

City of South Burlington

FY 2023 Proposed Budget



Jessie Baker, City Manager
Andrew Bolduc, Deputy City Manager
Martha Machar, Finance Officer

City Council
December 6, 2021

Overview

- Council Goals
- FY23 Assumptions
- FY23 Budget Priorities
- FY23 General Fund
- Pennies for Paths and Open Space
- Capital Improvement Plan
- Enterprise Funds
- Fund Balances
- Emerging Issues
- Next Steps

All Proposed FY23 Budget documents available here:

www.southburlingtonvt.gov/departments/finance/fy_23_budgetget.php

Council Goals

At the September 20, 2021 meeting, the Council shared the following goals:

- Maintain current service levels
- Stay at or under a 3% tax rate increase to fund municipal operations
- Ensure sustainable fund balance levels for future Councils
- Maintain investment in capital – specifically striping and paving



FY23 Assumptions

- Grand list growth of 1.4%
- Local Options Tax to rebound to pre-pandemic levels
- COLA of 3.5%
- Health Insurance increase of 8.0%
- Other insurance increase of 15.5%
- VMERS increase of 0.5%

- Maintain level of service to the community and focus on priorities

FY23 Budget Priorities

- Maximize the service delivery of 180 Market Street
 - Library staffing: 2 new PT, 1 28 hour to full time, increased sub time
 - Handyperson
- Focus on Information Technology Infrastructure for better more resilient service delivery
 - Information Technology staffing: 1 FTE
 - Modernize body camera and cruiser camera technology
 - Office 365 Implementation
 - Permitting automation
- Focus on capital planning strategy and connecting to maintenance
 - 1 FTE to oversee City-wide capital projects and connect to maintenance staff. Split between General Fund and Enterprise Funds

FY23 Budget Priorities

- Maximize ARPA for one-time costs

| | |
|--------------------------------------|------------------|
| ARPA Funded Salary Lines (at 80%) | \$230,519 |
| ARPA CIP Projects | |
| Dispatch consoles | \$225,000 |
| Ambulance | \$310,000 |
| Microsoft Office 365 | \$39,000 |
| P & Z Software | \$50,000 |
| Firefighting clothing | \$48,000 |
| Subtotal | \$672,000 |
| <u>Total in FY23 Proposed Budget</u> | <u>\$902,519</u> |

- Remaining ARPA Funds = \$4.5M
- Other ideas discussed
 - \$1M for the Housing Trust Fund
 - Funding to support businesses, commerce and hospitality events
 - Stormwater and/or Wastewater projects
 - Public process for identifying priorities

FY23 General Fund Summary

| | | |
|--|-----------------|-----------------|
| GF Expenditures | \$28,473,095.88 | 6.46% increase |
| GF Non-Property Tax Revenues | \$10,448,666.00 | 11.78% increase |
| General Fund Tax Levy | \$18,024,429.89 | 3.60% increase |
| FY23 Estimate Operational Tax Rate (GF= General Fund) | \$0.4438 | 2.02% increase |

Impact of operational costs to the average residential property tax payer:

For **condo** at \$289,865 = increase of \$25.46 annually or \$2.12 per month

For **primary residence** at \$432,720 = increase of \$38.01 annually or \$3.17 per month

