Board of Finance

Monday, January 29, 2024, 4:30 PM, Bushor Conference Room 1st Floor, City Hall OR REMOTELY via ZOOM

4:30 pm, Bushor Conference Room, 1st Floor City Hall OR Remotely via ZOOM:

Please click the link below to join the webinar:
https://zoom.us/j/97710199021
Or Telephone: +1 929 205 6099 US (New York)
Webinar ID: 977 1019 9021

****CCTV link: https://www.youtube.com/playlist?list=PLljLFn4BZd2PwCge7lNoKug676jIf_iUA ****

1. Agenda

Subject	**1.1. Motion to adopt agenda**
Meeting	January 29, 2024 - Special Board of Finance Meeting - Monday, January 29, 2024, 4:30 PM, Bushor Conference Room 1st Floor, City Hall OR REMOTELY via ZOOM
Category	1. Agenda
Department	Council and Board
Type	Action Procedural
Recommended Action	Motion to adopt agenda

2. Public Forum

Subject	**2.1. Verbal Comments**
Meeting	January 29, 2024 - Special Board of Finance Meeting - Monday, January 29, 2024, 4:30 PM, Bushor Conference Room 1st Floor, City Hall OR REMOTELY via ZOOM

Category	2. Public Forum
Department	Council and Board
Type	Action Procedural
Recommended Action	open Public Forum close Public Forum

3. For Approval and Recommendation to the City Council

Subject	**3.1. Resolution: March 5, 2024 Annual City Meeting -- Increase In Public Safety Tax Rate For Fire And Police Purposes Authorized -**
Meeting	January 29, 2024 - Special Board of Finance Meeting - Monday, January 29, 2024, 4:30 PM, Bushor Conference Room 1st Floor, City Hall OR REMOTELY via ZOOM
Category	3. For Approval and Recommendation to the City Council
Department	Clerk/Treasurer's Office
Type	Action Resolution
Recommended Action	to recommend that the City Council approve the attached resolution

4. Adjournment

Subject	**4.1. Motion to adjourn**
Meeting	January 29, 2024 - Special Board of Finance Meeting - Monday, January 29, 2024, 4:30 PM, Bushor Conference Room 1st Floor, City Hall OR REMOTELY via ZOOM
Category	4. Adjournment
Department	Council and Board
Type	Action Procedural
Recommended Action	Motion to adjourn

Resolution Relating to

MARCH 5, 2024 ANNUAL CITY MEETING – INCREASE IN PUBLIC SAFETY TAX RATE FOR FIRE AND POLICE PURPOSES AUTHORIZED

RESOLUTION_____
Sponsor(s): Board of Finance
Introduced: _____
Referred to: _____
_____
Action: _____
Date: _____
Signed by Mayor: _____

CITY OF BURLINGTON

In the year Two Thousand Twenty-Four……

Resolved by the City Council of the City of Burlington, as follows:

That WHEREAS, Section 102a of the Burlington City Charter authorizes the City Council annually to assess a tax for the use of the fire and police departments (the "Public Safety Tax Rate"), in addition to the general tax rate set forth in Section 99 of the Charter; and

WHEREAS, the Public Safety Tax Rate has not increased since FY21; and

WHEREAS, since that time the City and community have experienced general inflation of more than seventeen percent (17%) and has expanded the public safety budget to retain and recruit police officers and firefighters; and

WHEREAS, the Mayor has proposed, and the Board of Finance has recommended, that the City Council place a question on the Annual City Meeting ballot asking voters to approve a three cent ($0.03) increase in the Public Safety Tax Rate;

NOW, THEREFORE, BE IT RESOLVED that the following question shall be placed on the ballot of the Annual City Meeting to be held March 5, 2024:

"Pursuant to Section 102a of the City Charter, shall the police and fire tax rate be increased by three cents ($0.03) for public safety purposes, so that the police and fire tax rate (one component of the overall city tax rate) for FY25 is increased from $0.0785 to $0.1085, an approximate four percent (4%) increase from the FY24 overall city tax rate?"

Resolution Relating to

MARCH 5, 2024 ANNUAL CITY MEETING – INCREASE IN PUBLIC SAFETY TAX RATE FOR FIRE AND POLICE PURPOSES AUTHORIZED

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Sponsor(s): Board of Finance
Introduced: _____
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Date: January 25, 2024

To: City Council

From: Katherine Schad, Chief Administrative Officer

CC: Mayor Miro Weinberger

Memo: Responding to FY25 General Fund Budget Questions and Discussion

Thanks to the City Council for your thoughtful participation in the FY25 General Fund budget work session on January 22, 2024. This memo responds to the various budget-related questions that were raised during the word session in anticipation of a City Council vote to put the question of raising the cap on the public safety tax by $.03 on the Town Meeting Day ballot.

Effect of Proposed Tax Changes on Homeowners

City Council requested the estimate below of what property taxpayers who pay the full homestead education tax rate would pay if both the 13.97% education tax increase and the full additional 4% public safety tax increase were put into effect in FY25. Please note that $381,400 is the current single-family home median assessed value according to the Assessor's Office.

Figure 1

Appraised Value	FY24 HS + municipal tax	FY25 Proposed HS + Proposed municipal tax *	Y over Y Total Proposed Tax Increase	Amount of Annual Increase for Municipal Tax
	$2.2008	$2.4417		
$300,000	$ 6,602.40	$ 7,325.10	$ 722.70	$ 90.00
$381,400	$ 8,393.85	$ 9,312.64	$ 918.79	$ 114.42
$450,000	$ 9,903.60	$10,987.65	$ 1,084.05	$ 135.00
$600,000	$13,204.80	$14,650.20	$ 1,445.40	$ 180.00

* Municipal tax includes proposed 3.98% increase for public safety tax and 1% planned increase for debt service. Tax rate will change slightly when rate for retirement tax is finalized.

Comparison of Burlington's Proposed Municipal Increase with Other Communities
Burlington, like our neighbors, has faced years of unprecedented and sustained inflation as the entire community recovers from the pandemic and now one-time revenues are waning. In order to continue to provide the services that Burlington residents expect, moderate increases to municipal taxes are one factor in creating a reasonable, balanced budget.

Figure 2

Municipality	FY25 Proposed Increase	2-Year Total
Burlington *	5.10%	11.30%
Colchester	4.63%	10.33%
South Burlington	5.82%	11.57%
Winooski	9.83%	14.92%

* FY25 Burlington increase includes proposed 3.98% increase for public safety tax and 1% planned increase for debt service. Tax rate will change slightly when rate for retirement tax is finalized.

Hotel Tax Proposal
The lodging portion of Burlington's 2% gross receipts tax generates approximately $1M annually (an additional 9% tax goes to the State).

This proposal adds 2% to only the hotel portion of the gross receipts tax, generating an additional $1M for the City every year ($2M total per year). The CT Office conducted research to ensure that increasing this rate would not adversely affect the competitiveness of Burlington hotels, especially compared to other tourist destination cities in New England. We also found a survey of the 150 largest US cities showed that the maximum lodging tax was 20.5%, the minimum was 8%, and the median was 14%. This data provides another useful data point as the City Council evaluates this decision.

Figure 3

State Rate		City Rates
MA	5.7%	14.95% Boston; 14.45% Cambridge & Hyannis
RI	5.0%	13% Providence & Newport
CT	15.0%	
VT	9.0%	13% proposed in Burlington

Because of the comparison table below which illustrates how Burlington's long-standing tax rate on meals compares with other regional neighbors, we are not proposing to increase the gross receipts tax on meals.

