



**FY 2013 Recommended Budget**

**County Manager's Remarks**

**May 29, 2012**

Thank you, Mr. Chairman. Good evening to everyone. Our recommended General Fund Budget next year is \$347.4 million, a 3.10% reduction with no property tax rate increase. Our rate next year will remain at 74.59 cents. I should point out that the reduction in the General Fund Budget is due to the merger of our mental health service with Wake County, which removed over \$25.1 million in spending from next year's budget. Real spending for County services next year is actually up by 4.22% when this reduction is removed.

Let me say at the onset how proud I am to serve as Durham County Manager. I've said many times that Durham is THE place to live in the Triangle, and a lot of folks agree. Just look at the many recognitions we have received from across the nation:

- Durham is celebrated for being business friendly and a good place to live and work. Last June, Forbes listed Durham as one of the Best Places for Business and Careers. And last May, Triangle Business Journal recognized Durham's Metropolitan Statistical Area as the highest-paying in the South.
- Our diversity and tolerance is recognized across the state and nation. Durham was named "America's Most Tolerant City" by The Daily Beast (Newsweek's Web publication) in January 2012.
- We are also a hip and a desirable location for young people. Last month, Yahoo! Travel ranked Durham as one of the "10 Best Cities for Singles."
- Durham also is an attractive place for older adults to live. Last year, CNN Money named the Bull City the top place to retire.

- Our educational institutions are world class. NC Central’s law school was recognized as a “Best School for Public Service” by The National Jurist magazine last December and Duke was honored by Kiplinger’s as the 7<sup>th</sup> “Best Value” among private universities last October.
- We have invested in some arts and entertainment assets that draw regional crowds, stimulate our restaurants and other businesses, and attract national attention. In January, DPAC – which continues to pull in top-shelf theater productions and concerts – was recognized as the 4<sup>th</sup> most-attended theater in its size range across the country by industry publication Pollstar.
- And we have an outstanding reputation as a haven for “foodies.” In January, Southern Living called Scratch Bakery one of “The South’s Best Bakeries” for its pies and last September the American Farmland Trust recognized the Durham Farmers’ Market as the country’s 11<sup>th</sup> favorite farmers market.

But we are also known across America as a high-performing County Government. Every two weeks, I speak to new employees and point out to them that no matter where they work in our organization, they are joining a group of highly talented, highly motivated, passionate employees who care greatly about what they do. And while the stress that comes with the passion is high here, our County has created an atmosphere that makes this a fun place to work, too. Just watch how much fun we had during a flash mob for County employees at the CCB Plaza downtown last month.

We are a great organization in so many ways, known and respected across the nation for what we do because of what our employees do. I know this organization and the services we provide like the back of my hand and can sit here tonight and proudly proclaim that our workforce is second to none. Next year’s budget includes the normal performance-based raises for them, and there are no proposed reductions in County benefits. I have incorporated a modest 2.4% increase in the employee cost of our health care benefit.

The fact that we can continue to provide an excellent health care benefit to our employees with only a minor increase in cost is proof-positive that our wellness efforts are beginning to reap some dividends. Next year, we will restore our clinic hours to 37½ per week, and our employees will be able to be seen on the same day for colds, allergies, sore throats, and all of the normal reasons they would visit their primary care physician. However, when they come to our wellness clinic, there will be no co-pay and they may conveniently fill generic prescriptions

written by Wellness Clinic staff at the Public Health Pharmacy just down the hall. The County's cost for these generics will be much lower, since we will now benefit from the Public Health Pharmacy's ability to purchase medications at greatly discounted rates. This will further reduce our insurance claims and help to fight the cost increases our health care insurance plan has been experiencing.

Since shower facilities and an exercise area for County employees are included in the second phase of the Human Services Building, which will be completed in early 2013, there will be even more exercise opportunities for our employees. This will be especially true during the winter months, when it's too cold for outdoor exercise, and during the summer months, when it's too hot.

All of these initiatives are directly tied to our Strategic Plan goal for a healthier Durham. If we are to encourage our community to consider healthier lifestyles, we have to set a good example in our own organization.

