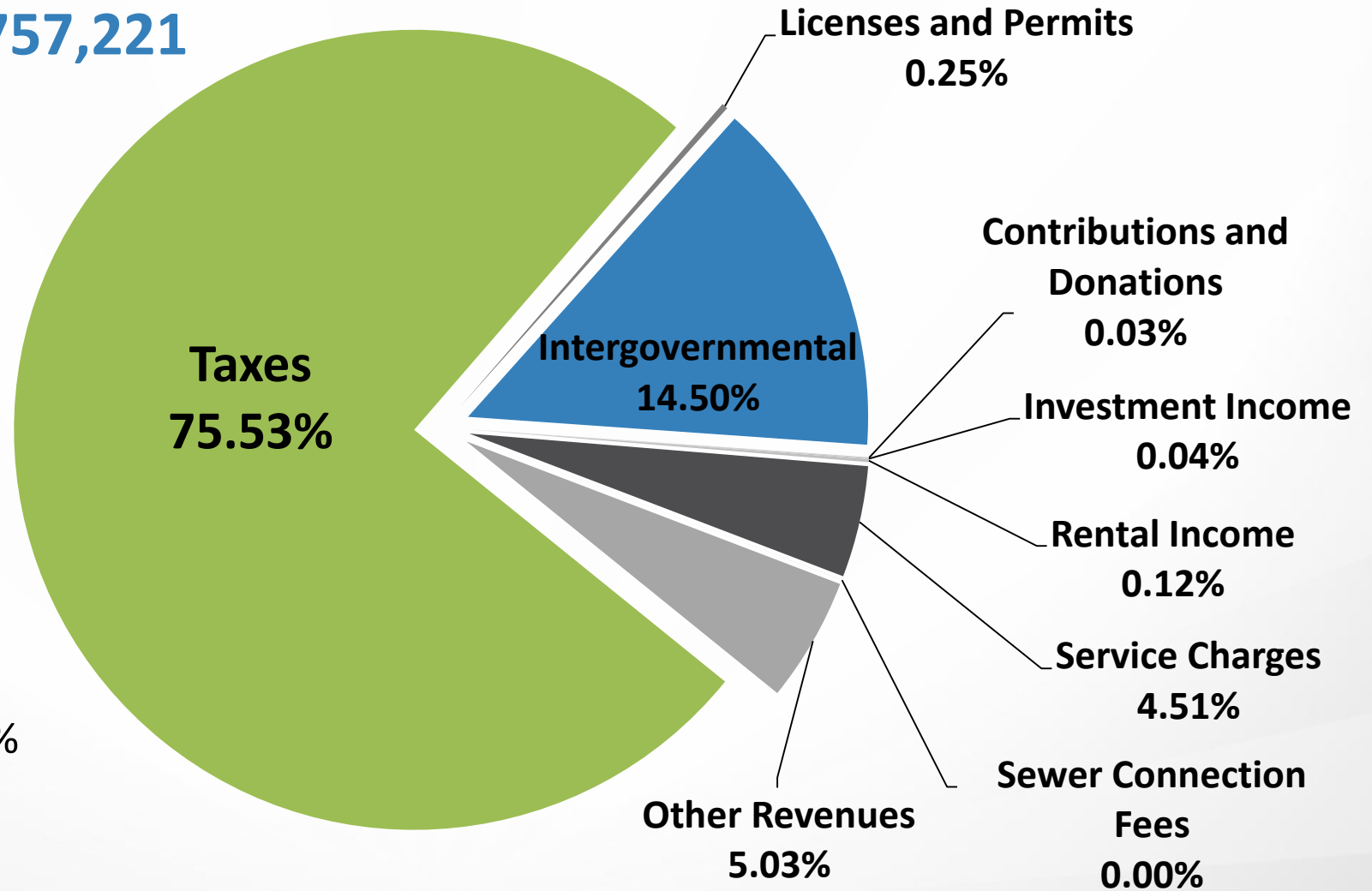
# All Funds Summary

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%
<b>Total All Funds</b>	<b>\$557,501,806</b>	<b>\$550,563,262</b>	<b>\$540,034,855</b>	<b>\$564,124,229</b>	<b>2.46%</b>



