

# Financial Summary

## Overview of City Governmental Services

The City of Burlington, Vermont's largest municipality is organized under a City Charter under the laws of the State. The City is a multi-purpose municipality providing a wide range of municipal services including safety services, public works, municipally owned utilities, local schools, airport, parks, and culture and recreation services. Through its various operating divisions, Burlington annually manages an operating budget of approximately \$201 million.

## Total Budget Levels: All Government Entities

The following chart represents the FY 06 Budget including the Burlington Electric Department and the School Department. While the General Fund is more fully defined on the following several pages, the following explanatory notes discuss more fully the activity associated with the Non-General Fund categories.

Total Budget Levels All Local Governmental Entities	FY 06
Municipal Services	\$107,288,280
Burlington Electric Department	\$ 53,156,000
Burlington School Department	<u>\$ 50,476,440</u>
Total City Budget	\$210,920,720

The Mayor and City Council are responsible for the municipal service or general City budget, including the Burlington Electric Department. The elected School Board is responsible for the K-12 elementary, middle, and high school programs.

### *Sources of City Revenues:*

Vermont municipalities are generally heavily reliant on the local property tax to pay for services. This is true for Burlington, but the City has other major sources of revenue as well. In FY 2006 the Burlington government will raise \$22,980,000 in property taxes for municipal services.

Property tax support for the local schools now falls into two categories; residential and non-residential. The first is the so-called homestead tax rate. Homestead owners are also potentially eligible for an adjustment to the tax based upon annual income. The second category is a uniform statewide non-residential tax. Commercial apartments are taxed for education purposes as non-residential.

The City provides three major utility services, electric, water and wastewater. The Burlington Electric Department derives the majority of its annual revenues from metered electric service to the residential and commercial customers. The Public Works Department manages both the water and wastewater facilities. Combined, these services are supported annually by user fees based upon the level of water usage by residential and commercial customers.

Sources of Local Revenues	FY 06
Municipal General Tax Revenue	\$22,980,000
State & Local School Revenue	\$35,814,729
Utility User Fees (electric, water, sewer)	\$63,971,900
Other Revenues (Includes State and Federal Grants)	\$88,154,091
Total	\$210,920,720

City services also receive support from State and Federal governments. State support is also received for transportation projects in the form of an annual operating support and a share of street capital projects. Federal funds include support from the U.S.

Department of Housing and Urban Development for housing and economic development programs, Economic Development Administration, Bureau of Justice funds for public safety, and education funds. The City also supports its services through a broad range of fees for licenses and permits, charges for service, registration fees, development review fees, and public donations. In total, the City’s General Fund will receive an estimated \$1.20 million in FY 2006 of revenues and support from state and local government.

*Uses of Funds*

The City uses the funds described above to deliver services in the following areas. The municipal services listed on the next page are described in more detail in this budget document.

## Summary of the Cost of City Services

General Fund	FY 06 Budget
Police	\$7,557,600
Fire	4,498,660
Public Works	1,494,940
Parks & Recreation	3,601,290
Comprehensive Code Enforcement	735,900
Library	1,081,680
City Arts	831,110
Cemetery	182,650
General Government Programs	467,170
Downtown Projects	927,650
Local Bus Service (CCTA)	1,073,130
General Administration Departments	3,019,290
All Other General Fund Expenses	1,679,680
Operating Transfer to other Funds	7,346,370
Capital Improvements	2,913,200
Employee Benefits	8,618,780
Public Buildings	538,320
Other Funds	
School Local Education	35,814,729
School Department Other Funds	14,661,711
Community & Economic Development Office	4,502,570
Traffic and Parking Services	6,217,950
Church Street Marketplace	668,290
Electric Service	53,156,000
Water Service	5,054,120
Wastewater Treatment Service	5,761,780
Burlington International Airport	12,769,930
Employee Retirement Expenses	6,056,450
Capital Projects	16,310,800
Housing Trust and Land Conservation	378,970
Burlington Telecom	3,000,000
Total All Funds	\$210,920,720

Note: Employee benefits and employer insurance costs are presented in central accounts and not within general fund department budgets.

## Overview of the FY2005 City Wide State Mandated Reappraisal

### What is a City Wide Reappraisal?

A city-wide reappraisal is a process where by the value of real estate is changed to be reflective of the current market value.

### Why did Burlington need to reappraise?

In all Vermont communities, the point at which a municipality must appraise is determined by the State of Vermont. Act 60 and Act 68, which are the main State legislation for funding public education, drives the timing of an appraisal process. This state funding mechanism, described in the Acts speaks to the fact that public education is funded through a tax on property value and a distinction of whether the property is a homestead or non-homestead.

For this reason, the State has mandated that once a municipality's overall city or town value drops to 80%, that city must conduct a reappraisal. The measure of listed to market value is expressed in the common level of appraisal (CLA). Burlington's last CLA was 67.59%

In June of 2003 Burlington was notified by the State that a reappraisal must take place. We submitted our plan for reappraisal to the State as required.

### Process of the Reappraisal

The process that took place to meet this State requirement included the preparation of a Request for Proposals for a Reappraisal firm with the expertise to conduct such an exercise; the interviews and analysis to decide on the Firm. This was followed by a series of meetings and discussion with the City Council and several public and neighborhood hearings and meetings

The firm selected was Cole Layer, Trumble. This firm displayed the most familiarity with Vermont communities, and had conducted the last reappraisal for the City of Burlington. In addition, this firm had a previous experience with the software used by the City.

Cole Layer, Trumble (CLT) staff approached all and visited a majority of properties through out the City,

collected detailed information, this includes such things as property size and lot size, property location, details on construction and property attributes such as the quality of certain building materials. The Assessors office and the CLT staff then used this data to derive value. Actual sales comparisons, of properties with like characteristics were run, the combinations of similar property types and actual sales ultimately drove the value given to a particular property.

### Preliminary Results Indicated

Since the last reappraisal in 1994, and most dramatically in the past three year residential property values have increased dramatically. Sales trends indicate that the market value of a typical single family home is now twice the value listed for assessing purposes. Commercial properties have increased in value as well but in some cases at a lower rate of increase than single family homes, residential condominiums and duplex properties. The rate of inflation in value is expected to be the greatest in multi-family residential properties.

### Role of the State

As mentioned above the fact that public education is funded through property tax and that these revenues are a result of overall property value, places the state in a position of having keen interest in assuring that a municipality reappraises.

An important aspect of the reappraisal will be the resetting by the state of the common level of appraisal. While the CLA fell as low as 67.59% in FY2005, the CLA will likely be temporarily higher than 100% following the reappraisal. This is due to the fact that the state uses a multi-year smoothing methodology to determine municipality's CLA

### The Schedule

The schedule that the City has for the reappraisal is as follows:

<u>Activity</u>	<u>Month 2005</u>
Finish Data Collection	January
Valuation Analysis	Nov. – February
Assessor Review	Feb. – April

Value Notices Mailed	April
Informal Hearings	April – May
Grand List on View	May
Board of Assessors Hearings	May – June
Grand List to State of VT	June
Tax Bills Mailed	July
Board of Tax Appeals Hearings	Aug. – Nov.

Five of the tax rate components are considered revenue neutral, that is, these particular rates are adjusted downward such that the same amount of revenue that was received in FY05 will be received in FY06. The tax components that fall into this category are: General, Police/Fire, Housing Trust, Open Space and streets.

Over 90% of the city tax rate is subject to downward adjustment with reappraisal. Roughly 60% of the city tax rate is subject to revenue neutrality. A technical feature in the revenue neutrality calculation is that the revenue base is adjusted to account for the loss of revenue from the lower tax rate once applied to city owned utility property. Otherwise there would be a loss of revenue following reappraisal

**Change in the Grand List**

The City Grand list is made up of many different types of properties, changes in value for each type varies based on sales for that particular category. The following are the different property categories: Residential (including Residential Condos), Mobile Homes, Vacation, Commercial, Commercial Apartments, Industrial, Utility, Farm, Woodland and Other miscellaneous.

**Change in the Grand List: FY05 to FY06**

2005 Grand List	2006 Grand List
\$18,997,012	\$36,068,069

The FY06 Grand List is the amount reported to the State of Vermont in August, 2005.

**Impact on the Municipal Tax Rate**

In the next section, we describe each component of the tax rate, how it is used and the tax rate amount for that particular component.

In this section we will describe how each of these tax rate components are handled specifically as it relates to the change in the Grand List and thus how this translates and impacts the individual property owner:

Overall there are 12 different tax rate areas; each rate with its own intent. Each of these components will fall into one of three distinct categories and it is these categories that drive how the tax rate is handled as it relates to the reappraisal. These three categories, and the components of that tax rate that they comprise, are as follows:

1. Revenue Neutral Tax Rates

2. Fixed Tax Rates

Three of the tax rate components fall into this category. Each has a set tax rate that is not adjusted after a reappraisal; instead the rate yields additional revenue that is then dedicated to the city business area that the tax rate supports. The three components of this fixed tax rate section are as follows: Parks, Highway, and Library.

3. Budget Driven Tax Rates

Four of the tax rate components fall in this category. These are areas of the budget that have budgets of their own that must be covered by sufficient revenues, so in this case the tax rate is adjusted up or downward to be sure that there an appropriate amount of funds available to meet the expenditure demand. The Tax rate components that fall into this area are: CCTA, County Tax, Retirement, and Debt. These rates will be lower following reappraisal

**Impact on the Residential Tax Bill**

In summary, citizens can, depending upon the change in assessed value, expect to see an increase in their tax bill for those tax rate areas described in number 2 and number 3 above: the fixed tax rate areas, and that budget driven rates.

### Changes in the Municipal Tax Rate

The Changes in the tax rates are shown in the table below:

Tax Rate Item	FY05 Tax Rate per \$100	FY06 Approved Tax Rate	Change
Revenue Neutral Rates:			
General City	0.3888	0.2277	-0.1611
Police/Fire	0.1492	0.0789	-0.0703
Housing Trust	0.0100	0.0053	-0.0047
Open Space	0.0000	0.0053	0.0053
Streets	0.0771	0.0408	-0.0365
Fixed Rates:			
Parks	0.0250	0.0250	0.0000
Highway	0.0312	0.0312	0.0000
Library	0.0050	0.0050	0.0000
Budget Driven Rates:			
CCTA	0.0546	0.0299	-0.0247
County Tax	0.0090	0.0040	-0.0050
Retirement	0.1803	0.1086	-0.0717
Debt Service	<u>0.1264</u>	<u>0.0683</u>	<u>-0.0581</u>
Total	1.0566	0.6300	-0.4266

### Overview of Property Tax

*Calculation, Collection, and Use of City Property Taxes*

#### Calculation

Property taxes in the City of Burlington are based upon the value of the property owned, stated as a rate per every \$100 of value of the property.

The property grand list contains the values of the individual properties and is used as the basis of determining the amount of tax revenues the City will receive for the fiscal year. The amount of change from year to year in the overall grand list value is primarily due to renovations of existing properties or new development.

