

**Durham County  
North Carolina**



# **Approved Budget**

**Fiscal Year  
2014-2015**



***Providing fiscally responsible, quality services necessary to promote a healthy, safe, and vibrant community.***

**DURHAM COUNTY, NORTH CAROLINA  
FY 2014-15 APPROVED BUDGET  
BOARD OF COUNTY COMMISSIONERS**



***Michael D. Page, Chairman***



***Brenda A. Howerton, Vice-Chairman***



***Wendy Jacobs***



***Fred Foster, Jr.***



***Ellen W. Reckhow***

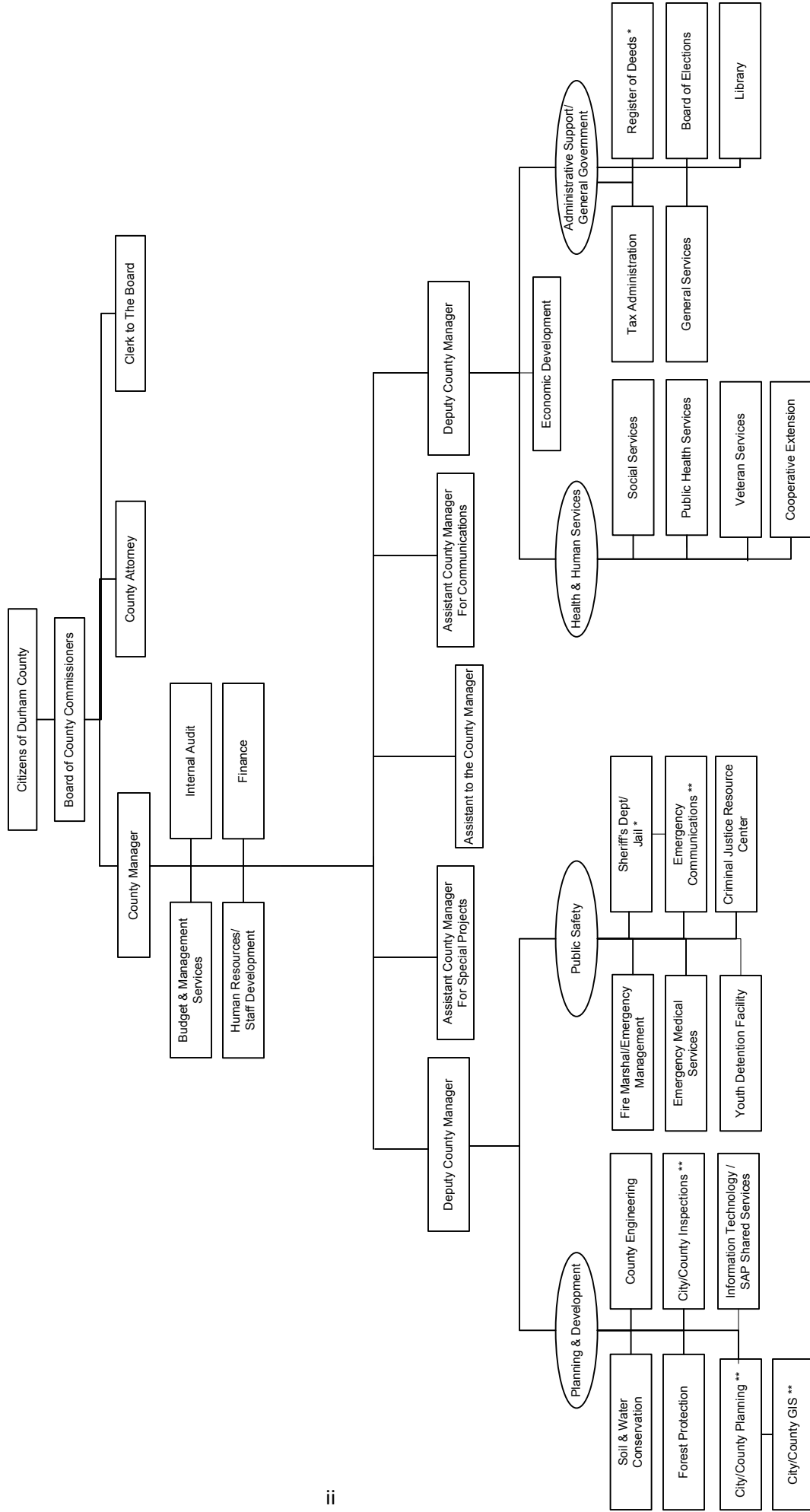
***COUNTY OFFICIALS:***

***Wendell Davis***, County Manager  
***Marqueta Welton***, Deputy County Manager  
***Lee Worsley***, Deputy County Manager  
***Lowell Siler***, County Attorney  
***Michelle Parker-Evans***, Clerk to the Board  
***George Quick***, Finance Director

***BUDGET AND MANAGEMENT STAFF:***

***S. Keith Lane***, Interim Budget Director  
***Kim Connally***, Budget Analyst  
***Bo Gattis***, Budget Analyst  
***Andy Miracle***, Budget Analyst  
***Mattie Sue Stevens***, ICMA Fellow

# Durham County, North Carolina General Administration Organizational Chart



\* Elected Officials

\*\* Joint City/County Departments



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Durham County**

**North Carolina**

For the Fiscal Year Beginning

**July 1, 2013**

Executive Director

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# READER'S GUIDE

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This section is designed to help the reader understand the budget by explaining how the document is organized. This document is a financial plan for Durham County Government operations for the July 1, 2014 through June 30, 2015 fiscal year and shows how funds are allocated and how they will be spent.

## FUND STRUCTURE

The Durham County operating budget is organized into funds with corresponding tabs in this booklet. The **General Fund** (Fund 1001010000) is the primary fund where the majority of county services are accounted. The General Fund is further divided into functional areas which include General Government, Public Safety, Transportation, Environmental Protection, Economic/Physical Development, Human Services, Education, and Culture and Recreation.

Each functional area is comprised of at least one business area which represents either a county department or a budgetary unit. Within each business area, there may be one or more fund centers in which funds are budgeted to show the expenditures and revenues associated with a particular program within a county department or activity within a budgetary unit. Each department or program summary contains a description, accomplishments of the past fiscal year, performance measures, a budget summary and the number of authorized personnel in Full-time Equivalent (FTE) positions. Departments with more than one program have a business area summary sheet that precedes the programs.