# General Fund Revenues

Total Amount = \$394,757,221



## Other Revenues

Other Financing Sources = 4.90%

Other Revenues = 0.13%

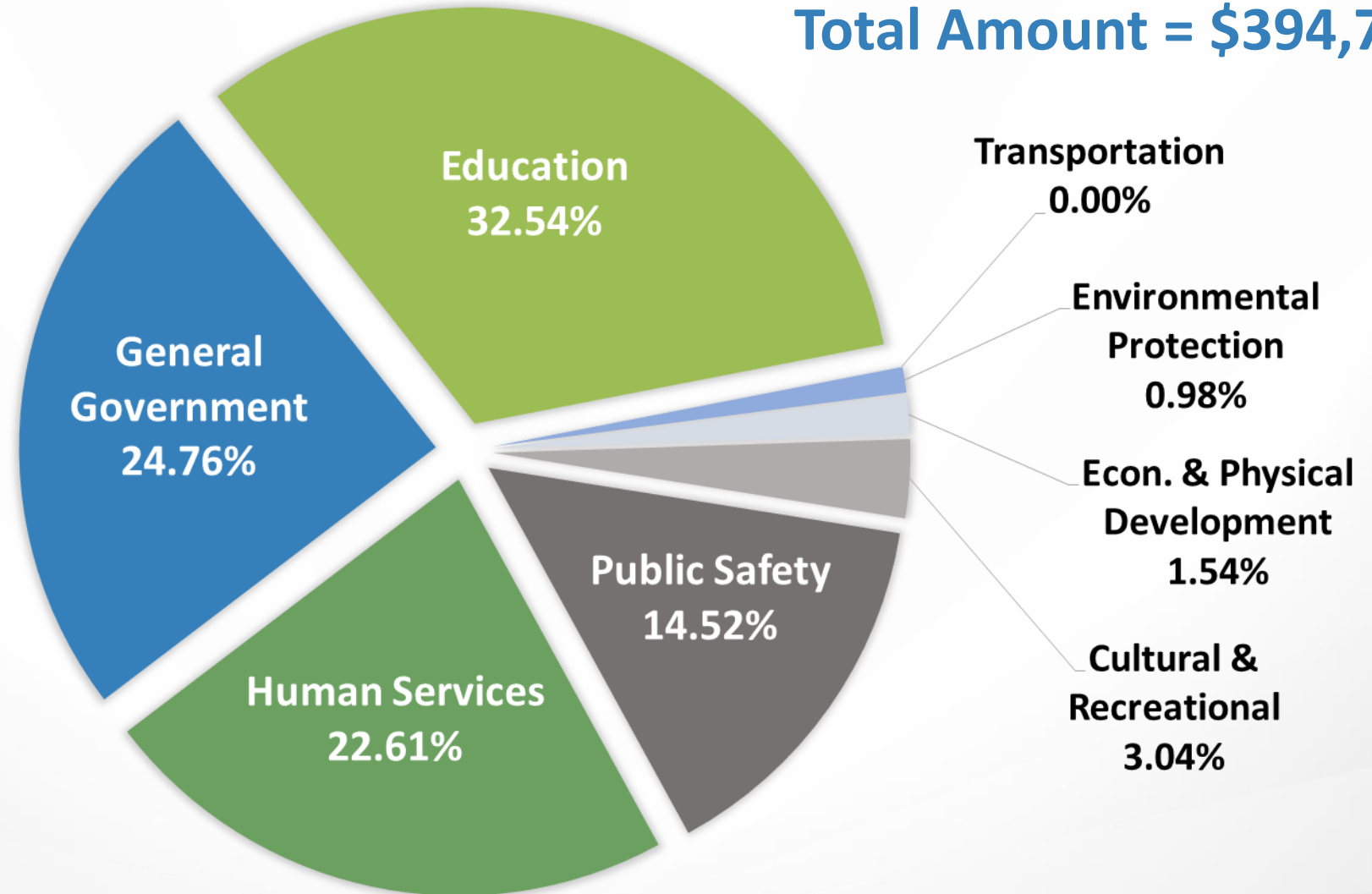
# General Fund Revenues

Funding Source	FY 2013-14 Actual Revenues	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%)
<b>Total</b>	<b>\$361,444,904</b>	<b>\$378,794,804</b>	<b>\$373,184,725</b>	<b>\$394,757,221</b>	<b>4.21%</b>



