

**Durham County
North Carolina**

Recommended Budget

**Fiscal Year
2014-2015**



Providing fiscally responsible, quality services necessary to promote a healthy, safe, and vibrant community.

**DURHAM COUNTY, NORTH CAROLINA
FY 2014-15 RECOMMENDED BUDGET**

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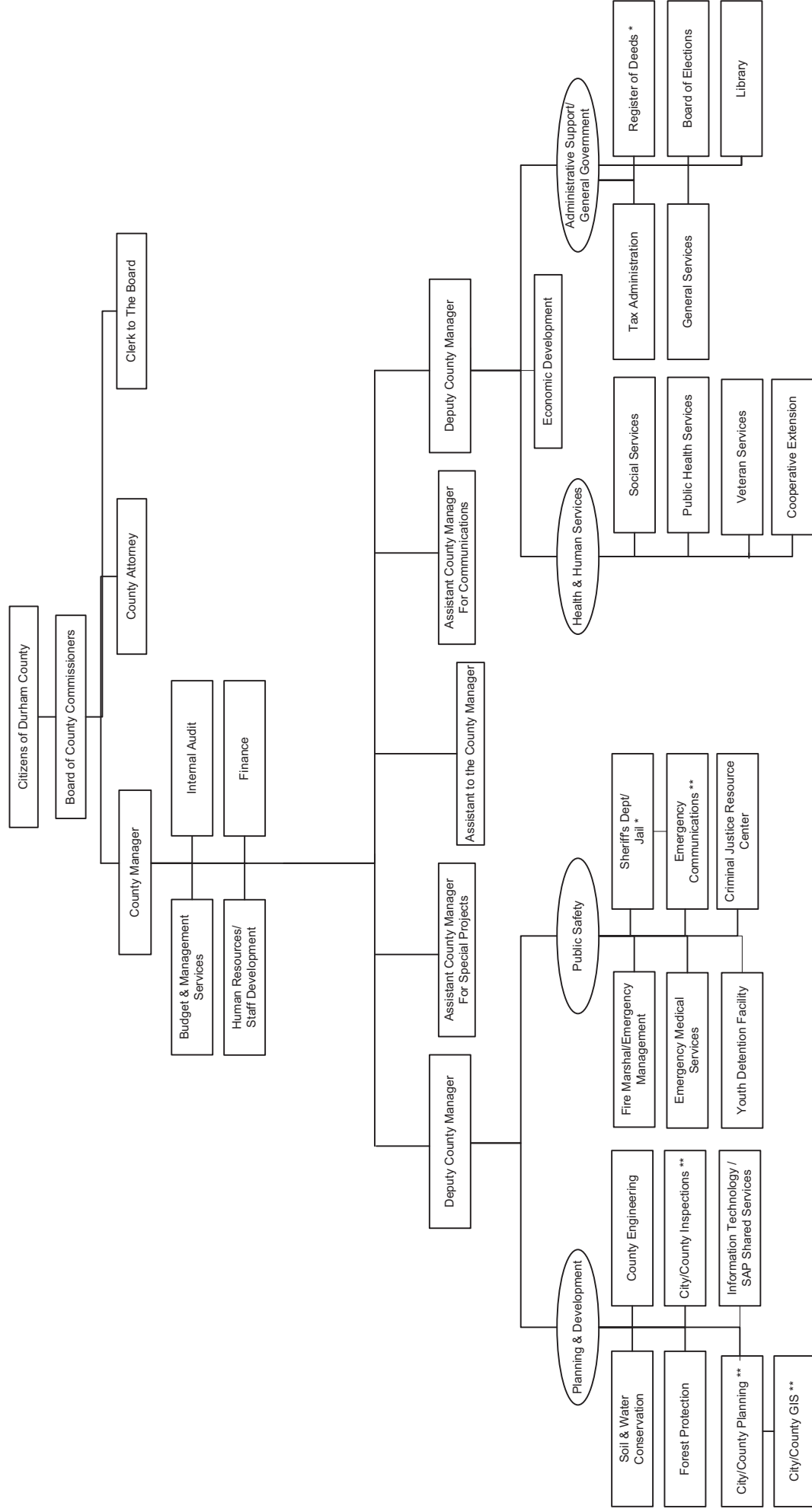
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Andy Miracle, Budget Analyst
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Durham County, North Carolina General Administration Organizational Chart



* Elected Officials

** Joint City/County Departments



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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PRESENTED TO

Durham County

North Carolina

For the Fiscal Year Beginning

July 1, 2013

Executive Director

READER'S GUIDE

This section is designed to help the reader understand the budget by explaining how the document is organized. This document is a financial plan for Durham County Government operations for the July 1, 2014 through June 30, 2015 fiscal year and shows how funds are allocated and how they will be spent.

FUND STRUCTURE

The Durham County operating budget is organized into funds with corresponding tabs in this booklet. The **General Fund** (Fund 1001010000) is the primary fund where the majority of county services are accounted. The General Fund is further divided into functional areas which include General Government, Public Safety, Transportation, Environmental Protection, Economic/Physical Development, Human Services, Education, and Culture and Recreation.

Each functional area is comprised of at least one business area which represents either a county department or a budgetary unit. Within each business area, there may be one or more fund centers in which funds are budgeted to show the expenditures and revenues associated with a particular program within a county department or activity within a budgetary unit. Each department or program summary contains a description, accomplishments of the past fiscal year, performance measures, a budget summary and the number of authorized personnel in Full-time Equivalent (FTE) positions. Departments with more than one program have a business area summary sheet that precedes the programs.

Each fund center is represented by a summary of appropriations in the following categories of expenditures:

- **Personnel Services**
Personnel Services in this document refer to the costs associated with personnel such as salaries and benefits.
- **Operating Expenses**
Operating Expenses in this document refer to the costs of daily operations such as office supplies, travel, telephone, etc., for a department or program.
- **Capital Outlay**
Capital Outlay refers to a fixed asset with an estimated purchase price of \$5,000 or more and a useful life of more than one year. These items typically include furniture, office equipment, automobiles and other capital equipment. Items in excess of \$100,000 with a useful life of 20 years, such as buildings, are included in the county's Capital Improvement Plan (CIP).

The remaining budgeted funds are described below.

Other General Funds

Risk Management (Fund 1001020000): This fund focuses on minimizing operational risks and promoting workplace safety.

SWAP Fund (Fund 1001030000): This fund represents a complicated financial agreement based on outstanding debt (see page 256 of the document) that brings in over \$1.5 million in revenue to the county each year. The revenue is used to offset yearly debt service payments.

Capital Financing Plan Fund (Fund 1001250000): This fund accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities. The capital projects fund also is used to accumulate funds to finance a CIP.

Benefits Plan Fund (Fund 1001500000): This fund represents the budget for the benefits offered to eligible county employees and retirees.

Debt Service Fund

The **Debt Service Fund (Fund 3003040000)** is used to account for the payment of principal, interest and related costs for all general, long-term debt other than debt issued for and serviced by proprietary funds.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted for specific purposes. The county budgets the following special revenue funds: **Bethesda Fire District (Fund 2002130000)**, **Lebanon Fire District (Fund 2002140000)**, **Parkwood Fire District (Fund 2002150000)**, **Redwood Fire District (Fund 2002160000)**, **New Hope Fire District (Fund 2002170000)**, **Eno Fire District (Fund 2002190000)**, **Bahama Fire District (Fund 2002210000)**, **Special Butner District (Fund 2002250000)**, **Special Park District (Fund 2002220000)**, and **Bethesda Fire and Rescue Service District (Fund 2002230000)**.

