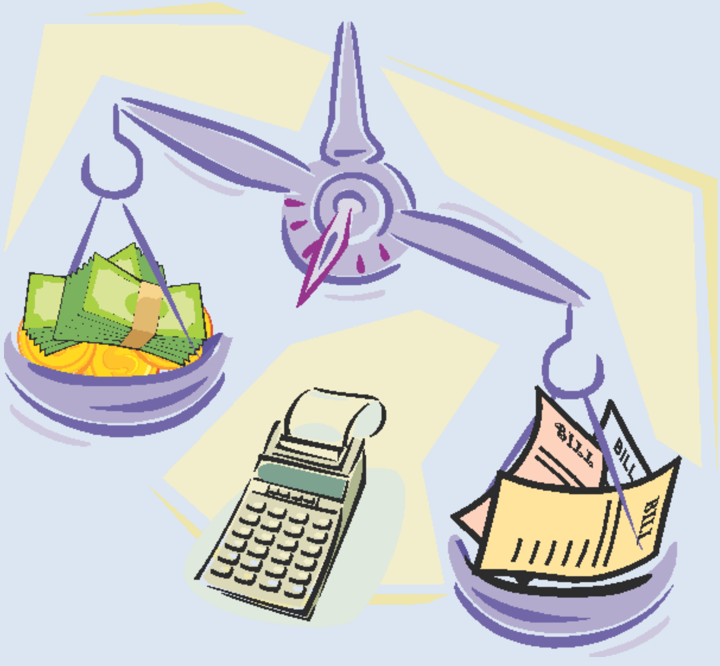
March 4th Budget Work Session

- FY 2019-20 Budget Development
- Framework for Future Budgets
- Draft Financial Policies



Town Mission and Council’s Goals

Our Mission. *Learning, serving, and working together to build a community where people thrive.*

Council’s Strategic Goals

I. Connected Community

II. Economic & Financial Sustainability

III. Safe Community

IV. Affordable Housing

V. Vibrant & Inclusive Community

VI. Environmental Stewardship

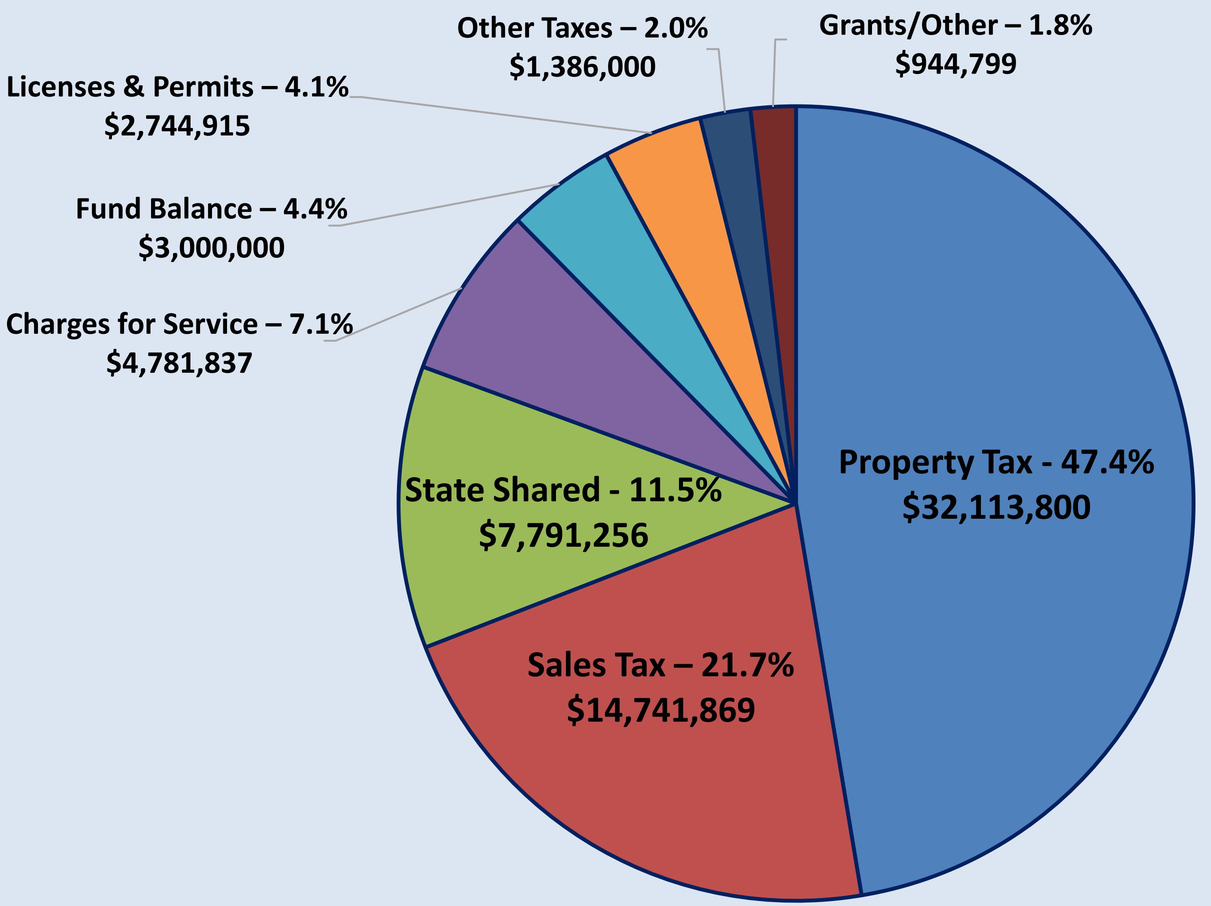
VII. Collaborative & Innovative Organization

Budget Foundations

Responsible, Resilient, Smart and Strategic

- Supporting Council's strategic priorities
- Supporting our most valuable resources
- Protecting fund balance to promote resiliency
- Smart investments in maintenance

