City of Montpelier vermont

America's Small Town Capital

Mayor John Hollar

City Council Members:

Dona Bate
Jessica Edgerly Walsh
Tom Golonka
Jean Olson
Justin Turcotte
Anne Watson

William Fraser,
City Manager

Jessie Baker
Assistant City Manager

MEMORANDUM

To: Mayor Hollar & City Council Members
From: William Fraser, City Manager
Re: FY18 Budget Options – Version 2.0
Date: December 20, 2016

This is a follow up to my memo of December 13th where I outlined a large array of budget options. For the sake of moving the discussion forward tomorrow night, I have re-aligned the items into three categories. The first is the full service "all in" budget you saw last week. The second is a mid point which reflects comments made at last week's meeting. The third is the list of other possible cut items for consideration.

Option 1. Full Service and Full Investment:

1) Increase Zoning Administrator from .6 FTE to .8 FTE	$11,500
2) Add a 1 FTE Facilities Director (with benefits)	$105,000
3) Include MEAC request for program funding	$5,000
4) Fund Housing Trust Fund at $140,000 as per request	$90,000
5) Add a VISTA to Community Services as per transition plan	$10,000
6) Add matching funds for employee wellness program	$6,000
7) Extend pool season by two weeks in August	$7,500
TOTAL additions	$235,000

This increases the base total to a net tax increase of $562,000 or 6.5 cents

Option 2. Mid point based on last week's discussion: This includes full funding for Capital/equipment plan, full funding for MDC, all proposed net zero funding, part time facilities director, $80,000 in Housing Trust Fund and retains the "in house" IT position

1) Eliminate two week pool extension	$7,500
2) Eliminate raises for Management positions	$9,000
3) Reduce the Bridge article to bi-monthly	$7,200
4) Reduce Police/Dispatch OT	$15,000
5) Reduce Fire OT	$15,000

6) Reduce DPW OT (in addition to $10K cut in base) $5,000
7) Eliminate employee wellness match $6,000
8) Increase Community Services Fund Raising $20,000
9) Eliminate Police Canine (near retirement age) $13,000
10) Eliminate .5 FTE Finance position $25,000
11) Reduce Housing Trust Fund to $80,000 $60,000
12) Reduce Fire Training $1,000
13) Reduce Police tuition/fitness $2,000
14) Reduce Facilities Director to PT $75,000
15) Reduce wages to 1.5% $19,000
16) Reduce asphalt $5,000

Total reductions $284,700

This reduces the base total to a net tax increase of $277,800 or 3.2 cents

Option 3. Viable Items for consideration: This includes full funding for Capital/equipment plan, reduces net zero funding, full funding for MDC, eliminates facilities director, reduces Housing Trust Fund, eliminates the "in house" IT position and keeps zoning administrator at present level.

1) Annual Report all digital $4,000
2) Reduce Asphalt $5,000
3) Change 1 FTE IT position to contract $22,000
4) Reduce Housing Trust Fund to $50,000 $30,000
5) Eliminate Planning VISTA $12,500
6) Eliminate MEAC funding $5,000
7) Eliminate Facilities position $30,000
8) Reduce Housing Trust Fund to current level ($21,000) $29,000
9) Keep Zoning Administrator at .6 FTE $11,500
10) Assume new Dispatch revenue – not certain yet $50,000

Total reductions $194,000

This reduces the base total to a net tax increase of $83,800 or 1.0 cents (1.5 cents w/o dispatch)

Bad Ideas: Option 3 reductions will have some impact on goals and services. Additional or replacement reductions will necessitate direct service reductions, project reductions, changes in goals and expectations and/or reductions in capital/equipment funding. The following two items were on the original list in order to reach 0.0 cents increase but are not recommended.

1) Drop out of CVPSA $47,000
2) Eliminate Community Enhancements $33,000

Total Reductions $80,000

This reduces the base total to a net tax increase of $3,800 or 0.0 cents

Economic Development Infrastructure Loan Fund:

I recommend the creation of an economic development infrastructure loan fund using $150,000 of one time money from the fund balance which would be repaid by increased taxes from a development over a set period of time. This would allow the city to participate in development projects by installing roads, water/sewer lines, etc. This is a similar concept to a Tax Increment Financing (TIF) district except that we would administer it locally with less restrictions than the formal state program. We would not, of course, be able to include education taxes.

As an example, assume a new development project was going to bring in $10,000 per year in new municipal taxes. The city could invest, say, $50,000 in infrastructure from this fund to help get the project in. The new taxes would go back to this loan fund for five years until the investment is repaid. The taxes would then go to the general fund and the loan fund would be available to assist other projects.

Such a fund would require policies, loan limits and terms, etc. which, ideally, would be created in conjunction with the Development Corporation. I see this as an important fiscal tool for the Corporation and the City for aiding development efforts.

(802)-223-9502, Telephone 39 Main Street, Montpelier, Vt 05602 (802)-223-9519, Fax
www.montpelier-vt.org