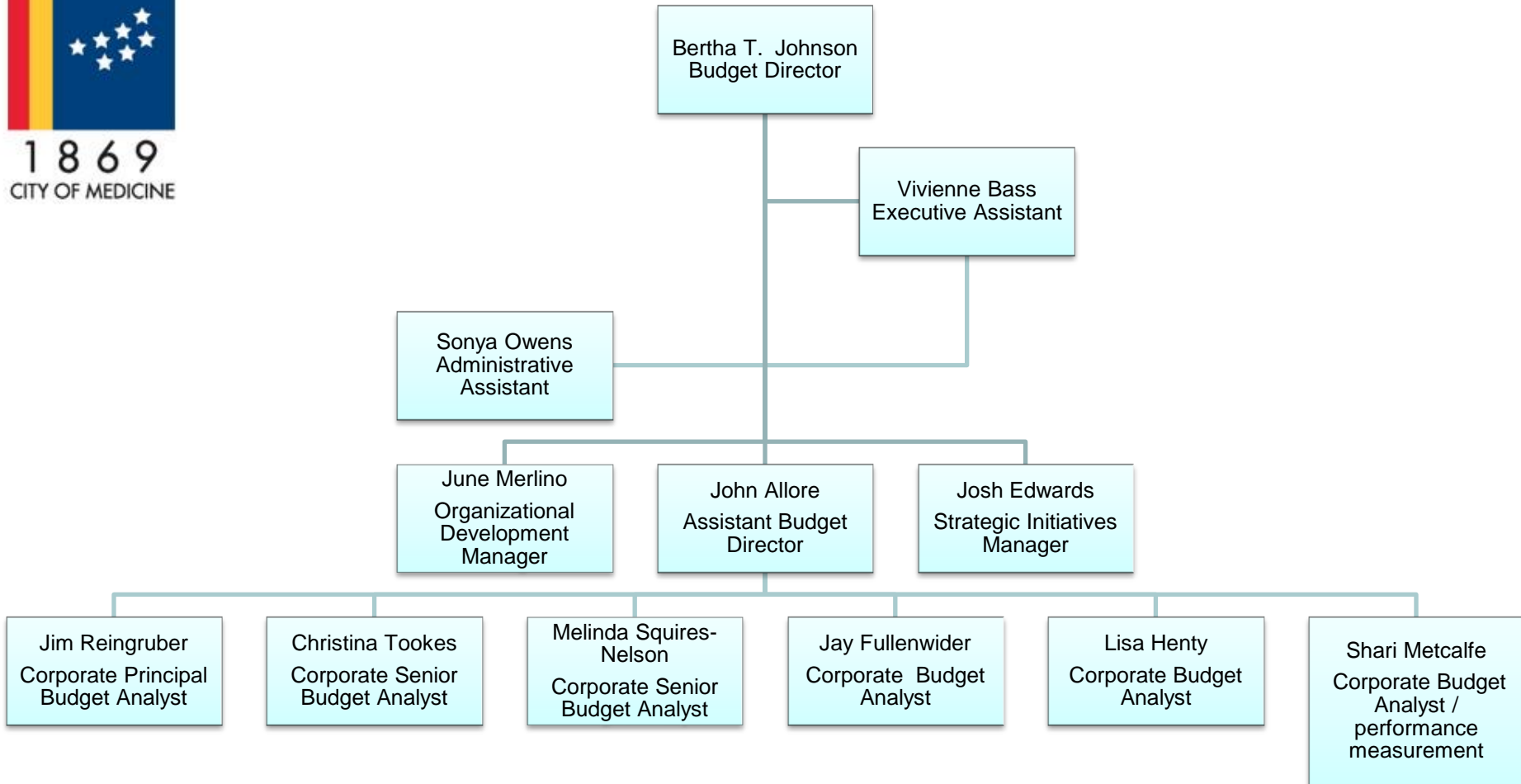




City of Durham PAC Meeting



Budget and Management Services





Budget Development Process

<p style="text-align: center;">January</p> <ul style="list-style-type: none"> ✦ Budget kick-off. City Manager explains financial and operational objectives. 	<p style="text-align: center;">February</p> <ul style="list-style-type: none"> ✦ Department budgets submitted to Budget office. ✦ City Council retreat to discuss vision and service issues. ✦ Public input on budget sought through public hearing and “Coffees with Council”. 	<p style="text-align: center;">March</p> <ul style="list-style-type: none"> ✦ Coffees with Council continue. ✦ City Council retreat to discuss financial issues. ✦ Budget office projects revenues.
<p style="text-align: center;">April</p> <ul style="list-style-type: none"> ✦ Departments present budgets to the City Manager. ✦ Balance expenditure requests with revenue estimates. 	<p style="text-align: center;">May</p> <ul style="list-style-type: none"> ✦ Preliminary Budget and Capital Improvement Plan prepared and formally transmitted to Council. ✦ City Council conducts work sessions on proposed budget. 	<p style="text-align: center;">June</p> <ul style="list-style-type: none"> ✦ Second Public Hearing is held in accordance with state law. ✦ The City Council adopts the budget. State law requires it to be adopted by June 30.
<p style="text-align: center;">July</p> <ul style="list-style-type: none"> ✦ New fiscal year begins. Budget becomes control instrument for all expenditures. 	<p style="text-align: center;">August</p> <ul style="list-style-type: none"> ✦ Ongoing monitoring of expenditures and revenues throughout the year is a responsibility shared by Department Directors, Budget and Finance. 	<p style="text-align: center;">September</p> <ul style="list-style-type: none"> ✦ Annual audit of prior year expenditures is conducted and Comprehensive Annual Financial Report (CAFR) is published.