Each fund center is represented by a summary of appropriations in the following categories of expenditures:

- **Personnel Services**  
Personnel Services in this document refer to the costs associated with personnel such as salaries and benefits.
- **Operating Expenses**  
Operating Expenses in this document refer to the costs of daily operations such as office supplies, travel, telephone, etc., for a department or program.
- **Capital Outlay**  
Capital Outlay refers to a fixed asset with an estimated purchase price of \$5,000 or more and a useful life of more than one year. These items typically include furniture, office equipment, automobiles and other capital equipment. Items in excess of \$100,000 with a useful life of 20 years, such as buildings, are included in the county's Capital Improvement Plan (CIP).

The remaining budgeted funds are described below.

### Other General Funds

**Risk Management (Fund 1001020000):** This fund focuses on minimizing operational risks and promoting workplace safety.

**SWAP Fund (Fund 1001030000):** This fund represents a complicated financial agreement based on outstanding debt (see page 260 of the document) that brings in over \$1.5 million in revenue to the county each year. The revenue is used to offset yearly debt service payments.

**Capital Financing Plan Fund (Fund 1001250000):** This fund accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities. The capital projects fund also is used to accumulate funds to finance a CIP.

**Benefits Plan Fund (Fund 1001500000):** This fund represents the budget for the benefits offered to eligible county employees and retirees.

### Debt Service Fund

The **Debt Service Fund (Fund 3003040000)** is used to account for the payment of principal, interest and related costs for all general, long-term debt other than debt issued for and serviced by proprietary funds.

### Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted for specific purposes. The county budgets the following special revenue funds: **Bethesda Fire District (Fund 2002130000)**, **Lebanon Fire District (Fund 2002140000)**, **Parkwood Fire District (Fund 2002150000)**, **Redwood Fire District (Fund 2002160000)**, **New Hope Fire District (Fund 2002170000)**, **Eno Fire District (Fund 2002190000)**, **Bahama Fire District (Fund 2002210000)**, **Special Butner District (Fund 2002250000)**, **Special Park District (Fund 2002220000)**, and **Bethesda Fire and Rescue Service District (Fund 2002230000)**.

### Enterprise Funds

The **Sewer Utility Fund (Fund 6006600000)** is used to account for the revenues and expenses related to the provision of sewer service as well as the debt service for the fund.

### Trust Funds

**George R. Linder Memorial Trust Fund (Fund 7007050000)**: This private-purpose trust fund is used to account for resources legally held in trust specifically for the Library.

**Law Enforcement Officer's Retirement Trust Fund (Fund 7007700000)**: The pension trust fund accounts for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

**Community Health Trust Fund (Fund 7007080000)**: This fund accounts for the financial resources acquired through the leasing of Durham Regional Hospital to Duke University and accounts for the earnings of these financial resources and ensures the financial resources are used for health-related operating and capital expenditures.

### **SUPPLEMENTAL SECTIONS**

The **Summary** section provides a summary of sources of revenue and expenditures from the General Fund. An overview of revenue sources is included. This section also provides a brief account and graphs of all funds budgeted for the fiscal year beginning July 1, 2014. In addition, the section contains a summary of FTEs for all funds.

The **Appendix** contains supplemental information that includes the FY 2014-15 Budget Calendar and the FY 2014-15 Nonprofit budget requests. The **Glossary**, also found in the Appendix, contains information to help the reader understand the terminology used in the budget document.

### **ADDITIONAL INFORMATION**

In accordance with North Carolina General Statutes, the **basis of accounting and budgeting** for the county is **modified accrual**. This means that **Revenues** are recorded in the period in which they are **measurable** and **available**. Revenues are recognized when they are received in cash (example: licenses, fines, etc.) or when the collection of the amount estimated to be received in the near future (example: property taxes). **Expenditures** in a modified accrual basis are generally recognized in the period goods and services are received or liabilities incurred.

Capital projects, funded primarily by general obligations bonds, are presented in a separate document, the **Durham County Capital Improvement Plan**. This document is a ten-year plan that is updated biannually.

The annual operating budget includes performance measure information on departmental pages. Departments were asked to submit a graph, analysis and strategies for improvement for two to three key performance measures.

**This document was prepared by the Durham County Budget and Management Services Department and is available online at [www.dconc.gov](http://www.dconc.gov). If further information is needed, contact Budget and Management Services at 200 East Main Street, 4<sup>th</sup> Floor, Durham, North Carolina 27701, by phone at (919) 560-0012, or by e-mail at [budget@dconc.gov](mailto:budget@dconc.gov).**

**DURHAM COUNTY  
FY 2014-15 APPROVED BUDGET**

**TABLE OF CONTENTS**

	<u>Page</u>
Message to Durham County Residents.....	1
FY 2014-15 Budget Highlights.....	12
Annual Budget Ordinance FY 2014-15.....	13

**SUMMARIES ALL FUNDS**

General Fund Revenues.....	33
Revenue Highlights.....	37
General Fund Expenditures.....	41
All Funds Summary of Revenues.....	44
All Funds Summary of Expenditures.....	45
All Funds Full Time Equivalents (FTEs).....	46
Approved New/Eliminated Full Time Equivalents (FTEs).....	48

**GENERAL FUNDS**

**General Government:**

General Fund.....	49
General Government.....	51
Board of County Commissioners Summary.....	53
Board of County Commissioners.....	54
Clerk to the Board.....	56
County Administration Summary.....	59
County Manager.....	58
Public Information Broadcasting.....	59
Internal Audit.....	66
Strategic Plan.....	68
Finance.....	70
Tax Administration.....	74
Legal.....	80
Court Supportive Services.....	83
District Attorney.....	85
Clerk of Superior Court.....	85
Adult Probation and Parole Facilities.....	85
Public Defender.....	86
Superior Court.....	86
Department of Juvenile Justice.....	86
District Court.....	87
Elections.....	88
Register of Deeds.....	93
Register of Deeds Automation.....	97
General Services Department.....	98
General Services-County Stadium.....	102
Information Technology Summary.....	104
SAP Enterprise Resource Planning.....	107

Human Resources .....	108
Budget and Management Services .....	112
Veterans Services .....	116
Geographic Information System (GIS) .....	120
Nondepartmental .....	122
Transfers .....	124
Vehicles and Equipment .....	126

**Public Safety:**

Public Safety Summary .....	129
Sheriff Summary .....	131
Sheriff Law Enforcement Services .....	132
Sheriff Detention Services .....	136
Animal Services .....	140
Emergency Communications .....	144
Fire Marshal Summary .....	147
Fire Marshal .....	148
Lebanon Fire Department .....	152
Bethesda Fire Department .....	153
Emergency Management .....	154
Medical Examiner .....	157
Criminal Justice Resource Center .....	158
Youth Home .....	166
Volunteer Fire Departments – Paramedic Services .....	169
Emergency Medical Services (EMS) .....	170
Public Safety Nonprofit Agencies .....	174

