



# 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

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

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 4<sup>th</sup> 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 X 7.96%
- Property Tax on House = Actual Value X 7.96% X 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?

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

<sup>1</sup> Based on Boulder County, *Calculating Your Property Taxes*

<http://www.bouldercounty.org/doc/assessor/propertytaxcalc.pdf>



# 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

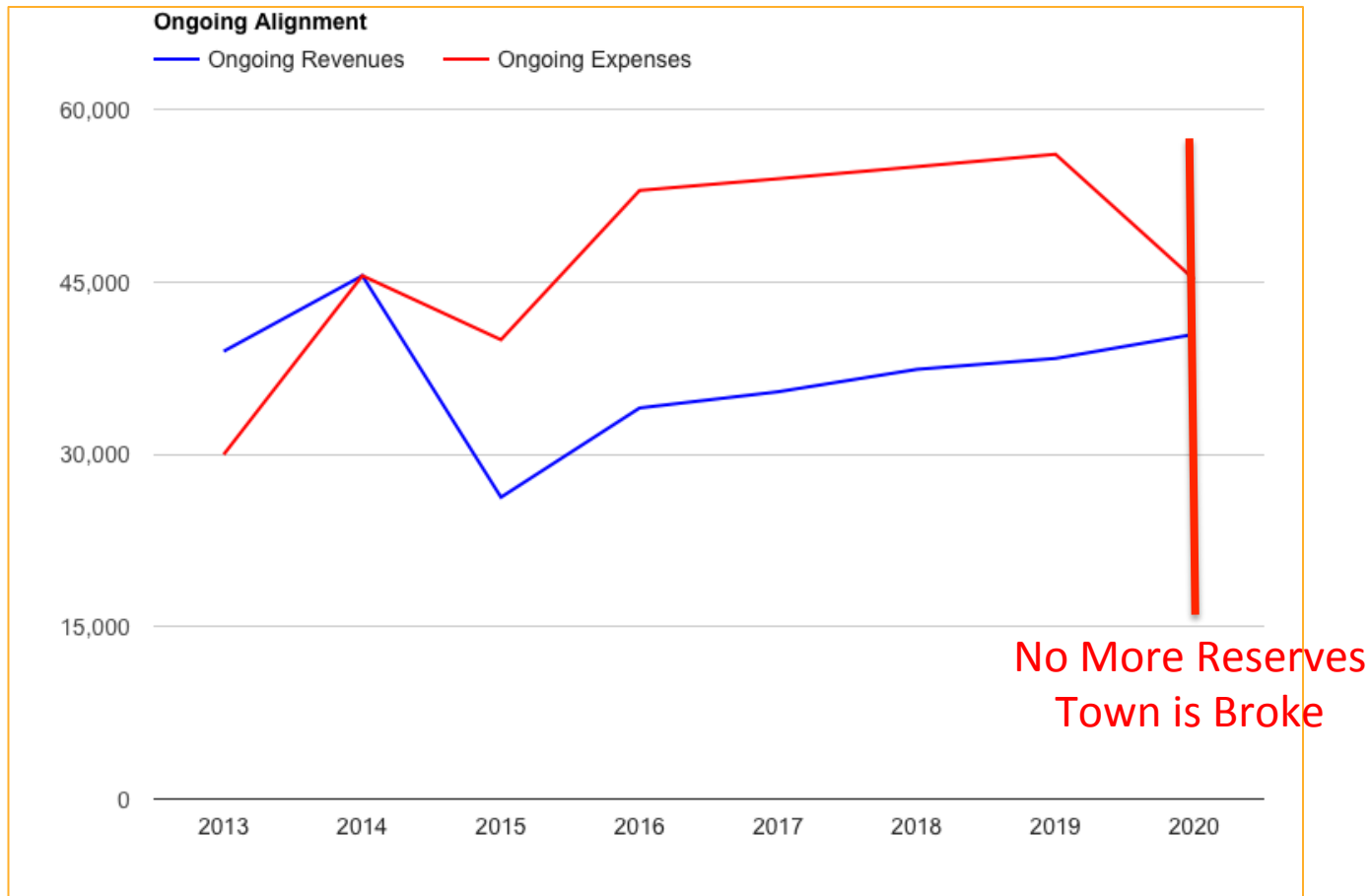