Enterprise Funds

The **Sewer Utility Fund (Fund 6006600000)** is used to account for the revenues and expenses related to the provision of sewer service as well as the debt service for the fund.

Trust Funds

George R. Linder Memorial Trust Fund (Fund 7007050000): This private-purpose trust fund is used to account for resources legally held in trust specifically for the Library.

Law Enforcement Officer's Retirement Trust Fund (Fund 7007700000): The pension trust fund accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

Community Health Trust Fund (Fund 7007080000): This fund accounts for the financial resources acquired through the leasing of Durham Regional Hospital to Duke University and accounts for the earnings of these financial resources and ensures the financial resources are used for health-related operating and capital expenditures.

SUPPLEMENTAL SECTIONS

The **Summary** section provides a summary of sources of revenue and expenditures from the General Fund. An overview of revenue sources is included. This section also provides a brief account and graphs of all funds budgeted for the fiscal year beginning July 1, 2014. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2014-15 Budget Calendar and the FY 2014-15 Nonprofit budget request. The **Glossary**, also found in the Appendix, contains information to help the reader understand the terminology used in the budget document.

ADDITIONAL INFORMATION

In accordance with North Carolina General Statutes, the **basis of accounting and budgeting** for the county is **modified accrual**. This means that **Revenues** are recorded in the period in which they are **measurable** and **available**. Revenues are recognized when they are received in cash (example: licenses, fines, etc.) or when the collection of the amount estimated to be received in the near future (example: property taxes). **Expenditures** in a modified accrual basis are generally recognized in the period goods and services are received or liabilities incurred.

Capital projects, funded primarily by general obligations bonds, are presented in a separate document, the **Durham County Capital Improvement Plan**. This document is a ten-year plan that is updated biannually.

The annual operating budget includes information from the **Results Based Accountability (RBA)** initiative on departmental pages. Departments were asked to submit a graph, a two-year history, and strategies for improvement for two to three key performance measures.

This document was prepared by the Durham County Budget and Management Services Department and is available online at www.dconc.gov. If further information is needed, contact Budget and Management Services at 200 East Main Street, 4th Floor, Durham, North Carolina 27701, by phone at (919) 560-0012, or by e-mail at budget@dconc.gov.

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**DURHAM COUNTY
FY 2014-15 RECOMMENDED BUDGET**

TABLE OF CONTENTS

	<u>Page</u>
Message to Durham County Residents.....	i

SUMMARIES ALL FUNDS

General Fund Revenues	1
Revenue Highlights	5
General Fund Expenditures.....	9
All Funds Summary of Revenues.....	12
All Funds Summary of Expenditures	13
All Funds Full Time Equivalents (FTEs).....	14
Recommended New/Eliminated Full Time Equivalents (FTEs).....	16

GENERAL FUNDS

General Government:

General Fund.....	17
General Government	19
Board of County Commissioners Summary	21
Board of County Commissioners	22
Clerk to the Board.....	24
County Administration Summary.....	27
County Manager	28
Public Information Broadcasting.....	29
Internal Audit	34
Strategic Plan	36
Finance	38
Tax Administration.....	42
Legal	48
Court Supportive Services	51
District Attorney.....	53
Clerk of Superior Court	53
Adult Probation and Parole Facilities.....	53
Public Defender.....	54
Superior Court.....	54
Department of Juvenile Justice.....	54
District Court.....	55
Elections	56
Register of Deeds	61
Register of Deeds Automation.....	65
General Services Department.....	66
General Services-County Stadium	70
Information Technology Summary	72
Human Resources	76
Budget and Management Services	80

Veterans Services	84
Geographic Information System (GIS)	88
Nondepartmental	90
Transfers	92
Vehicles and Equipment	94

Public Safety:

Public Safety Summary	97
Sheriff Summary	99
Sheriff Law Enforcement Services	100
Sheriff Detention Services	104
Animal Services.....	108
Emergency Communications	112
Fire Marshal Summary	115
Fire Marshal	116
Lebanon Fire Department	120
Bethesda Fire Department.....	121
Emergency Management.....	122
Criminal Justice Resource Center.....	124
Medical Examiner	131
Youth Home	132
Volunteer Fire Departments – Paramedic Services	135
Emergency Medical Services (EMS)	136
Public Safety Nonprofit Agencies.....	140

Transportation:

Raleigh-Durham Airport Authority.....	143
---------------------------------------	-----

Environmental Protection:

Environmental Protection.....	145
General Services-Solid Waste	146
Forest Protection	149
County Engineering.....	150

Economic/Physical Development:

Economic/Physical Development Summary	155
Open Space Matching Grants	156
City/County Planning.....	158
Cooperative Extension Service.....	160
Soil and Water Conservation	168
Economic Development	172

Human Services:

Human Services Summary	175
Public Health	176
Mental Health (Alliance Behavioral Healthcare)	182

Social Services	184
Coordinated Transportation System.....	188
Juvenile Crime Prevention Council (JCPC)	191
Human Services Nonprofit Agencies.....	192

Education:

Education Summary	195
Durham Public Schools	196
Durham Technical Community College.....	198
Education Nonprofit Agencies	200

Culture/Recreation:

Culture/Recreation Summary	203
Library	204
North Carolina Museum of Life and Science	210
Convention Center	216
Culture/Recreation Nonprofit Agencies	218

OTHER GENERAL FUNDS

Other General Funds Summary	221
Risk Management Fund	222
SWAP Fund.....	224
Capital Financing Plan Fund	226
Durham County Policy on Financing Capital Projects	228
Capital Improvement Plan Debt Funding.....	230
Benefits Plan Fund	232

SPECIAL REVENUE FUNDS

Special Revenue Funds Summary	235
Fire Districts	236
Bethesda Fire District Fund.....	237
Lebanon Fire District Fund.....	237
Parkwood Fire District Fund.....	238
Redwood Fire District Fund.....	238
New Hope Fire District Fund	239
Eno Fire District Fund.....	239
Bahama Fire District Fund	240
Bethesda Service District Fund	240
Special Butner District Fund.....	241
Special Park District Fund.....	242

DEBT SERVICE FUND

Debt Service Fund	243
-------------------------	-----

ENTERPRISE FUND

Enterprise Fund..... 245

TRUST FUNDS

Trust Funds Summary 249
George R. Linder Memorial Fund..... 250
Law Enforcement Officers Trust Fund 251
Community Health Trust Fund..... 252

APPENDIX

Fee Schedules 255
Nonprofit Funding..... 284
Durham County Budget and Amendment Process 294
FY 2014-15 Budget Calendar..... 295
Glossary Terms..... 296
Glossary Codes 300



OFFICE of the COUNTY MANAGER

May 27, 2014

The Honorable Members
Durham County Board of County Commissioners
Durham County Administrative Complex
200 East Main Street
Durham, NC 27701

Dear County Commissioners,

The Durham County Government 2014-15 Proposed Fiscal Plan as presented is in accordance with the North Carolina Local Government Budget and Fiscal Control Act. This budget fulfills my obligation to present a balanced fiscal plan, in line with my duties and responsibilities as County Manager.

On the surface this budget, in many respects, constitutes a maintenance budget. As the details of this budget are revealed, you will find that the County continues to meet its debt obligations (as highlighted during the budget process last year) and holds Durham Public Schools' funding flat. In addition, I am recommending some key operational increases for Public Safety functions to improve existing services, including Emergency Medical Services and Fire District Operations. Finally, I am urging us to focus on how we compensate our most important asset, our human capital, by implementing the first phase of the recently completed compensation and classification study.