Property for the purpose of calculating the total tax revenue falls into three categories: Residential, Non-residential and Personal Property.

The tax revenue for non-residential and personal property is levied an additional 20% to support municipal services only, exclusive of the school department, the funding of which is described more fully a bit further in this document.

#### City-Wide Reappraisal and its effect on the City Tax Rate Items

As mentioned above, taxes are primarily driven by the value of property, while this is not totally the case it is the primary method of deriving tax revenue. The history and process associated with the City-Wide Reappraisal was discussed earlier.

#### Act 68 Impact

Like the last few years the FY 2006 tax bill is directly influenced by State Legislative action. The amendment to the Vermont Education funding statutes, known as Act 68, has significantly modified both residential and non-residential school tax rates in Burlington.

#### Components of the Municipal Tax Rate

The City of Burlington tax levy pays for costs associated with essential city services and the School Department; these total 12 areas of city business. The following briefly describes these components:

**General City:** This category funds the administrative component of City operations. These departments include the Police Department, Fire Department, Department of Public Works and Parks and Recreation, as well as, the City Council, Mayor’s Office, Voter Registration, Clerk & Treasurer’s Office, City Attorney’s Office, Planning and Zoning, Assessors, Human Resources & Employee Development. In addition to the dedicated tax rate components, which are described below, this portion of the tax rate also pays for a part of the service of all other General Fund Departments. The rate for FY 2006 is .2277 per hundred of value.

*The components of the overall tax rate that are described below require voter approval to change. In addition, they are dedicated to the areas earmarked and cannot be otherwise reallocated.*

**Highway:** Currently 0.312 per hundred of value, these monies are dedicated and fund, in part, the DPW Street and Equipment Maintenance Divisions functions..

**Police/Fire:** The FY06 tax rate per hundred of property valuation is .0789 and is dedicated to helping support Police and Fire operations.

*Parks:* Currently 0.0250 per hundred valuation, and is dedicated to the Parks Department.

*Streets:* The FY06 tax rate per hundred of property valuation is 0.0408 and is dedicated to the street, sidewalk and greenbelt capital repair.

*Library:* 0.0050 of the tax rate is dedicated to the Library for the purchase of books was established and is included again this year.

*Housing Trust:* 0.0053 of the tax rate is dedicated for the development of affordable housing. This component of the property tax was added in 1990.

*Open Space Conservancy:* 0.0053 of the tax rate is dedicated to the conservation and preservation of open space areas. This was approved by the voters in March of 2006.

***The components of the overall tax rate that are described below pay for services that the city is required to provide. The amount of tax levy for these areas of service is based on the expense needs of that area for the fiscal year. Additionally, they are dedicated to the area earmarked and cannot be otherwise reallocated.***

*CCTA:* The Chittenden County Transportation Authority provides regional bus transportation throughout Chittenden County & for the downtown employee shuttle. The tax rate is derived by the CCTA overall budget.

*County Tax:* Chittenden County communities support the operations of the Chittenden County government. The tax rate is set based upon the budget submitted by the Court House.

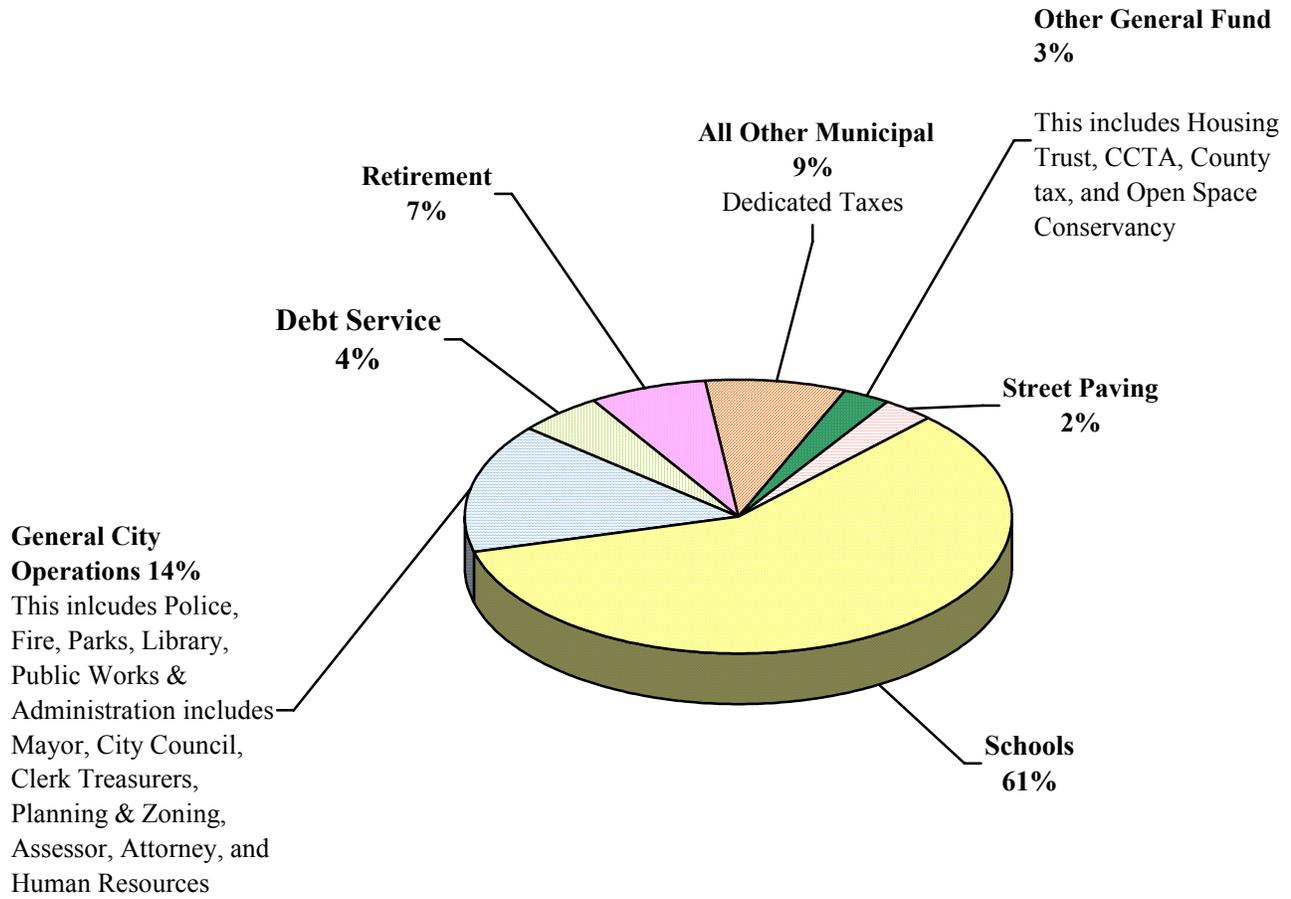
*Retirement:* Funding amounts are based on the projection of actual expenditures for the fiscal year. The tax rate that supports this activity is then derived from the budgeted amount.

*Debt Service:* Funding amounts are based on the actual payments due in the fiscal year. The tax rate to support this activity is derived from the actual amount.

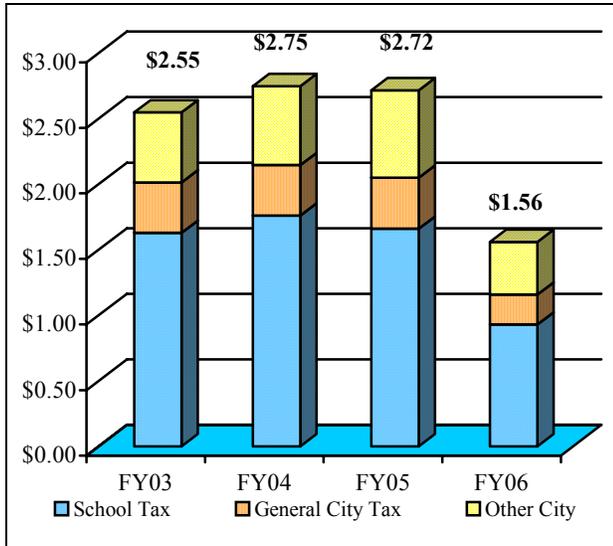
*School:* On an annual basis the schools are required to have the voters approve the School Budget and therefore approve the tax rate and revenues to support it. The School budget was passed by the voters in March.

The pie chart on the following page represents the uses of the property tax in the FY2006 budget across all City services.

## Where Your Property Tax Dollars Go



**Tax Rate Changes in the Last Four Years:**



**Special Tax Districts**

A City charter change created a downtown improvement district as an overlay to the Church Street Marketplace District. The Downtown Improvement District (DID) is bounded by properties fronted on Pearl Street to the north, South Winooski Avenue to Battery Street and then Maple Street to the south and Lake Champlain to the west.

Through FY2005, a 12 cent tax was imposed upon all non-residential properties located within the Downtown Improvement District.

The FY06 DID tax rate will be 8 cents. The Church Street Marketplace, Business community, Department of Public Works, and CEDO, has agreed to initiate a review of the downtown parking rates and will be submitting a rate structure proposal at a later date.

The revenues from this tax, in combination with other changes to the City’s parking rate structure, is utilized to fund the cost of providing two free hours of parking in designated municipal parking lots and garages within the Downtown Improvement District. The State of Vermont Legislature approved this charter change in the 1999 session.

In addition, the City has another Tax District referred to the “Tax Increment Financing District” (TIF). This and the Downtown Improvement District or DID are

described in more detail in Chapter 3. Tax associated with the Tax Increment Financing District is calculated on the change in the value of the properties within the district over time as the property increases in value. The taxes associated with this additional value is dedicated to waterfront and related revitalization.

**Changes in Total Tax Bill**

The combination of school and city budgets, coupled with the effects of reappraisal, will result in changes that vary from property to property this year. The tax bill on a typical home, formerly assessed at a value of \$120,000, but now valued at \$244,400, will increase. This is based upon the average property assessment change of single family residential properties of 103.66%. Some property owners will see lower tax bills but others have increases that are higher than the example illustrated here. For homeowners who are eligible under the state education tax relief program and property tax relief programs, the bill will be lower than the amount listed here.

