PAC 2 – Coffee with Council

Budget Update

Budget and Management Services

February 8, 2016
Major Budget Events Calendar (Agenda Item #10841)

City Manager and Staff Only

- **Multi-Year Financial Plan, Risk, Health Benefits, and Debt:** Monday, December 7, 2015

- **Budget Pre-Meetings:** Friday, December 1st – Thursday, December 17th, 2015

- **Budget Kickoff:** Wednesday, January 6, 2016, 2:00 pm – 4:00 pm - City Council Chambers

- **Citywide Facilitator’s PAC Meeting:** Wednesday, January 27, 2016 (6:30 pm - 8:00 pm) NIS, 807 E. Main Street, Bldg 2
Major Budget Events Calendar (Agenda Item #10841)

City Council Budget Retreats (*Museum of Life & Science*)
- **Budget Guidelines/Economic Outlook/Resident Survey:** Friday, February 12, (8:30 am - 5:00 pm)
- **Financial Projections/TBD:** Friday, February 26 (8:30 am - 5:00 pm)

**Budget Public Hearings (regular City Council meetings)**
- Public Hearing, Monday, March 7, 2016
- Public Hearing, Monday, June 6, 2016

**Council work sessions on the budget (Committee Room, City Hall)**
- Tuesday, May 24 - Wednesday, May 25, 2016

**Other Budget Milestones (regular City Council meetings)**
- City Manager presents budget to City Council: **Monday, May 16, 2016**
- Council adopts budget, CIP and related fee schedules and ordinances: **Monday, June 20, 2016**
Major Budget Events Calendar
(Agenda Item #10841)

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

- **PAC 2** - Monday, February 8 - 6:00 p.m. - 8:00 p.m. – Durham Public Schools Resource Center, 2107 Hillandale Road

- **PAC 3** - Saturday, February 13 – 10:00 a.m. - 12:00 noon – Lyon Park Community Family Life and Recreation Center, 1309 Halley St.

- **PAC 5** - Thursday, March 10 – 5:30 p.m. - 7:30 p.m. – City Hall - Council Committee Room

- **PAC 4** - Saturday, March 12 – 10:00 a.m. - 12:00 noon – Campus Hill Recreation Center, 2000 S. Alston Ave.

- **PAC 1** - Saturday, March 19 – 9:30 a.m. - 11:30 a.m. – Holton Career and Resource Center, 2nd Floor, 401 North Driver Street
Fiscal Year 2015-16 Budget

Total Budget $388.2 million (Adopted June 15, 2015)

- General Fund $171.8 million
  - 52% Property Taxes
  - 31% Sales and Local Taxes
- Debt Service Fund $41.2 million
- Water & Sewer Fund $88.7 million
- Solid Waste Fund $20.9 million
- All other Funds $65.6 million

Property tax rate unchanged at 59.12 (cents per $100)

- A penny on the tax rate = $2.475 million
- Tax Rate 59.12 (cents per $100)
  - GF Operations = 35.38
    - includes ½ Penny for Park and Trail Maintenance
  - Debt = 13.02
  - Solid Waste = 5.85
  - Transit = 3.87
  - Dedicated housing = 1.00
Summary of Revenues – All Funds

- Operating Revenues: 29%
- Intragovernmental Charges: 0%
- Charges for Services: 7%
- Investment and Rental: 0%
- License and Permits: 2%
- Intergovernment: 5%
- Other Revenues: 3%
- Transfer from Other Funds: 1%
- Appropriation from Fund Balance: 1%
- General Property Tax: 38%
- Sales Tax: 13%
- Other Local Taxes: 1%
Summary of Expenditures – All Funds

- Personal Services: 46%
- Operating: 25%
- Capital: 1%
- Debt Service: 15%
- Transfers to Other Funds: 10%
- Other: 0%
- Transfer to Fund Balance: 3%
GF Expenditures – Budget Group

- Public Safety
- Public Services
- Administrative & Support Services
- Community Building
- Governance

Expenditure categories include:
- Economic Development
- Emergency Management
- Emergency Communications
- Solid Waste
- Fire
- Police
- Transportation
- Public Works
- Parks and Recreation
- Neighborhood Improvement
- Community Development
- Planning
- Inspections
- Fleet Management
- Technology Solutions
- Human Resources
- General Services
- Finance
- Budget and Management Services
- EOEA
- Audit Services
- City Manager
- City Clerk
- City Attorney
- City Council

Millions spent on various city services.
GF-Where does the money come from?

