

Municipal Budget Proposal

Town Meeting, March 6, 2018



Today's Agenda

- ☞ FY 2019 budget summary
- ☞ Review of increases & significant cost changes
- ☞ What you pay for; debt service
- ☞ Municipal operations discussion
- ☞ Review of Reserves & Surplus
- ☞ Questions, Concerns

Town Budget Overview



- Spending up from previous year: \$208,101 (5.88%)
- By section:
 - General Fund up \$199,020 (10.04%)
 - Highway Fund up \$9,082 (0.58%)
- Non-tax revenues **UP** by \$122,711,
Covers more than 50% of the spending increase
- Municipal tax rate increase 1.83¢ to \$.6941
- Total increase of \$85,390 in tax revenue

The Primary Drivers for Increase

- General Insurance up \$18,000
- Fire Protection to Water Resources up \$12,941
- Police Vehicle Costs up \$15,260
- Employee Health Coverage up \$45,957
(due largely to increased participation)
- General Cost-of-Living for employees: 3%

Municipal Tax Rate Increase

- Prior year tax rate reduced through added Grand List value
- This year, proposed tax increase: \$0.0183 (1.83¢) over current rate to \$0.6941
- Impact based on home value:
 - » \$150,000 = \$27.45 per year (\$2.29/month)
 - » \$200,000 = \$36.60 per year (\$3.05/month)
 - » \$300,000 = \$54.90 per year (\$4.58/month)
 - » \$400,000 = \$73.20 per year (\$6.10/month)

Municipal Operations Overview

- **Clerk/Administration/Finance** operate very closely managing revenue, payments, payroll, policies and projects
- **Police** – Chief + 5 FT officers; Community Policing
- **Fire** – All-volunteer department; get paid for hours worked
- **Planning/Zoning** – FT Planner, PT Zoning – Town Plan and Permits; Staff for Planning Commission and DRB
- **Highway/Recreation** – Foreman + 4 drivers/operators; plow highways in Winter; Summer Gravel maintenance and highway drainage work; maintain rec facilities

Other Town Departments

- **Library** – 2 full time plus many part time employees; Governed by the Board of Trustees; voters approve budget
- **Water Resources** – 3.5 employees; Governed by the Water Commission; Water Commission approves budget

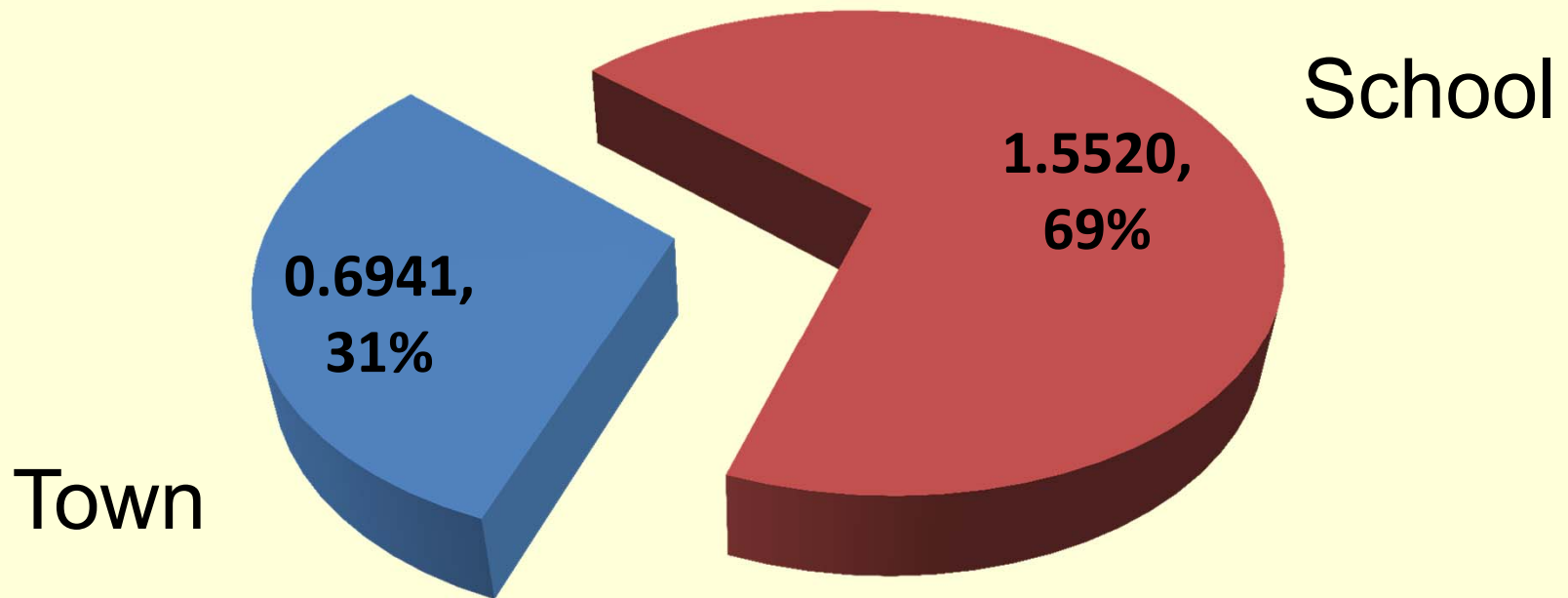
What does this budget accomplish?