**Transportation:**

Raleigh-Durham Airport Authority .....	177
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**Environmental Protection:**

Environmental Protection .....	179
General Services-Solid Waste .....	180
Forest Protection .....	183
County Engineering .....	184

**Economic/Physical Development:**

Economic/Physical Development Summary .....	189
Open Space Matching Grants .....	190
City/County Planning .....	192
Cooperative Extension Service .....	194
Soil and Water Conservation .....	202
Economic Development .....	206



**Human Services:**

Human Services Summary ..... 209  
Public Health ..... 210  
Mental Health (Alliance Behavioral Healthcare) ..... 216  
Social Services ..... 218  
Coordinated Transportation System..... 224  
Juvenile Crime Prevention Council (JCPC) ..... 227  
Human Services Nonprofit Agencies..... 228

**Education:**

Education Summary ..... 231  
Durham Public Schools ..... 232  
Durham Technical Community College..... 234  
Education Nonprofit Agencies ..... 236

**Culture/Recreation:**

Culture/Recreation Summary ..... 239  
Library ..... 240  
North Carolina Museum of Life and Science ..... 246  
Convention Center ..... 252  
Culture/Recreation Nonprofit Agencies ..... 254

**OTHER GENERAL FUNDS**

Other General Funds Summary ..... 257  
Risk Management Fund ..... 258  
SWAP Fund..... 260  
Capital Financing Plan Fund ..... 262  
Durham County Policy on Financing Capital Projects ..... 264  
Capital Improvement Plan Debt Funding ..... 267  
Benefits Plan Fund ..... 268

**SPECIAL REVENUE FUNDS**

Special Revenue Funds Summary ..... 271  
Fire Districts ..... 272  
Bethesda Fire District Fund ..... 273  
Lebanon Fire District Fund ..... 273  
Parkwood Fire District Fund..... 274  
Redwood Fire District Fund..... 274  
New Hope Fire District Fund ..... 275  
Eno Fire District Fund ..... 275  
Bahama Fire District Fund..... 276  
Bethesda Fire & Rescue Service Tax District Fund ..... 276  
Special Butner District Fund..... 277  
Special Park District Fund..... 278

**DEBT SERVICE FUND**

Debt Service Fund ..... 279

**ENTERPRISE FUND**

Enterprise Fund ..... 281

**TRUST FUNDS**

Trust Funds Summary ..... 285  
Community Health Trust Fund ..... 287  
George R. Linder Memorial Fund ..... 288  
Law Enforcement Officers Trust Fund ..... 289

**APPENDIX**

Fee Schedules ..... 291  
Nonprofit Funding ..... 306  
Statements of Revenues, Expenditures, and Changes in Fund Balance  
    General Funds ..... 315  
    Special Revenue Funds ..... 316  
    Debt Service Fund ..... 317  
Highlights of Durham County Fiscal Policies ..... 318  
Capital Improvement Plan Overview ..... 323  
FY 2014-23 Capital Improvement Plan Summary of Projects ..... 324  
FY 2014-23 Capital Finance Plan Model ..... 325  
Operating Impact of Current Capital Projects ..... 326  
Durham County Budget and Amendment Process ..... 328  
FY 2014-15 Budget Calendar ..... 329  
Glossary Terms ..... 330  
Glossary Codes ..... 334  
Durham County--Community Information ..... 336

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July 1, 2014

Dear Durham County Residents:

I am pleased to present a document that lays out a comprehensive spending plan for Fiscal Year 2014-15, the first budget that I have prepared for Durham County as Manager. This budget includes a 1.87 cent tax rate increase, with 1.49 cents supporting General Fund needs and 0.38 cents supporting increasing capital project related debt service. However, this budget, in many respects, constitutes a maintenance budget with the County continuing to meet its debt obligations and holding Durham Public Schools' funding flat. In addition, we have some key operational increases for Public Safety functions, including Emergency Medical Services and Fire District Operations, that center around improving service levels consistent with the public's expectation. And after many years we are focusing on how we compensate our most important asset, our human capital, by implementing the first phase of the recently completed compensation and classification study.

Maintaining excellence has incredible benefits, as our long-held triple A bond rating attests, but also has costs that we must recognize and support when and where necessary. I am confident this budget does that, just as I am confident that Durham County government will continue to enhance the many areas that make this County such a stellar place to live, work and play.

### **Goals of the FY 2014-15 Budget**

North Carolina counties are required to pass a balanced budget by June 30 each year. If departments request expenditures that exceed projected revenues, it is the difficult but necessary task of the Board of County Commissioners to cut expenditures or increase property taxes recognizing that real property tax is the County's only real source of controllable revenue.

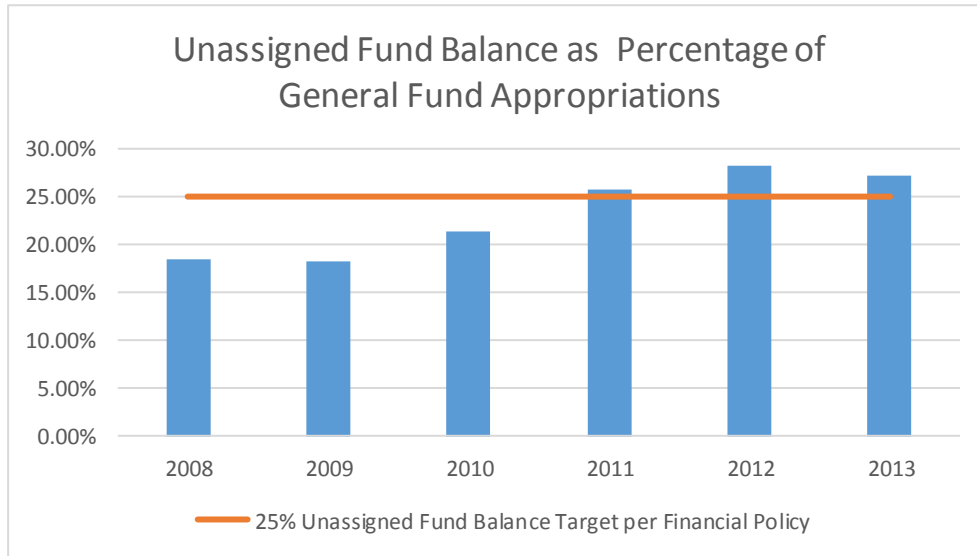
This balanced budget represents a roadmap for accomplishing the priorities of the Board of County Commissioners and the long-standing goals of Durham County. I am proud to present a budget to you that ensures Durham County continues to meet its goals, including:

