



News Release

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Durham's Proposed FY20-21 Budget Reflects Impact of COVID-19 Pandemic

Property Tax Rate Remains the Same

DURHAM, N.C. – Citing financial uncertainties and declining revenue caused by COVID-19, City Manager Tom Bonfield presented a proposed FY2020-21 budget that contained no property tax rate increase and announced the creation of a special COVID-19 response and recovery fund at tonight's virtual City Council meeting.

"We don't yet know the full depth, breadth, and duration of the impacts of COVID-19 on our community, but we can anticipate that the City will likely need to provide additional resources to support small and disadvantaged business, community non-profits, families, and to cover increased costs associated with sanitation and space modifications in City facilities," Bonfield said. "In addition to funding that may be forthcoming through federal and state channels, I am proposing a \$5 million COVID-19 response and recovery fund that would be available for use in the coming fiscal year."

Bonfield recommended a proposed property tax rate of 53.17 cents per \$100 of assessed value, which is the same tax rate from the previous fiscal year. The proposed tax rate generates a tax bill of about \$1,229 per year, or about \$102 per month on a house valued at the median house value of \$229,246, the median house value for the City of Durham according to the Durham County Office of Tax Administration.

Bonfield's recommended total preliminary budget is \$504.3 million dollars, compared to \$477.8 million dollars for FY2019-2020, an increase of \$26.5 million dollars, about \$24 million dollars of which is due to the anticipated refinancing of debt. The proposed budget continues the dedicated affordable housing tax rate allocation at 2 cents.

While street paving and maintenance continues to be a significant concern for residents responding to the 2019 Resident Satisfaction survey, the proposed budget reduces funding for street paving from \$10 million to \$6 million. According to Bonfield, this limited level of funding is not sustainable for more than one year. Other reductions include travel, training, fuel, and deferred maintenance.

The City will be able to continue to invest \$68.5 million in upgrading and increasing capacity for water and sewer improvements including water and sewer rehabilitation, future water supply, and Jordan Lake reconstruction. A modest increase of about 2.9% for the average customer in water and sewer rates are also included to continue to support ongoing capital, operating, and sustainability efforts.

While over the years, the use of Fund Balance has been limited to one-time expenditures, the proposed budget draws \$7.2 million from Fund Balance for one-time expenses of \$100,000 and covers revenue losses related to COVID-19, which is approximately \$7 million. Also, according to Bonfield, the challenge of finding an additional \$7 million to provide compensation adjustments for employees could not be overcome, resulting in no pay increases for City employees the coming fiscal year.

A virtual public hearing is scheduled for the proposed budget for Monday, June 1 with final budget approval set for Monday, June 15 at 7 p.m. To review the proposed budget, visit the City's Budget and Management Services Department [webpage](#).

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