- **Property Tax**: 52%
- **State Funding**: 6.9%
- **Sales Tax**: 29.6%
- **All Other**: 11.5%
GF - Where does the money go?

- Personnel: 78%
- Transfers: 2.9%
- Operating: 19%
- All Other: 0.1%
2016 Property Tax Reappraisal
Reappraisal is the process of taking a **market value** “snapshot” of all real property in the county, as of January 1 of the reappraisal year.

That **market value** becomes the tax value for every year **until the next reappraisal** occurs.

North Carolina law requires all counties to reappraise real property every eight years. **Durham County’s last reappraisal took effect on January 1, 2008.**

Why? Since property taxes are based on property values, unequal changes in values means some property owners pay more than their share, while others pay less.
2016 Property Tax Reappraisal

- **Countywide**, here’s how total real property assessed value has changed:

<table>
<thead>
<tr>
<th>Total 2015 Value (2008 Rates)</th>
<th>Total 2016 Projected Value*</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,758,140,478</td>
<td>$29,398,308,823</td>
<td>14.1%</td>
</tr>
</tbody>
</table>

*Does not include expected annual growth of 2%

- Here are the rates of change for different property types:

<table>
<thead>
<tr>
<th>Type</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>11.90%</td>
</tr>
<tr>
<td>Commercial</td>
<td>27.10%</td>
</tr>
<tr>
<td>Industrial</td>
<td>10.40%</td>
</tr>
</tbody>
</table>
2016 Property Tax Reappraisal

- **Citywide**, here’s how total real property assessed value has changed:

<table>
<thead>
<tr>
<th>Total 2015 Value (2008 rates)</th>
<th>Total 2016 Projected Value*</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,692,731,179</td>
<td>$24,050,867,898</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

*Does not include expected annual growth of 2%

- Here are the rates of change for different property types:

<table>
<thead>
<tr>
<th>Type</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>+12.6%</td>
</tr>
<tr>
<td>Commercial</td>
<td>+28.2%</td>
</tr>
<tr>
<td>Industrial</td>
<td>+19.7%</td>
</tr>
</tbody>
</table>
### Property Tax

#### ASSESSED VALUE GROWTH FY 2010-2017

<table>
<thead>
<tr>
<th></th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>333</td>
<td>323</td>
<td>300</td>
<td>314</td>
<td>310</td>
<td>329</td>
<td>329</td>
<td>335</td>
</tr>
<tr>
<td>Personal</td>
<td>2,824</td>
<td>2,887</td>
<td>3,030</td>
<td>3,235</td>
<td>3,112</td>
<td>3,473</td>
<td>3,473</td>
<td>3,535</td>
</tr>
<tr>
<td>Real</td>
<td>19,179</td>
<td>19,513</td>
<td>19,710</td>
<td>19,999</td>
<td>20,263</td>
<td>20,740</td>
<td>21,179</td>
<td>24,051</td>
</tr>
<tr>
<td>Cumulative Growth</td>
<td>0.0%</td>
<td>1.8%</td>
<td>3.2%</td>
<td>5.5%</td>
<td>6.1%</td>
<td>10.0%</td>
<td>12.0%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Year over Year Growth</td>
<td>1.4%</td>
<td>1.7%</td>
<td>1.4%</td>
<td>2.2%</td>
<td>0.6%</td>
<td>3.6%</td>
<td>1.8%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>
## Peer Revaluations