Maintaining excellence has fantastic benefits, as our long-held triple A bond rating attests, but also has costs that we must recognize and support where necessary. I am confident this recommended budget does that, just as I am confident that Durham County government will continue to enhance the many areas that make this County such an amazing place to live, work, learn and play.

Overview

The Durham County Manager's recommended Fiscal Year (FY) 2014-15 budget totals \$552,364,861 and requests a property tax increase of 2.73 cents. Of that increase, 0.86 cents supports growing annual debt service related to long-term capital needs; these include building the new County courthouse and the Human Services complex and the continuing issuance of 2007 voter-approved General Obligation bonds for Durham Public Schools, Durham Technical Community College, and the NC Museum of Life & Science. The

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other 1.87 cents of the recommended tax increase supports a variety of needs within the County's General Fund budget, including meeting increased demand for services and implementing the recommendations of a comprehensive compensation study, the first such study completed in the past 28 years. The total Durham County budget increase is \$25,924,430 or 4.92 percent over the FY 2013-14 budget.

The General Fund budget, where almost all County services are carried out, has a FY 2014-15 recommended budget of \$378,722,435, an increase of \$18,382,039, or 5.1 percent.

Viewed in a historical context, the 2.73 cent increase requested for FY 2014-15 is reasonable and justified. The tax rate has always fluctuated with changing service needs and property valuations, over time, however, the rate has consistently decreased as the valuation of residential and business property has increased. In fact, the proposed property tax rate for FY 2014-15, \$0.8017, is more than 33 cents lower than the 1993 tax rate of \$1.14.

Since the last property revaluation conducted in 2008, the County has had three property tax increases. The first was a 1.99 cent increase in FY 2008-09 to cover additional Durham Public School funding and increased debt service. The second was a 3.78 cent increase in FY 2010-11, with 3.07 cents again used for increased Durham Public School funding and 0.71 cents used for debt service. A small tax decrease of 0.015 cents occurred in FY 2012-13. The third tax increase, last fiscal year's 3 cent increase, was also for increased debt service. Thus, in eight years, there has not been a property tax increase for annual operating needs and the effects of that are starting to show.

Last year former County Manager Mike Ruffin requested a 3 cent tax rate increase solely for debt service, noting that another 2 cents would most likely be necessary for future debt service growth starting in FY 2014-15. Changes in the County's debt outlook have decreased the property tax rate increase needed for debt service down to 0.86 cents, due mainly to issuing less General Obligation Bond debt than expected in FY 2013-14 and obtaining a very low interest rate on this issuance due to our triple A bond rating. However, capital and personnel needs within the County's operating budget necessitate the use of an additional 0.87 cents of new property tax funds. This 0.87 cent increase would create approximately \$2.7 million of new revenue, which will support:

- New position requests (most in Emergency Medical Services),
- Significant operating increases such as revaluation preparation in Tax Administration,
- Increased employee medical and dental insurance costs,
- Several decreasing revenue sources such as Register of Deeds fees,
- And increases in ongoing operating needs of many departments.

The tax rate increase for combined debt service and ongoing operational needs is 1.73 cents.

Another long-discussed issue within the County has been a compensation study for Durham County employees. Such a study has not been completed in 28 years and was needed as a roadmap for how the organization will be managed in the future. The compensation study found that Durham County employee salaries are below market levels in almost all areas (details below). The consulting firm who carried out the study made recommendations

costing up to \$11 million to make Durham County competitive in pay structures, grades, and even salaries for many employees across many job classes.

County administration understands that any adjustment to the compensation plan can only be supported with new and ongoing revenue. However, we believe that adjustments are needed to keep Durham County competitive as an employer. My recommendation supports a total compensation and classification adjustment implementation of \$7.25 million, carried out over two years. Half of this total adjustment would be carried out in FY 2014-15, at an approximate cost of \$3.8 million, with a 1 cent property tax increase to support those additional costs. FY 2015-16 would see an additional 1 cent tax rate increase to support the final 50 percent of the compensation adjustment.

In summary, there are three main drivers supporting a 2.73 cent tax rate increase for FY 2014-15:

- 0.86 cent for increasing debt service
- 0.87 cent for General Fund operational needs
- 1.0 cent for compensation adjustments for Durham County employees

I am confident that each of these areas deserves the ongoing support such a revenue increase will provide, and I hope you will see why as you read through the rest of my message.

Revenue Outlook

Property Tax In the last five years, Durham County has only experienced one year in which residential and commercial building value increased more than 2 percent. In the prior three years (FY 2005-06 through FY 2007-08), the County had experienced 2.4 percent, 3.44 percent and 4.06 percent growth, respectively. Here's the new reality: our property tax base is experiencing much slower growth.

The 1.71 percent growth in valuations expected in FY 2014-15 means \$4.023 million in new property tax funds through "natural" growth—that is, revenue growth without raising property taxes. Due to the excellent work of our Tax Administration department and our Tax Administrator, we were also able to raise the property tax collection rate from 98.80 percent to 98.89 percent in the current year. This increase in the collection rate brings in another "natural" \$217,931. However, becoming more efficient at collecting taxes also means there are fewer outstanding payments to be collected later as prior year property tax collections. As a result, we are decreasing the amount of prior year property tax collection by \$500,000 for FY 2014-15. The net new "natural" revenue growth related to property taxes (before any property tax increase) is \$3.74 million.

When we combine this "natural" growth in property tax revenue with an additional \$8.44 million in revenue provided by a 2.73 cent tax rate increase, Durham County has a better foundation for long-needed operational support of our service departments, compensation changes to support the "human capital" it takes to make Durham County government excel, and debt service support reflecting our infrastructure needs.

Sales Tax Sales tax collection continues to be a bright spot for the County, with 4.84 percent growth from the FY 2013-14 approved budget to the FY 2014-15 recommended budget. The total amount of FY 2014-15 budgeted sales tax revenue for Durham County is \$60.5 million, the equivalent of 19.57 cents of property tax. The 4.48 percent growth in sales

tax revenue this year equates to \$2.795 million, or 0.9 cents of property tax. Simply put, growth in sales tax revenue means less pressure on growth in property tax revenue.

Other Revenues Other revenues continue to grow slowly or not at all. Most notably, I anticipate that Register of Deeds fees, collected from the sale of new or existing homes, will decrease for FY 2014-15 by as much as 15 to 20 percent due to increased interest rates and the increased complexity of acquiring home loans. This drop was unexpected after at least three years of growth, but it underscores the new reality local governments must operate within.

Despite growth in some revenue streams, we are less and less able to depend on revenue growth other than property tax increases to support our increasing needs. Much of the County's "natural" growth in revenue is absorbed into salary growth of existing positions, increased benefits costs for employees, and funding of state mandates. Going forward, the County has to find ways to "do more with less."

Strategic Plan

Despite these fiscal limitations, you will see a renewed focus this year on making our Strategic Plan a living document for how the County strives to excel in providing critical services in our community. We will continue making progress in critical initiatives related to our strategic goals of community and family prosperity and enrichment, health, safety, environmental stewardship, and government accountability.

Our Strategic Plan, adopted by the Board in the spring of 2012, is a road map for continuous cultural change and improvement. As we continue improving, we will remain focused not only on our goal areas, but also on our core values: accountability, commitment, exceptional customer service, integrity and teamwork and collaboration.