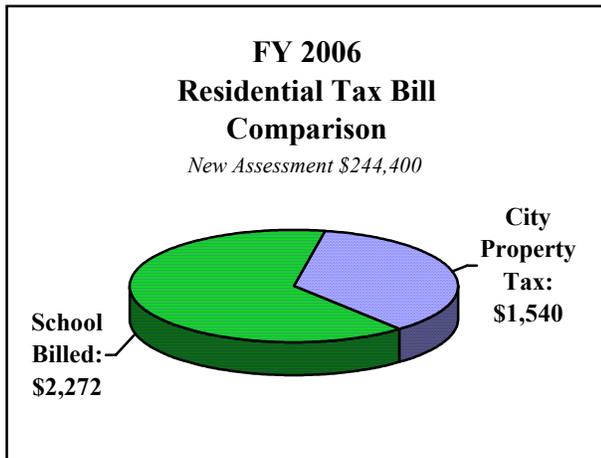
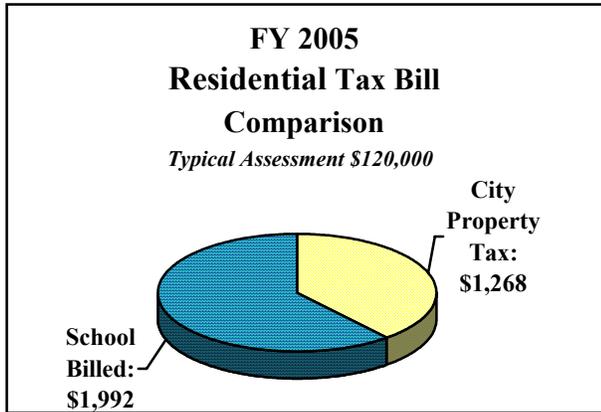
Changes in Tax Bill: Homestead with Assessed Value that increased from of \$120,000 to \$244,400

Category	FY05 Example		FY06 Example	
	Rate	Bill	Rate	Bill
School Taxes*	1.6600	\$1,992	0.9295	\$2,272
City Taxes*	1.0566	\$1,268	0.6300	\$1,540
Combined Taxes	2.7166	\$3,260	1.5595	\$3,812

*\*Before income sensitivity adjustments*

**Change in Average Tax Liability for a Residential Property Valued at \$120,000 prior to Reappraisal**

The two pie charts that follow illustrate the tax liability breakdown between the School Department and all municipal services and costs on a home valued at \$120,000, prior to reappraisal. The average increase in the value of residential properties was 103.7% which would have increased this property’s value to \$244,400.



**Total Non-Residential Tax Rate Increase**

The combination of school and city budgets, along with the effects of reappraisal, will result in tax bill changes that vary from property to property on commercial & non-residential property. Generally speaking, the values on commercial property rose to a lesser extent than residential properties via reappraisal. The changes in the rates are shown below:

Through Act 68, the State of Vermont introduced a non-residential school tax rate that is higher than the residential rate. In FY 2005, the non-residential rate is \$1.51 and after CLA adjustment of 123.76% is \$1.2201.

Category	FY05 Rate	FY06 Rate	Change in Rate
School Taxes	2.2800	1.2201	-1.0599
City Taxes	1.0566	0.6300	-0.4266
Combined Taxes	3.3366	1.8501	-1.4865

**The Challenge of Balancing the FY2006 Budget**

**Limited Available Revenues**

At the beginning of the budget process, the City faced the challenge of covering the fixed costs and growth in other expenditures categories, with little growth in overall revenues.

**The Growth in Fixed Cost Expenditures**

The city’s operating budget includes many areas of expenditures that, for the most part, are out of the short-term control of the City. These include benefits, service contracts, utility costs, and contractual COLA increases associated with salaries and wages. These increases are non-discretionary and must be accounted for.

The largest area of fixed cost expenditures is associated with maintaining our personnel wage and benefit increases. This includes about \$800,000 for the increase in wage or the cost of living increases, typically driven contractually through union negotiation.

Fixed costs also include the increase in the cost of benefits; health insurance increases are \$825,000, workers compensation increases \$55,000, and increases in dental of \$33,000, and life and unemployment insurance are increasing by \$23,570.

In addition to this, additional funding was necessary to cover the anticipated Retirement needs of City employees. This is funded by means of a dedicated tax. The debt service payments due this year will also rise slightly. However, this has been offset by a refunding which took place in FY 2005 to capture lower interest rates on existing debt.

**Aligning Resources to Recognize Trends in Cost Pressures**

Over the year a number of areas within the budget have developed signs of chronic under funding. The cost pressures in these areas come in part from the overall inflationary pressures on the budget as a whole, in particular, wages and benefits. However, costs in these areas are also driven by the changing legal

environment and heightened community interest and concerns. Annually, efforts are made to apply usual management controls more generally, but particularly in these areas. But these are areas where budgets have increased and in most years, spending has exceeded budgets. In working with the annual budget challenge we have attempted to bring our budget expectations more in line with what our actual experience has been, and, therefore, is likely to be. Thus spending levels have increased. This may give the misimpression of more growth in the FY 2006 budget over the FY 2005 budget than is actually the case when compared with actual experience. Some of the areas are these:

#### *Technology*

In the effort to meet the demands of providing efficient public services we have improved significantly our technology base. New information technology systems have been introduced in police, fire, assessing, code Enforcement/trades inspection/zoning enforcement/GIS, and telecommunications. These systems are, and increasingly will improve the efficiency and effectiveness of service delivery. The FY 2006 budget reflects the further maturity and cost increase required for the operations of the technologically sophisticated systems.

## **Priorities of the FY2006 Budget**

This City administration has for over a decade worked to create a sustainable community and a sustainable budget. This fiscal years budget continues with that premise, this is specifically reflected through a series of initiatives that are structured to both make government more efficient, affordable and responsive.

### **Improving City Business and Communication through Information Technology Improvements**

The City continues to restructure the delivery mechanisms for service in order to control costs by eliminating or reducing redundant business activity among departments.

A major base line accomplishment, which was required before other IT improvements could occur, was the implementation of our area fiber municipal area network. In FY03 the city built a fiber optic backbone that connects all municipal buildings; 17 sites in total. This installation allowed for the following improvements, acquisitions and implementations:

1. Reduction of multiple decentralized servers, implemented central city server.
2. Reduction of multiple e-mail post offices.

With these in place, we then preceded with the acquisition of an enterprise-wide land database system, encompassing land data in four departments, providing these departments with the ability to share common data as opposed to maintaining separate stand alone systems.

These activities are components of the city's long-range plan of making government more accessible and cost effective.

### **Restructuring Government – Administrative Consolidation**

The City continues to review how and where governmental activities are carried out and to consider if restructuring would allow for better service to citizens or create efficiencies that would save costs. An organizational change that will occur in FY06 is the assignment of Memorial Auditorium to report to the Parks department.

By doing this we create a more comprehensive event and city facility management capacity. This allows for a broader programmatic planning for arts, recreation and event activity in this and other buildings throughout the city.

This also allows us to review our citywide facility management, the day-to-day maintenance and custodial needs of city buildings. Traditionally, we have had separate staff assigned to individual buildings; in FY06 we will combine the facility administration of several buildings under the Parks umbrella.

Other areas of consolidation that are planned for FY2006 are the consolidation of certain accounting support activities.

This is a result in part of the recommendations that the FY2005 Budget Task Force made to the Mayor asking that the back office support that is presently spread through many individual departments be considered for consolidation. Many of the areas mentioned in this report were specific to the area of accounting.

The Mayor agreed with the recommendations of this task force and followed by issuing a Mayoral Executive Order calling for administrative consolidation. The belief and intent of these executive

and administrative mandates is that the City would gain efficiencies and potentially over time reduce costs.

### **Responsible Employer**

The City will continue to seek ways to maintain its status as a model employer for Vermont while providing the citizens with cost-effective, affordable government.

### **Maintaining Non-Tax Revenue Base**

Several of the City departmental budgets depend heavily on non-tax revenue. In some cases keeping these revenue sources level and meeting budget goals has been a major challenge. The City continues to face the challenge of projecting revenues from non-tax sources and meeting these estimates.

### **Maintain Minimum Fund Balances to Protect the City's Financial Integrity**

The City continues to maintain a positive fund balance and will do so ending in fiscal year 2006. As it has been the practice of the City to operate within a tight margin, it will be a focus of future years to increase our fund balance.

### **Improve City Cash Flow**

The Clerk-Treasurer's office continues to work with other departments to improve cash flow and the dependency on pooled cash. We aggressively go after reimbursements of expenditures made from other funds. By doing this, the City reduces the frequency of outstanding tax anticipation notes, and associated interest payments.

### **Performance Measures**

The City Council has approved a program to develop comparative performance measurements. Building upon prior experience in earlier budget and that of City departments, including Electric and Public Works the City will develop a program that will tie both to the annual review of department heads and the annual budgeting process.

Performance measures are intended to achieve several important goals, including:

- **Accountability:** to inform citizens and elected officials about performance;
- **Service:** Identify areas in need of improvement;
- **Costs:** to strengthen out capacity for financial analysis with new tools;
- **Strategic Planning:** Incorporate performance data in out long-term planning efforts;
- **Management:** Include organizational performance goals in employee evaluations

A resolution outlining the requirements for and the need to have Performance Measurements was passed by the City Council on May 2nd, 2005

## **Quality of Life Improvements**

### **In our Neighborhoods and Downtown**

One overall priority of the budget is to support initiatives that improve or enhance the quality of life for the citizens and visitors of Burlington. With this in mind, this section describes the activities that focus on quality of life and therefore one of the largest priorities of this administration.

While our budget is presented by individual departments or by funds, here we discuss areas of city activity that is shared among departments, cross-departmental activity where several city departments are addressing a concern of the community from varying perspectives.

Below we elaborate on three such areas, each designed to meet the goal of improving the quality of life in our city.

### **Code Enforcement: Multi-Departmental Inspection and Legal Enforcement Activities**

The creation of the Comprehensive Code Enforcement office resulted from the observation that enforcement of the city ordinances would be more effectively handled if there was a coordinated approach, that is, that one office would be responsible for working with multiple offices, facilitating the resolution of multiple code issues with one location. A history of the office follows:

*History of Code Enforcement Office*

- November 1998 Code Enforcement Officer hired. On September 11, 2000 Burlington City Council amended sections of the Minimum Housing Ordinance, effective date December 1, 2000.
- FY00 Budget: **Budget \$296,340** Staffing: Director, Compliance Officer, (3) Minimum Housing Inspectors, Temporary Staffing, and FY00 Total Staffing: 6 FTE's: Notes: Added (3) Minimum Housing Inspectors transferred to Code Enforcement, Added (1) Compliance Officer. This was a part time Planning and Zoning position reclassified as full time, Minimum Housing fees were raised from \$25 to \$38.
- FY2001: **Budget \$297,120**, Total Staffing: Director, Compliance Officer, (3) Minimum Housing Inspectors, Temporary Staffing, Total Staffing: 6 FTE's.
- FY2002: **Budget \$477,000**, Total Staffing: Director, Compliance Officer, (5) Minimum Housing Inspectors, and .50 Policy Administrator, Total Staffing: 7.5. Notes: Minimum Housing Fee was raised from \$38 to \$50, Added (2) Inspectors and (.5) Board of Health employee allocated to Code Enforcement, Reduced temporary help.
- FY2003: **Budget: \$519,690 (amended to \$576,880)**, Staffing: Director, Compliance Officer, (5) Minimum Housing Inspectors, and (1) Policy Administrator, (1) Clerical, Total Staffing: 9.0. Notes: Board of Health Budget merged with Code Enforcement, remaining .50 Policy Administrator moved from Board of Health, Added (1) clerical position
- FY 2004: **Budget: \$638,380**, staffing level at 10 FTE's with one additional Clerical position added above the FY2003 level.
- FY 2005: **Approved Budget: \$715,040**, Staffing level of 11 FTE's as follows: Director, Compliance Officer, (5) Minimum Housing Inspectors, and (1) Policy Administrator, (2) Administrative positions & (1) additional staff member added.
- FY 2006: **Recommended Budget: \$735,900**. The staffing levels remain at a total of 11 Full Time Equivalent's (FTE's) as follows: Director, Compliance Officer, (5) Minimum Housing Inspectors, and (1) Health Policy Analyst, (2) Administrative positions & (1) Code Enforcement Officer. Cost of living adjustments for FY 2006 are pending and are not included in this amount.