- Budget preserves existing programs, services and capital planning
- Major capital purchases: Tandem Dump Truck, replacement Road Grader; adds one police cruiser lease
- Highway maintenance plans on schedule
- Fire Department improvements

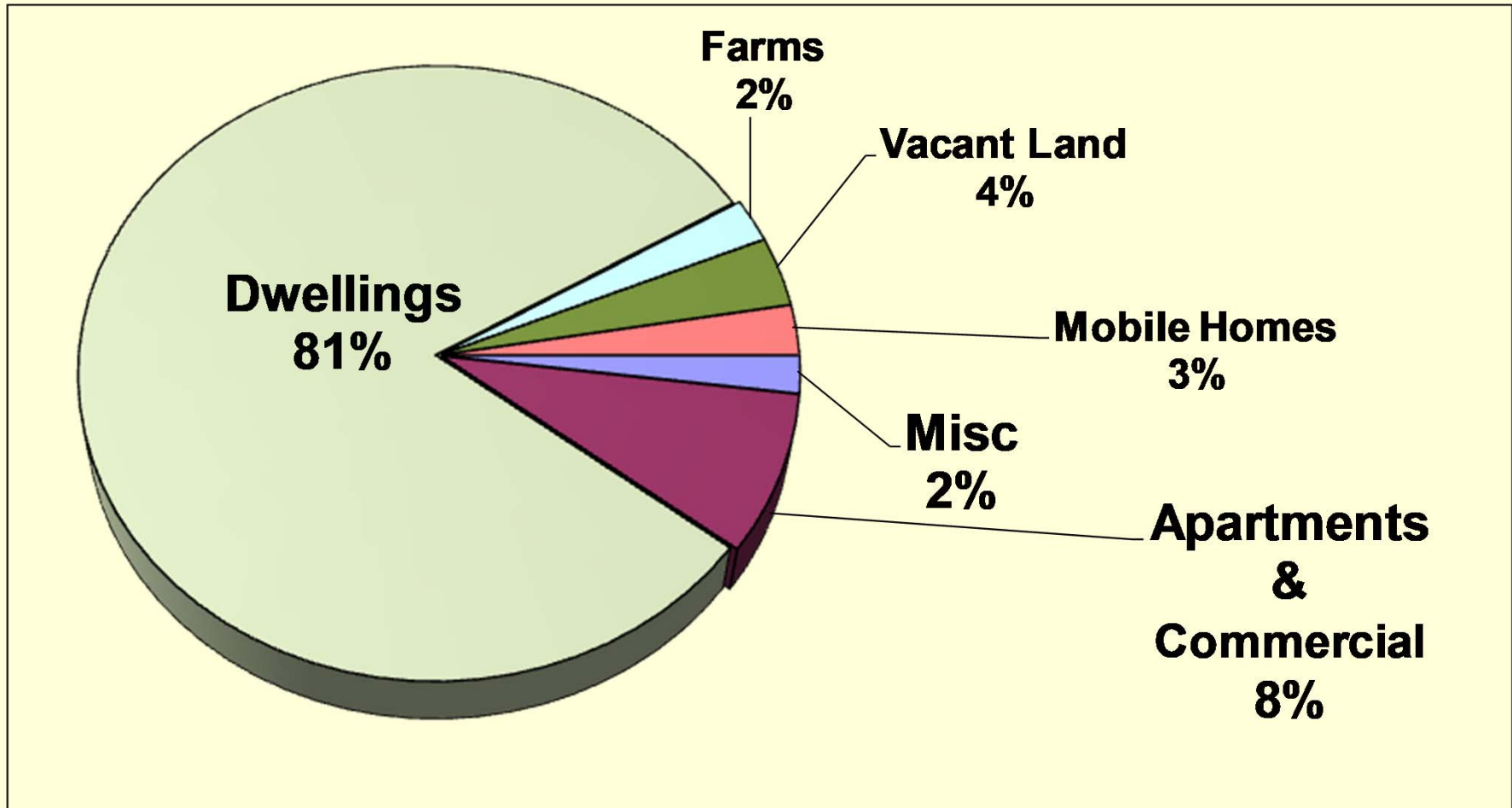
Aging Fire Station

- Station built in 1970, expanded over time
- Selectboard and Fire Department in agreement to continue long term use of current station
- Requires safety and other improvements currently being evaluated
- Investing \$90,000 of our own savings towards improvements in the next year

