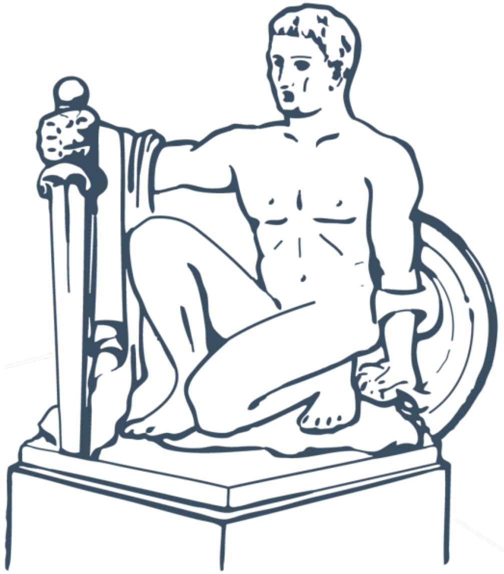
Agenda Item #8-A



FY27 BUDGET KICKOFF

NICOLAS STORELLICASTRO
CITY MANAGER
JANUARY 6, 2026

Goal for tonight: Provide staff clear and consensus direction so we can provide you with a realistic preliminary budget:

- What are Council's priorities for this budget?
- What are expenses we can reduce/services we can eliminate?
- What are investments we should make?
- What is a projected ***<u>spending</u>*** increase we should target?

RECAP OF THE 2026 BUDGET

- **$14,800,120** total expense budget
  - For comparison, FY25 approved budget was $14,873,781 (0.004% reduction year-to-year in expenses, essentially flat)
- **$10,724,825** to be raised by property taxes
- **$396,000** in property tax relief
  - $321,000 in savings
  - $75,000 in new non-tax revenue

Reductions include:

- Elimination of bulky waste event
- Elimination of Associate Planner position
- Fuel savings
- Reductions in office equipment and supplies

The voters of Barre City approved a responsible budget that protects key services, provides for growth in new non-tax revenues, and modernizes City government.

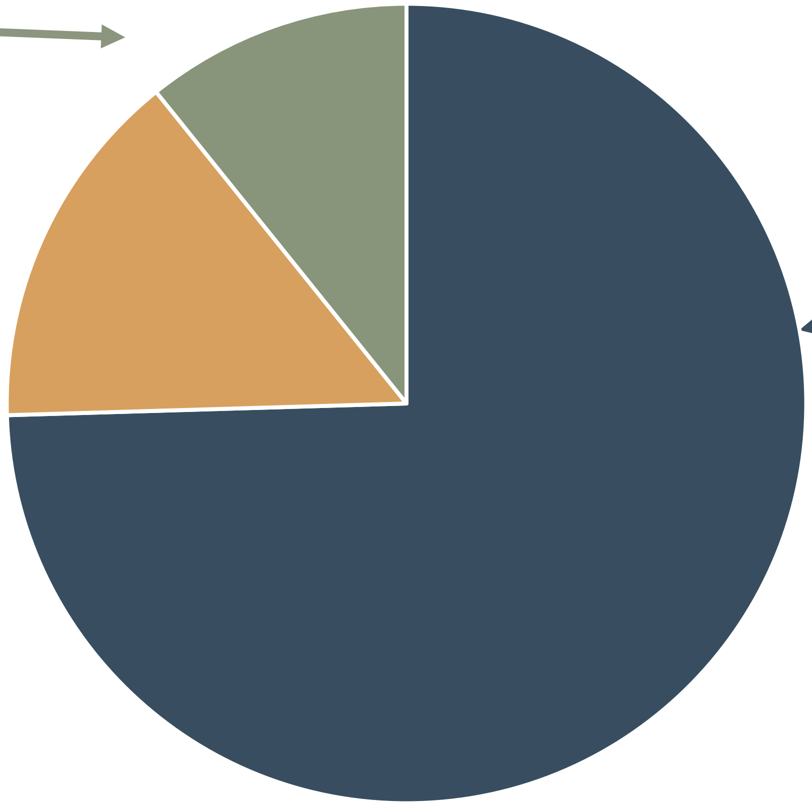
MOST OF OUR BUDGET IS FIXED

FY27 Expense Summary - Baseline

Discretionary Spending --11%

Fixed Costs -- 15%
Includes costs where the City has little or no discretion, including:

- Debt service
- Insurance
- Vehicle and heating fuel
- Sand/salt
- Technology (emails, software, phones)



Wages & Benefits -- 74%

WHAT IS DISCRETIONARY SPENDING?