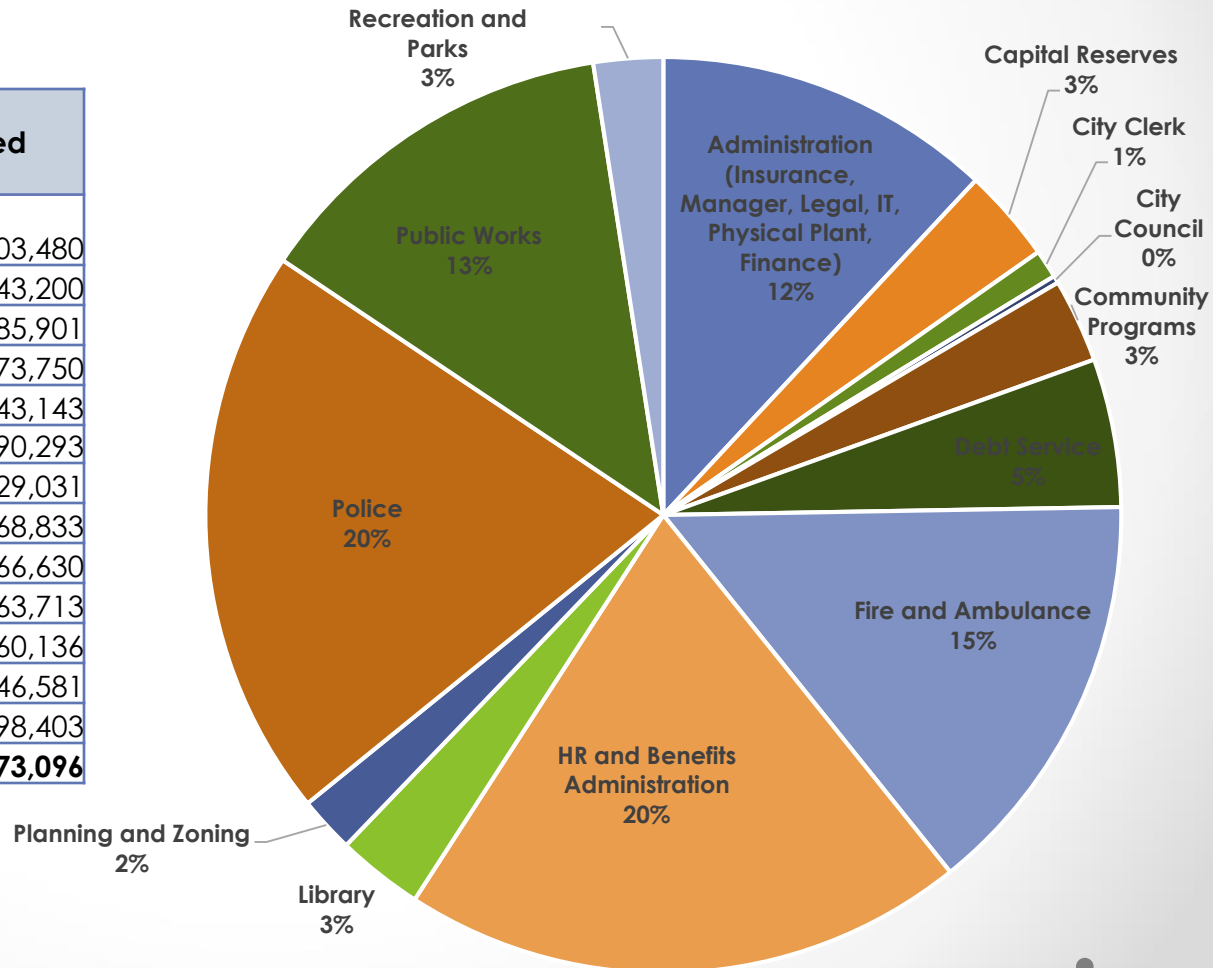
FY23 GF Revenues

- General Fund Operating Budget
 - 63.3% of the General Fund revenues are from property taxes
 - 36.7% from non-property tax revenues
- Projecting local options taxes to rebound to pre-Covid levels
- \$902,519 in one-time or salary ARPA investments
 - 9.7% of the 11.78% increase in the non-property tax revenue is attributable to the use of these one-time funds
- Formula based enterprise support to General Fund – with incremental implementation over 3 years
- Anticipating continued lower programming revenues
- Projecting increases in permitting revenues