# 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%
<b>Total</b>	<b>\$349,244,979</b>	<b>\$378,794,804</b>	<b>\$418,298,408</b>	<b>\$394,757,221</b>	<b>4.21%</b>

# 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%
<b>Total</b>	<b>\$119,603,311</b>	<b>\$120,233,146</b>	<b>\$128,080,764</b>	<b>\$122,055,356</b>	<b>1.52%</b>
School Debt Service	\$26,820,112	\$30,114,672	\$30,160,166	\$30,160,166	0.15%
<b>Total Funding</b>	<b>\$146,423,423</b>	<b>\$150,347,818</b>	<b>\$158,240,930</b>	<b>\$152,215,522</b>	<b>1.24%</b>

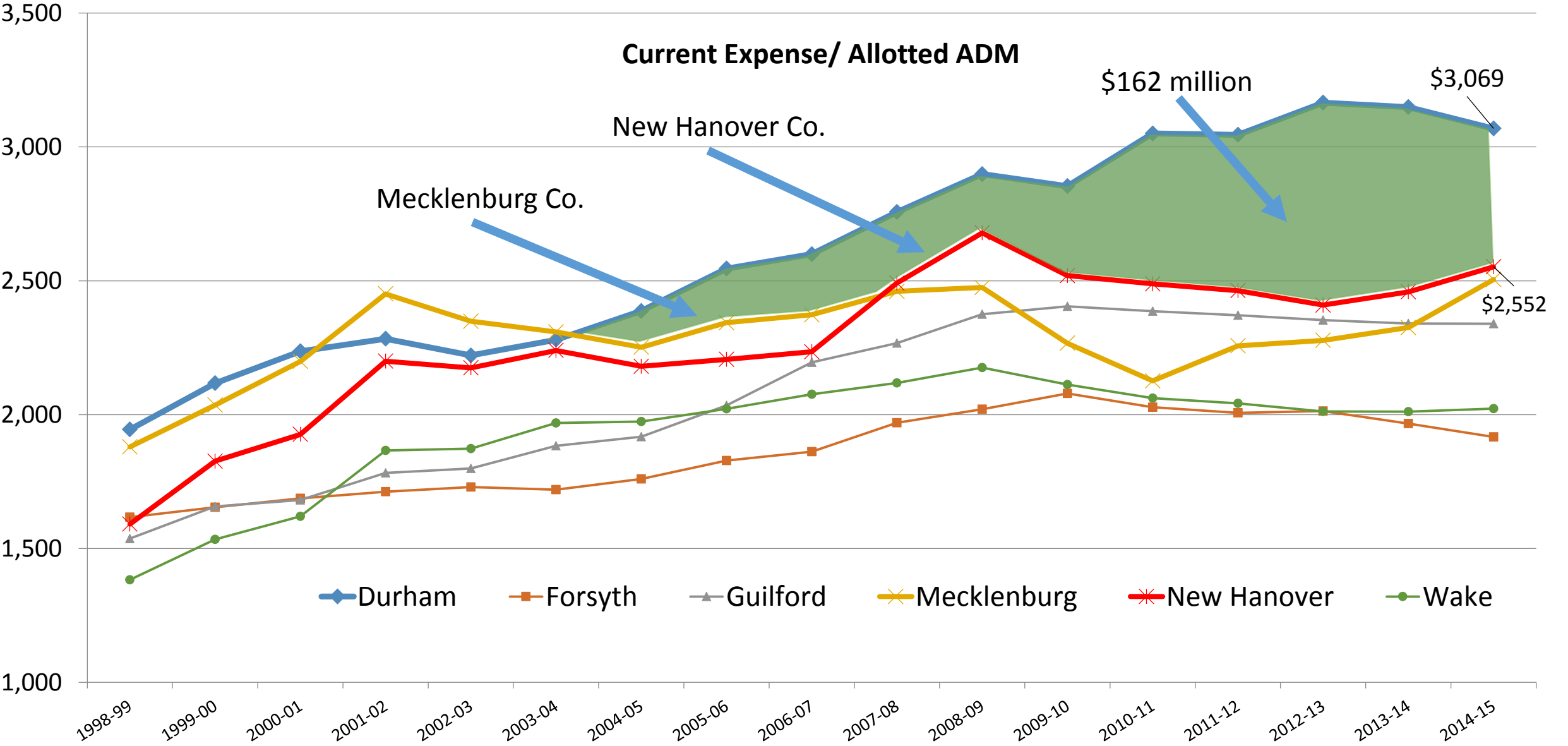
# Durham Public Schools Funding

- **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

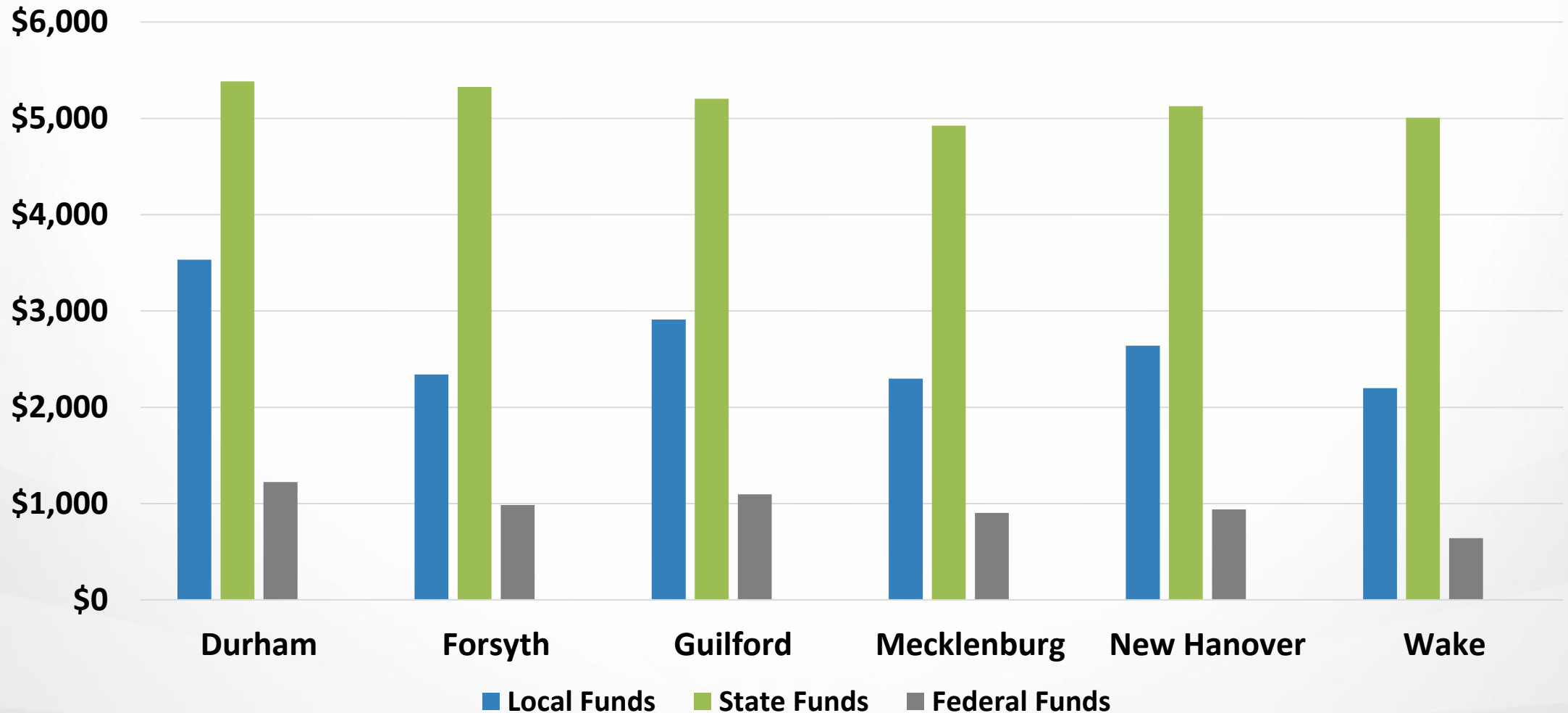
- Current expense: \$120,685,356
  - DPS: \$120,218,568
  - Pre-K: \$466,788
- DPS student projections
  - DPS: 33,900 (250 expected growth)
  - Charter: 5,424 (340 expected growth)
  - Total: 39,324 (590 expected growth)
- **Per pupil funding: \$3,069 per pupil**