Figure 4

City or State	Tax Rate on Meals
Burlington	11% (9% State, 2% City)
Massachusetts	6.25-7.0%
Maine	8%
New Hampshire	8.5%
Connecticut	7.35%

Gross Receipts and Local Option Tax

The Gross Receipts (GR) Tax (which is formally known as the Restaurant, Hotel, Amusements and Admissions Tax) is 2% of the gross receipts from taxable receipts and businesses submit them monthly directly to the City. This important source of revenue is highly dependent on trends in the national and state economy, as evidenced by the FY20 and FY21 data, when GR revenue plummeted due to COVID. In FY22 the City saw a dramatic rebound in revenue, likely due to pent-up demand, and a further significant increase in FY23 as the recovery continued. The first six months of this fiscal year indicate that revenues have held but may not be growing further. Given this data, dropping inflation, and still elevated interest rates, we are not assuming further growth in FY25.

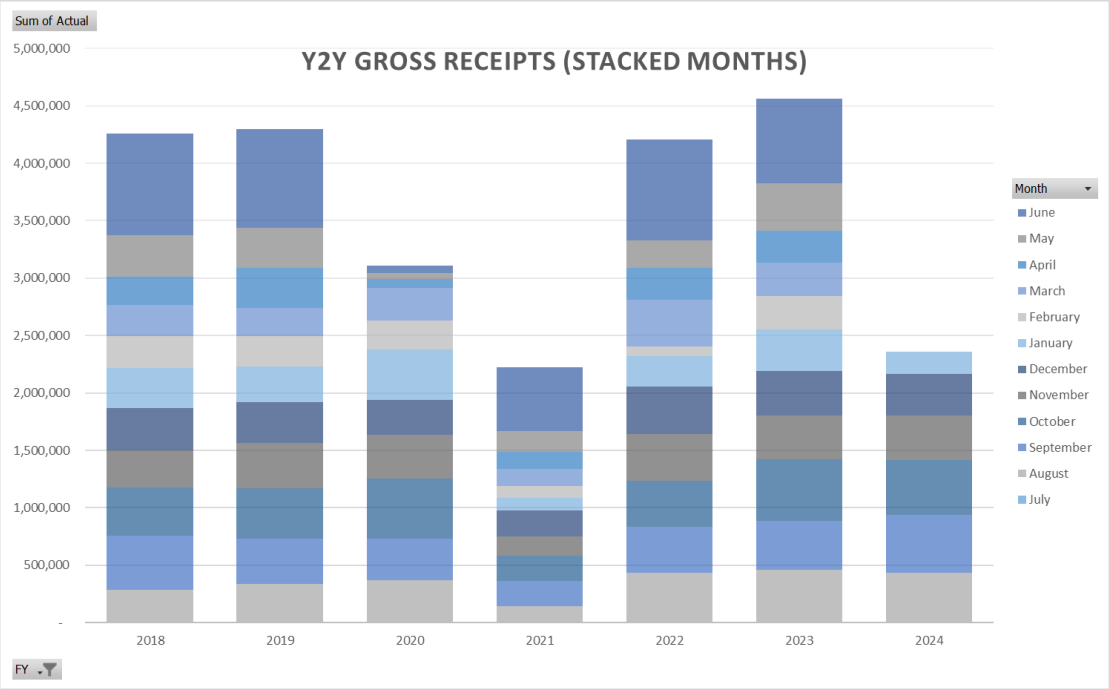
Figure 5

Year	GR Budget	GR Actual
FY22	$4.0M	$4.2M
FY23	$4.3M	$4.6M
FY24	$4.9M	*
FY25	$4.6M**	

* FY24 actuals to date through December 2023 received $2.3M. Best current projection of FY24 actual is approximately $4.6M without accounting for the eclipse which will boost revenue.

** This amount subject to change based on FY24 actuals later in this fiscal year, but at this point we are budgeting at a rate consistent with the $4.6 million we received in FY23 and are on track for again in FY24 (exclusive of the expected eclipse revenue bump).

Figure 6



The Local Option Tax (LOT) is an additional 1% sales tax that is applied on top of the State's 6% sales tax. The State of Vermont administers this tax and remits quarterly payments to the City. LOT is a stable source of 2-3% of revenue growth for the City – as this is a "destination-based" tax, meaning that it includes taxable goods purchased online and shipped to a Burlington address, you will note that this source of revenue remained stable throughout the pandemic.

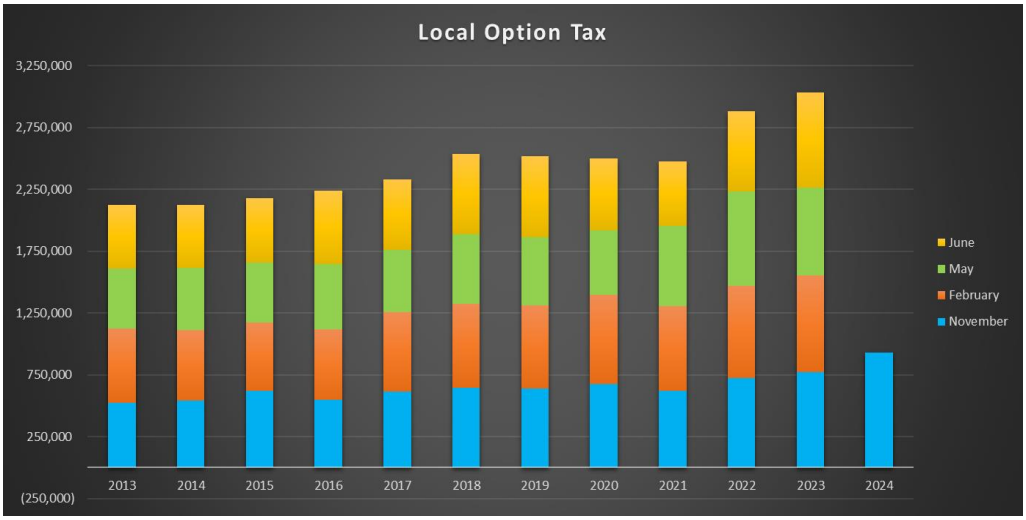
Figure 7

Year	Budget	Actual
FY22	$2.7M	$2.8M
FY23	$3.0M	$3.0M
FY24	$3.2M	*
FY25	$3.4M**	

* Only one quarterly payment for FY24 received to date with second quarterly LOT payment expected in February 2024 and CT will provide an update at that time.

** This amount subject to change based on FY24 actuals later in this fiscal year, but at this point we are budgeting at a rate consistent with recent actuals.

Figure 8



One-Time Money: Unassigned Fund Balance (UAFB) and American Rescue Plan Act (ARPA)
As of the start of the fiscal year, we had an approximately 9% UAFB reserve (approximately $7M), and it is too early in FY24 to fully project where this figure will be when the FY23 audit is complete and when FY24 concludes. Given that we are currently below our target 10% reserve, we do not propose to buy down tax rates with the use of UAFB funds at this time.

Since our session on Monday, we have completed a full review of the $27M of ARPA commitments that the City has made. The results of the review below indicate that we have identified close to $1M of ARPA funds to budget in FY25 resulting from unused balances. We are continuing to review ARPA projects for possible additional funds but propose limiting the use of one-time funds in the FY25 Budget to $1M to lessen the complications this will create for future budget years.

