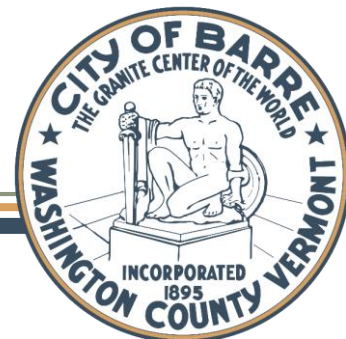


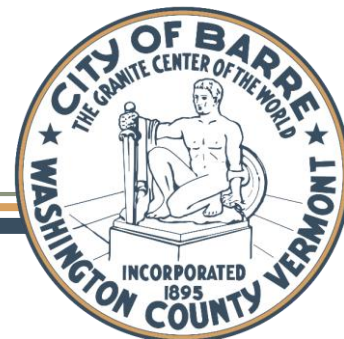
# FY24 BUDGET UPDATE

NICOLAS STORELLICASTRO  
CITY MANAGER  
SEPTEMBER 19, 2023



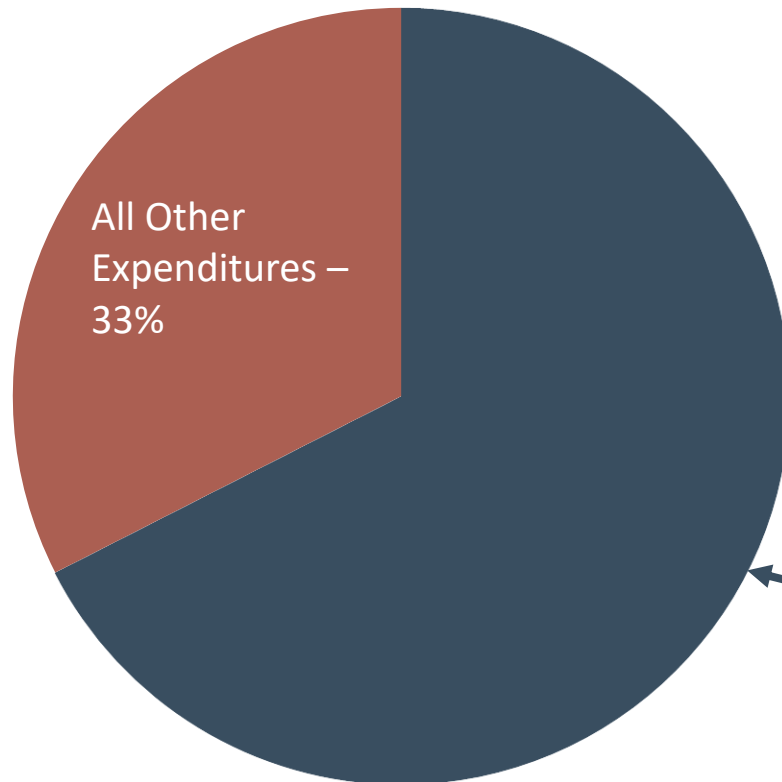
# RECAP OF THE FY24 BUDGET

- \$13.7M total expense budget, representing a 4.3% increase
  - Approximately half the rate of recent inflation
- Municipal tax rate \$2.1094
  - Lower than projected at Town Meeting Day (March 2023 projection: \$2.1313)
  - Total homestead rate \$3.5212
  - Total non-homestead rate \$3.7954
- The voters approved a responsible budget that protected key services and provided for manageable increases in non-tax revenues.



# MOST OF OUR BUDGET IS FIXED

## LABOR v. EXPENSE SUMMARY - 2024



Most of our budget is non-discretionary. In addition to wages and benefits, the City is obligated to make over \$726K in debt service principle and interest payments in FY24.

