FY 2016-17 County Manager's Recommended Budget

Wendell M. Davis, County Manager
May 23, 2016
Managing for Results Model

**Strategic Goals**
- Community and Family Prosperity and Enrichment
- Health and Well-being for All
- Safe and Secure Community
- Environmental Stewardship
- Accountable, Efficient and Visionary Government

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

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

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

**Budgeting for Results**
- Investments based on Strategic Plan and key articulated priorities
- Program budgeting
- Performance measures and targets

**Effective Communications and Stakeholder Engagement with Clear Roles**

**Effective Partnerships and Collaboration that Add Value**

**Core Values and a High-Performance Culture**

**Results-Focused Leadership and Governance**

*Building on the foundation of exceptional customer service, driven by:*
Shift Resources toward BOCC Goals

<table>
<thead>
<tr>
<th>High Performance</th>
<th>Low Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Alignment</td>
<td>High Alignment</td>
</tr>
</tbody>
</table>

- **High Performance, Low Alignment**: Reduce investment, spin off
- **Low Performance, Low Alignment**: Eliminate if possible
- **Low Performance, High Alignment**: Redesign, Evaluate
- **High Performance, High Alignment**: Desired Result

Program Performance/Effectiveness vs. Alignment with BOCC Goals
FY 2016-17 Manager’s Recommended Budget

- Maintains fiscal standing
- Supports critical program and service delivery needs
- Increases net funding for Durham Public Schools
- Provides operational increases for public safety
- Supports Capital Finance Plan needs and annual Debt Service
- Replaces and updates vital equipment and vehicles
FY 2016-17 Property Tax

- Tax base valuation increase of $3.27 billion (budget to budget) or **10.21%**
  - 1.9% of that was “natural” growth
  - Additional growth was due to Revaluation
- Collection rate remains constant at 99.30%
- Total: an additional **$4.45 million** due to natural growth for General Fund operating and Capital Finance Fund
FY 2016-17 Revaluation

- 8 year revaluation
  - Real property only

- County has to show a “Revenue Neutral” property tax rate to public
  - FY 2016-17 Revenue Neutral rate: 73.37 cents
  - FY 2015-16 property tax rate: 79.31 cents
  - Revenue Neutral tax rate change: (5.94 cents)
# Tax Base Variances

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 2016-17 Budget Estimate</th>
<th>% Change FY17 from FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property</td>
<td>$26,152,065,688</td>
<td>$29,058,141,023</td>
<td>11.11%</td>
</tr>
<tr>
<td>Auto Value</td>
<td>$1,894,000,000</td>
<td>$2,094,006,400</td>
<td>10.56%</td>
</tr>
<tr>
<td>Personal Value</td>
<td>$3,440,862,642</td>
<td>$3,584,452,249</td>
<td>4.17%</td>
</tr>
<tr>
<td>Public Service</td>
<td>$540,732,429</td>
<td>$562,100,012</td>
<td>3.95%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32,027,660,759</strong></td>
<td><strong>$35,298,699,684</strong></td>
<td><strong>10.21%</strong></td>
</tr>
</tbody>
</table>
## FY 2015-16 Property Tax by Fund

<table>
<thead>
<tr>
<th>Property Fund</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 15-16 Tax Rate</th>
<th>FY 2016-17 Recommended</th>
<th>FY 16-17 Recommended Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$225,104,940</td>
<td>70.78</td>
<td>$231,982,190</td>
<td>66.18</td>
</tr>
<tr>
<td>Capital Financing Fund</td>
<td>$27,128,357</td>
<td>8.53</td>
<td>$28,707,268</td>
<td>8.19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$252,233,298</strong></td>
<td><strong>79.31</strong></td>
<td><strong>$260,689,457</strong></td>
<td><strong>74.37</strong>*</td>
</tr>
</tbody>
</table>