## Affordable Housing

Under the CDBG program, CEDO provides grants to nonprofit organizations for program delivery costs (salaries, rent, utilities, etc.). CEDO is also a recipient of CDBG funds for the purpose of providing loans and grants for emergency repairs, small home improvements, accessibility modifications, rebates to Section 8 landlords for hardwired smoke detector installation, and free paint grants.

CEDO also uses CDBG funds to cover the program delivery costs of the RePAIR Program - providing low-interest loans and technical assistance to private landlords for the rehabilitation of rental units throughout Burlington. Under the HOME Program and with additional support from a HUD Special Purpose grant, CEDO provides deferred, 0% interest loans for down payment and closing costs on 2-4 unit buildings in Burlington neighborhoods. Through a grant from HUD, CEDO provides loans to low income homeowners and landlords with low income tenants for the reduction of lead-based paint hazards in Burlington properties.

We also use HOME funds for homeowner rehabilitation projects that cost more than \$5,000. The majority of HOME funds support the creation or rehabilitation of perpetually affordable rental and owner-occupied housing.

CEDO administers the Burlington Housing Trust Fund. These funds are used to provide grants to nonprofit organizations for the creation or preservation of perpetually affordable housing. Occasionally, private developers make payments into the Housing Trust Fund to meet requirements of the Housing Replacement and Inclusionary Zoning ordinances. 100% of these funds are used for the "hard costs" (property acquisition, construction, etc.) of creating or preserving affordable housing. Owner Occupied Rehabilitation, Duplex Down payment Assistance, and Free Exterior Paint programs are targeted to low income households living in the Old North End, King Street, and Lakeside Avenue neighborhoods. The Burlington Lead, Emergency RePAIR, Accessibility Modification, Rebate to Section 8 Landlords for Hardwired Smoke Detector Installation programs are available citywide

## Revenue Summary: General Fund

<u>Category</u>	<u>FY '05 Budget</u>	<u>FY '06 Budget</u>
<b>General Tax Revenues (Property taxes and Pilots)</b>		
Core Rate: subject to revenue neutrality provisions of the City Charter (section 98A)	\$11,875,032.00	\$12,663,032.00
Payments in Lieu of Taxes	\$1,866,580.00	\$1,078,580.00
Open Space - Land Conservation tax	\$0.00	\$189,000.00
Fixed Rate: Outside the revenue neutrality provisions of the City Charter	\$1,162,617.00	\$2,318,256.00
Taxes for Budget Driven Items	\$7,034,594.00	\$7,568,125.00
Projected New Growth in Grand List - (net)		\$50,000.00
Downtown Improvement Tax - 2 Hour Free Parking	\$220,000.00	\$220,000.00
<b>Total General Tax Revenues</b>	<b>\$22,158,823.00</b>	<b>\$24,086,993.00</b>
Gross Receipts Taxes (Rooms & Meals)	\$1,675,000.00	\$1,800,000.00
Franchise Fees	\$1,510,000.00	\$1,700,000.00
Development Revenues & Permit Fees	\$912,000.00	\$1,092,840.00
Operating Transfers In	\$4,216,860.00	\$4,313,000.00
General Operating revenues (net)	<u>\$13,523,317.00</u>	<u>\$13,583,587.00</u>
<b>General Fund Total</b>	<b>\$43,996,000.00</b>	<b>\$46,576,420.00</b>

## Highlights of Major Revenue Sources

### Property Tax

Total FY 2006 projected municipal property tax revenues amount and Payment in Lieu of Taxes are estimated at \$24,086,993, an increase from FY2005 of \$1,928,170.

The City tax rate will be affected by reappraisal and will be determined later. As mentioned, the tax rate is comprised of many components including a general city rate and rates dedicated to such items as police, parks, streets, library, housing, CCTA, county government, debt service and employee retirement.

Burlington is experiencing important development in the Central Business District and Waterfront. The City of Burlington's dependence upon the property tax is lower than most communities in Vermont, although it is higher than for most cities of our size across the nation.

### Impact of ACT 68:

#### Revenue for Payment in Lieu of Taxes

Many organizations including Churches, Hospitals Schools, City Utilities, and State of Vermont buildings are exempt from paying traditional property tax; instead some of these institutions make a payment in lieu of taxes as a way of supporting the municipal services that they are provided as a result of residency in Burlington. In FY2006 we anticipate that \$1,078,580 will be received in revenue from these institutions. This is a decrease of \$790,000 due to the effect of reappraisal on the city's utilities and other payers. Listed values are updated annually for these organizations and the PILOT amount will decline accordingly.

#### Payments in Lieu of Taxes (PILOT)

Category	FY05 Actual	FY06 Budget	Change
Water	\$182,200	\$104,058	(\$78,142)
Wastewater	625,700	\$352,120	(\$273,580)
BED	862,182	\$500,444	(\$361,738)
Other	196,498	\$119,958	(\$76,540)
	\$1,866,580	\$1,076,580	(\$790,000)

### General Operating Revenues

Aside from property taxes, this is the largest source of General Fund revenues and includes: State Pilot, Fines & Forfeits, Licenses and permits, Charges for Services, Miscellaneous Revenues. This category is stable rising about \$60,000 for FY06.

#### Revenue from Restaurant, Admissions, and Amusements, otherwise known as the Gross Receipts Tax.

The City Code of Ordinances calls for a 2% tax on the gross receipts of meals, alcohol, admissions, and amusements, and a 2% tax on hotels. The portion of the Gross Receipts Tax supports meals, alcohol, and admissions were increased from 1.5% to 2% in the FY 2005 budget.

Overall, in FY06, we expect to receive \$1,800,000 from the gross receipts tax. This is \$125,000 above the projected amount from last year and reflects the continued strength of the downtown economy.

#### Revenue from Franchise Fees

Franchise fee revenue is anticipated to be \$1,700,000 for FY2006, an increase of \$190,000 over last year due to the increases in utility rates.

#### Operating transfers in from other funds

Operating transfers reflect the transfer of monies into the General fund from other City funds for central expenditures such as employee benefits like health, dental and life insurance. Other funds will also reimburse the general fund for costs that the city as an employer is responsible for. These include health insurance, dental, life, and unemployment insurance, worker's compensation, and property and liability insurance. The total expense for all city employees will occur in the general fund. Then, through the cost allocation plan, these expenditures are reimbursed by other funds. Operating transfers in are increasing by \$96,140 to \$4,313,000.

**Expenditure Summary: General Fund**

Category	FY05 Budget	FY06 Budget
<b>PERSONNEL COSTS*</b>		
*Salaries and Wages: Includes Cost of Living and Step Increases		
I. Salary & Wages for Safety Services (Police, Fire, Code Inspections)	\$9,928,359	\$10,498,359
II. Salary & Wages for all Other General Fund personnel	6,598,892	6,828,892
III. Employee Benefits/Employer Costs*	\$7,033,430	7,960,000
*Cost of Health, Dental, Life Benefits & Employer Costs which include workers' compensation and Unemployment		
IV. Employee Pension and FICA Contribution – Transfer to Retirement	3,332,190	3,900,000
<b>DEPARTMENT OPERATIONS</b>		
* Departmental Operations include all Non-personnel Operating Budgets for all General Fund Departments		
General Fund Departments	\$10,006,099	10,104,349
<b>PROGRAMMATIC TRANSFERS TO OTHER FUNDS</b>	\$3,218,500	3,434,970
<b>CAPITAL IMPROVEMENTS</b>	\$3,648,650	3,840,850
<b>Open Space Land Conservation</b>	0	189,000
<b>FY 2006 General Fund</b>	\$43,776,120	\$46,756,420
<b>Carryover of Dedicated Funds for Reappraisal Project</b>	\$220,000	0
<b>GRAND TOTAL</b>	<b>\$43,996,120</b>	<b>\$46,756,420</b>

## Highlights of Major Expenditures

### Growth in Fixed Cost Expenditures

The City’s operating budget includes many areas of expenditures that, for the most part, are out of its short-term control. These include benefits, service contracts, utility costs and contractual COLA increases associated with salaries and wages.

### Personnel Costs

There are about 400 employees located in departments that make up the General Fund. \$17,327,250 is included in the recommended budget for these employees. This represents an increase of \$800,000 over the FY 2005 Budget. Of these amounts a total of \$10,498,360 in funds are devoted to safety service staff including Police, Fire, Code Enforcement and trades enforcement departments.

The increase generally reflects contractually obligated pay advances implemented since the past budget was adopted. Police and AFSCME union contracts expire on June 30, 2005 and contract negotiations have begun, while the Fire union contract, with the exception of re-opener for retirement benefits, is settled for FY 2006. Additionally, the IBEW contract in the electric department (outside the general fund) is under negotiation.

### Employee Benefits/Employer Costs

A significant upward driver of costs in the City budget is the increase in the cost of employee benefits. The City provides an extensive and high quality benefit package the elements of which are defined both in the personnel policy and by labor contracts. In addition, as an employer the City is required to cover the usual unemployment and workers compensation obligations.

For the 660 covered employees (General Fund and other funds) the costs are increasing by 13.2 % from \$ 7,033,430 in FY 05 to \$7,960,000 in FY 06. The single largest dollar increase is \$825,000 estimated cost increase of the health care benefit.

Note, this increase, approximately 15.9%, is measured from budget to budget. Workers compensation costs, the next largest component in this area is moving from \$1,245,000 in FY 05 to \$1,300,000 in FY 06.

The costs of this program have increased significantly over the past five years due to high medical and injury permanency costs of this coverage.

Another large increase associated with personnel costs is the City’s contribution to the City’ Retirement Fund. The Retirement Fund includes contributions to the City’s pension fund as well as paying the City’s employer share of FICA expense. This budget includes an increase in this contribution of \$567,810 to \$3,900,000 for this year.

The Chart Below shows the increase in the costs associated with benefits.

