



# MEMO From the Office of the Town Manager

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To: Colchester Selectboard  
From: Aaron Frank, Town Manager  
CC: Geoffrey Urbanik, Deputy Manager, Department Heads  
Date: December 6, 2018  
Re: **FY20 Budget Proposal to the Selectboard** - December 11, 2018

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The proposed FY 20 budget maintains our current level of service and addresses changing service demands in emergency services and infrastructure maintenance caused by slow, steady growth over the past decade. This memo discusses the operating budget, capital funding, the estimated tax rate, and long term fiscal constraint.

## Operating Budget

The Operating Budget is comprised of twenty-five service categories. Seven of these service categories have been reduced and two have increases less than \$500. The operating budget increase is 2.4%. Changes are comprised of:

- 1.2% (\$153,402) to maintain current services
- 1.2% (\$159,691) for additional services including:
  - Fire services: increase in local match to a federal grant program to fund three full time firefighters to provide weekday daytime coverage \$36,750
  - Police: Essex Community Justice Center contribution of \$16,200
  - Police: Community Mental Health/Social Services by \$20,000
  - Transportation for Seniors and Persons with Disabilities \$10,000
  - Additional Public Works Highway and Path Maintenance Worker Wages benefits, liability insurance and employer paid taxes \$76,741

## Capital Funding

The Tax rate is also impacted by previously approved voter approved taxes to support capital projects, which are fixed dollar amounts, fixed tax rates, or long term financing. These total \$1,602,295. Local option taxes fund bond/lease purchase payments of \$517,844, leaving \$1,084,451 to be raised from property taxes. The certainty of capital funding through multi-year authorizations allows us to maximize grant revenues and minimize borrowing for planned replacements of vehicles, equipment, and capital repairs to parks, roads and buildings. In FY 20 we expect \$1,062,331 in state and federal grants to supplement our local capital funding. *The property tax funded portion of the capital budget is \$1,084,451 and increased by \$13,455 or 1.3% from last year.*

## Tax Rate

The Combined Operating and Capital Budget is \$11,744,255, net of non-property tax revenues. This is an increase of 2.7% (\$310,846) over the FY 2019 Combined Budget. With an estimated 1.36% growth in the Grand List, the estimated municipal tax rate for FY 2020 is \$0.5423. *The tax rate is estimated to increase by seven-tenths of one cent or a 1.34% increase over the prior year.*

## Long Term Fiscal Constraint

- In June 2018, the Selectboard set the FY 19 Town tax rate of \$0.5352 per hundred dollars of property value. *This rate was less than the rate of \$0.5370 set eight years ago for the FY 2012 tax bills.*
- Based on 2018-19 taxes, our rate is the third lowest per resident among the seven inner Chittenden county communities.

## How is this tax rate reduction possible?

### Budget and Management Approach

- Minimize Expenses (**1.2% increase for same level of services**)
  - Focus first on holding down and reducing expenses
  - Constant re-evaluation of service delivery
- Maximize Non-Property Tax Revenues
  - Fee based service evaluation
  - Increase in non-tax revenues, such as fees and grants, which cover \$2,439,615 or 19% of the general fund budget
    - Revised approach to budget savings by applying it to future years' financial obligations and reduced taxes. Savings from this approach was \$266,000 in FY 17, FY18 & FY19.
    - The use of local option tax to fund \$517,844 of voter approved debt previously paid by property taxes.
- Property Taxes are “last dollar in”
  - Growth and investment in Colchester increased property value by \$214,265,628 (11%) from 2012 to 2020 (estimate).