*One cent increase over Revenue Neutral rate*
### FY 2016-17 Property Tax

- One cent property tax rate increase for FY 2016-17

<table>
<thead>
<tr>
<th>Property Tax</th>
<th>FY 15-16 Tax Rate</th>
<th>FY 16-17 Rev. Neutral Tax Rate</th>
<th>FY 16-17 Rec. Tax Rate</th>
<th>FY 16-17 Change from Rev. Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>70.78</td>
<td>65.48</td>
<td>66.18</td>
<td>0.7</td>
</tr>
<tr>
<td>Capital Financing Fund</td>
<td>8.53</td>
<td>7.89</td>
<td>8.19</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79.31</strong></td>
<td><strong>73.37</strong></td>
<td><strong>74.37</strong></td>
<td><strong>1.0</strong></td>
</tr>
</tbody>
</table>
## FY 2016-17 Debt Service

<table>
<thead>
<tr>
<th>Debt Areas</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham Public Schools</td>
<td>$27,615,196</td>
</tr>
<tr>
<td>Durham Tech Community College</td>
<td>$1,016,224</td>
</tr>
<tr>
<td>NC Museum of Life and Science</td>
<td>$1,926,430</td>
</tr>
<tr>
<td>County-Related</td>
<td>$28,561,247</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td><strong>$59,209,097</strong></td>
</tr>
</tbody>
</table>

Durham County Government
# Fire Districts

<table>
<thead>
<tr>
<th>District</th>
<th>FY 2015-16 Original Tax Rate</th>
<th>FY 2016-17 Rev. Neutral Tax Rate</th>
<th>FY 2016-17 Requested Tax Rate</th>
<th>FY 2016-17 Recommended Tax Rate</th>
<th>Change from FY 2015-16 Rev. Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon</td>
<td>0.1065</td>
<td>0.1056</td>
<td>0.12035</td>
<td>0.1056</td>
<td>-</td>
</tr>
<tr>
<td>Redwood</td>
<td>0.1386</td>
<td>0.1344</td>
<td>0.1344</td>
<td>0.1344</td>
<td>-</td>
</tr>
<tr>
<td>New Hope*</td>
<td>0.0995</td>
<td>0.0874</td>
<td>0.0874</td>
<td>0.0874</td>
<td>-</td>
</tr>
<tr>
<td>Eno*</td>
<td>0.0799</td>
<td>0.0778</td>
<td>0.0778</td>
<td>0.0778</td>
<td>-</td>
</tr>
<tr>
<td>Bahama</td>
<td>0.0987</td>
<td>0.0987</td>
<td>0.0987</td>
<td>0.0987</td>
<td>-</td>
</tr>
<tr>
<td>Durham County Fire &amp; Rescue Service</td>
<td>0.1300</td>
<td>0.1251</td>
<td>0.1251</td>
<td>0.1251</td>
<td>-</td>
</tr>
</tbody>
</table>

*The New Hope and Eno fire tax district rates are established by neighboring Orange County through an inter-local agreement.*
FY 2016-17 Sales Tax

- Current Year sales tax estimates are up 4.63% over the Original budget. Adding next year’s growth factor translates to a 7.79% over the FY 2015-16 Original Budget.

<table>
<thead>
<tr>
<th>Sales Tax Article</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 2015-16 12 Month Estimate</th>
<th>% from FY 2015-16 Budget</th>
<th>FY 2016-17 Manager Recommended</th>
<th>% from FY 2015-16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 39</td>
<td>$21,357,953</td>
<td>$22,209,399</td>
<td>3.99%</td>
<td>$22,979,684</td>
<td>7.59%</td>
</tr>
<tr>
<td>Article 40</td>
<td>$11,375,429</td>
<td>$11,945,059</td>
<td>5.01%</td>
<td>$12,377,711</td>
<td>8.81%</td>
</tr>
<tr>
<td>Article 42</td>
<td>$14,233,465</td>
<td>$14,881,882</td>
<td>4.56%</td>
<td>$15,349,556</td>
<td>7.84%</td>
</tr>
<tr>
<td>Article 44</td>
<td>$0</td>
<td>$5,173</td>
<td>N/A</td>
<td>$0</td>
<td>N/A</td>
</tr>
<tr>
<td>Article 46</td>
<td>$11,800,000</td>
<td>$12,539,317</td>
<td>6.27%</td>
<td>$12,600,000</td>
<td>6.78%</td>
</tr>
<tr>
<td>Inter-local</td>
<td>$10,894,599</td>
<td>$11,305,048</td>
<td>3.77%</td>
<td>$11,778,580</td>
<td>8.11%</td>
</tr>
<tr>
<td>Total</td>
<td>$69,661,446</td>
<td>$72,885,878</td>
<td>4.63%</td>
<td>$75,085,530</td>
<td>7.79%</td>
</tr>
<tr>
<td>Fund</td>
<td>FY 2014-15 Actual Expenditures</td>
<td>FY 2015-16 Original Budget</td>
<td>FY 2015-16 12 Month Estimate</td>
<td>FY 2016-17 Manager Recommended</td>
<td>% Difference (Budget to Budget)</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------</td>
<td>----------------------------</td>
<td>------------------------------</td>
<td>-------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>General</td>
<td>$366,204,650</td>
<td>$396,483,059</td>
<td>$389,534,128</td>
<td>$413,599,916</td>
<td>4.32%</td>
</tr>
<tr>
<td>Total All Funds</td>
<td>$544,250,326</td>
<td>$564,583,628</td>
<td>$590,178,223</td>
<td>$588,455,745</td>
<td>4.23%</td>
</tr>
</tbody>
</table>
General Fund Revenues