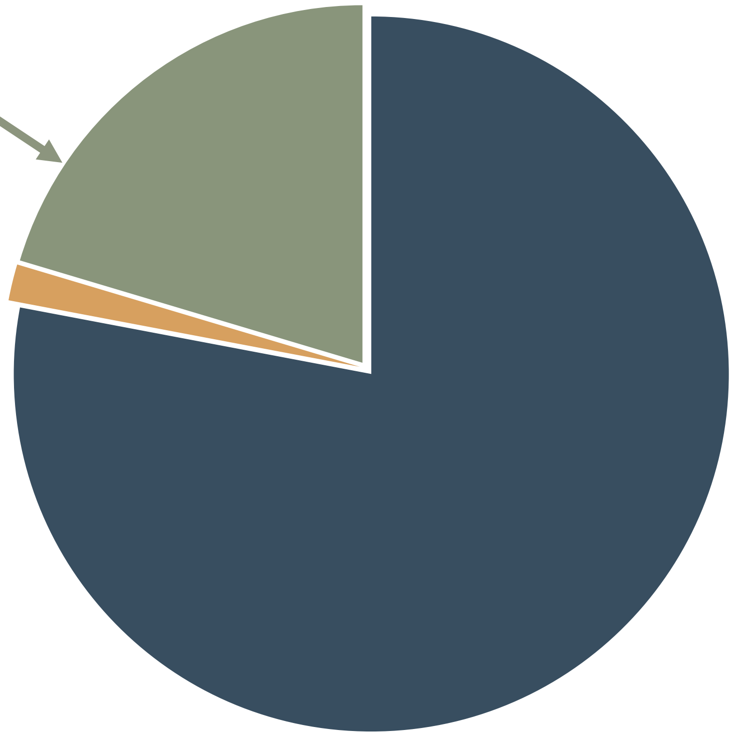
- Recreation activities
  - Programming
  - Pool
- Staff training/development
- Regroup
- Use of the Barre Town Yard Waste Disposal Site
- Cemeteries seasonal staff
- Partner organizations (Aldrich, BADC, The Barre Partnership, Green Mountain Transit)

In prior year budgets, we have already eliminated several discretionary services, including the bulky waste and tire drop events.

MOST OF OUR REVENUE IS FROM PROPERTY TAXES

Revenue	FY25	FY26	FY27
Property Taxes & PILOT	72%	76%	78%
City Generated Revenue	20%	22%	20%
Federal & State Assistance	8%	2%	2%

2027 REVENUE SUMMARY - BASELINE



City Generated Revenue – 20%

Includes business revenue, fees/fines, rents/leases, service revenue (enterprise fund, ambulance fee), cemetery revenue.

Federal & State Assistance – 2%

Property taxes & PILOT – 78%

FY27 BUDGET CONDITIONS

- ~5% contractual wage increases
- ~6% health care rate increases
- Citywide reappraisal
- Supplanting $1M loss in State flood recovery assistance
- Depleted fund balance due to flood expenses

PRELIMINARY FY27 BUDGET MATH

- **8.02%:** Increase in expenses over FY26 budget
- **~$1.18M:** Projected revenue gap (needs to be made up with property taxes, non-tax revenue, and/or cuts)
- **~10%:** Projected increase to the tax rate if nothing changes