We've also set a good example by continuing to directly support the rebirth of downtown Durham. When I think about the energy that downtown Durham has, I have to say that I agree with several current and former commissioners, who have said quite simply that our County has not been given the credit it deserves. Many of our citizens do not realize how much we have invested in downtown Durham over the last decade. There would be NO Durham Performing Arts Center had this County not imposed the additional 1% occupancy tax that provided the funds to pay the capital expense for over 80% of the cost of construction. We also built the \$15 million dollar South Parking Deck to help American Tobacco become a reality. Next year, we will complete the Human Services Building, a \$90 million dollar capital investment and home to approximately 800 County employees; and our New Courthouse and parking deck, an investment of \$119 million, will open in January of next year. We have changed the skyline in Durham and invested almost \$263 million in downtown Durham since 2003. Our investment has and will continue to bring thousands of County and State employees and citizens to our downtown, and these people spend their money while they are working and doing business here. Can you imagine downtown Durham without American Tobacco, DPAC, the Human Services Building, and the New Courthouse? I asked Sheriff Mike Andrews to briefly speak about our New Courthouse.

We're not through investing in downtown Durham. As soon as we vacate the present Courthouse, we'll completely remodel the building for County offices, eliminating the need for leased properties for some of our County and state services. And in 2015, renovations will

begin to our Main Library. DPAC counted 414,000 visitors for the 2011 calendar year. But Durham County welcomed 515,000 visitors to our Main Library. The Main Library is the number one destination for visitors in downtown Durham. These two projects, the Main Library and the renovation of the current courthouse into a County office building, will increase our capital investment in downtown Durham by more than \$36 million. I share all of this to illustrate that Durham County is a DRIVING FORCE in downtown Durham.

We now have a strategic plan, which is in the early months of implementation. Much work remains to be done. However, we've been working strategically for years, and much has already been accomplished around our five goal areas. I will get to those in just a minute, but I do want to first focus on our vision. You quickly settled on what you as a Board want for our citizens when you agreed to our vision:

**Durham County: A Thriving, Vibrant, Diverse Community with Abundant Opportunity for All Residents to Live, Work, Learn, Play and Grow.**

This has been our unwritten vision for years, but when you adopted it, you gave it voice and the authority it deserves. It has and will continue to very much drive what we do with our dollars.

One way we spend our money that demonstrates our strategic vision is helping our citizens get a much deserved chance to begin their lives again. Let me first share a very personal story with you. I lost my mom at the tender age of 7 and saw my dad become a convicted felon at the age of 8 – convicted for a crime he did not commit. As a child, I watched him struggle. I helped him clean toilets, sweep floors, empty trash and cut grass. I babysat my little sister for him while he sat at our dining room table and prepared income taxes for friends, or went to their homes to fix their televisions. At one point in my childhood, my dad held five part-time jobs just to make ends meet. I saw the frustration and disappointment he shouldered when the door of opportunity was closed in his face because of his past.

We open doors here in Durham County Government for ex-offenders like my dad and others who have overcome drug and alcohol addictions. We now have two positions in which we've placed citizens seeking to start anew. Next year, I am recommending the addition of another two positions. In these positions, we train citizens who are unable to find work due to past drug addictions or felony convictions and give them a chance to begin again. We help them learn to make the most of the new opportunity they have been given. When a County job opens, we will consider them for permanent employment. We need the private sector to step up and take a strong look at these individuals for job opportunities, too. This is the right thing

to do. Larry Parker, who has been with us for several years, provides a strong testimonial to show just how right we are to sponsor this initiative. I'll let him tell you his story.

Wasn't that a great story? I will be reaching out to the private sector next year to join our "Begin Again" effort and give these citizens the break they need to establish a new life for themselves and their families.

When I was interviewed in late 2000 for the County Manager's position, I was asked why I wanted the job. I replied that I wanted to work in a community where everyone did not always think the same way. I got my wish. Outsiders misunderstand us when we don't agree, but this is the quality I actually like most about Durham. In the 70's, 80's and even the 90's, local governments were depended upon to be the problem solvers for their residents. But today, government is far more interactive. Community stakeholders demand to be involved in the solutions to their problems. Here in Durham County, we were collaborating on community issues before collaboration became part of the local government lexicon. Why? Because our citizens care about how their community moves forward and they are vocal about it. What we learned through all those years of citizen engagement, when no one else was collaborating, gave us a head start with our strategic planning process. The plan was approved just a few months ago, and we're in the early months of implementation. About 3,000 of our citizens and County employees have weighed in to shape it. But on the small chance that someone sitting here tonight, or watching on television or the Internet, doesn't understand what it means to plan strategically, Dr. Tyrone Baines breaks it down in an easy-to-understand way.

Dr. Baines makes Strategic Planning sound so easy, doesn't he? That's a real gift in these complex times. And while our plan is not complicated, the process was not an easy one and its implementation will be even tougher. It will take money, human resources, and even stronger collaboration and partnerships to produce the gains we all expect to see in the next few years. But as you will soon see in a couple of the videos that follow, we are already making great progress.

