



A GENERAL CITY TAX INCREASE OF UP TO FOUR CENTS IS PROPOSED FOR FY12 ON THE MARCH BALLOT

Question 1: Why is the City requesting an increase in the general tax rate?

The City hasn't requested an increase in the general city tax rate since 2004. Burlington has met its needs instead by working more efficiently and effectively while maintaining services and programs. The City has developed new sources of revenue and support for general city services while working hard to contain the growth of municipal government.

For the first time since 2004, forecasting for the new fiscal year beginning July 1, 2011 suggests that to maintain current city services with a balanced budget will require additional resources. This is based on an assumption of increased costs for healthcare, general city operations and employee cost of living adjustments (COLA) for Fiscal Year 2012 (FY12) of about \$1.1M and reduced revenues, primarily from a reduction of payments in lieu of taxes revenue (PILOT) of about \$300,000—for a budget gap of about \$1.4M.

Question 2: What is the general fund budget and what does it affect?

The General Fund budget is projected to be \$54,647,917 for July 1, 2011—with projected revenues, without a tax increase, of \$53,157,690. The General Fund budget pays for services provided by the Police and Fire Departments, the Library, the Parks and Recreation Department, the City Attorney's Office, City Administration including the Clerk/Treasurer's and Mayor's Office, Human Resources, and Planning and Zoning with key contributions to the Community and Economic Development Office and many of the services of the Department of Public Works.

The General Fund budget provides core city services through these city departments.

Question 3: What are the consequences if we don't pass a four cent tax increase?

Service and Staff Reductions

Burlington city government has been operated in an efficient manner, without the need for a general services tax increase, for the past five years. A reduction in funding for most departments will require a reduction in services and reduction in staff. For Police and Fire, the largest and most expensive general fund departments, the consequences are almost certain to be a reduction of positions and people.

As the two departments most dependent on property tax funding, the Police and Fire Departments will be particularly adversely affected. Because of the nature of public safety, Police will continue to provide essential services, even if this requires overtime pay, but the availability and timeliness will be affected. Similarly, staffing ratios included in the collective bargaining agreement with Fire must be maintained for fire suppression, but other services such as the second ambulance service may need to be reduced or curtailed.

Economic Vitality

A commitment to the general services budget in Burlington maintains essential city services and keeps the City's momentum moving forward across many fronts. The theme used by CEDO to describe expanded business activity here is "they chose Burlington." Businesses will choose to stay and expand in Burlington because, in part, they rely on essential City services and infrastructure to be successful.

The metropolitan area's low unemployment, Burlington's infrastructure (including BT), and an employment base anchored by higher education and healthcare, put Burlington in a very good position for expanded economic growth as the local, regional and national economies improve. With good prospects for the future, "up to" a 4 cent tax investment in FY12 doesn't mean more new taxes in FY13. Investment in these services now will save resources down the road and help maintain and grow Burlington's economy.

Question 4: How much does a 4 cent increase in the general city budget tax cost an average taxpayer?

A four cent increase will equal about \$40 annually for each \$100,000 of property value. For a household with a home assessed at \$250,000, the annual tax increase is \$100.

Question 5: Does passing this ballot question mean there will be a 4 cent tax increase?

No. This ballot question authorizes the City to tax "up to" 4 cents. The need for a 4 cent increase is based on current best estimates and projections. The budget to be submitted to the City Council in June by the Mayor may not require the full use of 4 cents if revenues are higher or expenses lower than currently projected. If the full increase is not required, then the tax increase to be approved will be less.

Question 6: Is this tax increase because of the financial challenges facing Burlington Telecom or the Debit to Pooled Cash?

No. Burlington Telecom (BT) is currently a project that legally falls under the Clerk/Treasurer's Office, although it's treated like the Burlington Electric Department, the Burlington International Airport, or Water & Wastewater—essentially as an enterprise department of city government. As a "going concern" its current performance is cash flow positive for operations and this includes an interest payment on the debit to pooled cash. BT's \$16.9 million debit to pooled cash doesn't add to general City operating expenses. Even if the debit is paid back tomorrow, this tax increase would still be needed.

**FOR MORE INFORMATION OR QUESTIONS CONTACT THE
MAYOR'S OFFICE AT 865-7272.**