| ACCOUNT | 2019 | 2020 | 2020 | 2021 | 2021 | 2022 | 2023 | 2022 vs 2023 | 2022 vs 2023 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|
| DESCRIPTION | ACTUAL | BUDGET | ACTUAL | BUDGET | ACTUAL | BUDGET | BUDGET | \$(+/-) | %(+/-) |
| Local Option Tax-Sales | \$3,002,190.90 | \$2,780,000.00 | \$2,853,896.04 | \$3,000,000.00 | \$3,022,930.29 | \$2,950,000.00 | \$3,083,388.90 | \$133,388.90 | 4.52% |
| Local Option Tax-Rooms/Me | \$1,040,874.58 | \$1,010,000.00 | \$975,603.29 | \$1,050,000.00 | \$665,898.41 | \$850,000.00 | \$950,000.00 | \$100,000.00 | 11.76% |
| | \$4,043,065.48 | \$3,790,000.00 | \$3,829,499.33 | \$4,050,000.00 | \$3,688,828.70 | \$3,800,000.00 | \$4,033,388.90 | \$233,388.90 | 6.14% |

FY23 GF Expenditures

| Service Area | FY23 Proposed Budget |
|---|----------------------|
| Administration (Insurance, Manager, Legal, IT, Physical Plant, Finance) | \$3,403,480 |
| Capital Reserves | \$943,200 |
| City Clerk | \$285,901 |
| City Council | \$73,750 |
| Community Programs | \$843,143 |
| Debt Service | \$1,490,293 |
| Fire and Ambulance | \$4,129,031 |
| HR and Benefits Administration | \$5,668,833 |
| Library | \$866,630 |
| Planning and Zoning | \$563,713 |
| Police | \$5,760,136 |
| Public Works | \$3,746,581 |
| Recreation and Parks | \$698,403 |
| Total Proposed Budget | \$28,473,096 |



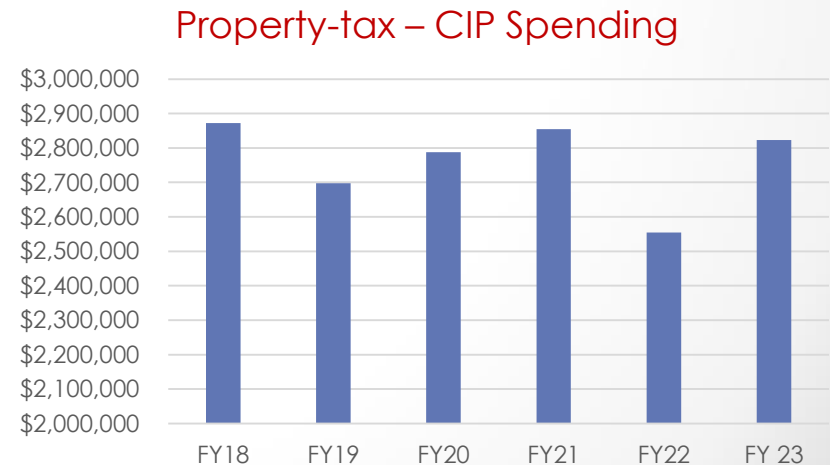
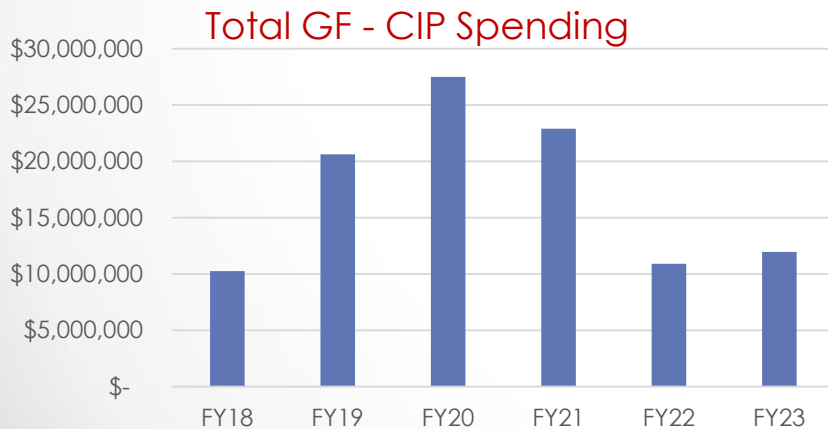
Pennies