Next year's budget includes \$192,295 for first-year Strategic Plan initiatives that you have already reviewed. I'll touch briefly on some of these initiatives in a few minutes, but we have multiple initiatives around all five of our Strategic Plan goals.

Obviously, there is and has to be a very tight alignment between our newly adopted Strategic Plan and next year's budget. There's no way I could present next year's budget recommendation and ignore its close relationship to our Strategic Plan. Consequently, I'm

going to structure the balance of my presentation around our Strategic Plan's goals because our budget is nothing more than an annual plan of work to help us accomplish our Strategic Plan's goals.

The Strategic Plan's Goal 1 is referred to as our prosperity goal. Three of you who ran and won your party's nomination have told me how much you heard about the need to continue job creation in our community. While our economy has suffered over the last four years with the rest of the nation, we continue to be one of the leaders in North Carolina for job creation and new investment. Marqueta Welton, who works every day to bring jobs to this community, has a great report on our progress this year.

We will continue this outstanding record of progress as we keep working closely with the Chamber, the City and regional partners in economic development.

Speaking of new jobs, next year I have proposed 48.5 new county positions – paramedics, nurses, environmental specialists, maintenance personnel, and staff assistants. All are new job opportunities for Durham residents. Only \$299,382 in new local County dollars will be necessary to pay for these positions. I'll explain in greater detail during one of our hearings with you, but suffice it to say much of the money for these new positions is coming from grants, termination of EMS contracts with two County fire departments, the revenue associated with increases in EMS call volumes, and efficiency savings. Much like the industries Marqueta referenced that bring added jobs to our community, we are a business, too, which next year needs to add jobs to improve services to our citizens – jobs that will help Durham's economy.

The real way to a good job and a better quality of life is to get a good education. Last year's one-quarter cent sales tax initiative included more funding for Durham Public Schools and Durham Technical Community College, and more funding for pre-K education, which I believe is the best dollar we can spend on dropout prevention. Dr. Eric Becoats and Dr. Bill Ingram explain how these tax dollars will be spent.

Now here's an interesting funding twist: Thanks to improving one-quarter cent sales tax projections, I am actually recommending more current expense funding for Durham Public Schools than they requested – an increase of \$244,880. Next year's appropriations are \$115.8 million for current expense and \$1,370,000 for capital outlay. This amount does not include what we pay for debt service for schools. Due to the sale of school bonds this spring, our debt payments for school-related construction and renovation will increase by \$2.9 million for a total of \$28.9 million.

Per-pupil funding for DPS next year will increase by \$120 per pupil over the current fiscal year – \$3,165 per pupil. Again, Durham County provides hundreds of dollars more to its school district than any urban county in North Carolina.

For the last several years, school funding decisions have been stressful to say the least. Your meeting with the School Board on Thursday should be one of the most pleasant meetings we've had with them in years. They should be pleased with this budget.

Goal 2 of our Strategic Plan is our "healthy Durham" goal. You've already seen how we are emphasizing wellness among our workforce and having a good time while doing it. Equally serious work also is being done in our community through our Public Health Department and our health partners. Public Health employee Mel Downey-Piper explains in greater detail.

Next year, I am recommending an even stronger partnership with the Duke Health System. A Durham Health Innovations committee, chaired by Dr. Bill Fulkerson and me, has been developing a strategy over the last two years to connect Durham County residents to appropriate health care. The effort has a strong measurement component and, if successful, could be replicated across Durham. Thirty-five percent of all Duke patients come from Durham County and the Health System is donating \$60,000, among other resources, to the effort. For this initiative, I'm recommending the addition of three Public Health nurses who will provide well-child screening examinations to school children and their siblings in 3 elementary schools. These schools are located in areas where families have had difficulty accessing health care. The purpose of providing these examinations is early recognition of conditions that might have a long-term (chronic) impact on health and school performance. The information will be shared with the child's primary medical provider. Our share for the funding will come from the proceeds we have on reserve from the sale of our home health license. This initiative is exciting and offers real promise in helping residents who have little or no health care to become healthier.

Goal 3 of our Strategic Plan is our safety goal. One of your priorities, which you shared with the Durham Crime Cabinet, is to help our citizens communicate with local law enforcement. Sheriff Mike Andrews agrees and speaks briefly about several ways the Sheriff's Office is helping to improve communication between Durham County residents and the Durham County Sheriff's Office.

Sheriff Andrews points out how closely we're working with the Durham Police Department on crime and how we're using new technology and social networking to engage and inform our

citizens about crime in their neighborhoods. Again, the key to better law enforcement is close collaboration with our citizens.