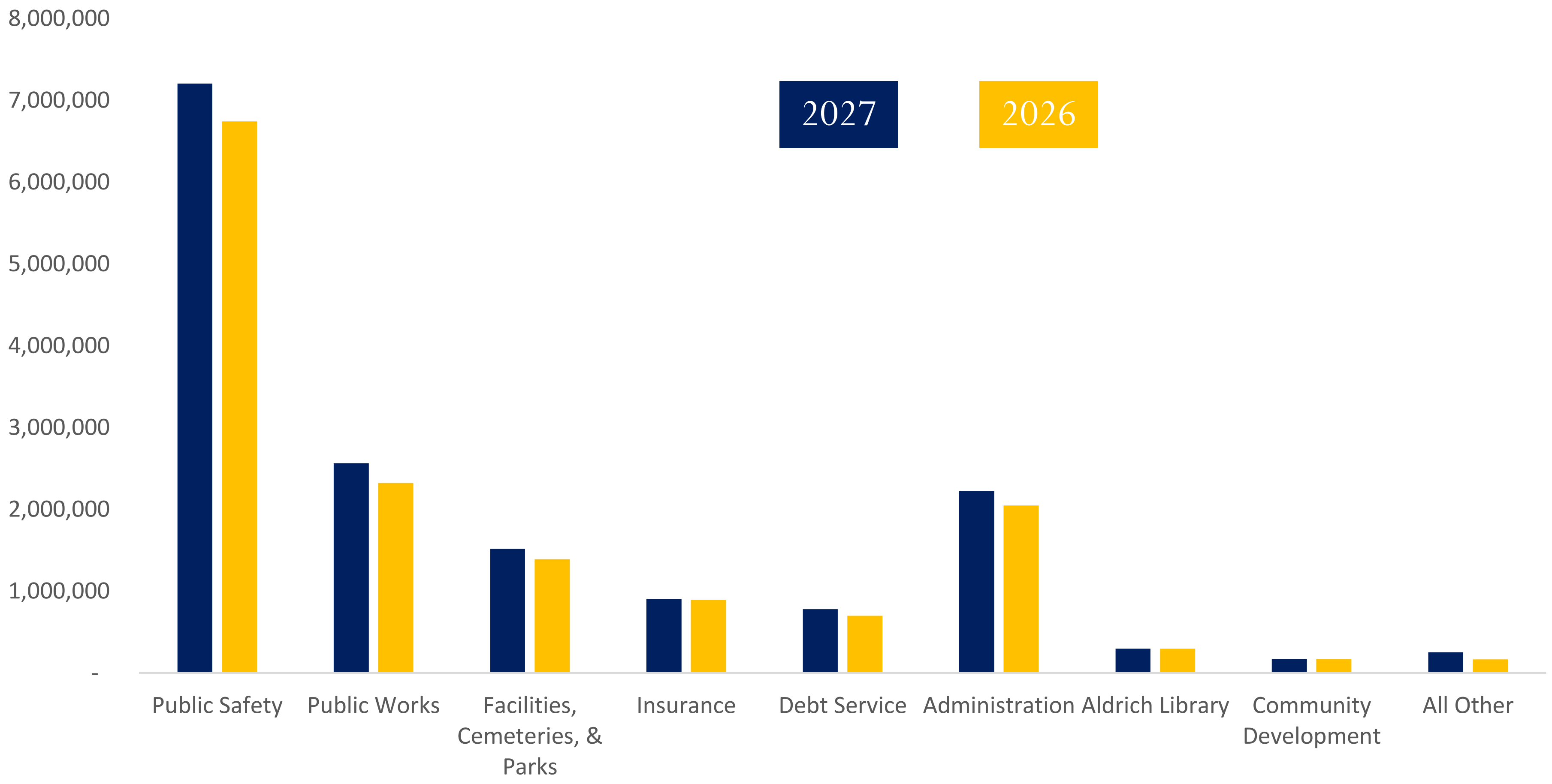
Some initial changes to highlight:

- Budgeted Rec Coordinator and Housing & Homelessness Liaison
- Finance payments for key investments (i.e. SCBA, garage)
- ~3% planned increase in supplies/materials

EXPENSE VS. TAX RATE FOCUS

- The ~10% projected tax rate increase is for comparison purposes only:
  - Does not take citywide reappraisal into account
  - Uses the same local agreement rate as last year.
- For the first time in ~20 years, the budget will be developed with a full citywide reappraisal underway.
- While City staff typically tries to provide good faith estimates for the projected tax rate of the budget, we recommend that this year we focus preliminarily on the ***expense*** increase.
  - Preliminary gross Grand List values may be available towards the end of the process and may be used at that point to get to a more plausible projected tax rate increase.

~75% OF EXPENSES ARE FOR DIRECT SERVICES TO RESIDENTS



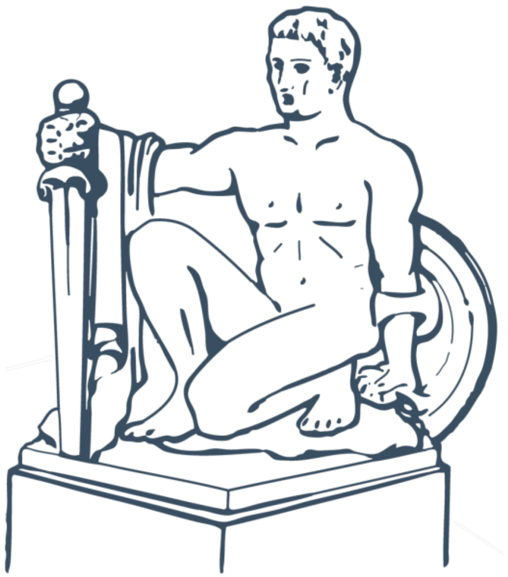
EXAMPLES OF SAVINGS WE HAVE ENACTED IN THE LAST FEW YEARS

- Eliminated Associate Planner position
- Eliminated bulky waste, yard waste pick up, and tire disposal events
- Delayed replacement of equipment/maintenance
- Sold Wheelock Building and accrued related expenses
- Expanded use of non-tax revenues (turf, opioid settlement funds)

FY27 BUDGET DEVELOPMENT PROCESS

You are here

- January 2026
  - **1/6: Baseline FY27 Budget presentation**
  - Week of 1/13: Staff budget congress
  - 1/27: Partner presentations, Department Head presentations
- February 2026
  - 2/3: Department Head presentations, budget survey results
  - 2/10: Proposed Budget
- March 2026
  - 3/17: Proposed Budget
  - 3/24: Budget Seminar
  - 3/31: Final Review
- April 2026
  - 4/7: Warn budget for Town Meeting Day
- May 2026
  - 5/12: Town Meeting Day



THANK YOU

QUESTIONS/DISCUSSION?

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