



News Release

For Immediate Release: May 21, 2018

Durham's Proposed FY18-19 Budget Keeps Tax Rate Unchanged Thanks to Growth and Expanded Tax Base

DURHAM, N.C. – Citing growth and funds resulting from an expanded tax base, Durham City Manager Tom Bonfield recommended no changes to the city's current tax rate of 57.86 cents per \$100 of assessed value, during his presentation of the FY2018-2019 Proposed Budget at tonight's City Council meeting.

"While all this growth in Durham increases demand for services, it also brings an expanded tax base. The taxable value for next fiscal year will grow by \$1.2 billion, or 4.46 percent, which is over twice the amount our financial model had projected," Bonfield said. "The increased tax revenue generated not only provides resources to respond to increased service demand, but also provides resources to pay for overall cost increases and additional revenues for affordable housing and park enhancement initiatives, and even some new initiatives, such as participatory budgeting."

The proposed tax rate generates a tax bill of about \$1,048 per year, or about \$87.33 per month on a house valued at the median house value of \$181,104, the median house value for the City of Durham according to the Durham County Office of Tax Administration.

Bonfield's recommended total preliminary budget for FY2018-19 is \$510.4 million dollars, a 15.9 percent increase from last year, and includes a \$201.1 million budget for services covered by the general fund, a 5.8 percent increase from last year.

The proposed budget continues the dedicated affordable housing tax rate at 2 cents, while appropriating funds from fund balance to support the plan. Also included in the proposed budget is \$450,000 to support realignment and enhancement of the homelessness/eviction diversion and support services.

Enhanced opportunities for youth as well as informing them of recreational programs also are priorities for this budget, Bonfield said. The My Durham Teen Program will be expanded this year to another recreation center, while at the same time marketing efforts will be increased to attract more youth to the program. Also, a summer camp program will be added for 2019.

This year's proposed budget also provides approximately \$304,000 for administrative costs related to Participatory Budgeting, a new initiative aimed at engaging residents in prioritizing community projects.

To better serve a large portion of South Durham, the Bethesda and Parkwood Fire Districts will merge into the City's Fire Department, transferring a total of 53 positions, and creating two additional administrative and support positions. According to Bonfield, this will result in more efficient deployment of fire and rescue resources reducing response time, and eliminating duplication of services, and in many cases, reducing insurance costs for residents. In response to the growth of multi-family residential units in the downtown area, 15 new firefighters will also be added at downtown's Station 1 by January 2019.

According to Bonfield, violent crime is trending downward, and police staff believes establishing and

maintaining a strong relationship between the police and the community has contributed to this trend. Funding is continued for the third year of the Take-Home Car program to encourage police to live within and be more visible in Durham neighborhoods, and for recruitment and retention programs. The Police Athletic League program and staffing will also be expanded to provide more mentoring opportunities with youth and their families.

The street resurfacing fund is recommended to receive approximately \$7 million to address the ongoing maintenance of streets, and \$2 million is included in the Capital Improvement Plan to pave dirt streets that have been petitioned.

To ensure that housing and development opportunities can continue to be served in a timely and high quality manner during this time of unprecedented growth, nine new positions are proposed to support the Development Services Center and Inspections Department. These new positions, along with two new programs that will expedite the review process will be paid for by development fees, not property taxes. Other fee changes include modest water and sewer rate increases of about 1.3 percent for the average customer, to continue to support ongoing capital, operating and sustainability efforts.

The Capital Improvement Plan (CIP) budget includes \$178.5 million for new and existing projects, such as \$2.39 million for the Durham Belt Line Trail, \$8.95 million for the Hoover Road Athletic Park Project, \$2 million for public safety radio replacements; \$75,000 for public art, and \$7.41 million for renovation of the Public Works Operations Center. Funding is provided through Water and Sewer revenues and revenue bonds, General Fund financings, pay-as-go funding, Parking and Stormwater fees.

The budget also estimates fund balance reserves at 22.67 percent, with \$4.3 million of these funds to be used for one-time expenditures. The City continues to maintain excellent fiscal status with an AAA bond-rating from all three ratings agencies – achieved by only a few of the nation’s more than 22,500 cities.

A public hearing is scheduled for the proposed budget for Monday, June 4 with final budget approval set for Monday, June 18 at 7 p.m. in the City Council Chambers.

To review the proposed budget, visit the City’s Budget and Management Services Department [webpage](#) or hard copies may also be reviewed in the City Clerk’s Office and the City’s Budget and Management Services Department, located on the first floor of City Hall.

About the City of Durham Budget and Management Services Department

The City of Durham [Budget and Management Services Department](#) is responsible for the development and oversight of the City’s annual budget and Capital Improvement Program (CIP). The department is also responsible for performance management, continuous improvement, and strategic planning. A division of the department, the [Office of Performance and Innovation](#), serves as internal consultants, helping City departments accomplish Durham's "One Vision and Five Goals" through advancing the City's [Strategic Plan](#); providing framework for data-driven decisions; fostering a culture of innovation; and facilitating process improvements.

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