RESOURCE ALLOCATION
UNC School of Government

Bertha Johnson
Director Budget & Management Services

November 6, 2019

BMS Organizational Chart

How it all connects

Strategic Plan
Where we want to go?

Continuous Improvement & Innovation
How can we do them better?

Performance Measures
Are we doing them well?

Evaluation & Engagement
Are we doing the right things?

Budget, CIP & DSAP
How are we getting there?

Working together to make Durham a great place to live, work and play
Roadmap for translating long term vision into present and future organizational efforts

Helps engage employees and anyone that lives, works, and plays in Durham with the long term vision of the City

Connects resources with long term vision to accomplish priorities

Our Vision
Durham is the leading city in providing an excellent and sustainable quality of life.

Our Mission
To provide quality services to make Durham a great place for people to live, work, and play.

Our Goals
- Innovative & High-Performing Organization
- Creating a Safer Community Together
- Shared Economic Prosperity
- Connected Engaged and Diverse Communities
- Sustainable Natural and Built Environment
THE BUDGET PROCESS
Operating Budget & CIP

Operating Budget

- A projection of all estimated revenue and expenses for the coming year
- Expresses the policy of the City Council
- Serves as a management, planning and communications tool
- Provides the foundation for proper accounting
Fiscal Year 2019-20 Budget

Total Budget: $477.8 million
Compared to $510.9 million in FY 2018-19,
a decrease of $33.1 million (6.5%)
- General Fund: $215.8 million,
increase of $14.2 million (7.03%) over FY 2018-19 ($201.6 million)
- Water & Sewer Fund: $109.8 million
- Debt Service Fund: $39.7 million
- Solid Waste Fund: $28.2 million
- All other Funds: $84.3 million

Property tax rate = 53.17
(Cents per $100 of assessed value)
- General Fund = 30.83 cents
- Debt & Capital Projects = 11.00 cents
- Solid Waste = 5.59 cents
- Transit = 3.75 cents
- Housing = 2.0 cents

Compared to $510.9 million in FY 2018-19,
a decrease of $33.1 million (6.5%)

UNC School of Government

Tax Rate in Perspective

A tax rate of 53.17 cents (per $100 assessed value) generates a tax bill of $1,219 on a house valued at $229,246, which is the median house value for the City of Durham according to the Durham County Office of Tax Administration.

SUMMARY OF REVENUES
All Funds

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Property Tax</td>
<td>39.2%</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>26.6%</td>
</tr>
<tr>
<td>Other Local Tax</td>
<td>15.4%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>5.8%</td>
</tr>
<tr>
<td>Intergovernment</td>
<td>5.1%</td>
</tr>
<tr>
<td>Appropriation from Fund Balance</td>
<td>3.8%</td>
</tr>
<tr>
<td>License and Permits</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>0.9%</td>
</tr>
<tr>
<td>Rental Income</td>
<td>0.8%</td>
</tr>
<tr>
<td>Transfer from Other Funds</td>
<td>0.5%</td>
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</tbody>
</table>
### SUMMARY OF EXPENDITURES

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>45.5%</td>
</tr>
<tr>
<td>Operating</td>
<td>30.9%</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>12.6%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>11.8%</td>
</tr>
<tr>
<td>Transfer to Fund Balance</td>
<td>1.5%</td>
</tr>
<tr>
<td>Capital</td>
<td>8.8%</td>
</tr>
<tr>
<td>Other</td>
<td>0.2%</td>
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</table>

### BUDGET PROCESS

#### BMS Role
- Develop Budget Calendar – Submit for CC Approval
- Meet with City Manager to discuss upcoming budget development process.
  - Changes based on surveys from prior year
  - Address known issues/concerns
  - Projected shortfall surplus based on updated multi-year plans (with revenue forecasts)
- Durham Strategy and Performance (DSAP) Meetings.
  - Updates on progress to Strategic Plan initiatives
- Pre-list of new budget requests for next year.
- Train departments:
  - Forms and system
  - Understand their operations
  - Assist them with preparation - ask lots of questions
  - Peer – need cooperation, but no authority

#### Departments
- "Own" their budgets
  - Understand needs and plan appropriately
  - Prepare new initiatives if needed
  - Keep strategic plan up to date and use budget to accomplish initiatives
- Prepare budget and CIP submissions
  - Communicate with BMS and their DCM
- Presentations
  - City Manager
  - City Council
- Public Engagement
  - Attend and answer questions at Public Hearings, Council Retreats and resident engagement events.
BUDGET PROCESS
City Council

• Set budget priorities
  – Give input and approve strategic plan
  – Digest resident survey data
  – Receive other input from residents
  – Attend Budget Retreats
  – Adopt Budget Guidelines

• Make final decision
  – Review Manager’s Recommended Budget
  – Receive departmental presentations
  – Make decisions for final budget balancing (tax rate, fees, etc.)

• Adopt Budget

Major Budget Events Calendar

• Budget Kickoff
  First week of January

• City Council Budget Retreats
  February/March

• Resident Engagement
  Various times throughout year

• Department Budget Requests
  Due February

• City Manager Review
  March/April

• Recommended Budget
  May

• Council Review
  May/June

• Budget Adoption
  June

LONG TERM FINANCIAL PLANNING
Sustainability
Multi-Year Financial Plan

A financial planning tool used to forecast revenues and expenditures

“A modeling tool that helps demonstrate the consequences of decisions, rather than a tool that makes the decisions.”

