

Office of
the Mayor
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TO: Burlington City Council

FROM: Bob Kiss, Mayor

DATE: June 11, 2010

RE: Fiscal Year 2011 Proposed Budget

Here is the Mayor's proposed budget for Fiscal Year 2011. This is a responsible and sound budget. Despite the challenging economic environment of the past year, looking forward, Burlington is set to maintain high quality City services and programs. This budget does not contemplate or require employee layoffs or reductions in compensation.

The proposed budget for the General Fund continues a moderate rate of growth in expenditures similar to the past four years. The total proposed budget for General Fund operating expenditures is \$47,976,798, an increase of \$703,439 or 1.5%. This moderate rate of growth achieves the City Council Super-Committee budget goals in terms of both overall expenditures and personnel-related costs. In particular, the increase in non-retirement personnel benefits is minimal and the growth in the number of personnel is less than 1.8% in the General Fund.

The proposed General Fund budget for Fiscal Year 2011 continues a significant new investment in the Streets and Parks infrastructure of the City. In addition, the expenditures narrative in Section 2 of the budget discusses regular and new initiatives in the programs and services of City departments. It is important to note that this budget maintains the quality, extent and scope of City services and programs during a difficult economic downturn and continues to provide momentum, as it did last year, in support of sustainability and quality of life issues.

The Capital Improvements budget for the General Fund has doubled with an increase of just over \$5.4 million. Approximately \$3.7 million or 70% of the capital improvements is the street repaving programs financed by the voter approved \$5.5 million bond issue and tax rate increase. In addition the capital improvements budget

includes \$355,000 for Parks Capital Improvements paid by the one cent increase approved last year.

The overall non-education municipal tax rate is recommended to be 72 cents. This represents a 1.1% increase over the current fiscal year tax rate of 71.2 cents.

As you know from recent discussions with the Chief Administrative Officer, the City Retirement Fund's performance these past several years will pose a significant challenge in the next few years. While this performance does not affect the funding requirements for FY 2011 as currently structured, a prospective increase in unfunded liability is likely to result in a significant increase in the City's annual contribution to the Retirement Fund in the foreseeable future.

I am pleased to report that the City's Stormwater Management Program is underway and it will be entering a fully-funded second year of performance. This program is designed to address the City's state and federal stormwater permit compliance requirements. Fully addressing these requirements is essential to improving the water quality of Lake Champlain and the Winooski River, as well as the watershed that flows into them.

In this budget the City continues the development process to realize the reuse of The Moran Center on Burlington's waterfront as well as Phase I of the Burlington International Airport parking expansion. These projects represent important economic development initiatives that will help to sustain the local economy.

This budget also fulfills the implementation of the three year plan to increase water and wastewater rates to fully restore the fiscal integrity of the Water and Wastewater Enterprise Funds. These increases will prepare and enable the City to refinance the approximately \$18 million in no interest loans from the State of Vermont that mature over the next five years.

This budget represents a continuation of our efforts to strengthen and improve finances and the financial management of city government. Because we began this process over three years ago, Burlington is ahead of the curve in being prepared for the economic challenges we face as a city, state and nation. The conservative strategy represented by this budget is aimed at continued investment in what makes Burlington a place that people choose for business, to live, raise a family, be educated, find high quality healthcare and human services, retire, visit, vacation and always enjoy.

The Fund Balance of the City has been strengthened with a total Fund Balance estimated at about \$7 million and an Undesignated Fund Balance of about \$4.3 million. The general success of the FY 2010 budget and the overall financial position of the City provide a good foundation for the FY 2011 budget. While the City continues to face challenges related to Burlington Telecom capital investment and start-up costs and

anticipated pension liability, there continues to be substantial progress in moving forward.

I want to thank the CAO, Clerk/Treasurer's Office staff, and other City Department staff for their continuing efforts to resolve the fiscal challenges confronting the City. I also appreciate the investment of time and effort of the Finance Board in reviewing this budget and, once again, recognize the historical importance of the work by the Citizen's Budget Committee in shaping this budget.

I look forward to your comments and suggestions.

A handwritten signature in black ink, appearing to read "Ben Cain". The signature is written in a cursive, slightly slanted style.