Our work this year will build on the early initiatives and foundational work we have carried out over the past two years. Some highlights of our successes so far include:

- **In Goal 1, Community and Family Prosperity and Enrichment:** We've enhanced our partnership with the City and Durham Public Schools to bolster the YouthWork Internship Program, which provides area youth with temporary jobs in local government and area businesses.
- **In Goal 2, Health and Well-Being for All:** We trained employees and community members on how to respond to mental health cases in our community, and we actively promoted healthy eating and fitness through events and communications.
- **In Goal 3, Safe and Secure Community:** We worked with the City and Durham Public Schools to train 3,000 10th graders in bystander CPR and use of a defibrillator, so they can effectively respond to cardiac arrest. We also worked with the Court system, the Sheriff and other partners to establish a misdemeanor diversion program to help youth avoid an adult arrest record.
- **In Goal 4, Environmental Stewardship:** We introduced recycling roll-carts to a pilot group of 2,000 County residents with the intent of collecting more recyclables, and we planted 300 trees at schools and other key locations in our community.

- **In Goal 5, Accountable, Efficient, and Visionary Government:** We've been working on process improvements at EMS and the Criminal Justice Resource Center, we engaged the community in social media live chats, and we've built capacity within our own workforce by establishing a Leadership Academy.

With these successes under our belt, we are ready to move into the next level of strategic plan implementation during the upcoming year.

Partnerships with other organizations have been an ongoing key factor in the success of our strategic plan; this year we'll continue collaborating, and in even bigger ways. I will continue working with the City Manager and the new Durham Public Schools Superintendent, and we'll look for more opportunities to partner with Duke University, Durham Tech, North Carolina Central University, and our robust network of businesses, area nonprofits and governmental agencies.

That spirit of collaboration will be especially apparent and needed as we, one part of the whole community, continue to refine how to tackle poverty and youth issues. As the Chairman of the Board indicated during the State of the County address, poverty remains a major concern for the entire Durham community. The County will continue working with the City and Durham Public Schools on the Poverty Reduction Initiative in East Durham. Meanwhile, the County is also actively involved in the MDC-led "Made in Durham" initiative aimed at helping our youth achieve their full potential. Additionally, County staff are working closely with colleagues at the City and Durham Public Schools to consider how we can best apply our resources to improve the lives of our youth here in Durham.

Internally, we'll continue pursuing our "Perfect Service" to make sure we are providing the best possible service to our customers. We will work this year to improve customer service for both community-facing and internal service departments. In fact, I'm requesting funds in this budget for an internal customer survey to assess how our internal service departments—including General Services, Finance, Budget, Human Resources, and others—can improve their service to other County departments. Then, we want to take that data and adapt our processes accordingly, helping the whole organization function more effectively.

Here are a few additional highlights of how we propose the Durham County Strategic Plan will play out in FY 2014-15. You'll note that many of these proposed initiatives relate strongly to our push to alleviate poverty and create opportunity in our community:

- \$20,000 for a medical respite pilot program that will pay for short-term housing for our homeless population as we help them transition to more-permanent housing.
- \$62,000 to expand the adult drug treatment court to serve individuals diagnosed with mental illness or mental health and substance abuse disorders. This specialty court is intended to improve the lives of vulnerable adults in our community.
- \$20,000 for an Impaired Stream Improvement Program to improve water quality, including in lower-income neighborhoods.

As this upcoming budget year unfolds, we'll continue to identify new and improved ways to make the plan resonate with our community. The Strategic Plan is the document that guides

our organization, inspires collaboration, and helps our community stay focused on constant improvement around our strategic goals.

A New Vision for Performance Measurement

Given these lofty goals and our commitment to the Strategic Plan, it is essential for us to aggressively begin counting what we do. I say “count” to purposefully simplify the concept of performance measurement. “Performance measurement” has been in the government lexicon for over 30 years and is a term synonymous with change, better government, scientific rigor, and a whole host of fancy-sounding organizational structures. But at its core, the concept is about counting what we do and how well we do it. Durham County provides goods just like every other business entity. We may not provide as many tangible “things” as a manufacturer, but we surely provide and create goods and services that are of high value to all citizens. What we don’t do well—because it’s actually quite hard to do well—is *count* what we create or provide.

However, it’s not for lack of trying; in fact, we’ve tried several times with our RBA initiative and the School of Government’s performance tracking project. We have long understood the importance of counting what we do, to the point of making measurement part of the foundation for our Strategic Plan. Up until now, however, our vision of effective performance measurement systems to support our strategic goals has not been fully realized.

It is a fundamental priority for me—and therefore for all of Durham County administration—that every department ultimately begin measuring their impact on the people they serve. Given our financial future, given the goals of our Strategic Plan, and given that our organization can potentially recognize significant efficiency improvements, this change towards measuring ourselves must begin in earnest.

That’s exactly what I intend to do beginning July 1, 2014. I will begin meeting with management staff to develop a performance measurement program that is comprehensive, and most importantly, manageable over the long haul. The speed of measurement implementation is not nearly as important as developing solid structures that will help measurement become part of the fabric of every County department. That deliberate and thoughtful creation of a measurement system will help ensure success and value in the years ahead.

Human Capital

While our new performance measurement system will create the framework for greater efficiency and better outcomes, Durham County’s success ultimately depends on what I call our “human capital.” When I spoke of human capital at my swearing-in, I was including all County citizens: young, old, those struggling, and those on the cutting edge. Our human capital is our County’s greatest asset and it requires our highest level of investment.

Durham County Employees

With that larger theme in mind, I look at the 1,920-plus employees who provide amazing service to our citizens and see the profoundly positive effect of this concept in action. County employees provide the energy that turns policy into action – the human capital that makes Durham County government work. Without them, the goals of our Strategic Plan and the benefits of a performance measurement system will never be fully realized.

In light of that reality, our employees are a strong priority of mine. To that end, I am recommending the continuation of the County's pay for performance program. I am also holding health insurance increases for employee-and-family plans to an average increase of 3.1 percent. Employee-only coverage will still be provided with no out-of-pocket cost to employees. These two recommendations continue the Board's ongoing desire to appropriately and actively support its employees.

Until this past year, Durham County had not implemented a classification and compensation study since 1986. Annual market surveys showed that 70 percent of our positions were paid at a level 2.5 percent or more below comparable positions in other organizations. This year, Durham County contracted with Evergreen Solutions to carry out a comprehensive compensation study. Evergreen's review of 13 market peers (including 9 public sector peers) considered average market compensation at the minimum, midpoint, and maximum of our pay ranges across all Durham County positions. At each point, whether viewed against public sector peers or private sector peers, Durham County's County pay ranges were even further behind than our market surveys had suggested.

Survey	Minimum Average Percent Differential	Midpoint Average Percent Differential	Maximum Average Percent Differential
Public Sector Market Data	-6.4%	-4.6%	-3.7%
Private Sector Market Data	-5.5%	-9.1%	-16.8%

Source: Evergreen Solutions January 2014

These differentials show that our pay ranges do not allow Durham County to be as competitive as we must be in attracting and retaining the best talent in our region. The study also demonstrated that our system must be more consistent in considering internal and external equity. Evergreen provided a detailed set of recommendations to help us address these issues, those recommendations include the following:

- Retitle jobs to reflect work performed and develop consistency in the job structure.
- Implement a new, banded salary structure to bring the County to the average market minimum and transition employee salaries into the new structure.
- Implement classification parity with 25 percent credit for related past experience phased in over 2 years. For example, 4 years of similar type prior work experience at another job would count as 1 year (25%) of experience at the job currently held.
- Implement new hiring and promotion salary guidelines to ensure consistency and to attract and retain high quality individuals.
- Introduce career ladders to provide clear view of career development and professional growth opportunities.

- Conduct a comprehensive classification and compensation study every three to five years, with a review of the salary structure each year to determine if adjustments are needed.

