

State of the County
Remarks for Chairman Michael D. Page
6th Annual State of the County Address
Monday, March 14, 2011
7 p.m.

Good evening to my fellow Commissioners, our County Manager Michael Ruffin , Durham County administrative staff, department heads and employees, special guests, my fellow citizens, those who are present in the chambers and those who may be watching us on television, or on the Internet. Tonight, it is both my privilege and honor to stand before you this evening to deliver my third Annual State of the County Address.

If you follow Durham County Government, you know that it's been our tradition over the past few years to reflect upon our accomplishments and to take a look ahead at what may be facing us in the coming year.

I would like to say that I am thankful for the opportunity to work with and lead the Durham Board of County Commissioners another year. Additionally, I appreciate the confidence the community has placed in me as a leader. I assure you that our Board will continue to work collaboratively, in a professional manner, to review issues and make the best decisions that we can for the entire community.

We have an outstanding Board of Commissioners, and it is my pleasure to recognize them now. Please hold your applause until I have introduced them all.

Meet our Vice Chairman Ellen Reckhow, Commissioner Brenda Howerton, Commissioner Becky Heron and Commissioner Joe Bowser.

I want to thank these incredible elected officials for their time, talent and their tremendous vision and insights. Working on behalf of this community is not for the fainthearted, and I say “thanks so much” to each of you.

My task this evening is to quickly revisit the conditions under which we labored last year in order to maintain positive and productive service levels in our departments to assist our citizens. Despite many challenges, most of them beyond our span of control, I am pleased to report we made progress in many areas. I plan to reflect on some of our successes in these remarks.

Next, I will spend time talking with you the about current economic condition in which we find ourselves as we plan for the upcoming budget year. And finally, I will address some of the challenges and opportunities that we will face over the coming months.

(Reflections on 2010)

In my remarks last year, I pledged that the Board of County Commissioners and our senior management team would weather the economic slowdown and continue to move together in a positive direction. You may recall that our Board held three community conversations in various areas of the county to allow our residents to weigh in on their priorities as we began working on our spending plan.

What we heard most often was the call to preserve teaching jobs for Durham Public Schools. Because of proposed sweeping cuts by the state, we had the potential to lose 237 teaching jobs. At the same time we were also looking at massive state cuts to county services that are partly funded by the state.

After much deliberation, meetings with our Durham lawmakers and more, we were able to save teaching jobs by increasing property taxes last year. In addition, Durham County, like many other counties in our state, made internal cuts including freezing vacant positions, reducing library hours and increasing various fees. Our budget relied on a modest tax increase to preserve teaching jobs and pay debt service on capital projects. The state eventually agreed to use excess lottery funds to

protect classroom cuts in its final budget. Simply put, we labored to use every resource available to maintain an acceptable level of services.

Understand that Durham County's budget situation was not unique. At our recent February retreat, we heard from Kevin Leonard, government relations director for the North Carolina Association of County Commissioners. He shared with us an overview of how other counties dealt with the economic conditions and actions by the state last year.

2010 was a tight year for county governments. Taxes were increased in 16 of the 100 counties, on an average of 3.3 cents. As I just noted, we were in that category. 49 counties cut budgets again from the previous year. We too were in that number. 44 counties cut positions netting a loss of nearly 600 county workers. 7 counties implemented furloughs.

Overall, North Carolina county governments used a variety of strategies including reducing paid holidays, salary decreases and reductions or eliminations of employee 401K plans. 50 counties utilized fund balance to make up for huge losses of state funding. 20 counties used some, or all, of their lottery funds to pay school debt service. 22 counties reduced funding for schools systems. 57 counties put off moving forward with planned capital projects such as schools, jails, and courthouses. A few even delayed renovations and repairs.

The state's budget situation is linked to our budget condition since counties are essentially an arm of the state. In 2010, Governor Perdue characterized the \$19 Billion dollar budget approved last July as one structured with "big cuts and hard choices."

There were no raises for state employees, and there were major cuts in funding levels for capital dollars, education, human services criminal justice and more. Once again, actions in Raleigh forced some of the hard choices we had to make right here to balance our County budget.

As you know, the General Assembly convened in late January with a change in leadership.