<p style="text-align: center;">October</p> <ul style="list-style-type: none"> ✦ Management Team discusses and develops overall budget goals for next fiscal year. 	<p style="text-align: center;">November</p> <ul style="list-style-type: none"> ✦ Appropriation Transfers and Budget Amendments are reviewed and processed throughout the year, as necessary. 	<p style="text-align: center;">December</p> <ul style="list-style-type: none"> ✦ Develop budget manual, train departments in use of budget development software. ✦ Departments have Budget Pre-Meetings with the City Manager.



State Requirements

- The Local Government Budget and Fiscal Control Act governs much of the activities that occur in budget preparation and execution.
- The City's budget ordinance covers the fiscal year beginning July 1 and ending June 30.
- The budget ordinance must be approved by July 1.
- The Preliminary Budget, together with a budget message, is submitted to the City Council no later than June 1.



Major Budget Events Calendar

City Council Budget Retreats

- **Budget Guidelines/Economic Outlook/Strategic Plan:** Friday, February 13, (8:30 a.m. - 5:00 p.m.)
Museum of Life and Science (Mercury Meeting Room) 433 w. Murray Ave. Durham
- **Financial Projections/ TBD:** Friday, February 27 (8:30 a.m. - 5:00 p.m.)
Durham Armory - 220 Foster St, Durham

Budget Public Hearings (*regular City Council meetings*)

- Public Hearing, Monday, March 2, 2015
- Public Hearing and E-Town Hall, Monday, June 1, 2015

Council work sessions on the budget (Committee Room, City Hall)

- Tuesday, May 26 - Wednesday, May 27, 2015
- (Flagged items / Follow-up items for City Council)

Other Budget Milestones at City Council Meetings

- City Manager presents budget to City Council: Monday, May 18, 2015
- Council adopts budget, CIP and related fee schedules and ordinances: Monday, June 15, 2015



Major Budget Events Calendar

Coffees with Council (All meetings are open to all Durham residents.)