General Fund Revenues FY2019-20

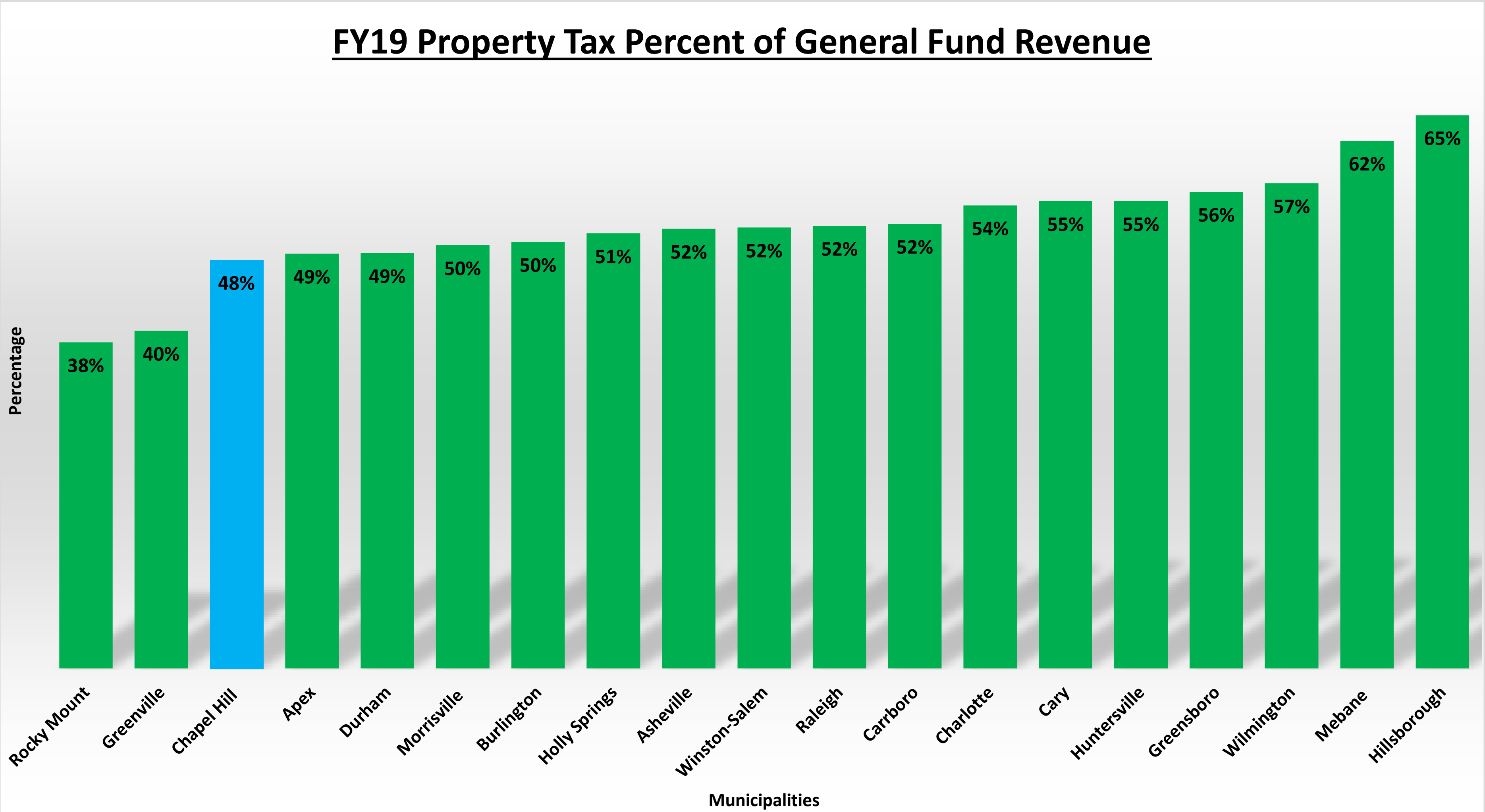


As of March 4, 2019

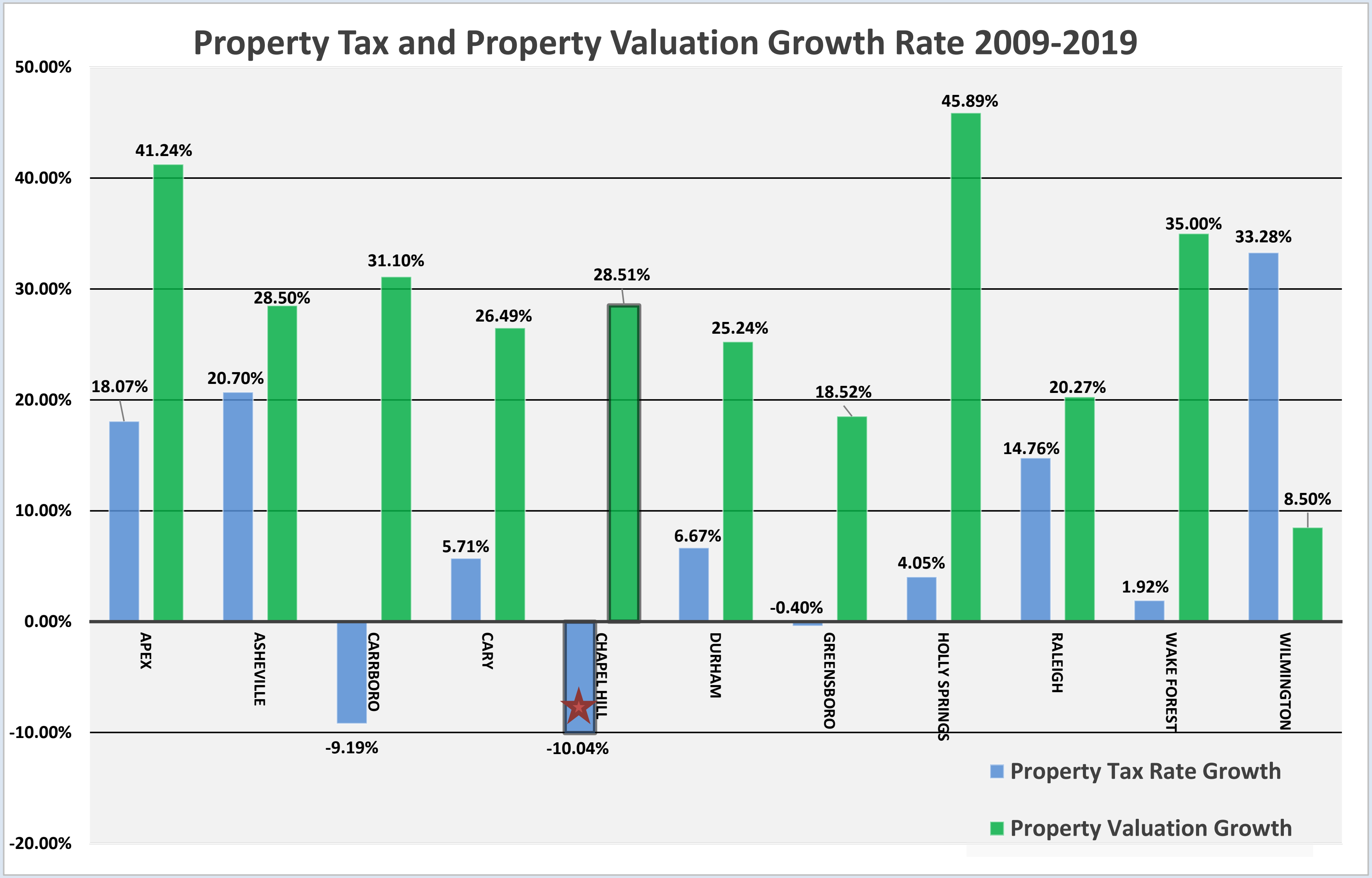
General Fund – Revenue Summary

Source	Adopted FY2018-19	Current Est. FY2019-20	Difference
Property Taxes	$ 31,771,000	$ 32,113,800	1.1%
Sales Taxes	13,853,827	14,741,869	6.4%
Other Taxes	1,357,500	1,386,000	2.1%
State Shared Revenues	7,820,590	7,791,256	-0.4%
Charges for Service	4,820,808	4,781,837	-0.8%
Licenses & Permits	2,461,890	2,744,915	11.5%
Grants	680,899	679,399	-0.2%
Other Revenues	493,600	565,400	14.5%
Approp. Fund Balance	3,096,886	3,000,000	-3.1%
Total	$ 66,357,000	$ 67,804,476	2.2%

