

**Good Evening. Mayor Bell, Mayor Pro-Tem Cole-McFadden, Members of the City Council, City Attorney Baker, City Clerk Gray, City staff, and residents of Durham present here tonight or viewing on Durham Television Network or social media.**

**It continues to be my honor to be entrusted to lead this great organization and over 2,400 employees committed to public service for this community. I am pleased to be before you this evening to officially present the proposed budget for the City of Durham for the 2016-2017 fiscal year.**

**Each year, we choose a theme that not only reflects the budget priorities, but also ties into what's happening in the community. Over the past several years, but in particular the last 12 months, we have seen more people stepping up to make their voices heard on varied issues, whether by attending public meetings, social media posts, or yes, even protesting in the streets.**

**Whether it's for a position that you support or not, making your voice heard is at the very heart of the democratic process and truly Durham!**



**In my 60-year lifetime, taking your message to the streets or to the people, has been responsible for moving our society forward in so many different ways. And, yes I have participated in a few myself!**

**This year, many new initiatives will focus on taking our message, our services and programs, to the people – engaging them where they are...in their neighborhoods, on mobile devices, on social media...to enhance a more complete and transparent relationship with Durham City government.**

**Some of you might remember the old Doobie Brothers song... Taking it to the Streets, a commentary on social justice and protest, with a lyric, “take this message to my brother.”**

**That will be the City’s goal over the next year...to take our City services and message, figuratively and literally, to the streets.**



**In the past decade, Durham has undergone an historic transformation.**

**Each year has brought us closer to being a city of the future – providing all of the amenities – restaurants, housing, transportation, and entertainment that you’d expect from a large, growing and thriving city.**

**Yet, in the midst of the excitement and prosperity, there are many issues that must continue to draw our attention and best problem-solving skills so that everyone in Durham can be part of, and benefit from, the solutions.**

**This year’s budget envisions how your government can better engage with you – continuing current forms of outreach and using new ways to connect with residents where and when it’s needed most – to make our city a great place to live, work, and play for everyone.**



**Last year, the City's strategic plan, *Durham's Got It*, was refreshed and updated.**

**The plan and its goals continue to be the foundation of our planning, driving our operational needs, and guiding the budget process.**



**As in past years, we continued to “take it to streets” to listen to residents as we developed the budget.**

**And in the future we’ll enhance our feedback loop, as we make the Resident Satisfaction Survey an annual process.**

**Again, thank you to the Mayor and City Council for your guidance and participation from the beginning of the process, and to residents who made their voices heard along the way as well.**

**While every voice was heard , but not every request was met, this budget continues to be a collaborative process that cannot be done well without the input of the Council and the public.**



**In developing the budget, we reviewed overall resources, financial and human – to understand needs to sustain an innovative and high-performing organization – including cost of services, adequate resources to provide them – including fair and reasonable tax rates – along with responsible debt ratios, and reserve levels.**

**This year, Durham County conducted a revaluation of all real property. Durham is growing and property values have increased – an overall increase of about 16 percent since the last revaluation eight years ago.**

**We know that this revaluation of property, and ultimate decisions about tax rates, will impact property owners in dramatically different ways across the city.**



**The proposed total budget for Fiscal Year 2016-17 is \$403.7 million dollars, a nearly 4 percent increase from last year.**

**This represents the largest budget in the City’s history and reflects a government that is growing to meet the service demands of a growing city.**

## GENERAL FUND REVENUES



The proposed general fund budget, which covers the City's core services, is \$180.9 million dollars, a little more than 5 percent increase from last year.

<b>PROPERTY TAX RATE</b>			
	<b>FY15-16</b>	<b>Revenue Neutral</b>	<b>FY16-17</b>
General Fund	34.88¢	32.11¢	31.31¢
Parks	0.50¢	0.46¢	0.50¢
Debt	13.02¢	11.98¢	13.02¢
Housing	1.00¢	0.92¢	1¢
Transit	3.87¢	3.56¢	4.11¢
Solid Waste	5.85¢	5.38¢	6.13¢
<b>Total Rate</b>	<b>59.12¢</b> per \$100	<b>54.41¢</b> per \$100	<b>56.07¢</b> per \$100

**Last year, thanks to a significant increase in new construction, we projected a 2 percent increase in new taxable values for the 2016 budget, meaning a penny on the tax rate was equal to \$2.475 million dollars. You'll recall that the tax rate did not change from the prior year.**

**While the revaluation took that growth into account, remaining at the tax neutral rate of 54.41 cents would still not cover the expanding priorities— primarily in public safety, affordable housing, and capital improvement needs.**

