



TOWN OF RICHMOND

RICHMOND TOWN CENTER

203 Bridge Street, P.O. Box 285

Richmond, Vermont 05477



MEMORANDUM

Date: December 14, 2017

To: Selectboard

From: Geoffrey Urbanik, Town Manager

RE: Budget Reduction Options for December 18, 2017

At the meeting of December 4th, the board directed departments that were above a 2.5% in spending increases to further reduce their spending, with an overall target of a 2.5% tax increase. Since then we've worked hard to put this into place. It is clear that the bulk of the spending increases are from:

- Salaries = up \$45,148 overall
- Benefits = premium costs up 9%, with opt-ins contributing to an overall \$36,218 increase
- Capital expenses = up \$23,990 overall (does not include Fire Station Maintenance which has a revenue offset)

Since the last meeting, we've identified several other spending increases that need to be inserted into the budget:

- Police Life Insurance = \$2,200
- Planning Health Insurance ½ Year = \$4,513

The Police Life insurance has been offset by higher anticipated ticket revenue. The Planning Health Insurance has no offset, although the opt-out expenditure is reduced by ½.

We have also made the following changes have already been incorporated into the 5th draft prior to any further changes by the board:

- Administration Salaries \$1,520 Eliminate proposed Town Manager COLA for FY2019
- Administration Salaries \$5,460 Reduce assistant by 5 hours per week 7/1/18

Additionally, I have increased the revenue received from the Town Center reserve fund to pay for ½ to 2/3 of utility expenses. The rental income includes some electrical, heat and water & sewer costs for the respective tenants and we've been offsetting some of our costs by utilizing that income. I had not done any analysis of this in a few years, but I believe we should receive an additional \$6,000 from the fund to cover these costs, increasing this revenue to a total of \$21,000.

As it stands, our taxation requirement is \$98,619 higher than for the current year – adding 2.12 cents to the tax rate – a 3.13% increase.

My approach to this presentation is to suggest a range of expenditure reductions that will get the budget to a zero tax increase. These include not only operational and capital reductions but some personnel changes as well. I expect department heads will be in attendance regarding these reductions to voice their opinions.

After meeting with departments, I've developed the following proposal for immediate reductions that cause as little pain to our operations as possible:

Budget Line	Reduction	Notes
Administration Bank Fees 10-7-10-0-10.08	\$500	Following a loss of possible bank interest, the banks started charging fees based on a variety of factors. We have avoided fees for a few years.
Administration Office Equipment 10-7-10-1-22.00	\$1,000	This is primarily for computer replacements and we can defer a year on these.
Administration Website Administration	\$500	This is used for domain and hosting fees and for web assistance, which we have not utilized.
Administration Contracts 10-7-10-1-45	\$400	Suggested reduction
Administration Telephone 10-7-10-1-30.00	\$400	Currently over budget for contingency over prior year
Emergency Management 10-7-10-3-80.03	\$500	No planned expenses; would be used as a match for technical help or training, etc.
Planning/Zoning Postage 10-7-15-1-21.00	\$500	This is used for DRB mailings and Plan Update mailings
Planning/Zoning Training 10-7-15-1-27.00	\$200	Fewer members to receive optional training
Police Public Relations 10-7-20-3-95.21	\$500	Agreed to reduce at 12/4 meeting
Fire Equipment Purchase 10-7-40-5-57.00	\$4,000	Need to use reserve for other equipment

Vermont Adult Learning 10-8-90-5-95.30	\$1,000	No prior history, suggested cut
Highway Salaries 11-7-50-0-10.00	\$2,000	Some ability to maneuver after final examination
Highway Overtime	\$1,000	With higher pay, OT will increase, but we may be able to save some hours here
Overall reduction	\$12,500	2.73% tax increase (\$86,119 over 0)

Beyond this, the Selectboard has these suggested options to further reduce spending:

<u>Health Benefits 5% Contrib</u> Administration/Clerk/Finance Police Planning/zoning Library Highway	\$2,170 \$0 \$450 \$0 \$3,437	5% contribution to health benefits by eligible employees
Planning/Zoning Salaries	\$6,058	Reduce Planner by 5 hours per week 7/1/18
Police Salaries	\$11,000	Permanently reduce to 4.5 patrol FTE effective 2/1/2018
Police Benefits	\$9,000	Expected reduction with above personnel reduction
Constable Training	\$500	Suggested cut with consultation from department
Police Vehicle	\$13,000	Do not replace cruiser next year (contrary to current schedule)
Highway Grader	\$5,000	Reduce down-payment on grader to \$30,000
Highway Storm Drains	\$15,000	Will go as far as \$105,000 takes us; some ability to supplement with existing culvert reserve
Highway Gravel	\$5,000	Reduce to \$145,000 (3.33% decrease)
Highway Retreatment	\$5,000	We seem to be ahead of our schedule (1.7% decrease)
Highway Reserve	\$2,000	This is used primarily for equipment or emergencies
Bridge & Culvert Reserve	\$5,000	While we haven't used this much, there is a repair backlog

Recreation Association Dues	\$250	No record of belonging to anything
Level fund charitable appropriations	\$350	Keep same level as last year, including Age Well and OCCC
Reappraisal reserve	\$1,000	Current reserve value at \$124,352 + \$7,000; no immediate need for revaluation in next 3 years
Selectboard Salaries	\$3,750	Just a suggestion
Enacting all of these changes	\$87,965	\$1,846 under current year tax level

Of course the board is free to make its own suggestions. I and my staff are prepared to speak to any particular budget line to assist you in your decision making.

Each \$1,000 represents .03% on the rate; it would therefore take \$8,018 to equal .25%. Please note that individual department percentages yield different dollar values relative to the department rate.

More detail by department follows, taken from **DRAFT 5** of the budget:

	Dollars (\$)	Percent (%)	Est. Tax Impact
Administration	\$ 37,519	5.24%	0.0082
Lister/Assessor	\$ (400)	-1.28%	(0.0001)
Planning/Zoning	\$ 12,610	13.05%	0.0027
Police	\$ 76,720	12.75%	0.0167
Library	\$ (15,236)	-6.35%	(0.0033)
Fire	\$ 98,042	46.02%	0.0213
Appropriations	\$ 350	2.00%	0.0001
Recreation	\$ (4,300)	-6.58%	(0.0009)
Highway	\$ 15,025	0.96%	0.0033
Non-tax Revenues	\$ 122,711	-8.39%	(0.0267)
Grand List adjustment	\$ 1,159		(0.0003)

0.0210
2.10 Cents