Figure 9

Category	ARPA Project/Memo	Budgeted Amount	Spent to Date	Final Remaining Balance
Property tax lag relief	Households/09.13.21/12.20.21	$ 1,000,000	$ 661,015	$ 338,985
COVID response	FY22 Appropriation	$ 500,000	$ -	$ 500,000
Employee test kit	Health Response/09.13.21	$ 60,000	$ 43,189	$ 16,811
Masks	Health Response/09.13.21	$ 20,000	$ 1,154	$ 18,846
Air purifier	Health Response/09.13.21	$ 10,000	$ 7,980	$ 2,020
Contingency	PHR Contingency/05.10.21/9.13.21	$ 100,069	$ 65,200	$ 34,869
Employee Vaccination Bonus	Health Response/09.13.21	$ 60,000	$ 41,400	$ 18,600
TOTAL				**$ 930,130**

Operational Analysis
The Administration is working with a consulting firm to conduct an operational analysis focused on its largest general fund departments (excluding public safety). At this point we are targeting $3M in non-public safety

General Fund savings in efficiencies for FY25 based on: 1) initial conversations with the consulting firm conducting this analysis; and 2) my office's internal review of currently vacant or underutilized positions, new hires since the pandemic, and other feedback from department heads throughout the budgeting process. The goal of the review will be to achieve these cost reductions while minimizing impacts on service delivery and to provide recommendations to the City on a timeline that can inform the finalization of the FY25 budget in May.

An operational analysis of the Burlington Police Department was completed in October 2021, and a staffing analysis of the Burlington Fire Department is currently underway. Based on those studies and the current level of public safety issues that we are working to address, we do not not proposing public safety cuts at this time.

Payment in Lieu of Taxes (PILOTs)
You can find the list of all PILOTS in this part of the FY24 budget (see page 2). If you would like to see a particular agreement, please email Katherine for a copy.

Franchise Fees
As requested, we will share through privileged communication the legal guidance that the City received regarding the potential increase of franchise fees.

Part 2 - BPD-Related Items

Community Support

Staff authorized in the FY24 community support budget and those currently on staff are highlighted in this chart. Beginning in FY25 the CT Office can move the CSOs and CSO Supervisor into a different category, however, it is both confusing for audit purposes and less accurate to do this mid- fiscal year so we are not making the change at this time.

Figure 10

Title	Total Authorized in FY24 Budget	Total Current on Staff
Assistant Director Crisis, Advocacy and Intervention Programs (CAIP)	1	1
Domestic Violence Victims Advocate (DVVA) and Victim's Advocate (paid by CEDO)	2	2
CARES Clinician	2	0
CARES Supervisor	1	0
Community Support Liaison (CSL)	6	6
CSL Supervisor	1	0
Community Service Officer (CSO)	11	6
CSO Supervisor	1	1

We are tracking both CSO and CSL responses for service through the Valcour system. For CSLs in particular, who provide case management type services with often multiple contacts related to a single call for service, we are still working with City analysts on how to use response data to best articulate the true value and impact of their work.

Innovation Fund

In FY24 the City acted to make funds available for public safety enhancements which were not accommodated in the FY24 budget, including:

- $116,000 for Vermont State Police Details
- $100,000 for holiday season (50% from ARPA, 50% philanthropic contribution)
- $192,000 for the Community Response Team Pilot (Opioid Settlement Funds)

Given the challenges of this budget year, and that Opioid Settlement Funds and ARPA funds received to date will be committed, we recommend $250,000 of flexible Innovation Fund dollars to be responsive to emerging public safety needs in the FY25 budget.

FY25 operational increase requests

These are the requests that BFD and BPD has made for FY25 for non-personnel related items (this excludes adjustments to overtime and attrition). For BFD operational increases total **$207,955** and include uniforms, turnout gear, training (including EMS-specific training and mental health resources) and repairs and maintenance. BPD has $178,600 of requests that include training, specialty equipment, uniforms, and repairs and maintenance. BPD has also requested $300,000 for AXON which is for video storage, new body cameras, and new TASERs. BPD's video storage must be renegotiated as it is currently over capacity and in arrears. Additionally, current TASERs are out of warranty and are no longer manufactured, and the City does not have any more to provide to new officers coming on board.

FY25 increase BPD staffing costs

The chart below provides an overview, by division within BPD, of personnel costs within the agency from FY20 through the FY25 proposed budget.

Figure 11

	ACTUALS				BUDGETED		
Division within BPD	**FY20 Actual ***	**FY21 Actual ***	**FY22 Actual ***	**FY23 Actual**	**FY24 Budget**	**FY25 Proposed Budget**	**Notes**
Uniform Services (including Airport)	$ 13,669,044	$ 13,275,781	$ 12,220,304	$ 11,891,722	$ 12,688,390	$ 13,135,937	FY25 budget for 74 officers
Administration	$ 1,145,933	$ 1,118,636	$ 994,868	$ 935,387	$ 1,193,621	$ 1,357,469	
Dispatch & Communications	$ 966,870	$ 1,034,802	$ 1,039,893	$ 1,450,444	$ 1,310,759	$ 1,255,051	
Community Support			$ 102,645	$ 971,394	$ 1,324,662	$ 1,366,388	FY25 budget includes 24 staff: 3 CARES staff, 11 CSOs + supervisor, 6 CSLs + supervisor, DVVA, and AD CAIP
TOTAL	$ 15,781,847	$ 15,429,219	$ 14,357,710	$ 15,248,947	$ 16,517,432	$ 17,114,845	
Y to Y DIFFERENCE		$ (352,628)	$ (1,071,509)	$ 891,237	$ 1,268,485	$ 597,413	
FY20 - FY25 INCREASE						$ 1,332,998	

*** Please note that prior to FY23 the Uniform Services line item also contained salaries for Airport Services and Administration. For purposes of this analysis we are estimating Administration salaries.**

FY25 General Fund Budget Update

City Council Work Session
January 22, 2024

Context

- Numerous, changing budget pressures since last voter-approved tax increase in FY20
- Increased costs to the general fund FY20 – FY25
- Decreased emergency and one-time funds available to balance the budget

- **In sum, the City is currently projecting a significant gap in FY25 budget if no action is taken. This presentation lays out our plan to close the gap.**

City has Overcome Challenges Since FY 2020

The City has navigated the following budget pressures since our last voter-approved tax increase in FY20:

- Responded to global pandemic creating new public health services.
- **Like all organizations, the City has faced more than a 17% increase in consumer price index (CPI) since FY20.**
- Rebuilding police officer ranks after losing 40% of our officers.
- Created new public safety resources including Community Service Officers (CSOs), Community Support Liaisons (CSLs), and Urban Park Rangers.
- Made substantial overdue investments in racial equity and justice, language access, and livable wages – including creating the Racial Equity Inclusion and Belonging (REIB) Department.

City has Overcome Challenges Since FY 2020 - continued

The City has navigated the following budget pressures since our last voter-approved tax increase in FY20:

- Retained City employees, signing four new union contracts.
- Navigated unprecedented and sustained inflation and record-low unemployment rates.
- Launched an equitable economic recovery by creating a new City department to provide support to workers and businesses.
- Opened three new shelters and the Community Resource Center day shelter plus created initiatives to respond to a 500% increase in unsheltered homelessness following June motel evictions.