**I am proposing that the new tax rate of 56.07 cents per \$100 dollars of assessed value, a decrease of 3.05 cents from the current tax rate, but 1.66 cents above the revenue neutral tax rate. This rate places the value of a penny at \$2.75 million dollars.**

**What this means for the average homeowner is a city tax bill of about \$1,005 dollars per year on a house valued at about \$180,000 dollars, which is the median house value in the city according to the Durham County Office of Tax Administration.**



**The proposed general fund expenditures includes increases in personnel, operating costs to sustain current programs, as well as funds many new initiatives.**

**Throughout the year we continue to scrutinize programs and services, and limit any increases to what is needed to accommodate population and cost growth factors, and support the strategic plan.**



**The proposed budget uses \$7 million dollars of fund balance for a variety of one-time general fund costs, many of which I will discuss later in this presentation.**

**The projected fund balance at end of the current fiscal year is \$47.4 million dollars, which is approximately 28.4 percent – this is well above the budget guideline of 12 percent, and helps safeguard against economic uncertainty and emergency conditions.**

**The City continues to enjoy an outstanding credit rating by all rating agencies, due in part to our sound fiscal management and fund balance.**

## **TECHNOLOGY ENHANCEMENTS**



**Ensuring that we reach as many residents as possible remains a high priority to help keep our residents informed, and for our services and decision making to be as transparent as possible.**

**While City Council meetings are already video livestreamed, and Work Sessions audio livestreamed, the budget includes technology upgrades to allow access to the live video and audio streams of these meetings on mobile devices.**

**Funding is also included for Durham One Call to implement Virtual Hold Technology, which will increase service during peak call times by allowing callers to leave a message and indicate the best time for a call back.**

## **COMPENSATION & BENEFITS**

- 4% general & fire employee increases
- 4.5% police employee increase
- 10% health insurance increase
- No dental insurance increase

Perhaps one of the most rewarding aspects of my job is when I hear from residents giving positive recognition to City employees. It happens frequently, and is something I happily share with the employee. Rewarding and retaining these employees is high on our priority list.

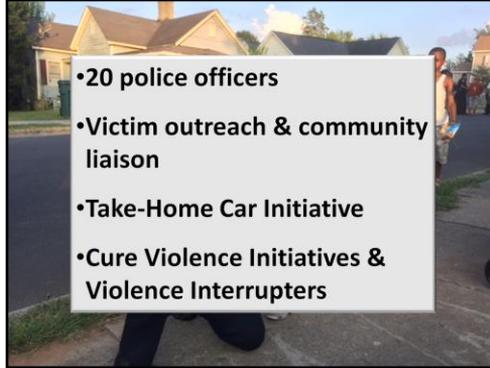
The proposed budget continues our pay-for-performance system, differentiating employees' compensation adjustments by level of performance. Within the proposed pay-for-performance plan, general and fire employees will receive an average 4 percent pay increase, while police employees will receive an average 4.5 percent increase.

In anticipation of recommendations from the Police and Fire pay study, we have dedicated \$2.5 million dollars to begin to address public safety pay issues and promote retention efforts.

Employee wellness remains a top priority. As health care costs and use continue to rise, some premium adjustments are necessary to maintain our self-insured \$33 million fund that covers the lives of more than 5,300 employees and dependents. The new Blue Local option will provide considerable premium savings for employees and their families.



**As in past years, keeping our public safe and secure warrants the use of the greatest share of resources, in personnel as well as facilities and equipment.**



**I'm pleased to announce that while we're still analyzing the results of a recent police staffing and deployment study by the International Association of Chief's of Police, this budget includes funding for 20 additional sworn officers.**

**New deployments and additional resources will enhance community policing practices. As a part of this enhanced effort, a community liaison officer will be dedicated to work in the blocks and census track contained in the Poverty Reduction Initiative area in Northeast Central Durham.**

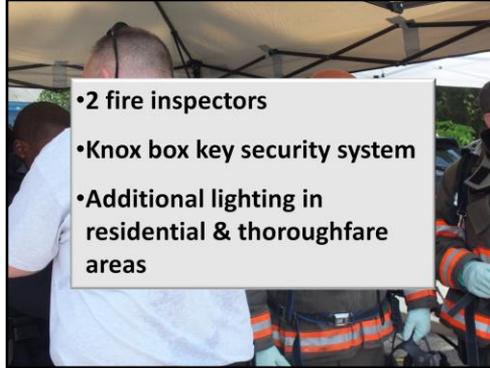
**Chief C.J. Davis, who begins in just two weeks, understands these priorities and is prepared to transform policing by "taking it to the streets" in Durham.**