For the first time since the late 1800's, both legislative chambers are controlled by the Republican Party. At the same time the Governor is a Democrat. I mentioned that to say that there are competing political perspectives operating at this time as our state continues to grapple with this struggling economy. One main points of contention is around the sales tax that was to sunset this year.

Already we have seen some of the differences reflected as the Governor unveiled her budget for the coming year. While the Governor favors

continuing the temporary sales tax set to expire this year, the House and Senate leadership in the General Assembly has already gone on record indicating that approach will not receive support. The expectation is that the state budget will be approved later this year with a combination of reductions across the spectrum. What areas are cut, how deeply the cuts are made, and how much counties will lose remains to be seen.

As an example, some of the impacts to counties from the Governor's budget include: shifting school bus replacement funding to counties, shifting defense and claims payments for local school tort claims, mainly arising from school bus accidents and transferring the cost of workers compensation costs for and other employee benefits such as retirement and health to state funded teachers and employees.

Other areas that will hit counties hard may include human service areas such as reducing county funding of the daycare allotment, reducing funds to help our senior citizens, eliminating funding for child and family teams in Social services.

The governor's budget is just a starting point, and with deliberations first in the House and then in the Senate. Therefore, it will be months before we realize the full impact of the state's budget. We have heard that a final state budget will likely be approved in early June.

(Financial Vitality, Economic Development)

Economists indicate we are seeing some small improvements to the economy, we continue to fare a bit better than many parts of state and nation, and the recovery is still very sluggish. Our tax, budget and finance directors indicate again very little economic growth in the revenues we rely on in this budget season.

Durham County continues to be a financially well managed county. Of 3,000 counties in this country, we remain one of 22 with a Triple A bond rating from the three rating agencies; S & P, Moody's and Fitch, despite the economic downturn. Our excellent credit rating and our prudent financial management continued to help us save money when it comes to borrowing for capital projects.

Thanks to Tax Administrator Kimberly Simpson and her staff for achieving the county's highest ever percentage of collections, which was 98.88% of taxes for this period. We are confident that she and her staff are working very efficiently to help taxpayers meet their obligations sometimes, under challenging financial situations.

In September the Board provided an economic incentive contract of \$2 million for Cree, a Durham homegrown business. Cree is a leading developer and manufacturer of LED lighting. The capital investment for

this project is approximately \$392 million, with \$135 million dedicated to machinery for the new production line. Cree is expected to create 244 new jobs in Durham by the end of 2013. A portion of the \$2 million from Durham County will be used to pay for training expenses of new employees hired who are Durham residents.

In December, during a visit to this community sponsored by the Chamber of Commerce, North Carolina Secretary of Commerce Keith Crisco stressed the state's priority of job creation in this economy. He complimented Durham as being one of the "drivers out of the recession," and noted our winning combination of a higher education, a strong community college and our leadership in the new creative class economy.

Working with our economic development partners at the Chamber of Commerce, Downtown Development Inc., and the City of Durham we will continue to work tirelessly to seek companies that will provide much needed jobs for our community.

(Capital improvements)

While conventional wisdom may view this time as less than favorable for building new facilities, Durham County Government continues to

benefit from a combination of an excellent credit rating, low interest rates and reduced building costs.

We launched another major capital project when we held the groundbreaking for the Durham County Courthouse in March 2010. Again, we were able to take advantage of the work slow down and saved \$25 million on the project from the original budget. Construction jobs continue to be created and that helps our economy.

The first phase of the Human Services Complex is nearing completion and our Health Department will be relocating later this spring. Then, the work will continue on the remaining portion of that structure to eventually bring the Department of Social Services and the Durham Center all under one roof in a couple more years.

In addition, we opened the new South library on Alston Avenue and re-opened the Southwest Regional Library. The Southwest Regional Library, on Shannon Road, was expanded and renovated to a full service 25,000 square feet building. Both of these facilities will serve our community for years to come.

In the fall, our historic Durham County Memorial Stadium was dedicated, and the community was able to see firsthand the nearly \$8

million dollar upgrades to the playing field, track, locker rooms, concessions, bleachers and press box. This enhancement will allow Durham to attract national and regional sporting events and the revenue stream that follows.

