



America's Small Town Capital

TO: City Council Members
City Leadership Team
FROM: Todd Provencher, Finance Director TP
SUBJECT: BACKGROUND FY 18 BUDGET (UPDATE)

INFRASTRUCTURE SUPPORT-CAPITAL IMPROVEMENT PROGRAM

The Capital Projects, Equipment and Debt Service Program costs will increase \$166,300 (approx 2 cents) in FY18 as per the "Steady-State" plan.

Preliminary details for FY18:

Preliminary Debt Payments	\$722,475
Annual Capital Projects	966,037
<u>Equipment</u>	<u>515,000</u>
Total (per Multi-year Plan)	\$2,203,512

FY 18 GENERAL FUND NET OPERATING BUDGET

Changes in Revenue:

Increased PILOT revenue	\$132,362
Estimated Local Options Tax Revenue	<u>\$218,000</u>

Estimated increase in revenue: \$350,362

Changes in expenditures:

Increase in personnel Costs & benefits	\$478,000
Funding for Local Development Corp.	\$100,000
Increase in Housing Trust Fund	\$ 50,000
Increase in CIP/Equipment/Debt	<u>\$166,300</u>

Estimated increase in expenditures: \$794,300

Net increase in expenditures: \$443,938

To fund this \$442,938 the municipal property tax rate would increase \$.05062 cents or 4.95%.

Operating budgets are due from departments on November 9. The above changes do not reflect:

- Costs for a Facilities Director or dispatch costs related to CVPSA and the change in related dispatch revenue.
- Changes in department operating budgets
- Net Zero Montpelier
- Costs for Storm Water Master Plan

The Community Fund would be level funded in these estimates.

EXPENSE TRENDS & PROJECTIONS - Details

Consumer Price Index – The Consumer Price Index “All Items” for the 12 months ending August 2016 increased 1.1%. The seasonally adjusted increase for the 6 months ended August 2016 increased 2.2%. The increases are driven primarily by the housing, transportation and medical care segments.

Personnel Cost Projections: Only the Fire Department union contract has been negotiated for FY18. Cost of Living Adjustments for those employees will increase 2% for FY18. Police and Public Works union contracts expire June 30, 2017. For preliminary budgeting purposes, I will assume the same increase for all staff.

When I add steps, staffing adjustments and known staff increases, the total salaries and wages will increase approximately 5.3% including projected overtime.

This translates into an increase of \$307,000 in employee wages. When I add the FICA/Medicare, Workers Compensation (assuming a 4% premium increase) and pension costs, this number increases to: \$370,000

Other Employee-related increases:

Estimated Increase in VMERS Employer Contribution (.1%)	\$8,000
Health Insurance (3.5% 2017, 10% 2018 rate increase)	\$100,000

Total Projected Employee Wages and Benefit Increase	\$478,000
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Budget items that have historically been “untouchable” include:

Capital/debt/equipment plan +\$166,300	\$ 2,203,512.00
Montpelier Development Corporation	\$ 100,000.00
Housing Trust Fund + \$50,000 as per EDSP	\$ 71,000.00
Community Enhancements (MA, celebrations, etc)	\$ 33,600.00
Other Government (County, VLCT, RPC, GMTA, SWD)	\$ 171,742.00
Public Safety Authority FY17 amount	\$ 47,000.00
Community Fund	\$ 119,550.00
Sprinkler Credit	\$ 66,000.00
Wrightsville	\$ 7,207.00
One Taylor Mortgage	\$ 43,200.00
Energy Lease	\$ 37,128.00
Library Ballot Item FY17 amount	\$ 316,698.00
DID	\$ 57,000.00
TOTAL (25.33% of FY17 General Fund)	\$ 3,273,673.00
FY17 General Fund Total	\$ 12,923,304.00