- **PAC 2 - Monday, February 9** - 6:00 pm. - 8:00 pm. – Durham Public Schools Resource Center, 2107 Hillandale Road, Durham, NC
- **PAC 4 - Saturday, February 14** – 10:00 am. - 12:00 noon – Campus Hill Recreation Center, 2000 S. Alston Ave.
- **PAC 5 - Thursday, March 12** – 5:30 pm. - 7:30 pm. – City Hall - Council Committee Room, (Spanish translation required)
- **PAC 3 - Saturday, March 14** – 10:00 am. - 12:00 noon – Lyon Park Community Family Life and Recreation Center, 1309 Halley St., Durham, NC
- **PAC 1 - Saturday, March 21** - 9:30 am. - 11:30 am. – Holton Career and Resource Center, Child Care Center, 2nd Floor, 401 North Driver Street, Durham, NC



Coffees with Council

- PAC Leaders are asked to continue to ensure meetings are focused, structured, and questions are submitted in advance, where possible.
- NIS will facilitate communication between the PACs and departments for non-budget information.
- Department Directors (or Designee) are required to attend PAC meetings.
- Departments will continue to provide handouts on work that is going on in each PAC district.
- BMS will make a presentation at the beginning of each meeting (15 min max).



Purpose of the Presentation

- Current Fiscal Year Budget Status
- Upcoming Fiscal Year Budget Outlook
- Budget Priorities – what’s in already
- Strategic Plan Priorities
- Budget Gap Update
- Other Budget needs – what else are we trying to fund
- Set the stage for participants engagement with City Council – most productive use of time.