In addition, and in line with the study's recommendations, I am proposing a realignment of the County's "pay for performance" system. This year, we will reduce the pay for performance percentage increases down to 2 percent for "meets expectations" and 3 percent for "exceeds expectations" (compared to 3.25 and 4.25 percent in previous years). This change is not punitive; rather, it will prepare our compensation system to take on a wider-ranged pay for performance plan in future years (starting in FY 2015-16). This new structure will enable us to recognize and reward the very best in our workforce going forward.

The cost of implementing all of these changes is significant, but is a needed investment in the future of our organization. I am proposing that we phase in these recommendations over two years, with an expected cost of \$3.8 million in FY 2014-15 and an additional \$3.4 million in FY 2015-16. One cent of our proposed 2.73 cent property tax increase will be dedicated to these costs. In addition, the Board can expect a request for an additional one cent increase in FY 2015-16 to support the second half of the implementation.

I am determined to create a working environment that recognizes what our employees do and rewards them accordingly. Implementing the compensation study's recommendations is a key step toward accomplishing that goal. Most importantly, these changes allow us to lead by example in Durham County as we invest in our human capital and, by extension, our community.

Durham Public Schools

In addition to setting an example with our internal practices, Durham County directly invests in our community's human capital with our support of Durham Public Schools. We recognize that providing a great education for every child is an essential part of Durham's long-term success and because of that recognition, we invest over \$600 more per pupil in K-12 education than our peer counties. Durham Public Schools continues to be the single largest source of expenditure for Durham County government. In the current FY 2013-14 budget, Durham Public Schools has a locally funded current operating budget of \$119.6 million out of a total General Fund budget of \$360.3 million. That's nearly 33.2 percent of the total County General Fund.

The Durham Public Schools Board of Education is requesting an increase of \$1,345,835 in County funding, which is comprised of support for an additional number of new students attending charter schools (\$716,000) and additional current expense funding tied to Article 46 sales tax (\$629,835). I am recommending the \$629,835 increase related to additional Article 46 sales tax. Significant growth in Durham Public Schools' fund balance can fund any additional needs. Even with new students entering the system in FY 2014-15, Durham Public Schools will continue to have one of the highest local "per pupil" funding amounts in the state at \$3,069. In addition, Durham County will pay \$30,114,672 in debt service for school facilities this year. Total current expense funding for Durham Public Schools for FY 2014-15 will be \$120,233,146, or 31.75 percent of the entire General Fund budget.

Looking long term, it is time to begin working with Durham Public Schools to develop a flexible but fair formula for school local funding growth based upon growth factors the

County and Durham Public Schools may experience annually. With a new economic climate of slow revenue growth, there is a limit to how much “new” County funding can be allocated to Durham Public Schools each year. It will also be beneficial for both parties to understand and plan for what short term and long term increases mean for both entities. Simply lurching back and forth between large funding increases to small or no funding increases creates planning uncertainty that limits both institutions’ long range goals. Therefore, it will be critical for Durham County and Durham Public Schools to work together this year to develop a new Memorandum of Understanding and clearly define our funding relationship going forward.

Public Safety

The overriding purpose of our Strategic Plan and investments in human capital is to create a safer, healthier, and more prosperous community. In pursuit of these goals, there may be no more basic service we can provide than public safety. Durham County Emergency Medical Services (EMS), the Sheriff’s Office, Emergency Management, and our volunteer fire departments provide services few think about until needed. But when they’re needed, the service is expected to be extraordinary. Durham County provides that extraordinary service, but in order to continue doing so, we sometimes have to take a very close look at our operations. We are in the process of doing just such a review with both Durham County EMS and our volunteer fire departments.

Emergency Medical Services

Under the direction of its new director, EMS has worked diligently during the past year on a comprehensive internal assessment of its performance and capabilities, including the development and implementation of a robust set of performance measures. This internal assessment was accompanied by two external studies, one on the sufficiency of allocated positions to sustain ambulance operations, and one on the efficiency of the present, in-house billing service. Both of these assessments were undertaken to help us provide the absolute best service to Durham County residents, including lower response times for EMS emergency calls.

These studies identified a number of significant needs and issues, and EMS began to address these in FY 2013-14 through re-allocation of existing funds. Several other needs are being addressed in this year’s budget, as described below, and several more will be tackled in years to come, with continued in-depth measurements to support those recommendations. Bringing EMS to an improved operating level is neither inexpensive nor quick, but the benefits to all County citizens can be counted in lives saved and health more quickly restored.

Ambulance Availability and Deployment

Responsibility for ambulance operation has changed over the last few years, with volunteer fire departments dropping their ambulance service and Durham County EMS slowly picking them up. Overall, Durham County citizens have been served by a daily deployment of 15 ambulances across the County during peak hours of the day, falling to 13 ambulances at night, for the last fifteen years. During the same period, the County’s population has grown from 213,000 to nearly 296,000, or nearly 38 percent. This growth is significant: more residents translate to more calls per hour, which reduces the number of available ambulances, which in turn extends response times. The number of ambulances available today is simply insufficient to meet the demand for service.

Compounding this problem, Durham County EMS does not have sufficient paramedic positions available to allow for normal vacation and sick leave or to support the large special events burden. EMS historically relied on part time employees to backfill these staffing shortages, but the availability of these types of personnel has decreased over the years because most want and find full time jobs. As a result, EMS has only been able to staff 85 percent of its authorized ambulance capacity. EMS conducted, in cooperation with the Budget department, a zero-based “justify every hour” budgeting exercise for the coming year as well as an overall staffing study based on the issues stated above. Both studies substantiated the need for additional positions to support the necessary ambulance capacity.

EMS System Response Performance

Response performance is an essential measure of the quality of an EMS system. In critical, life-threatening emergencies such as cardiac arrest, stroke, heart attack, and acute pulmonary edema, “time to definitive treatment” is vital to positive patient outcomes. There is no universal standard for acceptable EMS response performance, but the most common standard adopted by EMS systems is “9 minutes or less, 90 percent of the time.” This standard has also become Durham County’s long-stated response performance goal.

As a result of the ambulance and personnel shortages described above, Durham County EMS’ response performance has suffered since FY 2009-10. Over the course of FY 2013-14 EMS has achieved its 9 minute response goal less than 65 percent of the time. This standard is not acceptable. The ninetieth percentile response performance has hovered between 13-16 minutes for the last five years, with responses to outlying areas of the County often ranging to 20 minutes or more. In other words, Durham County EMS currently responds to 90 percent of its calls in 16 minutes or less, rather than our goal of 9. In addition, during hours of peak demand, the County can run out of ambulances allotted to a particular area one or more times in a day. When this happens, we must call upon adjacent counties to provide EMS services for Durham County residents.

On May 4, 2014, Durham County EMS became the sole provider of 911 emergency medical services throughout the entire County. This is a significant change from when volunteer fire departments provided similar services in their districts (Parkwood, Redwood, Bethesda and Bahama). It will be essential for the County to have enough EMTs, paramedics, and first-line supervisors to reliably staff all of its authorized ambulances to meet increasing needs and coverage areas.

Recommended Improvements

Based on these studies, response times, and our new role as sole provider of EMS services throughout the County, I am strongly recommending 15 new paramedic positions for EMS. These positions will provide the necessary workforce to reliably staff ambulances and supervisor vehicles. With fully staffed vehicles, and sufficient funding such that ambulances need not be taken off-line to attend to special events, expect to see the beginning of a trend toward improved response performance in FY 2014-15.