- ✓ Maintaining fiscal strength;
- ✓ Providing services at sustainable levels;
- ✓ Effectively collecting our largest sources of revenue;
- ✓ Investing in human capital;
- ✓ Ensuring necessary resources are available for public safety;
- ✓ Partnering with nonprofit agencies for important county services;

### **Maintaining Fiscal Strength**

One of the primary goals in preparing the budget each year is maintaining the County's strong financial position. The triple A bond rating Durham County holds is the highest attainable and allows the County to borrow at the lowest rates available, which is a tremendous benefit to taxpayers. Bond rating agencies expect to see triple A counties demonstrably address debt when it is growing at the levels that our debt is growing and we have responded in kind with property tax increases for this year and last to support increasing debt service.

Another part of ensuring the County’s financial strength is maintaining appropriate levels of fund balance. Triple A rated local governments like Durham County are expected to show leadership and the financial fortitude to responsibly manage their finances from year to year by balancing expenditures with available revenues. The following chart shows Durham County’s unassigned fund balance over the last several fiscal years. Despite the economic downturn, the County has continued to grow and maintain a healthy fund balance, in line with our financial policies.



**Providing Services at Sustainable Levels**

Durham County is known throughout the country as a leading provider of services that matter most in the lives of citizens. The various departments of Durham County Government work hard to provide services to meet their missions, goals, and objectives. When the community needs change, departments must be responsive to meet those needs.

The FY 2014-15 budget includes 28.78 new positions in order to fulfill increasing needs in the Emergency Medical Services, Veteran Services, Fire Marshal, Information Services & Technology, Criminal Justice Resource Center, Public Health, Clerk to the Board, General Services, and Social Services departments. The following table outlines the newly-added positions.

FY 2014-15 Approved New Positions			
	Full-time Equivalency	Salary and Benefits	Start Date
Division Chief (Fire Marshal)	1.00	\$93,591	07/01/14
Fire Fighter (Lebanon Fire)	1.00	\$35,836	07/01/14
Veteran Services Officer (Veteran Services)	1.00	\$45,875	07/01/14
Programmer Analyst (IST)	1.00	\$77,819	07/01/14
ABAP Developer (IST)	1.00	\$101,763	07/01/14
Child Support Agent I (DSS)	1.00	\$34,110	07/01/14
Case Manager/Coordinator (CJRC)	1.00	\$47,888	07/01/14
Case Management Aide (CJRC)	1.00	\$29,931	07/01/14

	Full-time Equivalency	Salary and Benefits	Start Date
Environmental Health Specialist (Public Health)	2.00	\$123,246	07/01/14
Public Health Nurse II (Public Health)	0.11	\$8,515	07/01/14
Public Health Nurse I (Public Health)	0.20	\$17,218	07/01/14
Staff Assistant III (Clerk to the Board)	1.00	\$30,902	07/01/14
Security Manager (General Services)	1.00	\$95,782	07/01/14
Assistant County Attorney (Legal)	1.00	\$82,974	07/01/14
EMT Basic (EMS)	6.00	\$113,148	01/01/15
Paramedic I (EMS)	9.00	\$188,208	01/01/15
Volunteer Services Coordinator (Cooperative Ext.)	0.47	\$20,819	07/01/14
	<b>28.78</b>	<b>\$1,147,625</b>	

In addition the County eliminates 5.53 full-time equivalents (FTEs). Departmental budget pages explain these reductions in more detail.

The following table shows the multiple funds comprising Durham County's entire budget. The total appropriation for all funds in FY 2014-15 is just over \$550.5 million. The General Fund will see a 5.1 percent increase in funding from the FY 13-14 Original Budget. The increase largely due to support for significant Public Safety upgrades in personnel, vehicles and equipment.

FY 2014-15 Total Appropriation for All Funds				
	2013-14 Original Budget	2014-15 Department Requested	2014-15 Commissioner Adopted	Percent Change FY 2014-15 from FY 2013-14
General Fund	\$360,340,396	\$ 389,354,491	\$ 378,794,804	5.1%
Risk Management Fund	\$ 3,440,111	\$ 4,407,980	\$ 4,102,925	19.3%
SWAP Fund	\$ 4,811,041	\$ 2,750,000	\$ 2,750,000	-42.8%
Capital Financing Plan Fund	\$ 55,597,881	\$ 59,693,708	\$ 57,518,774	3.5%
Benefits Plan Fund	\$ 19,414,926	\$ 20,264,695	\$ 20,264,695	4.4%
Bethesda Fire & Rescue Service District	\$ 2,132,065	\$ 2,159,341	\$ 2,242,393	5.2%
Lebanon Fire District Fund	\$ 1,094,859	\$ 1,148,566	\$ 1,171,926	7.0%
Parkwood Fire District Fund	\$ 1,501,988	\$ 1,535,966	\$ 1,515,932	0.9%
Redwood Fire District Fund	\$ 754,319	\$ 918,268	\$ 909,085	20.5%
New Hope Fire District Fund	\$ 78,871	\$ 82,548	\$ 86,915	10.2%
Eno Fire District Fund	\$ 32,029	\$ 31,391	\$ 31,391	-2.0%
Bahama Fire District Fund	\$ 861,160	\$ 1,324,967	\$ 1,321,275	53.4%
Special Park District Fund	\$ 690,250	\$ 690,250	\$ 710,883	3.0%
Debt Service Fund	\$ 59,871,757	\$ 63,967,954	\$ 60,566,168	1.2%
Sewer Utility Fund	\$ 11,345,634	\$ 8,323,145	\$ 8,521,269	-24.9%
George R. Linder Memorial Fund	\$250	\$250	\$250	0.0%
Community Health Trust Fund	\$4,159,115	\$10,241,158	\$9,705,493	133.4%
Law Enforcement Officers Trust Fund	\$313,779	\$349,084	\$349,084	11.3%
<b>TOTAL</b>	<b>\$ 526,440,431</b>	<b>\$ 567,243,762</b>	<b>\$ 550,563,262</b>	<b>4.6%</b>

### Effectively collecting our largest sources of revenue

Previous to FY 2014-15, over the last five years, Durham County has only experienced one year in which residential and commercial building value increased more than 2 percent. In the three years prior to that (FY 2005-06 through FY 2007-08), the County had experienced 2.4 percent, 3.44 percent and 4.06 percent growth,

respectively. Today, we are confronted with a new reality: our property tax base is experiencing significantly slower growth.