- Separated from General Fund Operations budget
- Represents \$.0200 on the tax rate
- For a total estimated tax rate of \$0.4638

| | FY22 Budget | FY23 Budget | Increase with reappraisal | |
|-----------------|-------------|-------------|---------------------------|-------|
| Open space | \$310,870 | \$406,154 | \$95,284 | 30.7% |
| Penny for Paths | \$310,870 | \$406,154 | \$95,284 | 30.7% |

Capital Improvement Plan

- Integrated into the General Fund process to link capital investment to maintenance and to present complete picture
- Added 1 FTE for CIP management to be determined by future Director
- \$1,063,992 (or 9.8%) increase in total capital investments from FY22
 - \$574,000 of funding from ARPA
- \$268,414 (10.51%) increase in property-tax investments from FY22.
- Future years: Separate from Operating Budgets



Capital Improvement Plan

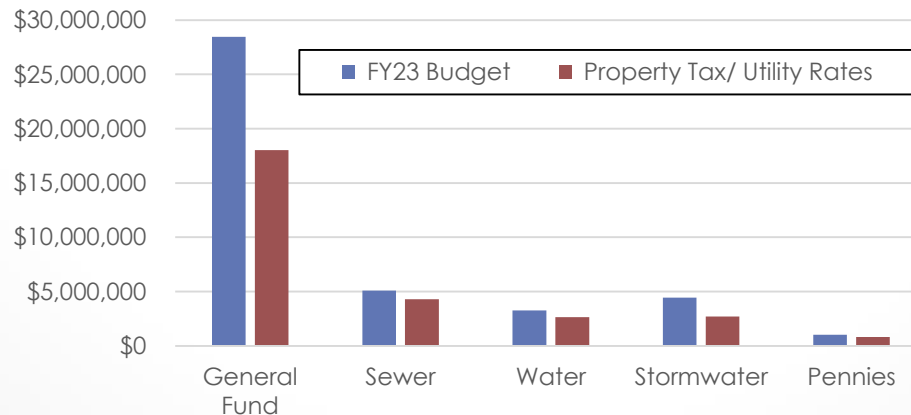
Prioritized Projects

- Recreation Center Planning at \$75k
- Capital Improvements Reserve for City Center maintained at \$860k
- Increase paving budget by \$50k
- Park Improvements increased by \$65k
- ARPA Funding:
 - Technology and permitting improvement at \$89K
 - Ambulance Replacement at \$310k
 - Dispatch console upgrades at \$225k

FY23 Other Funds

| Funds | FY23 Budget | Property Tax or Utility Rates | % of Total |
|--------------|---------------------|-------------------------------|--------------|
| General Fund | \$28,473,096 | \$18,024,430 | 63.3% |
| Sewer | \$5,077,983 | \$4,290,000 | 84.5% |
| Water | \$3,247,285 | \$2,644,500 | 81.4% |
| Stormwater | \$4,423,603 | \$2,707,768 | 61.2% |
| Pennies | \$1,022,307 | \$812,308 | 79.5% |
| | \$42,244,274 | \$28,479,005 | 67.4% |

FY23 Other Funds



Enterprise Funds

| Utility | Existing Fiscal Year 2022 Rate | Fiscal Year 2022 Annual Fee for the Average Home Owner | Proposed Fiscal Year 2023 Rate | % Increase from FY'22 to FY'23 | Annual Increase for South Burlington Home Owner |
|------------|---------------------------------------|--|--|--------------------------------|---|
| Stormwater | \$7.20 per month per residential unit | \$86.40 | \$7.32 per month for residential units | 1.67% | \$1.44 |
| Sewer | \$42.99 per 1,000 cubic feet | \$350.01 | \$43.64 per 1,000 cubic feet | 1.95% | \$6.83 |
| Water | \$32.40 per 1,000 cubic feet | \$285.14 | \$ per 1,000 cubic feet | *** | *** |

***Chittenden Water District will be reviewing their rates over the next six weeks. These will be provided for your January 3rd meeting.