In addition to increasing staffing, Durham County EMS is taking steps to maximize its available resources. Using technology purchased in the current fiscal year, the department will re-allocate some of its resources from the traditional 24-hour deployment plan to better provide ambulances during times of peak demand. An EMS facilities study will be completed, and an EMS component will be added to the Capital Improvement Plan in the

fall. The department will also begin a transition to a smaller, more fuel-efficient ambulance vehicle, which is expected to reduce the department's carbon footprint and the ongoing cost of fuel and repairs.

Finally, I am recommending the replacement of EMS's inventory of cardiac monitor-defibrillators with support from a one-time appropriation from the Community Health Trust Fund. This \$893,120 purchase will put the same monitor on every available ambulance (which is not currently the case), providing significantly better response alternatives to patient cardiac events while also minimizing paramedic training in the use of these devices. These expensive instruments must be replaced regularly, preferably all at the same time. In the future, they will be placed in the County's capital improvement plan on a five year replacement schedule.

While Durham County EMS services may be the single biggest increased budget area for FY 2014-15, the changes in this area will not be completed in one year. As noted earlier, the upgrades in personnel, equipment, training, and facilities needed to provide extraordinary service will have to be implemented over several years. There are additional items to be considered, including procurement of improved two-way radios for our ambulance vehicles, additional equipment to support the large EMS special events obligation, and continued replacement of older model ambulances, just to name a few. These needs will be addressed in future budgets as resources permit.

Fire Study/Fire Marshal/Volunteer Fire Departments

In FY 2013-14, Durham County hired a consultant to determine if realistic alternatives exist for organizing and providing fire services with increased effectiveness, coordination, cost efficiencies, economies of scale, and a more consistent level of service countywide. The results of that study were published in December 2013, and through the Fire Marshal's Office, I am recommending several changes to service delivery of fire protection in the unincorporated areas of Durham County.

Based on the fire study, I am recommending the creation of a Fire Operations Analyst to provide additional research and analytical support to the Fire Marshal's Office and the Volunteer Fire Departments. This position will assist our fire protection services in making data-driven decisions on future staffing levels, service provision, and long-term capital asset management.

The fire study recommendations also include the reclassification of an existing Assistant Fire Marshal position to the position of Division Chief, with the primary responsibility of overseeing and managing the operations of the Fire Suppression Division. This new role will provide additional management and support to the County-operated Bethesda Fire and Rescue Service and the contracted Volunteer Fire Departments. Both the Fire Operations Analyst and the Division Chief will be partially funded using Fire District tax proceeds for the services the positions will provide to those Districts.

This reclassification to Division Chief also requires the creation of an additional part-time Fire Inspector position to perform the state-mandated inspection of facilities formerly performed by the Assistant Fire Marshal. The Fire Marshal will restructure existing work plans to use this part-time position in addition to existing staff to provide the same coverage level enjoyed in FY 2013-14.

The fire study also made recommendations about the minimum staffing levels required to maintain the safety of firefighters and increase effectiveness of fire protection services. The Lebanon Fire Department has requested an additional full-time firefighter, a County employee, funded using Fire Tax District proceeds, to enhance coverage levels and meet the minimum staffing recommendations for the district. This additional position along with increased operational costs requires a tax increase of 0.7 cents for the Lebanon Fire District.

In Bethesda, fire service is provided by firefighters who are County employees. These firefighters are affected by the County wide compensation study, even though they are paid using service district tax funds. As a result, additional resources are needed for Bethesda Fire & Rescue Service District to fund firefighter compensation at market rate. These needs will require a 0.5 cent tax rate increase for the district, bringing the total district tax rate to 13.5 cents.

Redwood Fire Department has requested additional funds to support 3 full-time firefighters for the safety of existing staff and to address coverage needs highlighted through the study. This request requires an additional 2.75 cents to the existing rate, for a total of 14 cents for the Redwood Fire District.

The fire study identified similar needs for the Bahama Fire District, and these are addressed with a request for funding an additional 9 full-time firefighters to adequately staff existing fire stations. The request requires an additional 3.9 cents to the existing rate, a total of 9.9 cents for the Bahama Fire District. The enhanced coverage levels for Redwood and Bahama Fire District should eventually lead to a decrease in homeowner insurance rates as reviews of the Departments' activities are completed by state agencies.

Although there are increased costs to providing these enhanced services today, the long-term benefits of better firefighter safety, increased efficiency and effectiveness of fire protection services, and decreased homeowner insurance rates in future years will better serve the Durham County residents served by County Fire Suppression Services and Volunteer Fire Departments. I greatly appreciate the work of County Staff and our Volunteer Fire Department partners in working to improve emergency services in Durham County.

Other New Positions

In addition to the critical position needs in EMS and our fire services, additional personnel are needed to meet increasing demands for high-quality services across the County. In the coming year, our departments will need these resources as they meet existing needs and begin developing and pursuing aggressive performance measures and efficiency savings.

I am recommending a Staff Assistant position for the Clerk to the Board that will be tasked with the duties of operating the front desk, assisting with meeting schedules for Commissioners, agenda preparation, filing, and providing general assistance as requested by the Board of County Commissioners and the Clerk. Most importantly, this position will free up the Staff Assistant II from the interruptions of the front desk and allow that position to focus on completing minutes in a timely manner.

As the number and size of County buildings grow, the need to oversee security across all buildings also continues to grow. During FY 2013-14, the County hired an independent security firm to conduct a security assessment for the Human Services facility, which included several recommendations to improve security measures: enhance security training,

monitor security contractor, and provide routine safety checks and policy and procedures for security. Another key recommendation of the study was the creation of a Security Manager to oversee the above issues for the Human Services and other County buildings. (Security at the County Courthouse is carried out by the Sheriff's department.) I strongly agree that such a position is needed and am recommending a new Security Manager position be created for FY 2014-15.

Staff at the Criminal Justice Resource Center (CJRC) continue to provide important and cost-saving services to populations in critical situations. In direct support of a Strategic Plan Goal 3 initiative, I am recommending a Case Manager/Coordinator position that will coordinate the court diversion program for first-time offenders. The misdemeanor court diversion program allows 16 and 17 year olds charged with their first criminal citation or arrest misdemeanor offences a one-time opportunity to avoid prosecution if they complete the program. The Case Manager/Coordinator will process admissions, collect data, perform administrative functions and collaborate with law enforcement, schools, courts and referrals to community services. This position will count towards the required local grant match related to the awarded Governor's Crime Commission grant. More importantly, this position will help redirect young citizens from paths that ultimately hurt them and their families, saving the County on future public safety costs and helping to create a safe and secure community.

I am also recommending a Case Management Aide in CJRC. This position will allow the Adult Drug Treatment Court to serve more offenders and greatly reduce the waiting list for participants by expanding the capacity of the current court by 50 percent. Adult Drug Treatment Courts are an essential component of a comprehensive array of services for court-involved individuals and have proven highly effective for persons with long substance abuse histories. The Case Management Aide will process new cases, coordinate care, process data entry, perform administrative duties, provide customer service, and refer clients to community resources. If grant funding is obtained, this position would count towards the required local grant match.

Continuing to help in the courtroom, I am recommending a new Assistant County Attorney position in our Social Services division to help provide a quicker turnaround time for child support case processing. A reduction in this processing time will allow enforcement agents to file more orders and increase the number of noncustodial parents contributing to their children's welfare. This position will assist in courtroom case management, document preparation, IV-D training, and other areas. In future years, this position's salary will receive 66 percent reimbursement under the Social Services annual reimbursement from Federal and State funding.

