Call To Order By The Mayor

1. Call To Order By The Mayor
2. 19-001. Review And Approve Agenda
3. 19-002. Budget
   Documents:
   BUDGET MESSAGE AND POWERPOINT.PDF
4. Adjournment
December 19, 2018

To the Honorable Mayor Watson & City Council Members,

It is my honor to present my twenty fourth City Manager’s recommended Budget for operating the functions of the City of Montpelier during Fiscal Year 2020 (FY20).

Guidelines:

The Staff Leadership team prepared a budget which maintained the municipal property tax rate within the 2.5% consumer price index. Key elements of the budget consideration were:

- Budget must reflect the City Council’s strategic plan.
- Must continue planned funding for capital and equipment needs.
- Must deliver responsible levels of service to the residents of Montpelier.

Assumptions:

For tax rate planning purposes, the budget assumes an independent ballot item for the Kellogg-Hubbard Library at their new requested amount. The budget does not assume any other external ballot funding requests. Additionally, the budget assumes that the Water/Sewer/CSO Benefit charges will remain at the present level. No assumptions have been made about the School Budget or Education Tax Rate. A slight (0.5%) increase in grand list was assumed.

Property Tax Impact:

- The net result of revenues and expenses is that $9,688,342 in property tax revenues are required for the municipal portion (non school) of the budget. This is an increase of $269,523 or 2.9% over FY19.

- Requires a 2.6 cent (2.3%) increase in the property tax rate. This follows a 0.5 cent (0.25%) increase in FY14, a 1.5 cent (1.6%) increase in FY15, a 2.4 cent (2.5%) increase in FY16, 3.1 (3.0%) increase in FY17, a 2.7 cent (2.6%) increase in FY18 and a 2.5 cent (2.4%) increase in FY19. For the average residential property, this tax rate represents an additional $57 on the tax bill.

Budget Numbers:

- FY20 General Fund Budget totals $14,322,823 which is an increase of $373,054 (2.7%) from the comparable FY18 spending plan. This increase is primarily composed of $51,211 in Capital/Equipment and $280,524 in personnel costs. Those two items total $331,735. All other combined items in the budget are only $41,319 higher than FY19.

- FY20 General Fund non-tax revenues total $4,574,481 which is an increase of $103,421
(2.3%) from FY19 non-tax revenues.

- Consistent with the council’s fund balance policy, no general fund balance is used to offset the budget and reduce taxes.
- Revenues from the State of Vermont such as Highway Aid and Grand List Maintenance funding have been assumed to remain at their present funding levels. Payment in Lieu of Taxes (PILOT) was adjusted to reflect actual collection in FY19. Local Rooms, Meals and Alcohol tax revenues were included based in actual collection history and trend.
- Grand list value is calculated at 0.5% increase from the FY19 level. With the projected grand list, $87,264 represents one cent on the tax rate.

**Infrastructure:**

- The Capital Projects, Equipment and Debt Service Program is funded at $2,400,000. Of this $1,201,945 is in annual funding, $683,005 is in existing/projected debt service and $515,000 is for equipment. This represents an overall increase for these combined items of $51,211 (2.2%). Most notable is that over $1.2 Million in annual capital funding is in the budget.
- The Capital/Equipment Plan anticipates an additional increase of $50,000 in FY21 in order to bring funding levels to a projected steady state of maintenance and improvements and accommodate the new bond proposals. After FY21, we will consider annually adjusting equipment and/or capital funding consistent with CPI.

**Personnel:**

- Total number of Full Time Equivalent Employees (FTE’s), is 116.25 which is 4.2 FTE more than FY19. Added positions are 1.0 Police officer, 1.0 Dispatcher, 1.0 Tree management, .5 Finance clerk, .5 Assistant to City Manager (these last two were adjusted during FY19) and .2 net DPW. (DPW positions are not new, these are reallocated from other funds).
- Cost of living allowances and step increases are built into all employee wage and salary accounts consistent with collective bargaining agreements and personnel policies. For this budget that represents a 1.5% contracted adjustment for Police, 2.25% for Public Works and 2.0% for Fire Union employees and a 2.0% adjustment for all non-union employees. Overall wage costs are up by 5.6% in this budget. This number is higher than simple pay adjustments because it includes the additional positions referenced above.
- The budget continues the high deductible health insurance plan which was implemented five years ago. Thanks to favorable health insurance and worker’s compensation rates, the overall benefit costs are reduced 0.2% in this budget.

**Operating:**

- As with prior years, many lines have been held tight stay within fiscal guidelines. Operating expenses are up by $50,035 (1.8%). Department operating budgets are now very tight after multiple years of reductions.
• **Police:** This budget adds an additional full time Police Officer. The Police budget continues the contractual relationship with Capital Fire Mutual Aid System for dispatching services. This provides additional revenue and improved services for Montpelier. The budget continues with a dispatcher added during the current year funded, largely, through overtime efficiency and increased revenue. The School Resource Officer shared 50% with the school is included. The Police Department continues sharing administrative support with the Fire Department.

• **Fire & Emergency Services:** Paramedics continue being successfully integrated into the department.