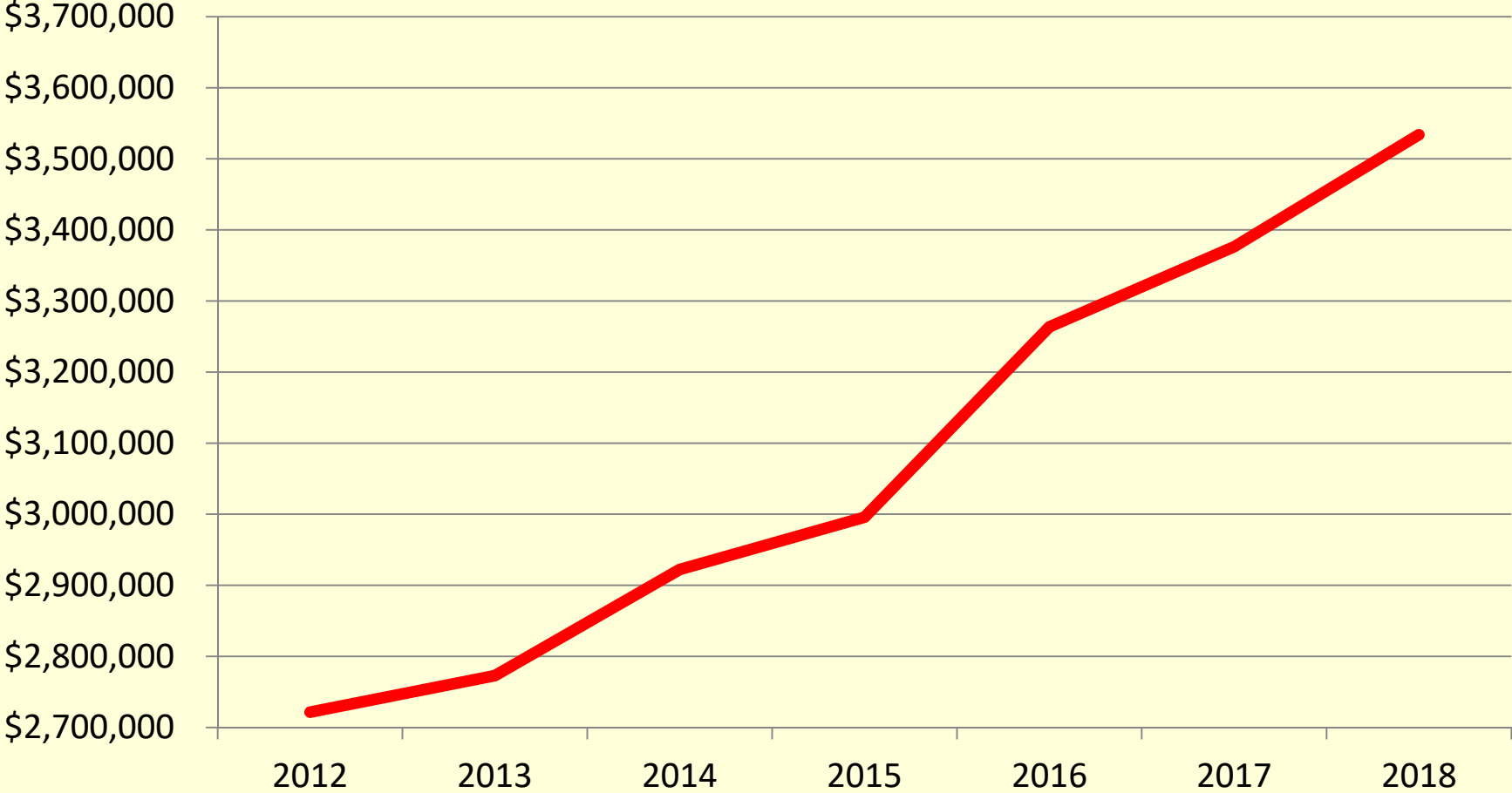
Projected Town & School Tax Rates 2019



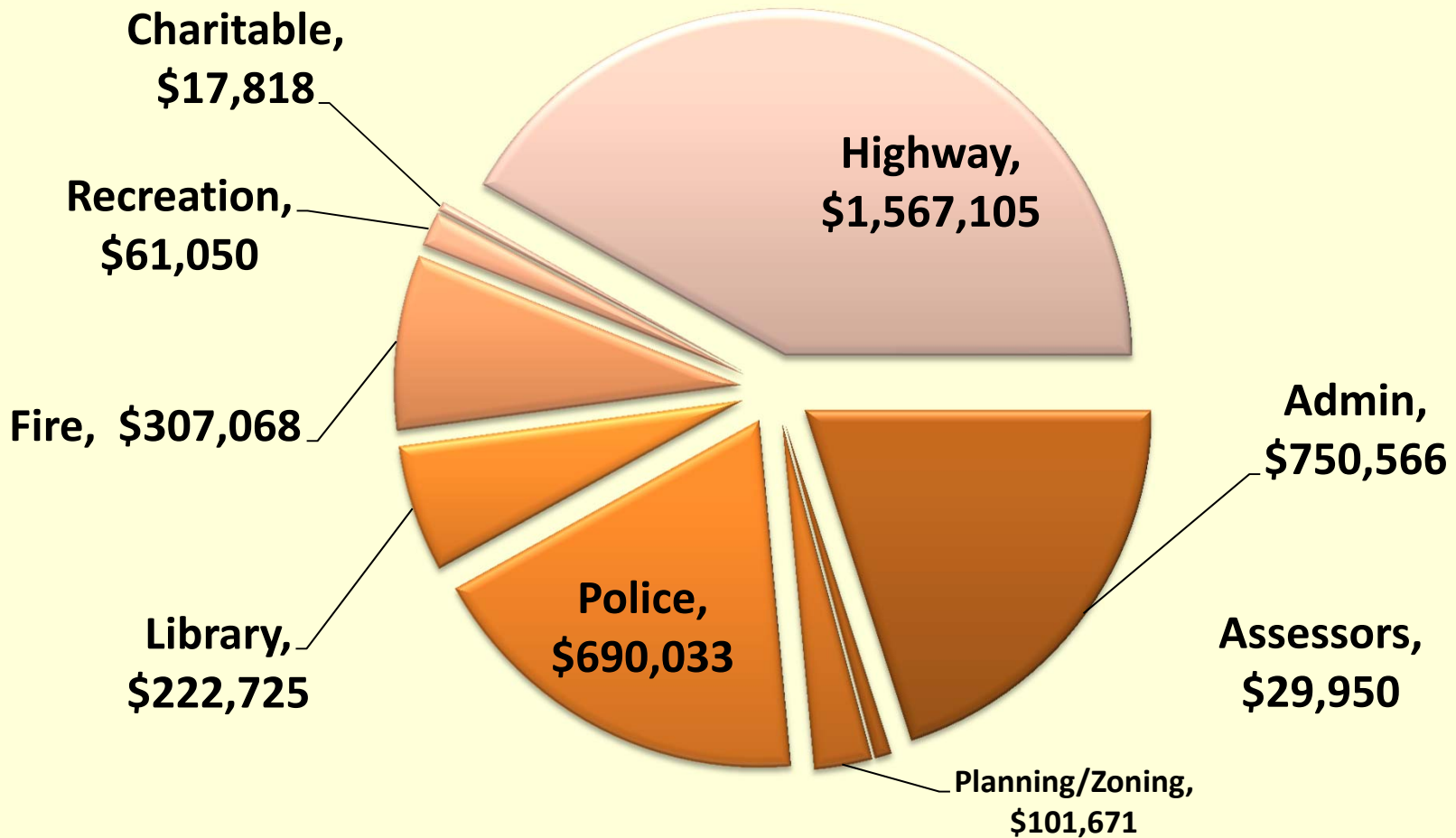
Town Tax Revenue Sources



Richmond Town Budgets



Allocations by Department FY2019



General Town Debt

Does not include Water System Debt

- 2005 Fire Truck = 2026; \$15,000/yr
- 2015 Fire Truck = 2021; \$56,000/yr
- 2015 Dump Truck = 2020; \$20,325/yr
- 2016 Dump Truck = 2021; \$22,000/yr
- 2017 Fire Truck = 2025; est. \$58,000/yr
- 2019 Dump Truck (Proposed) = 2024; \$25,000/yr
- 2019 Road Grader (Proposed) = 2024; \$35,000/yr
- Jericho Road = 2032; \$66,500/yr
- Stormwater ARRA = 2032; \$8,000/yr
- East Main Street = TBD; est. \$35,000/yr

Impacts of Budget Proposal

Home Value	Current Tax Rate/Bill	FY2019 increase over FY2018	Total New Tax Bill
	\$0.6758	\$0.0183	\$0.6758 +\$0.0183
\$150,000	\$1,014	\$28	\$1,042
\$200,000	\$1,352	\$37	\$1,389
\$300,000	\$2,027	\$55	\$2,082
\$400,000	\$2,703	\$73	\$2,776