Within Public Health, I am recommending two Environmental Health Specialists. The two positions will allow the County to move closer to its goal of an 80 percent completion rate of inspections of various businesses used by the public. Without the additional positions, the Environmental Health Division is at risk of noncompliance with state-mandated inspections, which in turn increases health risks for the general public. These positions will be responsible for the mandated enforcement of local and state rules and regulations for the permitting, plan review, inspections and complaint investigations of food, lodging, tattoo artists, day cares and other institutions. They also provide environmental investigations of childhood lead poisonings and subsequent remediation when possible.

Our Information Services & Technology department enables the County to take advantage of new technologies and explore ways to work smarter and more efficiently. The increasing use of Laserfiche allows for paperless document management and greater efficiencies while using less material resources. Several of our larger departments depend heavily on this technology, and with that in mind I am recommending an additional Analyst position to support Laserfiche. This position will support existing Laserfiche initiatives in departments while also supporting new opportunities to take advantage of this system.

Our SAP Enterprise Resource Program (ERP) system has also provided productivity gains over time, but there is significant room to grow, especially in the area of data collection, which will help produce performance measures. I am recommending a Developer position to bring additional expertise to our organization to provide enhanced functionality around our core ERP (Finance, HR, and Budget) functions.

Our Veteran Services office has the responsibility to assist with the provision of services to the estimated 16,000 military veterans living in Durham County, helping them find, apply for, and receive the many benefits they so richly deserve. The number of veterans served in our community continues to grow as they return from recent military operations. For this reason, I am recommending the creation of an additional Veteran Services Officer. This position will decrease wait times necessary to meet with County staff, a factor that will directly decrease the time veterans must wait before receiving the Federal services to which they are entitled.

Our Department of Social Services continues to address the challenges and opportunities expansion of NC FAST is bringing to Durham County. NC FAST is the state mandated application and eligibility system to determine all public assistance benefits, and Social Services is working hard to overcome the new system's challenges. To ensure the best use of NC FAST, I am recommending a total of fifteen provisional, one-year, time-limited positions be available to Social Services to meet training and implementation needs and to address back log issues created by the State initiative. These additional positions along with existing resources will allow Social Services to continue to provide effective services while meeting the challenges NC FAST's implementation creates.

I am also recommending the creation of an additional Social Services Child Support Agent to address increasing needs for assistance in this program area. The position will assist with the increase of new cases to child support due to the implementation of NC FAST. The Child Support program area currently receives approximately 100 new cases each month. New cases in NC FAST are not referred to child support immediately. There is the possibility of hundreds of cases being referred to child support at one time, an overwhelming possibility. This new position will address this potential surge and assist in the process of establishing paternity and obtaining Voluntary Support agreements.

Other Issues

Open Data

A new, exciting partnership with the City of Durham has formed around developing an Open Data program to foster open, transparent, accessible and collaborative government (Goal 5 of our Strategic Plan) by sharing available government data with community partners and citizens. Much of this process over the last year has been led by a local group of civic minded and technically talented citizens called Code for America. It is their great desire to bring available and useful public data to citizens by way of phone and computer applications

(apps). To help with this process, the Durham City Manager and I are recommending joint funding for a one-year pilot program to explore opportunities for civic engagement and to support the activities already started by concerned local citizens.

County Attorney Position(s) Restructuring

I am recommending a restructuring of the Durham County Attorney's office, including reclassifying several Deputy and Assistant County Attorneys to Senior Assistant County Attorneys. When comparing the skill sets and salaries of the attorneys employed by the City of Durham to the attorneys working for Durham County, the skill sets are equivalent, but the salaries are vastly disparate. Under the new classification, the Senior Assistant County Attorney position will be more in line with the range of the City Attorney's Office. In future years, some of these increased costs will be offset through Federal and State reimbursements to Social Services and Public Health.

Economic Development

A huge part of Durham County's vitality comes from the diverse businesses that choose to operate within our borders. These companies cluster in and around our world famous Research Triangle Park and renowned universities, including our own Duke University and North Carolina Central University and its BRITE initiative – the university's Bio-manufacturing Research Institute and Technology Enterprise, which supplies a pool of incredibly well-trained students to support our biotechnology cluster. We must also credit much of our community's success to partnership with Durham Technical Community College and its ability to provide companies with customized training for employees. Other economic development partners instrumental in our ability to thrive include the Greater Durham Chamber of Commerce, Research Triangle Regional Partnership, Downtown Durham, Inc., the North Carolina Department of Commerce, and of course, the City of Durham. Together, we have attracted new companies such as Purdue Pharma, which is building an oral dosage pharmaceutical manufacturing facility in Treyburn Corporate Park. We've also encouraged existing companies to expand, including GE Aviation, AW North Carolina, and Syngenta Biotechnology. In addition, our partnership with the City of Durham continues to promote a thriving downtown core with such transformative public-private partnerships as the recently approved 25-story City Center tower and Jack Tar hotel project. Projects like these serve as catalysts for further downtown development and community assets that attract new companies and support convention and tourism business.

During the current fiscal year (FY 2013-14), through County economic incentives and community development grants, we have attracted over 750 new jobs and close to \$300 million in new investment in our community. While these economic incentives attract businesses large and small, they have the added purpose of providing well-paying and diverse jobs to a growing County population. These incentives also help build property tax valuation which in turn supports the many services the County provides its citizens. In fact, the County has recouped over 5 times the amount in property tax revenue alone as we have paid out in incentives. Taking other kinds of community benefits into consideration (sales taxes, induced activity, jobs, etc.), I can confidently say 5 times is a very conservative estimate.

Non-profit Funding

Non-profit support continues to be an integral part of the overall County system of support. Where direct County services are limited, many non-profits fill the gap; where County

services are generalized, other non-profit services are specialized. However, there is always the issue of limited resources and how best to allocate them. Best allocating existing resources weighs heavily on my mind, determining how to assess the most efficient use of County tax payer dollars drives me, and the cooperative partnerships with our home grown non-profits inspire me. I will need to have some time to best figure out how Durham County moves forward with its non-profit partnership. I'm a little late to the proceedings for FY 2014-15 and therefore I am proposing flat funding for non-profits until I can assess how to best move forward in an environment of limited resources.

In FY 2013-14, 52 non-profits were funded at \$860,609; 5 of those agencies did not reapply for funds in FY 2014-15. For FY 2014-15, 61 non-profits did apply for funding with requests totaling \$1,524,747. One of the previously funded applicants that did not reapply, Durham Congregations in Action, merged with Partners for Youth to form Partners for Youth Opportunity; this new partnership submitted a single application.

I recommend flat funding for the 46 returning applicants funded in FY 2013-14, totaling \$818,669. This total includes funding for Partners for Youth Opportunity at each of the organizations' FY 2013-14 levels, totaling \$16,000. No funding is recommended for non-profits that were not funded FY 2013-14, including any new non-profit requests.

Revaluation

Revaluation is fast approaching and the budget must reflect this increased activity to meet state statutory requirements. The FY 2015-16 revaluation will be the first after the retirement of a long-time Deputy Assessor last year, so additional help is needed to ensure staff is prepared and the Tax department carries out a successful revaluation. You will see this area of the County's budget has increased significantly to cover the expertise of additional reviews of our data and increases of our software capabilities related to property valuation. As this is a once-every-eight-years statutory requirement, the County must carry out this large and complex process correctly, using all available technical tools and experienced personnel, to ensure Durham County citizens receive the appropriate valuation for their property.

Vehicles and Equipment

Across all County departments, FY 2014-15 vehicle and equipment needs total \$4,757,727, including 56 vehicles and various equipment. As discussed earlier, about two-thirds of this total (\$3,121,420) will support operational improvements in Emergency Medical Services. In addition to replacement ambulances and cardiac monitor-defibrillators, EMS plans to replace stretchers, training manikins, four light response trucks, and other paramedic equipment. A new rehab/mass casualty truck will also enable the department to respond rapidly if a significant disaster occurs.