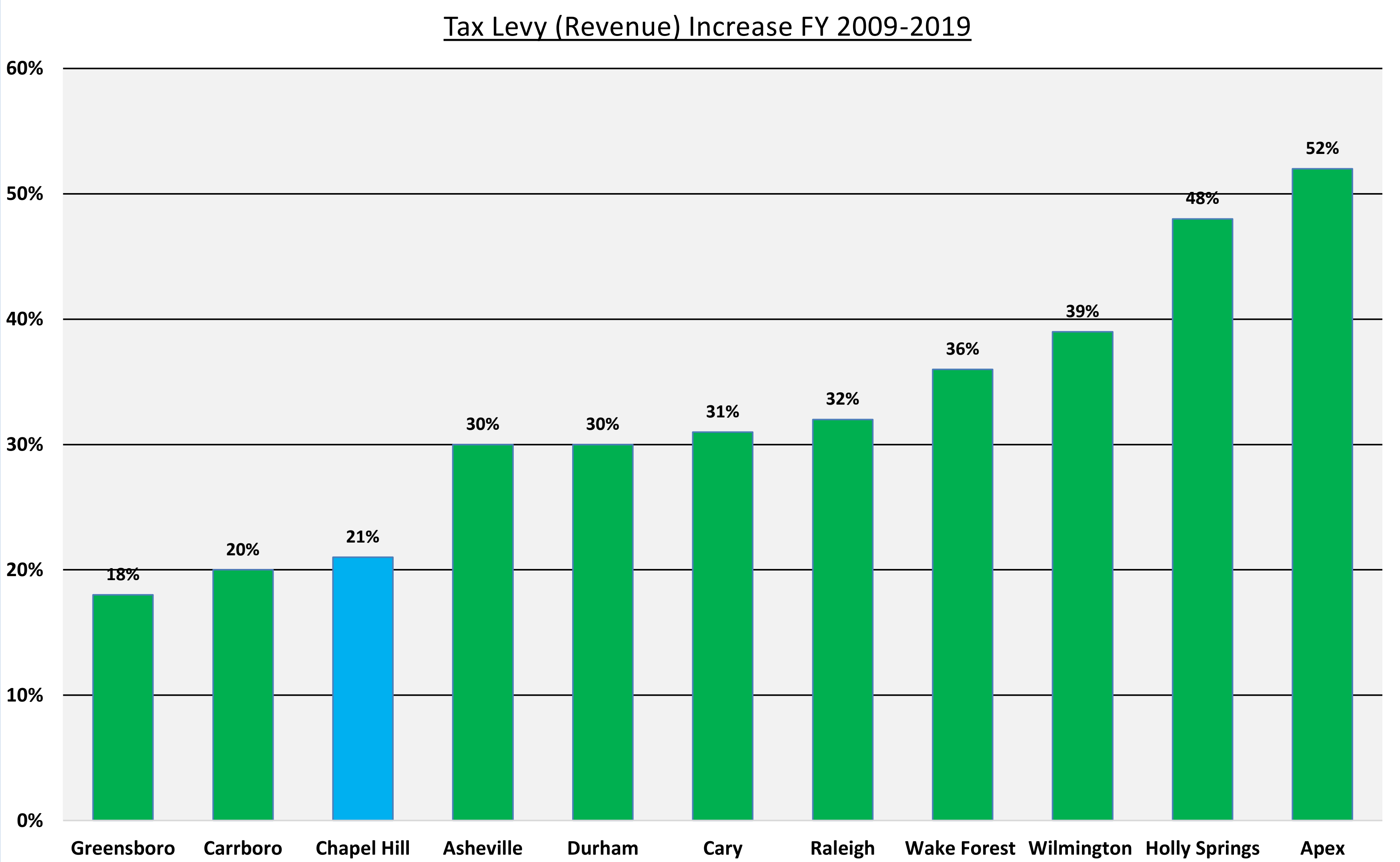
% of Revenue - Property Taxes



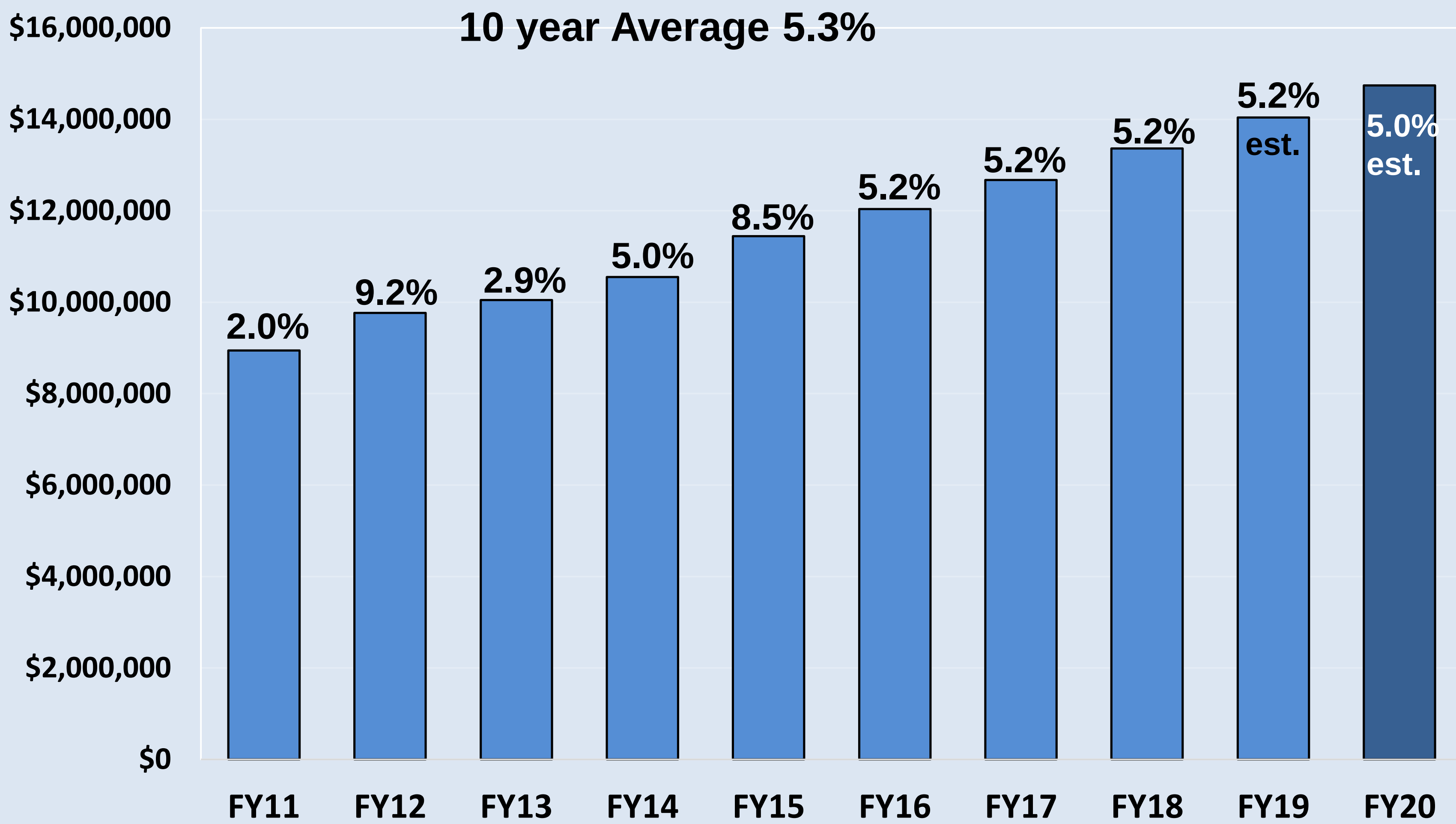
Property Tax Rate & Valuation Growth



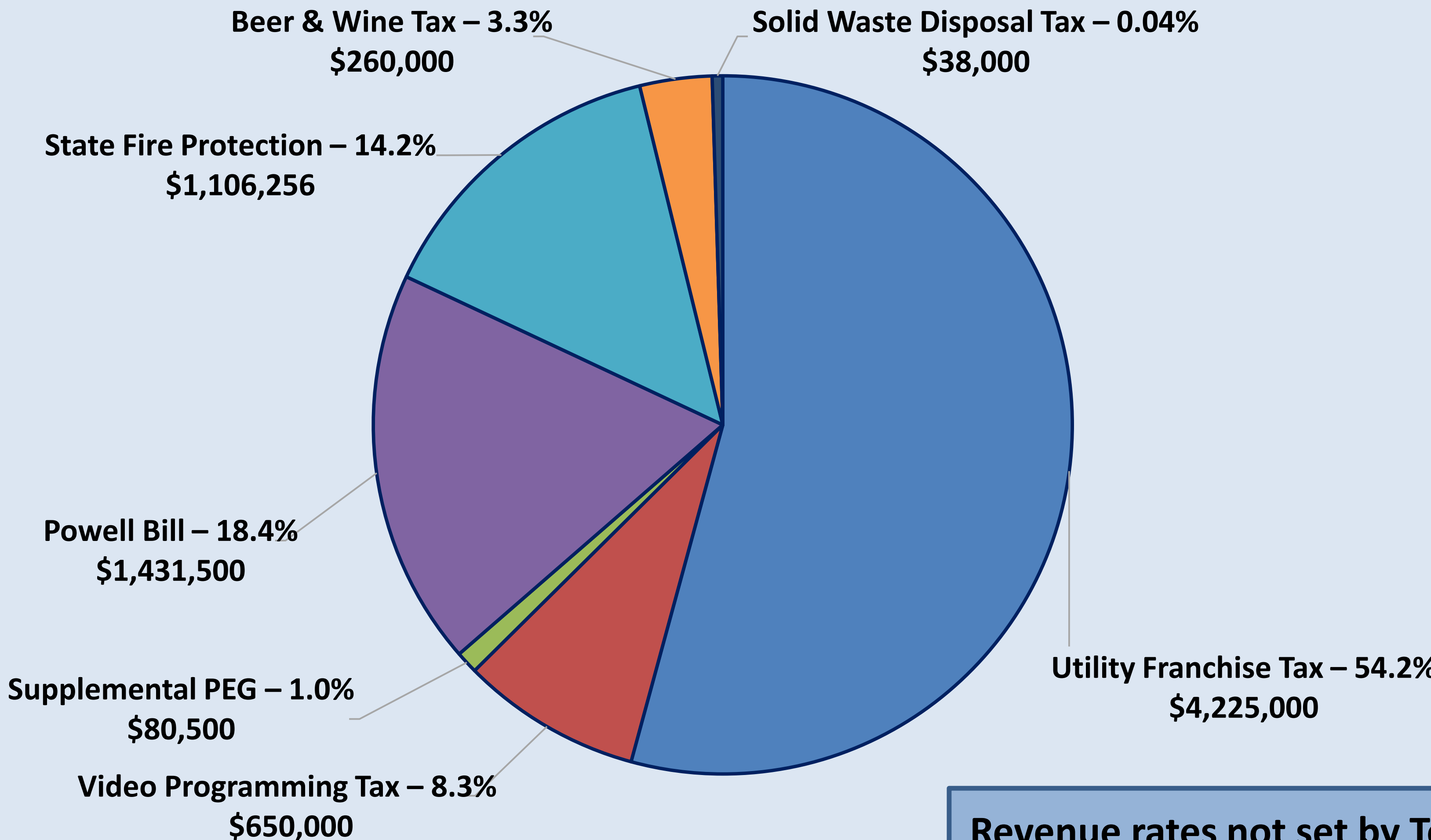
Property Tax Levy (Revenue) Increase



Sales Tax History

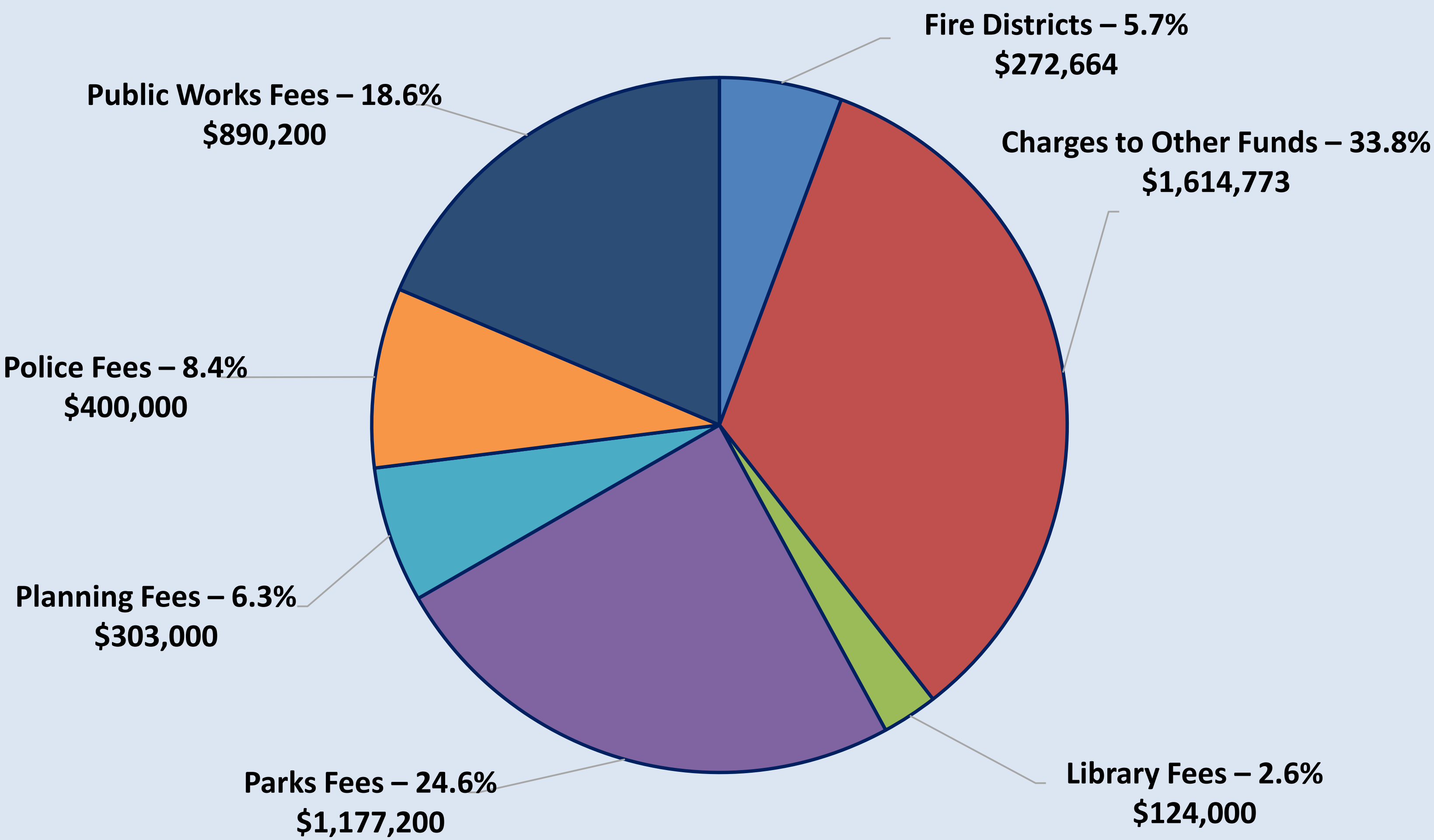


State Shared Revenues

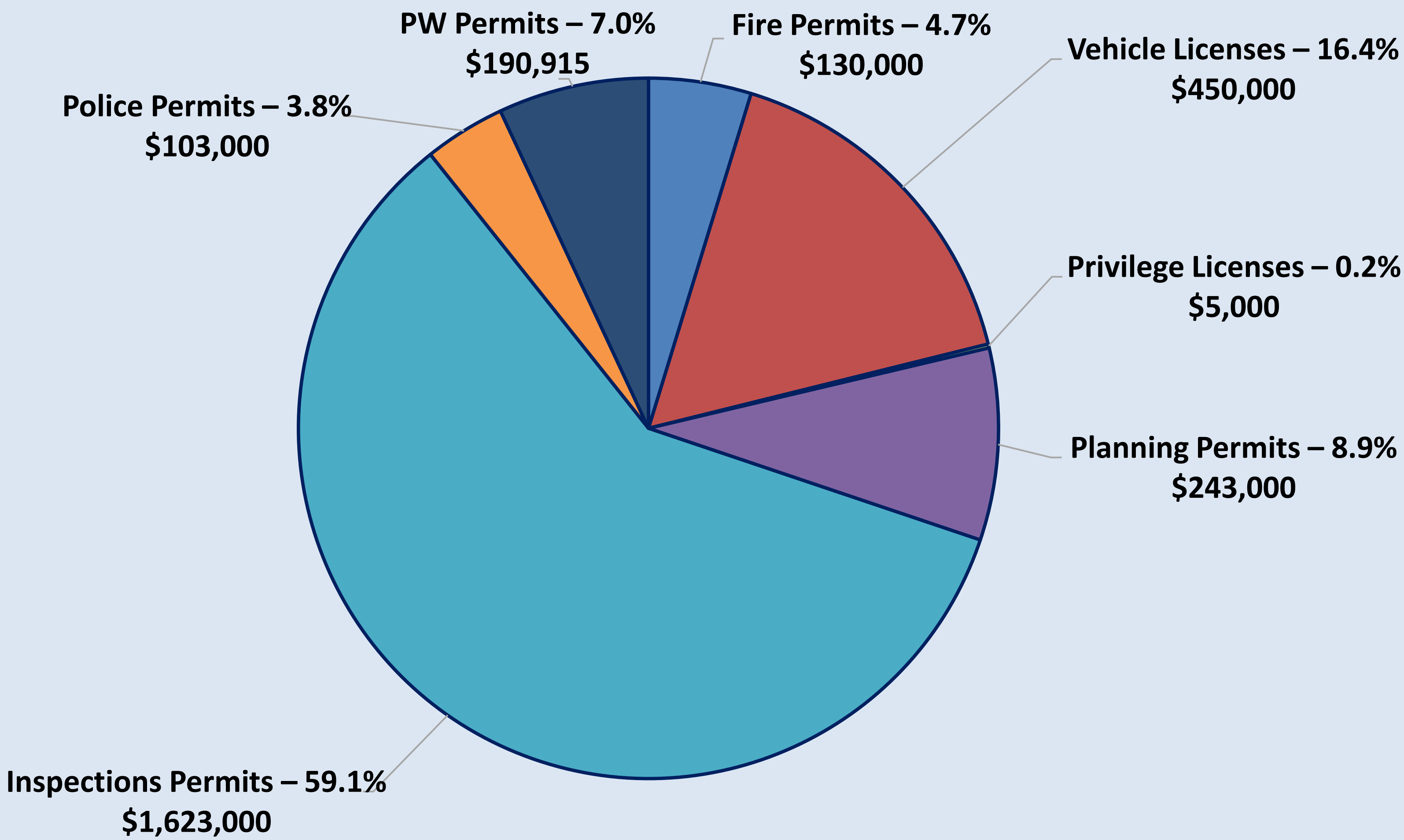


