Jamestown Community Meeting
August 25, 2015
Summary

• TOPIC: Jamestown property tax increase
• Jamestown has an immediate financial challenge
• The path we are on is leading to insolvency within about 4 years, and to other serious consequences before then
• The situation can be turned around but we need to act soon
• In this meeting:
  – Explain the situation
  – Review alternatives being considered
  – Take a non-binding straw vote on a preferred alternative
Explain the Situation
Where Does the Money Go?

• Income:
  – Property taxes (less JVFD) in 2015, approx. $21,000
  – Projected to rise to approx. $37,000 by 2020 due to housing recovery, inflation, and other factors (more information in the Modeling section to follow)

• Income pays for Town Clerk, parks, Town Hall operating expenses, capital improvements, and other town services

• We operate on a very lean budget

• Water and JVFD are funded separately

• Town Trustees are volunteers; no impact on town budget

• Temporary extra town staff and consultants (post-flood) are paid for separately by grants
## Town Receives Less Money than Needed

<table>
<thead>
<tr>
<th>Category</th>
<th>Est. Yearly Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMANENT budget shortfall (current)</td>
<td>$14,500</td>
</tr>
<tr>
<td>Was planned to be addressed in 2013 but then the flood happened</td>
<td></td>
</tr>
<tr>
<td>PERMANENT property tax loss</td>
<td>$1,400</td>
</tr>
<tr>
<td>(destroyed houses that will not be replaced)</td>
<td></td>
</tr>
<tr>
<td>TEMPORARY property tax loss</td>
<td>$2,700/year X 3 years</td>
</tr>
<tr>
<td>(houses that are being replaced)</td>
<td></td>
</tr>
<tr>
<td>TEMPORARY annual audit expense</td>
<td>$15,000/year X 3 years</td>
</tr>
<tr>
<td>(hidden cost of receiving $millions from FEMA and the State)</td>
<td></td>
</tr>
<tr>
<td>TOTAL Shortfall:</td>
<td>$33,600/year X 3 years</td>
</tr>
<tr>
<td></td>
<td>$15,900/year thereafter</td>
</tr>
</tbody>
</table>

**NOTE:** The shortfall has been made up so far by using legally-required reserves. The reserves run out by 2020.

**Bottom Line:** Town is broke by 2020.
What Happens If We Run Out of Money?

• Town Board will have to take action well before that to slow the losses
• Possible actions the Board could take:
  – Reduce (and eventually eliminate) road maintenance
  – Reduce/eliminate Town Hall operating days and hours
  – End 4th of July as we know it because the town cannot advance the funds
  – Let park space grow wild
  – Use legally required reserves for a while **BUT . . .**
    If reserves go lower than amount required by Tabor, Town Trustees are subject to legal action
End Case Scenario

• We’re not trying to be overly dramatic but the survival of Jamestown as being locally controlled is at stake
• Jamestown becomes insolvent; can’t pay its bills
• New territory—hard to predict what would happen and how fast
• Jamestown dissolved as a self-governed town; become part of unincorporated Boulder County
  – We would be .1% (.001) of County population
  – Reasonable to expect our priorities would be in proportion
  – We would lose control of our destiny
  – Fully adopt County building permit process, e.g., bring house completely up to code for a remodel
So, what’s the solution?

• It’s clear we need more money to survive
• The only reliable source is property tax income
• Ask Jamestown voters to authorize an increase in property taxes in November 2015
• The rest of this evening is about alternatives being considered while being open to any creative new ideas from YOU
Review Alternatives Being Considered
The Language of Property Taxes

• Property taxes are based on what is called a “mill levy”
• A mill levy = $1 of property tax for every $1,000 of Assessed Value
• Assessed Value = Actual Value \times 7.96\%
• Property Tax on House = Actual Value \times 7.96\% \times Total Mil Levy
• Jamestown’s current property tax (for properties with houses) is 10.5 mills (excluding fire and EMS)
What Would a Mill Increase Generate?