Bonds approved in 2007 continue to provide for building projects at Durham Public Schools. A groundbreaking for City of Medicine Academy, a high school program that provides a four-year health career curriculum for students interested in pursuing health care careers was held. Sandy Ridge Elementary School, set to open later this year at 1417 Old Oxford Road, is located in northern Durham and will feature a visual and performing arts theme.

Though not funded by previous bond funds, work continues on the Montessori Middle School located at the former Lakewood YMCA, also set to open this fall.

(Durham County Collaborates)

In challenging times, the best way to provide services in is to look for every opportunity to collaborate with others in serving our community.

2010 was the year of the Census and we know that the Census is successful only with collaboration. Many thanks to our City-County

Planning Department and departments from both units of government, for a successful complete count process. We collaborated to reach as many households as possible to ensure that Durham will receive its fair share of federal dollars for critical infrastructure, education and human services.

Our health department and general services departments joined the N. C. Missions of Mercy free adult dental clinic conducted over two days at the Durham National Guard Armory. The clinic was a collaborative effort between the N.C. Dental Society, the City and County of Durham, Blue Cross/Blue Shield Foundation, and numerous public service agencies. The effort included 60 plus dental chairs and 500 dental and local volunteers who assisted nearly 1,000 patients.

Durham County held our first ever "Stand Down" for area veterans in the fall. The effort was part of the fourth annual Project Homeless Connect, a daylong program to provide the homeless with the social and medical services they need. Attendees received kits with basic necessities, food, free haircuts, job assistance and more.

Durham was named one of the Nation's 100 Best Communities for Young People by American's Promise and ING. The competition

recognizes communities taking action to help reduce dropout rates and create brighter futures for young people.

Just last month a celebration was held to recognize this achievement. This is the second time Durham has received this distinction.

(Accomplishments)

During 2010, Durham County continued its services and we were delighted to again receive accolades for various innovations across the spectrum.

The success of Durham County cannot be achieved without the innovative and creative public servants that work for our citizens day in and day out. Congratulations to our employees' who have received awards in their professional endeavors:

Sharon Davis, Deputy Register of Deeds received the Charles Moore Award for leadership from the North Carolina Association of Registers of Deeds.

Lt. Will Oakley, III became the 5th member of the Durham County Sheriff's Office to graduate from the FBI National Academy Program at Quantico, Virginia.

Karlene Fyffe, Youth Services Administrator was named the Reading Is Fundamental Ambassador for North Carolina.

Jennifer Lohmann, Southwest Regional Library Reference Manager was named the Romance Writers of America's Librarian of the Year.

While we are talking about our employees, I want to sincerely **thank all of Durham County Employees** that work hard to deliver the services to our constituents each and every day. You have worked without a merit pay raise for several years, and you continue to deliver great service our community! Know that we appreciate you sticking with Durham County during these challenging times. I am glad that we were able to provide many of you with a modest bonus in December to at least demonstrate that we do value you.

In addition to individual achievements, I'd like to recognize some department honors and major grants that were received last year:

The **Durham County Tax** department received the Joseph E. Hunt Distinguished Jurisdiction Award for its license plate recognition program for motor vehicle delinquent collection purposes. We are the only county to have this capability.

The Durham Assessment Team, a collaborative effort between the **Criminal Justice Resource Center** and **The Durham Center** received the 2010 LGFCU Employee Productivity Award from the North Carolina Association of County Commissioners. The Assessment Team offers Mental Health and Substance Abuse assessments, treatment recommendations and referrals, and case management services.

Durham **Soil and Water Conservation** District was named the 2010 “District of the Year” for the state of North Carolina.

The **Durham Center** received a 6-year, \$6 million dollar grant by the U.S. Substance Abuse and Mental Health Services Administration for a program to help high-risk 16-21 year-olds who have a serious mental illness and significant problems functioning in their relationships, at school, or in the community.

(In the News)

Durham County continued to inform citizens through the use of cable TV. Viewers can catch meetings of our Board of County Commissioners on TV 8, or on our website. Last year, we added large screens in lobby areas in our administration building that provide directions, a list of news and events, TV shows and other special video

features. The North Carolina Association of County Commissioners' weekly update regarding the General Assembly's activities is among features aired.

Finally, the "In Touch With Durham County" TV shows continue to provide exciting programming daily on Cable Channel 8 and features interviews with department heads, county commissioners and community partners who discuss a variety of informative topics.