Revenue rates not set by Town

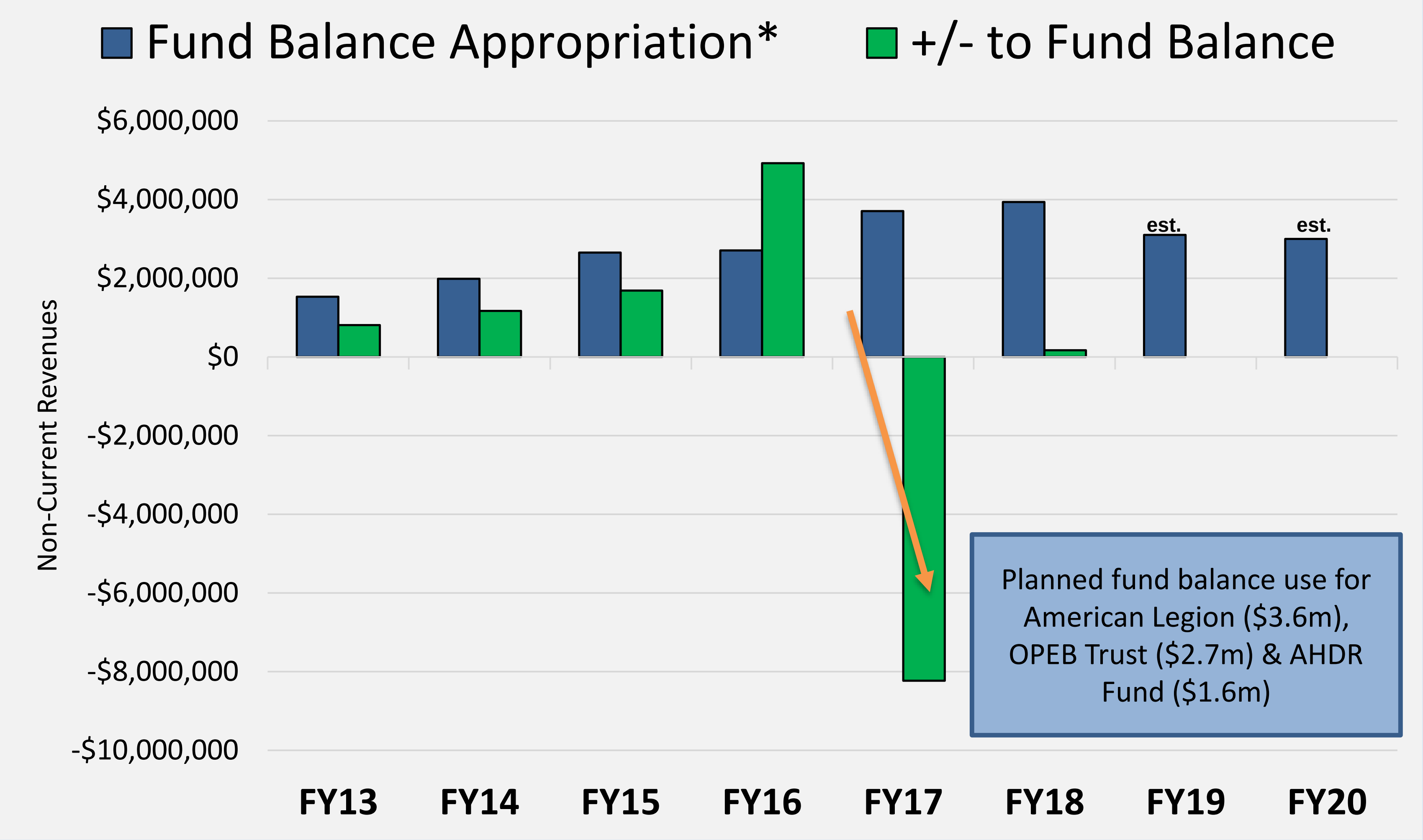
Charges for Services



Licenses & Permits

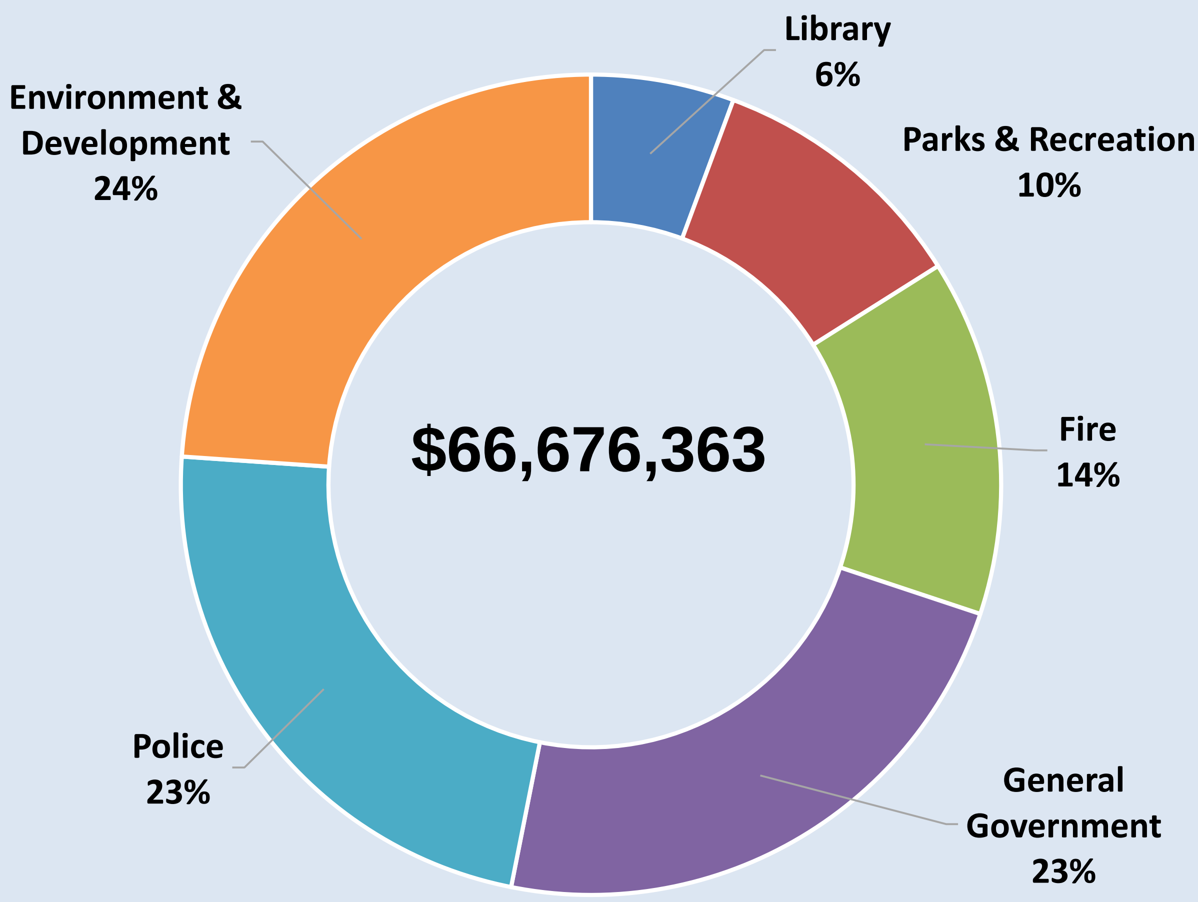


General Fund – Fund Balance +/-



** Includes fund balance appropriation and budgeted lapsed salaries*

General Fund Expenditures FY2019-20



As of March 4, 2019

Baseline Budget

