

City of Burlington Proposed Budget **Fiscal Year 2008**

REVENUES FOR FISCAL YEAR 2008

GENERAL FUND REVENUES

Property Taxes

Property taxes constitute just over half of the total General Fund revenue at \$23,532,612. The non-education tax rate is unchanged at 67 cents per \$100 of assessed value. The City Grand List has taxable property of approximately \$3.5 billion with projected growth for FY 2008 of 3/10th of one percent.

Other Taxes

The two other major forms of taxes for the City are the gross receipts tax and local option sales tax. The gross receipts tax is projected to be \$1,855,500 for Fiscal Year 2008, representing a 2.7% growth or \$49,500 over Fiscal Year 2007. The recently enacted local option sales tax is projected to generate \$1.7 million of revenue in Fiscal Year 2008. In Fiscal Year 2007, only \$800,000 of this tax revenue was appropriated. Thus, the additional \$900,000 appropriated this year provides a significant new revenue source for General Fund operations.

Payments In Lieu of Taxes

The other major form of revenue that is comparable to tax revenue is the Payments In Lieu Of Taxes (PILOT). These Payments In Lieu Of Taxes for Fiscal Year 2008 are projected to be \$1.4 million representing just over 10% growth. This growth is entirely attributable to the Burlington Telecom project and buildout of the network.

Clerk/Treasurer's Office Other Revenues

The Clerk/Treasurer's Office is projected to collect \$4,683,607 of other revenues representing an \$114,000 increase over FY 2007. The major sources of revenue include the street franchise fee at \$1,860,000 and indirect cost charges of \$1,160,000 and a variety of fees and charges for services including \$375,000 from the Medical Center and an estimated \$450,000 of a payment in taxes by the State of Vermont.

Other Administrative Departments

The City Attorney's Office, the Planning and Zoning Department and the Office of the City Assessor all total are projected to generate approximately \$537,000 of revenues for miscellaneous fees and charges. This represents a 14.9% increase over Fiscal Year 2007.

Senior Cable Assistance

The City projects that it will receive \$66,000 from Comcast to assist the City to provide discounts for senior citizens.

Fire Department

The Fire Department is projected to generate approximately \$1.2 million revenue in Fiscal Year 2008 representing a 4% increase or \$55,000 over Fiscal Year 2007. The increase is from ambulance fees and charges of \$830,000. In addition, the Department is projected to receive \$362,880 and \$206,980 in fire fees from UVM and general alarm fees respectively.

Police Department

It is projected that the Police Department will generate just under \$2.6 million in revenues for FY 2008. Approximately \$1.1 million will be generated in parking enforcement, fines and fees. An additional \$522,000 will be generated by a variety of other miscellaneous fines and fees. Finally, the Department will generate a fee for service of \$930,000 for Airport security services at the Burlington International Airport.

DPW – Inspection Services

The Department of Public Works Division of Inspection Services provides inspections for the enforcement of electrical, plumbing and building construction codes. The user fees for such services are projected to generate \$430,000 in Fiscal Year 2008.

DPW – Code Enforcement

The Code Enforcement Department is responsible for minimum housing inspections and zoning enforcement. It is projected that the Department will generate \$668,150 in FY 2008, a \$15,000 or 1.9% decrease over Fiscal Year 2007. The minimum housing inspection fee substantially covers the cost of this portion of the office. The General Fund subsidizes the zoning code enforcement component of the office.

Fletcher Free Library

It is projected that the Fletcher Free Library will generate \$181,000 for Fiscal Year 2008. This represents a 31% increase at \$42,700 in comparison to Fiscal Year 2007. Approximately \$65,000 is desk revenues and fees. The remainder of Library revenues is based on grants and donations.

Parks and Recreation Department

The revenues of the Parks and Recreation Department are projected to be approximately \$3 million for Fiscal Year 2008. This represents an increase in revenues of approximately 2.4% or just over \$71,000. These revenues are derived from a variety of user fees and charges including approximately \$658,000 from the Leddy Arena and \$780,000 from various recreation programs. Various Parks operations including Perkins Pier and the Boathouse and revenues from Parks admissions provide approximately \$1.4 million.

City Arts

The City Arts Department is projected to generate approximately \$762,000 revenues in Fiscal Year 2008. Just over 40% of these revenues are derived from donations, sponsorships and grants. The remaining revenue of just less than 60% is based

on a variety of user fees and charges for City Arts programs. The revenue of City Arts represents approximately three-fourths of all expenses for City Arts including personnel benefits and administrative costs.

