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 on Facebook Live.

I am honored to be before you this evening to present the proposed 2017-2018 fiscal year budget for the City of Durham.
To continue our tradition of making the annual budget presentation relevant to current happenings in the city, you might recall that last month Vogue Magazine called Durham the hippest city in North Carolina.

We just couldn’t let that go without comment, and what better way to do that than with something as mundane as the annual budget.

The Vogue writer mainly focused on our great restaurants and other attractions “that make Durham so hip.”

A few days after the article appeared, a local columnist wrote that there was so much more that goes into making Durham hip and it’s something we’ve known for a long time. And he urged Durham residents to “keep it quiet!”

As he correctly acknowledged, the fact that Durham is hip, is nothing new. We’ve often described ourselves as funky, authentic, cool and, now ... hip.

But, to be fair, no one has ever accused government of being hip.

Well, that might be debatable.
A few weeks ago, a citywide spring cleanup unearthed some decades old photos of what I’d describe as a few “hip-looking” City employees, whose jobs were to do what some might call “square” work...
protecting Durham residents; safeguarding tax dollars;
maintaining City vehicles and property
and, in general, running the city.
In my younger days, there were many things that I thought were hip... extended mustaches, flair leg pants, double-knit suits, a dark suntan, and eating late night take-out.

**DTN Staff: que lyrics playing low in background**

But, now I know better... in the words of singer Huey Lewis, “I’m working out most every day and watching what I eat. They tell me that it’s good for me, but I don’t even care. I know it’s crazy. I know it’s nowhere. But there’s no denying that, especially as we get older, it just might be hip to be square.”
The 2018 budget continues and builds on the City’s everyday “square”
efforts to responsibly meet residents’ basic needs, while at the same time,
introducing creative and innovative – or “hip” ways to address community
challenges.
In developing the budget, the Administration continues to be guided by the City’s Strategic Plan, as well as encouraging and actively seeking community input.

This year, in addition to the various ways the City has traditionally reached out to the community, we’ve also taken into account the priorities identified in the 2016 Resident Satisfaction Survey, which results can be viewed on the City’s website.

As always, thank you to Mayor Bell and City Council for your guidance and participation throughout the budget process.
From the construction cranes downtown to the residential building boom happening all over town, it’s obvious that the secrets out on many of the factors that went into Vogue’s assessment of why Durham is hip, and indicates how Durham’s economy is faring.
Maybe not so visible are the people working to make their neighborhoods even better places to live.
This year’s proposed budget helps to sustain this progress, and implements and funds new and innovative ways to address many of our community’s most challenging issues.

I will highlight a few of the key components of my recommended budget tonight.
The proposed total budget for FY 2017-18 is $429.4 million dollars, a 6.1 percent increase from last year.
The proposed General Fund budget, which covers the City’s core services, is $189.4 million dollars, a nearly 5 percent increase from last year.
This year, to meet the City’s need to cover expanding priorities, particularly in affordable housing and public safety, I am recommending a 1.79-cent property tax increase per $100 dollars of assessed value, bringing the City’s total rate to 57.86 cents.

Values for new construction and annexation will push the value of a penny on the tax rate to $2.79 million dollars.

What this means for the average homeowner is a City tax bill of about $1,041 dollars per year, or $86.75 per month, on a house valued at the median house value of $180,000 dollars, which is $32 dollars more than last year, or less than $3 dollars more per month.
Proposed General Fund expenditures include increases for personnel costs and significant increases in transfers for more street resurfacing, while operating expenditures decreased by a little more than 7 percent as a result of a variety of operational savings and prior year one-time expenditures.
The proposed budget uses a little more than $6 million dollars of fund balance for a variety of one-time costs.

The projected fund balance at the end of the fiscal year is $49.9 million dollars, which is 27.6 percent, and helps safeguard the City against economic uncertainty and emergencies in the future.

The City continues to enjoy an outstanding credit rating by all of the rating agencies, due in part to sound fiscal management and percentage of fund balance.
This year, I propose using fund balance to address some of the concerns that we’ve heard from residents.

$2.6 million dollars is provided for additional street resurfacing above the $4 million dollars included in recurring paving expenditures, and $900,000 dollars on top of the $800,000 dollars in recurring funding for deferred maintenance needs, both top priorities raised in the 2016 Resident Satisfaction Survey.
Also, to encourage police officers to reside in the city and become part of neighborhoods, nearly $1.7 million dollars is being allotted for the second year phase-in of the take-home vehicle program.
I continue to enjoy leading the City’s nearly 2,400 employees, and firmly support keeping, rewarding, and retaining them high on the City’s priority list.

