

## FY 2017 Town Council Budget Development Questions Packet #1

- 1.) **Should Council review the goals and mission of the economic development plan before considering some of the Capital Improvement Plan items listed in the Economic Development Offices' proposed budget? (Mayor Mattox - 3/31)**

The Altavista Town Council adopted the "Economic Development Action Plan" based on the recommendation of the Altavista Economic Development Authority at their January 2012 Regular Meeting. The Plan is Attachment #1. The components of the plan are: **Capacity Building; Networking, Existing Business Retention and Expansion, Product Development, Marketing, and Encouraging Entrepreneurism.** Town Council set one of the "Action" steps into place before even adopting the Plan, by voting to establish an Economic Development Office and hire a Director. The work of the AEDA and the Town's Economic Development Office has been very closely tied to the components of the plan and the items in this year's CIP (*only one item is in the FY2017 Budget*) are consistent with several of the components in the plan. While the plan does not specifically address when it will be reviewed, plans of this nature should be looked at and a determination made if the original plan's goals/objectives/priorities are still what is best for the community. Staff feels that it would be very appropriate for the AEDA and the Town Council to review and if necessary, amend the plan, this could be an annual or bi-annual process (*it would also be very beneficial during the budget process*).

- 2.) **Given some of our potential plans for expansion at our water plant and the need to be able to recruit and retain highly qualified employees for all of our departments, does our new budget provide for a means to make this a reality? (Mayor Mattox - 3/31)**

The proposed budget does not financially address any plans for expansion at the water plant, although staff feels the process of beginning a review and future needs analysis for our utilities is good sound governance. In regard to retaining highly qualified employees for all of our departments, staff has issued a Request for Proposals (RFP) for a "Pay Class and Compensation Plan" study. The cost of the study was included in the current (FY2016) Budget; the proposals are due by April 29<sup>th</sup>. Based on the project's timeline, staff feels the report with recommendations should be ready to consideration by Town Council by September 2016. Accordingly, no funding (if needed) is included in the Proposed FY2017 Budget for implementation of recommendations.

- 3.) **Will introducing a tobacco tax allow us to completely do away with the BPOL tax? (Mayor Mattox - 3/31)**

The Proposed FY2017 Budget includes revenue from the Business/Professional/Occupational License tax at \$160,500. The Town of Appomattox implemented a "cigarette tax" in 2014 and

they are currently generating revenue of approximately \$190,000, based on a rate of \$0.27 for each 20 cigarettes (discount of \$0.02 per stamp to cover costs incurred by dealer/agent in affixing the stamps). It is unknown if the Town of Altavista would generate revenue in this amount, staff would suggest budgeting a more conservative number should Council decide to implement the tax.

**4.) As for change in the Meals Tax; a) What is the maximum allowable meals tax that towns can assess? B) What rate would be needed to cut the real estate tax by 50% to .072 per \$100 of assessed value? (Mayor Mattox - 3/31)**

- a) Staff is not aware of a limit on Meals Tax rate than change be charged by Towns.
- b) The Proposed FY2017 Budget contains revenue in the amount of \$381,000 for “Property Taxes-Real Property” (this is referred to as Real Estate or Real Property taxes). This figure does not include Public Service assessments. Accordingly, to reduce the current rate from \$0.144 to \$0.072, the revenue offset would be an estimated \$190,500. Based on current trends, it would take an additional 1.5% on the “Meals Tax” to generate \$182,000. The current Meals Tax rate is 5.5% on gross receipts.

**MEALS TAX RATE/REVENUE SCENARIOS**

Based on FY2016 Projected Gross Receipts

<u>Rate</u>	<u>Revenue w/o Credit</u>	<u>2% Credit</u>	<u>Revenue - Credit</u>
5.5	722,772	14,455	708,317
6	788,479	15,770	772,709
6.5	854,185	17,084	837,101
7	919,892	18,398	901,494
7.5	985,598	19,712	965,886
8	1,051,305	21,026	1,030,279

*Each 1% of Meals Tax Rate = \$131,413 of Revenue.*

**5.) Staff Update – YMCA Family Center Roof**

Staff has been working with the YMCA in regard to roof leaks at the YMCA Family Center (Town owns the building). The roof has been patched and after consulting with Mr. Steve Jester, YMCA Executive Director, we believe it will hold until the end of this fiscal year (June 30<sup>th</sup>) but it would be best if this item was considered for inclusion in the FY2017 Budget (it currently is not included in the Proposed FY2017 Budget). An estimate provided by a contractor to the YMCA was \$35,750. Photos of the facility are attached.