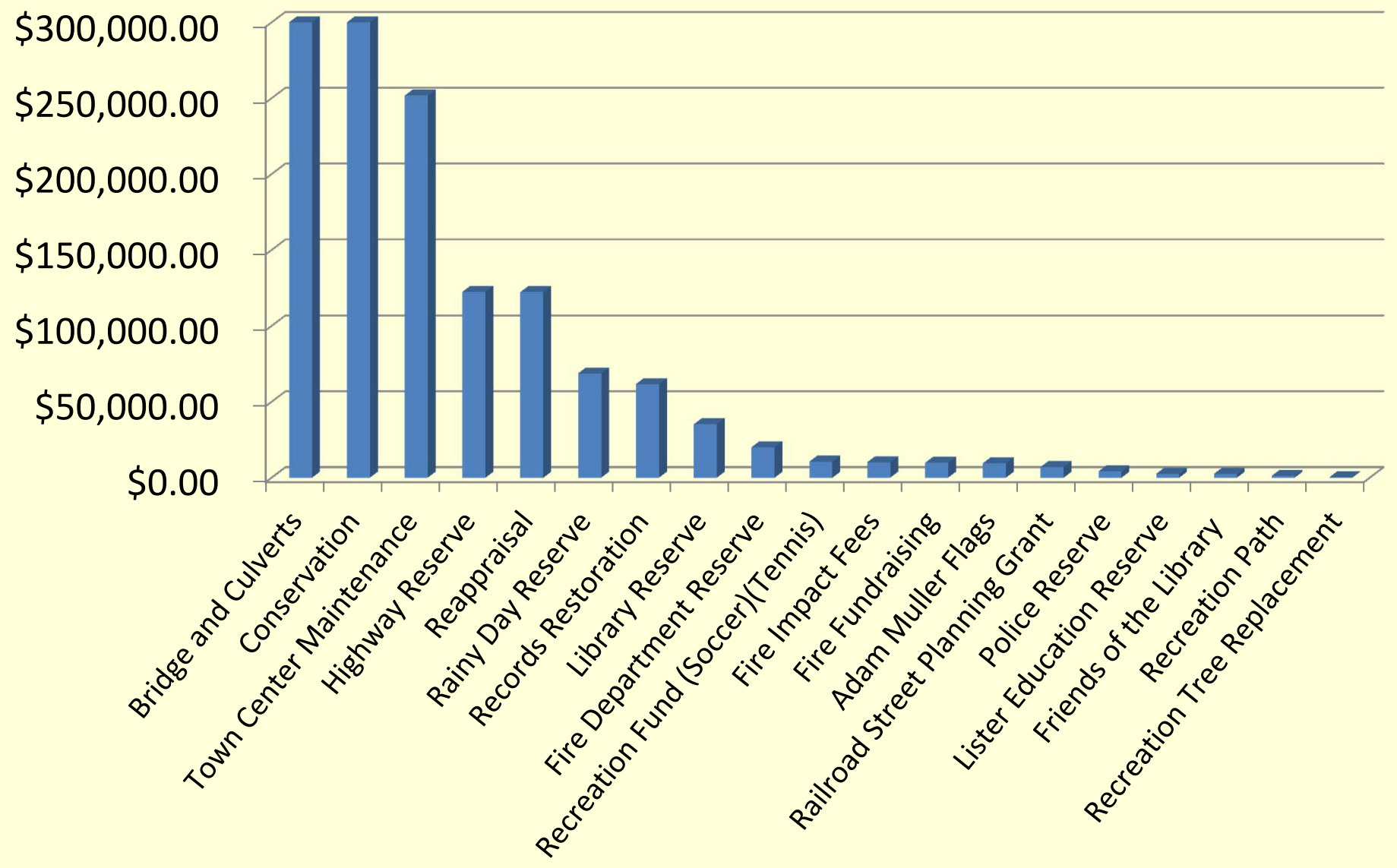
Reserve Funding

- Reserves function like savings accounts
- Funds added to the reserves yearly
- Reserves can be spent outside of the budget at any time
- Reserves function largely as a safety net for large capital purchases