Department of Public Works Recycling Program

The Recycling Department of DPW is projected to generate \$492,760 revenues for FY 2008. These revenues will cover the entire cost of the Recycling Program including both personnel benefits and indirect administrative charges.

Department of Public Works Street Maintenance Program

The Department of Public Works Street Maintenance Program will generate a projected \$337,500 for the Fiscal Year 2008. This represents a \$26,000 or 8.2% increase in revenue for the Department. State aid for Streets will provide \$282,500 of this revenue. In addition, the Street Division provides more than \$700,000 of "force account" work for other projects to defray the net General Fund cost of this division.

Department of Public Works Equipment Maintenance

The Department of Public Works Vehicle and Equipment Maintenance Division will generate approximately \$110,000 in revenue primarily from charges to Burlington Electric Department and the Town of Colchester for vehicle maintenance services. In addition, this facility provides maintenance and fuel for all other departments of the City. This work and materials is charged out to the various user departments and over the years has proven to be very cost effective.

General Fund Capital Improvements

Appropriated revenues for General Fund Capital Improvements for Fiscal Year 2008 will be \$1,422,000. The primary source of revenue for this budget item is the \$1 million annual bond issue for General Fund capital improvements and just over \$200,000 in projected excavation fee revenues to support the Street Repaving program.

Special Revenue Funds

Community and Economic Development Office

The Community and Economic Development Office operate a variety of programs and projects. Virtually all of the activities of the CEDO are funded by various federal and state grants.

Traffic Fund

The Traffic Fund provides for the revenue to support the programs, services and activities of the Department of Public Works Traffic Division. The primary sources of revenue for this Fund are street meter revenues and revenues from the City's parking garages. In addition, the Department receives a fee for operating and managing the Airport Garage.

Church Street Marketplace

The Church Street Marketplace is an independent Special Revenue Fund. The revenues are primarily common area fees charged to merchants on Church Street and the general Marketplace. These revenues support the operation and activity of the Church Street Marketplace Commission.

Tax Increment District

This is a new Special Revenue Fund for Fiscal Year 2008 previously accounted for in the General Fund. This Special Fund pays for the cost of infrastructure improvements in the District. New revenues are derived from the “incremental” increase in property tax revenues generated from the new development within the District. This year the total value of the "incremental value" since the formation of the District is projected to be close to \$80 million. Revenues generated by the District pay for a variety of bonds and capital financing obligations including the recently expense of the Cherry Street garage associated with the Westlake Development Project.

Enterprise Funds

Department of Public Works Division of Water Services

This Enterprise Fund encompasses the City water supply utility of the Department of Public Works. Revenues are primarily derived from the water rates charged to customers of the DPW Water Division based on water usage.

Department of Public Works Wastewater Division

This Enterprise Fund encompasses the wastewater utility of the Department of Public Works. This Division maintains the sewer collection system and sewage treatment facilities of the City. Revenues are primarily derived from the wastewater rates charged to customers. The Division is not generating sufficient revenues from operations to fully fund the accrued expenses of the Department. It is anticipated that later in the fiscal year, an increase in wastewater rates will be required to fully fund this Division’s annual operating expenses.

Burlington International Airport

The Burlington International Airport is operated as an Enterprise Fund of the City. It is entirely self-sufficient from the various revenues and charges for the airlines and associated businesses at the Airport. In addition, the Department receives a substantial number of grants each year for Airport runway improvements.

Burlington Telecom

The Burlington Telecom project represents a new Enterprise Fund of the City. It is projected that the Department will be cash flow positive from user fees and charges for Telecom services by Fiscal Year 2010. In Fiscal Year 2008 the Department is expected to generate approximately \$4.5 million in user fees, customer fees and miscellaneous

services. In addition, the Department will require approximately \$4.6 million of debt financing to pay for the continued build out of the Phase II network.

Trust Fund

Retirement Fund

The Retirement Fund of the City provides for the overall contributions to the City retirement fund investment fund to pay for the costs of accrued benefits for service by City employees for that fiscal year. Approximately 70% of the annual contributions are derived from property tax revenues. The remainder is derived from charges to the City's Special Revenue Funds and Enterprise Funds for the cost of accrued benefits for their employees. Finally, contributions are also made by City employees. Police and Fire Department safety services employees contribute 10.8% of their base salary and wages. The "civilian" employees of the City participate in the Federal Social Security System and also will contribute in FY 2008 3% of base salary and wages to the City's fund.

EXPENSES FOR FISCAL YEAR 2008

GENERAL FUND EXPENSES

The following narrative describes the various accounts and funds for expenditures under the Mayor's proposed budget for the City of Burlington for Fiscal year 2008.