Mounting Budget Challenges

In the face of these challenges it has been clear for some time that our budget challenges were rising too:

- Request for property tax rate increase was narrowly rejected for FY23.
- The FY24 budget included $4M of one-time funds that were flagged as needing replacement.
- Country has experienced CPI inflation of more than 17% since FY20 and property tax revenues do not rise with inflation.
- With new police contract, new professional positions + projected increase in officers, BPD personnel costs in FY25 will be $1.7M higher than in FY20.

Proposal to Balance the Budget

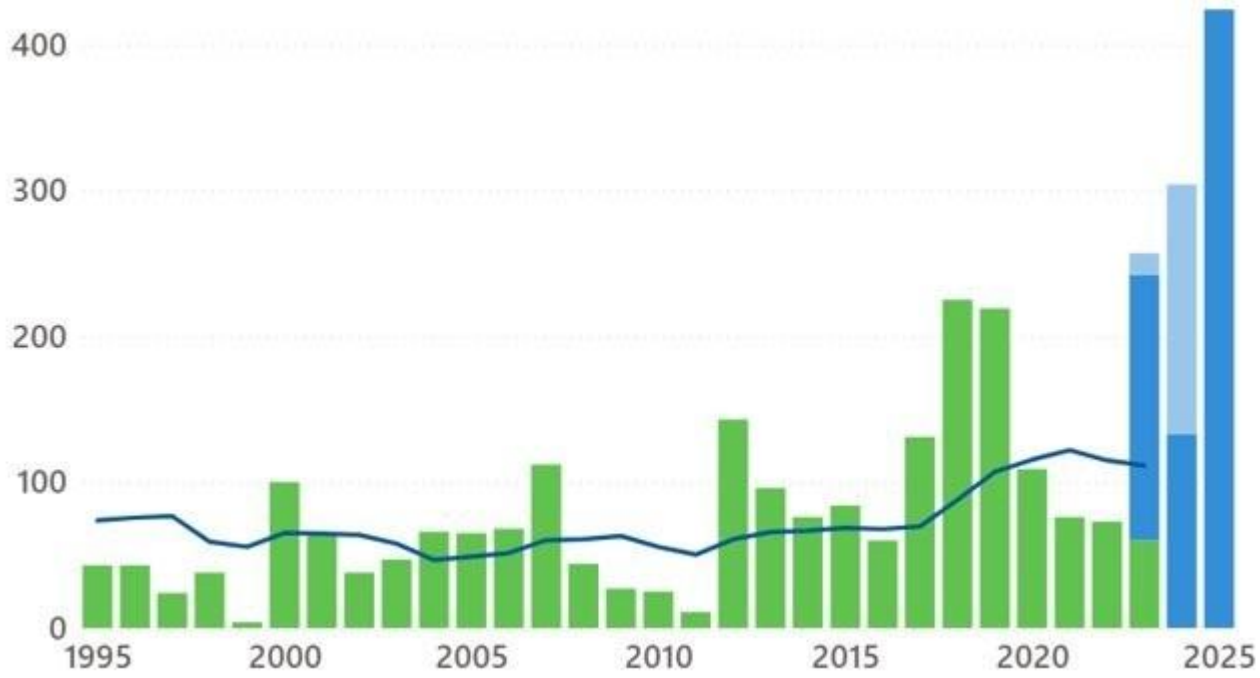
Current projections for FY25 indicate an approximate $9M budget gap if no action is taken.

The gap can be closed while maintaining projected public safety budget by taking actions on multiple fronts:

- Capture growth in grand list revenues and other taxes
- Reduce city operating costs through efficiencies in non-public safety departments
- Complete review + increase of non-property tax revenues within Council authority
- Extend for one additional year the full phase out of one-time funds
- Request voter approval to increase current Police and Fire Property Tax Cap by $.03 on Town Meeting Day

Capture Growth in Grand List and Other Taxes

- $.3M in new property tax revenue via grand list growth
- $.6M Increase in Gross Receipts, Local Option Taxes and Franchise Fees



New units, in construction, permitted

Reduce City Operating Costs Through Efficiencies + Non-Public Safety Cuts

- City has commissioned operations and efficiency study of largest general fund City Departments (not including police or fire departments).
- Goal of operations study is to reduce non-public safety spending by at least $3M.
- CEDO is completing third-party operational review of its services.
- Proposing no expansion of existing general fund services or programs not related to public safety in FY25 budget.

Raise Non-property Tax Revenues

- Current user fee (e.g. campground fees, boat slips, parking, etc.) study ongoing to ensure City covering costs and is competitive with peer cities.
- Projecting a 10% increase in user fees to reflect inflation since past updates ($1.3M/year).
- Special attention will be paid to ensure that youth scholarships and access remain available.
- Increase hotel tax by 2% so City + State rate would be 13% which is comparable with regional comparisons (change will raise approximately $1M/year).

Extend for One Additional Year the Full Phase-out of One-time Funds

- Current budget includes $4M in one-time funds.

- Careful management of remaining ARPA funds and other one-time monies would make it possible to include $1M of one-time funds in the FY25 budget while retaining current Unassigned Fund Balance