**The proposed budget provides over \$1.5 million dollars to begin a three-year, phase-in of a Take-Home Car program to encourage officers to become more visible and invested in the Durham neighborhoods in which they live.**

**Partnerships continue to be vital in our efforts to promote and maintain a safe community. Funding is included to support prosecutors and courts to focus on violent crime and gangs.**

**Additionally, we will work to enhance the Project Build and Durham County Public Health Department "Cure Violence" initiatives to reach more at-risk youth. These initiatives use street outreach workers to work face-to-face with youth, ages 12 to 22, to change their directions and their lives.**

**We also plan to explore a model used in other cities by working with former gang members to change the culture of violence in neighborhoods by detecting and interrupting potentially violent conflicts.**



**Two new fire inspector positions are funded to help businesses and homes meet North Carolina fire codes.**

**We’ve also included funding for a new “Knox Box Key Security System” on fire vehicles to provide a secure means of maintaining master keys for over 1,000 businesses with these boxes mounted on their buildings.**

**In the coming year it will be critical for the City to work closely with Durham County to assess collaboration opportunities to more efficiently deliver fire and emergency medical services to a rapidly growing Durham.**

**\$3.4 million dollars in funding is also included for our Transportation Department to maintain existing lighting and provide additional lighting in both residential and thoroughfare areas to further help with crime prevention.**



**We cannot overemphasize our belief that strong neighborhoods make strong communities.**

**I'd like to add to that engaged neighborhoods make even stronger communities!**

**That is why meeting you where you are “drives” our efforts in the coming year to build stronger neighborhoods.**



**I'm excited to introduce "City Hall On The Go!"**

**Modeled after communities, such as Boston and Dallas...it might look like a food truck, but the menu will showcase a variety of ways to involve, inform, support and engage Durham residents with your local government – from requesting services, paying bills, finding out about meetings, and much more.**

**Director Constance Stancil and her team in our Neighborhood Improvement Services Department will work with neighborhoods for regular visits by City Hall on the Go "taking it to the streets."**



**This budget also provides \$37,000 dollars in funding to encourage residents to embrace their neighborhood even more by providing competitive Neighborhood Mini-Grants of up to \$2,500 dollars each to help build community pride, beautify a neighborhood or even promote public safety.**



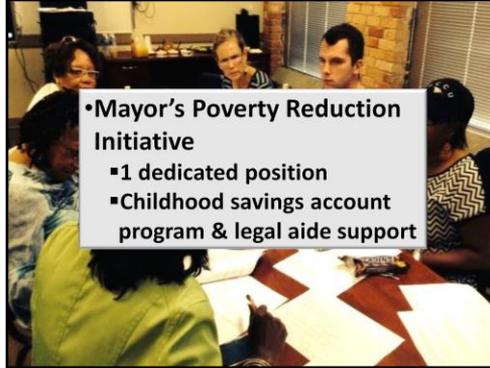
**The development of an affordable housing strategy continues to be one of our highest priorities. On June 2, our Community Development Department along with its consultant, Enterprise Community Partners, will present the long-awaited affordable housing guidelines and priorities in a special City Council work session.**

**While the proposed budget includes a continuation of the “penny for housing” valued at \$2.75 million dollars per year, all expectations are that this will not be nearly enough to meet the community’s needs and aspirations.**

**Included in these unmet needs are critically important new partnerships with the Durham Housing Authority as it transitions to a new housing model for our community’s most vulnerable as well as the Authority’s transition to a new executive director and senior staff.**

**The City Council will have an opportunity to consider the needs and funding implications of the affordable housing guidelines and initiatives on June 2 and decide if an increase in funding is warranted prior to the budget adoption.**

**The Southside community continues to lead the way in the City’s award-winning affordable housing efforts with Phase II construction of 85 apartments at the Southside Lofts beginning in early June, with almost 7-in-10 units designated as affordable housing.**



**Mayor Bell has challenged us that 2016 is to be a year of action for the Poverty Reduction Initiative in Census Tract 10.01, and this budget addresses many of the highest priority initiatives developed by the six task forces.**

**First and foremost, a full-time staff person will be designated in our Neighborhood Improvement Services Department to support the Mayor, the task forces, and their staff liaisons.**

**Already mentioned in the public safety portion of this presentation...a dedicated police community liaison officer and take-home car residency incentive with the highest priority for officers living in these areas.**