Our Sheriff's Office rolling stock has not been replaced for the last three years. We cannot go another year as many of our vehicles are beyond our replacement policy threshold. Next year, I've budgeted sufficient funding to replace 35 vehicles, many of which have gone two to three years beyond their expected life.

I've also consulted with the fire chiefs who represent the five tax districts that span our County. Fire service is not uniform in our County, and we are not coordinating increasingly expensive fire resources efficiently. Next year, we have agreed to work together to analyze fire service and determine if some consolidation of our tax districts would enable us to more efficiently use and distribute our firefighting resources to improve service to those citizens who live in unincorporated Durham County. I don't know if we'll see lower fire taxes under some form of consolidation, but I do think we have a good chance to help our citizens pay lower fire insurance premiums from it.

It's time to give merger of County fire service close scrutiny and I commend our fire chiefs for agreeing to partner with the County to evaluate how we can improve fire service in unincorporated Durham County.

Goal 4 of our Strategic Plan is our environmental goal.

We are leaders in many ways when it comes to our commitment to protect and improve our environment. We were the first county in the State to tackle the problem of greenhouse gas emissions by jointly approving the Durham Greenhouse Gas Emissions Reduction Plan with the City of Durham. It was the beginning of our environmental sustainability initiative, which led to the employment of Tobin Freid. Understandably, Tobin's time has been devoted to changing the culture of the City and County governments to think more proactively about what we can do inside our organizations to reduce our carbon footprints. Much of her time has been spent engaging employee committees and working with contractors to improve energy use in our facilities. But the most significant way to reduce our carbon footprint is through the private sector. Next year, City Manager Tom Bonfield and I have recommended an additional position to engage the private sector in many of the same ways we've engaged our own organizations. Taking the next step means engaging hundreds of organizations about best practices to reduce the carbon footprint and make real progress to reduce greenhouse gas emissions in Durham County.



I've also added 2 new positions, 1 in the Health Department and 1 in the County Engineer's office, to implement Jordan Lake and Falls Lake rules that are now fully in effect with various deadlines approaching. We have kept you abreast of the broad implications these rules will have, and it will require a substantial pledge of county resources to honor the duties and responsibilities that have been delegated to us by state rulemaking. Though costly, these rules certainly help us achieve water quality goals in Goal 4 of the Strategic Plan, and point out our commitment to strong environmental stewardship.

Finally, I am recommending additional funding for our Open Space and Farmland Protection programs. In FY 2011, we appropriated \$850,000 for Open Space and Farmland Protection. Last year we reduced this appropriation to \$300,000. This reduction has significantly affected our ability to implement these land conservation plans. Next year, I am recommending we increase this appropriation from \$300,000 to \$500,000. We are the leaders in our region in both of these areas. However, we are behind where we had hoped to be in 2012. Keep in mind that we fund this initiative with an annual appropriation while many counties, like Wake County, use bond funds that voters have approved. I like our strategy better and am proud to report that we are debt-free in implementing our Open Space and Farmland Protection plans. Again, this demonstrates our strategic commitment to environmental stewardship.

The Strategic Plan's Goal 5 is our accountable, efficient and visionary government goal. This year I have really challenged our staff to fully incorporate this goal across our organization. I want to address a few of the items in our budget related to this goal.

Right now, we spend almost \$60,000 across our organization publishing scores of telephone numbers in yellow, blue and white page directories. Next year, we will publish only 8 telephone numbers – which are those most frequently dialed – and use part of the savings to add a call taker to the Tax Administration Call Center to assist in routing them. The Tax Department's number, 919-560-0300, will become the featured number in the published directories and calls coming to this number will be routed to the appropriate department. This is a cheaper and far more efficient way to handle the flood of misdirected calls we receive every day.

All of our call takers will be trained for a new customer service initiative that will be implemented next year throughout our entire workforce. We will begin this training with other call takers in our departments, as well as those employees who personally attend to inquiries when citizens appear at our facilities for assistance. This initiative teaches one major principle:

***Two Ears, Two Eyes and One Mouth:*** Use them in that order. Listen to and observe your customer. They are trying to tell you something. It is only when they have told you what they want that you can give them the help they need.

As I thought about how we could be more efficient, I began to examine our building security contract. I recommend eliminating the security officer in this building on September 30<sup>th</sup> and reducing the number of security officers in the Human Services Building on January 1<sup>st</sup> from 7.5 officers to 4.25 officers. The savings will be used to station greeters in our Administration and Human Services Building lobbies to help the thousands of citizens who appear in these facilities every year. We need to put our face on customer service. County customer service agents, three in the Human Services Building lobby and two in the Administration Building lobby, will greet visitors and will be available to answer questions, provide directions, and even escort citizens, if necessary, to their requested destination.