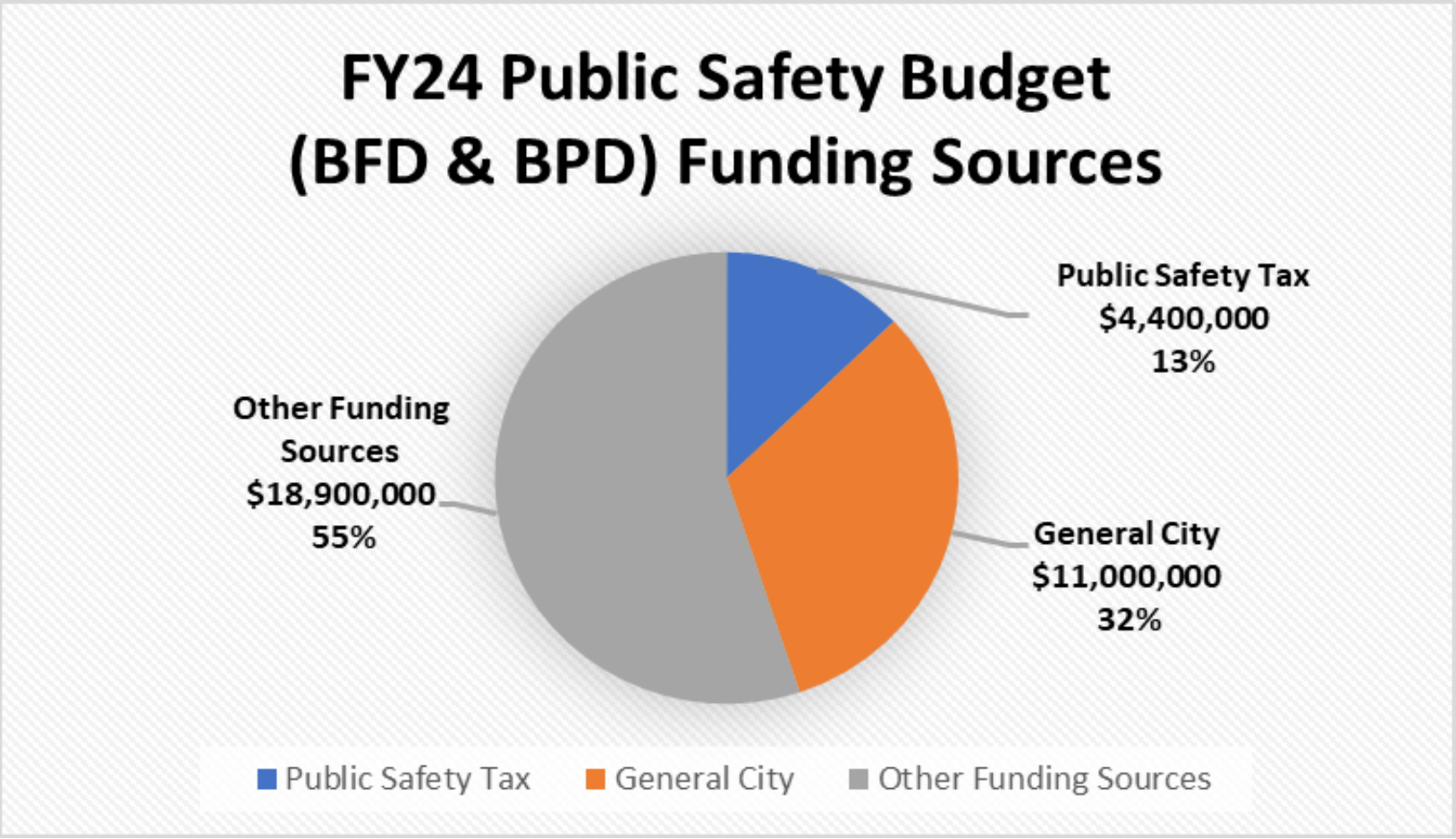
Lift Police + Fire Tax Cap

- This plan would fully fund police and fire budgets including projected increase in officers per Rebuilding Plan and $250,000 of flexible police funding for emerging needs.
- Police and fire costs have increased substantially since last voter approved increase in FY20.
- The Police and Fire Tax currently funds approximately one-third of total BPD and BFD costs.
- Lifting cap does not commit the Mayor + City Council to implementing the tax increase (frequently in past have not used full cap authority).
- Full utilization of this $.03 cap increase would result in a 4% increase of municipal taxes.

Increased Public Safety Costs since FY20

Increased Public Safety Costs to GF Since Last Tax Increase in FY20	
Type of Cost	**Annual Amount**
Increased personnel costs for BPD	$ 1,700,000
Increased personnel costs for BFD	$ 825,000
BPD Recruitment incentives	$ 125,000
Increasing BFD and BPD GF operational costs outlined in PPT	$ 1,066,600
Personnel costs for urban park rangers	$ 200,000
Flexible response fund for Public Safety	$ 250,000
TOTAL	**$ 4,166,600**

Public Safety Budget vs. Current Police + Fire Tax Rate



Summary of Actions Proposed to Balance Budget

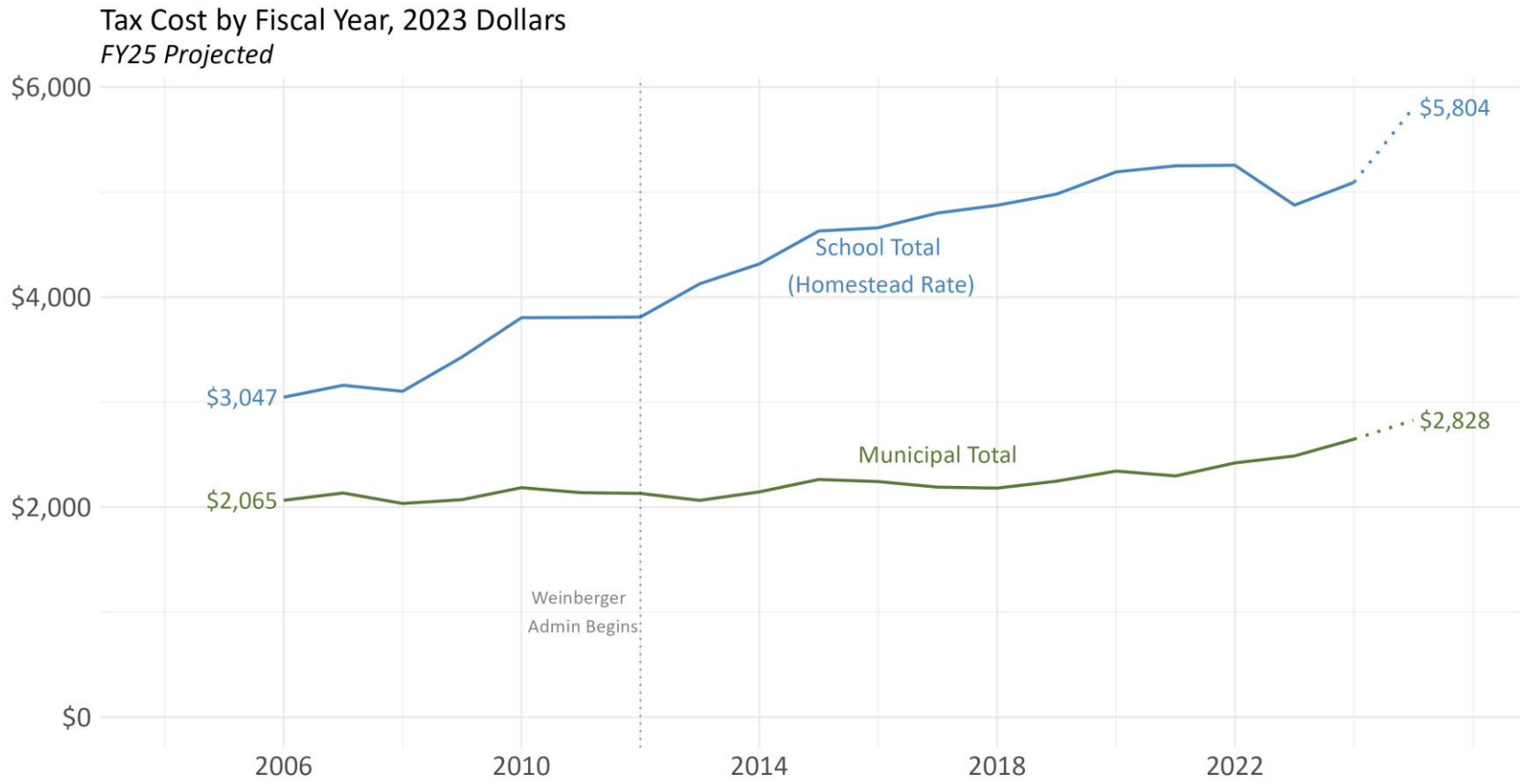
Category	Amount	Details
Regularly Expected Revenue Growth	$ 0.3	Expected increase in property tax revenue via organic grand list growth
	$ 0.6	Expected increase in GR, LOT and FF based
City-led Budget Adjustments	$ (3.0)	Expected decrease about 5% of GF non-public safety expenses after operational analysis
User Fees	$ 1.3	Expected increase user fees approximately 10% after analysis
Hotel Tax	$ 1.0	Potential 2% increase to gross receipts/hotel portion only
One-Time Funds	$ 1.0	Remaining ARPA funds
Public Safety Tax	$ 1.8	Potential increase of $.03 to public safety tax
	$ 9.0	**Total**

Impact of Proposed Police + Fire Tax Increase on Taxpayers

Appraised Value	FY24	FY25 Proposed	Y over Y Increase	% Increase
	$0.7523	$0.7823		
$300,000	$ 2,256.90	$ 2,346.90	$ 90.00	3.99%
$500,000	$ 3,761.50	$ 3,911.50	$ 150.00	3.99%
$700,000	$ 5,266.10	$ 5,476.10	$ 210.00	3.99%

Note: this table reflects full utilization of a lifted Police + Fire tax cap. The City's Debt Service tax is also projected to increase municipal taxes approximately 1% and the FY25 Retirement Tax rate will likely also increase but will not be known until later in FY24.