# Modeling



# The Future if No Action

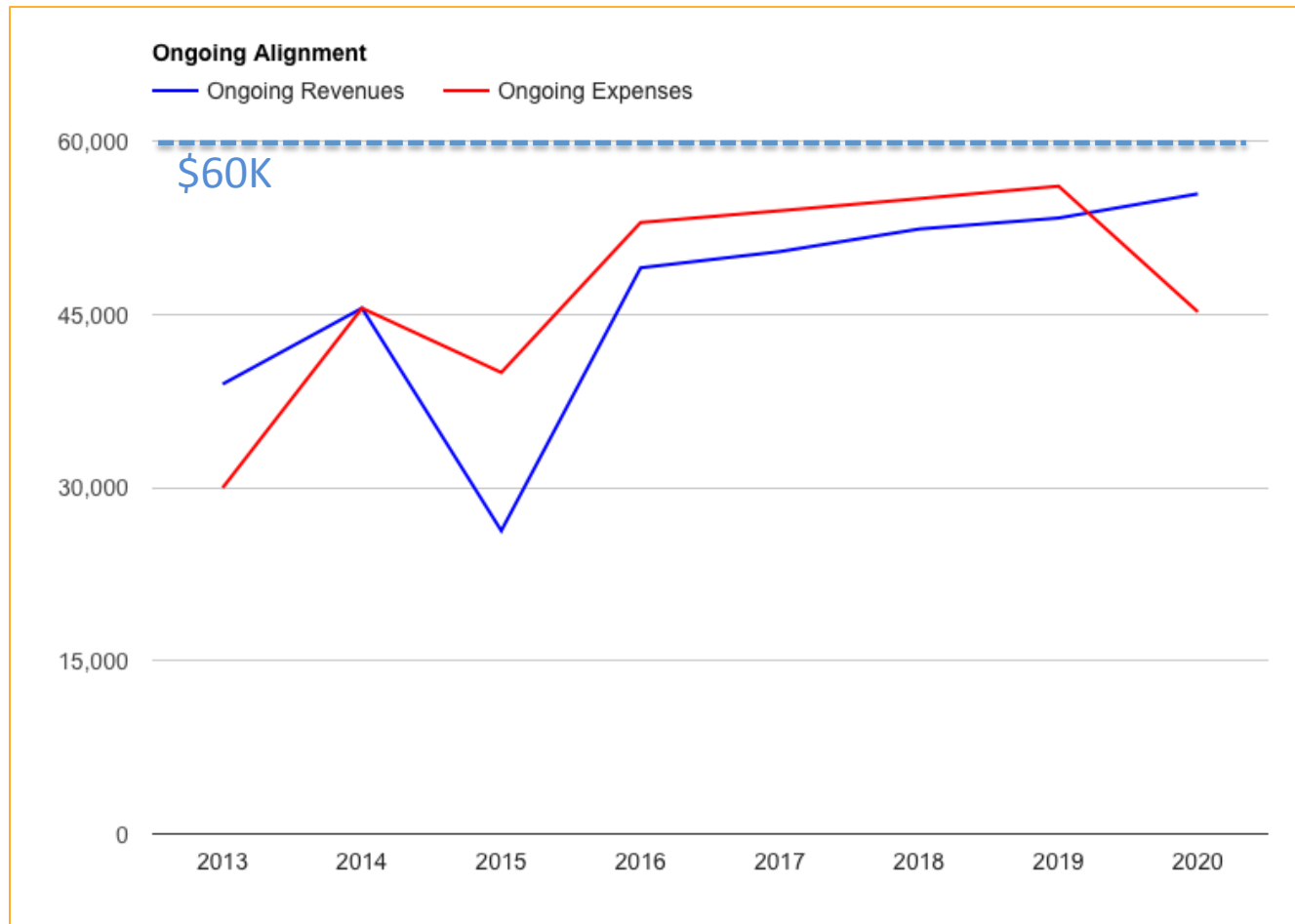
2013 - 20120





# Alternative 1: 5 mill Permanent Increase

2013 - 2020

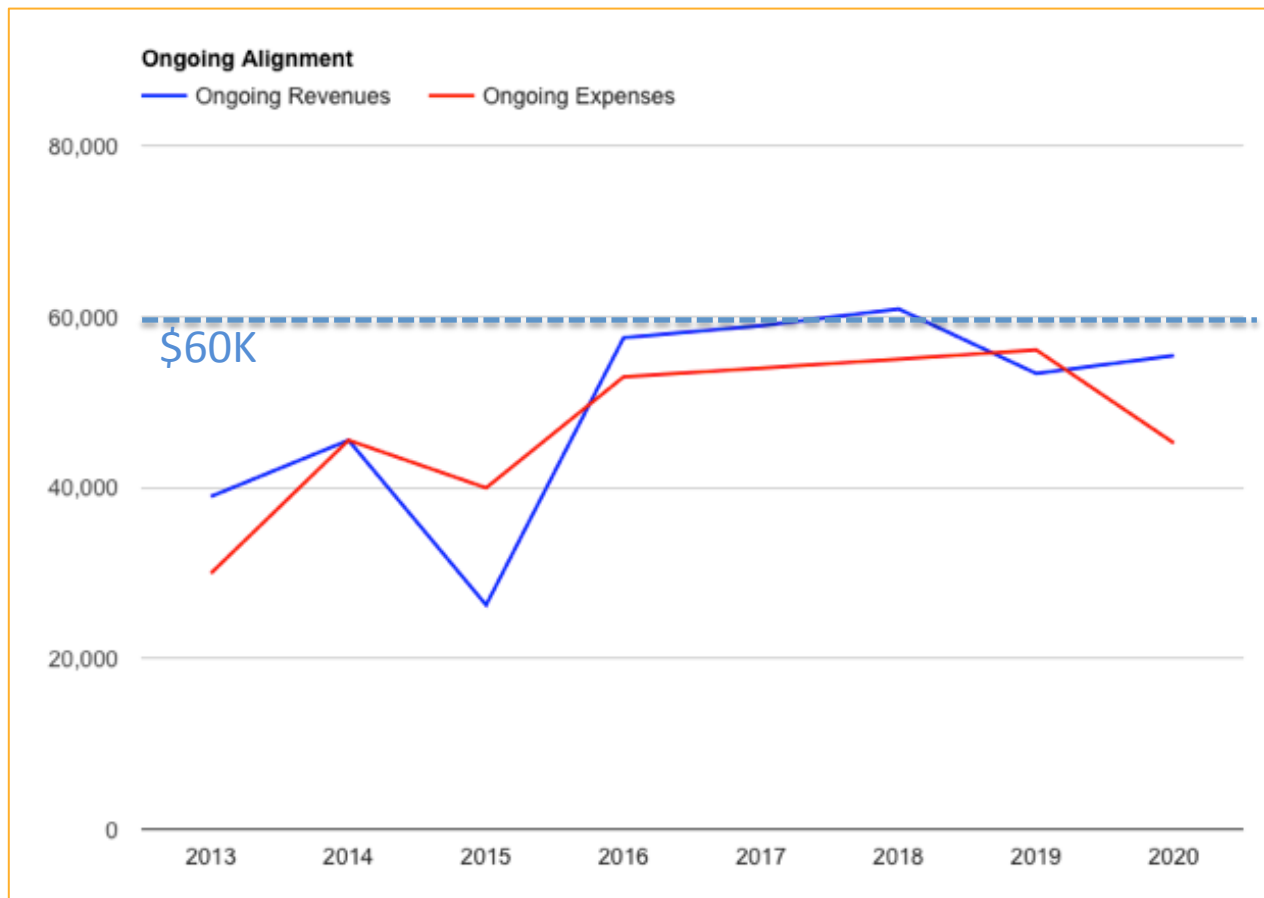




# Alternative 2: 8 mill Increase

(5 mill permanent; 3 mill for 3 years)