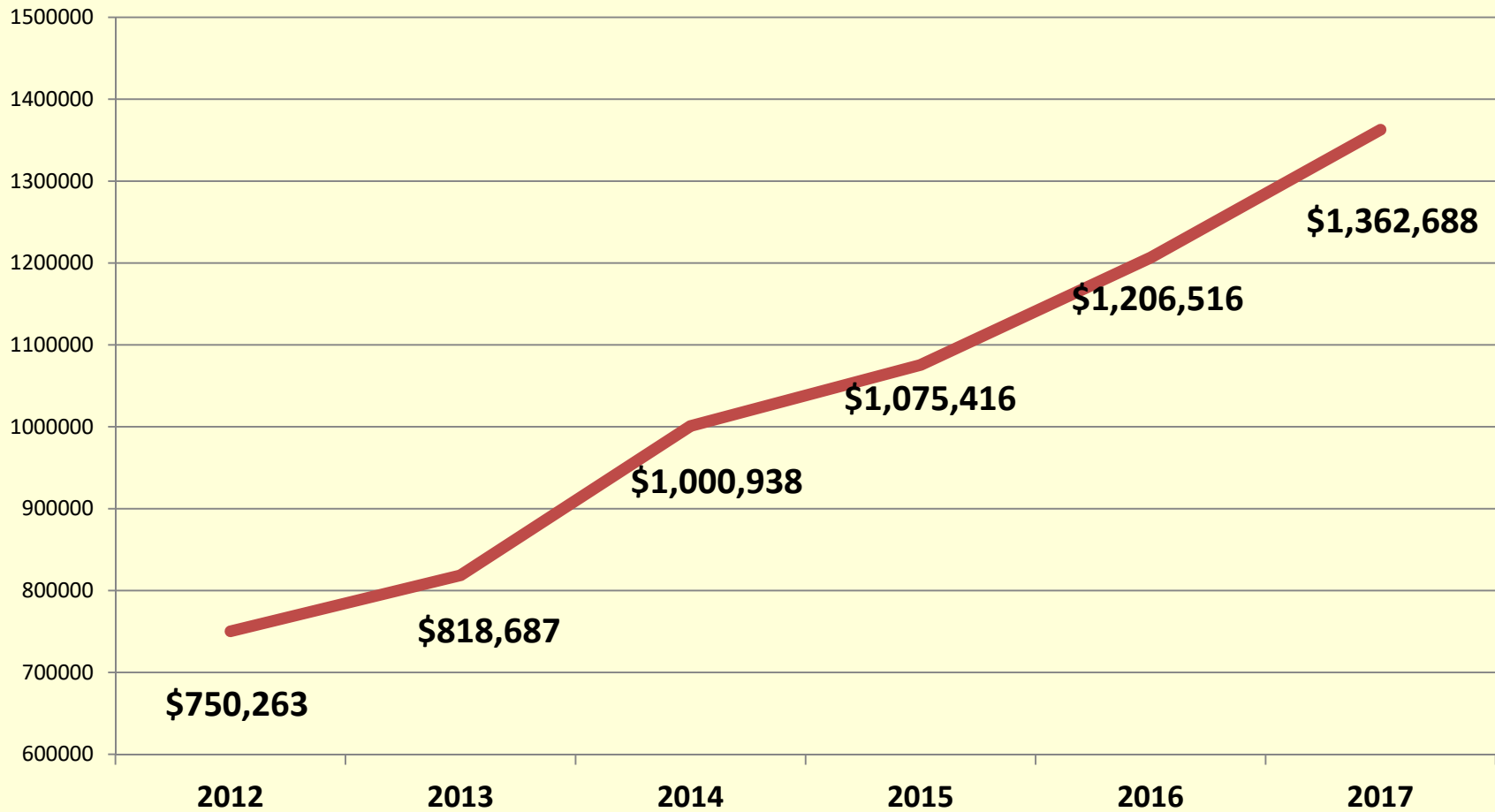
Reserve Funding

- The amount we save and the intended uses of those reserves is decided by you, the voters
- Our departments provide recommendations for reserve investments and purchases
- Actual use of reserves fluctuates based on current yearly goals

Current Reserve Balances



Total Reserve Growth (2012-2018)



Use of Reserve Funds

- Reserve funds are limited to their identified purpose when they are created
- Most reserves are created by voter approval
- Some reserve funds are funded through taxation; others receive revenue from other sources
- Use of reserves may or may not affect budget

Largest Reserve Accounts

- 80% of all reserves are in just 5 accounts
- Bridge & Culvert (\$314,475)
- Conservation Reserve (\$308,719)
- Town Center Maintenance (\$251,683)
- Highway Reserve (\$122,463)
- Reappraisal Reserve (\$122,231)

Planned Reserve Spending

- **Bridge & Culvert Reserve:** East Main and Bridge Street stormwater replacements and deferred bridge maintenance
- **Conservation Reserve Fund:** \$235,000 allocated; more applications pending

Town Center Reserve

- **Town Center Reserve:** utilities, maintenance and repairs of Town Center, Post Office; can also be used for repairs at the Library
- Recent parking lot and roof improvements: \$200,000
- A Facilities Review will identify fund priorities
- Funded from rental income from the Post Office and Chittenden East Supervisory Union

Other Reserve Plans

- **Highway Reserve** available for a larger down payment on the Highway Dump Truck and Road Grader than what is currently in the proposed budget
- Reappraisal Reserve use restricted for that purpose; no reappraisal in next few years
- Appropriations into these reserves can have an effect on the tax rate