The 2.01 percent growth in valuations budgeted for FY 2014-15 means \$4.36 million in new property tax funds through "natural" growth—that is, revenue growth without raising property taxes. Due to the excellent work of our Tax Administration department and our Tax Administrator, we were also able to raise the property tax collection rate from 98.80 percent to 99.3 percent in the current year (an additional \$1.2 million of property tax revenue). However, becoming more efficient at collecting taxes also means there are fewer outstanding payments to be collected later as prior year property tax collections. The following table presents the estimated property values that were used to develop the budget.

	<b>FY2013-14 Adopted</b>	<b>FY2014-15 Budget Estimate</b>	<b>% Change FY15 from FY14 Adopted</b>
Real Property	\$ 25,226,129,000	\$ 25,708,434,347	1.91%
Auto Value	\$ 1,771,627,310	\$ 1,799,900,000	1.60%
Personal Value	\$ 3,251,188,901	\$ 3,373,609,112	3.77%
Public Service	\$ 494,110,311	\$ 489,915,862	-0.85%
<b>Total</b>	<b>\$30,743,055,522</b>	<b>\$31,371,859,321</b>	<b>2.05%</b>

When we combine the "natural" growth in property tax revenue with an additional 1.87 cent tax rate increase, Durham County has a better foundation for long-needed operational support of our service departments, compensation changes to support the “human capital” it takes to make Durham County government excel, and debt service support reflecting our infrastructure needs.

We are currently in the best financial shape in the history of our County with a healthy fund balance and a tripla A bond rating. In the past several years we have invested in our community’s infrastructure through capital projects like the new Human Services building as well as the new County courthouse. Last year former County Manager Mike Ruffin requested a 3 cent tax rate increase solely for debt service, noting that another 2 cents would most likely be necessary for future debt service growth starting in FY 2014-15. Changes in the County's debt outlook have decreased the property tax rate increase needed for debt service down to 0.38 cents in FY 2014-15, due mainly to issuing less General Obligation Bond debt than expected in FY 2013-14 and obtaining a very low interest rate on this issuance due to our triple A bond rating.

However, capital and personnel needs within the County's operating budget necessitate the use of an additional 1.49 cents of new property tax funds, which will support:

- New position requests (most in Emergency Medical Services),
- Significant operating increases such as revaluation preparation in Tax Administration,
- Increased employee medical and dental insurance costs,
- Several decreasing revenue sources such as Register of Deeds fees,
- Increased vehicle and large equipment purchases,
- And increases in ongoing operating needs of many departments.

Another long-discussed issue within the County has been a compensation study for Durham County employees. Such a study has not been completed in 28 years and was needed as a roadmap for how the organization will be managed in the future. The compensation study found that Durham County employee salaries are below market levels in almost all areas (details below). The consulting firm who carried out the study made recommendations costing up to \$11 million to make Durham County competitive in pay structures, grades, and even salaries for many employees across many job classes.

County administration understands that any adjustment to the compensation plan can only be supported with new and ongoing revenue. However, we believe that adjustments are needed to keep Durham County

competitive as an employer. This budget supports a total compensation and classification adjustment implementation of \$7.25 million, carried out over two years. Half of this total adjustment would be carried out in FY 2014-15, at an approximate cost of \$3.8million, with a 1 cent property tax increase to support those additional costs. FY 2015-16 would see an additional 1 cent tax rate increase to support the final 40 percent of the compensation adjustment.

**Investing in human capital**

Durham County’s success ultimately depends on what I call our “human capital.” When I spoke of human capital at my swearing-in, I was including all County citizens: young, old, those struggling, and those on the cutting edge. Our human capital is our County’s greatest asset and it requires our highest level of investment. In fact, Enrico Moretti in his recent book - The New Geography of Jobs – points out that “a solid base of human capital keeps attracting good employers and offering high wages, while those at the other extreme with a limited human capital base are stuck with dead-end jobs and low average wages”.

With that larger theme in mind, I look at the 1,920-plus employees who provide remarkable service to our citizens and see the positive effects in action. County employees provide the energy that turns policy into action – the human capital that makes Durham County government work. Without them, the goals of our Strategic Plan and the benefits of a performance measurement system will never be fully realized.

Until this past year, Durham County had not implemented a classification and compensation study since 1986. Annual market surveys showed that 70 percent of our positions were paid at a level 2.5 percent or more below comparable positions in other organizations. This year, Durham County contracted with Evergreen Solutions to carry out a comprehensive compensation study. Evergreen’s review of 13 market peers (including 9 public sector peers) considered average market compensation at the minimum, midpoint, and maximum of our pay ranges across all Durham County positions. At each point, whether viewed against public sector peers or private sector peers, Durham County’s pay ranges were even further behind than our market surveys had suggested.

Survey	Minimum Average Percent Differential	Midpoint Average Percent Differential	Maximum Average Percent Differential
Public Sector Market Data	-6.4%	-4.6%	-3.7%
Private Sector Market Data	-5.5%	-9.1%	-16.8%

Source: Evergreen Solutions January 2014

These differentials show that our pay ranges do not allow Durham County to be as competitive as we must be in attracting and retaining the best talent in our region. The study also demonstrated that our system must be more consistent in considering internal and external equity. Evergreen provided a detailed set of recommendations to help us address these issues, those recommendations include the following:

- Retitle jobs to reflect work performed and develop consistency in the job structure.
- Implement a new, banded salary structure to bring the County to the average market minimum and transition employee salaries into the new structure.
- Implement classification parity with 25 percent credit for related past experience phased in over 2 years. For example, 4 years of similar type prior work experience at another job would count as 1 year (25%) of experience at the job currently held.
- Implement new hiring and promotion salary guidelines to ensure consistency and to attract and retain high quality individuals.



- Introduce career ladders to provide clear view of career development and professional growth opportunities.
- Conduct a comprehensive classification and compensation study every three to five years, with a review of the salary structure each year to determine if adjustments are needed.

The cost of implementing all of these changes is significant, but is a needed investment in the future of our organization. It is important to create a work environment that recognizes our employees value and reward them accordingly. Implementing the compensation study's recommendations is a key step toward accomplishing that goal. Most importantly, these changes allow us to lead by example in Durham County as we invest in our human capital and, by extension, our community.