<table>
<thead>
<tr>
<th>County</th>
<th>Year of latest revaluation</th>
<th>Percent Change in Growth</th>
<th>Next scheduled revaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALAMANCE</td>
<td>2009</td>
<td>35.20%</td>
<td>2017</td>
</tr>
<tr>
<td>BUNCOMBE</td>
<td>2013</td>
<td>0.80%</td>
<td>2017</td>
</tr>
<tr>
<td>FORSYTH</td>
<td>2013</td>
<td>-8.60%</td>
<td>2017</td>
</tr>
<tr>
<td>GRANVILLE</td>
<td>2010</td>
<td>3.71%</td>
<td>2018</td>
</tr>
<tr>
<td>GUILFORD</td>
<td>2012</td>
<td>0.54%</td>
<td>2017</td>
</tr>
<tr>
<td>NEW HANOVER</td>
<td>2012</td>
<td>-14.59%</td>
<td>2017</td>
</tr>
<tr>
<td>WAKE</td>
<td>2008</td>
<td>5.00%</td>
<td>2016</td>
</tr>
</tbody>
</table>
What does it mean?

• Overall, property values have increased however, City Council sets the tax rate (which may or may not provide additional tax revenue).

• G.S. 159-11 requires each taxing unit to publish a revenue-neutral property tax rate (“revenue-neutral rate”) as part of its budget for the fiscal year following the revaluation of its real property.

• Revenue-neutral rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no revaluation had occurred.

• Revenue-neutral rate provides taxpayers a benchmark against which they can compare a proposed post-revaluation tax rate.
2015 Resident Survey
2015 Resident Survey

• The City of Durham began surveying residents in 1999 and has continued the effort every two years.

• The survey assesses how well the City is achieving its vision and mission with both quality of life and service quality questions.

• The survey also provides feedback on what services or priorities need to be addressed from the residents’ perspective.

• Report available on City’s website and results will be discussed with City Council at first Budget Retreat.
Who Shared?
Random Sample of 479 City Residents

Demographics: Race/Ethnicity
- White: 47%
- Black/African American: 47%
- Asian/Pacific Islander: 3%
- American Indian/Eskimo: 1%
- Other: 3%

Demographics: Total Annual Household Income
- Under $30,000: 14%
- Not provided: 8%
- $30,000 to $59,999: 24%
- $60,000 to $99,999: 20%
- $100,000 or more: 25%
Vision: Durham is the leading city in providing an excellent and sustainable quality of life.

Trends: Satisfaction with Items That Influence Perception Residents Have of Durham 2015 vs. 2013 vs. 2005

by percentage of respondents who were either “Very Satisfied” or “Satisfied” with the item (excluding don’t knows)

Overall quality of life in your neighborhood:
- 2015: 81%
- 2013: 67%
- 2005: 76%

Overall quality of life in the city:
- 2015: 72%
- 2013: 49%
- 2005: 68%

Overall quality of services provided by the city:
- 2015: 65%
- 2013: 55%
- 2005: 70%

Overall appearance of the city:
- 2015: 53%
- 2013: 34%
- 2005: 56%

Overall image of the city:
- 2015: 52%
- 2013: 25%
- 2005: 50%

Value received for your local taxes and fees:
- 2015: 38%
- 2013: 26%
- 2005: 43%

Source: ETC Institute (2015)
Mission: To provide quality services to make Durham a great place to live, work, and play

Trends: Overall Ratings of the City of Durham 2015 vs. 2013 vs. 2005
by percentage of respondents who rated the City as either “Excellent” or “Good” (excluding don’t knows)

- As a place to live: 2015 - 84%, 2013 - 68%, 2005 - 81%
- As a place to work: 2015 - 84%, 2013 - 69%, 2005 - 78%
- As a place to play: 2015 - 72%, 2013 - 67%, 2005 - 67%
- As a place to visit: 2015 - 71%, 2013 - 69%, 2005 - 54%
- As a city that is moving in the right direction: 2015 - 47%, 2013 - 66%, 2005 - 70%
- As a place to raise children: 2015 - 62%, 2013 - 52%, 2005 - 61%
- As a place to retire: 2015 - 49%, 2013 - 50%, 2005 - 60%

Source: ETC Institute (2015)
**Mission:** To provide quality services to make Durham a great place to live, work, and play

### Trends: Satisfaction with Various Aspects of City Services - 2015 vs. 2013 vs. 2005

by percentage of respondents who were either “Very Satisfied” or “Satisfied” with the item (excluding don’t knows)