Total Amount = $413,459,916

- Taxes (Property, Sales, and Other Taxes): 75.47%
- Intergovernmental: 13.82%
- Rental Income: 0.11%
- Investment Income: 0.03%
- Contributions and Donations: 0.02%
- Service Charges: 4.98%
- Sewer Connection Fees: 0.00%
- Other Financing Sources: 5.14%
- Other Revenues: 0.13%
- Licenses and Permits: 0.30%
General Fund Expenditures

Total Amount = $413,459,916

Human Services 22.50%
Education 32.62%
Public Safety 14.44%
Transportation 0.00%
Environmental Protection 1.05%
Econom. & Physical Devlp. 1.54%
General Government 24.92%
Cultural & Recreational 2.91%

52.8% of General Government is made up of Transfers to Other Funds
## General Fund Revenues

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>FY 2014-15 Actual Revenues</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 2015-16 12 Month Estimate</th>
<th>FY 2016-17 Manager Recommended</th>
<th>% Change (Budget to Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$ 296,561,042</td>
<td>$ 299,621,383</td>
<td>$ 305,909,489</td>
<td>$ 312,056,720</td>
<td>4.15%</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>$ 1,119,887</td>
<td>$ 976,000</td>
<td>$ 1,228,249</td>
<td>$ 1,234,250</td>
<td>26.46%</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>$ 58,236,457</td>
<td>$ 57,510,044</td>
<td>$ 54,126,011</td>
<td>$ 57,223,484</td>
<td>-0.50%</td>
</tr>
<tr>
<td>Contributions and Donations</td>
<td>$ 42,438</td>
<td>$ 138,133</td>
<td>$ 94,131</td>
<td>$ 77,476</td>
<td>-43.91%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$ 245,718</td>
<td>$ 140,000</td>
<td>$ 142,949</td>
<td>$ 140,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>Rental Income</td>
<td>$ 536,237</td>
<td>$ 460,074</td>
<td>$ 437,843</td>
<td>$ 443,156</td>
<td>-3.68%</td>
</tr>
<tr>
<td>Service Charges</td>
<td>$ 20,944,914</td>
<td>$ 17,785,041</td>
<td>$ 19,169,295</td>
<td>$ 20,576,884</td>
<td>15.70%</td>
</tr>
<tr>
<td>Sewer Connection Fees</td>
<td>$ 143,773</td>
<td>$ 1,000</td>
<td>$ 59,849</td>
<td>$ 42,100</td>
<td>4,210.00%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$ 1,276,758</td>
<td>$ 506,991</td>
<td>$ 701,387</td>
<td>$ 556,962</td>
<td>9.86%</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>$ 10,264,686</td>
<td>$ 19,344,393</td>
<td>$ 8,818,381</td>
<td>$ 21,248,884</td>
<td>9.85%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 389,371,910</strong></td>
<td><strong>$ 396,483,059</strong></td>
<td><strong>$ 390,687,584</strong></td>
<td><strong>$ 413,599,916</strong></td>
<td><strong>4.32%</strong></td>
</tr>
</tbody>
</table>
### General Fund Expenditures