The majority of the remaining purchases will replace older vehicles and equipment across various departments according to our regular replacement cycles. The Sheriff's Office typically replaces 30-40 vehicles from its fleet every year. This year, the Sheriff plans to replace 25 patrol vehicles and 8 response trucks that meet our replacement standards. Replacing these vehicles regularly saves the County money for maintenance and repairs and helps ensure officers can respond to calls quickly. The Sheriff's Office is also continuing its effort to outfit patrol vehicles with video cameras with nine additional cameras this year. Recording traffic stops promotes officer safety and provides an unprecedented level of evidence preservation and transparency for the public.

General Services will replace eight vehicles and a tractor that meet our replacement standards. These vehicles support General Services' staff in keeping County facilities and grounds in good working order and open to the public. The County will also purchase and install a generator for its recently-acquired warehouse on Hillsborough Road.

Debt Service

For the second straight year the County has had to face significant increases in annual debt service support related to long term financings that built the new Human Services Complex and the new County Courthouse, as well as issuances of 2007 voter approved General Obligation (GO) bonds which have supported Durham Public School, Durham Technical Community College, and NC Museum of Life & Science capital projects. As part of the FY 2013-14 budget process, a 3 cent property tax increase was approved and it was estimated an additional 2 cent property tax rate increase would be needed in FY 2014-15. Doing these two increases back-to-back would provide enough funding support to hold off any more debt-related property tax increases for at least 4 years.

It has been understood by County administration and the Board, ever since the 2007 General Obligation Bonds were approved by voters and the two most expensive County buildings were built, that property tax revenue would eventually have to increase to support these major financings. What was unclear 7 years ago was exactly when the tax rate increases would be needed and when that increase(s) would best fit our overall capital improvement funding plan, which has supported our triple A rating for many years. The County was able to hold off on debt-related tax increases during the recent deep recession and the next couple of years knowing that the time would have to come for tax rate increases to be implemented. Bond rating agencies were beginning to take notice of the size of Durham County's capital plan and the length of time between tax rate increases. In fact, a review last year by Doug Carter and Associates, a consulting firm used by the County to review our Capital Improvement Plan and Capital Financing Plan, strongly urged that the County show its willingness to raise the appropriate funding sources to support growing debt service payments.

While this is the second year of a tax rate increase needed for additional annual debt service, I am pleased to say that only an additional 0.86 cents is needed for FY 2014-15, instead of the 2 cents estimated last year. A reduction in the expected amount of a third issuance of 2007 GO bonds along with lower than estimated interest rates and better than expected fund balances allow the County to only need 9.80 cents of dedicated property tax for debt service. If revenue and expenditure estimates hold true for future years, it is expected that no additional property tax increases will be needed for debt service for at least 4 years.

The total debt service (including county contribution directly to projects) for FY 2014-15 is \$65.01 million, of which \$30.3 million is funded from dedicated property tax and \$34.71 million is supported from other types of revenue.

Conclusion

A long view of Durham County's future revenue growth versus its expenditure obligations shows a slow but steady tightening of available dollars to satisfy ongoing County needs. If increasing dollars are syphoned off to ongoing needs, little to no available revenue is left to support new or expanded services. Public school support and new human service programs are just two of the many programs that often require expenditure increases. Going forward

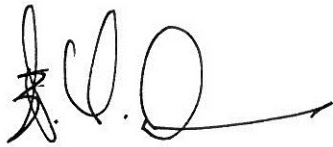
the Durham County Board of County Commissioners will face some stark realities, being forced to either reallocate existing funding or raise property taxes on a regular basis.

I paint that picture to establish the financial reality in which Durham County will begin building another future. It is my aim to take our government to a very different place—a place where we base decisions on measurable outcomes, where we can consistently invest in our human capital, and where we can pursue and achieve our loftiest strategic goals.

Doing so will require new structures, new systems, new engagements, new partnerships, new thinking, new attitudes toward problem solving, new ways of how we approach service delivery, and most importantly, a new vision.

I look forward to working with you and each of our stakeholders as we begin making that vision a reality.

Sincerely,

A handwritten signature in black ink, appearing to read 'W.M. Davis', with a long horizontal line extending to the right from the end of the signature.

Wendell M. Davis
Durham County Manager

FY 2014-15 BUDGET HIGHLIGHTS

- The tax rate will increase from 77.44 cents to 80.17 cents/\$100 valuation, a 1.87 cent increase for operating needs, and a 0.86 cent increase for debt service support.
- Property tax collection percentage increases from 98.80% to 98.89%, with overall property valuation increasing 1.71% from last year's budgeted values.
- Sales taxes, including an Interlocal Agreement with the City of Durham, are estimated to increase 4.84% from the current year Approved budget. See the Revenue Highlights page for more detail.
- Various fee increases in these departments: Public Health, Inspections and the Enterprise Utility Fund.
- Adding 29.28 new General Fund FTE's, Eliminating 5.53 FTEs, Net General Fund increase of 23.75 FTEs for FY 2014-15.
- Decrease in the participation rate for the County contribution to the Local Government Employees Retirement System (LERS) from 7.28% to 7.27% for local LEO class.
- Continued pay-for performance salary increases for employees for FY 2013-14. 2% to 3%, down from 3.25% to 4.25%.
- The total cost of the County benefits plan fund has increased \$849,769, or 4.38%
- The General Fund fund balance appropriation increases from \$10.6 million to \$11.2 million.
- \$3.95 million in Community Health Trust Fund annual lease revenues will be transferred to the General Fund to support health care related expenditures. \$755,049 was transferred to support health related capital expenditures, and \$500,000 was transferred to support a payment to Lincoln Community Health Center.
- Funding of \$152,000 to implement strategic plan initiatives. Initiatives were moved out of the Strategic Plan budget and into departmental budgets to reflect the correct functional area in which these services are provided.
- Ongoing funding to Durham Public Schools increases to \$118,863,146; no increase in capital outlay funding. Article 46 sales tax revenue for DPS (including Article 46 sales tax funding of Pre-K programs) increases by \$629,835, and accounts for the total increase in DPS funding.
- Durham Technical Community College funding increases by 1.9% or \$114,726. Article 46 sales tax support for student scholarships and tuition costs makes up \$81,536 of this total.
- North Carolina Museum of Life and Science current expense funding increases 1.04%.
- Purchase of 56 vehicles (new (2) and replacement (54) vehicles) for the EMS, General Services, Fire Marshal, Library, Sheriff and Social Services, and new equipment for General Services, EMS, Social services and the Sheriff. (detailed on the Vehicle & Equipment page in the document).
- Open Space Matching Grants funding is reduced to \$60,000.
- 61 nonprofit agencies applied for funding with requests totaling \$1,524,747; 46 agencies are recommended for funding in FY 2014-15 for a total of \$818,669.
- Reduction in the County share of the Durham Convention Center subsidy by \$28,824.
- Funding for Durham County's participation for 45 slots in the Durham Youth Works Internship Program \$75,280
- Three Fire Tax Districts have property tax rate increases. Lebanon – 0.7 cents, Redwood – 2.75 cents, Bahama – 3.90 cents. One Service District has also has a property tax increase: Bethesda Service – 0.5 cents.
- Debt Service increases to \$61.37 million, with property tax dedicated to support debt service increasing 0.86 cents to 9.80 cents to support the debt service payments. Additional funding from Lottery funds, the Community Health Trust Fund and dedicated Sales Tax also support debt service needs for FY2014-2015.

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