2013 - 2020

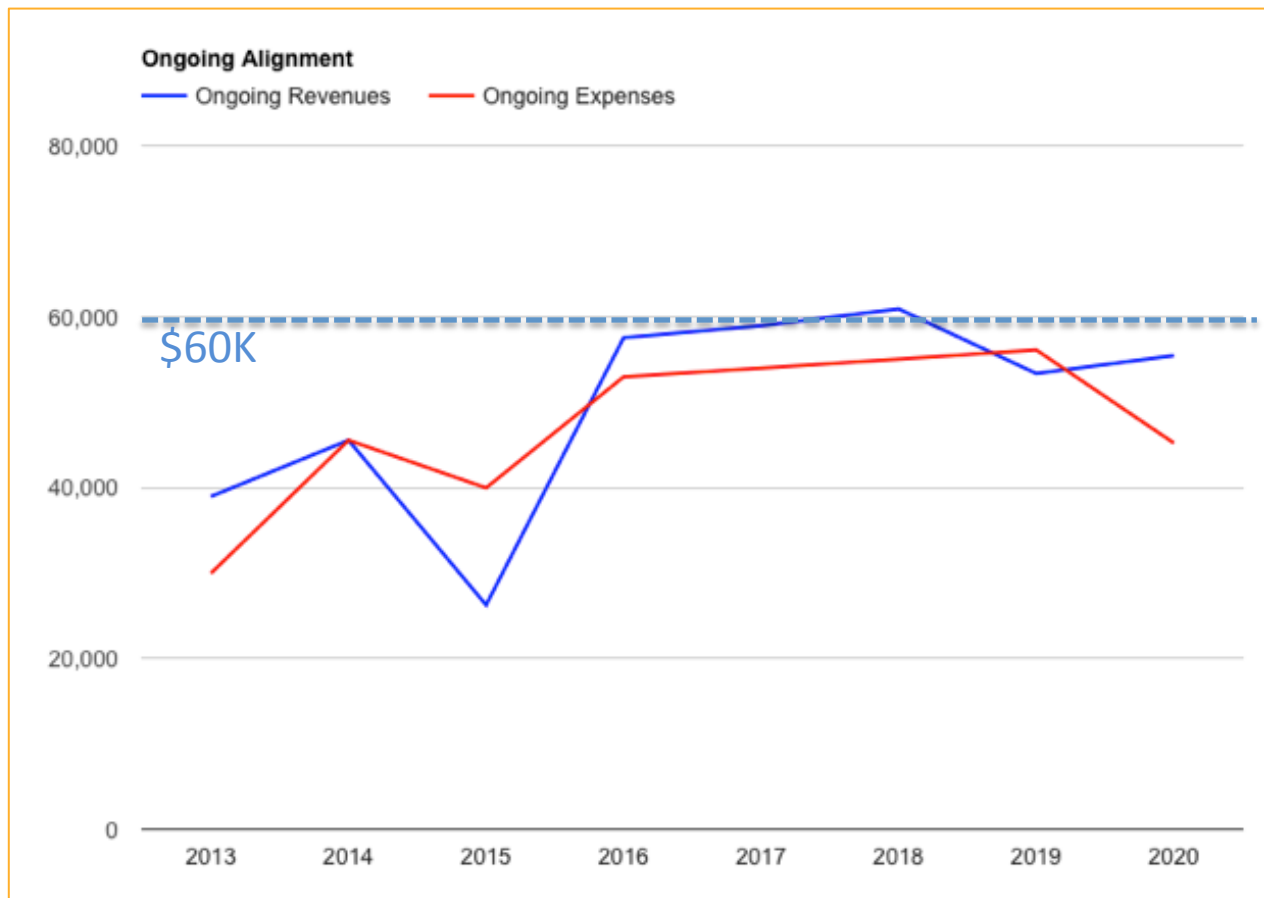




## Alternative 3: 5 mill increase + 3 mills from JVFD

(3 mills for 3 years from JVFD; NO tax increase on the 3 mills)