GENERAL FUND - GENERAL ADMINISTRATION:

City Council

This budget provides for wages for each City Councilor of \$3,000 per year, an allowance of \$1,800 per year for costs associated with Council work, and \$100 per Councilor for dependent care for meeting attendance.

Mayor's Office

The Mayor's Office budget includes funding for the personnel costs and activities of the Mayor's Office. This account also provides for \$3,300 for Mayor's travel and \$4,640 for miscellaneous expenses of the Mayor on behalf of the City.

Voter Registration

The Voter Registration program provides funding for a part-time clerk and postage and telephone costs. Other operating costs, such as office supplies and photocopying are included in the Clerk & Treasurer's Office budget.

Office of the Chief Administrative Officer

The Chief Administrative Officer's budget is separated into three sections which include the Clerk & Treasurer's Office, Payroll Services, and Central Computer Management areas. In the FY 2007 budget, the Clerk & Treasurer's Office was reorganized to reflect the City's desire to consolidate the administrative and financial functions with several employees transferred in from the Department of Public Works and Safety Services. Also, the payroll tasks of all municipal functions (except B.E.D.) were established centrally in 2007. In the FY 2008 budget, a Junior Accountant position will be eliminated and the duties will be divided among other employees in the office. Also, the job titles and descriptions of the various financial accounting positions are being updated to provide for consistency in the level of assignments, job experience, and education requirements.

The Payroll Services area is being upgraded with the installation of a front end time keeping system called Kronos. This is now being implemented in the Police Department and will be employed in all other departments in the FY 2008 budget year. This should save a considerable amount of time and effort in the production of the weekly payroll.

The budget for Central Computer Management supports the costs of two full time employees and part-time temporary help. The majority of the expenditures are fixed costs

for service contracts for existing software applications of the various departments, as well as for lease payments for hardware and software financed over several years. In the FY 2008 budget, \$36,000 is included to provide support for an IT Manager in the Burlington Telecom Department.

City Attorney's Office

The City Attorney's Office handles the legal matters for the City. There are 4.9 FTE's included in the Department's budget. A significant amount of the work has also been performed by the law firm of McNeil, Leddy & Sheahan, including litigation, labor negotiations, ongoing personnel issues, and zoning appeals. A budget of \$30,000 for legislative lobbyists on behalf of the City is also included in this budget to help represent and communicate with the City and elected officials on issues which affect Burlington.

Planning & Zoning

This service area provides the personnel and support for the fiscal and administrative operations of the department in order to comply with city, state and federal guidelines and requirements, and to ensure the timely and efficient delivery of services to the public and the City Boards and Commissions served. Planning & Zoning includes seven areas: Zoning Administration & Development Review, Ordinance Implementation, Fees, Salaries, Comprehensive Planning and GIS.

City Assessor's Office

The mission of the City Assessor's Office is to establish equitable values for all taxable real estate and business personal property located in Burlington. These values provide the basis for the distribution of the City's annual tax levy and the statewide education tax. The Office coordinated the completion of the City-wide reappraisal in FY 2006 and has been finishing up the final appeals from that process. The value of the municipal Grand List in FY 2008 is projected to be \$3,598,715,143 with \$79,185,040 dedicated for improvements in the Tax Increment District leaving an estimated Grand List of \$3,512,330,103 for municipal purposes. The office is also charged with the responsibility of maintaining the Grand List for the State Education tax with the Homestead Values Listed at \$1,273,035,316 and the Non-residential values estimated at \$1,959,5094,329. The budget submitted falls into the guideline of no more than a 3% increase. There are three full-time staff with additional funding for a temporary employee in the spring when valuation changes are being finalized. The only other changes are small and reflect spending patterns for the past few years.

Human Resources

The Human Resources Department supports City employees and managers by providing assistance in the following areas: labor and employee relations, benefits administration, recruitment and hiring, workers compensation insurance claims and loss prevention, employee development, ADA and EEO compliance. The department also supports the City Council Institutions & Human Resources Policy Committee. The four major areas include: Recruiting and Hiring, Training and Development, Community Support and Health Insurance.

Current Employee Benefits

This account contains the gross cost of major City-wide benefits and also shows the net costs to the City's General Fund. The major items included here are the costs of health insurance, worker's compensation, dental benefits, life insurance and unemployment compensation. Also included are funds for payment of health insurance buyouts and health services, which include the funding for a wellness program. Finally, also included here is an allowance for wage adjustments which is largely used to fund cost of living adjustments and employee step increases.