**Funding is also provided to support the finance task force childhood savings account program at Y.E. Smith Elementary and the jobs task force for the identified need to provide legal aide support for residents whose prior justice involvement is a detriment to employment.**



**Bus service improvements funded with the \$7 dollar motor vehicle fee will better manage over-crowded routes by increasing the frequency of service, and fund new routes as well as new, badly needed shelters.**

**A visible sign of a vibrant city is the need to better manage parking. A dedicated resource to manage parking, including project management, technology and maintenance, is funded.**

**Key projects will include \$2.5 million dollars for design of a new downtown parking garage, \$1.8 million dollars to implement paid on-street parking later this fall, and \$500,000 dollars for security improvements in downtown parking decks.**



**And, thanks to Mayor Bell and the Parade Committee led by Mayor Pro Tem Cora Cole-McFadden, no more is Durham without a holiday parade.**

**Funding of \$45,400 dollars is included to heed a call made by many – bring back the annual holiday parade!**



**If you're in Durham for any length of time, you'll quickly learn that our community has no shortage of accolades when it comes to our economy.**

**Last year, WalletHub recognized Durham as number 19 among "most recession-recovered" U.S. cities.**

**The Milken Institute ranked the Durham-Chapel Hill MSA among the top 25 percent of "Best Performing Cities" for how well we create and sustain jobs and our economic growth.**

**And, Smart Asset named Durham among the top 10 counties that bring in the most investments.**

**In my opinion, these accolades – which are just a few of the many that's come our way – say quite a lot about Durham.**



**As our city continues to rapidly grow and become home to new businesses and residents, we must be able to better manage the development review process, which was a high priority in the Joint City-County Economic Strategic Plan adopted earlier this year.**

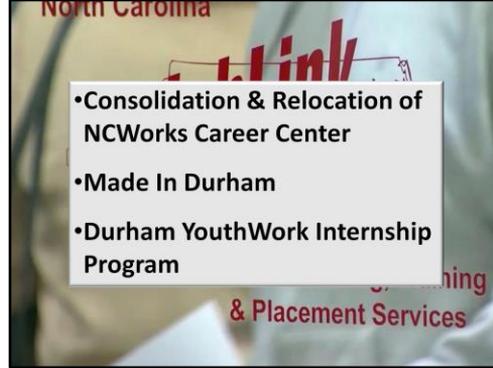
**Funding to support a new Development Services Center and five new positions is included. This center will create a business-friendly environment that will provide time-sensitive and an easy-to-navigate development review process.**



**Culture, arts, and festivals are a vital part of Durham’s economic fabric.**

**Support is included for continued vibrancy of arts and entertainment facilities such as DPAC, DBAP, Carolina Theatre, Hayti Heritage Center, and the Durham Arts Council.**

**While the budget also contains \$250,000 dollars to adequately support major festivals, such as the Full Frame, American Dance, Art of Cool, Bull Durham Blues, Bimbé, and Moogfest this coming year – we will initiate a complete review of allocations to each of the festivals to improve fairness and consistency.**



**To ensure the needs of unemployed and underemployed residents are more efficiently met, the NCWorks Career Center sites at Briggs Avenue and Northgate Mall will be consolidated and relocated to the former Lakewood Shopping Center.**

**This relocation will help revitalize this neighborhood in a transformative way and provide residents a more accessible location to meet their job search needs.**

**\$100,000 dollars in support for Made in Durham is included to continue providing education and training to prepare our youth for jobs.**

**Support for the Durham YouthWork Internship Program is also included, which is a partnership between the City, County, Durham Public Schools, for-profit businesses, and not-for-profit agencies, to hire our youth for jobs.**



**While signs of a growing economy abound, we know that many in Durham are not benefiting from this prosperity.**

**Communities across the country are recognizing the need to include financial empowerment as a part of a economic development strategy.**

**Durham was recently selected by the National League of Cities as one-of-eight from across the country to participate in a year-long collaborative learning exchange to expand financial inclusion programs in economic development strategies.**

**While Durham is fortunate to have several non-profits working on this issue, this year I am tasking the Office of Economic and Workforce Development to assign an existing position to focus on expanding financial empowerment and inclusion programs in Durham.**

**At the same time, many of our residents encounter challenges re-entering the community from the criminal justice system. This not only negatively impacts their lives and those of their families, but also our community in many other ways.**

**County Manager Wendell Davis and I have discussed this important issue and have committed to double our collective efforts to better understand and coordinate the various re-entry programs supported by both of our organizations.**



**In addition to providing programs and services and addressing human needs that directly affect residents, taking care of City buildings, parks, roads, and infrastructure is also crucial.**