<table>
<thead>
<tr>
<th>Functional Area</th>
<th>FY 2014-15 Actual Expenditures</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 2016-17 Requested</th>
<th>FY 2016-17 Manager Recommended</th>
<th>% Change (Budget to Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$84,643,170</td>
<td>$97,731,644</td>
<td>$111,214,062</td>
<td>$103,187,464</td>
<td>5.58%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$53,086,514</td>
<td>$57,309,107</td>
<td>$68,828,629</td>
<td>$59,686,214</td>
<td>4.15%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$309,017</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>0.00%</td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>$3,987,369</td>
<td>$3,886,750</td>
<td>$4,486,983</td>
<td>$4,359,892</td>
<td>12.17%</td>
</tr>
<tr>
<td>Econ. &amp; Physical Development</td>
<td>$3,684,157</td>
<td>$6,082,940</td>
<td>$6,411,216</td>
<td>$6,378,413</td>
<td>4.86%</td>
</tr>
<tr>
<td>Human Services</td>
<td>$82,941,271</td>
<td>$89,258,669</td>
<td>$98,363,548</td>
<td>$93,053,127</td>
<td>4.25%</td>
</tr>
<tr>
<td>Education</td>
<td>$126,454,722</td>
<td>$130,191,507</td>
<td>$134,964,723</td>
<td>$134,879,723</td>
<td>3.60%</td>
</tr>
<tr>
<td>Cultural &amp; Recreational</td>
<td>$11,098,430</td>
<td>$12,009,942</td>
<td>$12,461,920</td>
<td>$12,042,583</td>
<td>0.27%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$366,204,650</strong></td>
<td><strong>$396,483,059</strong></td>
<td><strong>$436,743,581</strong></td>
<td><strong>$413,599,916</strong></td>
<td><strong>4.32%</strong></td>
</tr>
</tbody>
</table>
Budget Highlights

Goal 1: Community and Family Prosperity and Enrichment
## Durham Public Schools Funding

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014-15 Actual Expenditures</th>
<th>FY 2015-16 Original Budget</th>
<th>FY 2016-17 Requested</th>
<th>FY 2016-17 Manager Recommended</th>
<th>% Change (Budget to Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Expense</td>
<td>$118,863,146</td>
<td>$122,214,356</td>
<td>$126,605,707</td>
<td>$126,605,707</td>
<td>3.59%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$1,370,000</td>
<td>$1,370,000</td>
<td>$1,370,000</td>
<td>$1,370,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>$120,233,146</td>
<td>$123,584,356</td>
<td>$127,975,707</td>
<td>$127,975,707</td>
<td>3.55%</td>
</tr>
<tr>
<td>School Debt Service</td>
<td>$30,114,672</td>
<td>$30,160,166</td>
<td>$27,509,713</td>
<td>$27,509,713</td>
<td>(8.79%)</td>
</tr>
</tbody>
</table>
Durham Public Schools Funding

DPS student projections
- DPS: 33,454 (446 expected decrease)
- Charter: 6,609 (1,185 expected growth)
- Total: 40,063 (739 expected growth)

Per pupil funding: $3,160 per pupil
Durham Public Schools Funding

- Current expense increase: $4,391,351
  - $1,320,380 of County increased support is additional Article 46 sales tax revenue
  - $1.1 million was mid year addition of general County funds for salary supplements
  - $1,970,971 is from general County property tax revenue.
FY 2016-17 Projected Budget
Per Pupil Expenditures – Ten Largest Counties

Per Pupil
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500

Durham
Mecklenburg
Wake
Union
Cumberland
New Hanover
Guilford
Buncombe
Forsyth
Gaston

$3,160
$2,699
$2,400

1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16
2016-17
Goal 1: Community and Family Prosperity and Enrichment

- Durham Technical Community College
  - Funding increases by 5.62% or $367,425

- Museum of Life and Science
  - $40,000 increase for annual capital outlay support
Budget Highlights

