



To: The Hinesburg Selectboard, residents, and voters
From: Trevor M. Lashua, Town Administrator
Date: January 31, 2017
Re: Proposed FY18 Municipal Budget

The proposed FY18 municipal budget is \$3,419,307, an increase of \$46,766 (1.39%) from the FY17 budget as approved by voters. If approved, the FY18 budget would require an increase in the municipal property tax rate of 1.45 cents.

Revenue

Projected non-property tax revenue is \$468,450.

Grand List Growth

The grand list is projected to grow by 1.10%, a number based on the average annual increase since FY07.

Fund Balance

No additional unassigned fund balance is proposed to be used to apply to lowering the FY18 tax rate.

Expenditures

The proposed FY18 budget includes:

- A total of \$7,300 in new committee requests. The Affordable Housing Committee is seeking \$4,000 for an updated housing needs assessment. The Economic Development Committee is seeking \$2,000 for its activities, such as marketing the revolving loan fund. The Energy Committee is seeking \$1,300 for educational and other materials.
- A \$9,500 increase in legal services to better match actual expenditures and enable the Town to transition to a new Town Attorney. A new attorney (individual or firm) will be selected via a competitive process. Bud Allen, the Town's attorney since the early 1990s, is retiring from that role.
- Capital funds (\$5,000) for stormwater planning and infrastructure.
- A \$54,211 increase in the Highway capital transfer, split between paving funds (\$35,000) and the local match (\$20,000) for grant to replace a Town-owned bridge on Texas Hill Road.
- A projected \$7,390 decrease in the Town's share of health insurance premiums, due to a changing employee mix and more employees opting for the health insurance buyout option.

Additional ballot items

A proposed \$3.1 million bond for a new highway garage and site improvements is also on the Town Meeting ballot. While the final interest rate is subject to change, the analysis to date has used an interest rate of just less than 3.0% (provided by the Vermont Municipal Bond Bank in 2016) for a 30-year general obligation bond. The average annual payment is estimated at nearly \$181,000, with a "high" payment of more than \$216,000 in year seven and a "low" payment of more than \$110,000 in year 30. Principal payments would remain the same each year. Assuming that the grand list grows at its annual average (1.1%) for FY18, and no other revenue is used, voter approval of the bond would result in an estimate residential property tax rate increase of 3.34 cents. Additional information on the much-needed project can be found on the Town's website (www.hinesburg.org).

The Lake Iroquois Association has requested funds to support its efforts to combat milfoil in Lake Iroquois. The \$30,000 question before voters is comprised of \$25,000 for milfoil mitigation funds and \$5,000 for the annual

funding commitment. In total, the association is seeking \$25,000 per year for five years from the Town of Hinesburg for milfoil mitigation. The other towns with lakefront properties (Williston and Richmond) are being asked to contribute as well.

FY18 Budget – as proposed for Town Meeting

FY17 approved: \$3,372,541

FY18 proposed: \$3,419,307

+/- (expenditures): +\$46,766

Preliminary FY18 Municipal Tax Rate: \$0.5516

+/- (from approved FY17 tax rate¹): +\$0.0145

Estimated Municipal Property Tax impact – Residential Property Owners

Assessed Value:	<u>\$200,000</u>	<u>\$300,000</u>	<u>\$400,000</u>
<i>Annual</i> +/-	+\$28.91	+\$43.50	+\$58.00
<i>Monthly</i> +/-	+\$2.41	+\$3.62	+\$4.83

The preliminary tax rate is calculated in the following manner:

$$\begin{array}{r}
 \$3,419,307 \text{ (FY18 proposed budget)} \\
 - \quad \$468,450 \text{ (projected non-property tax revenue)} \\
 \hline
 \$2,950,857 \text{ (the amount to be raised by property taxes)} \\
 \\
 \$2,950,857 \text{ (the amount to be raised by property taxes)} \\
 \div \quad \$5,350,064 \text{ (the grand list, including projected growth)} \\
 \hline
 \$0.5516 \text{ (estimated FY18 municipal property tax rate)}
 \end{array}$$

¹ The adopted FY17 municipal tax rate is \$0.5371.