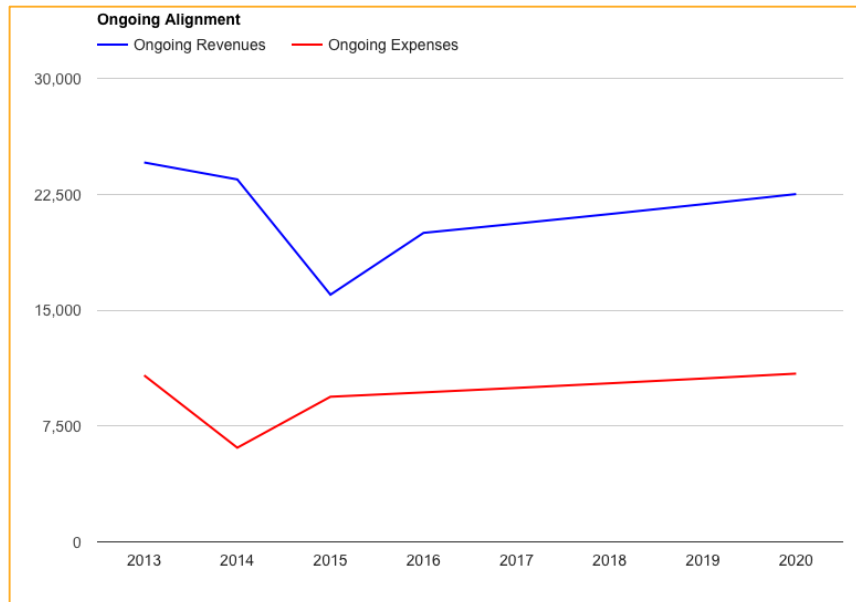
2013 - 2020



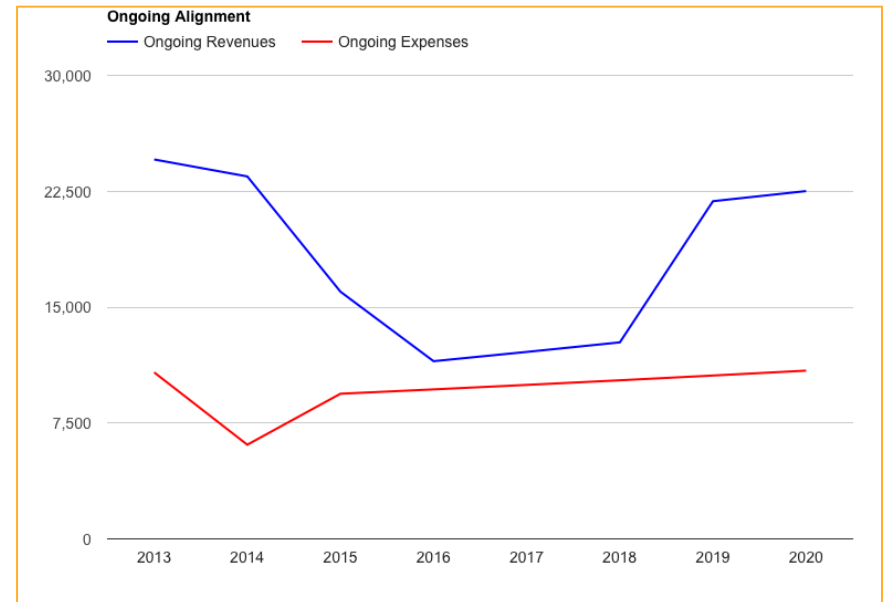


## Alternative 3: Impact on JVFD Budget

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

Approve raising taxes	46%
Don't approve raising taxes.	27%
Don't know	27%
Want more information	90%
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.)