Items for Discussion:

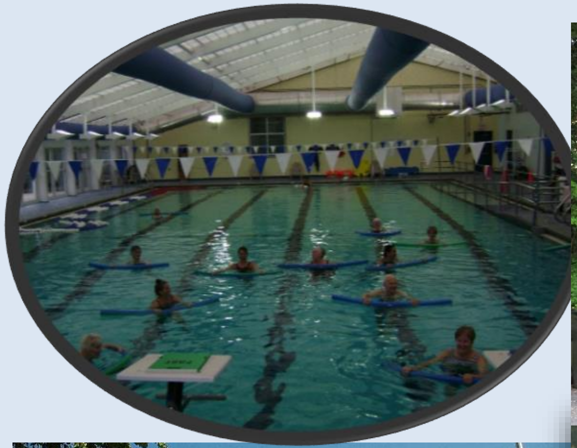
Pay raise	each 1% = $ 335,135	
Health insurance	each 1% = $ 50,000	
OPEB pre-funding	$ 630,000	Existing amounts included in FY20 budget
Building maintenance	$ 472,214	
Pay-go capital	$ 237,500	
Vehicle replacement	$ 380,592	
Class & Compensation study	$ 100,000	Adds for consideration in FY20 budget
Non-profit capital campaigns	$ 125,000	
Urban Design	$ 100,000	

Framework for the FY2020 Budget

- Maintaining Core Services
- Employee Compensation
- Building Maintenance
- Pay Go Capital
- Vehicle Replacement
- Streets Paving

Maintaining Core Services

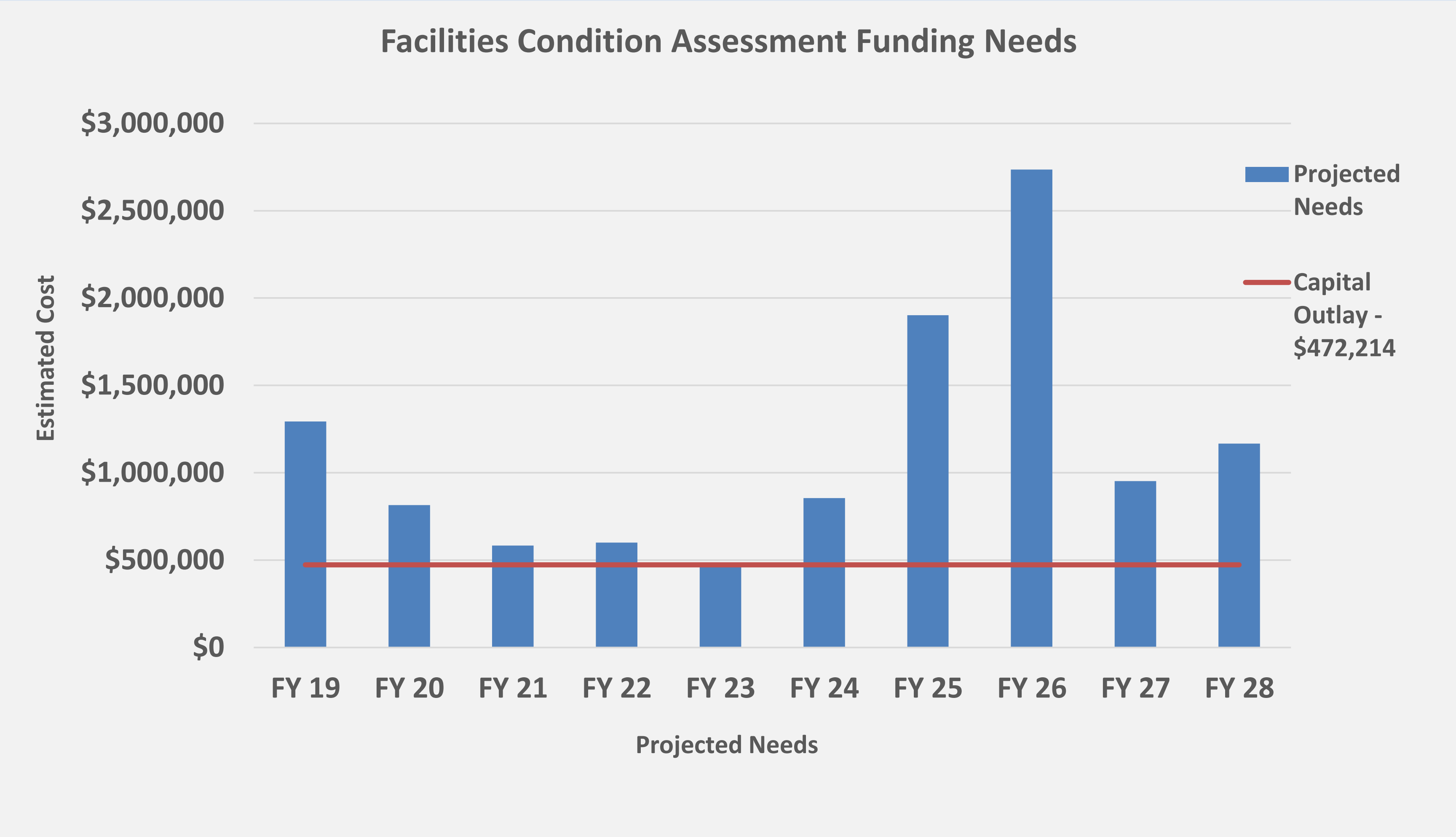
- **No significant changes to department budgets**