### Change in Benefits Costs from FY05 to FY06

Category	FY05 Budget	FY 06 Budget	Increase
Health Benefits	\$5,175,000	\$6,000,000	15.9%
Dental Insurance	\$297,000	\$420,000	5.8%
Life Insurance	\$116,430	\$140,000	20.2%
Workers' Comp	\$1,245,000	\$1,300,000	4.4%
Unemployment	\$100,000	\$100,000	-0-
<b>Total</b>	<b>\$7,033,430</b>	<b>\$7,960,000</b>	<b>13.2%</b>

### Department Operations

This section deals with the portion of General Fund Operating Department Budgets for costs other than those that relate to personnel costs. These operational components of General Fund department budgets, that are spending, excluding wages and benefits, are increasing by only \$98,250 from \$10,006,099 to \$10,104,349 or by about 1%. The operating budgets of many departments were reduced. However, increases in the costs of fuel, utilities, and salt/sand are included which account for most of this increase

### Changes in the General Fund Departments from FY05 to FY06

The following table is a presentation of the change in funding of major General Fund Departments from FY05 to FY06. The FY06 budgeted amounts include salaries and wages, direct department operating expenditures, all benefits and employer costs including retirement, and an estimate of wage increases for FY 2006.

**General Fund Departments**

Department	FY05 Budget	FY06 Budget	Change
Police	\$10,192,673	\$10,624,188	431,515
Fire	5,881,158	6,138,024	256,866
Public Works	2,330,466	2,502,810	172,344
Parks	4,262,153	4,413,487	151,334
Library	1,264,521	1,292,060	27,539
Code Enforcement	735,665	760,160	24,495
Planning/Zoning	587,635	607,580	19,945
City Arts	925,295	943,656	18,361
City Attorney	717,987	735,021	17,034
Human Res.	379,929	396,298	16,369
Mayor	275,013	285,735	10,722
Assessor	254,571	263,107	8,536
City Council	68,600	67,600	(1,000)
Voter Regis.	19,330	18,330	(1,000)
Clerk/Treas.	1,546,630	1,533,316	(13,314)
Public Buildings	580,633	564,887	(15,746)
Cemetery	209,460	182,650	(26,810)

***Explanatory Notes on the table above:***

The presentation in this table differs from the presentation elsewhere in the budget document as it includes all costs to operate departments, not just those directly under the control of department heads. While many departments cut the expenditures under their control, costs pressures associated with the costs of personnel actually increase most of these budgets.

**Programmatic Transfers to Other Funds**

All property tax revenues are collected and recorded in the General Fund. However, major components of the annual activity of the City are carried out under the category of other funds and for accounting purposes, transfers of the appropriated tax revenues are recorded as transfers. A portion of other revenues collected in the General Fund, such as indirect cost charges, also fall into this category. The transfers include amounts collected for Employee Retirement, Debt Service, the Housing Trust Fund, the Telecom Project, and Downtown Improvement District Tax for the Traffic

Fund, and several others. A significant portion of the programmatic transfers to other funds includes tax dollars levied for the employee pension plan. This is described in the paragraphs below.

**Property Tax Share of Employee Retirement**

The City provides a defined benefit employee retirement plan with the benefit level relating to length of service and annual salary. Based upon actuarial estimates the plan historically has been pre-funded through annual contributions by the City, and in some cases employees.

The cost exposure to the City of the retirement plan has increased significantly as a result of the downturn in the investment markets since 2000. In 2000, working with the advice of outside professional actuaries, the city approved significant improvements in the employee retirement benefit. At the time it was recognized that the retirement plan had a sufficient surplus such that benefit improvements could be made without significantly increasing the ongoing annual cost to either employees or tax and ratepayers.

The consulting actuaries to the Retirement Board reported for the first time that as of June 30, 2003 the plan's accrued liabilities exceeded the value of fund assets. The actuaries have reported that the gap between accrued liabilities and actuarially calculated assets had grown through June 30, 2004.

With the benefit of hindsight we now know that the benefit improvements on 2000 were made at the peak of the market. Working with employee groups the funded status of the plan has been rigorously reviewed over the past two years. The Mayor and City Council are working to bring the plan into appropriate balance.

The retirement budget, including the employer contributions for social security, is increasing from FY 05 \$5,361,360 to FY 06 \$6,056,450. Of this amount, \$3,900,000 will be raised through the dedicated property tax. The retirement obligations for employees working in departments operating outside of the General Fund are contributed through revenues from those respective budgets.

The projected costs of the Retirement Plan amount to \$8,741,208 and consist of Pension payments of \$5,443,980, FICA and MEDIFICA payments of \$2,305,700, and operating and fund management costs

of \$991,528. There is sufficient funding available from current year sources to cover these costs of \$8,211,359. This will come from property tax contributions of \$3,900,000, revenue department contributions of \$2,998,625, and assumed interest and dividend earnings on investments prior to market appreciation of \$3,295,200.

**Bonded Debt Service**

The current year obligation of debt payments on existing general obligation bonds is another significant programmatic transfer. The principal and interest payments due on voter approved general obligation bonds in FY 2006 amounts to \$2,450,000, an increase of \$48,000 on the tax rate.

**Other Programmatic Transfers**

The remaining transfers consist of the taxes collected for the Housing Trust Fund, the Downtown Improvement District Tax for the Traffic Fund, a transfer to the Municipal Telecommunications Fund for use of the system, an in-kind donation to the CEDO office for rent, and a payment to the Church Street Marketplace for maintaining the grounds on the Church Street side of City Hall, and a payment to the Burlington Electric Department for City Street lights.

**Capital Improvements**

There are several projects funded with General Fund resources which total \$3,102,200. These are covered in more detail in chapter three but the most significant are listed here:

Street Capital Program

The street capital program of \$1,596,700 is funded through the dedicated street tax and revenue from the street excavation fees, estimated to be \$200,000 in FY 06. An additional \$95,000 is budgeted for trees and greenbelt upkeep, also funded by the dedicated street tax.

Safety Service Vehicles

The Fire Department will replace one if its ambulances in this budget, paid through a combination of impact fees and a lease purchase. The Police Department will purchase three (3) new detective vehicles with

Equitable Sharing funds and six patrol cars via lease purchase.

Small and Working Capital

The City will have available \$1,000,000 in Small Capital and Working Capital funds due to voter approval in 2005. \$250,000 of these funds is dedicated to projects associated with Leddy Arena and the Gosse Court Armory. An additional \$95,000 is dedicated for capital needs of the Parks & Recreation Department.

\$250,000 is set aside for repair of the steps and fountains at City Hall and another \$150,000 is for maintenance and repair of the City hall clock tower. A complete list of the projects is found in chapter three.

**Highlights of City Departmental Budgets**

**Police Department**

In the FY 2006 budget, revenues were provided to provide full funding for the authorized level of officers (104), funding for salary increases, funding for the lease purchase of 6 new patrol vehicles via lease purchase, the purchase of three new detective vehicles with outside funds, as well as an increase in funding for vehicle fuel and upkeep.

Significant funds have been budgeted centrally to cover increases in the costs of employee benefits of health, dental, life, and retirement as well as the employer costs of workers compensation and unemployment benefits. Again this year, the additional demands placed on the department in providing Airport Security have been documented and funded in this budget. 10.5 officers have been assigned to this duty with funding coming from Airport sources.

**Changes in the FY06 Police Budget**

Expenditures	FY05 Budget	FY06 Approved Budget	% Increase
<u>Budgeted in the Department</u>			
Total Direct Budget	\$7,684,880	7,557,600	(1.65%)
<u>Budgeted Centrally</u>			
Employee Benefits/Costs	2,507,793	3,066,588	19.8%
Total Expenditures	\$10,192,673	\$10,624,188	4.2%

The cost to operate the Police Department in the FY 2006 budget amounts to \$10,624,188. Of this amount, \$7,557,600 is budgeted directly at the department level and the remaining \$3,066,588 is budgeted centrally for employee benefits and employer costs.

The Police expenditures account for 24.3% of the General Fund Operating budget. Police activities are funded primarily by general tax revenues amounting to \$8,364,408. The remaining activities are funded from beneficiary revenues such as parking enforcement fines, motor vehicle fines, and Airport Security Charges which amount to \$2,259,780.

**Fire Department**

The cost to operate the Fire Department in the FY 2006 budget amounts to \$5,881,158. Of this amount, \$4,498,660 is budgeted directly at the department level. Benefits are budgeted at the central level and amount to \$1,382,498. This is not yet transferred directly to the department level as negotiations are ongoing with the Fire Fighters Union. A table that compares the Fire budget with the prior year appears below:

**Changes in the FY06 Fire Budget**

Expenditures	FY05 Budget	FY06 Approved Budget	% Increase
<b>Budgeted in the Department</b>			
Total Direct Budget	4,540,220	4,498,660	-1.0%
<b>Budgeted Centrally</b>			
Employee Benefits/Costs	1,340,938	1,639,364	22.3%
Total Expenditures	\$5,881,158	6,138,024	4.5%

**General Administration**

The departments that comprise this include the City Council, Mayors office, Voter Registration, Clerk and Treasurers office, City Attorneys office, Planning and Zoning, Assessors, Human Resources, and the Employee Development Program.

**Mayor’s Office, City Council, and Voter Registration**

The Mayor’s Office FY06 budget is \$194,820. This is a reduction of from the FY2005 level of \$197,720 or \$2,900 and was done by reducing the following line items several operating costs including office supplies and telephone expense.

**City Council**

The City Council FY06 budget was reduced by the FY2005 level by \$1,000 to \$67,600 in the category of shared costs and dependent care. There remains \$400 budgeted for that purpose in this budget.

**Clerk Treasurer’s Office**

The FY06 Clerk Treasurer’s office expenditure budget stands at \$1,131,490. A total of \$73,520 was cut from the Clerk Treasurer’s budget. This includes minor adjustment upward for certain line item expenders and cuts in many different areas. Full lists of budget expenditure adjustments are as follows:

Amount	Category of Adjustment
(20,000)	Reduce Primary Election
(20,000)	Reduce General Elections
(30,000)	Reduce Bank Charges for Credit Cards
(3,520)	Net Other Changes
(73,520)	Total

**City Attorneys Office**

The FY06 City Attorney’s office budget will be \$596,240; this represents a decrease from the FY05 level by \$3,760. Minor adjustments were made to the City Attorney budget, including adding \$810 to adjust to the personnel list, added \$2,500 for library supplies, reduced telephone by \$500 and reduced the professional contract line by \$6,570.

**Planning and Zoning**

Planning and Zoning’s FY06 budget is \$422,270 for this year. This is a reduction from the FY2005 level of \$7,820. The following adjustments were made in this department:

Amount	Category of Adjustment
(8,000)	Reduce Outside Contractual services
3,180	Increase other operating expenses
(3,000)	Reduce conservation board
(7,820)	

**Assessors**

The Assessors office budget for FY06 is \$178,310; this is down from the FY2005 level by \$4,170. The City Assessors is in the process of finishing up the City wide Reappraisal.

**Human Resources**

The FY06 Human Resources budget stands at \$270,760 for FY06. Certain Staffing charges are planned for FY2006 as part of a broader realignment of the Human Resources Department. Specifically, as a means to reduce general liability and to assist in closing the budget gap, the department will eliminate a HR Coordinator position and reinstate the HR Administrator position.

The department will also eliminate the Training and Development Specialist position (1.0 FTE) and replace it with a Risk Manger (.5 FTE).