• **Planning, Zoning & Community/Economic Development:** The Planning & Development department budget has been left largely unchanged. They have been implementing the new zoning regulations, beginning work on a new Master Plan and trying to keep up with an increased building permit/inspection demand.

• **Public Works:** DPW staffing and operating budgets remain comparable to FY19. They are focusing heavily on implementing the storm water master plan, the Montpelier in Motion transportation plan and overseeing major projects such as One Taylor Street and the new Parking Garage.

• **Government Services:** The Finance and Manager department staffing remains unchanged from its current levels. Two positions were each expanded by .5 during FY19 with offsetting budget adjustments. Longer term planning around future retirements is underway. A new full time Facilities and Energy Director position has been added but will not be filled until April of 2020, meaning that only.25 funding is in this budget.

• **Community Justice Center** budget includes all funding for all programs with commensurate revenue offsets. There is no net property tax funding projected.

**Other Funds:**

• The Water and Wastewater budgets are being completed and will be presented later in the process. Rates will be in accordance with the long term infrastructure management plan and budgets built around those projected revenues.

• The Parking fund is being completed while including the $42,000 set aside for alternate transportation funding. This funding system may be changed in FY21. We are making adjustments to accommodate anticipated parking needs during construction periods while acknowledging increased current revenues.

• The District Heat Fund will cover the sixth full year of operation. We are seeking new customers to connect to the system.

• The budget continues implementing the Community Services department plan which consolidates work between the Senior Center, Recreation and Parks/Tree departments. The combined tax appropriations for these three functions are increased by $69,481 from FY19. This increase is mostly due to the addition of a full time staff position for Tree management, largely driven by concerns about the Emerald Ash Borer.
Other Services:

- Funding for the Housing Trust Fund is increased from $60,000 to $75,000.
- The Montpelier Community & Arts Fund is increased from $115,500 to $124,500.
- Community enhancements funding, including Montpelier Alive and MEAC, remains at $41,600.
- $100,000 to the Montpelier Development Corporation to implement the Economic Development Strategic Plan is included.
- $60,000 in funding for the Downtown Improvement District is shown in the budget as both expense and revenue.
- The GMT circulator bus route remains at $40,000.
- The budget includes funding for the monthly Montpelier Bridge article.
- Unless mentioned, all rates and fees are unchanged.

Items Not Included:

While developing the budget within the financial target, several items were given substantial consideration but are not part of this proposal. Some of these are likely to appear in future budgets.

- Funding for Central Vermont Public Safety Authority
- Funding for 55 Barre Street improvements or new Community Center
- Funding for LED street lighting in downtown

Other items have been identified as priorities by the City Council and will be under consideration during the budget process.

- Housing Trust Fund $75,000
- New Parks Position $55,000
- Art Synergy Project $50,000
- Facilities Director all year $75,000
- Montpelier Alive $10,000
- Citizen Survey (3 year funding) $ 5,000

These items represent a combined $275,000 or 3.2 cents (2.9%) if fully funded.
Process:

We will hold a budget workshop on January 2\textsuperscript{nd} and public hearings on January 9\textsuperscript{th} and 24\textsuperscript{th}. The final budget must be adopted on the 24\textsuperscript{th} for inclusion on the annual meeting ballot. For the first time we have an interactive spreadsheet on the website which allows people to select different budget options and view the tax implications of their choices.

Conclusion:

Fiscal constraints continue to conflict with desired goals and increasing service demands. This budget maintains direct core services while enhancing infrastructure, energy efficiency and public safety priorities.

I appreciate the hard work of our management team and all city employees. This budget is a team effort from start to finish. The Department Heads worked diligently to meet our budget goals. I would like to particularly recognize the efforts of Finance Director Todd Provencher who bears the greatest brunt of this effort.

The proposed budget addresses many of the council’s priorities while remaining within the annual inflation rate. I recommend approval for consideration by the voters.

Respectfully submitted,

William J. Fraser,
City Manager
December 19, 2018
FY20 Proposed Budget
William Fraser, City Manager
FY20 Budget

- Implement Strategic Plan
- Continue Capital/Equipment Funding Plan
- Deliver responsible services
Montpelier Strategic Planning Framework

Mission
Serving Montpelier with integrity is our CRAFT.

We have a culture of learning, self-direction, and creativity that supports professional growth and the advancement of employees. We encourage each employee’s contribution to the overall mission of the City by honoring individual competency and job clarity. We embrace new technologies, ideas, and best practice. We are proud to contribute to an enjoyable and productive work environment.

