



To: The Hinesburg Selectboard
From: Trevor Lashua, Town Administrator
Date: February 18, 2016
Re: FY17 Proposed Budget “Cheat Sheet” for Town Meeting 2016

Here is the “cheat sheet” for the proposed FY17 budget.

Introduction and overview:

- The proposed budget for FY17 is \$3,369,689, an increase of \$153,601 or 4.78%.
- There are three main drivers of the increase: capital transfers, worker’s compensation insurance charges, and property and casualty insurance charges.
- The three items listed account for 94% of the proposed increase; the overall budget increase without those items is \$8,648 – or 0.2%.
- Capital transfers represent the single biggest increase (+\$105,208); this is due to FY17 being the first year on which payments are owed on the Fire Department’s rescue pumper and a Highway dump truck. Both vehicles were replaced in FY16 per the equipment replacement schedule included in the capital improvement program.
- The total proposed funding for the capital improvement plan is \$487,408. Transfers from the general fund budget comprise the bulk of CIP funding; grants, impact fees, and other miscellaneous revenue generally comprises the other sources.
- The capital improvement plan is a five-year planning tool; only FY17 receives funding. The CIP is amended annually. Projections shown in the annual report through FY21 are for planning purposes only.
- Non-property tax revenue is \$527,300, an increase of nearly \$6,000 from FY16. This includes funds for the second year of reappraisal, which have already been collected and can only be used for that purpose.
- Similar to FY16, FY17 is a year without additional unassigned fund balance to apply to the tax rate.
- The Town is forecasting conservative grand list growth of 1.08%.
- The projected increase in the municipal portion of the tax rate is 2.25 cents.
- A 2.25 cent increase raises residential tax bills between \$45 and \$90 for the year and between less than \$4 and \$8 per month (for homes valued between 200,000 and \$400,000 in assessed value).
- Departments and committee/board/commission chairs meet with the Selectboard throughout the budget process to discuss funding needs.

General Government

- General Government, as a category, covers all non-highway, non-police, and non-fire expenditures.
- Legal fees are increased by \$5,500. This reflects an increased trend in utilization. Nearly all of the Town’s legal expenses have been associated with various land use matters

(development review and zoning decision appeals, challenges to wastewater allocation denials, etc.).

- Elections expenses are nearly doubled, as FY17 includes a statewide primary election, an election in which both presidential and gubernatorial seats are “open,” and Town Meeting.
- FY17 is the second year of a two-year reappraisal process. Reappraisal costs \$78,000 per fiscal year, and is funded through monies already collected.
- There is a decrease of \$19,500 in the Assessor’s budget. In the second year of reappraisal, the Town’s service provider (NEMRC) does not charge the annual assessment services fee.
- The significant decrease in Buildings and Facilities salaries reflects the evolution towards a Utilities Department focused on water, wastewater, and potentially stormwater. The Town will maintain three licensed water/wastewater operators. The FY17 budget splits the costs between the general fund and water/wastewater funds 30/70 (30% general fund; 70% water/wastewater) to better reflect actual assignment of duties. In FY16 that ratio had nearly been the inverse (60% general fund; 40% water/wastewater).
- Technology increases are due mostly to the migration of computer replacement costs from the capital budget to the general fund budget, as the dollar value is generally less than \$5,000. There is an amount included to purchase tablets for the Development Review Board to enable that body to go “paperless.”
- The \$11,000 increase in debt service reflects the actual cost.
- Benefits for employees are increasing, though most of that is (again) in the health insurance arena. Premiums are budgeted to increase by approximately 6%. The amount budgeted for the health insurance opt-out is \$15,000 greater than FY16. Each employee taking the \$5,000 annual health insurance opt-out saves the Town between \$3,200 (single plan) and \$18,000 (family plan) in premium costs.
- Worker’s Compensation insurance is projected to increase by 54%. A change in rates is part of the mix, but the main driver is a single claim affecting the Town’s experience modification – a multiplier that adjusts the amount paid. Long-term strategies, such as reconstituting the safety committee and establishing/modifying training protocols, can assist in bringing this number back down (though it will take a few years).
- Property and casualty insurance costs are up (\$10,112; 13.3%) due to increases in rates spread across the municipal insurance pool generally. The opiate crisis in Vermont is one of those trends statewide driving the increases.

Police

- The police department budget is essentially level-funded from FY16 to FY17.
- Salary increases (nearly \$13,000 total) include a cost of living adjustment, and pay for overtime, holidays, and on-call shifts.
- The department is fully-staffed; finding certified and qualified officers to fill open slots remains challenging.
- The salary increases are offset by reductions in vehicle fuel (-\$6,000; reflecting the lower price per gallon) and the capital transfer (-\$7,000; grants used to offset general fund transfers).
- Dispatch costs are generally based upon call volume. Dispatch service is currently provided by the Shelburne Police Department. The hope is that the number budgeted is on the higher end; as of this writing the Town has not been provided with a dispatch number for FY17 from Shelburne.
- The replacement schedule for two cruisers was adjusted (pushed out at least one fiscal year) to ease the overall pressure created by the increases in capital transfers.

Fire

- The proposed budget for the Fire Department is \$83,173 more than FY16.

- The 36% increase is due to a nearly \$86,000 increase in the capital transfer, all of which is tied to the first payment (of five) for the rescue pumper purchased and brought into service in FY16.
- After removing the capital transfer, the proposed budget for the Fire Department is a slight decrease (nearly \$2,700).
- The rescue pumper replaces two pieces of equipment – Rescue 1 and Engine 1 – and maintains maximum flexibility in the current fire station (forestalling the need for the planned additions).
- Both pieces of equipment replaced were sold, and the proceeds used to outfit the new rescue pumper.
- The Town purchased Engine 1; the Firefighter’s Association purchased Rescue 1.

Highway

- The proposed Highway Department budget is an increase of \$12,405, or 1.5%, from FY16.
- Expenses were reduced where possible to alleviate the impact of an increase in the capital transfer (\$32,260) due to the first of five payments owed for a new dump truck. The truck is a 2015 Freightliner.
- The Highway Department budget features 42 lines. 37 of those lines were either reduced or level-funded from FY16, with only 5 increasing.
- The Town replaced two maintainers in FY16, with the two new employees starting at lower hourly rates than the two employees who left to pursue other opportunities.
- Winter salt price increases leveled-off in FY16, and are projected to remain similar in FY17.
- Vehicle fuel, where there was an overage in FY15, is level-funded from FY16. Lower fuel prices are anticipated.
- Planning efforts for the new highway garage continued in FY16, using professional services funds originally set aside in FY15 (\$9,000). The planning phase is nearing its completion, and will produce a project budget, preliminary site plan (including long-term space for the CSWD drop-off center), stormwater and water quality plans, etc. A bond vote may occur as early as November 2016.