After much negotiation with Blue Cross and Blue Shield, the City-wide health costs are projected to increase by \$635,000 or about 10.5%. This is down from an initial projection of about 28%. The worker's compensation insurance has been moved from the Vermont league of Cities and Towns PACIF program into the St. Paul/Travelers Insurance provided via Hickok & Boardman in Burlington.

Insurance

This account fund the City's property and general liability insurance for all departments of the City. This coverage was moved from the Vermont league of Cities and Towns PACIF program into the St. Paul/Travelers Insurance provided via Hickok & Boardman in Burlington as of January 1, 2007.

Insurance Reserve

This account funds the expense which arises from general liability claims.

Property Tax Abatements

This account recognizes the expense of the abatement of taxes as approved by the City Council. The abatements granted are then charged back to the various tax rate items in the City tax rate.

County Government

This account funds the City's share of the expenses of the County Court System. These expenditures are funded by the "County" tax in the City tax rate.

Sister City Programs

The City has provided funding in the amount of \$2,000 each for the Puerto Cabeza, Bethlehem/Arad, and Yaroslavl Sister Cities and \$485 for dues for Sister Cities International. In the FY 2008, funding for \$2,000 is requested to fund the Sister City arrangement with Moss Point Mississippi, which experienced a deep loss due to Hurricane Katrina.

Chittenden County Transportation Authority (CCTA)

This accounts funds the Burlington share of the public transit operating expenses of the CCTA. Burlington's share of expenses for FY 2008 has been reduced by about \$29,600. This will result in a slight decrease in this tax rate line.

Winooski Valley Park District

This account pays for the City's contribution to support operations of the Park District. The amount requested by the District this year is \$99,700, a 6.8% increase over last year's contribution.

Regional Programs & Special Projects

A number of smaller projects and activities that, in addition to serving the people of Burlington, contribute to the City's role as regional center and national leader are budgeted in this section. Among the larger items are funding for dues to the Chittenden County Regional Planning Commission, the Metropolitan Planning Organization, the Vermont and National Leagues of Cities and Towns, support for First Night, and Special Projects funding for consideration by the Board of Finance. Funding this year has also been requested for a Social Equity Program Director which is projected to be funded in the CEDO office in future periods.

Greater Burlington Industrial Corporation (GBIC)

This account funds the City's \$20,000 contribution to the Greater Burlington Industrial Corporation (GBIC) in consideration of GBIC's development activities on behalf of the City.

Senior Cable Television Assistance

This account provides assistance for qualified individuals of \$4/month for cable television for Comcast customers. It is funded via a contract between Comcast and the City.

GENERAL FUND – SAFETY SERVICES:

Visiting Nurse Association (VNA) Ambulance Billing

This account funds the City's contribution to the Visiting Nurse's Association as well as paying for billing and collection services provided by the VNA. This year's request is up by \$3,630 or 3%.

Fire Department

The Burlington Fire Department provides crime prevention, Emergency Medical Services, the City's Emergency Management program with 79 full time employees and a Class III Fire Insurance rating. The items that are referenced here are in various stages of research, discussion and implementation. All of these items have the potential for eventual cost savings if followed through to the expected outcome. The items are listed as follows: Energy Conservation, Fire Suppression Division, Fire Prevention Division, Division of Training & Safety and Emergency Medical Division.

Police Department

The Burlington Police Department is committed to policing with the citizens of Burlington to achieve a safe, healthy and self-reliant community through our major service areas: Domestic Violence; Traffic Enforcement; Airport Police; Canine Unit; School Resource Officers to serve all Burlington Schools; Drug Unit; Investigation; Communications/Dispatch for Fire and Police; Training and Recruiting; Records Management/Parking Enforcement; Vehicle Operation/Maintenance; Finance & Administration. The department provides management of both Fire and Police Budgets as well as the oversight of information technology for the Fire and Police Departments. CUSI is the Chittenden Unit for Special Investigations, a multi-agency task force created to investigate reports of sexual assaults, sexual abuse, other sexually related offenses, and serious child abuse within the Chittenden County of Vermont. The Unit serves a population of approximately 144,000 residents of the County. The Burlington Police Department provides supervision for a multi-disciplinary force, supported by local communities.

Equitable Sharing Program

The Burlington Police Department receives a portion of the funds secured as the result of prosecution of serious drug offenses. The Department has requested the use of \$147,000 of funds for the purposes of detective overtime, ammunition, computer purchases, as well as protective gear and training.