Fund Balance

| Fund Balance | | | | | | |
|---|---|------------------------|--------------------------------------|---------------------------------------|-----------------------------------|--|
| As of 6/30/2021-unaudited Balances | | | | | | |
| Fund # | Fund Name | Fund Balance | Recommended minimum balance** | Restricted or Assigned balance | Unassigned Enterprise Fund | Unassigned Operating General government |
| 100 | General Fund | \$2,210,915.05 | \$1,682,321.15 | \$248,579.00 | | \$280,014.90 |
| 214 | Housing Trust | \$50,000.00 | | \$50,000.00 | | |
| 220 | Recreation Impact Fees | \$1,272,960.10 | | \$1,272,960.10 | | |
| 221 | Highway Impact Fees | \$815,597.39 | | \$815,597.39 | | |
| 240 | Recreation Programs | (\$68,516.10) | | | | |
| 242 | Energy Reserve Fun | (\$73,484.74) | | | | |
| 243 | South Village Impact Fees | \$380,489.24 | | \$380,489.24 | | |
| 253 | Health Insurance Reserve | \$328,000.00 | \$328,000.00 | | | |
| 280 | City Center | \$18,293.99 | | \$18,293.99 | | |
| 285 | Indoor Recreation Center | (\$164,135.63) | | | | |
| 282 | ARPA Funds | \$932,317.77 | | \$810,679.98 | | \$121,637.79 |
| 298 | Sick Bank/Retirement Reserve | \$230,785.33 | | \$230,785.33 | | |
| 309 | Open Space-Land Acquisition | \$347,507.39 | | \$347,507.39 | | |
| 309 | Open Space Projects Funds | \$786,943.58 | | \$786,943.58 | | |
| 312 | Capital Reserve | \$3,602,201.68 | | \$3,602,201.68 | | |
| 400 | Waste water | \$1,885,468.74 | | | \$1,885,468.74 | |
| 402 | Stormwater | \$2,195,108.80 | | | \$2,195,108.80 | |
| 604 | Penny for Path | \$400,624.84 | | \$400,624.84 | | |
| | | \$15,151,077.43 | \$2,010,321.15 | \$8,964,662.52 | \$4,080,577.54 | \$401,652.69 |
| | ** GF minimum balance is 8.33% of approved FY22 operating budget | | | | | |
| | ** Insurance is the recommendation from captive expert consultant | | | | | |

Emerging Issues

- Tracking inflation and unpredictable cost of goods in FY23
- Union contracts not settled
- Regional Dispatch planning
- Climate Action Plan – anticipate future funding needs
- With understandable 1% increase last year, 3% increase this year requires that we are still “catching up”
- Currently budgeting \$247,346.40 in revenue with 3 Health Center partners. May add a fourth partner.



What's Next

- Service Area Presentations: Staffing, budget changes, emerging issues, and highlights
 - December 6 – General Administration, Library, Recreation and Parks
 - December 20 – Public Safety
 - January 3 – Public Works, Community Development, Energy Projects, Open Space and Penny for Paths
 - January 10 – Public Hearing and possible approval
 - January 18 – Approve Enterprise Funds
 - January 24 – Steering Committee
 - February 28 – Annual Meeting
 - March 1 – Town Meeting Day

All Proposed FY23 Budget documents available here:

www.southburlingtonvt.gov/departments/finance/fy_23_budget.php

Recommended Motion:

Set a Public Hearing on the FY23 Budget including the Capital Improvement Plan for January 10, 2022