




Office of Mayor Miro Weinberger

MEMORANDUM

TO: City Council
FROM: Miro Weinberger, Mayor 
DATE: June 14, 2013
RE: Fiscal Year 2014 Proposed Budget

Herein is the Mayor's proposed budget for Fiscal Year 2014. This budget was developed in collaboration with our department heads and under the leadership of interim Chief Administrative Officer Paul Sisson and his Assistant Chief Administrative Officers, Scott Schrader and Rich Goodwin. I am very thankful to the senior leadership of the City and their financial assistants for the huge effort that went into this document.

Thank you, Councilors, for your help in the creation of this budget. The special City Council work sessions that the Council conducted over the last two months have contributed significantly to this document. Thank you also for your patience during the long and arduous process of converting to a new accounting software system. I remain confident that in future years we will be thankful for this change - we already have started to see considerable benefits from the new system in our oversight of the budget, and the benefits should grow steadily from here.

The City of Burlington is a complex financial entity involving numerous enterprise funds, many revenue streams, and over \$190 million in total expenditures. While this complexity defies a simple summary, I would like to highlight several key elements of the FY14 Budget:

The FY14 General Fund Budget again holds the line on general City property taxes while maintaining services

Last fall voters overwhelmingly approved the Fiscal Stability Bond and a new Bike Path maintenance and improvement tax, two items that will impact property taxes in FY14. Our focus in the development of the budget was to maintain or improve services without further impacting the general City tax or the gross receipts tax. Given the City's contractual obligations and other rising expenses, we began the budgeting process facing an approximately \$1.5 million budget gap in the City's General Fund.

The proposed budget - which limits overall growth in the expenditures in the General Fund budget to 3 percent - meets our financials goals while maintaining, and in some cases improving, services:

- The Police Department's uniformed officer staffing levels in the year ahead are anticipated to be at the highest point they have been in recent history and will help the City continue to respond to growing drug related crimes.
- The City Attorney's Office has reduced costs considerably and increased capacity by bringing in-house some legal functions, and is applying some of these savings to a new central contract document management system that will, over time, save the City money through better oversight of its contracts and leases, and also will help ensure enforcement of the City Livable Wage ordinance.
- The Fletcher Free Library will be making modest changes to its hours that will both save funds and expand public usage.
- The Parks and Recreation Department will be making a series of personnel changes that will cut costs and are anticipated to improve the maintenance and efficiency of City facilities.

Despite the success holding the line with the general City property tax, property owners will see an overall rise in their property taxes of approximately 6 percent, or about \$108 for the average \$250,000 household, as follows:

- Approximately \$58 resulting from public votes on last fall's ballot items (lower than the approximately \$70 projected before the vote);
- Approximately \$8 from the Chittenden County Transportation Authority pass-through tax that funds the transit system; and
- Approximately \$42 from the Retirement Tax that funds the City's pension system (increase based upon a required actuarial experience study and a change in the FY14 allocation of tax increment financing (TIF) district revenues).

The FY14 Budget increases liquidity and continues improved financial performance

The FY14 Budget will continue the effort of the prior two years to reduce the negative unassigned fund balance. Notably, in the year ahead the Water Department is projected to reduce its cash pool borrowing from the City to approximately \$200,000 (down from over \$2.2 million in FY12). Overall, the City is focused on achieving an operating surplus of approximately \$300,000. Budget review work will continue in the months ahead, and the Administration intends to return to the Council by October 1 to report on efforts to identify \$500,000 in expenditure savings or additional non-property tax revenue sources, an amount equal to an operating contingency fund in the City's FY14 General Fund Budget. Also, the capital budget reserves an additional \$500,000 for emergent items over the course of FY14, giving the City the flexibility to respond to unanticipated events.

Despite financial constraints, the year ahead will see critical investments in our future

While our operating budget remains constrained, we will continue to make capital investments in our future:

- In recent months, we have encountered significant maintenance issues with our three aging ambulances. One of the ambulances will be replaced with a new vehicle in FY14.
- In FY14, the Parks and Recreation Department will complete its 18-month effort to address a \$1 million backlog of Penny For Parks (PFP) projects. By the end of the year, 42 PFP projects will have been completed, upgrading parks in every ward.

- Using voter approved bonding authority, we will step up efforts to make City facilities energy efficient (generating substantial taxpayer savings over time), ADA compliant, and conform with life safety building codes.
- The expansion and enhancement of the Bike Path, recommended by the Task Force last summer, is underway. Design and permitting work has begun, and construction of the first phase of the project has been targeted to begin in summer 2014.
- The Public Investment Action Plan has generated considerable community excitement and momentum for catalytic public investments in the waterfront. The capital budget includes capacity for moving this effort forward and putting a slate of investments on the March 2014 ballot for public approval.

Additional key priorities

The FY14 Budget also includes:

- Full funding of the City's stormwater utility to better protect Lake Champlain from pollution at a cost of an additional \$1.50 per month in stormwater fees for single-family homes, with a comparable rate-increase for commercial properties. Not only will this initiative contribute to a cleaner Lake – a key priority of the City – but also, the additional data and technical knowledge about lake protection it generates will allow the City to be a leader in the intense, ongoing debate about stormwater policy. Over the long-term this new investment should result in a cleaner lake, better use of public stormwater dollars, and savings for the City because of better state stormwater policies.
- New investment in Cultural Competency training for all City employees.
- Approximately \$75,000 in City technology upgrades to improve municipal productivity.
- Citywide licensing of SeeClickFix that will allow the use of this service – initiated by Code Enforcement – to expand to Parks and Recreation, the Airport, the Burlington Electric Department, and the Church Street Marketplace.

Conclusion: FY14 Budget represents a balance of progress and restraint

In summary, successful implementation of the FY14 Budget will maintain services, make key investments in the future, continue the City's efforts to improve its finances, and avoid further general City tax increases beyond the initiatives approved by the voters last fall.

Again, my thanks to you and all involved in this year's budgeting effort.