2015 Effective Property Tax Rates & Tax Bills

2016 Annual Report - Division of Property Valuation and Review, VT Tax Dept.

Municipality	School		Municipal	Total Res.	Avg. Res Eq. Value	Avg Eq Tax Bill	Avg Eq Mun. Bill	Avg Eq Sch. Bill
	Res.	Non-Res.						
Barre City	\$1.22	\$1.51	\$1.79	\$3.01	134,120	\$4,031	\$2,396	\$1,635
Barre Town	\$1.26	\$1.55	\$0.82	\$2.07	179,515	\$3,718	\$1,464	\$2,255
Berlin	\$1.66	\$1.53	\$0.48	\$2.15	209,526	\$4,495	\$1,008	\$3,487
Calais	\$1.73	\$1.64	\$0.58	\$2.31	219,416	\$5,066	\$1,267	\$3,799
East Montpelier	\$1.87	\$1.54	\$0.55	\$2.42	241,884	\$5,852	\$1,332	\$4,520
Middlesex	\$1.66	\$1.49	\$0.42	\$2.08	177,570	\$3,686	\$739	\$2,947
Moretown	\$1.79	\$1.53	\$0.39	\$2.18	224,628	\$4,893	\$882	\$4,011
Northfield	\$1.46	\$1.54	\$0.85	\$2.31	167,974	\$3,885	\$1,433	\$2,451
Plainfield	\$1.55	\$1.53	\$0.66	\$2.21	166,306	\$3,675	\$1,096	\$2,579
Waterbury	\$1.65	\$1.53	\$0.40	\$2.06	279,727	\$5,753	\$1,129	\$4,623
Worcester	\$1.61	\$1.55	\$0.60	\$2.21	177,454	\$3,923	\$1,061	\$2,863
CENTRAL VERMONT AVG.	\$1.59	\$1.54	\$0.68	\$2.27	\$198,011	\$4,452	\$1,255	\$3,197
Montpelier	\$1.53	\$1.51	\$0.96	\$2.48	235,915	\$5,861	\$2,260	\$3,601
Montpelier vs. Average	-\$0.06	-\$0.03	\$0.27	\$0.21	\$37,904	\$1,408	\$1,004	\$404
	-3.83%	-2.20%	39.85%	9.33%	19.14%	31.63%	80.02%	12.63%

Municipality	School Res.	School Non-Res.	Municipal	Total Res.	Avg. Res Eq. Value	Avg Eq Tax Bill	Avg Eq Mun. Bill	Avg Eq Sch. Bill
Barre City	\$1.22	\$1.51	\$1.79	\$3.01	134,120	\$4,031	\$2,396	\$1,635
Brattleboro	\$1.73	\$1.55	\$1.20	\$2.93	198,869	\$5,825	\$2,380	\$3,445
Hartford	\$1.54	\$1.52	\$0.93	\$2.47	231,515	\$5,725	\$2,162	\$3,562
Middlebury	\$1.70	\$1.55	\$0.90	\$2.60	229,962	\$5,982	\$2,079	\$3,903
Newport City	\$1.40	\$1.56	\$1.14	\$2.54	128,059	\$3,255	\$1,462	\$1,793
Rockingham	\$1.64	\$1.52	\$0.99	\$2.63	133,479	\$3,509	\$1,316	\$2,194
Rutland City	\$1.48	\$1.53	\$1.45	\$2.93	143,638	\$4,215	\$2,086	\$2,129
Springfield	\$1.71	\$1.54	\$1.56	\$3.27	127,376	\$4,163	\$1,982	\$2,180
St. Albans City	\$1.36	\$1.43	\$0.84	\$2.20	173,583	\$3,811	\$1,459	\$2,352
St. Johnsbury	\$1.24	\$1.50	\$1.21	\$2.45	133,944	\$3,283	\$1,617	\$1,666
Windsor	\$1.46	\$1.56	\$1.39	\$2.85	148,787	\$4,245	\$2,067	\$2,178

AVG. OF SIMILAR TOWNS \$1.50 \$1.53 \$1.22 \$2.72 \$162,121 \$4,368 \$1,910 \$2,458

Montpelier \$1.53 \$1.51 \$0.96 \$2.48 235,915 \$5,861 \$2,260 \$3,601

Montpelier vs. Average 1.85% -1.25% -21.35% -8.55% 45.52% 34.19% 18.31% 46.52%