<table>
<thead>
<tr>
<th>Service</th>
<th>2015</th>
<th>2013</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of fire protection/rescue services</td>
<td>82%</td>
<td>70%</td>
<td>62%</td>
</tr>
<tr>
<td>Quality of City water and sewer utilities</td>
<td>70%</td>
<td>70%</td>
<td>62%</td>
</tr>
<tr>
<td>Parks and Recreation facilities/programs</td>
<td>65%</td>
<td>64%</td>
<td>63%</td>
</tr>
<tr>
<td>Quality of police protection</td>
<td>65%</td>
<td>64%</td>
<td>63%</td>
</tr>
<tr>
<td>Customer service received from City employees</td>
<td>61%</td>
<td>61%</td>
<td>60%</td>
</tr>
<tr>
<td>Effectiveness of communication with the public</td>
<td>60%</td>
<td>50%</td>
<td>45%</td>
</tr>
<tr>
<td>Overall enforcement of codes and ordinances</td>
<td>49%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Flow of traffic in the City</td>
<td>52%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Maintenance of city streets</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Quality of the City’s public transit system</td>
<td>49%</td>
<td>43%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: ETC Institute (2015)
2015 Resident Survey

Over the last ten years the City of Durham has made great strides in key areas.

<table>
<thead>
<tr>
<th>Area</th>
<th>2015</th>
<th>2005</th>
<th>Difference</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall image of the city</td>
<td>52%</td>
<td>25%</td>
<td>27%</td>
<td>Perceptions of the City</td>
</tr>
<tr>
<td>Condition of streets in your neighborhood</td>
<td>63%</td>
<td>40%</td>
<td>23%</td>
<td>Maintenance</td>
</tr>
<tr>
<td>Overall quality of life in the city</td>
<td>72%</td>
<td>49%</td>
<td>23%</td>
<td>Perceptions of the City</td>
</tr>
<tr>
<td>In downtown Durham</td>
<td>62%</td>
<td>39%</td>
<td>23%</td>
<td>Feeling of Safety</td>
</tr>
<tr>
<td>Cleanliness of city streets</td>
<td>59%</td>
<td>38%</td>
<td>21%</td>
<td>Maintenance</td>
</tr>
<tr>
<td>Condition of city parks</td>
<td>59%</td>
<td>39%</td>
<td>20%</td>
<td>Maintenance</td>
</tr>
<tr>
<td>Overall appearance of the city</td>
<td>53%</td>
<td>34%</td>
<td>19%</td>
<td>Perceptions of the City</td>
</tr>
<tr>
<td>As a city that is moving in the right direction</td>
<td>66%</td>
<td>47%</td>
<td>19%</td>
<td>Quality of Life Ratings</td>
</tr>
<tr>
<td>When walking alone in your neighborhood at night</td>
<td>63%</td>
<td>45%</td>
<td>18%</td>
<td>Feeling of Safety</td>
</tr>
<tr>
<td>As a place to visit</td>
<td>71%</td>
<td>54%</td>
<td>17%</td>
<td>Quality of Life Ratings</td>
</tr>
<tr>
<td>Greenways and trails in the city</td>
<td>68%</td>
<td>52%</td>
<td>16%</td>
<td>Parks and Recreation</td>
</tr>
<tr>
<td>As a place to live</td>
<td>84%</td>
<td>68%</td>
<td>16%</td>
<td>Quality of Life Ratings</td>
</tr>
<tr>
<td>Bulky item pick up/removal services</td>
<td>70%</td>
<td>54%</td>
<td>16%</td>
<td>Water and Utility Services</td>
</tr>
<tr>
<td>As a place to work</td>
<td>84%</td>
<td>69%</td>
<td>15%</td>
<td>Quality of Life Ratings</td>
</tr>
<tr>
<td>In the City of Durham overall</td>
<td>52%</td>
<td>37%</td>
<td>15%</td>
<td>Feeling of Safety</td>
</tr>
<tr>
<td>How well your issue was handled</td>
<td>65%</td>
<td>50%</td>
<td>15%</td>
<td>Customer Service</td>
</tr>
</tbody>
</table>
2015 Resident Survey

