

04-13-2020 Town Council Work Session Responses to Council Questions

ITEM #2: FY 2020 Budget Update and Preliminary FY 2021 Budget Projections

Council Question:

Are we expecting a drop in revenue from property taxes, as well? Do we know if there are going to be any funds available from state or federal programs to help those who may struggle to pay their property taxes due to COVID impacts, similarly to programs that helping with rent payment challenges?

Staff Response:

To date, the Town has collected the majority of our FY 2020 property tax revenues. Bills went out in the July/August 2019 time frame and were due January 5. We are still collecting payments from those who have monthly payment arrangements with the County and we are still receiving motor vehicle taxes. At this time, the State has not waived the requirement to get a monthly inspection (which collection of motor vehicle taxes is tied to), so we do not anticipate any funding shortages in property tax collections.

It is too early to know if there will be any implications for FY 2021 property tax collections. We are estimating a conservative 1% growth factor on actual collections. When comparing budget to budget, the increase projected is 1.5%.

There have not been any federal or state funds made available for property tax collection at this time. Depending on the length of the event, that could change. We will continue to update Council as we get any additional information.

Council Question:

How much would a cost of living only pay increase be? I am concerned about not providing any pay increase at all at the same time that staff are working under highly stressful conditions that could continue for some time. We could exempt Council from any increase?

Staff Response:

A 1% raise would cost as follows:

General Fund: \$335,896

Off-Street Parking Fund: \$938

On-Street Parking Fund: \$3,352

Transit Fund: \$103,629

Stormwater Fund: \$10,200

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Housing Fund: \$7,741

Vehicle Maintenance Fund: \$5,098

Downtown Service District Fund: \$429

Total Annual Cost for all funds: \$467,283.

Council Question:

The presentation references additional funds from HUD - is that the CDBG funds we received an email about or different? What will the process be for determining how those funds are used?

Staff Response:

These additional funds from HUD are different than the CDBG funds. The Town receives a monthly Operating Subsidy for the operation and management of public housing. HUD's intent is to add the equivalent of two additional months to the Operating Subsidy as a means to offset the loss of rents from tenants that have been furloughed or lost hours. We are unable to provide an exact amount as to how much additional funding from HUD the Town will receive.

HUD Operating Funds are available to Public Housing Authorities for the operation and management of public housing, including:

- A. procedures and system to maintain and ensure the efficient management and operation of public housing units*
- B. activities to ensure a program of routine preventative maintenance*
- C. anti-crime and anti-drug activities, including the costs of providing adequate security for public housing residents, including above-baseline police service agreements*
- D. activities related to the provision of services*
- E. the costs of insurance*
- F. the energy costs associated with public housing units, with an emphasis on energy conservation*
- G. the costs of administering a public housing work program*
- H. the cost of repaying, together with rent contributions, debt incurred to finance the rehabilitation and development of public housing units*

Council Question:

Regarding the parking fund, I imagine parking usage levels will be lower than pre-COVID levels for some time even when the stay-at-home order is lifted. Are there any medium-term projections that can be done to help us understand what that financial impact may be?

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Staff Response:

If the Town does not collect any additional parking revenue, total revenues for FY 2020 will be approximately \$2,250,000. If we spend the amount that was originally projected to be spent, total expenditures for FY 2020 will be approximately \$2,700,000. There will be a deficit for FY 2020 of \$450,000.

Fund balance as of June 30, 2019 for the Parking Fund was \$791,000. That means that the majority of the remaining fund balance (\$290,000 of which was set aside for design work for the Wallace Deck renovation) would be used.

Once things return to normal, it will be imperative to adjust parking fees to make the Parking Fund sustainable.