DPW - Inspection Services (Trades)

This program has only three trade inspectors; plumbing, electrical and building. Fees raised by this group since fiscal year 2004 have ranged from \$566,001 to a high of \$859,341. Ideally this program could support another inspector that would allow the group to provide more comprehensive service and surveillance. Proposed changes include the purchase of two mobile laptops allowing them while in the field to access inspection records, make unscheduled stops to construction sites, and potentially resolve problems of work being performed without a permit. More active surveillance of contractors working without a permit should result in collection of additional fees due to the city. Although a rate increase is not included in the current revenue projections this could be justified to increase from \$7/\$1000 construction value to \$8/\$1000 to support these additional expenses to improve the program. This could increase the projected revenue from \$440,000 to \$490,000.

Code Enforcement

Code Enforcement projected figures meet the FY 2008 guidelines and expectations. One area for continued improvement is the funding of zoning enforcement activities. Currently, zoning enforcement revenues do not cover expenditures, and this portion of the program accounts for the discrepancy between General Fund expenditures and revenues. Several areas for improving these revenues are under consideration. Overall revenue numbers are decreased slightly: FY2007 shows 681,290 in projected revenues; FY2008 shows 668,150 for account totals. The overall reduction occurs mostly

under Zoning Enforcement projected revenues, which had been estimated without the benefit of historical numbers. As is the case for all City departments, a sizeable portion of the Code department General Fund expenditure is associated with personnel salaries and benefits. For the Code department, these expenses constitute a high percentage of total expenditures. Funds are also earmarked by City ordinance toward funding services for rental property owners and tenants, and the Board of Health expenses are funded through the Code Enforcement office.

GENERAL FUND – CULTURE & RECREATION:

Library

The Fletcher Free Library plans, forecasts, organizes and directs all operations and activities of the Library, directly and through supervisory staff through Administration, Youth Services, Outreach, Reference, Circulation and Technical Services. A brief description of each follows:

Administration: Plans, forecasts, organizes and directs all operations and activities of the Library, directly and through supervisory staff.

Youth Services: Provide books, materials and programs specifically targeted for children and families both in the Library and at outreach sites within Burlington. Grants and impact fees will be used to improve teen facilities and services in the coming year. Staff will work to obtain a permanent, stable source of funding for the Summer Reading Program.

Outreach: Delivers books and materials, special programs and other library services to City residents unable to physically visit the Library. Provides ESL classes and special materials for refugees and immigrants.

Reference: Provides in-person, telephone and email reference services for the citizens of Burlington and beyond. Provides a free public access computer center, Computer classes, WiFi access, library tours, programs and exhibits.

Circulation: Performs desk functions including charging materials in and out, registering borrowers, receiving fines and fees, assisting patrons, billing for overdue and lost materials, shelving materials, reserving meeting rooms, maintaining order of public areas and collections. A larger percent of the library's book budget will be allocated to provide on-line databases and to make downloadable audio/video resources available through the library's website. Staff will work with Clerk/Treasurer's office and City Attorney to improve collection of fines and fees owed the library.

Technical Services: Orders, receives and processes and catalogs books, materials and supplies. Maintains accurate files and related records and prepares monthly and annual reports and statistics relating to materials and expenditures.

Library IT Systems: Provide consistent hardware/software environment to deliver information technology to patrons and staff. A hardware/software replacement schedule needs to be set up with administrators of the City's Central Computer Fund.

Parks & Recreation Department

These accounts provide funding for the operations of the Parks & Recreation Department. Its various divisions are discussed in the section below.

Administration:

This program covers the cost of the Director and three administrative staff, as well as Department-wide training, office supplies and copier leases. Expense reduction in FY 08 represents the discontinuation of payment to DPW for accounting services. There are no revenues associated with this budget.

Parks Maintenance:

This program covers the cost of the Foreman and three Park Maintenance Workers dedicated to grounds maintenance throughout the park system as well as associated supplies. Increase in FY 08 expenses reflects the elimination of a credit from DPW for plowing anticipated but not realized in FY 07 as well as increased funding for Corrections crews to complete larger maintenance jobs. No change in FY 08 to minimal revenue budget associated with grounds work provided to other organizations.

Recreation:

This budget covers the cost of the Recreation Superintendent, 2.5 Recreation Coordinators, four Site Coordinators, one Youth Program Administrator and the Bus Driver. Staffing, materials, contractual payments and expenses associated with all Recreation programs and events are included here as well as costs associated with the Community Gardens, 242 Main and operation and maintenance of the bus and van. Changes in the FY 08 budget include increased funding for City Kids seasonal staffing and snack supplies due to increases in enrollment (more than offset by increased childcare revenues), and similar increases for MLS Soccer and an added summer lunch site. Equipment maintenance, including fuel, continues to increase so that line item has been increased in FY 08 as well. FY 08 budget includes a \$67,500 increase in City Kids revenues resulting from a fee increase and increased enrollment as well as increased revenues from 242 Main's summer camps.