<table>
<thead>
<tr>
<th>Importance-Satisfaction Rating</th>
<th>Category of Service</th>
<th>Most Important %</th>
<th>Most Important Rank</th>
<th>Satisfaction %</th>
<th>Satisfaction Rank</th>
<th>Importance-Satisfaction Rating</th>
<th>I-S Rating Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Very High Priority (IS &gt; .20)</strong></td>
<td>Overall maintenance of streets in the City</td>
<td>36%</td>
<td>2</td>
<td>33%</td>
<td>18</td>
<td>0.2412</td>
<td>1</td>
</tr>
<tr>
<td><strong>High Priority (IS .10 - .20)</strong></td>
<td>Overall flow of traffic in Durham</td>
<td>30%</td>
<td>3</td>
<td>34%</td>
<td>17</td>
<td>0.1980</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Overall quality of police protection</td>
<td>42%</td>
<td>1</td>
<td>64%</td>
<td>8</td>
<td>0.1512</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Overall quality of the public transit system</td>
<td>15%</td>
<td>4</td>
<td>33%</td>
<td>19</td>
<td>0.1085</td>
<td>4</td>
</tr>
<tr>
<td><strong>Medium Priority (IS &lt; .10)</strong></td>
<td>Services of Durham County Dept of Social Services</td>
<td>12%</td>
<td>6</td>
<td>37%</td>
<td>16</td>
<td>0.0756</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Overall quality of Tax Administration services</td>
<td>9%</td>
<td>9</td>
<td>42%</td>
<td>15</td>
<td>0.0522</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Overall quality of parks &amp; recreation programs</td>
<td>13%</td>
<td>6</td>
<td>65%</td>
<td>7</td>
<td>0.0455</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Overall quality of sheriff protection</td>
<td>11%</td>
<td>7</td>
<td>61%</td>
<td>10</td>
<td>0.0429</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Effectiveness of communication with the public</td>
<td>8%</td>
<td>10</td>
<td>49%</td>
<td>12</td>
<td>0.0408</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Overall enforcement of codes &amp; ordinances</td>
<td>7%</td>
<td>11</td>
<td>43%</td>
<td>14</td>
<td>0.0399</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Overall quality of Public Health services</td>
<td>6%</td>
<td>14</td>
<td>44%</td>
<td>13</td>
<td>0.0336</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Customer service received from City employees</td>
<td>7%</td>
<td>12</td>
<td>61%</td>
<td>9</td>
<td>0.0273</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Overall quality of water &amp; sewer utilities</td>
<td>8%</td>
<td>10</td>
<td>70%</td>
<td>6</td>
<td>0.0240</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Customer service received from County employees</td>
<td>3%</td>
<td>17</td>
<td>59%</td>
<td>11</td>
<td>0.0123</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Quality of fire protection &amp; rescue services</td>
<td>6%</td>
<td>13</td>
<td>82%</td>
<td>1</td>
<td>0.0108</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Overall quality of EMS services</td>
<td>3%</td>
<td>15</td>
<td>81%</td>
<td>2</td>
<td>0.0057</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Overall quality of library services &amp; programs</td>
<td>3%</td>
<td>16</td>
<td>81%</td>
<td>3</td>
<td>0.0057</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Response time for fire services</td>
<td>2%</td>
<td>18</td>
<td>76%</td>
<td>5</td>
<td>0.0048</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Response time for EMS services</td>
<td>2%</td>
<td>19</td>
<td>79%</td>
<td>4</td>
<td>0.0042</td>
<td>19</td>
</tr>
</tbody>
</table>
Durham Speaks

• We will be providing further engagement opportunities through the City’s Website (Durhamnc.gov) under “Durham Speaks”

• Each PAC has it’s own group on the City’s website to continue conversations started during the Coffees with Council

• It will allow you to respond to the City Manager’s Proposed budget
Durham Speaks

Current News

Budget and Management Services
Goal 4: Innovative and High Performing Organization: Connecting All We Do

Vision
Where we want to go?

Process Improvement
How can we do them better?

Performance Measures
Are we doing them well?

Strategic Plan
How are we getting there?

Are we doing the right things?

Working Together to make Durham a Great Place to Live, Work and Play

Budget and Management Services
Questions?