In addition to setting an example with our internal practices, Durham County directly invests in our community's human capital with our support of Durham Public Schools (DPS). We recognize that providing a great education for every child is an essential part of Durham's long-term success and because of that recognition, we invested over \$600 more per pupil in K-12 education than our peer counties in FY 2012-13. Durham Public Schools continues to be the single largest source of expenditure for Durham County government.

This budget includes a \$629,835 increase for Durham Public Schools related to additional Article 46 sales tax allotted by the Board of County Commissioners for the school system. Significant growth in Durham Public Schools' fund balance will support additional DPS needs. Even with new students entering the system in FY 2014-15, Durham Public Schools will continue to have one of the highest local "per pupil" funding amounts in the state at \$3,069. In addition, Durham County will pay \$30,114,672 in debt service for school facilities this year. Total current expense funding for Durham Public Schools for FY 2014-15 is \$120,233,146, or 31.75 percent of the entire General Fund budget.

Looking long term, it is time to begin working with Durham Public Schools to develop a flexible but fair formula for school local funding growth based upon growth factors the County and Durham Public Schools may experience annually. With a new economic climate of slow revenue growth there is a limit to how much "new" County funding can be allocated to Durham Public Schools each year. It will also be beneficial for both parties to understand and plan for what short term and long term increases mean for both entities. Simply lurching back and forth between large funding increases to small or no funding increases creates planning uncertainty that limits both institutions' long range goals. Therefore, it will be critical for Durham County and Durham Public Schools to work together this year to develop a new Memorandum of Understanding and clearly define our funding relationship going forward.

#### **Ensuring necessary resources are available for public safety**

Durham County Emergency Medical Services (EMS), the Sheriff's Office, Emergency Management, and our volunteer fire departments provide services few think about until needed, but when they're needed the service is expected to be extraordinary. Durham County provides that extraordinary service, but in order to continue doing so, we sometimes have to take a close, critical look at our existing operations. We are in the process of doing just such a review with both Durham County EMS and our volunteer fire departments.

Under the direction of its new director, EMS has worked diligently during the past year on a comprehensive internal assessment of its performance and capabilities, including the development and implementation of a robust set of performance measures. This internal assessment was accompanied by two external studies, one on the sufficiency of allocated positions to sustain ambulance operations, and one on the efficiency of the present, in-house billing service. Both of these assessments were undertaken to help us provide the absolute best service to Durham County residents, including lower response times for EMS emergency calls.

These studies identified a number of significant needs and issues and EMS began to address these in FY 2013-14 through re-allocation of existing funds. Several other needs are being addressed in this year's budget, as

described below, and several more will be tackled in years to come, with continued in-depth measurements to support those recommendations. Bringing EMS to an improved operating level is neither inexpensive nor quick, but the benefits to all County citizens can be counted in lives saved and health more quickly restored.

#### Ambulance Availability and Deployment

Responsibility for ambulance operation has changed over the last few years with volunteer fire departments dropping their ambulance service and Durham County EMS slowly picking them up. Overall, Durham County citizens have been served by a daily deployment of 15 ambulances across the County during peak hours of the day, falling to 13 ambulances at night, for the last fifteen years. During the same period, the County's population has grown from 213,000 to nearly 296, 000, or nearly 38 percent. This growth is significant: more residents translate to more calls per hour, which reduces the number of available ambulances, which in turn extends response times. The number of ambulances available today is simply insufficient to meet the demand for service.

Compounding this problem, Durham County EMS does not have sufficient paramedic positions available to allow for normal vacation and sick leave or to support the large special events burden. EMS historically relied on part time employees to backfill these staffing shortages, but the availability of these types of personnel has decreased over the years because most want and find full time jobs. As a result, EMS has only been able to staff 85 percent of its authorized ambulance capacity. EMS conducted, in cooperation with the Budget department, a zero-based "justify every hour" budgeting exercise for the coming year as well as an overall staffing study based on the issues stated above. Both studies substantiated the need for additional positions to support the necessary ambulance capacity.

#### EMS System Response Performance

Response performance is an essential measure of the quality of an EMS system. In critical, life-threatening emergencies such as cardiac arrest, stroke, heart attack, and acute pulmonary edema, "time to definitive treatment" is vital to positive patient outcomes. There is no universal standard for acceptable EMS response performance, but the most common standard adopted by EMS systems is "9 minutes or less, 90 percent of the time." This standard has also become Durham County's long-stated response performance goal.

As a result of the ambulance and personnel shortages described above, Durham County EMS' response performance has suffered since FY 2009-10. Over the course of FY 2013-14 EMS has achieved its 9 minute response goal less than 65 percent of the time. This standard is not acceptable. The ninetieth percentile response performance has hovered between 13-16 minutes for the last five years, with responses to outlying areas of the County often ranging to 20 minutes or more. In other words, Durham County EMS currently responds to 90 percent of its calls in 16 minutes or less, rather than our goal of 9. In addition, during hours of peak demand, the County can run out of ambulances allotted to a particular area one or more times in a day. When this happens we must call upon adjacent counties to provide EMS services for Durham County residents.

On May 4, 2014, Durham County EMS became the sole provider of 911 emergency medical services throughout the entire County. This is a significant change from when volunteer fire departments provided similar services in their districts (Parkwood, Redwood, Bethesda and Bahama). It will be essential for the County to have enough EMTs, paramedics, and first-line supervisors to reliably staff all of its authorized ambulances to meet increasing needs and coverage areas.

Based on these studies, response times, and our new role as sole provider of EMS services throughout the County, this budget provides for 15 new paramedic positions for EMS. These positions will provide the necessary workforce to reliably staff ambulances and supervisor vehicles. With fully staffed vehicles, and sufficient funding such that ambulances need not be taken off-line to attend to special events, expect to see the beginning of a trend toward improved response time performance in FY 2014-15.

In addition to increasing staffing, Durham County EMS is taking steps to maximize its available resources. Using technology purchased in the current fiscal year, the department will re-allocate some of its resources from the

traditional 24-hour deployment plan to better provide ambulances during times of peak demand. An EMS facilities study will be completed and an EMS component will be added to the Capital Improvement Plan in the fall. The department will also begin a transition to a smaller, more fuel-efficient ambulance vehicle, which is expected to reduce the department’s carbon footprint and the ongoing cost of fuel and repairs.