# 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

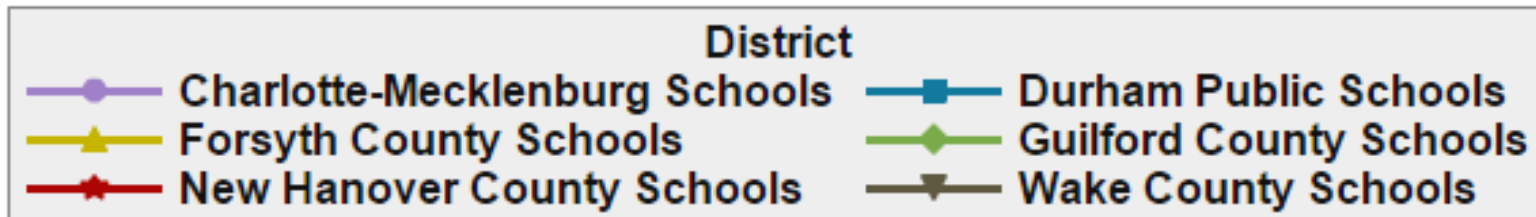
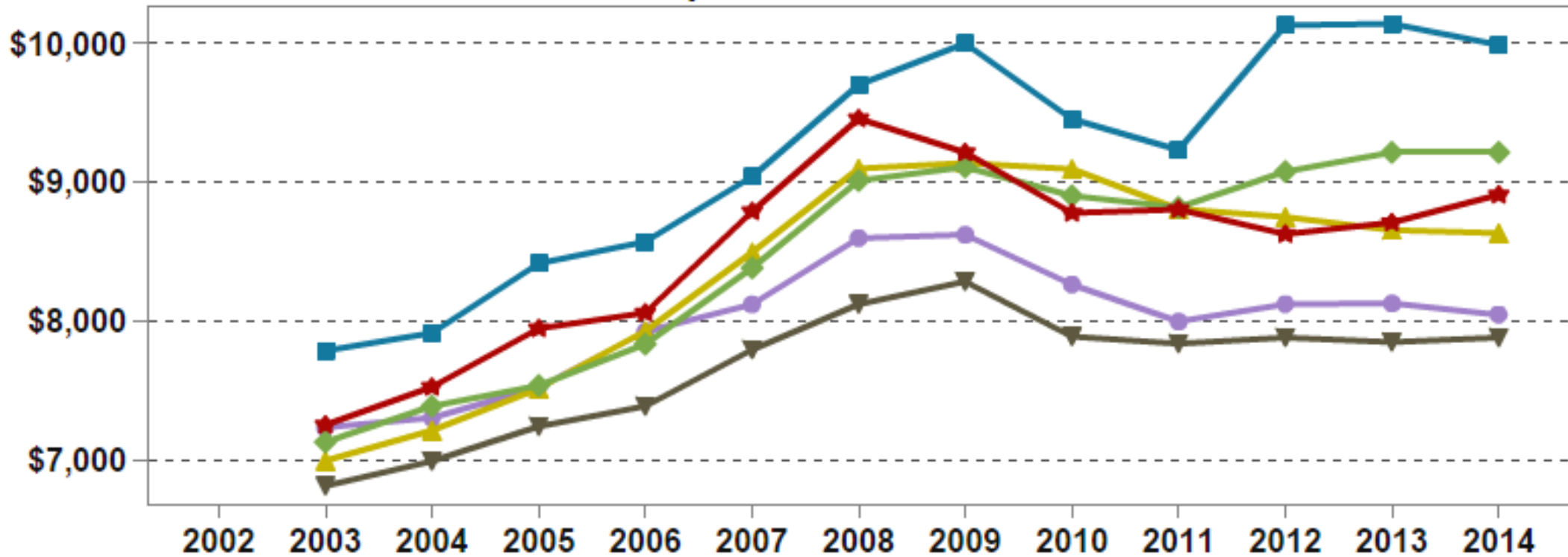
## Source of Funds (Amount per Student)



