



**Date:** June 18, 2012  
**To:** Thomas J. Bonfield, City Manager  
**Through:** Wanda S. Page, Deputy City Manager  
**From:** Bertha T. Johnson, Director of Budget & Management Services  
**Subject:** FY2012-2013 Budget and FY2013-2018 Capital Improvement Plan (CIP)

### **Executive Summary**

The City Manager presented the proposed FY2012-2013 Budget and FY2013-2018 Capital Improvement Plan (CIP) to the City Council on May 21, 2012. The City Council held hearings on the proposed budget and CIP on May 30<sup>th</sup> and May 31<sup>st</sup>. A public hearing to receive comments on the proposed budget was held on Monday, June 4<sup>th</sup>. The Administration is requesting adoption of the FY2012-2013 Budget ordinance, FY2013-2018 Capital Improvement Plan (CIP) ordinances and other related ordinances (fees, internal service plans, and grant project ordinances) and resolutions.

### **Recommendation**

The Administration recommends that the City Council adopt the FY2012-2013 City of Durham Budget ordinance, 2013-2018 Capital Improvement Plan ordinances and other related ordinances and resolutions.

### **Background**

The City Manager presented the proposed FY2012-2013 Budget to the City Council on May 21, 2012. The City Council held hearings on the proposed budget and CIP on May 30<sup>th</sup> and May 31<sup>st</sup>. A public hearing, to hear citizen comments on the proposed budget, was held on Monday, June 4<sup>th</sup>. Minor changes were made between the proposed and final budget resulting in an increase to the General Fund of \$96,794 (primarily offsetting revenues and corresponding expenses related to Transportation), an increase to the Parking Fund of \$320,064 (the parking equipment contract will not be encumbered until FY2012-2013 so the FY2011-2012 savings are being re-appropriated), and an increase to the Business Improvement District Fund of \$21,333 (correction of property tax revenue amount).

As discussed in the Budget Guidelines, to eliminate the need for City Council approval of amendments to the City's Budget Ordinance, the FY2012-2013 City of Durham Budget Ordinance was prepared to allow for maximum flexibility within North Carolina General Statute 159-13. The General Fund portion of the ordinance is no longer artificially segregated into budget groups. Budget groups are useful for information and were revised for FY2012-13 to better match the current organizational structure. Budget groups are not required in the Ordinance, and previously served to arbitrarily limit transfers of budget resources. The new structure allows the City Manager more flexibility in addressing priorities by reallocating budget resources throughout the year, thereby lessening the need to burden City Council with the review of amendments to the Ordinance. Budget groups are still reported in the budget

document, but Attachment 1 of the City of Durham Budget Ordinance (Appropriations) no longer includes budget groups.

**Alternative**

The Council can choose not to adopt the ordinances however, G.S. 159-13(a) directs that adoption take place by July 1. If the budget is not adopted by July 1, the Council must adopt “interim appropriations for the purpose of paying salaries, debt service and usual ordinal expenses” of the City until the ordinance is adopted. Expenditures may not be made without a supporting appropriation or interim appropriations provide that support after July 1.

**Financial Impact**

The FY2012-2013 Budget ordinance total is \$373,172,468 and the CIP ordinances (General, Solid Waste, Water and Sewer and Stormwater) total \$787,089,446. Details of both are included in the attached documents.

**SDBE Summary**

Not applicable; no service is being provided.