

Operating Budget

The Operating Budget is comprised of twenty-five service categories. The expenses of eight of these service categories have been reduced and sixteen have increased. Before factoring in non-tax revenues, the operating budget increase is 0.0%.

Changes are comprised of:

- Fire services: create a town-wide fire department with a paid full time fire chief and three full time firefighters to provide weekday daytime coverage, increasing by \$207,428
 - Use of \$175,000 in fund balance to offset the impact of these new expenses in the first year
- Rescue: Creation of a Rescue Enterprise Fund that moves all expenses and non- tax revenues out of the General Fund
 - Respects that Rescue generates 74% of its own revenue and is a significant cost center with a total budget of \$760,645.
 - This allows rescue to better respond to market conditions by staffing up and down according to call volume vs a budget set 9-21 months in advance
- Police: Community Mental Health/Social Services by \$20,000, for a total of \$40,000
- Public Safety Dispatch: due to the loss of contract revenue Colchester's contribution to its public safety dispatch must increase by \$89,064 to keep up with community calls
- Green Mountain Transit: Transportation for Persons with Disabilities has increased by \$22,821 due to service cost increases as well as an increase in community needs.

Capital Funding

The Tax rate is also impacted by previously authorized voter approved taxes to support capital projects, which are fixed dollar amounts, fixed tax rates, or long term financing. These total \$1,597,348. Local option taxes fund bond/lease purchase payments of \$502,314, leaving \$1,095,034 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. *The property tax funded capital is \$1,095,034 and increased by \$10,583 or 1% from last year.*

Tax Rate

The Operating Budget and Capital Funding total \$12,033,452, net of non-property tax revenues. This is an increase of 2.2% (\$260,428) over FY 2020. With an estimated 1.18% growth in the Grand List, the estimated municipal tax rate for FY 2021 is \$0.5485. *The tax rate is estimated to increase by \$0.0056 (a little more than one half of one cent) or a 1.02% increase over the prior year.*

Long Term Fiscal Constraint

- In June 2019, the Selectboard set the FY 20 Town tax rate of \$0.5429 per hundred dollars of property value. *This rate was less than the rate of \$0.5530 set eight years ago for the FY 2013 tax bills.*
- Based on 2019-20 taxes, taxes are 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
 - 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 \$2,192,666 or 17% of the general fund budget
 - Operation of fee for service departments as businesses through “enterprise funds”
 - Revised approach to budget savings by applying it to future years’ financial obligations and reduced taxes. Savings from this approach was \$266,000 in FY18, FY19 & FY20.
 - Increase in non-tax revenues of \$68,076, excluding Rescue’s enterprise revenues
 - The use of local option tax to fund \$502,314 of voter approved debt previously paid by property taxes.
- Property Taxes are “last dollar in”
- Growth and investment in Colchester increased property value by \$237,123,300 (12%) from 2012 to 2021 (estimate).