**The City has made significant strides to commit funding over the past few years to address long-standing deficiencies.**

**While we've come a long way over the past years, the condition of city streets continues to be a top concern for residents according to the most recent survey.**

**Here's where we, quite literally, are taking it to the streets!**

**Funding for street and sidewalk repair and resurfacing is increased to \$3 million dollars, which is a \$1 million dollar increase from last year's budget.**

**Two Public Works positions have been re-classed to engineering inspectors to support the growing demand for issuing permits and the inspection of private-utility installation, which will identify infrastructure damage and hold utility providers accountable.**

**Funding is also included to increase the deferred maintenance fund to \$700,000 dollars, which is \$100,000 dollars more than last year's budget.**



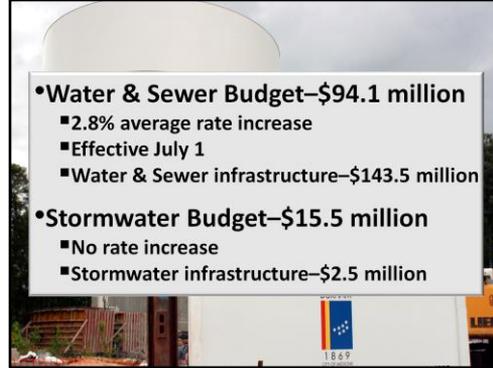
**We've heard loud-and-clear that street trees are important and contribute, not just to the beautiful aesthetic of Durham, but to our environmental quality.**

**To better understand the condition of this important community asset, \$45,000 dollars is included to conduct a targeted street tree inventory. This assessment will establish how many, as well as the condition and risk of our willow oak trees on public property in the study area.**

**Funding is also included to add a third tree crew in our General Services Department to address the growing backlog of trimming and removal service orders.**

**Also included is funding for one new construction project manager who will oversee park and trail projects that are funded through the dedicated half-cent funding for park maintenance.**

**Also planned is an inventory and assessment of stormwater infrastructure located in our parks, cemeteries, and trails.**



**Public water systems across the country are under significant scrutiny as the nation sees what can happen when this critical environmental resource is not protected, not properly invested in, and not managed.**

**Fortunately for Durham, forward thinking and strong political support over the last 10 years has seen over \$377 million dollars invested in the City’s water and sanitary sewer system.**

**Major capital projects to improve water delivery systems continue, as evidenced by the Downtown Loop Water Main Replacement Project that should be wrapping up later this year.**

**As you will note on this slide, in order to meet growing demand on water resources while continuing to update an aging system, moderate water and sewer rate increases are included.**



**The capital improvement budget includes \$173.9 million dollars for new and existing projects.**

**Funding is provided through Water and Sewer revenues and revenue bonds, General Fund financings, pay-as-go funding, Parking and Stormwater fees.**

**\$9.9 million dollars in General Fund capital projects is proposed for projects that were deemed a priority and essential to the City’s capital infrastructure needs.**

**The remaining \$164 million dollars of CIP funding is dedicated to Water and Sewer, Stormwater, and other enterprise projects.**



**At this point, we've all done our best thinking to recommend a budget that continues to move the city forward.**

**It has been a collaborative process, relying on the groundwork of long-term financial and strategic plans developed over the past few years, and at the same time trying to predict what the future holds.**

**It is now time for the elected leadership and residents to review and scrutinize the proposed budget.**

**We remain committed to transparency in our budget as well as in our total operations. Copies of the proposed budget are now available on our website, in our City Clerk's Office, and in our Budget and Management Services Department.**

**Residents are invited to share their thoughts at a Public Hearing on Monday, June 6.**



I also want to encourage our residents to engage with us on any of the platforms listed here.

We are hitting the streets to come to you – both literally and figuratively – and we encourage you to meet us halfway, and meet us often.



**As always, special recognition to Bertha Johnson and her Budget and Management Services team, along with our department directors, for their leadership to ensure that our Strategic Plan guides and aligns with budget priorities.**

**I continue to appreciate and value the close working relationship between the City Administration and our City Council as we think about what means the most to us as a community, now and for generations to come.**

**As I stated at the beginning of this presentation, many of our new initiatives focus on taking our message, services, and programs as much as possible to you...the people of Durham.**

**Providing easier access and meeting residents where they are... that's our guiding principle – whether it's in their neighborhoods, on mobile devices, or social media.**

**I believe this budget, does indeed, reflect how City employees are "taking it to the streets" and I invite you to meet us there – and to work with us – to make Durham a place where great things continue to happen. Thank you!**