Trees & Greenbelt

This budget covers the cost of the City Arborist, two Arborist Technicians and half of the salary of the Superintendent of Park Planning & Development, as well as associated seasonal staffing and materials and equipment. No significant expenditure changes to this budget in FY 08, however revenues are budgeted to decrease by \$20,000 due to the ending of the ice storm grant funding.

Arena

Included in this budget are salaries for the Arena Manager, 3.5 Arena Maintenance staff, .6 FTE Recreation Coordinator and a .8 FTE Program Assistant as well as seasonal staffing for the Pro Shop, Snack Bar, skating program instructors and public skating staff. Other major expense categories include utilities and food and resale items for the retail operations. No significant expenditure changes to this budget in FY 08. Revenues increase in FY 08 due to \$5/hour increase in Olympic ice rates.

Boathouse

Included in this budget are salaries for the Waterfront Manager and .5 Park Maintenance Worker as well as funding for about 30 seasonal staff including seasonal dock masters, security and gate operation personnel. Other significant expenses in this budget include utility costs and payments on dock leases, one of which will be paid off in FY 08, accounting for a significant decrease in expenses. An FY 08 increase in seasonal dock master funding is offset with a reduction in costs in the Park Operations seasonal staff budget. Boat slip fees are increasing by \$100 at Perkins Pier and \$200 at the Boathouse for the 2007 season.

Parks Operations

This program covers the cost of 1.5 Park Superintendents, one Foreman, .5 Special Events Coordinator, and three Parks Maintenance staff as well as seasonal staffing for all gate operations, North Beach campground and beach, and Perkins Pier. Other significant expenses include line items for utilities, small park repairs, vehicle and equipment leases and equipment maintenance and fuel. Changes to the FY 08 budget include elimination of the credit from DPW for plowing, increased seasonal staffing for Blanchard Beach, addition of a building cleaning crew and additional seasonal supervisory staff at North Beach due to increase activity level. Other significant changes include increased funding for small park repairs from \$15,000 to \$25,000 and a decrease in Perkins dock master staffing. Revenues have been increased by \$41,600 in FY 08 due to \$1/site increase in campground rates, and expected increased revenues from Oakledge and Waterfront gates.

Memorial Auditorium: This program covers the cost of the Manager, Facilities Coordinator and Custodian as well as all utilities and part time staffing required for special events which are reimbursed on the revenue side. Also included in the budget is a credit from City Arts for custodial services. Significant reductions were made in the FY 08 budget by contracting out the concession operations, completing building repairs in-house rather than with outside contractors and reducing IATSE expense line items due to fewer events. Revenue budget decreased \$58,100 for FY 08, reflecting declining bookings for concerts and similar large events, as well as a decrease in concession activity.

Burlington City Arts

Burlington City Arts (BCA) has served the community as a department of the City of Burlington and as an independent not-for-profit organization for more than 25 years. Our vision is to fuse a dynamic relationship between the arts and community, to nurture creativity and imagination, and to ignite a passion for learning through the arts. We run a number of programs in both Memorial Auditorium and at the Firehouse Center for the Visual Arts, and have established the Firehouse Gallery as one of the few exhibition spaces in the state dedicated to showcasing contemporary art. The Firehouse Center for the Visual Arts provides a venue for collaboration between BCA and our many partners, from educational institutions to businesses and social services. Through these collaborative relationships, we bring a variety of different groups together under the umbrella of the arts, including children from socially and economically diverse

neighborhoods, social services clients, Head Start children and their families, refugees and recent immigrants, and senior citizens. Like many arts organizations, our efforts are designed to make the arts all-inclusive, with a particular emphasis on underserved individuals. Coupled with our commitment to accessibility, the Firehouse Center for the Visual Arts enables us to present a variety of unique art experiences that set us apart from other art centers across the country and cement Burlington's reputation as one of America's most livable cities for the arts.

GENERAL FUND – PUBLIC WORKS FUNCTION:

Public Buildings – City Hall

This account funds the expenses for the maintenance and upkeep of City Hall, the payments for the equipment lease for the building's HVAC system, as well as for the lease of office space for Human Resources in the former Merchants Bank building on the 2nd floor of 131 Church Street. This account is under the management of the Parks & Recreation Department.