Values
- Competence
- Respect
- Accountability
- Fairness
- Teamwork

Strategic Outcomes

1. Community Prosperity
2. Environmental Stewardship
3. Inclusive, Equitable, and Welcoming Community
4. Sustainable Infrastructure
5. Thoughtfully Planned Built Environment
6. Housing
7. Public Health and Safety
8. Responsive and Responsible Government
Community Prosperity

- 2.3% Tax Rate increase approximates CPI
- $100,000 in funding for MDC
- Maintains planning/zoning staff to implement new zoning and master plan
- Implements TIF District
Environmental Stewardship

- $5,000 for MEAC
- New Facilities/Energy position added in April
- Stormwater projects
- GMT Circulator Bus included
- Energy Planning Grant
Inclusive, Equitable and Welcoming Community

- Community and Arts Fund
- FEAST Program
- Montpelier Alive
- Community Enhancements
Sustainable Infrastructure

- CIP/Equipment Plan fully funded
- Water/Sewer plan followed
- Facilities/Energy Director included
- Complete Streets Funding
Thoughtfully Planned Built Environment

- Downtown Improvement District included
- Funding for downtown projects
More Housing

- $75,000 for Housing Trust Fund
- TIF Implemented
Public Health and Safety

- New Police Officer
- Public Events anticipated
- Flood gauges funded
- Paramedic Program expanded
- Project Safe Catch continued
Responsive and Responsible Government

- Continues communications efforts
- Employee wellness funded
- Service levels maintained
- *Bridge* Article Included
- Envisio Dashboard implemented
- Access Montpelier

- Reserve funds ($50,000) for Citizen Survey, Strategic Planning and Energy Plan
Budget Items From Strategic Plan

- **Upgrade street lights to LED** - studying cost/benefit. Will have proposal for FY21 (or earlier if feasible)

- **Consider Net Zero fund/benefit charge** - seeking Planning Grant to develop Energy Independence Plan including funding sources.

- **Seek funding to expand COSA to work with DCF families** – CJC pursuing State funding

- **Prioritize non-fossil fuel based vehicles in equipment plan, evaluate compatible fuel match** – Discussed in CIP meeting. DPW is preparing a report. One fuel option would not require significant fleet changes.

- **One Taylor Street – develop & Fund maintenance plan** – Facilities position will oversee this building

- **Police staffing and training** - new police officer position proposed

- **Replace aging fire vehicles** - replacement plan is in CIP

- **Facility Management** - new position in budget, facility funding in CIP

- **Community Services integration and staffing** – additional tree position in budget, additional parks position on options list
# Budget Options

- **Housing Trust Fund**: $80,000
- **.75 Facilities (start in July)**: $75,000
- **Parks position**: $55,000
- **Art Synergy**: $50,000
- **Montpelier Alive**: $10,000
- **Citizen Survey**: $5,000

**Total**: $275,000
FY20
GENERAL FUND REVENUES
Including Ballot Items

- Prop. Tax - City: 65%
- Prop. Tax - Ballot: 3%
- Intergovernmental: 8%
- Revenue, Fees: 18%
- Fund Transfers: 6%
- DT Imp. District: 0%
FY20
General Fund Expenses
Including Ballot Items

- Govt. Services: 11.1%
- Planning/Dev.: 2.8%
- Police/Dispatch: 20.0%
- Parks/Tree/Cons.: 15.3%
- Fire/EMS: 15.3%
- Equipment Plan: 3.6%
- Senior Center: 0.9%
- Community/Other: 5.9%
- Public Works: 16.8%
- Recreation: 3.8%
- Ballot Items: 2.4%
- Downtown: 0.4%
- One Taylor: 0.0%
- Code Enforcement: 0.6%
- Cemetery: 0.9%

FY20 General Fund Expenses Including Ballot Items

- Public Works: 16.8%
- Fire/EMS: 15.3%
- Parks/Tree/Cons.: 15.3%
- Police/Dispatch: 20.0%
- Capital Plan: 13.2%
- Govt. Services: 11.1%
- Code Enforcement: 0.6%
- Cemetery: 0.9%
- Community/Other: 5.9%
- Recreation: 3.8%
- Ballot Items: 2.4%
- Downtown: 0.4%
- One Taylor: 0.0%
Municipal Tax Dollars: FY20 Budget + Ballot Items
Avg. Residence $228,000 = Tax Bill $2,532

Govt Services, $346
Police, $503
Justice Center, -$2
Fire/EMS, $356
Bldg Insp, -$2
Public Works, $378
Planning, $77
Community, $26
Senior Center, $28
Equipment Plan, $108
Ballot Items, $77
Capital Plan, $394
Recreation, $119
Parks/Trees, $38
Cemetery, $27
Other Govt, $59
Recreation, $119
Municipal Tax Dollars: FY20 Budget + Ballot Items
Avg. Residence $228,000 = Tax Bill $2,532

Govt Services, $346
Police, $503
Justice Center, -$2
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Capital Plan, $394
Recreation, $119
Parks/Trees, $38
Cemetery, $27
Other Govt, $59
Municipal Rates

- Property Tax rate from $1.085 to $1.111 (2.6 cents (2.3%))
- Avg Tax bill increase $57
- District Heat rates as recently approved
- Water/Sewer est. 2.5%
- No change required for:
  - Sewer Benefit
  - CSO Benefit
Schedule

- **January 2** – Budget Workshop
- **January 9** – Public Hearing
- **January 24 (Thurs)** – Public Hearing
- **Tues., March 5** – Voting, 7 AM to 7 PM

*Early Voting to start mid Febru*