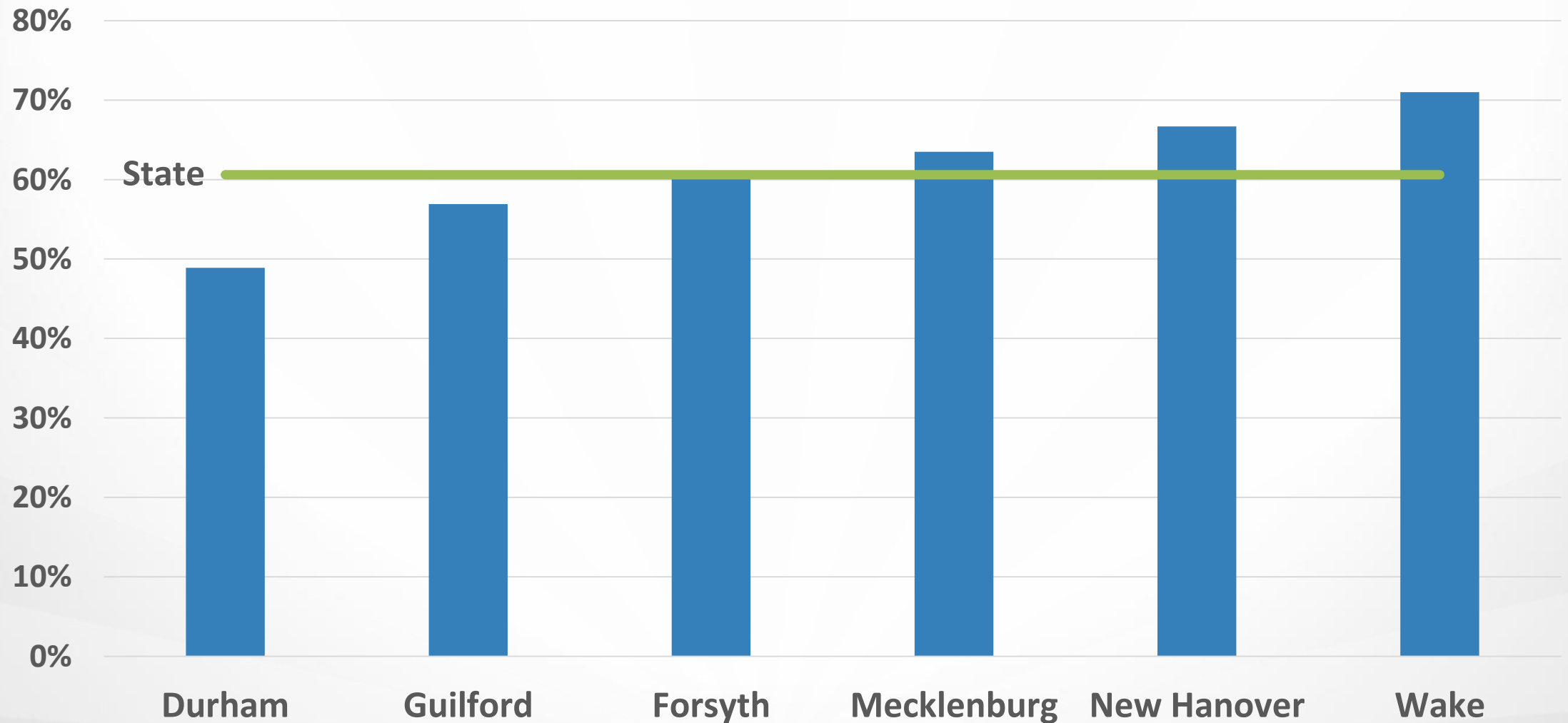


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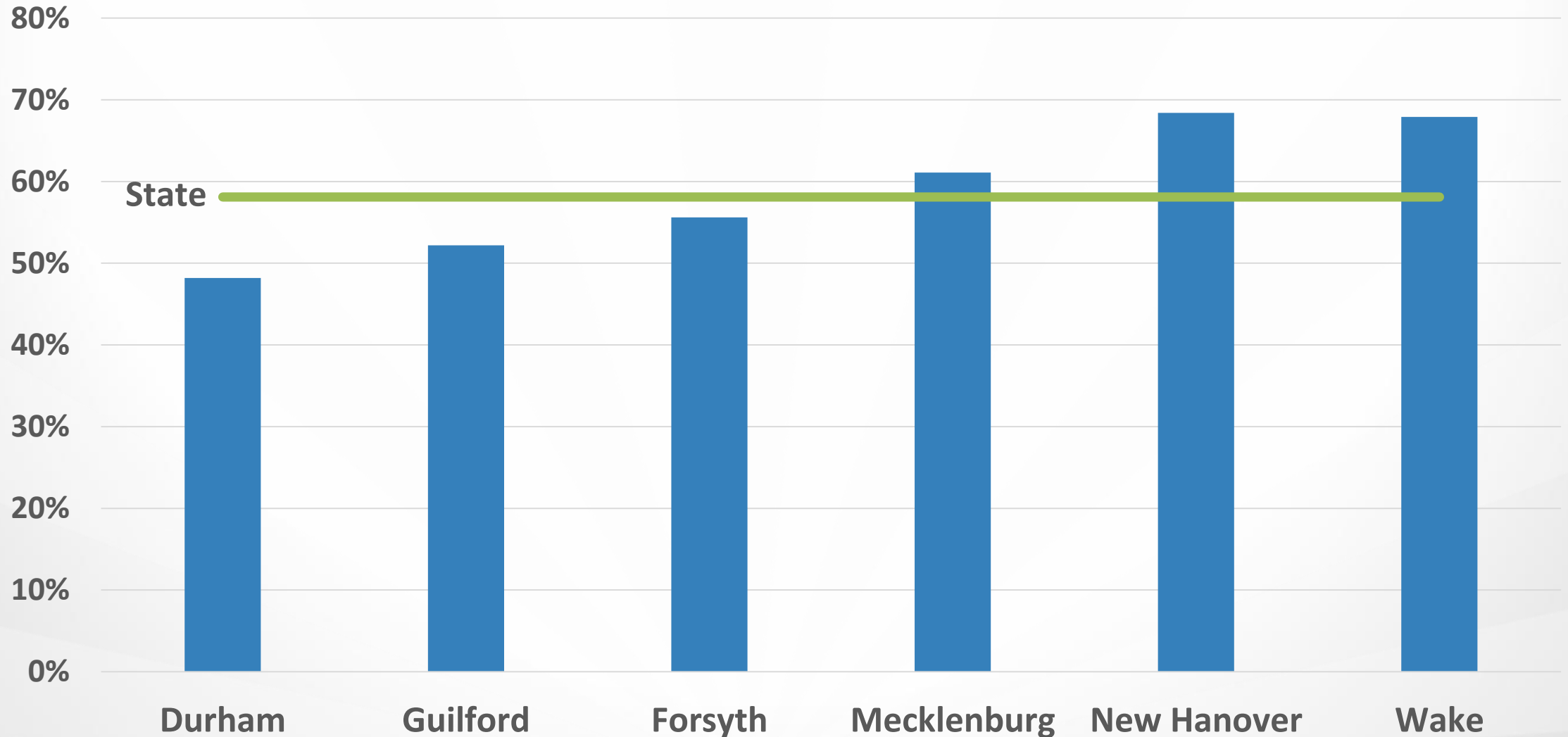
## Total Expenses Over Time



# Overall End of 3<sup>rd</sup> Grade Proficiency



# Overall End of 5<sup>th</sup> 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 full-time  
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



# 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**



# Budget Document Available For Public Viewing

- Durham County Website
- Clerk To the Board of County Commissioners Office  
Second Floor, Administrative Complex
- Durham County Main Library

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# Budget Adoption

**Monday, June 22, 2015**

**7:00pm**

**Commissioners' Chambers**