Municipal and School Taxes over Time



Tax cost adjusted for inflation.
Tax bill based on the median value for condos and single family homes, prior to the property tax credit.

Questions and Discussion

Date: January 29, 2024

To: City Council

From: Katherine Schad, Chief Administrative Officer

CC: Mayor Miro Weinberger

Memo: Responding to City Council Questions related to FY25 General Fund Budget Questions and Discussion Memo dated January 25, 2024

Thanks to the City Council for your questions related to the FY25 General Fund Budget Questions and Discussion Memo that was issued last week. This memo responds to questions that we have received to date and in anticipation of a City Council vote to put the question of raising the cap on the public safety tax by $.03 on the Town Meeting Day ballot.

Expenses Incurred for Outside Security

These are the amounts that were paid to outside security vendors during FY23 for regular contracts. Generally speaking we continue to include these amounts (plus an escalator for inflation) in the FY24 budget and plan to do so for the FY25 budget.

Department	Total Amount Spent in FY23
Parking & Traffic	$198K
City Hall	$193K
Library	$109K
TOTAL	**$500K**

Detail for Dispatch

After posting the memo on January 25, we found an error in Figure 11 which has been corrected below. Specifically, what was listed under "FY25 dispatch & communications" was missing figures for benefits and this has now been updated.

Updated Dispatch Table

Division	Cost Category	FY20 Actual *	FY21 Actual *	FY22 Actual *	FY23 Actual	FY24 Budget	FY25 Budget	Assumptions
Dispatch & Communications	Salary & Benefits	$ 739,319	$ 714,623	$ 759,972	$ 791,890	$ 1,410,759	$ 1,450,649	Dispatch budgeted at 12 plus supervisor in FY23 and 14 plus supervisor in FY24 and FY25.
	Overtime	$ 227,551	$ 320,179	$ 279,921	$ 658,554	$ 300,000	$ 400,000	
	Attrition					$ (400,000)	$ (200,000)	
	Subtotal	**$ 966,870**	**$ 1,034,802**	**$ 1,039,893**	**$ 1,450,444**	**$ 1,310,759**	**$ 1,650,649**	

Updated Figure 11

Below is the updated figure including the benefits for dispatch & communications staff and assuming 77 uniformed officers.

	ACTUALS				BUDGETED		
Division within BPD	**FY20 Actual ***	**FY21 Actual ***	**FY22 Actual ***	**FY23 Actual**	**FY24 Budget**	**FY25 Proposed Budget**	**Notes**
Uniform Services (including Airport)	**$ 13,669,044**	**$ 13,275,781**	**$ 12,220,304**	**$ 11,891,722**	**$ 12,688,390**	**$ 13,335,937**	FY25 budget for 77 officers
Administration	**$ 1,145,933**	**$ 1,118,636**	**$ 994,868**	**$ 935,387**	**$ 1,193,621**	**$ 1,357,469**	
Dispatch & Communications	**$ 966,870**	**$ 1,034,802**	**$ 1,039,893**	**$ 1,450,444**	**$ 1,310,759**	**$ 1,650,649**	
Community Support			**$ 102,645**	**$ 971,394**	**$ 1,324,662**	**$ 1,366,388**	FY25 budget includes 24 staff: 3 CARES staff, 11 CSOs + supervisor, 6 CSLs + supervisor, DVVA, and AD CAIP
TOTAL	**$ 15,781,847**	**$ 15,429,219**	**$ 14,357,710**	**$ 15,248,947**	**$ 16,517,432**	**$ 17,710,443**	
Y to Y DIFFERENCE		**$ (352,628)**	**$ (1,071,509)**	**$ 891,237**	**$ 1,268,485**	**$ 1,193,011**	
FY20 - FY25 INCREASE						**$ 1,928,596**	

*** Please note that prior to FY23 the Uniform Services line item also contained salaries for Airport Services and Administration. For purposes of this analysis we are estimating Administration salaries.**

FY25 General Fund Budget Update

City Council Work Session
January 22, 2024

Context

- Numerous, changing budget pressures since last voter-approved tax increase in FY20
- Increased costs to the general fund FY20 – FY25
- Decreased emergency and one-time funds available to balance the budget

- **In sum, the City is currently projecting a significant gap in FY25 budget if no action is taken. This presentation lays out our plan to close the gap.**

City has Overcome Challenges Since FY 2020

The City has navigated the following budget pressures since our last voter-approved tax increase in FY20:

- Responded to global pandemic creating new public health services.
- **Like all organizations, the City has faced more than a 17% increase in consumer price index (CPI) since FY20.**
- Rebuilding police officer ranks after losing 40% of our officers.
- Created new public safety resources including Community Service Officers (CSOs), Community Support Liaisons (CSLs), and Urban Park Rangers.
- Made substantial overdue investments in racial equity and justice, language access, and livable wages – including creating the Racial Equity Inclusion and Belonging (REIB) Department.

City has Overcome Challenges Since FY 2020 - continued

The City has navigated the following budget pressures since our last voter-approved tax increase in FY20:

- Retained City employees, signing four new union contracts.
- Navigated unprecedented and sustained inflation and record-low unemployment rates.
- Launched an equitable economic recovery by creating a new City department to provide support to workers and businesses.
- Opened three new shelters and the Community Resource Center day shelter plus created initiatives to respond to a 500% increase in unsheltered homelessness following June motel evictions.

Mounting Budget Challenges

In the face of these challenges it has been clear for some time that our budget challenges were rising too:

- Request for property tax rate increase was narrowly rejected for FY23.
- The FY24 budget included $4M of one-time funds that were flagged as needing replacement.
- Country has experienced CPI inflation of more than 17% since FY20 and property tax revenues do not rise with inflation.
- With new police contract, new professional positions + projected increase in officers, BPD personnel costs in FY25 will be $1.7M higher than in FY20.