— Tom Bonfield

Multi-Year Financial Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$120,000</td>
<td>$125,000</td>
<td>$130,000</td>
<td>$135,000</td>
<td>$140,000</td>
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<tr>
<td>Expenditure</td>
<td>$100,000</td>
<td>$105,000</td>
<td>$110,000</td>
<td>$115,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Surplus</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$30,000</td>
<td>$35,000</td>
<td>$40,000</td>
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Appropriations

<table>
<thead>
<tr>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$100,000</td>
<td>$105,000</td>
<td>$110,000</td>
<td>$115,000</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$30,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>General</td>
<td>$80,000</td>
<td>$80,000</td>
<td>$80,000</td>
<td>$80,000</td>
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Capital Improvement Plan (CIP)

The CIP is statement of the City's policy regarding long-range physical development.

- Developed for a 5 year period and updated annually; the first year is the capital budget for the year.
- Projects costs – minimum of $100,000
- Extensive citizen input is solicited in CIP development
- For project progress please check the web site: http://ww2.durhamnc.gov/cip/
CIP Development Process

August  
Internal CIP Administrative meetings held in to begin discussing the current status of CIP projects.

October  
Departments submitted pre-list requests for funding to BMS in for upcoming CIP process.

November  
All CIP forms and instructional materials are made available to departments. BMS meets with submitting departments to identify priority items and funding potential for pre-list projects.

December  
CIP Kick-off is held

February – March  
CIP Submissions are reviewed, scored and aligned with citywide strategic plan.

March  
Citizen Panel reviews projects/presentation

April – May  
Recommendations are made to City Manager and Council in for adoption in June.
Challenges

Competing priorities...

Among priorities:
- Strategic Plan
- Resident Survey
- Other Plans:
  - Durham Walks Plan
  - Comprehensive Master Plan
  - Parks and Rec Master Plan
- Equity

Among stakeholders:
- City Council
- Residents
- Staff

Program Evaluation

Evaluation is systematically investigating the **worth (value), merit (quality) or significance (importance)** of a program. It can also be used as a method for collecting, analyzing, and using information to answer basic questions about a program.

Used in BMS as part of FY 2019-2020 budget request process:

- **100** Budget Requests
- **5** GF Budget Requests identified by CMO
- **3** Budget Request Evaluations

- **$1.7m** CMO ½ Penny Request
- **$552k** NIS Engagement Request
- **$379k** GS Custodial Request

Performance Measurement

- To use performance data to frame strategic discussions about the future
- To monitor, report and analyze data to make changes to operations throughout the year and to drive budget discussions.
- To use data to make operational, strategic and budget decisions, not anecdotal stories or “gut” feelings:
  - The city is growing; therefore we need more firefighters, police officers, building inspectors.
  - Show the need with data... What will be different?
Performance Measurement

- Each department tracks performance data and reviews daily, weekly, or monthly depending on the type of measure.
- Departments discuss performance data quarterly with their Deputy City Manager.
- Departments provide performance updates to the City Manager twice a year as part of the budget process.
- Departments present to the City Council performance data during the annual budget presentations prior to budget adoption.

Continuous Improvement

Staff uses Lean, design thinking and other tools to support City projects and train City staff to build continuous improvement capacity.

Innovation

How can we build a culture of innovation in the City?

“We cannot solve a problem by using the same kind of thinking we used when we created it.”

— Albert Einstein
IdeaStarter
An annual campaign for City employees to receive support, training and funds to build test their innovative ideas.

Innovate Durham
A 12-week partnership program that turns the City of Durham and Durham County into a lab to test new ideas, products or services. Through the program participants get access to staff, data and facilities to assist with making Durham more efficient and encourage a culture of innovation at the City and County.

Durham City-County IdeaLab
A joint venture with Durham County to provide a forum for employees to engage with innovation concepts, tools and approaches. (ex. human-centered design, prototyping, etc.)

I-Team
Use qualitative and quantitative data and community engagement to understand the root causes of big community problems, in order to design and implement new solutions to long-term challenges. www.durhamteam.org

WHAT’S NEW? WHAT’S NEXT?
Participatory Budgeting (PB)
Equitable Engagement
Budgeting for Equity

Participatory Budgeting
• City Council approved guidelines and $2.4M in funding for PB.
• Voting open to all city residents ages 13 and older, and non-residents who attend Durham Public Schools
• $800K allocated to each of the three city council wards
• 15-member steering committee appointed by the council
• Voting process ran from July 2018 to July 2019; currently in implementation phase
Budgeting for Equity

City Manager Shery Sculley will present a $2.7 billion budget proposal for fiscal year 2018 to City Council on Thursday morning. It will be the first to use a so-called “equity lens” to allocate resources. Instead of dividing funds equally among the 10 council districts, an equitable budget commits more resources to areas and populations where needs are greater, often areas that have been largely ignored for decades.

https://therivardreport.com/proposed-2-7-billion-city-budget-first-to-use-equity-lens/


Seattle is Helping Baltimore Consider Racial Equity in Budget Decisions

https://medium.com/@Results4America/seattle-is-helping-baltimore-consider-racial-equity-in-budget-decisions-df7fa34c0a8

How difficult is it?

Budget Exercise

More Information

View our Budget, CIP and Strategic Plan documents:
• Go to www.durhamnc.gov and click on “Government” then "Departments" then "Budget & Management Services"
• Visit us on the 1st floor of City Hall
• Visit the City Clerk’s Office on the 2nd Floor
• Visit the Durham County Main Library

For other questions or information, contact Bertha Johnson 919-560-4111 x 20285 or Bertha.Johnson@durhamnc.gov