Fiscal Year 2014-15 Budget

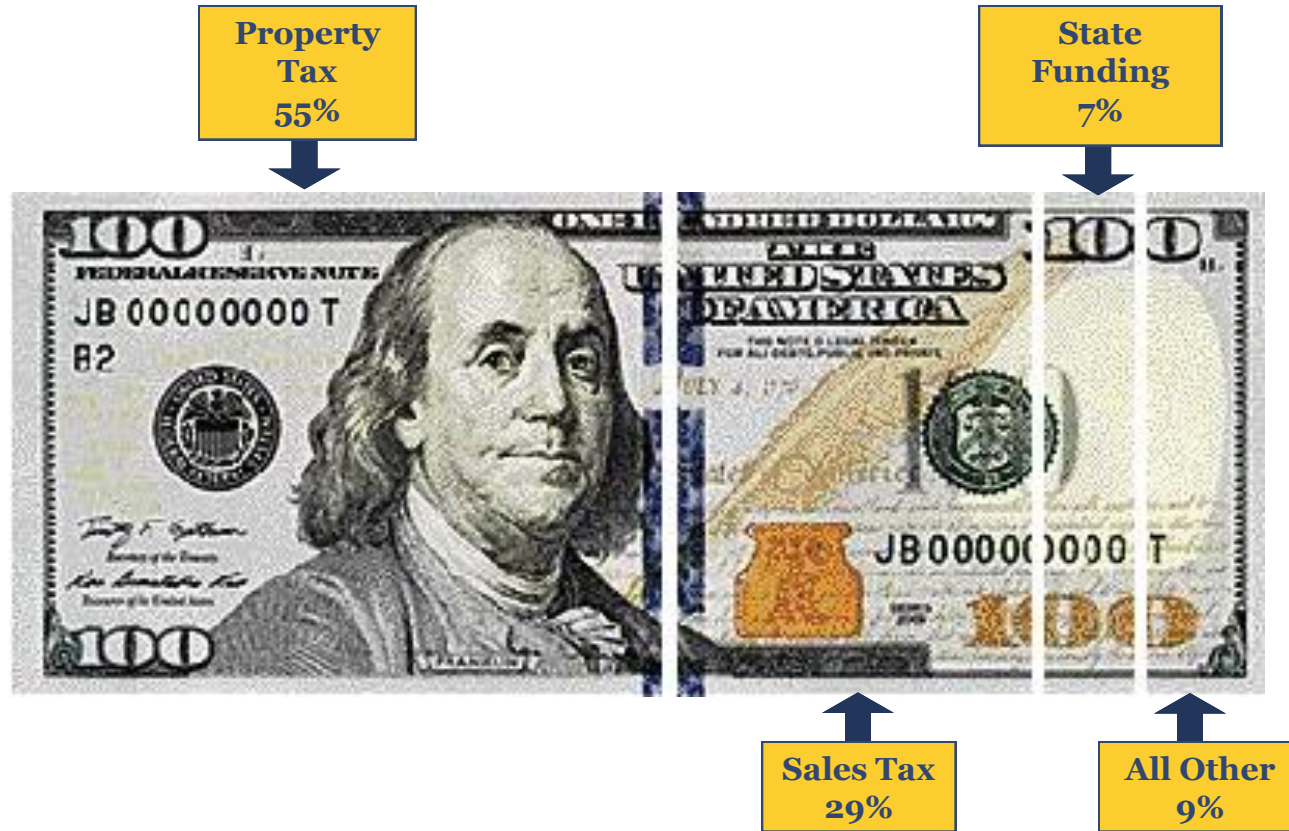


- Total Budget \$389.9 million (Adopted June 16, 2014)
 - General Fund \$175 million
 - 55% Property Taxes
 - 29% Sales Taxes
 - Debt Service Fund \$43.1 million
 - Water & Sewer Fund \$85.3 million
 - Solid Waste Fund \$20.3 million
 - All other Funds \$66.2 million
- Property tax rate increased by 2.37 to 59.12 (cents per \$100).
 - A penny on the tax rate = \$2.42 million
 - Tax Rate 59.12 (cents per \$100)
 - GF Operations = 38.43
 - Debt = 15.82
 - Transit = 3.87
 - Dedicated housing = 1.00