The proposed budget continues the pay-for-performance plan, and reflects the full implementation of the public safety employees pay plans.

Within the pay-for-performance plan, an average of 4 percent is budgeted for general employees, while 5 percent is budgeted for sworn personnel, in line with pay plan adjustments approved earlier this year.

While health care costs continue to rise, again this year some premium increases are necessary to maintain the financial strength of the self-insured fund that covers the lives of more than 6,000 employees and dependents.

Participation in the Blue Local plan has risen 7.5 percent, thanks to special efforts to inform employees about more cost-effective health care options.
This year, the budget proposes to add 53 positions, including 30 new firefighters to staff the soon-to-be-completed fire station 17 in southeast Durham.

This budget also includes the conversion of a significant number of temporary and part-time positions to full-time permanent status, along with a limited number of new specialized positions to address issues such as cyber and building security.
Keeping the community safe continues to be a top priority and continues to be reflected in the city budget.

Chief C.J. Davis is nearing her first anniversary leading the police department, ...
...and she, her command staff, and officers continue to work to build and enhance relationships in the community.

Funding is included in this budget to replace and upgrade electronic equipment, support programs -- including body-worn cameras -- and to continue recruitment and retention programs that are under way.

Funding is also included to replace mobile data computers and in-car cameras as well as hiring a new crime analyst.
Mayor Bell frequently says, strong neighborhoods make even stronger communities. Over the last year, we’ve seen how engaged residents contribute to making neighborhoods better.

Some examples of these efforts include Transformation-in-Ten, neighborhood mini-grants such as the one shown here in Southside, and City Hall on the Go.
I’d like to highlight here some of the improvements in our neighborhood parks, made possible by the dedicated half-cent for parks, which will continue in the proposed budget.
If you haven’t visited them lately, you’ll find a noticeable improvement in ballfields, parking lots, and restrooms.
Major upgrades to other parks and recreation facilities will continue this year and will be funded in the capital improvement plan.
At the direction and support of City Council, I am pleased to include a special emphasis on more proactively engaging the city’s youth in this year’s budget.

Starting June 1st, to encourage youth to better take advantage of recreation opportunities, all centers and activities, outdoor and indoor pools, and daily pass fees will be eliminated for Durham youth under 18 years of age.
Additionally, new teen programs will begin September 1st at four recreation centers including a drop-in program from 3 p.m. to 7 p.m. immediately following school hours.

DPR will also be hiring youth ambassadors to enhance marketing efforts to help inform teens about the programs.
The Administration has heard the Council and its call for better partnerships between the City and other agencies to work together and supportively, for the good of the city’s youth, now and for the future.

Earlier this year, the City was awarded a $1.2 million dollar grant to be used over three years to address justice-involved youth employment starting this summer.

The goal is to improve their lives and job opportunities; lower the violent crime rate; and reduce high levels of poverty in certain areas of our city.
As Durham basks in everything that makes us “hip,” it no doubt makes the city attractive to others seeking to be a part of it.

While that’s great for the city’s economy, it also creates challenges for many of our lower-income residents -- many of whom have lived here all of their lives -- with affordable rent and home prices.

Last year, the City identified goals aimed at addressing the significant affordable housing challenges for lower-income households. While these goals provided a strategic path forward, they also highlighted the significant gap of available affordable housing.

These gaps include the need for new affordable homeownership and rental units; preserving existing affordable rentals; enhancing collaboration with Durham Housing Authority; and ensuring housing stabilization in appreciating neighborhoods.

Addressing these priority gap areas of the City’s affordable housing strategy all start and end with adequate funding. That is why I am recommending that this budget increase the dedicated housing fund by a penny, which combined with federal entitlements, will bring the annual commitment to shelter and affordable housing to almost $9 million dollars.
I am requesting that Council set aside a significant amount of time during the upcoming budget work sessions to discuss the adequacy of this proposed level of funding and appropriate allocations of funds within each of the affordable housing priority areas.

