



101 Midland Avenue, Basalt, CO 81621

Meeting Date: Wednesday, June 26, 2019

Location: Town Manager's Meeting Room, Town Hall

Time: 5:00 PM

BASALT FINANCE ADVISORY BOARD MEETING

5:00 pm

1. Update on TABOR issue
2. Budget calendar DRAFT 2020
3. Financial Update
4. FAB open seats – timing
5. Next meeting July 10

6:00 Adjourn



Property Tax Update

PRESENTED BY RYAN MAHONEY, TOWN MANAGER

JUNE 25, 2019

How did Basalt get here?

- TABOR requires a maximum rebate of up to 4 years when a tax is over-collected
- Mill levy likely should have been 2.562—ranged from 5.48 to 5.957 during the past 4 years
 - Previous Councils and administrations believed 1994 vote allowed changing the mill levy
- Council changed mill levy annually, resulting in \$5.4 million less in the tax revenue compared to taxes at the 1994 rate

Direction forward for Basalt

- Community survey showed that taxpayers support rebate of over-collected property taxes
- Critical that Town successfully set its mill levy moving forward
- Rebate likely will provide “community will” to approve a mill levy question on November 2019 ballot
- Town staff has worked on several scenarios to provide a rebate that will not unduly hamstring Town’s budget and utilize good fiscal principles

| <i>Collection Year</i> | <i>2010 General Mill Levy Rate</i> | <i>Year Mill Levy Rate</i> | <i>Mill Levy Rate Difference</i> | <i>Eagle County</i> | <i>Pitkin County</i> | <i>Total AV for Year</i> | <i>Total Potential Refund</i> |
|------------------------|------------------------------------|----------------------------|----------------------------------|---------------------|----------------------|--------------------------|-------------------------------|
| 2016 | 2.562 | 5.480 | 2.918 | 106,394,380 | 46,549,880 | 152,944,260 | \$430,368 |
| 2017 | 2.562 | 5.782 | 3.220 | 111,250,150 | 46,366,430 | 157,616,580 | \$493,194 |
| 2018 | 2.562 | 5.792 | 3.230 | 121,133,180 | 45,505,840 | 166,639,020 | \$509,738 |
| 2019 | 2.562 | 5.957 | 3.395 | 123,557,000 | 46,300,880 | 169,857,880 | \$547,397 |
| | | | | | | | \$1,980,697 |

Refund Estimate

Statute of limitations for TABOR is 4 years, so potential refund would include the collection years of 2016 – 2019

Property Tax Rebate Options

1. Property tax credit to current property owners
2. Use COPs to issue one-time check for full amount to current property owners
3. Sale of Town-owned assets

Option 1—Property Tax Credit

- Least costly option with regard to administration
- Would require multiple years of rebates to achieve full refund
- Likely not reportable on income tax filings *
- May require a ballot question to seek permission from voters for multi-year payback
 - Or could require Town to add 10 percent interest per year for remaining balances not refunded in a fiscal year

*NOTE: Not intended to be tax advice. Please consult your tax advisor to determine tax implications.

Option 2—Certificates of Participation (COPs)

- COPs are allowed in accordance with Town Charter
- Payback achieved in 1 year—no need for ballot question
 - Funds will be available in September or October if approved in summer
- Property owners can forego individual refunds
 - Refunds may be reportable on future income tax filings *

*NOTE: Not intended to be tax advice. Please consult your tax advisor to determine tax implications.

Option 2—Certificates of Participation (COPs)

- More costly option with regard to administration
- COPs allow Town to retain current unrestricted fund balance
- Estimate of terms and length:
 - Interest rate: 3.47% (including interest + costs of issuance)
 - Term: 10 years
 - Annual payment: Approximately \$243,000, paid from the general fund out of unrestricted revenues.

Option 3—Sale of Town assets

- Basalt has limited assets to sell, likely only affordable housing units
 - Selling 6 units would not be enough to cover entire amount, assuming Town employees stayed in units
 - Still need option 1 or 2
- Short-term solution with long-term consequences
 - Housing needed for recruitment and retention of staff
 - Now have 7 staff members in 13 Town-owned units
 - Future acquisition will be more costly
- Affordable housing program now poised to run in the black
 - Money made from this program could be used for future AH projects

Property Tax Rebate Calculations

- Individual calculations would likely adjust for:
 - Abatements
 - Changes in assessment rate for residential
 - Changes in value in assessment years
 - Additions/deletions of property values during past 4 years
 - Subdivision of property

Questions?

2020 Budget Calendar



6/22/19

| | |
|------------------|---|
| July - September | Council and Town manager review goals/strategic plan |
| July | Department Heads start to compile information to include in their budget, and inform their staff of the budget process as necessary. |
| July 8 | Director of Finance prepares budget format and sends to Town Manager and Department Heads for budgeting. Finance Director reviews budget format and information at Department Head meeting. Capital Improvement Plan adjustments and discussions are included in this entire process. |
| July | Town Manager and Finance Director reviews budget calendar and framework with the Finance Advisory Board/Council. |
| July 8 – 31 | Department Heads create a draft budget and request information from their staff as needed for budget inclusion. Finance Director prepares revenue estimates. |
| July – August | Town Council reviews options and makes a decision on direction for the TABOR issue. |
| August | Report 2 nd quarter 2019 financial results to Council and Finance Advisory Board |
| August 1 – 9 | Town Manager reviews department budgets with Finance Director |
| August 10 - 31 | Town Manager and Finance Director meet with all Department Heads regarding their budgets. Budgets suggestions are made by the Town Manager for inclusion in the second budget draft. |
| September 4 | 2 nd Draft budget is completed. |

2020 Budget Calendar, Page 2

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| September 10 | Council reviews budget information |
| September 11 | The Finance Advisory Board discusses 2 nd Draft budget |
| September 11 – 30 | Adjustments are made to budgets based upon Council feedback |
| September 28 | Discretionary Grants requests due |
| October 1 | 3 rd Draft Budget due to Town Manager from Finance |
| October 8 | Budget Notice sent for publication |
| October 8 | 2019 Draft Budget Session – Town Council |
| October 9 | Finance Advisory Board Meeting – budget review |
| October 11 | Budget available for Public View |
| October 12 | Publication of Budget Notice |
| November 5 | Election Day |
| November 12 | Council work session, including review of Discretionary Grants |
| November 13 | Finance Advisory Board meeting |
| November 19 | 4 th Draft budget due to Town Manager from Finance |
| November 26 | 3 rd Review of Budget/1 st Reading – Town Council |
| December 10 | Public Hearing to Appropriate 2019 Budget and set the mill levy rate for 2020 collections |
| December 11 | Finance Advisory Board Meeting |
| December 13 | Mill Levy Certifications due to Eagle and Pitkin Counties |
| January 31, 2020 | 2020 Budget and Budget Message due to State of Colorado |