<table>
<thead>
<tr>
<th></th>
<th>3 Mil</th>
<th>5 Mil</th>
<th>8 Mil</th>
<th>10 Mil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. $s for Jamestown/year (2016)</td>
<td>$8,700</td>
<td>$14,500</td>
<td>$23,200</td>
<td>$29,000</td>
</tr>
<tr>
<td><strong>Tax Increase Per Property Per Year</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$200,000 property</td>
<td>$48</td>
<td>$80</td>
<td>$127</td>
<td>$159</td>
</tr>
<tr>
<td>$250,000 property</td>
<td>60</td>
<td>100</td>
<td>159</td>
<td>199</td>
</tr>
<tr>
<td>$300,000 property</td>
<td>72</td>
<td>119</td>
<td>191</td>
<td>239</td>
</tr>
<tr>
<td>$350,000 property</td>
<td>84</td>
<td>139</td>
<td>223</td>
<td>279</td>
</tr>
<tr>
<td>$400,000 property</td>
<td>96</td>
<td>159</td>
<td>255</td>
<td>318</td>
</tr>
<tr>
<td>$450,000 property</td>
<td>107</td>
<td>179</td>
<td>287</td>
<td>358</td>
</tr>
<tr>
<td>$500,000 property</td>
<td>119</td>
<td>199</td>
<td>318</td>
<td>398</td>
</tr>
</tbody>
</table>

<sup>1</sup> Based on Boulder County, *Calculating Your Property Taxes*
How Does the JVFD Fit In?

• An alternative we’ll look at involves temporarily switching some funds from the JVFD to the general town budget to make up part of the budget shortfall

• In DOLA’s assessment, the JVFD has sufficient reserves to handle a 3 mill reduction for a limited period of time
  – DOLA is Colorado Division of Local Affairs
  – They have been helping us almost from Flood Day 1

• Implications to JVFD of switching funds:
  – Less money for JVFD (details follow)
  – Voters approved increased emergency services in 1997 & 2004
  – The JVFD fleet includes a 34-year-old brush truck that the JVFD is currently satisfied with.
  – Regardless, the truck will need to be replaced eventually and JVFD will need money for that “rainy day”
DOLA’s Nifty Modeling Tool

• The modeling tool makes it easy to understand the impact of an alternative

• Basic model assumptions:
  – No increase in town services
  – Avg. house price: $289,800 in 2016 (estimated)
  – 3% per year avg. est. growth, ½ County rate
  – 6 houses permanently lost from the flood
  – 5 destroyed house rebuilt in 2015-2016
  – 4 new house 2017 to 2020

  • Built on existing lots in town (such as Rose M) and/or annexation of some properties where owner is open to annexation
Alternatives

1. 5 mill permanent increase

2. 8 mill increase:
   – 5 mill permanent increase
   – 3 mill for 3 years

3. 5 mill increase + 3 mills from JVFD for 3 years:
   – 5 mil permanent increase
   – No tax increase on the 3 mills from JVFD
   – Approx. $9,000 reduction for JVFD & EMS
Modeling
The Future if No Action

2013 - 20120

Ongoing Alignment

- Ongoing Revenues
- Ongoing Expenses

No More Reserves
Town is Broke
Alternative 1: 5 mill Permanent Increase

2013 - 2020

Ongoing Alignment

- Ongoing Revenues
- Ongoing Expenses

$60K
Alternative 2: 8 mill Increase
(5 mill permanent; 3 mill for 3 years)
2013 - 2020

$60K
Alternative 3: 5 mill increase + 3 mills from JVFD
(3 mills for 3 years from JVFD; NO tax increase on the 3 mills)
2013 - 2020
Alternative 3: Impact on JVFD Budget

JVFD Status Quo

3 mills for 3 years from JVFD
Would a Tax Increase be Approved?

- We can estimate the current prevailing attitudes from the just-completed hazard and housing survey
- 82 responses

<table>
<thead>
<tr>
<th>Approve raising taxes</th>
<th>46%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t approve raising taxes.</td>
<td>27%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>27%</td>
</tr>
<tr>
<td>Want more information</td>
<td>90%</td>
</tr>
</tbody>
</table>

*This presentation is meant to provide the information*

- “Don’t Know” may determine the future of Jamestown
- NEXT STEP: Town Board decides at 8/31 Board meeting what Mill levy to put on November ballot
- NEXT STEP: Educate your friends and neighbors
End-of-Meeting Questionnaire

• Your Full Name (Optional): _________________________

• Will you likely vote in the November 2015 election in Jamestown:
  □ Yes       □ No

• Based on what you know now, how likely are you be to approve a mill levy increase?
  □ Likely    □ Unlikely    □ Unsure

• Which alternative do you most prefer (check only one)?
  □ 5 mill perm.   □ 5 mill + 3 mill for 3 years   □ 5 mill + 3 mill from JVFD
  □ Other: ________________________________

• What questions and/or concerns do you still need answered in order to vote for a mil increase? (Use other side if more space needed.)