Wages & Benefits – 67%



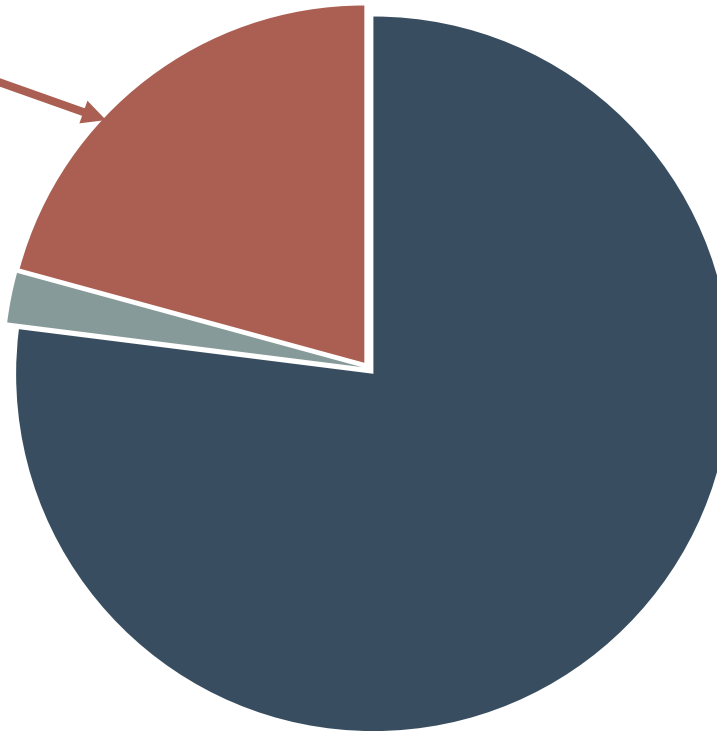
# MOST OF OUR REVENUE IS FROM PROPERTY TAXES

REVENUE SUMMARY - 2024

City Generated Revenue – 21%

Federal & State Assistance – 2%

Property taxes and PILOT – 77%



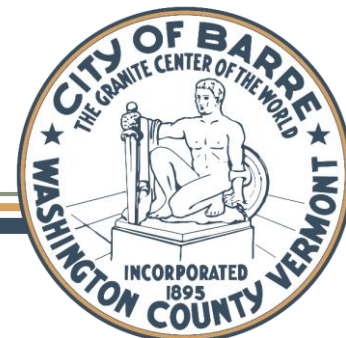
# IMPACTS OF THE FLOOD ON CITY FINANCES WILL TAKE TIME TO ASSESS

- The greatest stressors on City finances will be:
  - Property tax abatements and loss of tax base from buyouts
    - 363 structures damaged, only ~40 applications for abatement received thus far
    - ~31 properties expected to be Substantially Damaged and may be candidates for buyout
  - Cost of flood recovery projects
    - ~55 projects identified at \$2.7M total cost. Generally speaking, the City is responsible for a 25% share of FEMA projects
  - Cash flow to front the cost of flood recovery projects
    - FEMA expenses are reimbursable, so the City has to pay up front and wait ~8 weeks for reimbursement, assuming project costs are approved



# ESTIMATED IMPACTS ON THE BUDGET

Area Impacted	Estimated Impact	Notes
Property Tax Abatements	(\$1,125,000)	Assuming 75% abatement of \$1.5M in property taxes
Buyouts	(\$134,000)	Assuming buyouts of all 31 Substantially Damaged buildings
Impact on non-tax revenues	(\$34,401)	Includes loss of parking meters, rentals, and tickets. Overall, due to increases in some revenue sources (dispatch contracts and PILOTs, non-tax revenue only decreases \$25,783)
Flood recovery expenses	(\$1,023,739)	Current flood expenses incurred, including costs of personnel, OT, and completed projects. Expected to rise as additional projects are completed.

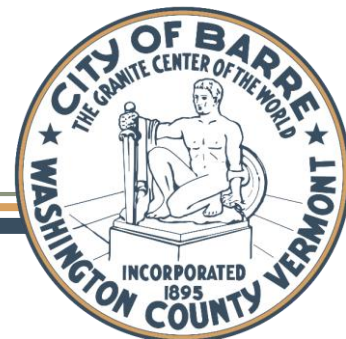


# EXPECTED IMPACT OVER \$2M

↓ (\$1.15M) impact on revenue and likely to grow

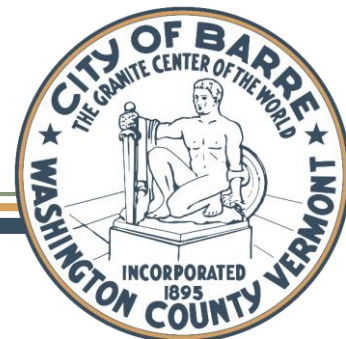
↑ \$1.02M impact on expenses and likely to grow

\$2.18M gap has opened between revenue and expenses and likely to grow



# APPROACHES TO STABILIZING FINANCES

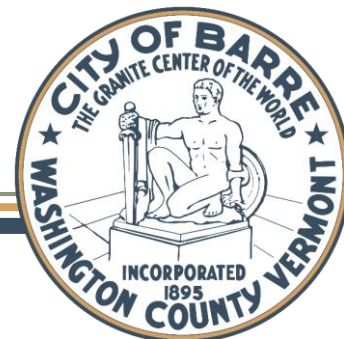
- Eliminate and freeze discretionary spending
  - See-Click-Fix contract terminated
- Delay expenses
  - Manager Plus implementation postponed by one-year
- Manage cash flow to avoid borrowing until necessary
  - ~\$4.5M in cash between all accounts, including ~\$2.5M in ARPA funding
  - Exploring short-term expense anticipation note line of credit to help better manage cash flow

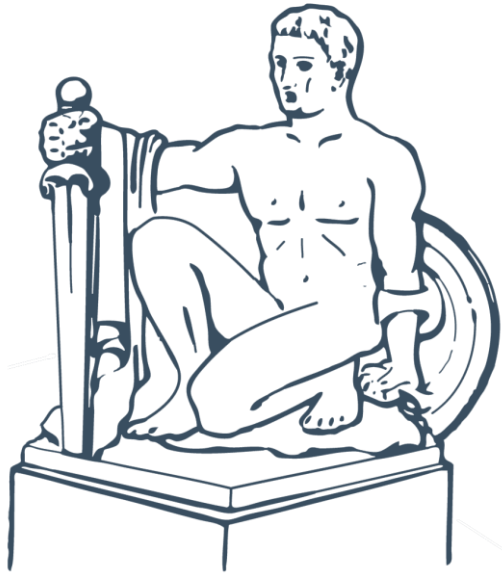




# LONG-TERM SOLUTIONS

- Limit use of ARPA and one-time resources for operational expenses.
  - Use of one-time funds creates future fiscal cliffs that result in either borrowing, bonding or instability in the tax rate.
- Use Vermont Bond Bank Interim Loan Fund before bonding.
- Funding assistance from the State to help mitigate the impacts on our municipal budgets
  - Multi-year assistance to stabilize potential impacts on tax rates
    - Example: \$1.5M in Year 1, \$750K in Year 2, \$500K in Year 3, \$250K in Year 4
  - Advocating at the state for abatement of education taxes





THANK YOU

QUESTIONS/DISCUSSION?

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