While Durham County EMS services may be the single biggest increased budget area for FY 2014-15, the changes in this area will not be completed in one year. As noted earlier the upgrades in personnel, equipment, training, and facilities needed to provide extraordinary service will have to be implemented over several years. There are additional items to be considered, including procurement of improved two-way radios for our ambulance vehicles, additional equipment to support the large EMS special events obligation, and continued replacement of older model ambulances, just to name a few. These needs will be addressed in future budgets as resources permit.

**Fire Study/Fire Marshal/Volunteer Fire Departments**

Durham County has seven non-profit contract fire departments serving its unincorporated areas. Five of the seven Fire Tax Districts tax rates are increased for FY 2014-15. Tax rates for Eno and New Hope Fire Districts are set by an interlocal agreement with the Orange County Board of Commissioners. At the request of Bethesda’s Board of Directors, Durham County assumed operation of the Bethesda fire department beginning July 1, 2013. The approved rates for these districts are as follows:

District	FY 2013-14 Adopted Tax Rate	FY 2014-15 Requested Tax Rate	FY 2014-15 Approved Tax Rate
Lebanon	0.1000	0.1070	0.1065
Parkwood	0.1150	0.1150	0.1135
Redwood	0.1125	0.1400	0.1386
New Hope	0.0945	0.0945	0.0995
Eno	0.0799	0.0799	0.0799
Bahama	0.0600	0.0990	0.0987
Bethesda Fire & Rescue Service	0.1300	0.1300	0.1350

Based on the fire study completed in FY 2013-14, this budget provides for the creation of a Division Chief to oversee and manage the operations of the Fire Suppression Division. This new role will provide additional management and support to the County-operated Bethesda Fire and Rescue Service and the contracted Volunteer Fire Departments. This position will be partially funded using Fire District tax proceeds for the services the positions will provide to those Districts.

The fire study also made recommendations about the minimum staffing levels required to maintain the safety of firefighters and increase effectiveness of fire protection services. The Lebanon Fire Department has requested an additional full-time firefighter, a County employee, funded using Fire Tax District proceeds, to enhance coverage levels and meet the minimum staffing recommendations for the district. This additional position along with increased operational costs requires a tax increase of 0.65 cents for the Lebanon Fire District.

In Bethesda, fire service is provided by firefighters who are County employees. These firefighters are affected by the Countywide compensation study, even though they are paid using service district tax funds. As a result, additional resources are needed for Bethesda Fire & Rescue Service District to fund firefighter compensation at market rate. These needs will require a 0.5 cent tax rate increase for the district, bringing the total district tax rate to 13.5 cents.

Redwood Fire Department has requested additional funds to support 3 full-time firefighters for the safety of existing staff and to address coverage needs highlighted through the study. This request requires an additional 2.61 cents to the existing rate, for a total of 13.86 cents for the Redwood Fire District.

The fire study identified similar needs for the Bahama Fire District, and these are addressed with a request for funding an additional 9 full-time firefighters to adequately staff existing fire stations. The request requires an additional 3.87 cents to the existing rate, a total of 9.87 cents for the Bahama Fire District. The enhanced coverage levels for Redwood and Bahama Fire District should eventually lead to a decrease in homeowner insurance rates as reviews of the Departments’ activities are completed by state agencies.

Although there are increased costs to providing these enhanced services today, the long-term benefits of better firefighter safety, increased efficiency and effectiveness of fire protection services, and decreased homeowner insurance rates in future years will better serve the Durham County residents served by County Fire Suppression Services and Volunteer Fire Departments. I greatly appreciate the work of County Staff and our Volunteer Fire Department partners in working to improve emergency services in Durham County.

**Partnering with Nonprofit Agencies for Important County Services**

There are many important partners who help Durham County fulfill its mission by extending and enhancing the services the County provides. Each year the County invites nonprofit agencies to submit applications to provide services to citizens that accomplish one of the following:

- ✓ Provide a service to the community through more cost-effective means than government;
- ✓ Supplement and/or extend current County human services at a reduced cost; or
- ✓ Fill in gaps that exist between the level of services the County provides and unmet community needs.

Durham County received 61 nonprofit funding applications from area organizations this year with requests totaling over \$1.5 million. Unfortunately, the County was unable to fund every applicant. For FY2014-15, \$818,669 is allocated to support 46 non-profit programs or organizations. The following table lists the nonprofit agencies receiving funding. More detailed information about all applicants is available in the Appendix.

<b>FY 2014-2015 Non-Profit Funding</b>		
<b>Agency</b>	<b>FY 14-15 Requested Budget</b>	<b>FY 14-15 Approved Amount</b>
<b>A Helping Hand</b>	\$26,404	\$15,000
<b>Achievement Academy</b>	\$25,000	\$20,000
<b>African American Dance Ensemble, Inc.</b>	\$10,000	\$5,000
<b>Big Brothers Big Sisters of the Triangle</b>	\$25,000	\$15,005
<b>Bridge II Sports</b>	\$40,000	\$6,000
<b>Child and Parent Support Services, Inc.</b>	\$13,828	\$11,237
<b>Child Care Services Association</b>	\$29,783	\$29,783
<b>Clean Energy Durham</b>	\$12,970	\$5,000
<b>D3 Community Outreach, Inc.</b>	\$15,000	\$5,000
<b>Dress for Success Triangle NC</b>	\$23,380	\$5,000
<b>Durham Center for Senior Life</b>	\$105,685	\$105,685
<b>Durham County Teen Court and Restitution Program</b>	\$36,183	\$21,183
<b>Durham Crisis Response Center, Inc.</b>	\$40,000	\$36,912
<b>Durham Economic Resource Center</b>	\$25,000	\$14,496
<b>Durham Interfaith Hospitality Network</b>	\$23,000	\$20,000
<b>Durham Literacy Center</b>	\$45,000	\$26,619