We have done much this past year in which we can take pride. Despite the economy, we have tackled many challenges and succeeded. Let us take a look at where we go from here. There is no question that we must continue to be fiscally conservative in the management of our resources for the coming year.

(A look ahead)

We continue to be the envy of many communities far and wide. Our list of accolades is impressive and we should not lose sight of that fact.

- Durham ranked the #1 Place to Retire
- Durham as the #4 Best City for College Graduates
- Durham was named the 4th most affordable city in America

(Strategic Plan 2011-2012)

While we are viewed positively, there is always room for moving our community to the next level. Last fall, our Board agreed to undertake our first Strategic Planning Initiative. We have met with a consultant to begin that process which will eventually involve the community in a goal setting process. Elected officials and our citizens will collaboratively work to develop long term goals that are measurable, and goals that will serve this county for years to come. We have already worked to develop a new mission and vision statement for Durham County:

Our new Mission Statement is:

Durham County provides fiscally responsible, quality services necessary to promote a healthy, safe, and vibrant community.

Our Vision Statement:

Durham County: a thriving, vibrant, diverse community with abundant opportunity for all residents to live, work, learn, play, and grow.

With that as a backdrop, you will hear more about this new initiative in the coming months. We expect this process to create positive change in Durham County. This will help us focus and prioritize our resources in the best possible way.

(Budget 2011-2012)

One of the major dilemmas facing us as a County government is the efficient delivery of services in the midst of the continuing fiscal challenges in our state and nation. It's clear that governments on all levels continue to grapple with the effects of the weak economy in a slow recovery. The federal government has its own challenges that of course impact all of us.

Moving down the line, we know that most states are faced with billions of dollars worth of deficits. We have seen the headlines that show budget battles spinning out of control in statehouses across the country. In the state of Wisconsin, we've seen teachers marching on the statehouse and shutting down schools in an effort to keep their jobs and benefits.

Not far away from Wisconsin, in Cook County Illinois, County Commissioners recently passed a budget that requires county employees to take 10 days of furlough to balance their budget. Of those 10, five will be government shutdown days, meaning only critical county services such as hospital and jails will be open. Those actions helped avoid 550 layoffs.

Such scenes are being repeated in state and local governments across the country. I am sure you will agree with me that this is not an easy time

for those of who must make long-range financial decisions on behalf of our citizens.

Here at home, our able County Manager Michael Ruffin and his team are already busy, aggressively examining a variety of opportunities to ensure that we bring forward a responsive, balanced budget in June.

This year will bring more reductions to our County government. In the past two years we have endeavored to make cuts to vacant positions, reduce some services, increase fees and have held salaries and benefits flat for our employees.

Mr. Ruffin and his administrators will consider appropriate collaboration, consolidation, and explore all opportunities for greater efficiencies, and work to eliminate duplication of services as a strategy to help produce the level of budget that will be required in 2011-2012.

They are examining both required and optional services in all areas and seeking ways to help the County avoid future costs by operating more efficiently. The City and County have examined a possible merging of their fueling operations and their fleet maintenance operations to determine if we might save Durham taxpayers money in the process.

We already have seen the Governor's budget which details some fiscal cuts to counties. As the House and then the Senate work on finalizing the state's budget, we must be prepared to deal with whatever level of fiscal impact or cost shifting will be passed along to us. We expect that as the session continues, we will hear more about planned state cuts to our county budgets rather than increases. As a citizen, I urge you to follow the state budget process closely.

At the end of the day we will meet the fiscal challenges head-on, with the dynamic leadership and experience of my fellow Board members and our administrative team.

We will work together with the resources we have at our disposal to provide the services that Durham County residents deserve. As we work through this budget season, we will hold various meetings and public hearings. Please, take advantage of the opportunity to follow the process.

I'm pleased to announce this evening, I am initiating regular office hours to meet with citizens in this building. Beginning April 6, I will hold office hours each Wednesday, from 2:30 until 5 p.m. Citizens may call (919) 949-4022 to schedule meetings with me.

As your chairman I want to hear from you directly. Your concerns, your questions and your suggestions are of great interest to me.

At the end of the day, we must work together to keep Durham County a wonderful place to live, work and do business. Thank you for your support.