Public Buildings – Firehouse Center

This account funds the expenses for the maintenance and upkeep of the Firehouse Center for the Arts. This account is under the management of the Parks & Recreation Department.

Central Maintenance Facility

The budget for this Pine Street facility houses much of DPW, Parks, and Code Enforcement does not represent an increase in expenditures for FY08. The expenses of this facility are supported in part by Equipment Maintenance rates and then directly by revenue funds occupying space at this location. The balance is a general fund expense.

DPW - Recycling

This program last had an increase in rates in FY03. This was intended as a three-year rate at the time. This has extended much further than originally projected due to changes in how we collect (reducing staff from four to three), and reduced charges per ton due to a better recycling market. Although not currently in the FY08 proposed budget, we may propose at a later date to trade one of the trucks to a compressed natural gas vehicle. FY08 does require the use of \$18,840 of prior year's surpluses from FY04-06 to balance.

DPW - Street Division (Right of Way)

This program, responsible for maintaining the city right of way, continues to help mitigate general fund support by doing work for other programs such as the capital street repaving program. Work for the capital street program includes installing new sidewalks, and catch basin cleaning and repair. The sixteen employees maintain the streets with routine patching are the front line for snow removal on the streets and sidewalks, complete maintenance of the wastewater collection system, clean and videotape wastewater lines, and other special revenue generating projects such as traffic calming.

DPW - Equipment Maintenance

This program repairs vehicles for 11 city departments including Parks, Police, Fire, Burlington Electric, and some outside clients such as Mallets Bay Fire Department. This budget includes the cost of annual lease payments for the entire Street Division program. In FY08 we have proposed the replacement of one plow truck, one holder sidewalk plow, and either replacement or retrofit of the PRV truck that is used for street patching. This could be reduced by \$12,000 if no equipment is purchased in FY08. This is not recommended, as each year DPW has continued to stagger fleet replacement in order to keep on top of street and sidewalk plowing, general street maintenance, and the work completed for the capital street program.

DPW - Administration

This program covers three salary positions and two hourly Customer Service Associates. The staff on this budget support many DPW programs and are cost allocated based on projected levels of support. No cost allocations are included in this budget as in years past for Code Enforcement, Parks or Cemetery as the staff and functions have been transferred to the Clerk/Treasurer's office. Whereas in FY07 \$10,000 was allocated for training all DPW general fund staff, in FY08, \$3,000 has been left in this budget for general safety training. Other general fund departments included training funds in each of their respective budgets.

DPW - Engineering

This work group has been asked to take on some additional tasks in FY07 and FY08. This includes involvement in the City Capital Plan related to plan review, and project management. This is proposed as a charge to the citywide capital plan of \$34,000. At the same time revenues are decreasing due to no current funding source for time spent on compliance with the Phase III storm water regulations. This work group continues to absorb the cost associated with project design review. Overall revenue to the general fund is reduced by \$37,000 in FY08.

Cemetery – Managed by Parks and Recreation

This account provides funding for the maintenance, upkeep, and operation of the City's three cemeteries.

Special Revenue Funds

Community & Economic Development Office

The Community & Economic Development Office (CEDO) works with the community to: foster economic vitality; preserve and enhance neighborhoods, quality of life and the environment; and promote equity and opportunity for all residents of Burlington with major service areas: Housing, Waterfront, Neighborhoods and Community, Economic Development, and Administration.

DPW – Traffic Division

The Traffic budget represents two primary components, parking and Signs/Meters. In FY07 and FY08 the budget is proposed with using some of the cash reserves for capital operating expenses. This program continues to fund and manage the \$200,000 school crossing guard program. We believe that the Crossing Guard program belongs with the School Department as it is in all other Vermont communities. We understand they count it toward their expenses when calculating State Aid.

Church Street Marketplace

The Marketplace manages the day-to-day operations of the four-block business improvement district through five programs: administration (28%); Promotion (26%); Maintenance (36%); Snow removal (7%); Vandalism (1.5%); and Capital improvements (1%). The Marketplace budget is funded through user fees collected from 1) common area fees -- charged to properties abutting the Marketplace District Church Street between Pearl and Main Streets (76%); corporate sponsorship (7%); licenses and permits – sidewalk cafes, vendor carts, street entertainers (13%); banner fees (2%); and rent (2%).