Proposal to Balance the Budget

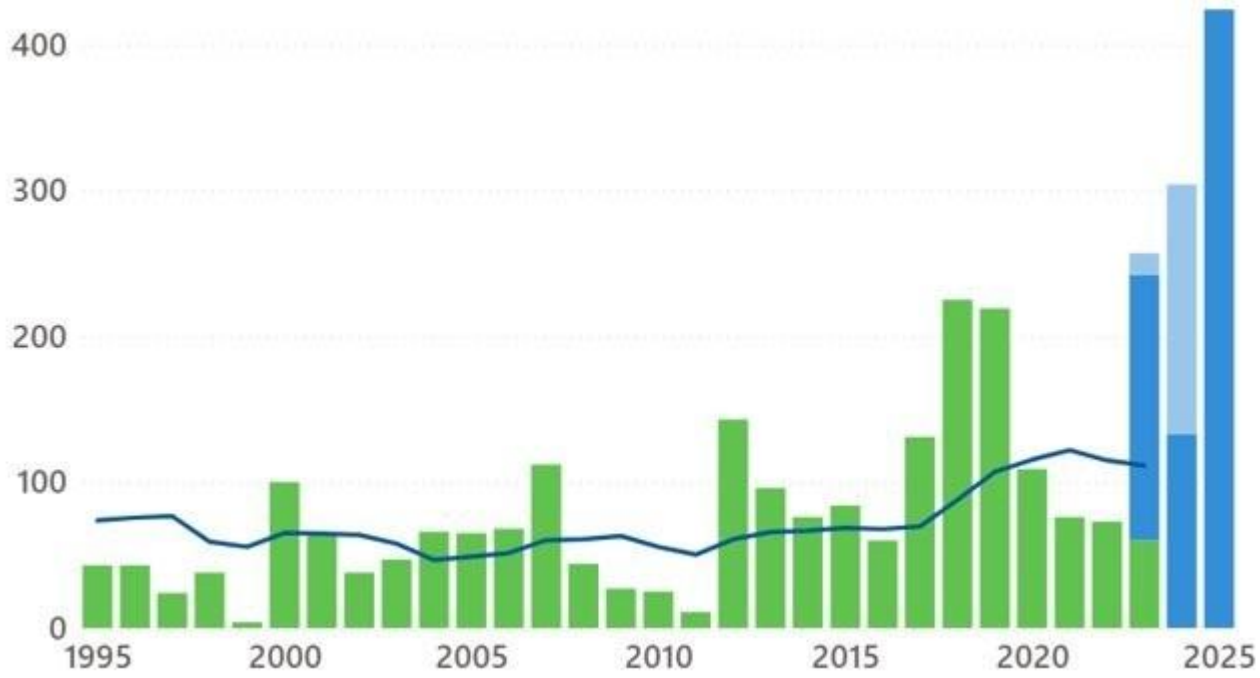
Current projections for FY25 indicate an approximate $9M budget gap if no action is taken.

The gap can be closed while maintaining projected public safety budget by taking actions on multiple fronts:

- Capture growth in grand list revenues and other taxes
- Reduce city operating costs through efficiencies in non-public safety departments
- Complete review + increase of non-property tax revenues within Council authority
- Extend for one additional year the full phase out of one-time funds
- Request voter approval to increase current Police and Fire Property Tax Cap by $.03 on Town Meeting Day

Capture Growth in Grand List and Other Taxes

- $.3M in new property tax revenue via grand list growth
- $.6M Increase in Gross Receipts, Local Option Taxes and Franchise Fees



New units, in construction, permitted

Reduce City Operating Costs Through Efficiencies + Non-Public Safety Cuts

- City has commissioned operations and efficiency study of largest general fund City Departments (not including police or fire departments).
- Goal of operations study is to reduce non-public safety spending by at least $3M.
- CEDO is completing third-party operational review of its services.
- Proposing no expansion of existing general fund services or programs not related to public safety in FY25 budget.

Raise Non-property Tax Revenues

- Current user fee (e.g. campground fees, boat slips, parking, etc.) study ongoing to ensure City covering costs and is competitive with peer cities.
- Projecting a 10% increase in user fees to reflect inflation since past updates ($1.3M/year).
- Special attention will be paid to ensure that youth scholarships and access remain available.
- Increase hotel tax by 2% so City + State rate would be 13% which is comparable with regional comparisons (change will raise approximately $1M/year).

Extend for One Additional Year the Full Phase-out of One-time Funds

- Current budget includes $4M in one-time funds.

- Careful management of remaining ARPA funds and other one-time monies would make it possible to include $1M of one-time funds in the FY25 budget while retaining current Unassigned Fund Balance

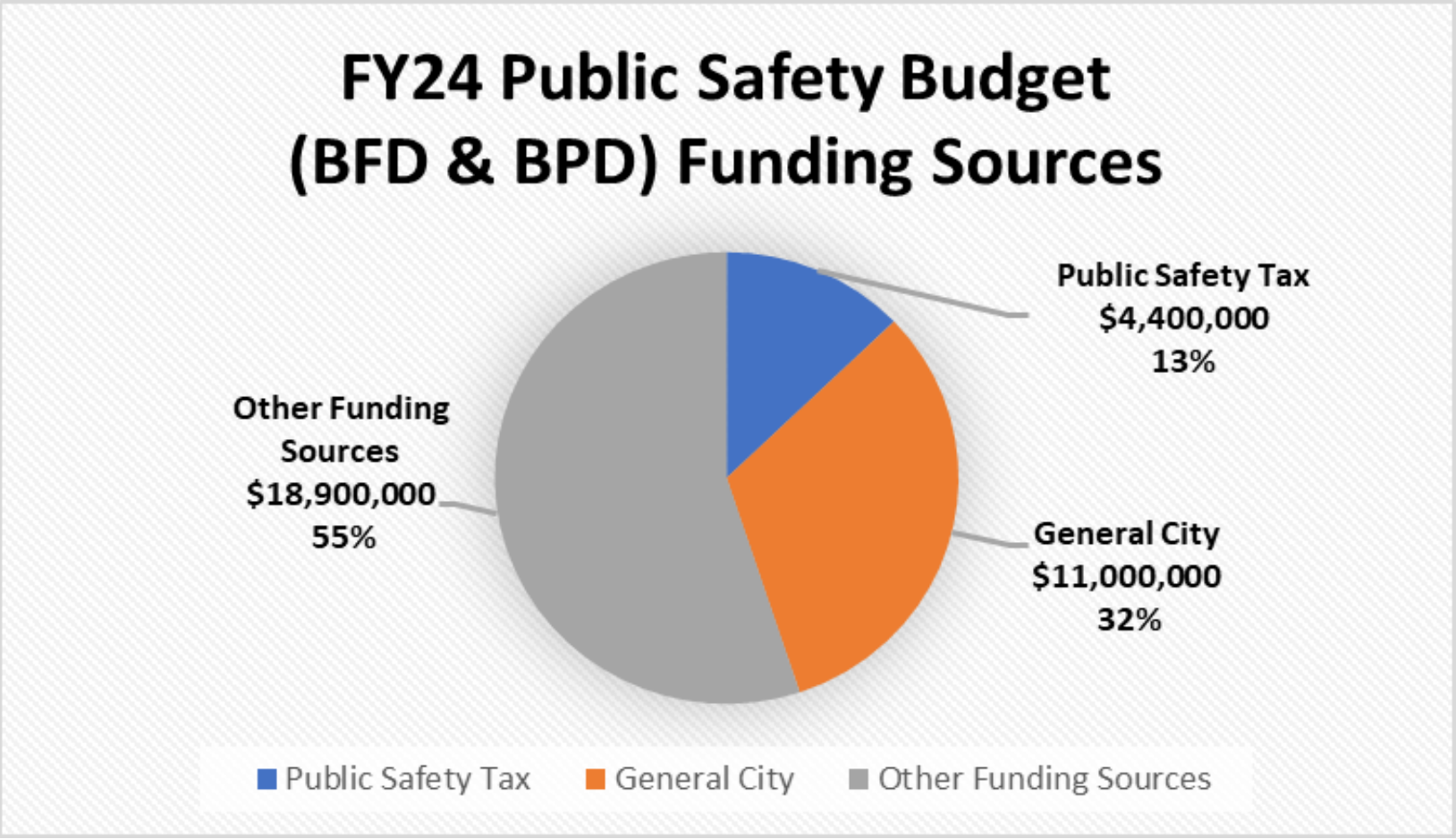
Lift Police + Fire Tax Cap

- This plan would fully fund police and fire budgets including projected increase in officers per Rebuilding Plan and $250,000 of flexible police funding for emerging needs.
- Police and fire costs have increased substantially since last voter approved increase in FY20.
- The Police and Fire Tax currently funds approximately one-third of total BPD and BFD costs.
- Lifting cap does not commit the Mayor + City Council to implementing the tax increase (frequently in past have not used full cap authority).
- Full utilization of this $.03 cap increase would result in a 4% increase of municipal taxes.