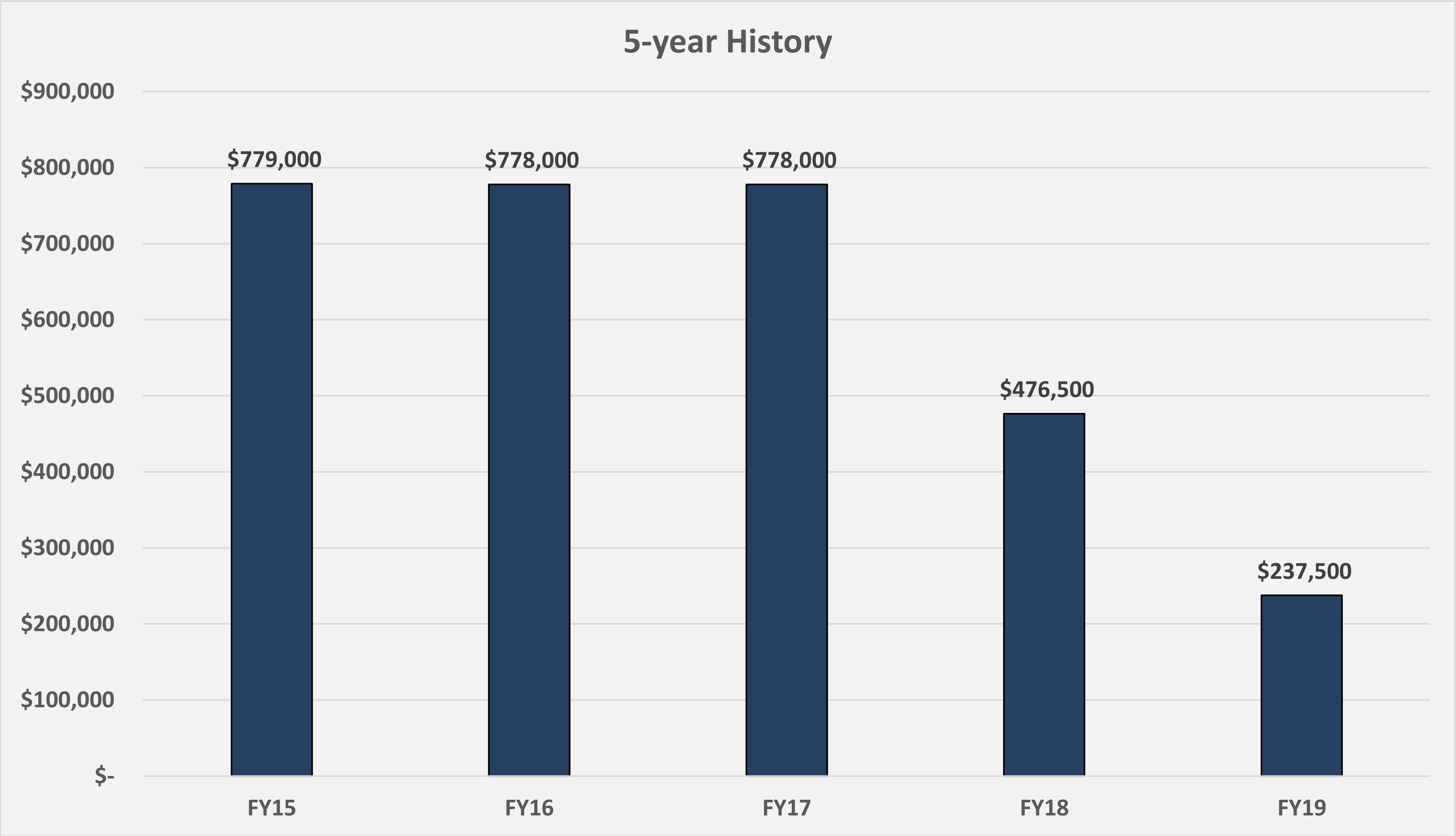

Employee Compensation

- Market Adjustment
- Living Wage Adjustments
- Medical Insurance Increase
- Retirement System Increase 1.2% ($371K)