Enterprise Funds

DPW – Water Division

The FY08 draft budget for Water shows expenses decreasing overall by 2.7%. This is due solely to a conscious effort to reduce costs whenever possible, even when faced with significant other utility increases. In FY07, another person in the Meter shop retired, and it was determined to not fill the position. Over the last several years the Meter shop staff has gone from 6 people to the current level of 3. This has been made possible by the radio read technology, allowing the readers to either walk or drive by over 9,000 out of 10,000 meters. This budget covers all expenses related with water treatment, maintenance of the water distribution system, meter reading, billing and collection. The cost of meter reading and water/wastewater billing is shared between water and wastewater.

DPW - Wastewater

This program with three wastewater plants, 23 pump stations and approximately 100 miles of sanitary and combined sanitary/storm water piping is able to balance in FY08, again due a temporary reduction in annual debt payments. FY08 begins repayment

for the Digester and Siphon loans. Looking ahead to FY11 and FY15 there are two balloon payments of \$4.6 and \$14.3 million respectively that necessitates consideration of a rate increase in advance of these significant expenses. Both Water and Wastewater have changed to the accrual versus cash method of budgeting for consistency with both GASB and general utility financing.

Burlington International Airport

The airport budget for FY2008 reflects, in both revenues and expenditures, a conservative approach to the coming year and yet allows us to take advantage of business opportunities. Following the loss of Independence Air in FY2006 we have been working hard to restore the lost business represented by the 60,000 passengers that flew IA to the Washington-Dulles Airport. The good news is that we have filled in that hole but business overall in the last 16 months has been flat. Therefore, our assumptions for revenue have been expressed in a 5.04% increase and our expenditures have been limited to 6.81% growth. We are proposing to expend \$13,822,277 in FY2008. Highlights include: Air Service Development, South End (Industrial Park) Development, Airport Maintenance, Airport Operations, and Revenues.

Burlington Telecom

When FY08 commences, BT will be nearing the end of the effort to “pass” all the homes and businesses in Burlington that are served by “aerial” plant (i.e. telephone poles), about 13,500 in total. Completion is expected around the end of August. From that point, the majority of capital construction will focus on customer connections. Currently we are connecting about 40 new customers per week but are targeting approximately 55 per week in full weeks. We expect this total to be achieved by mid June and to be maintained throughout FY08, resulting in an estimated total of 2600 new customers connected during the Fiscal Year and a grand total of approximately 4000 – 4100 on net on June 30, 2008. Over the last year, BT has managed to get the cost per connection for aerial neighborhoods down from an average of approximately \$1700 to approximately \$1560. But this is still a large number (approximately \$4 million) when you are connecting this many customers.

Burlington Electric

The Fiscal Year 2008 budget of the Burlington Electric Department (BED) was approved by the Burlington Electric Commission (BEC) on April 11, 2007. The Fiscal Year 2008 budget does not contain a revenue requirement rate filing. It does include, however, the second phase of the cost allocation/rate design Order, as mandated by the Vermont Public Service Board. This adjustment does not bring in any new revenues to the Department, but rather re-allocates revenue amongst the customer classes. Those rate changes go into effect on July 1, 2007. Although there is some stability in the Department’s finances, this did not diminish our need to continue to monitor and control spending. Out of a \$51 million expense budget only \$11million (21.6%) can be considered “controllable” by decisions of management. Approximately \$40M (or 78.4% of the budget is for fuel, purchased power, debt service, depreciation and taxes.) That being said, those “controllable” expenses are up less than 0.5% (\$42,000) over last year’s

budget. In fact, since Fiscal Year 1998, costs are up only \$900,000 (an average of 0.9% per year, not including inflation). This was accomplished during a period of major increases in health care and pension costs (up \$1,000,000 or 50% since '03) and major increases in capital improvements to the distribution system.

TRUST FUNDS

Retirement Trust Fund

This fund provides funding for the Burlington Employees Retirement System (BERS). During this year, the board voted to replace our long-time investment consultant, Morgan Stanley, with Dahab Associates to improve the analysis of our investment mix and returns. The Board has also been involved in discussions regarding the possibility of moving the plan assets to VPIC (Vermont Pension Investment Committee) with the hope of achieving a higher return at reduced cost. The market value of plan assets as of 3/31/2007 was \$121,096,895. The plan's performance for the one year, three year and five year periods ending March 31st was 10.8%, 10% and 7.5% respectively. There remains concern that the plan assets continue to be less than the plan actuarial liabilities. Much of the year involved discussion regarding proper funding of the plan and how this is best achieved. At present there are 782 active members of the Retirement System, 397 retirees and beneficiaries, and 350 members who have left service with vested benefits. Pension benefits average \$510,000 per month.