FY 2014-2015 Non-Profit Funding		
Agency	FY 14-15 Requested Budget	FY 14-15 Approved Amount
Durham Striders Youth Association, Inc.	\$30,000	\$15,750
Durham Symphony Orchestra	\$10,000	\$5,000
Durham Teacher Warehouse Corporation (also known as Crayons2Calculators)	\$15,000	\$5,000
Durham's Partnership for Children	\$35,000	\$13,310
El Centro Hispano, Inc.	\$36,167	\$29,421
El Futuro, Inc.	\$40,000	\$6,000
Elna B. Spaulding Conflict Resolution Center, Inc.	\$22,550	\$17,597
Eno River Association	\$20,000	\$6,655
First in Families of North Carolina	\$6,885	\$5,000
Food Bank of Central and Eastern North Carolina	\$30,000	\$5,000
Genesis Home, Inc.	\$24,000	\$21,739
InStepp, Inc.	\$7,500	\$5,000
Inter-Faith Food Shuttle	\$20,000	\$10,000
Mental Health America of Triangle	\$52,113	\$23,588
Operation Breakthrough, Inc.	\$100,000	\$71,451
Partners for Youth	\$16,000	\$16,000
People's Channel	\$14,850	\$14,850
Piedmont Wildlife Center, Inc.	\$12,000	\$8,190
Planned Parenthood of Central North Carolina, Inc.	\$20,000	\$17,746
Playworks Education Energized	\$25,000	\$10,000
Reality Ministries, Inc.	\$10,000	\$7,200
Reinvestment Partners	\$30,000	\$5,000
Scrap Exchange	\$13,000	\$5,000
Senior PharmAssist, Inc.	\$120,000	\$94,080
Southeastern Efforts Developing Sustainable Spaces (SEEDS)	\$10,000	\$3,600
Triangle Champions Track Club	\$25,000	\$7,098
Triangle Residential Options for Substance Abusers, Inc. (TROSA)	\$35,000	\$23,124
Victorious Community Development Corporation	\$10,000	\$8,100
Voices Together	\$25,000	\$11,250
Walltown Children's Theatre	\$15,000	\$5,000
	<b>\$1,326,298</b>	<b>\$818,669</b>

### Focusing on our strategic goals

FY 2014-15 will see a renewed focus on making our Strategic Plan a living document for how the County strives to excel in providing services in our community. We will continue making progress in critical initiatives related to our strategic goals of community and family prosperity and enrichment, health, safety, environmental stewardship, and government accountability.

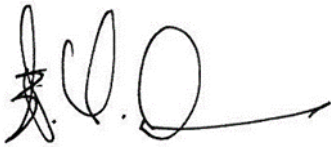
Our Strategic Plan, adopted by the Board of County Commissioners in the spring of 2012, is a road map for continuous cultural change and improvement. As we continue working to improve we will remain focused not only on our goal areas, but also on our core values: accountability, commitment, exceptional customer service, integrity and teamwork and collaboration. By focusing on our strategic plan Durham County will begin building another future. It is my aim to take our government to a very different place—a place where we base decisions on measurable outcomes, where we can consistently invest in our human capital, and where we can pursue and achieve our loftiest strategic goals.

Doing so will require new structures, new systems, new engagements, new partnerships, new thinking, new attitudes toward problem solving, new ways of how we approach service delivery, and most importantly, a new vision.

In conclusion, this budget was carefully and thoughtfully prepared. The Board of County Commissioners, while recognizing the need to seek out new revenue streams to support our goals, services, and increasing capital debt needs, also expect to meet important community needs in the context of goals that our citizens, the Board, and our dedicated workforce share. In short, a reasonable spending plan has been approved that maintains high levels of service and continues to support the County's strong fiscal position at a cost our community can afford.

Thank you for your support of Durham County, and all who call it home.

Sincerely,

A handwritten signature in black ink, appearing to read 'W.M. Davis', with a long horizontal line extending to the right from the end of the signature.

Wendell M. Davis

Durham County Manager

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## FY 2014-15 BUDGET HIGHLIGHTS

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- The tax rate will increase from 77.44 cents to 79.31 cents/\$100 valuation, a 1.49 cent increase for operating needs, and a 0.38 cent increase for debt service support.
- Property tax collection percentage increases from 98.80% to 99.30%, with overall property valuation increasing 2.05% from last year's budgeted values.
- Sales taxes, including an Interlocal Agreement with the City of Durham, are estimated to increase 4.84% from the current year Approved budget. See the Revenue Highlights page for more detail.
- Various fee increases in these departments: Public Health, Inspections, solid waste and the Enterprise Utility Fund.
- Adding 28.78 new General Fund FTE's, Eliminating 5.53 FTEs, Net General Fund increase of 23.25 FTEs for FY 2014-15.
- Decrease in the participation rate for the County contribution to the Local Government Employees Retirement System (LERS) from 7.28% to 7.27% for local LEO class.
- Continued pay-for performance salary increases for employees for FY 2014-15. 2% to 3%, down from 3.25% to 4.25%.
- The total cost of the County benefits plan fund has increased \$849,769, or 4.38%
- The General Fund fund balance appropriation increases from \$10.6 million to \$10.8 million.
- \$3.95 million in Community Health Trust Fund annual lease revenues will be transferred to the General Fund to support health care related expenditures. \$755,049 was transferred to support health related capital expenditures, and \$500,000 was transferred to support a payment to Lincoln Community Health Center.
- Funding of \$152,000 to implement strategic plan initiatives. Initiatives were moved out of the Strategic Plan budget and into departmental budgets to reflect the correct functional area in which these services are provided.
- Ongoing current expense funding to Durham Public Schools increases to \$118,863,146; no increase in capital outlay funding. Article 46 sales tax revenue for DPS (including Article 46 sales tax funding of Pre-K programs) increases by \$629,835, and accounts for the total increase in DPS funding.
- Durham Technical Community College funding increases by 1.9% or \$114,726. Article 46 sales tax support for student scholarships and tuition costs makes up \$81,536 of this total.
- North Carolina Museum of Life and Science current expense funding increases 1.04%.
- Purchase of 56 vehicles (new (3) and replacement (53) vehicles) for EMS, General Services, Fire Marshal, Library, Sheriff and Social Services, and new equipment for General Services, EMS, Social Services and Sheriff (detailed on the Vehicle & Equipment page in the document).
- 61 non-profit agencies applied for funding with requests totaling \$1,524,747; 46 agencies were approved for funding in FY 2014-15 for a total of \$818,669.
- Reduction in the County share of the Durham Convention Center subsidy by \$28,824.
- Funding for Durham County's participation for 45 slots in the Durham Youth Works Internship Program: \$75,280.
- Four Fire Tax Districts have property tax rate increases. Lebanon – 0.65 cents, Redwood – 2.61 cents, Bahama – 3.87 cents, New Hope – 0.5 cents. One Fire Tax District has a property tax decrease: Parkwood – 0.15 cents. One Service District has also has a property tax increase: Bethesda Service – 0.5 cents.
- Debt Service increases to \$60.56 million, with property tax dedicated to support debt service increasing 0.38 cents to 9.32 cents to support the debt service payments. Additional funding from Lottery funds, the Community Health Trust Fund and dedicated Sales Tax also support debt service needs for FY2014-2015.