



Real Estate Tax Rate Reduction Options

Town Council is considering reducing the real estate tax rate from \$0.1950 to either \$0.1925 or \$0.1900. To offset the associated revenue loss, staff has developed the following options:

Option 1: Reduce Rate to \$0.1925

- Reduce real estate tax revenue by \$200,000
- Increase Planning & Zoning fee revenue by \$50,000 based on updated fee schedule
- Transfer \$50,000 of IT server replacement costs to the CIP, reflecting the assets' useful life
- Increase use of prior year surplus from \$400,000 to \$500,000

Option 2: Reduce Rate to \$0.1900

- Reduce real estate tax revenue by \$400,000
- Increase Planning & Zoning fee revenue by \$50,000
- Transfer \$50,000 of IT server costs to the CIP
- Increase use of prior year surplus from \$400,000 to \$600,000
- Reduce overtime budget by \$50,000
- Increase attrition savings by \$50,000

Staff notes that overtime and hiring can be actively managed throughout the year to achieve these targets. The proposed attrition rate of 4% of salaries and benefits remains within best practice standards and below the Town's historical turnover levels. Additionally, the Town's budgeted use of prior year surplus, overtime assumptions, and attrition factors are all in stronger positions than in prior years, further strengthening the Town's overall financial structure.

Additional Staff Recommendation

- Eliminate Division 17135: *Future Development of the Town-Owned Property at 301 Center Street South*
- More clearly define the associated \$300,000 to one-time expenditures across departments to improve transparency:
 - \$35,000 in PIO for a Town-wide survey
 - \$50,000 in HR for a Class and Compensation Study
 - \$100,000 in Police for NVERS contribution
 - \$115,000 in IT for security improvements and PC/server replacements