The department plans to decentralize a certain amount of the central training budget, moving training funds for the more specialized types of training to those departments that require it. In addition the budget for the Employee Development Program was reduced from the FY2005 level of \$149,470 to \$139,470.

**Burlington City Arts**

The budget for Burlington City Arts was increased in FY 2005 to recognize the incorporation of a full year of operations of the completed Firehouse for the Visual Arts to \$821,110. It will remain at this level in FY 2006. The department will raise an additional \$7,000 to fund the increased costs of employee benefits described above.

The costs of maintenance for the Firehouse Center Building are contained in the Public Buildings portion of the General Fund operating budget. As the building is new, these costs are being monitored to determine the proper level of funding required. The budget will remain at the \$30,000 level in this fiscal year.

Once again this year, the City agrees to fund the benefits for the main, core administration staff of the department. This essentially caps the cost of benefits funded by the general revenues. The cost of the benefits for staff hired above this core level will be directly billed to the City Arts budget. These benefits include the costs of health, dental and life insurance, workers compensation, and employer FICA.

In addition, as has been the case for several years now, growth in expenditures overall is funded by beneficiary revenues, not though increases in general tax revenue.

The Core group of employees is as follows:

1. Director, grade 22
2. Development Director, grade 17
3. Education Director, grade 18
4. Public Relations Specialist, grade 15
5. Burlington City Arts Administrator, grade 14
6. Curator, grade 15

There are also 6 FTE’s (full-time equivalents) included in the personnel list that are non-core positions.

**Parks and Recreation**

In FY2006 the Parks and Recreation department took on the administration and operational responsibility of two new areas: The Cemetery department and the custodial/maintenance and scheduling of several city facilities. These facilities include: Memorial Auditorium (previously run by the Burlington City Arts Departments) and City Hall (Previously run by the Clerk Treasurer’s Office) and the new Firehouse Center for the Visual Arts. The budgets for each of these are discussed further in this section.

The Parks and Recreation departmental operating budget in general terms was budgeted in FY2006 at about the same level as that of FY2005. The FY2005 level was \$3,607,780 and the FY2006 level is \$3,601,290.

The following listing shows the adjustments that were made to the Parks and Recreation FY2006 budget: As can be seen several areas of the budget were increased, and several were decreased.

Note: The department will provide the Clerk Treasurer’s Office the specific program that will be adjusted as well as the spending line item detail for the categories of adjustment which are listed below. These detail adjustments will occur through a budget resolution at a later date.

Amount	Category of Adjustment
5,000	Add background checks
13,160	Franklin Square playground nutrition
28,500	Fuel, Elect, Water, Gas
6,000	Equipment Maintenance and Leases
(3,500)	Reduce Arena Restaurant Supplies
(10,000)	Reduce Pro Shop sales
(20,000)	Reduced Seasonal Staff
(10,000)	Reduced Parks Small Repairs
(10,000)	Reduced General Supplies and Materials
(10,000)	Reduced Other Contractual
<u>4,350</u>	Other Additions
(6,490)	

**Cemetery**

As mentioned above the operational responsibility of this department under that of the Parks department.

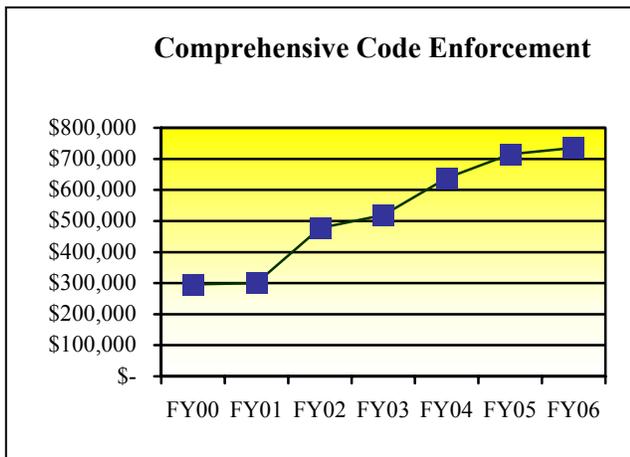
The FY06 Budget of \$182,650 is a decrease in the FY05 budget in the amount of \$26,810. This reduction represents the non-filling of a Maintenance Worker in the Cemetery department, with those duties now covered by the Parks & Recreation Department.

**Comprehensive Code Enforcement**

The FY06 Code Enforcement department expenditure budget is \$735,900, an increase of \$20,860 from the FY05 budget of \$715,040.

The staffing levels remain at a total of 11 Full Time Equivalent's (FTE's) as follows: Director, Compliance Officer, (5) Minimum Housing Inspectors, and (1) Health Policy Analyst, (2) Administrative positions & (1) Code Enforcement Officer.

The following Chart shows the total budget for the Comprehensive Code Enforcement Office from FY00 through FY06.



The FY06 budget was adjusted in several line item areas, this included increases in certain line items to more accurately reflect actual contractual obligations, and reductions in spending.

A list of all adjustments follows on the next column.

Amount	Category of Adjustment
10,990	Adjust budget to Personnel List at 6/30/05
5,040	Add/correct Sick Bonus account
3,600	add/correct audit expense line item
(500)	Dues & Subs
(500)	Other Professional Services
(500)	Advertising
1,400	Printing
(300)	Public Relations
(500)	Telephone
(800)	Uniforms
(1,300)	Small office equipment
5,450	Employees benefits
(720)	Board of Health
(500)	Other Charges
<u>20,860</u>	Total

**Library**

The Burlington Fletcher Free Library FY2006 overall general budget is \$1,048,680, an increase of \$71,920. The department cut \$23,140 in operating costs shown in the table below. However, there is an additional \$95,130 included in the budget for the purchase of books through the expected increase in the funds generated by the dedicated book tax.

The areas of expenditure reduction in the Library budget were are follows:

Amount	Category of Adjustment
(1,000)	Reduce Overtime
(500)	Reduce Equipment lease
(2,000)	Reduce contractual services
(340)	Reduce water
(2,500)	Reduce electricity due to refinance
(4,000)	Reduce Gas due to building improvements
<u>(12,800)</u>	Do not fill vacant Page position
(23,140)	Total

## Inspection Services

Inspection Services consist of three staff members whose primary responsibility is to ensure that the building and construction trades follow City code. The FY2006 expenditure budget increases by \$11,330 due to salary and benefit increase. Revenues come primarily from inspection permit fees. These fees were last increased in FY04 from \$6 to \$7 per \$1,000 of construction cost. Approximately \$515,000 in revenue is anticipated from this budget line item.

## Streets

Overall the Street Division budget is able to reduce its impact to the General Fund by services performed for other programs and work groups including the Capital Street Program, and Wastewater.

In FY06 Streets proposed to complete \$55,000 more for sidewalk and patching reflecting actual experience. Based on past history related to snow fighting the salt budget has been increased by \$20,000.

## Capital Street Program

The FY06 budget remains essentially the same with the expectation of the same level of funding from the dedicated tax. On average DPW repaves an average of about two miles of new pavement and reconstructs almost three mile of sidewalks each year. On average, the available resources are distributed evenly throughout the city.

## Engineering

Engineering provides technical support for major capital projects, design and engineering services for Water and Wastewater, reviews traffic requests, manages traffic calming, and performs traffic studies. Engineering is supported by funds from the various projects and divisions it serves. In the future, decisions related to the management and funding of storm water mandates will need to be addressed.

## Recycling

The cost of the Recycling program is essentially level funded for FY06 due primarily to savings from the cost to dispose of recyclables decreasing from approximately \$18/ton to \$13/ton due to a better

market for recyclable material. Revenues that support the program come from a fee charged to the haulers. When the fee was last raised to \$3.10 per month per residential unit in FY03 it was projected this rate would last through FY05.

Due to savings resulting from Single Stream collection allowing DPW to reduce from four to three drivers, improved route sequencing and the favorable recycling market, the rate will be the same again in FY06.

## Equipment Maintenance

The largest expense change for this division is the cost of fuel by \$88,290. This cost is then charged to all departments using the central fuel depot. Proposed changes in this budget include a reduction in the fuel markup charge from 10% to 3% and a change in the mechanic labor rate charged to revenue departments and general fund departments. This budget carries the expense of leases for the Street Division and in order to maintain the same level of snow removal efficiency three pieces are proposed for replacement: a plow truck, a sidewalk tractor, and a one ton dump truck.

## DPW Administration

Administration provides services to all DPW work groups (and Parks & Rec. and Code Enforcement) as needed including budgeting, accounting, payroll, clerical, and customer service. In FY06 there is one less position funded from this budget. Due to a retirement the Operations Manager position for Streets will remain vacant.

## Traffic Department

Although recognized as one department DPW differentiates expenses and revenues based on two primary programs, parking and Signs/Meters. Overall expenses are changing from \$5,765,330 in FY05 to \$6,217,955 in FY06. Changes to the operating budget reflect the revenues and expenses for an additional 278 parking spaces at Lakeview Garage. DPW has also proposed additional investment in the three downtown garages (not currently programmed in the FY06 budget) dependent upon the final outcome of the tax rate related to 2-hour free parking.

## Water & Wastewater

In FY05 the Water and Wastewater rates were raised for the first time in 10 years. The rate of \$2.68/100cf for Water and \$3.24/100cf for Wastewater are proposed at the same level for FY06. The department of Public Works submitted a budget request for the Water Division of \$4,894,370 and \$5,761,780 for the Wastewater Division. The Water budget is slightly less than FY05 due to continuing cost controls including not filling a vacancy created by a retirement. The Wastewater budget is \$78,000 less in FY06 than FY05 due primarily to a change in the tax rate related to Payment in Lieu of Taxes that this division pays similar to Water. Both divisions have very modest capital programs. In the coming months recommendations for the prioritization of infrastructure improvements will be brought forward.

## Charges for Service at the Burlington International Airport

The Airport budget of \$12,769,930 is funded by several major revenue sources associated with the operations located there. The major revenues sources are Terminal rents which include amounts paid for rental of office space, retail space, customer service counters and common areas such as the baggage claim by airlines, the restaurant, car rental agencies, and the gift shop.

The Car Rental Concession category includes amounts paid by Hertz, Avis, Enterprise & National Car Rental Agencies based upon the volume of their business. The total number of spaces dedicated to car rental agencies in the garage is 542. The department is planning for the issuance of requests for proposals in the near future. Landing fees are collected from the airlines based upon the weight of the aircraft and the number of landings. The major airlines that serve the Airport are US Airways, United Airlines, Jetblue, Independence, Continental, AC Jet (Comair) and Northwest. Passengers for the year ending 2004 amounted to 584,293.

Parking consists of revenues collected from the newly expanded parking garage operated by the Department of Public Works, customer facility charges paid on car rentals, and long term parking operated by Park & Shuttle. Passenger facility charges of \$4.50 per flight are collected to fund capital projects and revenue bond payments.

## Burlington Electric Department

The management of the Burlington Electric Department has prepared a “balanced” budget recommendation of \$47,757,000. This is comprised of: Net Power Supply Expenses of \$2,047,000; Other Operating Expenses of \$18,256,000, including Depreciation and Taxes; Interest Expense of \$5,196,000 and Capital Investment of \$4,258,000, net of grants/contributions.