Increased Public Safety Costs since FY20

Increased Public Safety Costs to GF Since Last Tax Increase in FY20	
Type of Cost	**Annual Amount**
Increased personnel costs for BPD	$ 1,700,000
Increased personnel costs for BFD	$ 825,000
BPD Recruitment incentives	$ 125,000
Increasing BFD and BPD GF operational costs outlined in PPT	$ 1,066,600
Personnel costs for urban park rangers	$ 200,000
Flexible response fund for Public Safety	$ 250,000
TOTAL	**$ 4,166,600**

Public Safety Budget vs. Current Police + Fire Tax Rate



Lift Police + Fire Tax Cap

- **Fully fund Rebuilding Plan**
  - Budgets for 77 officers
  - Continues recruitment incentives
  - Competitive compensation for police officers

- **Retain new professional staff**
  - 11 Community Service Officers
  - 6+ Community Service Liaisons
  - Assistant Director of Crisis, Advocacy, Intervention Programs (CAIP)
  - Urban Park Rangers
  - Recruitment Coordinator, Redaction Specialist, Public Information Officer
-
- **$250,000 Flexible Response Fund**
- **Funds body camera upgrades**
- **Burlington Fire Department – training for EMS and mental health resources**

Summary of Actions Proposed to Balance Budget

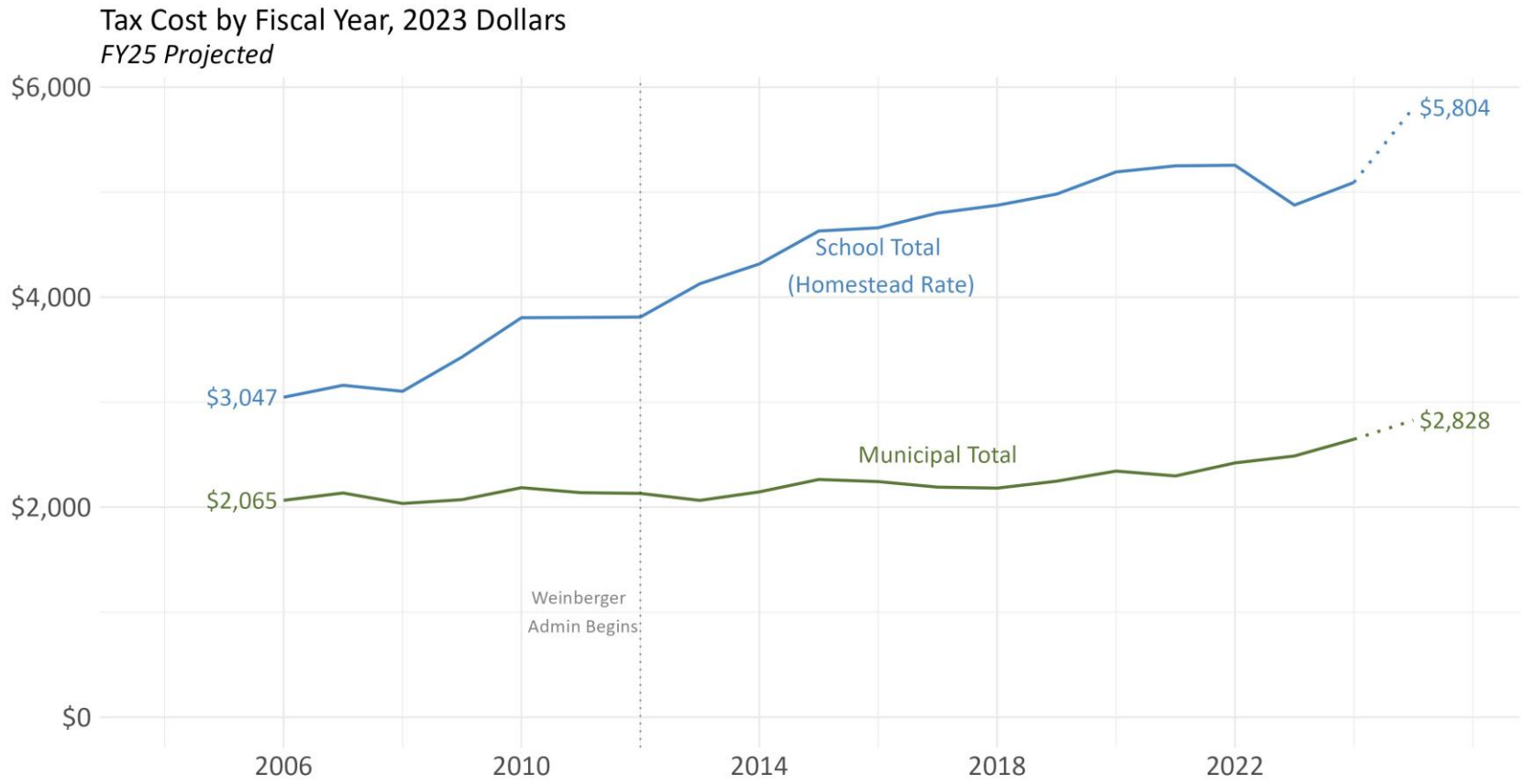
Category	Amount	Details
Regularly Expected Revenue Growth	$ 0.3	Expected increase in property tax revenue via organic grand list growth
	$ 0.6	Expected increase in GR, LOT and FF based
City-led Budget Adjustments	$ (3.0)	Expected decrease about 5% of GF non-public safety expenses after operational analysis
User Fees	$ 1.3	Expected increase user fees approximately 10% after analysis
Hotel Tax	$ 1.0	Potential 2% increase to gross receipts/hotel portion only
One-Time Funds	$ 1.0	Remaining ARPA funds
Public Safety Tax	$ 1.8	Potential increase of $.03 to public safety tax
	$ 9.0	**Total**

Impact of Proposed Police + Fire Tax Increase on Taxpayers

Appraised Value	FY24	FY25 Proposed	Y over Y Increase	% Increase
	$0.7523	$0.7823		
$300,000	$ 2,256.90	$ 2,346.90	$ 90.00	3.99%
$500,000	$ 3,761.50	$ 3,911.50	$ 150.00	3.99%
$700,000	$ 5,266.10	$ 5,476.10	$ 210.00	3.99%

Note: this table reflects full utilization of a lifted Police + Fire tax cap. The City's Debt Service tax is also projected to increase municipal taxes approximately 1% and the FY25 Retirement Tax rate will likely also increase but will not be known until later in FY24.

Municipal and School Taxes over Time



Tax cost adjusted for inflation.
Tax bill based on the median value for condos and single family homes, prior to the property tax credit.

Questions and Discussion