Once these levels are approved, staff will be positioned to solicit and fully vet proposals from housing partners to implement specific initiatives and projects.
Another high priority identified in the recent Resident Satisfaction Survey was traffic. As the city grows, accommodating travel in the city is top-of-mind for many residents. The city will continue to support core transit services, and grant funds will pay for updated technology to more effectively manage traffic.

While the City has enjoyed support from Duke University over the past 8 years for the Bull City Connector, Duke’s funding will be reduced in half this year, and will cease entirely for FY2019.

The coming year’s work will include an evaluation of all bus routes and headways including the Bull City connector.

No transit fare increases are included in the proposed budget, making GoDurham one of, if not the least expensive transit fares in North Carolina.

The city is also further enhancing traffic management needs by adding staff to traffic system maintenance, such as pedestrian signals and signal upgrades, and for fiber maintenance.
As previously mentioned, the proposed budget will more than double funding for paving and street maintenance to $6.6 million dollars.
Parking needs continue to be addressed with on-street parking meters introduced earlier this year.

We continue to work through issues -- not unexpected -- and other solutions are in the planning stages, including the construction of a new garage, adding new garage equipment, and increasing monthly parking garage rates.
The budget continues to support arts and cultural programs throughout the city including over $1.6 million dollars in funding to support the Durham Arts Council, the Carolina Theatre, and St. Josephs Hayti Heritage Center.

Last December, many of us celebrated the return of the Durham Holiday parade, which was by all accounts a great success, and funding is again included for this event.

Funding is also included for the wonderful festivals we’ve come to expect and appreciate including The Art of Cool, Moogfest, Full Frame Documentary Film Festival, and the American Dance Festival.

Finally, an increase from $20,000 dollars to $75,000 dollars for public art is also included.
DPAC continues to be an incredible success story, providing significant economic impact and attracting thousands to our community without any property tax-funded subsidies or support.
Durham also took a big step forward in April, with the grand opening of Development Services Center.

Thanks to the City-County Planning and Inspections Departments for leading this effort, which is streamlining the development review and permitting process for businesses as well as residents.
While I’ve mentioned a few capital improvement projects earlier, I’d like to call your attention to a few listed here on this slide.

Approximately $1.6 million dollars for parks and recreation trails, centers and facilities; $2 million dollars for public safety radio replacements; and $1.5 million dollars for sidewalk repairs have been allocated in this proposed budget.

Overall, the capital improvement budget includes $136.9 million dollars for new and existing projects.
I’ve highlighted many of the key budget recommendations and invite you to take a closer look over the next few weeks.

There are many other projects and initiatives that might not be so hip, but are definitely necessary and contribute to keeping neighborhoods healthy and thriving – from meeting our infrastructure needs to keeping our community and our environment clean.

Staff looks forward to delving deeper into the details of the proposed budget at next week’s budget work sessions.

Developing the budget is always 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. Residents are invited to share their thoughts at a Public Hearing on Monday, June 5.

We remain committed to transparency in the budget as well as in the total operations.

Copies of the proposed budget are now available on the City’s website, in the City Clerk’s Office, and in the Budget and Management Services Department.

If you don’t have time to review the entire budget document, I encourage everyone to at least read the Transmittal Letter, which is an excellent summary of the budget proposal.
I also want to encourage residents to engage with us on any of the platforms listed here.

As always, special recognition to Bertha Johnson and her Budget and Management Services team, along with our Department Directors and Executive Team, for their leadership to ensure that our Strategic Plan guides and aligns with budget priorities.
And finally, as this is Mayor Bell’s final budget presentation, I’d like to offer my deepest appreciation for his guidance and leadership through 17 budget presentations...nine of which were from me.

Mr. Mayor, you have set a great example by illustrating the value of listening and valuing the viewpoints of each person, while acting for the good of entire community.

I will truly miss working with you. I continue to value the close working relationship that I’ve had over the years with each Council member.
On a personal note, doing good and doing the right things for the community and for the benefit of future generations means more to me every day.

Two years ago, I introduced you to my first granddaughter, Sable. Karen and I welcomed our new granddaughter, Jordan, just a few weeks ago.

While unfortunately our two granddaughters do not live in Durham, they are a constant reminder to me that decisions we make today will impact future generations in our community.
I believe this budget supports the “square” as well as the “hip” City services. As a community, we must continue to work together to make Durham a place that is welcoming, supportive, and a place that everyone can call home.

Thank you.

*DTN Staff: que song chorus while manager returns to dais*