Sales to Customers are up \$950,000 (2.6%) over FY 05. This is largely attributable to the expansion of Fletcher-Allen. This growth compares favorably to previous years and to the statewide average for electric utilities. Although this budget does not include any rate adjustments, it does rely on a significant amount of revenue from a one-time opportunity which the Department is pursuing.

The Department’s last revenue requirement filing was in January 2004. Based on current estimates for power supply costs, it is probable that the Department will need to file for a rate increase sometime in FY 06 in addition to adjustments that will result from the rate redesign filing which is currently in proceedings before the Vermont Public Service Board.

Net power supply costs are projected to be 17% higher than the value budgeted during FY 05. The main drivers are wood (up 20%), oil, and natural gas, with the later two fuels hitting all time record highs. The combination of higher underlying fuel prices and increased costs for some power contracts is causing the dramatic increased cost in power. The Department is doing everything in its ability to mitigate the rising cost of power supply and will look for ways to contain costs.

Other Operating Expenses are made up of Operation and Maintenance expenses, Depreciation and Taxes. Operation and Maintenance expenses were relatively flat as compared to FY 05. The budget of \$10,405,000 compares to a budget of \$10,366,000 for FY 05. This represents a less and than ½ percent increase.

Increases in wages and salaries and fringe benefits were offset by some attrition in the labor force and other cost decreases. Depreciation expense is up \$375,000 as a result of new capital projects and additional bond financing costs. Taxes did not increase in FY 06 and include revenue taxes paid to the State and payments-in-lieu-of-taxes paid to the City.

FY 06 represents the second consecutive year that the Department is spending in excess of \$5 million dollars

for Capital Improvements. This year's budget includes projects totaling \$5,493,000. These projects will be funded largely by the Revenue Bonds the Department financed in 2004 and by the General Obligation Bonds of the City which were recently approved the City Council and voters.

### **Burlington Telecommunications**

Burlington Telecommunications spending level is presently under review as it is closely tied to the timing and the extent of the system build out and the results of the Vermont Department of . It are anticipated that the department will come to the present this plan to both the Board of Finance and the Council at a later point.

## **Highlights of the General Governmental Budget**

### **County Tax**

This account funds the City's share of the expenses of the County Court System and County Sheriff's Office. These expenditures of \$145,000 are funded by the "County" tax in the City tax rate. This is a decrease of 17% from last year's level from the FY 2005 level of \$175,000.

### **CCTA**

The FY2005 budget for the Chittenden County Transportation Authority (CCTA) has increased slightly to \$1,073,130, an increase of \$62,390 over last year. This is funded via a dedicated tax. This year's City contribution to the budget for CCTA allows for general route service, a Para-transit assessment, an assessment for the College Street Shuttle, and the Burlington share of the capital payment on the bus purchase approved by the voters in March 2000.

### **Regional Programs**

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. The projects include:

- \$10,000: Membership in the Chamber of Commerce;
- \$31,500: Memberships in the Vermont League of Cities and Towns and the National League of Cities;
- \$7,000 Membership in the U.S. Conference of Mayors;
- \$19,770: Membership in the Chittenden County Regional Planning Organization;
- \$15,450: Membership in the Metropolitan Planning Organization for transportation planning;
- \$8,500: First Night;
- \$8,000: Anticipated special projects, which may be approved by the Board of Finance.
- \$6,450: Three Sister City Programs: Yaroslavl, Puerto Cabezas, and Bethlehem/Arad;
- \$5,000: Act One
- \$12,000: Champlain Senior Center
- \$10,000: Sustainable Community Conference
- \$8,500 Federal Program Research
- \$10,000: Welcome Packets
- \$15,000 ECHO at Leahy Center for Lake Champlain
- \$7,000: Women Helping Battered Women – victim support coordinator
- \$10,000: Women's Rape Crisis Center – advocacy and outreach
- \$3,000: Joint promotion for Triangle of Excellence
- \$5,000: VNA 100<sup>th</sup> Anniversary Friends for Life Funding in the amount of \$3,200 is included in the Parks Department for Little Leagues.

### **Advocacy Agencies**

Over the years a number of agencies that advocate for various constituencies have been created and funded by the City. The City has funded a number of these advocacy groups both through the General Fund budget and the Community Development Block Grant. Women Helping Battered Women and Women's Rape Crisis Center: Funding is available for continue funding at the level to replace the loss of the federal Local Law Enforcement Block Grant funds.

Burlington Concert Band: Funding is provided in the amount of \$3,880.

Winooski Valley Park District: This account pays for the City's contribution to the Winooski Valley Park District, the five-community regional park development and management entity. The appropriation of \$90,000 is included in the FY2006 budget up from the FY2005 level of \$88,100.

Greater Burlington Industrial Corporation: This program funds the City's contribution to the Greater Burlington Industrial Corporation (GBIC) in consideration of GBIC's development activities on behalf of the City, \$20,000 is included again this year.

# Property Tax Rates and Revenues

FISCAL YEARS 2004 THROUGH 2006

## Assessed Value Municipal Grand List

FY 2004 Actual	\$1,861,847,000
FY 2005 Estimated	\$1,865,500,000
FY 2006 Estimated	\$3,590,844,864

### Tax Rate

	FY 04 APPROVED		FY 05 APPROVED		FY 06 APPROVED	
	Tax Rate	Revenues	Tax Rate	Revenues	Tax Rate	Revenues
General City	0.3838	7,084,948	0.3888	7,253,064	0.2277	8,176,038
Highway	0.0262	483,652	0.0312	582,036	0.0312	1,120,344
Police/Fire	0.1242	2,292,732	0.1492	2,783,326	0.0789	2,834,354
Parks	0.0200	369,200	0.0250	466,375	0.0250	897,711
Street	0.0771	1,423,266	0.0771	1,438,301	0.0408	1,464,670
CCTA	0.0536	989,456	0.0546	1,018,563	0.0299	1,073,125
County Tax	0.0100	184,600	0.0090	167,895	0.0040	145,000
Retirement	0.1603	2,959,138	0.1803	3,363,497	0.1086	3,900,000
Debt Service	0.1164	2,148,744	0.1264	2,357,992	0.0682	2,450,000
Library Tax	0.0050	92,300	0.0050	93,275	0.0050	179,542
Open Space	-	-	-	-	0.0053	189,970
Housing Trust	0.0100	184,600	0.0100	186,550	0.0053	189,970
<b>City Total</b>	<b>0.9866</b>	<b>18,212,636</b>	<b>1.0566</b>	<b>19,710,873</b>	<b>0.6300</b>	<b>22,620,724</b>
School - Residential			1.6600		0.9295	
School - Non Residential			2.2800		1.2201	
School Billing Total	1.7609	28,991,497	(a)	28,101,931	(a)	35,503,548
<b>Combined Total</b>	<b>2.5474</b>	<b>43,446,319</b>	<b>2.7475</b>	<b>47,204,133</b>	<b>1.5595</b>	<b>58,124,272</b>
Downtown Improvement District			0.1200	220,000	0.0800	237,000
Tax Increment Financing District				897,590		816,880

### RECOMMENDED WATER, WASTEWATER & ELECTRICAL RATES

<u>RATES</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2005</u>
Water	\$2.49/100 cu. ft.	\$2.68/100 cu. ft.	\$2.68/100 cu. ft.
Wastewater	\$3.07/100 cu. ft.	\$3.24/100 cu. ft.	\$3.24/100 cu. ft.
Electrical	10.20 cents/kwh	10.20 cents/kwh	10.20 cents/kwh

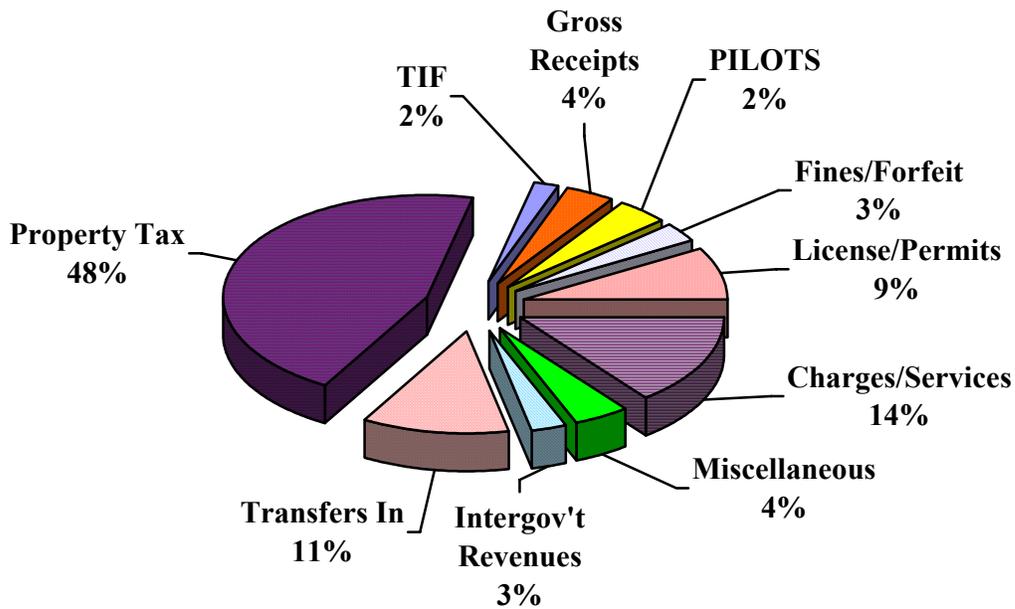
(a) In 2005 and after, Act 68 requires that a separate rate be charged for residential properties & non-residential properties.