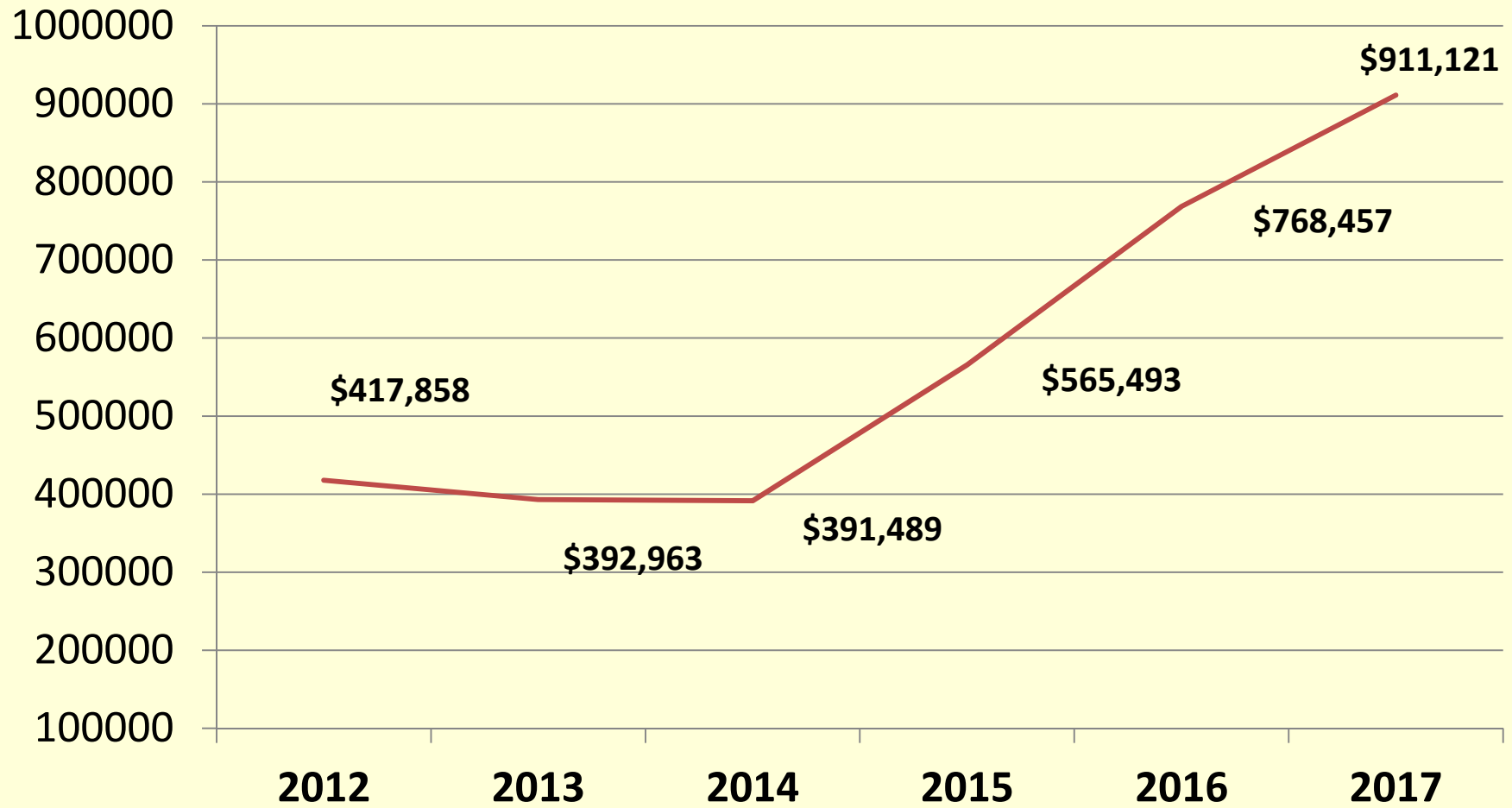
Minor Reserve Funds

- Most other funds have modest balances
- Used for facility repairs or specific purchases
- May be restricted for specific purposes such as the Adam Mueller Flag Fund, the Recreation Funds etc.

Unassigned Savings

- A combination of underspending and good revenue – ie, “Surplus,” reverts to the Unassigned Fund Balance
- Auditors: Unassigned Fund Balance of 15% to 25% of annual budget is “healthy”
- This saving greatly helps during an unanticipated crisis and when cash flow is needed

Change in Unassigned Fund Balance



Use of Savings

- Reinvesting our savings into Capital Expenses is the wisest use
- Using these savings should be seen as “one time revenues” not to be repeated
- Subsidizing operational expenses to lower tax the rate depletes cash and keeps tax rate artificially low
- Need some cash cushion for years when there may be a loss and to pay bills

How can we utilize savings?

- In recent years we have reinvested some savings into Highway equipment
- Current budget proposal, \$90,000 in Fire Station repairs comes from Unassigned Fund Balance (Fire Department Revenue) which does not impact the tax rate
- Could more be done?

Additional Discussions?

Future Capital Needs?

Growth Concerns?

Goals?



Town Center Fund

Town Center Fund FY2017

Income from Rents

CESU	\$ 42,318
Post Office	\$ 89,200
Interest	\$ 1,131
Radiate Art	\$ 377
Misc. Receipts	\$ -

Expenses

Misc. repairs	\$ -
Roof	\$ (78,360)
General Fund	\$ (15,000)

Excess Revenues over (under) \$ 39,666

Balance 7/1/2017 \$ 251,683

Future Projects include replacement windows, roof repairs

and a variety of other renovations - painting, small carpentry repair, etc.