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

- **Department of Social Services**
  - Foster Care Support increase - $450,000
    - Paralegal (Legal) – 1 FTE
  - 3 replacement vehicles
  - Software and Hardware replacements
  - Increased local support for program services
Goal 2: Health and Well-being for All

- Public Health

  - School Nurses – 3.32 FTEs (4 positions)

  - Local support for Diabetes Coalition - ($119,548)

  - Health Education Specialist promotes the Board of Health’s Smoking Rule – 1FTE
Goal 2: Health and Well-being for All

- Public Health, continued
  - Cure Violence Program – 5 FTEs

- Cooperative Extension Services
  - Project Build Support – 2 FTEs
  - Extension Agent expansion - .33 FTE

- Veterans Services
  - Additional Officer position – 1 FTE
Budget Highlights

Goal 3: Safe and Secure Community
Goal 3: Safe and Secure Community

- **Emergency Medical Services**
  
  - Funds five (5) positions, equipment and vehicles for new “peak time” ambulance deployment shift
  
  - Replacement equipment and vehicles
Goal 3: Safe and Secure Community

- Sheriff’s Office
  - Funds 3 LEO positions for dedicated inmate transport
  - Replacement equipment and vehicles
Goal 3: Safe and Secure Community

- **Emergency Management**
  - 2 New FTEs to better align division with emergency and disaster preparation and risk avoidance
  - Replacement equipment and vehicles

- **Durham County Fire & Rescue District**
  - 7 new FTEs
  - No increase of Special District property tax rate
Goal 3: Safe and Secure Community

- Criminal Justice Resource Center
  Expand court diversion program for persons with Mental Health Challenges
  - Substance Abuse/Mental Health Clinician – 1 FTE
  - Peer Support Specialist – 2 FTEs
  - Pretrial Specialist – 0.6 FTE
  - Program Coordinator – 1 FTE
Goal 3: Safe and Secure Community

- Courts

  • Continued funding for an Assistant District Attorney (ADA) for Jail Population Management
  
  • New funding for an Assistant Public Defender (APD) for first appearances for inmates to assist in identifying lower bonds
Budget Highlights

Goal 4: Environmental Stewardship
Goal 4: Environmental Stewardship

- **Engineering - Environmental Engineering (Soil & Erosion)**
  - Inspections Supervisor - 1 FTE

- **General Services – Solid Waste – 2 FTEs**
  - Solid Waste Sticker Fee increase of $29.95 to support program cost (14,000 households)
Budget Highlights

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

Mitigating Risk

- Risk Management – 1 FTE (Risk and Safety Coordinator)
- IS & T – 1 FTE (Information Security Officer)
- General Services – 1 FTE (Compliance/Quality Control)
Goal 5: Accountable, Efficient, and Visionary Government

• Employees
  o Continuation of Merit Pay Plan at 2-3% plan.
    – Will conduct pay plan review in FY 2016-17 for BOCC recommendation
  o Better Benefits offerings at lower cost growth by reviewing and changing providers
  o Increased contribution % to retirement system per state requirement
  o Discounted Fitbits to support “culture of health”
Goal 5: Accountable, Efficient, and Visionary Government

• Public Safety Compensation Review Support
  o Public Safety positions

• Federal Legislative Changes
  o Overtime rules
Position Highlights

- **General Fund**
  - 12.00 FTEs supported with new revenue
  - County supported new FTEs – 28.67
  - Elimination of 2.00 FTEs

- **Other Funds**
  - Risk Management Fund – 1.00 FTE
  - Enterprise Fund (Revenue Supported) – 3.00 FTEs
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 26</td>
<td>Budget Work Session</td>
</tr>
<tr>
<td>May 31, 2016</td>
<td>Public Hearing for FY 2016-17 Budget</td>
</tr>
<tr>
<td>June 1, 2, 15, 16</td>
<td>Budget Work Sessions</td>
</tr>
<tr>
<td>June 27, 2016</td>
<td>FY 2016-17 BOCC Budget approval</td>
</tr>
</tbody>
</table>
Budget Document Locations

Durham County Website
  • http://dconc.gov

Clerk to the BOCC Office
  Second Floor, Administrative Complex

Durham County Main Library