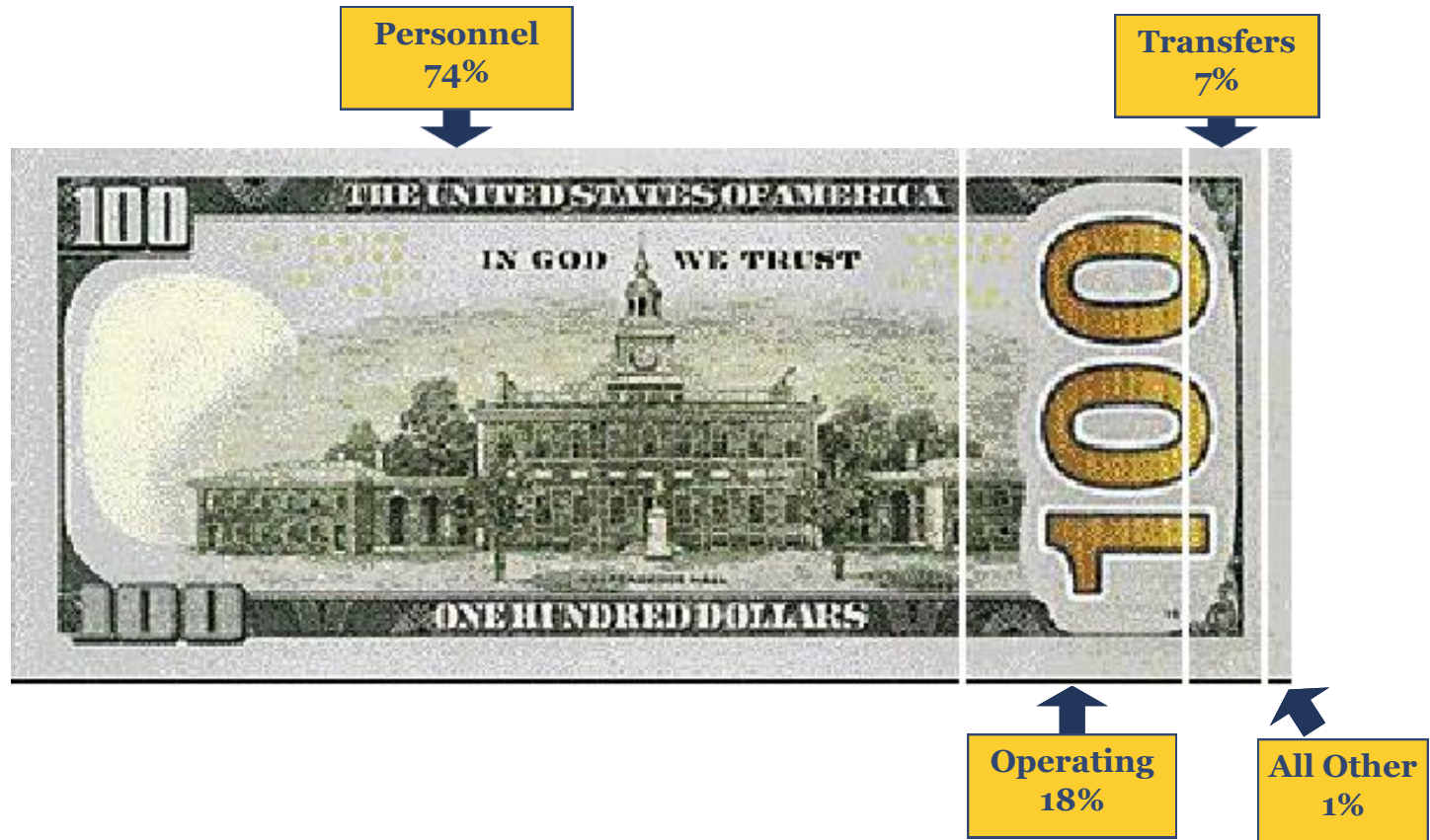


Summary of Revenues – General Fund



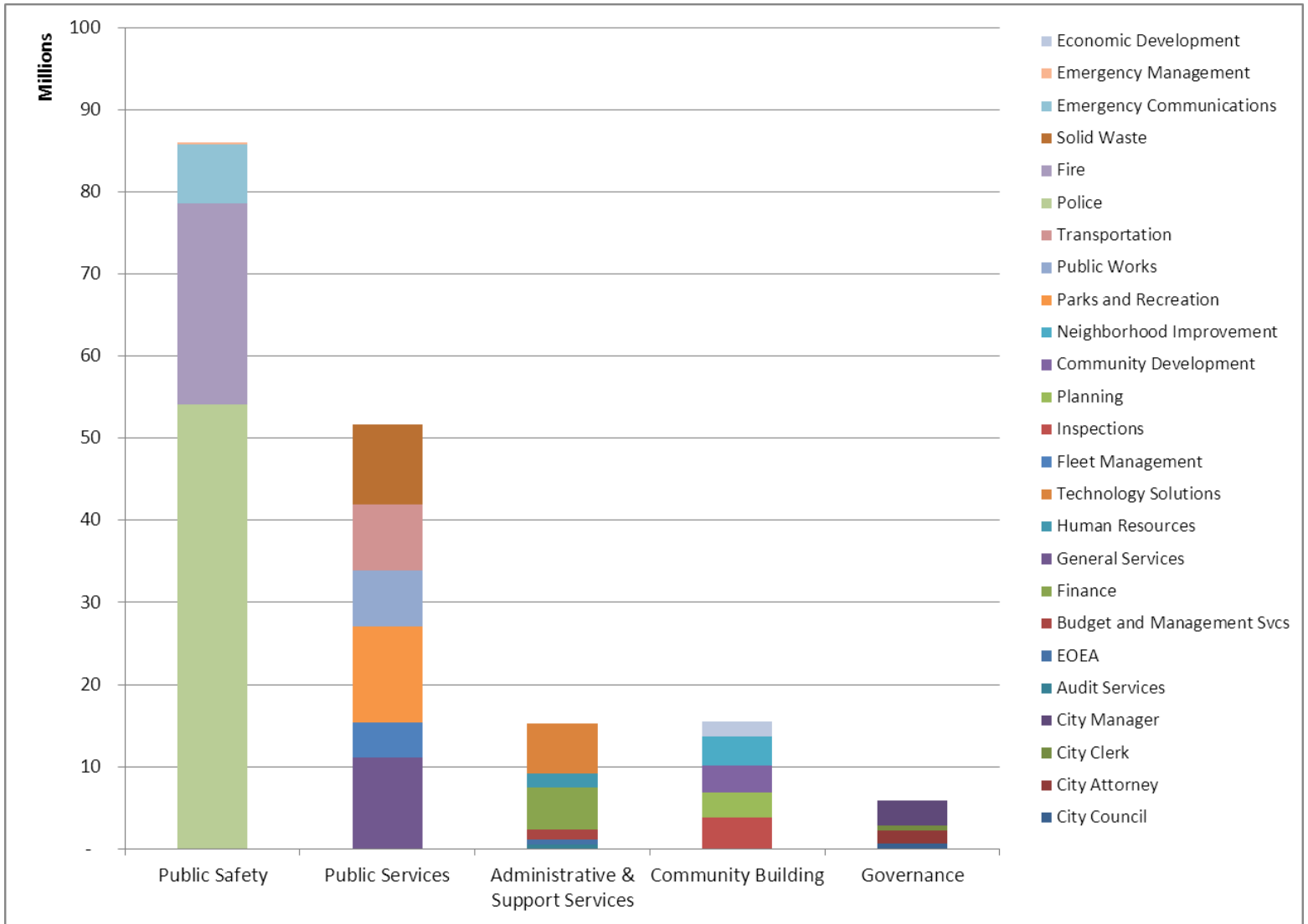


Summary of Expenditures – General Fund





GF Expenditures – Budget Group





FY 2016 Budget Outlook

- Undetermined at this point whether federal, state or county governments will reduce any of the City's major revenues next year.
- More information after completion of 3rd Quarter Financial Report.



FY 2016 Budget Outlook

- The initial forecast estimates that we begin the budget development process with a \$5.7 million gap.
- Economy is still presenting some challenges but revenues are growing.
- Program expansions are still not likely without additional revenues or savings from program/service reductions.



FY 2016 Budget Development

- Program Inventory/Priority Based Budgeting. Evaluating programs based on need/demand for service and cost/benefit
- Evaluating programs/services for efficiency and effectiveness – performance measures
- Making data-driven decisions – no review of requests without evaluation of impact of performance measures
- Clear connections between requests and Strategic Plan goal achievement



Capital Projects

- Vehicle replacement, fundable CIP, and new capital projects will be considered in FY16.
- We will continue to fund priority capital needs such as deferred maintenance and street resurfacing.
- Exceptions are projects with a dedicated funding source (W&S, Stormwater, etc).
- Focus on Fundable CIP, and a comprehensive strategy for capital assets.



Strategic Plan Goals

1. Strong and Diverse Economy
2. Safe and Secure Community
3. Thriving Livable Neighborhoods
4. Well Managed City
5. Stewardship of City's Physical Assets



Strategic Plan Benefits