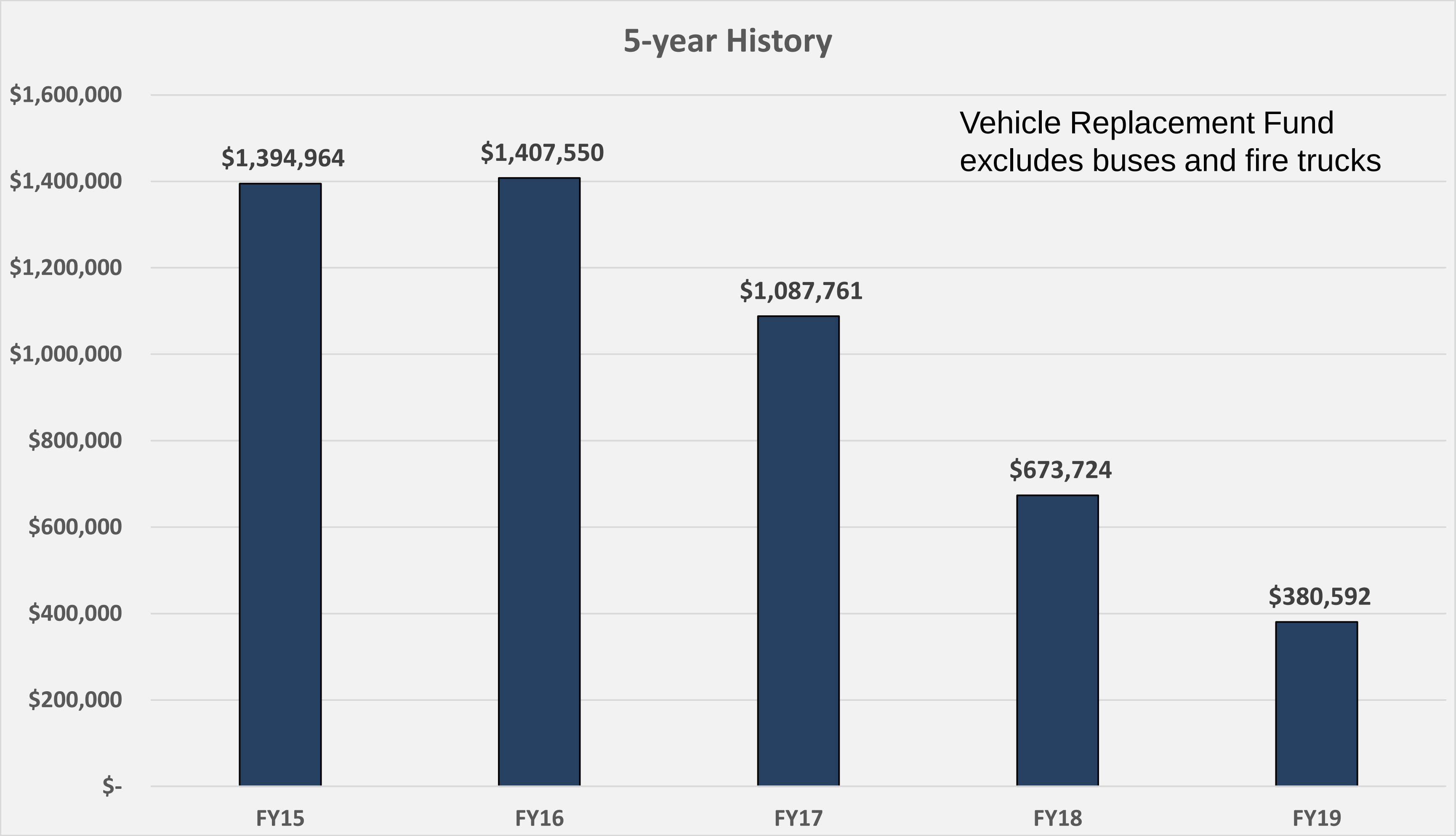
Building Maintenance



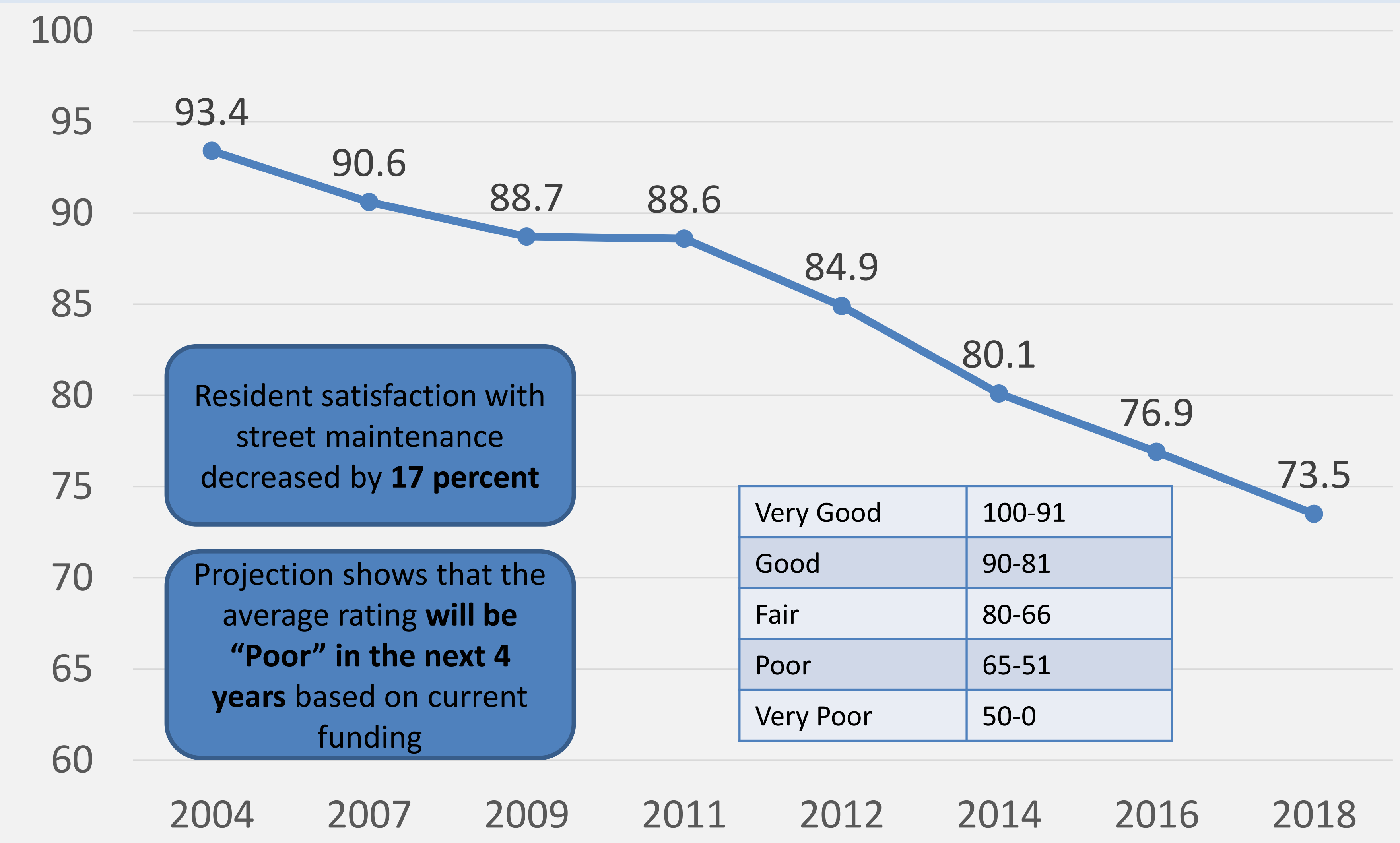
Pay Go Capital



Vehicle Replacement



Street Paving



Resident satisfaction with street maintenance decreased by **17 percent**

Projection shows that the average rating **will be "Poor" in the next 4 years** based on current funding

Very Good	100-91
Good	90-81
Fair	80-66
Poor	65-51
Very Poor	50-0

Debt Fund (Capital Financing)

- Additional revenues are needed to fund planned major capital projects including:
  - Municipal Services Center
  - Streets & Sidewalks
  - Wallace Deck
  - Affordable Housing projects
- Consideration of a tax increase of 1.0 cent for affordable housing
- Consideration of a 0.6 cents in FY20 to cover projects for next 5 years

5-Year Plan

- 5-Year Plan to accomplish:
  - Restoration of pay-go capital and vehicle replacement programs
  - Expansion of building maintenance and street paving programs
  - Connections between strategic work plans to budget program expansions

Draft Finance Policies

Fiscal Policy Guidelines:

- **Debt Policy**
- **Fund Balance Reserves Policy**
- **Cash Management and Investment Policy**
- **OPEB Pre-Funding Policy**

Next Steps

- **March 20** – Public Forum
- **May 1** – Manager's Recommended Budget
- **May 8 –** Public Hearing
- **May 15 –** Budget Work Session
- **June 5 –** Budget Work Session
- **June 12 –** Proposed Budget Adoption

QUESTIONS?

- Feedback on Debt Fund tax rate options:
  1. 1 cent affordable housing (AH) / 0.6 cent other in FY20
  2. 0.5 cent AH / 0.95 cent other in FY20 & 0.5 cent AH in FY22
  3. No debt fund tax increase in FY20
- Does Council have any feedback on the draft policy language presented?
- Would Council like any additional information before the Manager's Recommended Budget is presented on May 1st?
- What topic areas would Council like to hear about for the budget work sessions on May 15th & June 5th?