In our strategic planning process, our citizens strongly told us that we need to better establish our brand. Next fall, we will launch our new brand, which is being featured for the first time in this presentation. Our new logo and county color theme will begin to show up on stationery, business cards, vehicles and our County website.

We're also in the final stages of developing our website theme and appearance. Over the summer, content will be finalized and the site will be tested to make sure the pages render quickly, the content is correct, and dead links are removed. We will ensure it is a smooth transition that in no way interrupts citizen access to our Web site.

The Strategic Plan's Goal 5 highlights transparency, efficiency, accountability, and great customer service as high priorities. This will require huge organizational change that involves modifying the culture of our organization and training our employees to reflect the values that you want to see in our organization. It will require an additional staff member in our Human Resources Department. As an organizational development consultant, Commissioner Howerton understands the importance of having this employee to implement and ensure these initiatives. This position is critical to the success of much of what I've outlined around this goal.

I am very pleased with this budget. It is tightly aligned with our Strategic Plan, includes several new initiatives, provides more school funding than DPS requested, and doesn't include a countywide property tax rate increase to pay for anything, including increasing debt for capital improvements, rising fuel costs, and employee raises.

On a personal note, our Strategic Plan challenged me as a manager to think differently. I resisted it at first, but today could not embrace it more. I am convinced the only way to achieve our goals is through a highly focused strategic planning process. This process of producing our Strategic Plan required me to reevaluate how I was trained to view and run an organization. I am a better manager today for having gone through it. It is now going to require that our organization change, too. We will be a better organization because of it, and most of all, our citizens will receive better services from it. Everybody wins here!

Finally, I want to challenge you as a Board to consider one more change. Like my early resistance to the strategic planning process, some might push back at this recommendation at first, but I honestly believe from my 38 years of experience in both city and county governments that this change needs to happen in our community. It's time for one unified government to serve Durham County citizens.

We are 12 years into the 21<sup>st</sup> Century and still using a 19<sup>th</sup> Century form of local government. Today's Durham is a 21<sup>st</sup> Century community and deserves a local government that uses 21<sup>st</sup> Century thinking to serve its citizens.

This represents new thinking for me, too. I've long opposed consolidation because Durham's City and County governments for the most part do not do the same things. But if there is anywhere it could and should work, it's here in Durham.

We have a new economy that behaves very differently than when this community studied the consolidation of city and county governments in the late 1990's. Durham is not the same Durham we saw then, and the two local governments that serve it are not the same either.

The last four years have required the City and County to rethink much of what we do, why we do it, and, most importantly, how we do it. And while there are still small efficiencies that remain to be gained, short of major service eliminations or service consolidations, significant savings can only be realized by combining the two governments into one. Why? Because consolidation forces efficiencies that will never occur as long we continue to operate independently.

If you stop and think about it, you can honor your Strategic Plan by seriously considering this challenge. Consolidation is more efficient and accountable. Here in Durham County, we are known and respected across the country for outside-of-the-box thinking. Initiatives we've launched over the years that were questioned by skeptics are best practices today.

Consolidation would not only help us achieve our vision for Durham, but also help us achieve every goal that our Strategic Plan so passionately embraces. Please don't allow politics, the disappointment over the process employed the last time it was studied, or simple fear of the unknowns associated with the idea at this point to dismiss it. It makes more sense today than it ever has, and I encourage you to place the item on a future worksession agenda for further discussion.

Copies of the recommended budget will be available in the Clerk's Office and the County Manager's Office tomorrow morning as well as in the reference sections of the Main Library and our four regional libraries. We will also post my remarks, tonight's presentation, and a copy of the proposed budget on the home page of the County's website tomorrow morning. The web address is [www.durhamcountync.gov](http://www.durhamcountync.gov) or it can be found through Google or Bing by typing "Durham County Government" in the search box.

The public hearing for citizens to weigh in on the proposed budget will be held on June 11<sup>th</sup> at 7 pm in this room. Commission worksessions are scheduled for May 31<sup>st</sup> from 9:30 am to 3 pm, June 4 from 1 pm to 4 pm, June 12<sup>th</sup> from 9 am to 12 noon, and if needed, June 14<sup>th</sup> from 9 am to 12 noon. Final adoption of the budget will be placed on your June 25<sup>th</sup> Meeting Agenda. All of these meetings will be held here in the BOCC chambers.

I look forward to working with you. Thank you for allowing me the time to present my recommendation.