## Revenue Summary

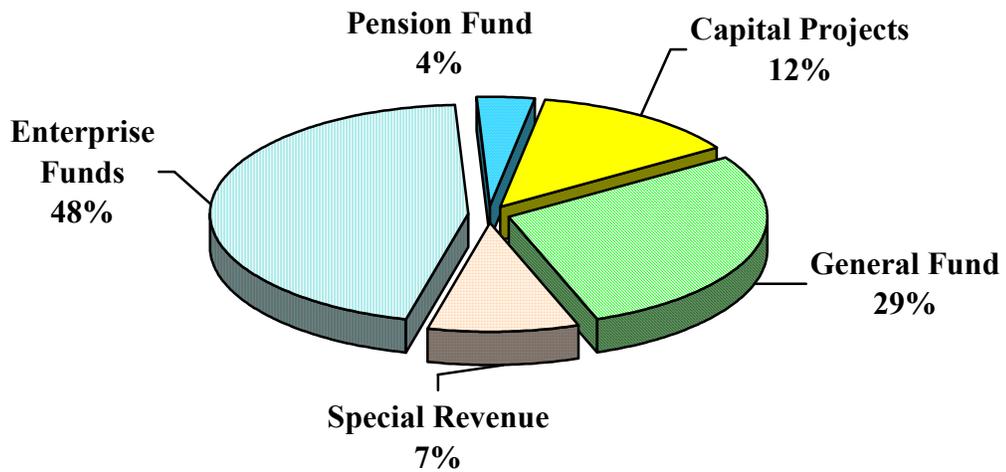
FY2005 - 06: All Funds

CATEGORY	FY 2005 Approved	FY 2006 Budget
<b>General Fund</b>		
Property Tax	\$ 19,928,600	\$ 22,623,870
Tax Increment District	897,570	816,680
Gross Receipts Taxes	1,675,000	1,800,000
Payment-In-Lieu Of Taxes	1,866,580	1,078,580
Sub-Total Taxes	24,367,750	26,319,130
Fines and Forfeits	1,248,000	1,307,000
Licenses & Permits	3,694,090	4,053,990
Charges for Services	6,410,660	6,616,510
Miscellaneous Revenue	1,970,740	1,881,770
Intergovernmental Revenue	1,167,620	1,269,120
Operating Transfers In/Carryovers	5,137,260	5,308,900
Sub-Total Other	\$ 19,628,370	\$ 20,437,290
Sub-Total General Fund	\$ 43,996,120	\$ 46,756,420
<b>Special Revenue Funds</b>		
CEDO	8,099,510	4,502,570
Housing Trust	186,000	189,970
DPW Traffic	5,765,330	6,217,950
Church Street Marketplace	661,780	668,290
Sub-Total Special Revenue	\$ 14,712,620	\$ 11,578,780
<b>Enterprise Funds</b>		
DPW - Water Division	4,895,310	5,054,120
DPW - Wastewater	5,840,040	5,761,780
Burlington Electric	47,252,000	53,156,000
Airport	11,556,500	12,769,930
Sub-Total Enterprise Funds	\$ 69,543,850	\$ 76,741,830
<b>Trust Funds</b>		
Retirement	5,361,360	6,056,450
Sub-Total Trust Funds	\$ 5,361,360	\$ 6,056,450
<b>Capital Projects Funds</b>		
Total Capital Projects	19,981,230	19,310,800
<b>CITY TOTAL</b>	\$ 153,595,180	\$ 160,444,280

## REVENUE SUMMARY: General Fund



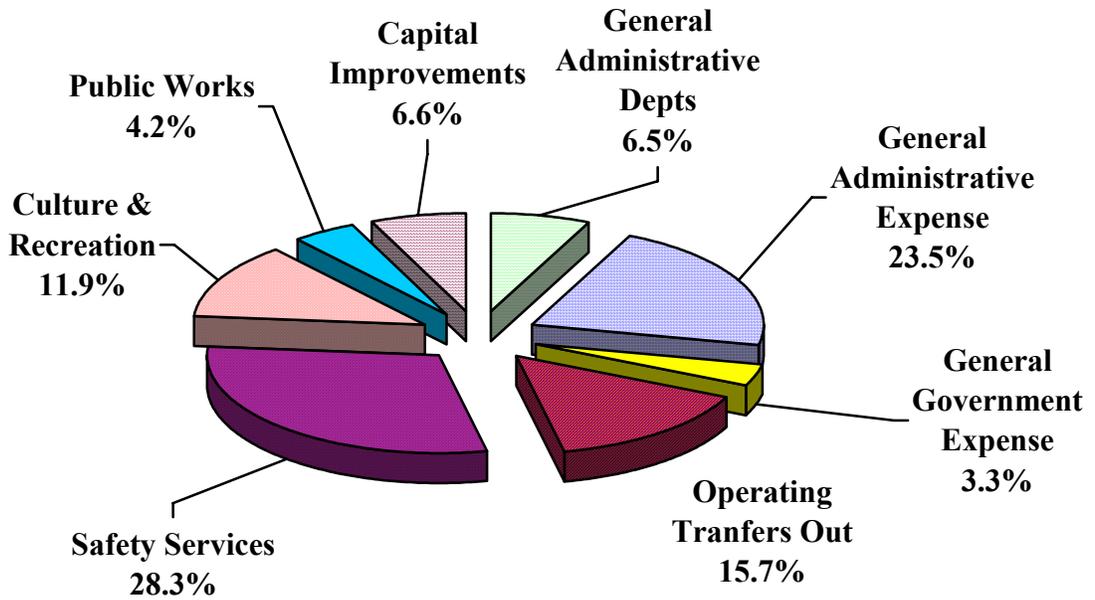
## REVENUE SUMMARY: All Funds



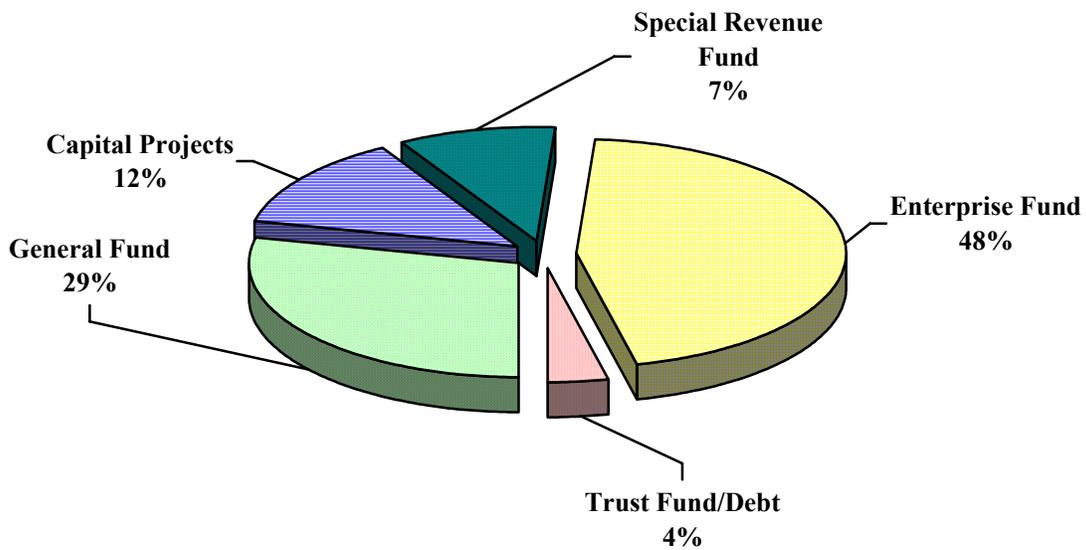
## Expense Summary

CATEGORY	FY 2005 Approved	FY 2006 Recommended
<b>General Fund</b>		
<b>General Administration</b>		
General Administrative Departments	\$ 3,025,900	\$3,019,290
General Administrative Expense	9,511,580	10,964,480
General Government Expense	1,484,930	1,540,300
Operating Transfers Out	6,550,690	7,346,370
Sub-Total General Administration	<u>20,573,100</u>	<u>\$22,870,440</u>
<b>Safety Services</b>		
Fire	4,213,700	4,498,660
Police	7,684,880	7,557,600
Inspection, Health, Code Enforcement	933,360	965,550
Other Safety Services	159,610	226,750
Sub-Total Safety Services	<u>\$ 12,991,550</u>	<u>\$13,248,560</u>
<b>Culture and Recreation</b>		
Concert Band, Women's Program, Human Rights	32,980	34,880
Library	1,042,730	1,081,680
Parks & Recreation	3,607,780	3,601,290
City Arts	831,110	831,110
Sub-Total Culture & Recreation	<u>\$5,514,600</u>	<u>\$5,548,960</u>
<b>Public Works</b>		
Public Buildings	557,970	538,320
Department of Public Works	1,280,790	1,265,290
Cemetery	209,460	182,650
Sub-Total Public Works	<u>\$2,048,220</u>	<u>\$1,986,260</u>
<b>Total General Fund Operating</b>	41,127,470	43,654,220
Capital Improvements, General Fund	2,868,650	3,102,200
<b>Total General Fund</b>	<u>\$43,996,120</u>	<u>\$46,756,420</u>
<b>Special Revenue Fund</b>		
CEDO	8,099,510	4,502,570
DPW: Traffic	5,765,330	6,217,950
Housing Trust Fund	186,000	189,970
Church Street Marketplace	661,780	668,290
<b>Sub-Total Special Revenue</b>	<u>\$14,712,620</u>	<u>\$11,578,780</u>
<b>Enterprise Fund</b>		
Water	4,895,310	5,054,120
Wastewater	5,840,040	5,761,780
Burlington Electric	47,252,000	53,156,000
Airport	11,556,500	12,769,930
<b>Sub-Total Enterprise Fund</b>	<u>\$69,543,850</u>	<u>\$76,741,830</u>
<b>Trust Fund</b>		
Retirement	5,361,360	6,056,450
<b>Sub-Total Trust Fund</b>	<u>\$5,361,360</u>	<u>\$6,056,450</u>
<b>Capital Projects Funds</b>	19,981,230	19,310,800
<b>Sub-Total Capital Projects</b>	19,981,230	19,310,800
<b>CITY TOTAL</b>	<u>\$ 153,595,180</u>	<u>\$160,444,280</u>

### EXPENSE SUMMARY: General Fund



### EXPENSE SUMMARY: All Funds



## Employees, Employee Benefits, and Employer Costs

The City’s work force consists of 657 active authorized full or part-time employees in addition to numerous other seasonal and temporary workers. The table below shows the authorized employees and indicates the numbers who are covered by the health, dental, life, and retirement plans of the City. The Retirement employees are separated into two groups. Plan A represents members of the Police and Fire Departments not including clerical employees. Plan B represents the remainder of the City’s work force.

Of these 657 City employees, 464 are represented by one of four labor unions. The American Federation of State, County, and Municipal Employees (AFSCME) union represents municipal workers in the various departments and has 220 members. IBEW stands for the International Brotherhood of Electrical Workers and has 93 members at the Burlington Electric Department.

Category	Total	Municipal Employees	BED
Active Employees	660	529	132
Health Ins.*	586	477	109
Dental Ins.	623	498	125
Life Ins.	614	487	127
Retirement			
Plan A*	181	181	0
Plan B	582	453	129

\*No retiree health/life, etc. is included

\*\*None in Electric Department

Note: All employees are covered by Worker’s Comp. School Department has 125 under Plan B.

Fiscal Year 2006 City Employees As of 4-27-2005	
Fire Union	71
Police Union	80
AFSCME	218
IBEW	93
Non-union	<u>193</u>
Total	657

### FY 2006 Equal Employment Opportunities

As of April 27, 2005 the following is true of the City Workforce

- Women in trade positions: 19 or 5.9% women are employed in 322 trade positions including Fire and Police
- Workforce Diversity: 37 or 17.75% people of color are employed in 657 City of Burlington positions
- People with Disabilities: 7 or 1.1% people with disabilities work in 657 City of Burlington

## Fiscal Year 2006 Employee Benefits and Employer Costs

The chart below shows the trends for employee benefits and employer costs for the past six years and the 2006 Approved Budget. Health, dental, unemployment, worker's comp and life insurance costs are projected to continue to rise significantly in FY2006.