- Roadmap for translating long term vision into present and future organizational efforts
- Data driven decision making
- Connects resources with long term vision to accomplish priorities
- Set more realistic objectives that are demanding, yet attainable
- Helps engage employees and anyone that lives, works, learns and plays in Durham with the long term vision of the City





Joint City-County Initiatives

- Two important joint initiatives in FY15
 - Economic Development Strategic Plan
 - Open Data
- Joint City County Retreat three focus areas
 - How we Engage Community together
 - Co-location / facility planning
 - How we Innovate together





Strategic Plan Update: FY16-FY18

- Coordinating update of City's Strategic Plan from November 2014 through June 2015
- Seeking direction on existing goals and future focus
- Community input helps shape strategy for accomplishing each goal
- With everyone's help, new initiatives can be developed that will help realize the City's vision:

Where Durham is the leading city in providing an excellent and sustainable quality of life





Recognition



- Awarded ICMA’s Certificate of Excellence, their highest honor, for using performance measurement in local government management through the strategic plan and dashboard (one of 29 cities nationally to be recognized)
- Awarded the Public Technology Institute’s “Citizen Engaged Community 2013-2015” through the use of technology associated with the strategic plan dashboard and website (one of 20 cities nationally to be recognized)
- Awarded Honorable Recognition for a Government by the Association for Strategic Planning’s “Goodman Award” for our in-depth strategy formulation process - and the interdependency between the key strategic elements.